

London Borough of Waltham Forest

Report Title	Budget Scrutiny Committee: Pre-decision scrutiny of the 2025-26 budget
Meeting / Date	Cabinet, 20 February 2025
Directorate	Resources
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	Cllr Miriam Mirwitch, Chair of Budget Scrutiny Committee
Wards affected	All
Public access	Open
Appendices	None

1. Summary

- 1.1 This report summarises the activity undertaken by the Budget Scrutiny Committee in 2024/25 to review the refresh of the Medium Term Financial Strategy (MTFS) and as part of this the budget-setting process for 2025/26.

2. Recommendations

- 2.1 Budget and Performance Scrutiny Committee recommend that Cabinet:

- 2.1.1 Note the activity of the Committee relating to the Medium Term Financial Strategy and budget-setting process.

- 2.1.2 Note the following recommendations from Budget Scrutiny Committee:

- To ensure that equalities impacts are always considered as part of reports and recognise that services need to be acutely aware of the impact any decisions have on residents; with any key decisions being taken to always include the full EQIA when taken to scrutiny.
- To maintain a focus on key areas of overspend, ensuring consistent monitoring is reported to scrutiny, with the opportunity for regular discussion on how savings plans are progressing. The main areas of interest for the committee for the next financial year include Adult Social Care, Children's Social Care and Temporary Accommodation.
- To maintain robust mechanisms to monitor ongoing transformation programmes and ensure that savings targets are met, with regular

reporting back to scrutiny to promote accountability in the monitoring process.

- To regularly report the MTFS position to scrutiny, to assure members and maintain transparency on the Council's financial position.

3. Background

3.1 Scrutiny is a statutory function of the Council, and its [terms of reference are set out in Part 7 of the Council's constitution](#). One of its principal responsibilities is scrutinising the budget setting process, as set out in paragraph 2.1 of [these terms of reference](#). The Budget and Performance Committee is the delegated committee with this responsibility.

3.2 The Committee scrutinises the financial position throughout the year and, within this context, the budget-setting proposals for the following year. The Committee is notified of external and internal funding pressures. The Committee have also participated in an informal workshop this year, allowing a more depth understanding and a high level of engagement throughout the budget setting process.

3.3 In 2024/25, the Committee has used its meetings to review the following:

17 September 2024: Revenue and Capital Outturn 2023/24

14 November 2024: Local Council Tax Support Scheme 2025/26
MTFS 24/25-27/28

4 December 2024: Fees and Charges 2025/26

28 January 2025: Proposed Budget workshop

18 February 2025 Financial Monitoring 2024-25 (Month 9)
Proposed Budget and Council Tax Setting
2025/26

3.4 It presents its findings below for consideration by Council and response by the Cabinet.

4. Budget and Performance Committee Findings

4.1 The Committee noted throughout 2024/25 the Council were contending with additional financial pressures and uncertainties such as inflation levels, increases in service demand, continuing social care pressures and the increased pressures in temporary accommodation. The turbulent national picture of financial pressures meant emerging gaps had been identified in the Medium Term Financial Strategy refresh. To respond to these funding gaps, the Council has agreed an approach

including a focus on managing current service pressures, budget savings and a transformation programme which intends to deliver long-term financial sustainability.

Process

- 4.2 The Committee began by reviewing the Revenue and Capital Outturn for 2023-24 and noted the impact of high demand in relation to both Adults and Children's Social Care. The Committee were concerned with the continued overspend in Adult Social Care and proposed a deep dive into this area, looking at solutions to drive improvement.
- 4.3 The Committee received the MTFs 24/25-27/28 report in their November meeting, it was advised this report had been written prior to the Budget statement issued by the Chancellor on 30 October. The Committee were made aware of the additional pressure in-year in temporary accommodation, and assured that services were in the process of developing proposals to reduce this. The Committee asked what the impact would be for the Council in terms of National Insurance increases, it was explained that the Council would be compensated for the increase, but external providers would need to contend with the increase.
- 4.4 The Committee received the 25-26 Fees and Charges at their December meeting. The Committee were informed that fees and charges were reviewed annually to ensure costs were covered at a minimum, they were advised that benchmarking had taken place to ensure calculations were competitive. The Committee were assured that income targets were only increased for the services that had a realistic prospect of meeting them. The Committee heard that increasing fees and charges was imperative to protect the Council's financial position.
- 4.5 The Committee received the Month 9 Financial monitoring report alongside the Proposed 25/26 Budget and Council Tax setting at their February meeting. The Committee were informed that the month 9 forecast showed a net overspend of £20.522 million, an increase of £4.265 million since month 6, with overspends predominately in adult social care, SEND, children's social care and temporary accommodation. In response to this, a new financial strategy had been put in place to identify £10 million savings in-year. The Proposed 25/26 Budget and Council Tax Setting report outlined the proposals, including a 4.99% increase in Council Tax, the details of the 25/25 local government financial settlement, other grant funding and an outline of the capital programme. The Committee were also informed of the budget reserve strategy and the need to safeguard this to ensure the Council has resources to manage potential risks around the resource level. The Committee heard that roughly 47% of the Council's core spending power was made from Council Tax income, and unlike other local authorities Waltham Forest isn't able to raise as much income from other sources. Officers detailed the new recovery grant for this year, with the Council received £4.8 million. This grant was allocated to a number of boroughs

