

## London Borough of Waltham Forest

Report Title	Budget and Council Tax Setting 2026/27
Meeting / Date	Cabinet, 19 <sup>th</sup> February 2026
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Wards affected	None specifically
Public access	Open
Appendices	<ol style="list-style-type: none"> <li>1. Proposed Budget 2026/27</li> <li>2. Section 25 Local Government Act 2003 Report</li> <li>3. Flexible use of Capital Reserves</li> <li>4. Medium Term Financial Strategy 2025 to 2029</li> <li>5. Service Pressures</li> <li>6. Savings Proposals 2026-27</li> <li>7. Reserves Strategy</li> <li>8. Reserves and Balances</li> <li>9. Risk Assessment</li> <li>10. Capital Programme 2025/26 to 2035/36</li> <li>11. Capital Strategy</li> <li>12. Equalities Assessment</li> <li>13. Advice from Monitoring Officer</li> </ol>

1. Summary
  - 1.1 This report sets out the Council's proposed 2026/27 budget, building on the Medium-Term Financial Strategy (MTFS) that was presented to Cabinet in September 2025. It also outlines the proposed Council Tax levels for next year before being taken to Full Council on 26<sup>th</sup> February 2026.
  - 1.2 The MTFS provides the overarching resource plan beneath which the Council's Corporate Plan; Mission Waltham Forest, operates. Mission Waltham Forest responds to the significant challenges that the Council and its residents are facing which include uncertainty about local government finances, rising demand for services, cost of living pressures and stark inequality in our borough.

- 1.3 This budget is designed to support the Council in meeting the significant challenges it faces in providing services for residents as well as supporting those in most need and protecting vulnerable communities.
- 1.4 This report provides the budget proposals and council tax setting for 2026/27 financial year, providing the following outcomes;
- The Council's precept on the Collection Fund is £155.728 million, which results in a band D council tax of £1,876.45, a 4.99% increase on 2025/26.
  - The 4.99% increase in Council Tax includes 2% for the adult social care precept required to ensure the sustainability of the service. The balance of 2.99% is required for core Council services.
  - Confirmation of the funding levels set out in the final settlement.
  - Funding for earmarked services pressures of £19.326 million.
  - Budget Reductions totalling £10.084 million.
  - A general fund reserve of £14.905 million, for 2026/27, is held to provide a buffer against unforeseen events.
  - A Capital Programme to provide investment in Waltham Forest over the period 2025/26 to 2035/36. The Capital Programme over 11 years (Current year plus 10 years) will be £733.427 million.
- 1.5 A summary of the proposed budget is shown in Appendix 1. The table below shows the projected budget in 2026/27 and the Council Tax Requirement.

Budget Forecast Summary	2025/26 £'000	2026/27 £'000
Service Base Budgets including DSG Interest and Capital Charges	551,951 (23,386)	628,315 (21,060)
Contribution from reserves	528,565	607,255
Total LBWF expenditure	(4,706)	0
(Surplus)/Deficit on Collection Fund	523,859	607,255
Business Rate Retention *	1,352	1,297
Business Rate Top up Grant *	(37,367)	(52,405)
Other Government Grants	(38,557)	(9,038)
Fair Funding Assessment		(163,829)
Exceptional Financial Support (EFS)		(19,000)
Public Health Grant	(19,082)	(21,389)
Dedicated Schools Grant and Pupil Premium	(243,301)	(252,176)
Add: Levies	134,499	143,120
Council Tax Requirement	13,457	12,608
Council Tax Base	147,956	155,728
Council Tax Requirement divided by Council Tax Base	82,783	82,991
GLA Precept	£1,787.27	£1,876.45
Total Council Tax	£490.38	£510.51
Total reduction/increase in Council Tax	£2,277.65	£2,386.96
	4.78%	4.80%

\*part of Fair funding assessment (FFA) in 2026-27

- 1.6 The latest financial settlement is a three-year settlement, based on the Fair Funding Review and provided increases in funding which went some way towards supporting the Council to meet the rising costs and demand pressures. However, the impact of the growth in demand and the uncertainties caused by inflation has resulted in continued pressures for future years in the MTFS. The MTFS also assumes increases of 4.99% for council tax in 2026/27, 2027/28 and 2028/29.
- 1.7 For Waltham Forest, the total increase in income next year will be in the region of £18 million or 5.5% and assumes a council tax increase of 4.99%. However, this means that the Council's funding is still 6.4% less in 2026/27 compared to 2010/11, when adjusted for inflation.
- 1.8 There are planned savings of £42.113 million for delivery over the MTFS period, with £18.594 million in 2026/27. However, given the underlying forecast service pressure of £32.973 million this year, as well as the requirement to fund additional budget pressures of £22.145 million (e.g. pay and contract inflation, increased capital finance costs) and the diminishing reserve balances, the Council does not believe that it will be able to balance our budget over the long term without changing the way it operates.
- 1.9 For this reason, the Council has applied, to central government, for £19 million Exceptional Financial Support for the coming financial year. This will enable the Council to balance the budget in the short term, while freeing up time and resources to ramp up the delivery of the council-wide change and service re-design programme. This plan will refocus services to prioritise preventative support and community interventions, addressing increasing demand in higher cost service provision. At the same time, it will simplify and modernise processes across the council to deliver improved value for money and effectiveness, including through better and more widespread use of data and technology.

## 2. Recommendations

### 2.1 Cabinet is recommended to:

- 2.1.1 recommend to Full Council that the Waltham Forest basic amount of council tax, including the levying bodies, will be increased by 2.99% in 2026/27;
- 2.1.2 recommend to Full Council that the 2% permitted increase for Adult Social Care will be applied bringing the total increase to 4.99% and resulting in a council tax of £1,876.45 per Band D property in 2026/27;

- 2.1.3 note that the element of council tax charged by the Greater London Authority will be £510.51 per Band D property in 2026/27 which reflects an increase of £20.13 (4.10%);
- 2.1.4 recommend to Full Council that the overall council tax to be set for 2026/27 will be £2,386.96 per Band D property, which represents an overall increase of 4.80%;
- 2.1.5 recommend to Full Council that the projected budget (as set out in Appendix 1) for 2026/27 of £607.255 million is approved;
- 2.1.6 consider and note the whole of the Strategic Director of Resources report made under Section 25 of the Local Government Act 2003 as set out in Appendix 2 and, in particular, their determination in the Financial Implications of this report on “the robustness of the estimates made for the purposes of the calculations, and the adequacy of the proposed financial reserves”;
- 2.1.7 note the amount of 82,991 (an increase of 208 over the previous year), as the Council Tax Base for the Council for 2026/27, in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under the Local Government Finance Act 1992 (as amended);
- 2.1.8 recommend to Full Council that the following amounts to be approved for 2026/27 in accordance with Sections 31 to 36 of the Local Government Act 1992, as amended (the Act);
  - a) Gross Expenditure  
£1,111.208 million – being the aggregate of the amounts which the council estimates for the items in Sections 31A (2) of the Act;
  - b) Gross Income  
£955.480 million – being the aggregate of the amounts which the council estimates for the items in Sections 31A (3) of the Act;
  - c) Net Expenditure  
£155.728 million – being the amounts by which the aggregate at 2.1.8(a), exceeds the aggregate at 2.1.8(b) above, calculated by the Council in accordance with Section 31A (4) of the Act as its council tax requirement for the year.
  - d) LBWF Basic Amount of Council Tax including the Adult Social Care Precept
  - e) £1,876.45 – being the amount at 2.8.1(c) above, divided by 82,991 (the Council Tax Base), calculated by the Council in accordance with Section 31B(1) of the Act, as the basic amount

of its council tax for the year and includes the Adult Social Care Precept of £315.79.

