

London Borough of Waltham Forest

Report Title	Medium Term Financial Strategy 2026/27 – 2028/29
Meeting / Date	Cabinet, 9 th September 2025
Cabinet portfolio	Councillor Paul Douglas Portfolio Lead Member for Finance and Resources
Report author/ Contact details	Ursula Gamble, Corporate Director of Financial Services Resources ursula.gamble@walthamforest.gov.uk
Wards affected	None specifically
Public access	Open
Appendices	None



1. Summary

- 1.1 This report outlines the process for setting the budget for 2026/27, as well as the Council's Medium-Term Financial Strategy (MTFS) over the three years to 2028/29. There is a statutory requirement to set an annual balanced budget and submit budget returns to MHCLG. The annual budget process brings together several factors to establish what savings and growth are required over the next three years to maintain financial sustainability, which is a key requirement of Mission Waltham Forest.
- 1.2 The provisional settlement, which is anticipated in late November and the final settlement in late January 2026, will confirm the final funding position for 2026/27. This year, following the reforms to local government funding (i.e. the Fair Funding Review), there will be a three-year settlement, which will cover the period 2026/27 to 2028/29. The final budget report for 2026/27 and MTFS will be presented to Cabinet in February 2026 before going to Council for approval.
- 1.3 In February 2025, Council approved the 2025/26 budget alongside the future years MTFS. At that stage, there was a total budget gap of £10.646 million over a 2-year period from 2026/27 and 2027/28.
- 1.4 The 2024/25 outturn was a balanced position for the general fund but it included service pressures of £24.458 million predominantly relating to Temporary Accommodation, Adult Social Care and Children's Services. To fund these service pressures an additional £2.656 million was required from reserves and the balance was funded from a mix of sources including corporate underspends, additional income from the

Eight Borough Business Rates pool and from section 31 grant. The outturn position for the Housing Revenue Account (HRA) was a surplus of £1.388 million which was transferred to the general HRA reserve.

- 1.5 The in-year position reported to Cabinet as part of the month 3 monitor, is a forecast overspend of £31.412 million, predominantly due to a combination of demand and cost increases within Temporary Accommodation and social care.
- 1.6 The total reserves at 1st April 2025 was £70.222 million, including Earmarked Reserves of £47.537 million but excluding a General Fund working balance of £14.909 million.
- 1.7 The financial outlook for local authorities continues to be very challenging and the outcome of the funding reforms for local government (the Fair Funding Review) is likely to have a significant impact for London. Building on the foundations that have been developed in first phase, the Transformation Programme is developing a comprehensive approach to Phase 2. This will include a fundamental review of the organisation and accelerate the work to manage pressures in-year as well as on-going.
- 1.8 Several of our neighbouring authorities have had difficulties in balancing their budgets in recent years, due to the scale of their services pressures and had to apply for additional funding from central government (i.e. Exceptional Financial Support). Although the Council is managing its financial position well, due to the scale of financial challenges, it is more likely that the Council will also seek Exceptional Financial Support within the next 18 months or sooner.

2. Recommendations

- 2.1 Cabinet is recommended to:
 - 2.1.1 Note the potential funding gap of £15.331 million for the 3-year period 2026/27 to 2028/29 with £12.504 million in 2026/27, assuming all service-related pressures are resolved. The final position will not be known until the provisional local government finance settlement and final settlement are released. The provision settlement is expected in late November.
 - 2.1.2 Note the MTFS refresh assumes a council tax increase of 4.99% for all 3 years which is subject to Council approval. If the council tax increase is at 1.99%, the gap for the 3 years would be £29.807 million.
 - 2.1.3 Note the requirement to achieve savings from management actions, efficiencies and a transformation programme, to mitigate the in-year baseline pressure reported in the month 3 monitor of £31.412 million, the potential funding gap of £15.331million for the 3-year period to 2028/29.
 - 2.1.4 Note the continuing uncertainty resulting from the implementation of the Fair Funding Review and the proposed reset of Business Rates.

