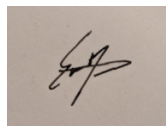


## London Borough of Waltham Forest

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Report Title	Capital and Revenue Outturn 2025-26
Meeting / Date	Cabinet, 14 <sup>th</sup> July 2026
Cabinet portfolio	Councillor Em Dean, Portfolio Lead Member for Finance and Resources
Report author/ Contact details	Ursula Gamble, Corporate Director of Financial Services (Section 151 Officer) Resources Directorate ursula.gamble@walthamforest.gov.uk
Wards affected	None specifically
Public access	Open
Appendices	Appendix 1 – Revenue Outturn Narrative Appendix 2 – Capital Outturn Narrative Appendix 3 – Provisions and Reserves Appendix 4 – Capital Outturn Movements Appendix 5 – Equalities Screener



### 1. Summary

- 1.1 The Council approved its Medium-Term Financial Strategy for 2025/26 to 2027/28 and the detailed budget for 2025/26 at Budget Council on 27<sup>th</sup> February 2025. This report updates Cabinet on the final year end outturn position for Revenue Expenditure, Capital Expenditure, the Housing Revenue Account (HRA) and the Dedicated Schools Grant (DSG) as at 31<sup>st</sup> March 2026.
- 1.2 It will also assess the effect on the Council's funds and balances as at 31<sup>st</sup> March 2026 and on the agreed budget strategy for 2025/26, providing explanations for major variances.
- 1.3 The year end position for Revenue Expenditure in the General Fund shows a drawdown from reserves of £2.710m to achieve a balanced position, this is a movement of £12.604m on the month 9 position.
- 1.4 The year end position for the Housing Revenue Account (HRA) shows a £5.612m underspend against a budget of £3.120m driven by overachievement of income (£4.646m) and expenditure underspends (£0.966m). The total surplus of £6.732m is being transferred to the general HRA reserve through an increased contribution to reserves, therefore the statutory HRA outturn remains balanced.
- 1.5 The final position for the Dedicated Schools Grant (DSG) shows an in-year deficit of £10.914m in the high needs block. This would take the cumulative

deficit for high needs to £19.786m at the end of March 2026, with an overall net DSG deficit of £14.320m.

- 1.6 The year end position for capital shows overall in-year expenditure of £143.242m against an in-year budget of £171.958m, with net slippage of £28.716m.

## **2. Recommendations**

- 2.1 Cabinet is recommended to:

- 2.1.1 Note the Revenue position and the use of £2.710m drawdown from the Budget Strategy Reserve (BSR) to achieve a net nil position.

- 2.1.2 Note the Capital Outturn for 2025/26 and slippage of £28.716m, which represents 17% of the overall budget.

- 2.1.3 Approve the net additions and deletions of £6.127m, and net accelerations and slippage of £34.844m, listed in Appendix 4 Capital Outturn Movements.

- 2.1.4 Note the outturn position in relation to the Housing Revenue Account which is a transfer to reserves of £6.732m to achieve a balanced position, which compared to the budgeted position of £1.120m, is an additional transfer of £5.612m.

- 2.1.5 Note the DSG net deficit carried forward at 31st March 2026, of £14.320m.

## **3. Proposals**

### **3.1 Revenue Expenditure**

- 3.2 The Council continues to operate in financially uncertain times. Between March 2025 and 2026 inflation has increased from 2.6% to 3.3%, the impact of which has had an impact on service costs. The Local Government Finance settlement published in February 2026 provided some certainty, as it set out changes to funding with a new approach, using updated assessments of need and deprivation to direct resources over the next three year, however funding beyond this period is uncertain.

- 3.3 As part of the 2026/27 budget, the Council made the decision to apply for and was granted Exceptional Financial Support (EFS) of up to £19m. This was based on certain assumptions made in the Autumn of 2025, including the forecast outturn for 2025/26 and use of reserves. The actual outturn pressure is less than forecast at that time, with a corresponding reduction in the use of reserves from £15.315m to £2.710m to fund the shortfall. This means that going into 2026/27, our reserves position is better than predicted but there are still some key pressures relating to demand and therefore spend, that indicate that our financial position is still under considerable strain.