f) Valuation Bands

Band		A	B	C	D	E	F	G	H
Basic	£	1,040.44	1,213.85	1,387.25	1,560.66	1,907.47	2,254.29	2,601.10	3,121.32
Social Care	£	210.53	245.61	280.70	315.79	385.97	456.14	526.32	631.58
Total LBWF	£	1,250.97	1,459.46	1,667.95	1,876.45	2,293.44	2,710.43	3,127.42	3,752.90

Being the amounts given by multiplying the amount at 2.1.8(e) above by the number which, in the proportion set out in Section 5(1) of the 1992 Act, is applicable to dwellings listed in a particular valuation band, divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36(1) of the 1992 Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands;

- 2.1.9 Note that for 2026/27 the Greater London Assembly (GLA) has stated that (with formal ratification on 26 February 2026) that the following amounts in precepts be issued to the Council in accordance with Section 40 of the Local Government Act 1992 for each of the categories of dwellings shown below;

Band		A	B	C	D	E	F	G	H
Total	£	340.34	397.06	453.79	510.51	623.96	737.40	850.85	1,021.02

- 2.1.10 recommend to Full Council, that, having calculated the aggregate in each case of the amounts at 2.1.8(f) and 2.1.9 above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992 sets the following amounts of council tax for 2025/26 for each of the categories of dwellings shown:

Band		A	B	C	D	E	F	G	H
Total	£	1,591.31	1,856.52	2,121.74	2,386.96	2,917.40	3,447.83	3,978.27	4,773.92

- 2.1.11 note that the relevant basic amount of council tax for a Band D property (excluding precepts but now including levies) for the financial year 2026/27 be £1,876.45, which reflects a 2.99% increase, plus 2% Adult Social Care precept permitted increase for 2026/27 and therefore does not require a referendum;

- 2.1.12 agree that the Strategic Director of Resources and the officers nominated by him be authorised to finalise the necessary publicity as required by Section 38 of the Local Government Finance Act 1992 and to promote the first day of the month instalment dates, and the six date options within each month for Direct Debit payers, as previously agreed;

- 2.1.13 note that in order to ensure the required period of notice is given, council taxpayers will be requested to pay their instalments on the first of each month commencing on 1 April 2026;

- 2.1.14 agree in accordance with the Council Tax (Empty Dwellings) Act 2018 to continue to maintain the maximum percentage allowed by current legislation for the empty home's premium from 1 April 2026;
- 2.1.15 agree in accordance with the Levelling Up and Regeneration Act 2023 (Clause 76) to maintain a premium of 100% on dwellings that have been empty for one year from 1 April 2026;
- 2.1.16 agree in accordance with the Levelling Up and Regeneration Act 2023 (Clause 77) to maintain a premium of 100% on dwellings which are "substantially furnished" but have no "resident" (e.g., second homes) from 1 April 2026;
- 2.1.17 agree for the purposes of calculating entitlement to Housing Benefit, any war disablement pension, war widow's or war widower's pension which would otherwise be treated as income for the purposes of calculating entitlement to housing benefit should be disregarded in its entirety.
- 2.1.18 agree the Capital Programme for 2025/26 to 2035/36 as set out in Appendix 10;
- 2.1.19 agree the reserves strategy at Appendix 7 and note that the Strategic Director of Resources has delegated responsibility for the use of reserves throughout the year;
- 2.1.20 note an application for Exceptional Financial Support (EFS) of £19 million from central government and the decision to utilise this support is the responsibility of the Chief Finance Officer;
- 2.1.21 agree the flexible use of capital receipts policy, as set out in Appendix 3 and paragraph 3.51 to invest in savings initiatives. This will enable the funding of revenue projects and redundancy costs totalling £22 million from capital receipts, over 2026/27 and 2027/28. These costs will enable delivery of savings.
- 2.1.22 Reconfirm that on winding up of the Mears JV (More Homes Waltham Forest LLP) once any outstanding debt financing relating to the assets has been cleared the Balance of the Capital Return Allocation be transferred or paid to the London Borough of Waltham Forest Pension Fund. This is required to be reconfirmed annually within the budget report by the fund actuaries noting the original decision was made in February 2019 Council meeting.

3.     Proposal
- 3.1    The Council is required by law to set a balanced budget for each financial year.

- 3.2 The approval of the budget and council tax is a decision reserved to Full Council (upon recommendation by Cabinet). This report presents the officers' recommendations to Cabinet which, if agreed, will then be referred on by Cabinet to Full Council to approve the budget and council tax level for 2026/27.
- 3.3 It is a legal requirement for the Council to set its budget and council tax for the financial year starting 1 April by the preceding 11 March. The Council must agree a balanced budget, with its prospective income from all sources being equal to its proposed expenditure.
- 3.4 It is also a legal requirement under Section 25 of the Local Government Act 2003 (see Appendix 2) for the Council's Section 151 officer to advise on the robustness of the proposed budget and adequacy of reserves. The conclusion is that the budget and reserve levels are considered to be sufficient over the MTFS timeframe.

## Background

### Budget Process

- 3.5 The Council maintains a robust approach to its budget setting process to ensure that it can continue to deliver services in a sustainable way within the context of a balanced budget. Some aspects of this process include:

- maintaining an annual MTFS which scans the next three years (i.e. 2026/27 to 2028/29) – both internally and externally – to ensure that the Council can manage its resources effectively.
- indicative levels of Council Tax, Business Rates and Fees and Charges income to fund essential services.
- the base budget position for the forthcoming year, including cost pressures from increases in service demand, financing costs and inflation (including contract and pay).
- ensuring balances and reserves are robust and sustainable.
- challenging budget savings proposals to ensure they are deliverable in value and on time.
- taking the MTFS and budget reports through Budget Scrutiny to provide a further layer of due diligence.

### Budget Strategy

- 3.6 The main aims of the budget strategy are as follows:

- Compliance with the CIPFA Financial Management Code.
- Continue to set a balanced budget for 2026/27 with service directorates developing robust options to maintain their services within available funding for the remaining MTFS period to 2028/29 and beyond.
- Invest in initiatives that will deliver efficiencies and service improvement aligned to the Corporate Plan, Mission Waltham Forest. Any investment in proposals will require the development

of a business case and the resulting impacts incorporated within the MTFS for future years.

- Use specific government grant/funding to fund demand pressures and corporate objectives before the general fund is used.
- Service Directors to ensure exit strategies are developed and implemented where grants are ceasing or funding streams of services are reducing.
- Strengthen the Council's financial position and overall level of financial resilience, ensuring that it has adequate reserves and balances to address future risks and unforeseen events without detriment to service delivery.
- Adopt a strategic approach to meeting the budgetary challenges for the MTFS period to 2029, ensuring that there is funding to support the budget so that savings can be delivered in a planned way, optimising outcomes for residents and investment in improving the way that the Council delivers services.
- Ensure that the Council delivers value for money and continues to identify savings, while demonstrating efficiency.
- Demonstrate that investments in the borough deliver total return on the required investment, i.e., both financially and socially.
- Continue to refresh the MTFS during the annual financial planning cycle, to reflect all known changes and where feasible, predict potential future Spending Review assumptions, as well as the impact of the reforms to local government funding.
- Ensure that savings are genuinely achievable and that the estimated financial implications are robust and subject to an assessment, in accordance with equalities legislation, including, when necessary, equality impact assessments, at the appropriate time.
- The Council has maintained a robust system of budget monitoring with a detailed Financial Monitoring Reports presented monthly to Senior Leadership Team, Cabinet and Budget Scrutiny.