- 2.1.5 Note the outline timetable for the budget process as set out in paragraph 3.46 of this report.
- 2.1.6 Delegate to the Strategic Director of Resources the authority to distribute any contingency budgets and/or reserves as per the Council's financial ground rules.

3. Proposals

Service Pressures

- 3.1 The Council has in line with other local authorities experienced high demand in relation to both Adults and Children's Social Care and Temporary Accommodation which is having a detrimental impact on the financial position. The most significant is the increase in the number of households living in Temporary Accommodation (TA) which has increased by 26% in the past 12 months and 82% in the past two years, that is 1,620 at May 2025 compared to 1,284 at May 2024 and 891 at May 2023. The net pressure for TA as part of the 2024/25 Outturn was £10.278 million compared to £1 million for 2023/24 and the forecast pressure of £14.381 million for 2025/26.
- 3.2 For Adult Social Care, the number of clients in external care homes or services has increased by 3.2% in the past year and 6.8% in the past two years, that is 3,761 at March 2025 compared to 3,646 at March 2024 and 3,523 at March 2023. However, due to cost inflation and complexity in need, the cost of this provision has increased by 8% in the past year and 15% in the past two years. Residential care continues to be the highest cost area, client numbers in this area have increased by 11% in the past 2 years from 354 to 394 but the cost of provision has increased by 21%. The pressure as part of the 2024/25 outturn was £7.160 million and the forecast pressure is £4.682 million for 2025/26.
- 3.3 The number of children in our care has reduced significantly in the past two years, as it was 286 at June 2025 compared to 303 at June 2024 and 343 at June 2023. The net provision cost for placement has reduced marginally for 2024/25 at £21.167 million compared to £21.420 million in 2023/24 but this includes the absorption of inflationary increases in care rates, such as In House Foster Care where the average weekly rate has increased by 23% in the past year and 36% in the past two years. To mitigate the need for additional placement expenditure, the service has utilised Section 17 which has increased year on year. However, Transitions (i.e. Preparing for Adulthood) is a significant pressure with the outturn position at £2.274 million for 2024/25 outturn and the current forecast is at £4.351 million. The total service pressure as part of the 2024/25 outturn was £8.022 million and the forecast pressure is £11.062 million for 2025/26.
- 3.4 All service pressures are managed through sound financial management and by taking difficult but necessary decisions. The delivery of initiatives to reduce these pressures are managed via the Transformation Programme.

Economic Context

- 3.5 Although inflation has fallen sharply since the peak of 11% in 2022, the Bank of England anticipates that the Consumer Price Index (CPI) is likely to increase temporarily to 4% in September from the current position of 3.8% at July and therefore still exceeding the Bank's target of 2%. From 2026, inflation is forecast to fall but there are still several risks that could impact this reduction, in particular the economic outlook continues to reflect uncertainty against a backdrop of on-going global volatility. The Council's 2025/26 Budget had assumed that both contract and pay inflation would be at 3% for 2025/26 before settling at the Bank of England's 2% target for 2026/27 and 2027/28, which now appears to be unlikely. This remains an important driver of the council's costs; at present the Council spends c£156 million per annum on contracted services across all services. As this spend is exposed to higher levels of inflation, this puts additional pressure on the Council's financial projections. A specific example of this is the waste contract, with contract indexation of 4.475% or £0.787 million applied in the current year but over the past four years it peaked at 8.66% or £1.3 million in 2023/24.
- 3.6 The interest rate is now at 4.00% following the decision in August 2025 to reduce it by 0.25%. The Bank of England continues to maintain a high interest rate to suppress demand and reduce the risk of sustained higher inflation. Indications are that interest rates may reduce slightly in December 2025 and into 2026. The impact of these high levels of inflation are increasing costs for the Council through pay and provider costs as well as higher borrowing costs.