- 3.4 The Council, in line with other Local Authorities, is experiencing high demand in relation to both Adults Social Care and Transitions and this has had a significant impact on the service outturn position with a combined overspend of £10.905m. In addition, in line with other London Boroughs there has been a significant overspend in relation to Temporary Accommodation (TA), with an overall overspend of £12.871m.

- 3.5 The final outturn position for service directorates is an unfunded budget pressure of £25.231m, a decrease of £7.742m compared to the Month 9 service position of £32.973m and a £0.773m increase compared to the final outturn position for 2024/25 of £24.458m. The net decrease compared to Month 9 was a result of positive movements across all Directorates with the largest reductions in Children's and Place.
- 3.6 A directorate summary of the outturn for the General Fund for 2025/26 is set out below, showing a comparison against the latest budget and the month 9 variance. Full details and an explanation for the variances can be found in Appendix 1.

Revenue Expenditure	Latest Budget	Actual	Variance	Month 9 Variance	Variance from Month 9
	2025/26	2025/26	2025/26	2025/26	2025/26
	£'000	£'000	£'000	£'000	£'000
Chief Executives	9,403	8,661	(742)	(117)	(625)
Adult Social Care	84,253	90,995	6,742	7,485	(743)
Children's Services	60,945	68,472	7,527	9,881	(2,354)
Stronger Communities	16,624	15,820	(805)	(13)	(792)
Neighbourhoods & Environment	36,898	35,413	(1,485)	(551)	(934)
Place	15,332	29,415	14,082	16,089	(2,007)
Resources	9,497	9,408	(89)	198	(287)
<b>Directorate &amp; Service Total</b>	<b>232,952</b>	<b>258,183</b>	<b>25,231</b>	<b>32,973</b>	<b>(7,741)</b>
<b>Corporate Budgets</b>	<b>40,362</b>	<b>24,323</b>	<b>(16,039)</b>	<b>(12,000)</b>	<b>(4,039)</b>
<b>Movements in Reserves</b>	<b>(4,707)</b>	<b>(7,417)</b>	<b>(2,710)</b>	<b>0</b>	<b>(2,710)</b>
<b>Taxation and non-Specific Grants</b>					
Council Tax	(147,956)	(147,956)	0	0	0
NNDR Local share	(38,508)	(44,989)	(6,482)	(5,658)	(824)
NNDR Top Up	(52,406)	(52,405)	0	0	0
Collection Fund Deficit	1,353	1,352	0	0	0
Revenue Support Grant	(23,654)	(23,654)	0	0	0
New Homes Bonus Grant	(221)	(221)	0	0	0
Service Grant	0	0	0	0	0
Recovery Grant	(4,829)	(4,829)	0	0	0
National Insurance Grant	(2,387)	(2,387)	0	0	0
Other Government Grants	0	0	0	0	0
<b>Total Resources</b>	<b>(268,607)</b>	<b>(275,089)</b>	<b>(6,482)</b>	<b>(5,658)</b>	<b>(824)</b>
<b>Net Expenditure</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>15,315</b>	<b>(15,315)</b>

Table may not add up due to rounding differences

- 3.7 Within Corporate Expenditure, there was an underspend of £16.039m. This is predominantly due to three elements; an underspend of £11.430m against Corporate Balances, £0.836m underspend against interest paid and £3.773m in relation to the change in accounting treatment for Highways infrastructure, treating it as a capital rather than a revenue cost.
- 3.8 Within the Grants and Taxation income, there was additional income of £6.482m. This is predominantly made up of two elements, the first relates to the eight borough business rate pool, where expected income of £3.658m was

received but not budgeted for, in addition Section 31 grant of £2.824m was received in excess of the budgeted figure. Both income streams are one off in nature as changes to the Business Rates retention scheme, mean that the Pool is no longer viable for 2026-27 and all Section 31 grant will go directly into the Collection Fund rather than the General Fund.

- 3.9 To come back to a fully balanced position a drawdown of £2.710m has been made from the Budget Strategy Reserve. Further details relating to the reserve are shown below in paragraph 3.31.

### Savings Delivery 2025/26

- 3.10 Against the agreed savings target of £16.639m for 2025/26, £17.085m (103%) has been delivered. Further narrative on savings is included in **Appendix 1**, paragraph 8.