### **Council's Current Financial Position**

- 3.7 The Council's current financial positions both in-year for 2025/26 and for 2026/27, continues to be extremely challenging and this position is consistent with local authorities across the country. Despite the review of how local government funding is distributed, as part of the Fair Funding Review, the Council's funding is still 6.4% less in 2026/27 compared to 2010/11, when adjusted for inflation. During the consultation for the Fair Funding Review, the Council made significant representation to the government about its persistent underfunded position.
- 3.8 For 2026/27, this proposed budget set out in this report presents a balanced budget position following an application for Exceptional Financial Support (EFS) of £19 million from central government and is contingent on that being agreed. This budget also assumes the delivery of planned savings and the management of current service

pressures. The application for EFS seeks permission to fund this support from borrowing and is not a request to increase Council Tax above the referendum limit. For 2026/27, the threshold level allowable is 4.99% (2.99% for core council tax and 2% for Adult Social Care precept).

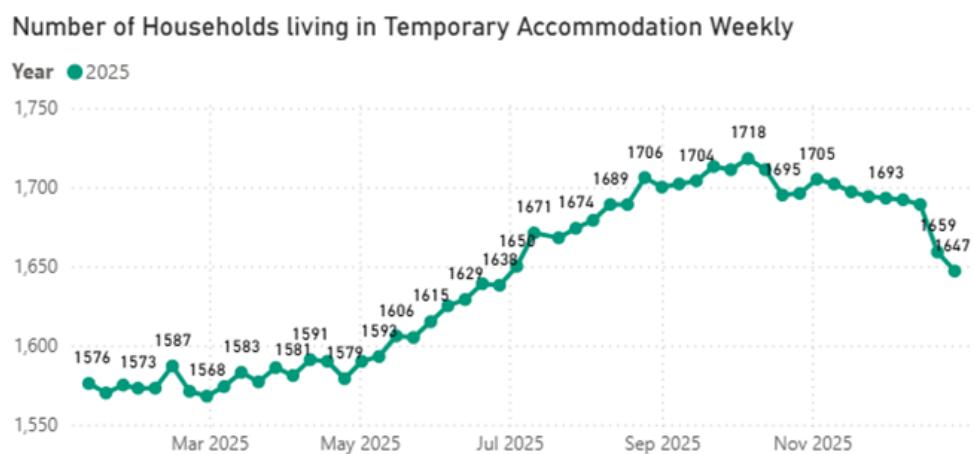
- 3.9 The Council's decision to apply for EFS has been taken following a prudent review of the Council's on-going risks, particularly the level of structural deficit, the management of demand pressures and the time required to deliver savings plus the need to maintain an essential level of reserves. Although EFS has been requested, it will only be utilised during the year, if essential, and with the agreement of the Chief Finance Officer, Chief Executive and Leader of the Council. It is the Chief Finance Officer's belief that the use of EFS is not a sustainable financial strategy and therefore the Council will continue to act to reduce costs and increase income wherever possible, therefore reducing the level of support that is required and any reliance in future years. Further details are included in paragraphs 3.46 to 3.49.
- 3.10 The remaining two years of the MTFS, 2027/28 and 2028/29, are currently predicting an indicative requirement for EFS of £19.309 million and £23.929 million but this is predicated on a range of assumptions, in particular the management of demand pressures and delivery of savings. This level of EFS is also the outcome of the assessment of risks and will be re-evaluated during the year.
- 3.11 The Council is forecasting a £32.973 million in-year service overspend as at Month 9. The overspends are in key demand areas, including Adults and Children's Social Care and Temporary Accommodation. Offsetting these significant overspends is an underspend in the corporate balances, alongside additional Business Rates income from Section 31 grant and the Eight Borough Business Rates Pool. However, due to changes following the Business Rates reset, the Pool is no longer viable after 2025/26 and any Section 31 grant will be retained within the collection fund from 2026/27, so these income streams cannot be assumed in future. The financial pressures are driven by sharp rises in costs and demand for vital services that support and protect residents, combined with a significant reduction in funding over the last fourteen years.

#### *Temporary Accommodation*

- 3.12 Across London and England, councils continue to face significant and sustained pressure in supporting households at risk of homelessness and who are homeless and living in temporary accommodation (TA). This is driven by increasing demand, constrained housing supply, rising TA costs and the housing benefit subsidy gap. The average weekly net cost of TA to the Council has risen sharply, increasing by almost 37% from £199 in December 2023 to £272 in November 2025. This trend masks a period of exceptional volatility during 2024/25, when average

costs peaked at £378 in May 2024 amid a steep rise in homelessness presentations across London and an increased reliance on high-cost commercial hotels.

- 3.13 In Waltham Forest, the impact of these pressures is reflected in the continued rise in the number of households living in TA. In April 2023 there were 858 households in TA, increasing to 1,581 by March 2025 - an increase of more than 80%. The number has continued to grow, but at a slower rate, with 1,642 households recorded at the end of December 2025 and 1,628 households in the week beginning 26th January 2026. While this still represents a substantial increase from October 2024 (1,503 households) and a 65% increase compared to October 2023 (988 households), it also demonstrates a slight reduction from the peak of 1,705 in October 2025.
- 3.14 The above numbers reflects a combination of reduced move-on options - due to limited housing supply and wider affordability constraints - as well as the positive impact of enhanced homelessness prevention work. Investment in strengthened prevention services, including the Housing Sustainment Team, has supported households at risk of homelessness and helped prevent new TA admissions wherever possible. Alongside this, the Council is also expanding the supply of alternative TA, including exploring the use of surplus Council office accommodation. Notably, the Council has avoided the use of commercial hotels - the most expensive form of TA - for the past 10 months.
- 3.15 The current forecast cost of TA, as reported in the Month 9 financial monitor, is £22.982 million, with a budget pressure of £14.452 million. This compares to a £10.278 million pressure in 2024/25 and a breakeven position in 2023/24. The graph below illustrates weekly movements in TA household numbers over the past year.



- Social Care*
- 3.16 The largest proportion (i.e. 62%) of the Council's budget goes into caring for older and disabled people and supporting children in care or

those with special educational needs or disabilities. The number of people needing support is rising, alongside the costs of providing this support. For Adult Social Care (ASC), the numbers of clients receiving funded support in 2025/26 is approximately 3,744 (as of December 2025) which represents an increase of 5.8% from last year (3,537 clients in 2024/25). This in-year increase is in addition to previous years' increases in volume, that is a 10% increase in the past two years and 13% in the past three years. Also, the average weekly cost of care across all placement types is a 7% increase at December 2025 compared to the 2024/25 outturn position.

- 3.17 However, the number of children in care has dropped considerably in the past two years to 264 in December 2025 compared to 313 in January 2024.