Spending Review

- 3.7 The Chancellor, on behalf of the government, announced the Spending Review 2025 on the 11th June 2025, covering the 3-year period 2026/27 to 2028/29. This review sets out the funding envelope for government spending, with overall real-term growth in funding, but increases are front loaded and 60% of the overall increase going to the NHS. However, the average increase over the next 3 years is only 1.2% real-terms growth (i.e. adjusted for the impact of inflation) or 3.2% in cash terms.
- 3.8 Local government core spending power (i.e. CSP) is forecast to increase by 4.5% in cash terms, on average over the 3-year period but is dependent upon growth in council tax base and an increase of 4.99% applied in each year. The Institute of Fiscal Studies (IFS) estimates that council tax will fund over 80% of the increase in CSP by 2027/28.
- 3.9 The level of grant funding within the CSP is currently uncertain and its distribution is dependent upon the outcome of the Fair Funding Review.
- 3.10 The Spending Review indicated an additional £4bn by year 3 for Adult

Social Care compared to 2025/26 but includes approximately £1.8bn that will be generated via the ASC precept of 2% which is included within the Council Tax increase of 4.99%. This suggests that there could be £2.2bn in funding nationally for ASC, either from the NHS contribution or specific grants.

Local Government Funding Reform – Fair Funding Review

3.11 On the 20th June 2025, MHCLG launched its second consultation on the funding reforms (e.g. the Fair Funding Review) outlining its approach to setting new local funding allocations as part of a multi-year funding settlement scheduled for release in November. The last review was in 2013/14 and therefore large changes in allocations are expected. The multi-year settlement relates to the three-year period, 2026/27 to 2028/29. The key components of the funding review are described in the following paragraphs:

- A review of the “Relative Needs” formula (RNF) is to ensure that funding is target where it is needed most and restoring the balance between aligning funding with need and rewarding business rates growth. The current consultation on “Relative Needs” includes individual formulas for:

- Adults Social Care (ASC)
- Children’s services
- Home to School transport
- Foundation formula (lower tier)
- Temporary Accommodation
- Foundation formula (upper tier)
- Highways maintenance

The proposed weighting of the ASC and Children’s Services RNF is 60.72% compared to 1.42% for Temporary Accommodation.

- The initial analysis of this RNF assessment shows that all inner London boroughs are losing from the reforms, with most losing heavily (except for Tower Hamlets). For outer London, there is a mixed picture with some doing well and others with moderate losses. For London, the new Children’s and Young People’s formula is having a detrimental impact on funding levels.
- The total funding determined by the RNF is reduced for “Relative Resources”. This sets out to equalise local authority funding using a notional council tax level of c. £2,000. It is based on each council’s share of notional council tax at a national level.
- The net difference between the RNF and the “Relative Resources” is the “Notional Settlement Funding Assessment (SFA)”. This includes the impact of a full Business Rates Reset and grant funding aligned to the overall funding envelope as determined by the Spending Review 2025. This will also include

arrangements for the transition period (i.e. damping) which is likely to be three years, with full reset of funding planned for 2028/29. The first consultation was in relation to the Business Rates Reset and further technical updates are anticipated in the Autumn.

- 3.12 No adjustment will be made to equalise any impact from sales, fees and charges or from parking income in the new funding formulas for any local authority.
- 3.13 Although the detail of the funding formulas is unknown and is unlikely to be confirmed until the provisional settlement in November, initial analysis has indicated that the Council could be adversely impacted by the application of all new formulas, except for the Temporary Accommodation and the application of 100% Council Tax equalisation. The application of the new Children's Services formula has the biggest impact for all London Councils.
- 3.14 The actual impact of the funding reforms for the Council will be dependent upon the final formulas applied, the level of additional grant funding available in each year and the application of transition or damping over the three-year period. Initial analysis implied that if the indicative formulas were applied to the total funding available in 2025/26, the Council would have had a reduction in funding of 5.5% or £9.500 million. Therefore, it is not assumed that the funding to be confirm as part of the provisional settlement will mitigate the in-year pressures and the budget gap in 2026/27 to 2028/29.