RAG	Savings Target by RAG 2025/26	Savings Outturn 2025/26	%age of Savings Target
	£'000	£'000	£'000
Delivered	15,276	16,461	99%
Low Risk	£0	£0	0%
Medium Risk	£0	£0	0%
High Risk	1,364	642	4%
	<b>16,640</b>	<b>17,103</b>	<b>103%</b>

### Housing Revenue Account (HRA)

- 3.11 The Housing Revenue Account achieved a total surplus of £6.732m in 2025/26, compared to a budgeted surplus of £1.120m a positive movement of £5.612m.

Housing Revenue Account	Budget	Actual	Variance	Month 9 Variance	Change Since Month 9
	£000s	£000s	£000s	£000s	£000s
<b>Income</b>					
Dwelling Rents	(70,222)	(72,797)	(2,575)	(563)	(2,012)
Non-Dwelling Rents	(732)	(694)	38	(12)	50
Tenant Service Charges	(6,982)	(8,590)	(1,608)	(838)	(770)
Leaseholder Service Charges	(3,119)	(3,786)	(667)	(672)	5
Other Charges for Services and Facilities	(275)	(108)	166	(76)	242
<b>Total Income</b>	<b>(81,330)</b>	<b>(85,976)</b>	<b>(4,646)</b>	<b>(2,161)</b>	<b>(2,485)</b>
<b>Expenditure</b>					
Repairs and Maintenance	15,891	17,035	1,143	1,496	(353)
Special Services	9,350	7,598	(1,752)	(1,218)	(534)
Supervision & Management	22,314	21,423	(891)	(658)	(233)
Rents, Rates, Taxes & Other Charges	1,003	2,042	1,039	285	754
Provision for Bad Debts	583	791	208	0	208
Cost of Capital	14,964	14,443	(521)	(1,172)	651
Depreciation	14,104	13,912	(192)	0	(192)
<b>Total Expenditure</b>	<b>78,210</b>	<b>77,244</b>	<b>(966)</b>	<b>(1,268)</b>	<b>302</b>
<b>Net Cost of Service</b>	<b>(3,120)</b>	<b>(8,732)</b>	<b>(5,612)</b>	<b>(3,430)</b>	<b>(2,182)</b>

RCCO (Contribution to Capital)	2,000	2,000	0	0	0
Contribution to/(from) Reserves	1,120	6,732	5,612	3,430	2,182
<b>HRA Surplus/Deficit</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

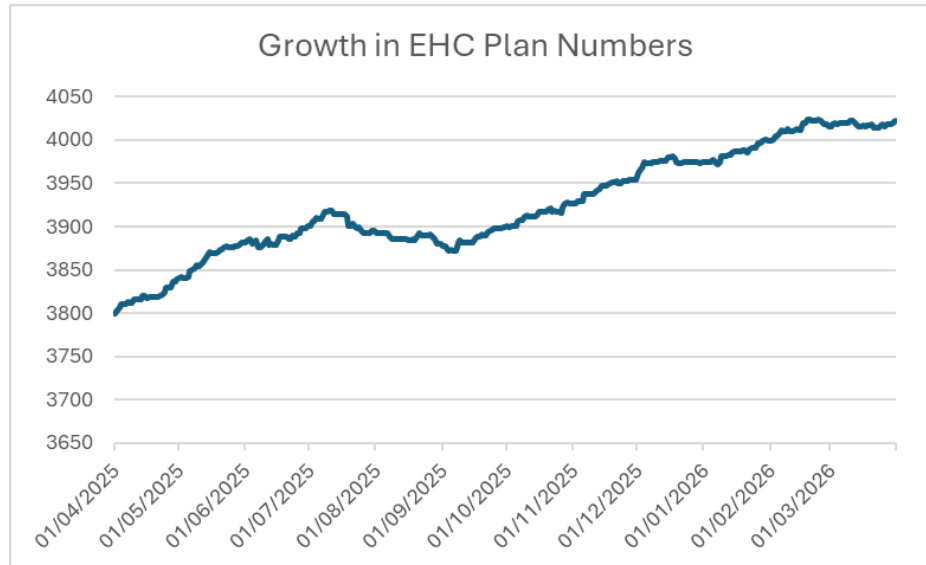
- 3.12 The Housing Revenue Account has a £5.612m underspend against budget driven by income overachievement (£4.646m) and expenditure underspends (£0.966m). This surplus is being transferred to the general HRA reserve through an increased contribution to reserves, therefore the statutory HRA outturn remains balanced. Further detail is available in **Appendix 1**.