#### *SEND*

- 3.18 There is an ongoing pressure from the growth in statutory assessments for Education, Health and Care plans (EHCPs). There were 3,812 children with an EHCP at 31 March 2025, an increase of 10% since March 2024 and 4,022 at 31 December 2025, a 6% increase in-year. This increase is reflected in the increased pressure in the High Needs Block of the Dedicated Schools Grant (DSG) but also impacts on general fund services such as Education Psychology, Home to School Transport and other SEND service due to the increased number of referrals, assessments, and annual reviews.
- 3.19 The cumulative net DSG deficit is forecast to be £14.843 million at 31st March 2026, comprising the High Needs Block deficit of £18.336 million offset partially by smaller surplus balances on the other blocks.
- 3.20 In June 2025, the government extended the statutory override until March 2028 and stated that it will centrally fund the full cost of SEND provision from 2028/29. The government has not stated how existing liabilities will be dealt with at the end of the statutory override. However, the SEND white paper has not yet been released and may mitigate the risk if the Council were required to fund the current High Needs block deficit by 2028.
- 3.21 There is a current pressure of £4.2 million in Transitions (preparing for adulthood placements) due to increased demand and complexity as children transition to adult services.

#### *Reserves*

- 3.22 The Council is well managed financially, ensuring that it has a level of reserves to mitigate service pressures in the short-term. However, the Council recognises that these reserves are only one-off in nature and must be replaced with permanent savings that will ensure the Council achieves financial sustainability. The Council's total reserves at 31st March 2025 was £70.222 million, including £47.537 million in

earmarked reserves and the forecast position for 31st March 2026 is £32.543 million and £19.372 million respectively. This excludes a general fund working balance of £14.906 million which the Council is required to hold in accordance with agreed policy.

- 3.23 For future years, total draft savings proposals of £42.113 million have been developed and are included within this Budget Report. This assumes savings of £18.594 million in 2026/27, £15.761 million in 2027/28 and £7.758 million in 2028/29.
- 3.24 Despite the provisional financial settlement on the 17<sup>th</sup> December 2025, the financial outlook for local authorities remains challenging and this has been evident with the several high-profile financial failures of councils across England and the increasing number of authorities seeking EFS. The Council recognises this and is determined to ensure that it puts financial sustainability at the centre of all decision-making.

#### Economic Outlook

- 3.25 The level of inflation (consumer price index, CPI) increased significantly in-year and was 3.4% at December 2025 compared to 2.5% for the 12 months to December 2025. The level of inflation peaked at 3.8% for July to September before reducing to 3.6% in October and is due to high food costs, energy costs, the increases in employers' national insurance and global trade frictions. The 2025 Autumn Budget included CPI inflation levels of 2.2% in 2026/27, 2% in 2027/28 and 2.1% in 2028/29. These inflation levels continue to have a significant impact on the Council's finances as well as residents. Any reduction should mean that prices will not increase as sharply but will stabilise at a higher level.
- 3.26 From 1<sup>st</sup> April 2026, there will be a 4.1% increase in the national minimum wage for those aged 21 and over plus an 8.5% increase for those aged 18 to 20. Although this is good news for residents, it is likely to put increased pressure on the Council's contract and pay budgets.
- 3.27 Following the implementation of the new energy contracts in April 2025, secured prices fell by around 20% for electricity and 10% for gas in 2025/26. Markets have remained volatile but the procurement strategy in place helps negate this. For 2026/27, the Council is expecting a slight rise in electricity prices, mainly through the fixed charge elements increasing, and a slight reduction in gas prices. With targeted programmes in place to help reduce consumption levels, the expectation is that the overall spend will remain similar to 25/26 levels.
- 3.28 The gross domestic product (GDP) which estimates the size of the economy and its growth was 0.3% for November and was higher than expected. At the time of the Autumn Budget in November, the Office for Budget Responsibility (OBR) had forecast GDP growth of 1.5% for

2026/27 but this has now been reduced to 1.4% for 2026 and 1.5% for the following 4 years.

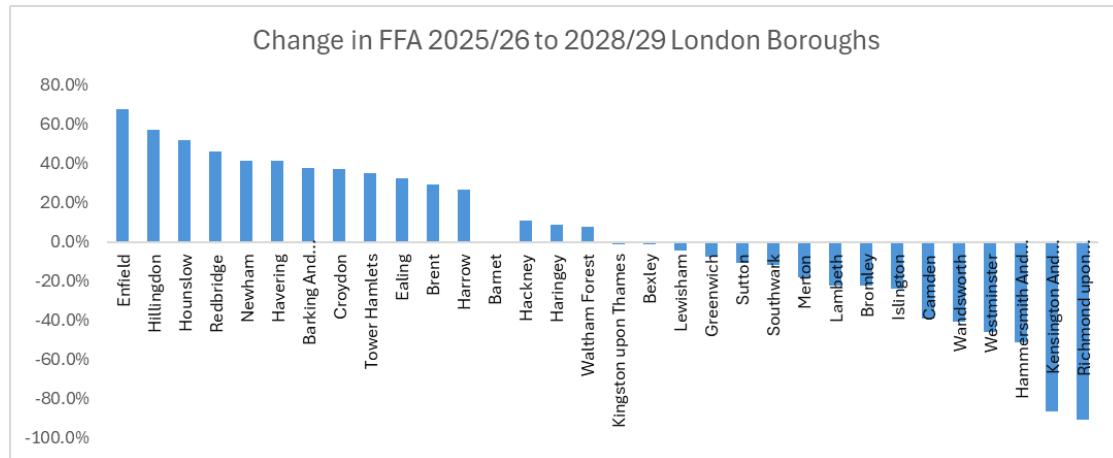
- 3.29 The Spending Review 2025 was published on 11<sup>th</sup> June 2025, which included real-term growth in funding, with the increases front loaded to 2026/27. The next Spending Review will be in 2027. The funding settlement is still very tight for the public sector, with the bulk of the increase going to the NHS. In cash terms, the increases in the departmental expenditure limits (DEL) average at 3.2% over the 3 years with 3.6% in 2026/27 and 1.2% in cash terms but this excludes income from council tax.
- 3.30 The current interest rate is 3.75% and it is anticipated that it will reduce further over the next year, but the timing could become increasingly complex, given growing domestic and inflation risks combined with uncertain economic growth. The Council's financial advisors currently indicate that the interest rates will reduce gradually over the next year, to 3.25% by December 2026 and currently unchanged by December 2027. The cost of borrowing has been incorporated within the MTFS for both the general fund and the Housing Revenue Account.

## Financial Context

### Fair Funding Review

- 3.31 The policy statement in response to the local government funding reforms (i.e. Fair Funding Review) consultation was issued on the 20<sup>th</sup> November and also included the response to the business rates consultation. The objective of these reforms was the setting of new local funding allocations as part of a three-year period, 2026/27 to 2028/29. The last review was in 2013/14 and therefore large changes in allocations were expected. A key component of the funding reforms was a review of the "Relative Needs" formulas (RNF) to ensure that the funding is targeted where it is needed most and restoring the balance between aligning the funding with need and rewarding business rates growth.
- 3.32 Between the consultation phase during the summer and the policy statement plus the provisional settlement, there were several positive changes for the Council, in particular the decision to continue with the Recovery Grant for a further three-year period and revised weightings within the Relative Needs Formulas (RNF).
- 3.33 Nationally the change in Core Spending Power (CSP) from 2025/26 to 2028/29 is an increase of 15%, for Waltham Forest, the increase for this period is 14.4%.
- 3.34 The change in Fair Funding Assessment (FFA), which is the CSP excluding council tax, is an increase of 5.8% nationally from 2025/26 to 2028/29 but an increase of 31.5% for outer London boroughs and a

decrease of 15.5% for inner London boroughs. The increase for Waltham Forest for this period is 8% as included in the chart below. The outer London borough with the largest increase is Enfield with 68%.