Financial Context

Council Tax

- 3.14 Council Tax forms a significant part of the Council's funding for services at 47% of Core Spending Power (CSP) for 2025/26.
- 3.15 For the purposes of planning, the MTFS assumes a 4.99% referendum limit for 2026/27, 2027/28 and 2028/29. However, these increases are subject to Council approval. The 4.99% increase assumes 2% for Adult Social Care precept and the remaining 2.99% for core services. The MTFS estimates annual Council Tax receipts as:

Council Tax Income	2026/27	2027/28	2028/29
Estimated Receipts £'000	156,116	164,726	173,801
% Increase	4.99%	4.99%	4.99%

- 3.16 The impact of a 1% increase or decrease in Council Tax would be £1.480 million. However, any decrease in Council Tax in any year could not be recouped in subsequent years.

Business Rates

- 3.17 Business Rates baselines were set in 2013/14 following the change to a business rates retention model. The Government created a baseline for each authority which was their expectation of what each authority would collect. Councils could then retain an element of growth

generated above that baseline. This scheme was implemented with periodic resets which would redistribute that growth across all authorities. A reset was due to take place in 2018/19 but delayed initially due to Brexit and then Covid.

- 3.18 A full reset of Business Rates is now planned for 2026/27 and all previous business rates growth will be reallocated. An updated Baseline Funding Level (BFL) and Business Rates Baseline (BSB) will be set for each authority and the net difference for the Council, is the level of top-up or grant received.
- 3.19 There are other technical changes planned for Business Rates in 2026/27 including a review of the rateable value (RV) for all commercial properties and the application of five multipliers rather than two. As the full impact of these changes cannot be quantified, it is likely that the BFL will be provisional in 2026/27 and subject to adjustment.
- 3.20 The Council is currently part of an 8-borough pool for Business Rates Retention but this is unlikely to continue for 2026/27, as all previously retained growth in 2026/27 will be reallocated nationally.

2025/26 In-Year Budget Position

- 3.21 The month 3 budget monitor is also included within the agenda for this cabinet. It is reporting an overspend of £31.412 million compared to the 2024/25 outturn position, for services, of £24.458 million. The forecast pressures in Temporary Accommodation (TA), Children's Social Care, Adult Social Care (ASC) and Special Education Needs & Disabilities (SEND) comprises 100% of the 2024/25 overspend and 96% of the month 3 position.
- 3.22 The in-year increase compared to the 2024/25 outturn position is predominantly due to the increase in:
 - the TA pressure from £10.278 million to £14.381 million as the specific reserve applied in 2024/25 of £4.393 million is no longer available.
 - Transitions costs, which include placement costs for clients aged over 18, from £2.274 million to a forecast of £4.351 million.
- 3.23 The overspending service areas at Month 3 2025/26 are subject to specific reviews with the objective of reducing the anticipated costs pressures with mitigating actions and this includes the areas: Commercial Property & FM; Section 17; Transitions; and Temporary Accommodation.
- 3.24 The 2025/26 Budget Report included savings of £23.200 million for the period 2025/25 to 2027/28. This includes proposals to mitigate the current service overspends totalling £9.601 million by 2027/28 with £5.425 million in 2025/26 and to reduce the MTFS budget gap totalling £13.697 million by 2027/28 with £9.134 million in 2025/26. The delivery of these savings is overseen by the Council Modernisation &

Transformation Board (CMTB), Chaired by the Chief Executive with oversight from the Leader's Board and Cabinet Member for Finance and Resources. There are well embedded assurance processes that track delivery of savings and key bellwether metrics that would be expected to shift based on activity to manage demand and spend.