### Dedicated Schools Grant (DSG)

- 3.13 The final outturn for the Dedicated Schools Grant (DSG) is an in-year deficit of £8.941m, from the High Needs block driven by cost increases (demand and price) far outweighing increases in funding allocations. A summary of the opening balance, in-year surplus or deficit and closing balance is shown in the table below:

DSG Reserves	Opening Balance (1 April 2025)	In-Year Balance	Closing Balance (31 March 2026)
Surplus / (Deficit)	£'000	£'000	£'000
Schools	1,041	0	1,041
Central Schools	62	0	62
High Needs	(8,872)	(10,914)	(19,786)
Early Years	2,390	1,972	4,362
<b>Total</b>	<b>(5,379)</b>	<b>(8,941)</b>	<b>(14,320)</b>

- 3.14 The High Needs Block was set with a planned deficit of £5.760m, reflecting sustained demand-led pressures within the SEND system. The final outturn position of £10.914m overspend is driven in part by continued growth in Education, Health and Care Plans (as seen in the graph below) and associated placement costs, alongside increased use of alternative provision. The overspend also reflects the one-off impact from a comprehensive reconciliation of historic payments to schools. This has ensured the High Needs Block is on a robust and transparent footing and has aligned the outturn position more closely to actual cost pressures relating to 2026/27. While the reconciliation has increased the in-year deficit, it provides a clearer baseline and places the service in a more stable position going forward. Work remains ongoing through the SEND sufficiency and inclusion strategy to manage demand, reduce reliance on high-cost placements, and improve the medium-term financial trajectory.



- 3.15 The total deficit of £14.320m will be carried forward to 2026/27 in line with the agreed statutory override. The DfE announced, as part of the final Financial Settlement, that the High Needs Stability Grant will fund up to 90% of the deficit as at 31st March 2026, subject to approval of our SEND Reform plan. The Council will be required to fund the remainder from General Fund resources. Surpluses on blocks other than High Needs are required to offset the deficit. The DfE has not yet announced how deficits between 1st April 2026 and 31st March 2028 will be treated, and there is an estimated in-year deficit of £10.340m in the high needs block for Financial Year 2027/28.
- 3.16 The underspend of £1.972m on the Early Years block is primarily driven by the calculation of allocations by the DfE which was based only on the 2025 January census and estimated demand for working family entitlements. This resulted in funding allocations that were higher than actual delivery. A small recovery is anticipated by the DfE which has been adjusted for in the final outturn position. Due to the DfE moving to updated allocations based on termly census counts, it is anticipated that future years' funding will more closely align with delivery costs.

### Capital Expenditure

- 3.17 The approved budget for 2025/26 was £171.958m and actual spend against this was £143.242m. The capital programme includes investment into schools, sustainable transport and streetlighting, property, area regeneration, parks, the acquisition and delivery of new and affordable homes (including temporary accommodation), investment into our response to the Climate Emergency and into council-owned homes via the Housing Revenue Account (HRA).
- 3.18 Total expenditure on the 2025/26 capital programme was £143.242m, of which £84.987m was General Fund expenditure and £58.255m was HRA expenditure. This represents an underspend of £28.716m against the approved 2025/26 budget.
- 3.19 **Appendix 2**, section 2 of this report provides a summary of the budget and expenditure by directorate and service area, along with details of any variances from budget. The key areas of slippage (i.e. movement of budget to the

following financial year to align with forecast spend) or underspend (i.e. where remaining budget is no longer required) are within the Housing General Fund (£11.113 million), Housing Delivery and Assets (HRA; £7.363 million), Regeneration, Planning and Strategic Property (£3.374 million) and Capital Strategy, Delivery and Estates (£4.029 million) service areas.