- 3.35 The CSP for the three-year period to 2028/29 also includes the Recovery Grant of £4.829 million but this will not be included for 2029/30.
- 3.36 The annual change in FFA, which is the CSP excluding council tax, is £6.1 million in 2026/27, £3.8 million in 2027/28 and £3.9 million in 2028/29 or 3.6%, 2.2% and 2.2% for the same period.
- 3.37 **Local Government Finance Settlement 2025/26**  
On the 17<sup>th</sup> December 2025 the government announced its Provisional Financial Settlement for Local Government outlining the funding allocations for local government next year. The final settlement is expected on the 9<sup>th</sup> February 2026. This is a three-year settlement, which gives certainty to authorities in the second and third year of the settlement. Each of the latter two years will still be subject to an annual settlement process.
- 3.38 The presentation of the funding for local government within the settlement has now changed considerably. The baseline and quantum of funding is now much higher due to four rolled-in grants. Previously, portions of these grants would have been outside of previous settlements. For the four rolled in grants, there are still elements that are not included within the CSP. Key components of the settlement are included within the table below and explained further in the narrative:

CSP - in cash terms (£ millions)		2025-26	2026-27	2027-28	2028-29
Issued by Central Government					
<b>Council tax</b>	Council tax requirement - Forecast by MHCLG	148.0	158.3	169.5	181.4
<b>New FFA</b>	Baseline Funding Level	-	82.7	84.6	86.3
	Revenue Support Grant	-	81.1	94.8	96.9
	Local Authority Better Care Grant	11.7	11.7	-	-
	Legacy Business Rates	93.5			
	Legacy Grant Funding	58.6			
	Grants rolled in to RSG (new grants)	5.7			
<b>Sub-Total - FFA</b>		<b>169.5</b>	<b>175.5</b>	<b>179.4</b>	<b>183.2</b>
<b>New Consolidated Grants</b>	Homelessness, Rough Sleeping and Domestic Abuse	5.5	5.6	5.3	5.3
	Families First Partnership (within Children, Families and Youth Grant)	3.1	4.6	4.6	4.0
	<b>Sub-Total</b>	<b>8.6</b>	<b>10.3</b>	<b>10.0</b>	<b>9.3</b>
<b>Recovery Grant</b>		4.8	4.8	4.8	4.8
<b>Total Core Spending Power (£m)</b>		<b>330.9</b>	<b>349.0</b>	<b>363.7</b>	<b>378.7</b>
Annual change in cash-terms FFA			6.0	3.8	3.9
Annual change in cash-terms FFA %			3.6%	2.2%	2.2%
Annual change in cash-terms consolidated grants & Recovery Grant			1.7	(0.28)	(0.68)
Annual change in cash-terms consolidated grants & Recovery Grant %			12%	-2%	-5%
Annual change in cash-terms CSP			18.1	14.7	15.1
Annual change in cash-terms CSP%			5.5%	4.2%	4.1%

- 3.39 Included within the Fair Funding Assessment (FFA) is the Business Rates income, Homelessness Prevention Grant, Market Sustainability and Improvement Grant, Social Care Grant, Local Authority Better Care Grant, Employers' National Insurance Grant, New Homes Bonus and the Revenue Support Grant. Nationally, this is £33,928 million for 2026/27 increased from £32,985 million. The Council's share in 2026/27 is £175.5 million an increase of £6.1 million or 3.6% compared to 2025/26.
- 3.40 Within the Baseline funding level (BFL) is the Business Rates income and it is made up of two components, the Business Rates baseline (BRB); which is central government's assessment of the Council's share of the amount, that is collected (£29.418 million). The other component is the Business rates Top up grant of £53.290 million which brings the level of business rates income back to the BFL of £82.707 million. Further details on Business rates are provided in paragraphs 3.77 to 3.82.
- 3.41 Included within the Homelessness, rough sleeping and domestic abuse grant is the prevention and relief element of the former Homelessness Prevention Grant, Rough Sleeping grants and the Domestic Abuse Safe Accommodation Grant. Nationally, this is £794.3 million increased from £725.1 million. The Council's increase is £0.1 million in 2026/27 from £5.5 million or 2%.
- 3.42 Included within the Families First Partnership is the Children's Social Care Prevention Grant and Supporting Families, and both are included within the CSP. It also includes the Holiday Activities and Food Programme and Post-16 Pupil Premium Plus Programme, and both are outside of the CSP. Nationally, this is £1,081 million and includes the impact of the 2025 Spending Review. The Council's share in 2026/27 is £5.785 million including £4.6 million within CSP.

- 3.43 The new Crisis and Resilience grant includes the Household Support fund (HSF) and the Discretionary Housing Payments (DHP) and both are outside the CSP. Nationally, this is £831 million and unchanged from 2025/26.
- 3.44 The level of council tax income included within the CSP assumes an annual increase of 4.99% and an annual increase in the council tax base of 1.9%. However, the Council's latest estimates in relation to the council tax base are increases of 0.3% for 2026/27, 0.5% for 2027/28 and 0.5% for 2028/29. The impact of this is £2.57 million less council tax income in 2026/27, £5.18 million in 2027/28 and £8.02 million in 2028/29. Council tax as a % of CSP was 35% in 2010/11 and is anticipated to be 45% in 2026/27, 46% in 2027/28 and 47% in 2028/29.
- 3.45 The Recovery Grant, which was supposed to be a one-year grant in 2025/26, has now been extended for another three years, 2026/27 to 2028/29. For the Council, this remains at £4.8 million.
- 3.46 **Exceptional Financial Support (EFS)**  
To enable the Council to meet its legal requirement and set a balanced budget for 2026/27, an application for Exceptional Financial Support (EFS) of £19 million has been made to MHCLG. The outcome of the application is unlikely to be confirmed until the end of February 2026 but the proposed MTFS has been prepared based on it being agreed. The request for EFS is a necessary response to the financial challenges faced by the Council and will allow sufficient time for the required savings to be designed and delivered in full. The decision to apply for EFS is a realistic assessment of the financial challenges but fully acknowledges that this is not a long term sustainable financial strategy for the Council. Work will continue to identify further savings and income opportunities to reduce the amount of EFS required. The level of EFS required in 2027/28 and 2028/29 is estimated at £19.309 million and £23.929 million respectively but will continue to be reassessed during 2026/27.
- 3.47 The EFS requirement for 2026/27 is set out in the table below and was determined following a detailed evaluation of the Council's on-going financial risks, particularly the level of structural deficit, the management of demand pressures and the time required to deliver savings plus the need to maintain an essential level of reserves. This evaluation incorporates the underlying service pressure forecasted in the month 9 monitor, the MTFS pressure brought forward from 2025/26 and the funding of corporate and service pressures. This is then offset by additional funding in year, including both grant and Council Tax, and planned savings both budget and management actions to reduce service pressures.
- 3.48 To determine a prudent level of risk in delivering the budget, sensitivity analysis was applied to the savings delivery profile and service

overspends. Therefore, a lag of 20% on delivery of savings and 10% risk on service overspends has been applied.