- 3.25 All savings are incorporated within the service forecasts and are currently assumed to deliver in full for 2025/26. Budget savings of £0.716 million and management actions to reduce the overspend of £0.320 million, have been subject to a change control process with CMTB and reprofiling agreed to future years. These changes have been incorporate within the MTFS Refresh.
- 3.26 The 2025/26 Budget Report also included additional funding for social care, particularly the ASC precept of £3.178 million, social care grant £6.325 million as well as a new Recovery Grant of £4.829 million. Despite the additional savings and funding for 2025/26, it is insufficient to fund all service pressures carried forward from 2023/24 plus the impact of inflation and changes in demand in-year. Any unfunded pressures for 2025/26 will initially be funded from potential corporate underspends and then from reserves.
- 3.27 There are strategies in place to develop mitigations for the forecast in-year pressure and the anticipated future budget gaps. However, it is anticipated that due to the continued service pressures, uncertainties with future levels of funding and the current reserve balances, that the Council is more likely to request Exceptional Financial Support from MHCLG within the next 18 months or sooner.
- 3.28 On 20 February 2025, the government confirmed Exceptional Financial Support (EFS) for councils who made a request for financial assistance to handle pressures that they considered unmanageable and to enable them to set balanced budgets. The support is provided on an exceptional basis, and where relevant, on the condition that a local authority may be subject to an external assurance review. The scale of the financial issues facing councils is recognised but reforms to the sector will take time to deliver. Any EFS granted to councils will have to repaid and the cost of financing incorporated within the MTFS.

Medium-Term Financial Strategy 2025/26 to 2027/28

- 3.29 In March 2025, as part of its annual budget setting process, the Council approved its MTFS which had a balanced position for 2025/26 and estimated a funding gap of £10.646 million across the two-year period, 2026/27 and 2027/28.
- 3.30 The revised MTFS position is now indicating a total funding gap of between £15.331 over the 3-year period and assumes that all service pressures included within the budget monitor are resolved in full. The £15.331 million gap assumes that the council tax referendum level will be applied at 4.99% including a 2% precept for Adult Social Care for each of the 3 years. However, these revised MTFS positions are subject to the outcome of the Fair Funding review and confirmation of

the funding position, initially for 2026/27 as part of the provisional settlement.

- 3.31 Assuming a forecast gap of £15.331 million over the 3-year period, this would include a gap of £12.504 million in 2026/27, £0.993 million in 2027/28 and £1.834 million in 2028/29.
- 3.32 Given the unknowns around the future of government funding and the true impact of inflation on the Council's finances, the MTFS position outlined in the table below includes several assumptions. Any final funding gap included within budget report and current service pressures will be mitigated by management actions and savings proposals currently being prepared by services or a drawdown from reserves.
- 3.33 Due to the scale of the financial pressures and the requirement to protect essential services, it is evident that difficult decisions will be required. However, where applicable, there will be full consultation prior to the implementation of specific savings proposals.
- 3.34 The table illustrates the movement from the funding gap of £10.646 million included within the 2025/26 budget report to the revised MTFS gap of £15.331 million, assuming all service pressures are resolved:

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Funding Gap included within the 2025/26 Budget Report	-	10,322	324	n/a	10,646
<i>Changes since Budget Council</i>					
Pay and Contract Inflation	326	3,178	(63)	6,942	10,383
Change Control for Savings	715	(1,135)	(292)	(30)	(742)
Additional Service Pressures	-	1,335	800	542	2,677
2028/29 Additional Council Tax Requirement	-	-	-	(9,077)	(9,077)
Passport ASC Precept to Adults	-	-	-	3,457	3,457
BR Collection Fund Surplus (increase from estimate)	-	(1,155)	1,155	-	-
Increase in Council Tax collection Fund Deficit	-	931	(931)	-	-
Potential Pension Fund historic contributions savings	-	(2,000)	-	-	(2,000)
BSR Drawdown	(1,041)	1,028	-	-	(13)
Revised MTFS Gap	-	12,504	993	1,834	15,331

- 3.35 The key assumptions in the current MTFS refresh for the period 2026/27 to 2028/29 are:
- That all in-year service pressures reported as part of the monitor are resolved in full. Growth for services has not been included and any inclusion will increase the funding gap plus the need for further saving.
 - The recovery grant of £4.829 million and the New Homes Bonus of £0.221 million applied in 2025/26 do not continue for 2026/27.
 - The business rates related income, revenue support grant, social care grants, market sustainability grant and discharge fund are all assumed to be cash flat for 2026/27 and beyond.