- 3.20 The 2025/26 capital programme was financed from a variety of sources, which are set out in section 3 of **Appendix 2**. This section also provides information on 2025/26 capital receipts, which totalled £1.045m for the General Fund and £26.681m for the HRA, as well as a summary of the sources used to finance capital expenditure by service area.
- 3.21 The following table shows the final budget and the actual capital expenditure as recorded in the Council's accounts for 2025/26.

DIRECTORATE	2025/26 Approved Budget	2025/26 Expenditure	Variance Adverse/ (Favourable)
	£m	£m	£m
Adults Services Directorate	3.895	3.595	(0.301)
Chief Executives	0.682	0.378	(0.304)
Children's Services Directorate	0.868	0.377	(0.490)
Neighbourhoods & Environment Directorate	17.835	16.719	(1.116)
Place Directorate – General Fund	82.796	63.918	(18.878)
Resources Directorate	0.077	0	(0.077)
Contingency	0.250	0	(0.250)
GENERAL FUND	106.403	84.987	(21.416)
HRA	65.555	58.255	(7.300)
<b>TOTAL CAPITAL PROGRAMME</b>	<b>171.958</b>	<b>143.242</b>	<b>(28.716)</b>

### Reserves and Provisions

- 3.22 At 31 March 2026, the authority held provisions totalling £11.383m (excluding bad debt provisions), and earmarked reserves of £36.386m (excluding working balances, HRA, schools and grants related reserves). A summary of provisions and reserves are set out at **Appendix 3**. Details of service reserves utilised during the year are included in **Appendix 1**.
- 3.23 When the Council receives grants that have specific conditions and there is a possibility that they may have to repaid, any balances not used for that purpose given, remain as creditors on the balance sheet. All other grants are retained within the Council usable reserve balances on the balance sheet and at 31 March 2026, these total £13.241m.

#### *Provisions*

- 3.24 The Council is obliged to set aside provisions for known liabilities where the timing is uncertain. The balance at 31 March 2026 totals £11.383m. The largest provision is the insurance provision with a balance of £5.300m and represents the estimated value of all potential claim liabilities incurred to 31 March 2026.
- 3.25 Other provisions include;

- Business Rate Appeals of £1.345m which relates to the Council's share of current appeals made by businesses with regards to the level of business rates they have been charged for.
- Termination costs – for staff that have been given voluntary redundancy but had not left the Council by 31<sup>st</sup> March.
- High Needs Block – to cover the Council's share of the high needs block deficit.
- Term Time Only - a compensation scheme for Term Time employees in schools.

<b>Provisions</b>	<b>Opening Balance 1st April 2025 £'000</b>	<b>New Funds £'000</b>	<b>Use of Funds £'000</b>	<b>Closing Balance 31st March 2026 £'000</b>
Insurance Provision	5,300	0	(0)	5,300
Termination Pay	0	2,849	0	2,849
NNDR Appeals Provision	1,463	0	(118)	1,345
Term Time Officers	2,420	0	(2,032)	389
Thames Water Charge	399	0	(399)	0
High Needs Block Funding Reforms	0	1,500	0	1,500
<b>Total</b>	<b>9,582</b>	<b>4,349</b>	<b>(2,549)</b>	<b>11,383</b>

### *Reserves*

- 3.26 The Council holds earmarked reserves of £36.386m as at 31st March 2026, this is a reduction £11.151m or 23% from the £47.537m held at 1st April 2025 (after prior year adjustments).
- 3.27 Total Council reserves at 31st March 2026 are £58.053m excluding general fund working balances of £14.905m. This reduced by £12.169m or 17% from a balance of £70.222m at 1st April 2025 (after prior year adjustments).
- 3.28 Within earmarked reserves, there is the Budget Strategy Reserve (BSR) of £3.704m at 31st March 2026 which is an integral part of the budget strategy, providing support to maintain a balanced budget over the MTFS period and funding for the transformation programme. This has reduced by £10.261m from £13.965m. Other key central reserves include.
- The £9.014m Tax Base Fluctuation Reserve which allows for fluctuations in the tax base and council tax and business rates income.
  - The £7.402m levies equalisation reserve which allows for changes in the North London Waste Levy. This will be required in future years to mitigate the impact on the MTFS for the increased costs of the new facility and the introduction of the new carbon tax.
  - The £4.444m Revenues and Benefits Reserve, which is held to mitigate fluctuations in Housing Benefit subsidy and Overpayments following the introduction of Universal Credit. This year a drawdown of £0.655m.
- 3.29 The table below provides a summary of the earmarked reserves currently held.