**Forecast Net Budget Gap for 2026/27**

	£'000
<i>General Fund Budget 2026/27</i>	<i>329,597</i>
<b>Pressures on MTFs</b>	
Underlying Service Pressures brought forward from 25/26	32,973
MTFS funding gap brought forward plus risk 10%	7,795
Corporate pressures including Pay inflation, insurance, collection fund shortfall and capital financing	13,788
Other Service Pressures (net of items included within overspend)	5,333
Service planned use of Reserves	2,000
<b>Total Pressures</b>	<b>61,889</b>
<b>Additional Income / Mitigations</b>	
Government Grant increase compared to what was assumed	(11,088)
Service related grant funding	(4,209)
Savings Proposals (plus Pension revaluation & F&Cs) - realistic profile	(17,800)
Assumed Council Tax yield (net of ASC Precept)	(4,748)
Flexible use of capital receipts	(5,000)
<b>Total Additional Income / Mitigations</b>	<b>(42,845)</b>
<b>Forecast Net Budget Gap for 2026/27</b>	<b>19,044</b>

- 3.49 The forecast net budget gap is £19.044 million, which would require funding from reserves and would leave a potential balance of £11.217 million. This balance is not only below our minimum required level of general working balance reserve but would also be insufficient to fund any unplanned pressures. An EFS requirement of £19 million is required to ensure that a balance of £30 million is retained within the Earmarked and General Working Balance Reserve.
- 3.50 For 2026/27, the Council will also hold a balance of £12 million in contingency to fund unforeseen events such as inflationary or contractual pressures during the year. The decision to apply any contingency will be made by the Chief Finance Officer, in agreement with the Chief Executive and the Leader of the Council.
- 3.51 The Council has also made the decision to utilise the option to apply for Flexible Use of Capital Receipts and this is explained further in Appendix 3. This option will allow the utilisation of new capital receipts to finance projects or costs that are designed to generate ongoing revenue savings. The Council will receive £22 million in January 2027, as part payment for the development of the land at the Town Hall and it will utilise this to fund both transformation costs and severance costs (i.e. both redundancy and pension strain). The intention is that this funding will be applied over two years, potentially £13 million in 2026/27 and £9 million in 2027/28. The 2026/27 allocation should release approximately £5 million base funding in-year.

### *Principles for Managing Future MTFS & Address Funding Pressures*

- 3.52 The Council will be working towards a new set of principles over the MTFS period, which are:
- The Council will aim to be in a financially sustainable position, without the need for further Exceptional Financial Support, by 2029/30 with a minimum level of reserves of £30m (10% of Net General Fund Budget).
  - Create/Align budgets in each demand led service based upon a zero based “true cost of service at an achievable level” principle, that is suitable for the risk tolerance, service needs and funding level available to Waltham Forest.
  - The ability to shift elements of the Council’s resources dynamically, to best support delivery of Mission Waltham Forest and maximise associated outcomes
- 3.53 The MTFS is shown in Appendix 4. The MTFS Refresh position was reported to Cabinet in September 2025. Since then, the financial settlement announcements outlined in paragraphs 3.37 and 3.45 have been included within the budget.
- 3.54 For 2026/27, there is a balanced MTFS position including the underlying service pressure. For 2027/28 and 2028/29, incorporating all potential movements in the MTFS and the residual service pressure, reported as part of the budget monitoring process, there will be further calls on EFS. However, these funding pressures are dependent upon:
- All new planned savings totalling £42.113 million, for the period 2026/27 to 2028/29, must be delivered in full including all residual future year savings agreed as part of the 2025/26 Budget. The Council must also continue to develop opportunities to reduce costs or increase income and where feasible over programme to mitigate any risks.
  - Council Tax increases of 4.99%, including 2.99% for core services and 2% for the Adult Social Care (ASC) precept for the MTFS period.
  - Inflation of 3.2% for pay and 3% for contract in 2026/27. For 2027/28 and 2028/29, 2% for both pay and contract. Pay inflation will be applied to all staffing budget following national agreement. Contract inflation will be applied to relevant budgets following a process where Corporate Finance and procurement agree specific requests for such funding with service areas.
- 3.55 Service pressures totalling £19.326 million have been funded as part of this budget and are set out in Appendix 5. As part of the preparation process for this budget, there was a review of specific service budgets

and where a clear rational for rightsizing budgets were agreed by SLT, this cost has been incorporated within the total requirement. This process of reviewing service budgets will continue into 2026/27. As a result, the total agreed £19.326 million, includes £10.564 million that are service overspends within the month 9 monitor for 2025/26 but will be alleviated in future years as they are funded. Therefore, it is anticipated that the monthly monitor for 2026/27 will still include some service overspend but this will be less due to this funding of specific service pressures and ongoing management actions to reduce this pressure.

- 3.56 The service pressure total of £19.326 million also includes £3.429 million to fund additional insurance premium costs as well as capital financing costs.
  - 3.57 The ASC Precept of £3.024 million will be passported directly to the service to mitigate any potential demographic pressures.
  - 3.58 To ensure long term financial sustainability, an adequate level of reserves balances must be replenished, to mitigate potential risks and issues. An example of a potential risk is shortfalls in budget income from both Council Tax collection and Business Rates. For the latter, central government have anticipated a certain level of risk on appeals and anything additional is with the local authority.
  - 3.59 Other new pressures in the intermediate to long term, include addition levy costs for North London Waste Authority (NLWA) due to the delivery of the North London Heat & Power Project to replace assets built in the 1970s. The waste handling facility is now complete and operational, but the remaining element (i.e. new Energy Recovery Facility) is delayed beyond the current MTFS period.
  - 3.60 To respond to these potential funding pressures, the Council has agreed an approach at the direction of the Leader and the Chief Executive. This includes a focus on managing current service pressures, budget savings and a transformation programme which will deliver long-term financial sustainability for the Council while delivering on the vision set out in Mission Waltham Forest.
- Council Funding**
- 3.61 Local government is funded from a range of different sources. The largest sources are:
    - Council Tax
    - The Fair Funding Assessment (FFA), including business rates.
    - Specific government grants
    - Fees and Charges
    - Dedicated Schools Grant

#### *Council Tax*

- 3.62 The MTFS assumes a council tax increase of 4.99% per annum across the 3 years covered by the MTFS i.e. 2026/27 to 2028/29.
- 3.63 The Council proposes to increase its core council tax by 2.99% in 2026/27 which will be an increase of £53.44 per annum for a Band D property. The proposed core Council Tax level for a Band D property will therefore be £1,560.66.
- 3.64 The Council also proposes a 2% Adult Social Care precept which will be specifically ring-fenced to meet the continuing demands for adult social care. This precept will be £315.79 for a Band D property. This will raise an additional £3.024 million in 2026/27.
- 3.65 Taking account of the core and Adult Social Care precept elements of the increase, a Band D council tax of £1,876.45, is therefore proposed in the table below, the equivalent Band C level is also noted in the table below:

Council Tax 2026/27 (excluding GLA)	Council Tax Band D £	Council Tax Band C £
2025/26 (A)	1,787.27	1,588.69
2.99% Core increase	53.44	47.50
2.00% ASC increase	35.74	31.76
2026/27 (proposed) (B)	1,876.45	1,667.95
LBWF increase (B-A)	89.18	79.26
Weekly increase LBWF	1.72	1.52