- Contract and pay inflation at 3% for 2026/27 and then reducing to 2% for the final 2 years. Pay inflation for 2025/26 has now been confirmed at 3.2% compared to the 3% included within the budget.
- Fees and charges increase totalling £0.491 million in 2025/26 but will be subject to the completion of the Fees & Charges review which will be reported to Cabinet and Council in December.
- Savings targets will be achieved by services to close the funding gap over the MTFS period. Any residual gap would require funding from reserves.
- The additional Adult Social Precept are passported to the service in full.
- Exceptional Financial Support (EFS) has not been incorporated nor any financing costs that might be required if it was applied.

2026/27 – 2028/29 Budget Process – Savings Identification

- 3.36 Mission Waltham Forest sets out our vision for a more equal and inclusive borough – not just because it's right, but because it's essential. Inequality weakens communities, puts strain on services, and limits what people can achieve. At the same time, resources available are under pressure like never before. In Waltham Forest, we've managed these pressures through sound financial management and by taking difficult but necessary decisions. To protect what matters most and stay on a firm financial footing, we must take a more fundamental view of who we are as an organisation and accelerate our work to manage pressures in-year.
- 3.37 Building on the foundations that have been developed in our first phase of transformation, we are developing a comprehensive approach to Phase 2, centred around four strategic levers which will deliver significant savings and create a council fit for the future:
- Efficiencies and workforce decisions to ensure a lean and agile workforce, focussed on what matters most
 - Policy decisions to reconfigure and reduce services
 - Public service reform to manage demand through prevention and integration
 - A new council-wide Target Operating Model to reshape the organisation around mission-led working
- 3.38 These levers are not standalone options but interdependent strategies that must be pursued in parallel. The Council will prioritise actions that deliver the greatest value to residents, supported by strong leadership, digital innovation, and a clear engagement plan. Proposals across the four levers above are being developed for consideration in Autumn to inform the budget setting process.

Budget Risks

Continued impact of high interest rates

- 3.39 Inflation rates are now reduced at 3.8% and interest rates have recently reduced to 4%. Both are still high and are having a direct impact on our residents, as well as the Council's finances and could lead to increased debt levels as well as a higher level of support required through schemes such as Local Council tax support, which is funded through the collection fund, therefore reducing Council tax income.

Social Care

- 3.40 Demand for Social Care continues to pose financial pressure across all local government and Waltham Forest is no exception. There has been an increase in demand, the numbers of service users receiving care, along with an increase in complexity of need and the ongoing pressure from providers costs. This area is very volatile so a detailed review each month is carried out to refresh the forecasts.

SEND

- 3.41 The number of children subject to Education, Health and Care plans (EHCP) has increased by 10% in the past year and 39% in the past two years, with 3,782 EHCPs in April 2025 compared to 3,415 in 2024 and 2,729 in 2023.
- 3.42 The current forecasts for the 2024/25 DSG indicates an in-year deficit of £7.604 million against the High Needs block of the DSG which would increase the overall cumulative deficit to £16.476 million.

Housing General Fund

- 3.43 The current forecast for the Temporary Accommodation pressure includes some assumptions on growth and this is consistent with actuals to date. However, there is a risk that demand or the cost of provision exceed these assumptions. Currently, there are no households in commercial hotels.