Reserves	Opening Balance 1st March 2025	Closing Balance 31st March 2026
	est. £'000	est. £'000
Capital programme related	125	125
Contingencies for known risks / Committed revenue	12,167	9,757
To Support the Budget Strategy	13,965	3,704
Technical Reserves	18,865	19,397
Operational Reserves	1,827	2,502
Statutory Accounts	581	893
External Income Related	8	8
<b>Earmarked Reserves</b>	<b>47,537</b>	<b>36,386</b>
Grant Related Reserves	10,168	13,241
<b>Total General Fund</b>	<b>57,705</b>	<b>49,627</b>
Housing Revenue Account	1,178	1,178
Schools Revenue Reserves	11,339	7,248
<b>Total Reserves</b>	<b>70,222</b>	<b>58,053</b>

- 3.30 It should be noted that provisions and earmarked reserves can only be used for the purposes for which they were set up, as per the financial ground rules - the S151 officer controls their use. Where reserves are requested for reasons other than the purpose that they were set up, Member approval is sought through the monthly Financial Monitoring report. There is a policy to maintain provisions and reserves up to a level where there is the ability to deal with financial pressures in-year without derailing the budget strategy for that year.

#### *Budget Strategy Reserve*

- 3.31 On the 1st of April 2025, the Budget Strategy Reserve (BSR) had a value of £13.965m. After drawdowns totalling £2.216m to fund the Transformation programme; a budgeted earmarked reserves and provisions drawdown of £3.607m; £1.727m in other drawdowns and a drawdown of £2.710m to fund the net service overspend, the balance in the BSR at 31st March 2026 is £3.704m. This will be used to support the delivery of the MTFs, fund specific investment required to deliver future savings and redundancy costs. The table below shows a summary of contributions and drawdowns against the reserve during 2025/26.

Directorate	Budget Strategy Reserve (BSR)	£'000	£'000
	<b>Opening Balance</b>		<b>13,965</b>
<b>Adults</b>	Adults Transformation Programme	(439)	
<b>Adults</b>	Edge of Care Workers Transformation Programme	(115)	
<b>Adults</b>	Brokerage for Overtime Staff	(84)	
<b>Chief Executive</b>	Social Care Innovation Team	(248)	
<b>Chief Executive</b>	Resident Experience Transformation Programme	(596)	
<b>Chief Executive</b>	Oracle Stabilisation Programme	(112)	
<b>Chief Executive</b>	Business Support Transformation Programme	(558)	
<b>Children's Services</b>	SEND Transformation Programme	(55)	

<b>Children's Services</b>	SEND Case Officers	(788)
<b>Children's Services</b>	SEND Specialist	(165)
<b>Children's Services</b>	Schools Financial Support Reserve	(200)
<b>Children's Services</b>	Families First Transformation Programme	(46)
<b>Stronger Communities</b>	Stronger Communities Transformation Programme	(283)
<b>Place</b>	Families in Housing Need	(694)
<b>Place</b>	Housing Transformation Programme	(124)
<b>Corporate Expenditure</b>	Movement of residual balances from other earmarked reserves	564
<b>Corporate Expenditure</b>	2026/27 Budgeted Drawdown Earmarked Reserves & Provisions	(3,607)
<b>Corporate Expenditure</b>	Funding net service overspends	(2,710)
		<b>(10,260)</b>
<b>Closing Balance</b>		<b>3,704</b>

### Balances

- 3.32 The General Fund working balance at year end is £14.906m (5% of net expenditure). At Cabinet in September 2009, Members agreed a minimum level of General Fund reserves of £10m and a maximum of £15m. The balance as at 31 March 2026 is therefore within these parameters however it will be reviewed as part of the 2027-28 Budget.
- 3.33 The HRA working balance is currently £13.637m as at 31st March 2026.