across London with the highest levels of deprivation. The Committee were made aware for the need to make substantial savings over the next few years, and stressed the importance of ensuring savings programmes were achieved. A key theme in discussion was around monitoring progress consistently, and being able to identify risks as early as possible.

Risks

- 4.6 The Council's current financial positions in-year and for 25/26 are reported as extremely challenging. The plans to reduce overspend and in-year savings of £5.033 million have been delivered but were offset by increased pressures in services. Despite Core Spending Power increasing by £21.691 million as a result of the 25/26 settlement, this is against a backdrop of sharp rises in costs and demand for vital services and a significant reduction in funding since 2010.
- 4.7 Waltham Forest, consistent with the national picture, continues to see a high demand for both Adults Social Care and Children's Services. The provisional settlement included an increase of £4.057 million in the Social Care Grant, this will be used across both services to support both cost and demand increases. However, ongoing high demand means social care pressures continue to rise.
- 4.8 Councils across London are supporting more people at risk of being homeless at the same time as costs of securing TA are increasing. The number of households in TA in Waltham Forest between November 2023 and November 2024 has increased by 56%. The Council's overspend on TA has increased from £1.2 million in 23/24 to £11.376 million in 24/25.
- 4.9 Despite the level of inflation reducing in the past year, it is set to rise further in the medium term. The instability in inflation levels continue to impact on the Council's finances as well as residents, with one of the main pressures relating to pay and contract costs.
- 4.10 The Government again produced a one-year settlement, pending reforms to the way Local Government is funded in the future. This leaves limited certainty for future years, although the intention is to simplify the local government funding landscape.
- 4.11 Officers have produced a series of projections based on current and future funding levels. The Committee recognises and commends the detailed work that has been undertaken in this respect.
- 4.12 The Committee recognised the mobilisation of the cross-Council programme of transformation to transform services and make significant savings, as well as deliver the vision for the borough set out in Mission Waltham Forest.
- 4.13 The Committee have noted the commitment of the Council to strengthen the existing assurance process and increase the use of data and insight to identify progress and take early action to address issues when

necessary. The Committee emphasises the need for scrutiny to be consistently involved in monitoring and updated when changes occur.

- 4.14 The Committee has therefore made recommendations (para 2.1.2) that reflect the consideration that they have given to monitoring progress and performance for savings programmes in the context of budget pressures and risk.

5. Consultation

- 5.1 Consultation is not a requirement for the Committee in reviewing the MTFS proposals, though the views of Cabinet have been sought during the process.

6. Implications

6.1 Finance, Value for Money and Risk

- 6.1.1 There are no additional financial implications as a result of this report going to Cabinet or Council. The scrutiny function contributes to good governance through its input into the development of MTFS proposals, and by ensuring that there is appropriate 'critical friend' challenge to Cabinet.

6.2 Legal

- 6.2.1 In accordance with paragraphs 6.1.1. and 7 of the Constitution, the Committee has asked for its views to be referred to the Cabinet and Council.

6.3 Equalities and Diversity

- 6.3.1 There are no implications as result of this referral to Cabinet.

6.4 Sustainability (including climate change, health, crime and disorder)

- 6.4.1 There are no implications as result of this referral to Cabinet. Any changes considered by Cabinet in respect to funding climate emergency initiatives will set out the relevant implications at that time.

6.5 Council Infrastructure.

- 6.5.1 There are no implications as result of this referral to Cabinet.

Background Information (as defined by Local Government (Access to Information) Act 1985)

None.