Budget Strategy Reserve

- 3.44 The Council maintains a Budget Strategy Reserve (BSR) to allow it to manage risk and smooth out any fluctuations in government funding from one year to the next. On 1st April 2025, the balance of Earmarked reserves was £47.537 million and BSR was at £13.965 million. All reserves and in particular the commitments against the BSR are being reviewed and potentially subject to reprioritisation.

Approach to Budget Strategy

- 3.45 The Council is taking a 2- stage approach to the MTFs to manage the financial uncertainty by reviewing current expenditure and income to

reduce in-year expenditure and development of savings proposals for delivery over the MTFS period.

3.46 A broad timetable for reporting on progress is set out below:

Month	Date	Report	Meeting
August	15 th	Fair Funding Review Consultation Ends	N/A
	21 st		Informal Cabinet
September	3 rd	MTFS Refresh	Budget Scrutiny
	9 th		Cabinet
	4 th	MTFS / Financial Update	Labour Group
	TBC		Conservative Group
October	TBC	Policy Statement update on Fair Funding Review issued by MHCLG**	N/A
	TBC	Workshop – Fair Funding & Business Rates Reset	Budget Scrutiny
November	13 th	Fees & Charges Report	Informal Cabinet
	TBC	Provisional Local Government Settlement for 2026/27, 2027/28 & 2028/29 issued by MHCLG**	N/A
	25 th	Update on development of MTFS – Fees & Charges, Reserves	Budget Scrutiny
December	2 nd	Fees & Charges Report	Cabinet
	11 th		Council
	4 th	MTFS & Financial Update	Labour Group
	TBC		Informal Cabinet
January	TBC	MTFS & Savings Update	Conservative Group
	8 th		Labour Group
	TBC	Workshop – 2026/27 Budget Report	Budget Scrutiny
	TBC	2026/27 Budget Report	Informal Cabinet
February	17 th		Budget Scrutiny
	19 th		Cabinet
	26 th		Full Council

** Risk that the Policy statement and the Provisional Settlement will both slip by a month to November & December.

4. Options & Alternatives Considered

4.1 Much of this report is concerned with provision of information, for which alternative options is not a relevant consideration.

5. Council Strategic Priorities (and other National or Local Policies or Strategies)

5.1 The entire content of this report contributes to the corporate priority to Achieve Excellence and Ensure Value for Money.

6. Consultation

6.1 Reviewing and updating the MTFS is a significant part of the process that leads up to the setting of the council tax for 2026/27. Appropriate consultation has taken place during this process, through the authority's consultation mechanisms.

6.2 In addition, the Council engages with the business rates sector on the overall budget strategy ahead of the council tax setting process. There is also regular engagement with residents through various fora on the

overall council priorities and financial strategy.

7. Implications

7.1 Finance, Value for Money and Risk

- 7.1.1 It is essential that the Council achieves a balanced budget that is sustainable for each financial year over the MTFS period. Experience has shown that early planning helps secure financial certainty over the deliverability of savings proposals. It is important that approved savings are delivered in full to maintain the robustness of the budget strategy. Progress will continue to be closely monitored and reported to Cabinet through the normal revenue monitoring process report.
- 7.1.2 The current refresh of the MTFS includes several assumptions (i.e., paragraphs 3.35) but actual certainty on funding for 2026/27, will not be available until the provisional settlement in late November.
- 7.1.3 The current financial position for the Council is very challenging and actions are being taken now to develop in-year savings proposals and further savings for the next 3 years. Any residual pressures at year-end will have to be funded from any corporate underspend or a drawdown in reserves.