### Outstanding Debt

- 3.34 The Council currently has £46.175m debt outstanding across all directorates, this is an increase of £5.668m on the £40.507m outstanding as at 31st March 2026. The largest level of debt are in Adult Social Care. The table below shows a summary by directorate.

Directorate	Sum of Not Yet Due	Sum of 1-30 Days	Sum of 31-365 Days	Sum of 1-4 Years	Sum of 4 Years+	Total Debt 31st March 2026	Total Debt 31st March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adult Social Care Directorate	4,172	914	5,951	8,478	3,315	22,830	19,479
Chief Executive Directorate	12	3	37	154	13	219	104
Children's Services Directorate	2,396	383	2,350	1,280	193	6,603	4,997
Corporate Expenditure Directorate *	1,108	0	0	18	1,022	2,148	1,235
Council Balance Sheet	4	0	0	745	414	1,163	1,445
Neighbourhoods and Environment	353	329	1,900	846	110	3,538	2,204
Waltham Forest Services *	0	806	1,357	778	0	2,941	2,665
Place Directorate	136	860	1,610	1,301	353	4,261	5,032
Resources Directorate	656	594	763	208	13	2,234	2,436
Stronger Communities Directorate	122	10	63	42	3	239	910
<b>Grand Total</b>	<b>8,961</b>	<b>3,899</b>	<b>14,031</b>	<b>13,850</b>	<b>5,435</b>	<b>46,175</b>	<b>40,507</b>

\*Owed by Waltham Forest Services

## Council Tax and Business Rates

### Council Tax

- 3.35 The in-year collection rate achieved in relation to Council Tax for 2025/26 is 94.79% (£181.473m), this is 0.0.21% (£0.402m) below the target of 95%. This is partly because of the changes to the Council Tax Support (CTS) scheme this year, with only 84.6% collected in relation to CTS Claimants in 2025/26 compared to 88.46% collected in 2024/25. All valid council tax debt will continue to be collected in future years.
- 3.36 During 2025/26 we have continued to use all enforcement tools available and will shortly launch our procured preventative vulnerability service, to contact vulnerable residents at an earlier stage in the recovery process.

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
In year	%	%	%	%	%	%	%	%	%
17/18	96.1								
18/19	97.3	96.0							
19/20	97.8	97.1	95.8						
20/21	98.0	97.5	96.5	93.8					
21/22	98.2	97.8	97.2	96.2	94.9				
22/23	98.4	98.0	97.5	96.7	96.3	95.3			
23/24	98.6	98.3	97.8	97.3	96.9	96.5	95.2		
24/25	98.8	98.4	97.9	97.6	97.4	97.3	96.6	95.0	
25/26	98.8	98.6	98.2	97.9	97.6	97.7	97.2	96.4	94.8

### Business Rates

- 3.37 The in-year collection rate achieved in relation to Business Rates for 2025/26 is 94.6% (£69.803m), this is 1.4% (£1.033m) below the target of 96%. Collection has struggled this year with the drop in retail relief from 70% to 40% relief, with businesses struggling to meet the charges. During 25/26 we continued to use appropriate robust enforcement processes to try and increase collection.

	17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
In year	%	%	%	%	%	%	%	%	%
17/18	97.5								
18/19	97.7	97.0							
19/20	98.4	97.6	96.0						
20/21	98.0	97.2	95.3	78.7					
21/22	98.5	98.0	96.8	91.0	91.5				
22/23	98.8	98.6	97.7	94.9	95.7	95.1			
23/24	99.0	98.8	98.1	95.7	96.6	96.6	93.5		
24/25	99.1	99.0	98.4	96.7	97.3	97.6	97.4	95.7	
25/26	99.2	99.0	98.5	97.0	97.6	98.0	97.9	97.3	94.60

- 3.38 Waltham Forest is part of a Business Rates Pool along with six other London Boroughs and the City of London. The income received from the Pool in relation to 2025/26 is expected to be £3.658m however, this is based on estimates, and the final figure may change once all Boroughs have submitted their accounts. Recent changes to the Business Rates Retention Scheme have meant that for 2026-27, it is not viable to continue with the Pool but this will be reviewed again for future years.