- 3.66 The Localism Act 2011 introduced new provisions for council tax referenda and replaced the previous capping rules. Authorities are required to determine whether the amount of council tax they plan to raise is excessive. The Secretary of State defines annually a set of principles which determines the level of increase that would be 'excessive'. For 2026/27, the relevant basic amount of council tax is deemed excessive if it is more than 3% greater than its relevant basic amount of council tax for 2026/27.
- 3.67 The Council Tax Requirement includes amounts attributable to levies issued to the authority. The relevant figures for determining whether the 2026/27 council tax increase is excessive are set out in the following table:

	2025/26	2026/27
Council Tax Requirement (£m)	£147.956	£155.728
Council Tax Base	82,783	82,991
Relevant Basic Amount	£ 1,787.27	£1,876.45
Precept for Social Care	2%	2%
General increase	2.99%	2.99%
Total % increase/decrease in Relevant Basic amount of Council Tax	4.99%	4.99%

- 3.68 As can be seen from the above table, the “relevant basic amount of council tax” has increased by 4.99% but this includes 2% precept for Social Care leaving a 2.99% general increase. Consequently, there is no obligation to hold a referendum to approve the recommendations for council tax setting.
- 3.69 The Mayor of London has proposed that the Greater London Authority (GLA) precept is increased by £20.13 from £490.38 to £510.51 per band D property for 2026/27 which represents an increase of 4.10%. This budget was formally ratified by the GLA at its Assembly meeting on 26 February 2026. The Council is required to incorporate the GLA precept within the Council Tax bands and all receipts collected are passed directly to the GLA.

*Council Tax Base*

- 3.70 There has been a taxbase increase in the number of Band D equivalents during the year of 208. The overall tax base has increased from 82,783 to 82,991 after applying the estimated cost of the Local Council Tax Support (LCTS) Scheme and an adjustment for new properties. The number of properties used in the calculation before applying a non-collection percentage is shown below for each band.

Band	Council Tax 2025/26 £	Number of Dwellings	Percentage of Total Dwelling %	Council Tax 2026-27 £
A	1,518.43	2,803	3.3%	1,591.31
B	1,771.51	19,793	23.3%	1,856.52
C	2,024.58	29,841	35.1%	2,121.74
D	2,277.65	20,267	23.8%	2,386.96
E	2,783.79	9,174	10.8%	2,917.40
F	3,289.94	2,513	3.0%	3,447.83
G	3,796.08	686	0.8%	3,978.27
H	4,555.30	43	0.1%	4,773.92
TOTAL PROPERTIES		85,119		

- 3.71 The MTFS has assumed that council tax will yield £155.728 million in 2026/27 and accounts for approximately 44% of total resources (excluding schools).

*Adult Social Care Precept*

- 3.72 The other major source of funding for social care since 2016/17 has been the Council Tax precept. Up to 2025/26, the Council has used this mechanism to raise £23.177 million over ten years specifically for adult social care needs.
- 3.73 The government has confirmed that an additional maximum of 2% can be levied on Council Tax in 2026/27 and including changes to the Council Tax base, this is £3.024 million in the base budget. The Council

is proposing to implement this in 2026/27, as social care pressures continue to rise.

ASC Precept			Cumulative 2022/23	Cumulative 2023/24	Cumulative 2024/25	Cumulative 2025/26	Cumulative 2026/27
Year	Increase	£'million	£'million	£'million	£'million	£'million	£'million
2016/17	2%	1.66					
2017/18	3%	2.70					
2018/19	2%	1.94					
2019/20	1%	1.11					
2020/21	2%	2.23					
2021/22	3%	3.22					
2022/23	1%	1.50	14.36				
2023/24	2%	2.75		17.11			
2024/25	2%	2.89			20.00		
2025/26	2%	3.18				23.18	
2026/27	2%	3.02					26.20

#### *Council Tax Support*

- 3.74 On the 12<sup>th</sup> December 2024, the Council agreed to move to a banded scheme with effect from the 1<sup>st</sup> April 2025, it has been agreed to maintain this scheme for 2026/27.
- 3.75 A budget allocation of £0.750 million is included within the base budget in order to top up the earmarked reserve for the Discretionary Hardship Fund to offer additional help and support to those suffering the greatest financial hardship as defined in the Discretionary Council Tax Support Hardship Fund policy.

#### *Housing Benefit/Support to Veterans*

- 3.76 Existing Housing Benefit legislation allows for a slight increase in awards for certain veterans and their surviving partners by providing a disregard of up to £10 from War Disablement, War Widow's and War Widower's Pensions. It also gives each Council the discretion, by resolution, to extend this disregard to the full amount of these pensions. As a signatory to the Armed Forces Covenant, the Council demonstrates its commitment by adopting the following policy: *For the purposes of calculating entitlement to Housing Benefit and Council Tax Support, any War Disablement, War Widow's or War Widower's Pension that would otherwise be treated as income should be disregarded in its entirety.*

#### *Business Rates Income*

- 3.77 Business rates are a tax on business premises. Business rates are set nationally but collected locally. The Council therefore cannot directly influence the level of income generated through this source. It is however a very important source of income for the Council. The share of business rates retained under the current arrangements are 30% for individual London boroughs, 37% for the GLA, with the remaining 33% being retained by central government.

- 3.78 Business rates income has formed part of the settlement funding assessment (SFA) in the past and where Councils collected a lower amount than their Baseline funding level (BFL), this was compensated through a top up grant. Council's collecting a higher amount were subject to a tariff.
- 3.79 When the Business Rates retention scheme was initially introduced in 2013/14, it was intended that there would be regular resets of the system however for various reasons, this did not happen. There have however been various tweaks to the system with central government introducing various reliefs as well as lower than inflationary increases. The loss of income to Councils has been compensated through a Section 31 grant. The Table below shows Business rates related for 2025/26 and 2026/27.

Business Rates Income	2025/26 £'000	2026/27 £'000	Change £'000
Business Rate Baseline	20,101	29,418	9,317
Add section 31 Grant compensation *	9,965	0	(9,965)
Add Top Up Grant	52,405	53,290	885
Add Section 31 Top up adjustment Compensation #	7,301		(7,301)
<b>Total</b>	<b>89,772</b>	<b>82,708</b>	<b>(7,064)</b>

\*Section 31 grant will be paid into the collection fund from 2026-27 and is included within the BRB figure

#Section 31 Top up adjustment compensation has been rolled into the FFA

- 3.80 As part of the reforms to local government funding, the government has made changes to business rates retention which are due to come into the effect from 1<sup>st</sup> April 2026;
- A reset of the system has taken place (last updated in 2013/14)
  - A new rating list with updated property valuations will come into effect (last updated in 2023)
  - The government has introduced three new multipliers, two lower rates for retail properties and one higher rate for properties with rateable values in excess of £0.500 million.
  - Section 31 compensation grant is to be paid into the collection fund rather than the general fund.
- 3.81 There is some level of risk facing business rates income in 2026/27, in part due to the changes included in paragraph 3.80 and cessation of some of the protections brought in for some business types during the pandemic and cost of living crisis. To offset some of this risk, central government have put some protections in place over the course of the three-year settlement to try to ensure that changes to the system do not impact too severely with a 100% safety net in 2026-27. With the implementation of the Fair Funding Review, the business rates income will now form part of the Fair Funding Assessment.
- 3.82 In prior years, the Council has been part of an eight-borough pool. However, due to the level of changes to business rates that come into effect from 1<sup>st</sup> April 2026, this pool will no longer be viable. In 2025/26,

the additional income from this pool is anticipated to be £3.658 million and is being utilised to offset the in-year service pressure.