7.2 Legal

- 7.2.1 As in previous years the purpose of the MTFS is to pull together in one place known factors affecting the Council's financial position and financial sustainability over the medium term. The attached MTFS sets out the proposals to balance the financial implications of the Council's objectives and policies against national and local constraints in resources. This in turn feeds into services plans for delivery and savings. Looking in such detail now at the financial challenges provides a sufficient timescale against which to assess the options for service delivery, consult as necessary and carry out such other steps as may be required to implement the proposals.
- 7.2.2 The Council agreed the budget on 27th February 2025 and pursuant to the Local Government Act 2000 and Regulations made thereunder Cabinet decisions must remain within the framework agreed. Any indicative proposals for future years are not binding until agreed within the relevant budget framework.
- 7.2.3 Decisions flowing from this report to implement the Council's budget strategy will require adherence to the relevant decision-making processes. In making any decision regard must be had to any relevant statutory provisions and administrative rules by taking into account relevant considerations and ignoring those which are irrelevant. Regard will be had to the Council's statutory duties, its vision and priorities as set out in Waltham Forest's refreshed corporate strategy and the financial constraints faced.
- 7.2.4 Regard must also be had to the Council's fiduciary duties which require

the interests of Council/Business Taxpayers to be fairly balanced against the benefit/beneficiaries of a course of action. Additionally, increasingly in public decision making the concept of proportionality is a factor. This will form the overarching framework for formulating and implementing the courses of action required to achieve savings and deliver the Council's outcomes within the budget.

7.2.5 Where there are proposals for a reduction to a service which the Council is either under a statutory duty to provide, or which it is providing in the exercise of its discretionary powers and there is a legitimate expectation that it will consult, then consultation with all service users will be required before any decision to implement the proposed saving is taken. Consultation should occur when proposals are at a formative stage, give sufficient reasons for any proposal to permit consideration and allow adequate time for consideration and response. Whilst the Council does not have to follow the outcome of the consultation it must be able to show that the decision maker has considered the consultation responses before taking the decision.

7.2.6 Whether to consult will depend on the issues, the nature and the impact of the decision and whether interested groups have already been engaged in the policy making process. Consultation may not be required for minor changes or matters with minimal impact or where adequate consultation has already taken place. However, where there is a more significant impact such as services are stopping or reducing then the more likely it is that the views and concerns of those affected should be consulted upon before a decision is taken. Likewise, if we have either promised to consult or ordinarily would do so that may give rise to a legitimate expectation that we will do so again.

7.2.7 Where the proposed savings will have an impact affecting staff, the Council will consult the staff affected and their representatives under its change management policies.

7.2.8 The Secretary of State has the power to designate two or more "relevant authorities" as a pool of authorities for the purposes of the provisions of Schedule 7B of the Local Government Finance Act 1988. The Council is a 'relevant' authority for the purposes of the Act.

7.2.9 Local authorities have a power to enter into arrangements between them including under section 111 of the Local Government Act 1972 which provides that, subject to any other restrictions, a local authority shall have power to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

7.3 Equalities and Diversity

7.3.1 Equality Act 2010 requires public authorities to have due regard to the need to eliminate discrimination and advance equality of opportunity.

The Council must further take into account its wider Public Sector Equality Duty (PSED) under s.149 of the Equality Act 2010 when making its decisions. The public sector equality duty (s.149, Equality Act 2010) requires the Council, when exercising its functions, to have “due regard” to the need to: eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited under the Act, advance equality of opportunity between those who share a “protected characteristic” and those who do not share that protected characteristic and foster good relations between persons who share a relevant protected characteristic and persons who do not share it (this involves having due regard, in particular, to the need to (a) tackle prejudice, and (b) promote understanding).

7.3.2 The Council will consider the impact of changes that might arise as a result of implementing the proposals for change arising out of its budget strategy on those with protected equality characteristics, in particular, where there is likely to be an impact on residents or service users from changes or any decommissioning of existing services. Individual proposals will be subject to a full equality analysis wherever relevant, prior to any decision taken to proceed, including the identification of mitigating action where possible. Where there is any potential impact on staff, the agreed HR procedures will be followed.

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

7.4.1 A stable financial position means that the Council is more able to fund urgent health priorities as they arise. Services to older people experienced pressures and needed careful management.

7.5 Council Infrastructure

7.5.1 There are no direct council infrastructure implications.

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

None