### *Collection Fund*

- 3.39 Net Business Rate income was higher than anticipated, with the Business Rates collection fund achieving a surplus of £4.433m overall, in comparison to the £3.788m estimated in January 2026. The change is due to a lower bad debt provision because of a lower level of write offs than anticipated. The surplus is shared between the Greater London Authority, Central Government and Waltham Forest. The Waltham Forest additional share (£0.193m) can be utilised in the 2026/27 budget.
- 3.40 Overall, Council tax income was higher than estimated in January 2026, with a final deficit of £1.678m, in contrast to the £3.086m estimated in January 2026. This was due to two main factors, the cash received by year end was slightly higher than predicted and the requirement to increase the bad debt provision, slightly lower than forecast. This deficit will be shared with the GLA and the Waltham Forest share of the reduction (£1.106m) will be incorporated in the 2027-28 budget.

## **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. The carry-forward proposals were considered and are recommended for approval where there was sufficient justification.

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

- 5.1 This whole report contributes towards the Council priority A Firm Financial Footing.

## **6. Consultation**

- 6.1 The Corporate Director of Financial Services (Section 151 officer) and Directorate Heads of Finance have consulted with Services and the Strategic Leadership Team in preparing this report.
- 6.2 The Co-ordinating Scrutiny Committee will consider the report on the 9<sup>th</sup> July. A reference from the committee will be appended to this report setting out their comments/recommendations and responses from the service.

## **7. Implications**

### **7.1 Finance, Value for Money and Risk**

- 7.1.1 The whole report is of a financial nature. The key purpose of the report is to monitor the Council's overall financial performance against assumptions contained in the MTFS. To maintain the robustness of the Council's finances and budget plans, effective budgetary control by services will continue to be essential and will help the Council to maximise the resources available to meet its priorities.

- 7.1.2 Given the estimated financial exposure, the Council must have due regard to Section 114 of the Local Government Act 1988. The Section 114 powers of the chief finance officer (CFO) under the Local Government Finance Act 1988 require the CFO, in consultation with the Council's monitoring officer, to report to all the authority's members if there is, or is likely to be, an unbalanced budget. It remains a priority that the Council achieves a balanced budget that is sustainable for each financial year over the medium-term financial strategy (MTFS) period. Where there are significant pressures, it is expected to be mitigated by directorates in line with the ground rules for financial control. The current MTFS including reserves and agreed Exceptional Financial Support (EFS) – means that Section 114 is unlikely to be needed in the current year. If the pressures are established to be on-going or there are new pressures, they will need to be picked up in the MTFS refresh and potentially could result in a revised budget gap that would need to be resolved using reserves, savings or revised EFS assumptions. Therefore, it is important that all services tightly control their budgets and bring forward surpluses or efficiencies, if possible.
- 7.1.3 Many of these pressures relate to demand led services. There is a risk that these costs become on-going and put continued pressure on the MTFS. Therefore, it is essential that Strategic Directors manage this risk by exploring changes to service delivery that will reduce demand and efficiently manage the pressures that we are experiencing (both cost and volume) to protect the provision of services generally.

## **7.2 Legal**

- 7.2.1 There are no direct Legal Implications

## **7.3 Equalities and Diversity**

- 7.3.1 The council must, in the exercise of its functions, have due regard to the need to eliminate discrimination, harassment and victimisation, and to advance equality of opportunity, and foster good relations, between those who share a relevant protected characteristic and those who do not share it (section 149 Equality Act 2010). The council has a duty to have due regard to the need to remove or minimise disadvantages, take steps to meet needs, in particular steps to take account of disabled persons' disabilities, and encourage people to participate in public life. The council must have due regard to the need to tackle prejudice and promote understanding.
- 7.3.2 An Equalities Impact Assessment is not required in relation to this report, because the report is mainly for information purposes only where an approval is sought with regard to Capital budgets, there is no equalities impact as the request relates to re-phasing of budgets that have already been approved.

## **7.4 Sustainability**

- 7.4.1 There are no direct implications with regards to sustainability

## **7.5 Council Infrastructure**

- 7.5.1 There are no direct implications with regards to Council Infrastructure.

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

None