#### Specific Grant Funding outside Core Spending Power

- 3.83 As part of the reforms to local government funding, the government have brought together some specific grants and put them into four consolidated grant blocks. In addition to the Homelessness, Rough Sleeping and Domestic abuse grant and the Children's, Families and Youth grant mentioned in paragraphs 3.41 to 3.42, which are included in full or part within the CSP, the government also created two additional rolling up grants;

#### *Crisis Resilience Fund (CRF)*

- 3.84 The Autumn Budget confirmed the replacement of the Household Support Fund with the Crisis Resilience Fund (CRF) from April 2026 to March 2029. The CRF also includes the former Discretionary Housing Payments (DHP), which are managed by the Revenues and Benefits team. The fund aims to support families at risk of hardship and provide alternatives to food parcels and promote a longer-term financial reliance.
- 3.85 The total awarded is £13.859 million split over the three years, £4.601 million for 2026/27, £4.599 million in 2027/28 and £4.659 million in the final year. The CRF is a consolidated revenue grant delivered through the Local Government Finance Settlement. The current phase of the Household Support Fund runs from April 2025 to March 2026, and the total awarded was £4.102 million. The total DHP awarded for 2025/26 is £0.789 million.

#### *Public Health Grant*

- 3.86 Local authorities are responsible for improving the health of their local population and reducing health inequalities. These Public Health responsibilities were transferred to local authorities from April 2013 under the Health and Social Care Act.
- 3.87 The government has announced an indicative allocation for 2026/27 Public Health Grant of £21.389 million. This allocation includes, rolling up previous specific grants from OHID relating to Smoking Cessation and Substance Misuse.

#### *Children, Families and Youth Grant*

- 3.88 The Fair Funding policy statement in November confirmed that several existing DfE Children's social care programmes would be consolidated into one grant i.e. Children, Families and Youth Grant. The allocated funding for this new consolidated grant was confirmed at £5.785 million as part of the provisional settlement. This grant now consolidates the following grants; Children's Social Care Prevention Grant and the Children and Families Grant, alongside further investment in children's

social care reform (£4.646m) and the holiday activities and food programme (£1.053m).

#### Extended Producer Responsibility for Packaging (EPR) Scheme

3.89 This is a new grant introduced in 2025/26 from fees paid by packaging producers. The 2025/26 allocation for the Council, issued by the Department for Environment, Food and Rural Affairs, is £4.114 million. This income will fund the existing costs local authorities incurred for managing household packaging waste and investment in initiatives to increase recycling rates. However, it is envisaged that it will reduce overtime when producers develop strategies to reduce packaging. The Council's allocation is £4.209 million for 2026/27.

#### Fees and Charges

3.90 The Council makes charges across a wide array of its services. These charges can be statutory, such as fees relating to residential care for adults and planning fees, or discretionary, such as hire of halls. These are important charges to ensure the effective delivery of services across the Council.

3.91 The Council's General Fund has budgeted to collect just under £50 million in 2025/26. On 11th December 2025, Full Council approved its fees and charges schedule for 2026/27. It is estimated that the additional annual income generated as a result of the fees and charges review is £1.553 million and of this £0.628 million was used towards savings in the parking service.

#### Cost Pressures

3.92 The cost pressures within the Council fall into two categories;

- Service pressures due to demand/complexities
- Inflationary pressures including pay and contract inflation

#### Service Pressures

3.93 Cost pressures from demographic demand are evident in the increase in client numbers across Adult Social Care, Children Services and Temporary Accommodation. Background relating to Adult Social Care and Temporary Accommodation was provided earlier in the report with further detail on these and other service areas in the service issues section of this report.

3.94 As with any authority across the country, increasing demographic demand pressures on its services must be considered when estimating future costs. This is reviewed alongside the Council's continuing analysis into underlying cost drivers to see where demand can be reduced while ensuring quality services continue to be delivered to residents.

- 3.95 Any pressures to be funded are reviewed in the context of the Council's corporate strategy and whether the Council can maintain a balanced budget. There is some contingency budget to fund any demographic pressures that cannot be funded by services. However, ultimately, these increases in services drive the need for further savings.
- 3.96 Specific service pressures totalling £19.326 million, have been built into the 2026/27 budget. This total includes £3.429 million to fund increases in insurance premiums and capital financing costs, a further £10.564 million is required to right size service budgets and the balance is to fund new specific service pressures. The process to right size service budgets will continue in 2026/27 and will offset some of the service overspends reported as part of the budget monitor. Appendix 5 provides further details on these and a summary by directorate is shown below;

Directorate	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total Amount
Place	1,630	500	0	2,130
Neighbourhoods & Environment	780	800	542	2,122
Children's	5,765	0	0	5,765
Adults/Children's Cross cutting	3,440	0	(640)	2,800
Adults	2,150	1,792	2,000	5,942
Resources	1,000	0	0	1,000
Cross Cutting	2,000	0	0	2,000
Corporate	2,561	1,600	1,242	5,403
<b>Total</b>	<b>19,326</b>	<b>4,692</b>	<b>3,144</b>	<b>27,162</b>

- Pay and Contract Pressures**
- 3.97 For this budget, contract inflation of 3% and pay inflation of 3.2% has been assumed for 2026/27 and 2% for the following two years.
- 3.98 In general, service budgets do not include uplifts for price increases. The impact of any contract inflation will initially be contained within existing budgets and mitigations identified through the monitoring process or a review of the contract and working in partnership with the Council's procurement team. If the inflation cannot be contained within existing budgets, the service will formulate a request for support, and this will be ratified by Procurement and Finance.
- 3.99 The impact of pay inflation on service budgets is funded corporately following the finalisation of pay negotiations.
- 3.100 For social care, contract inflation will be funded, similar to all contracts or from the additional funding allocated as part of the adult social care precept.
- Capital Financing and Borrowing**
- 3.101 The Council's ambitious capital programme has budgeted expenditure over eleven years of approximately £733.427 million (both Housing Revenue Account and General Fund). Whilst part of this will be

financed by Capital Grants and contributions (including Community Infrastructure Levy (CIL) and Developers Fees) and income from capital receipts, there will be a significant borrowing requirement which will impact the revenue budgets.

- 3.102 The total anticipated capital financing requirement (CFR) or the Council's underlining need to borrow (either internally or externally) for capital purposes will be £910.519 million by 2035/36, an increase of £166.951 million compared to 2025/26 opening balance of £743.568 million. This includes the general fund of £385.014 million reducing from £400.823 million in 2025/26 and the HRA at £525.505 million increasing from £342.745 million in 2025/26. The CFR is an indication of the total financing requirement but not its actual level of borrowing. The Council under borrows as it utilises internal balances as part of its total funding requirement. The Council's strategy for borrowing and investments is covered in the Treasury Strategy.
- 3.103 Finance costs, including interest and an allocation towards the repayment of the debt, Minimum Revenue Provision (MRP), arising from the need to borrow are incorporated within the MTFS.

#### Budget Savings

- 3.104 During 2025/26, Strategic Directors, Finance and the Transformation team have developed further savings proposals, as part of the transformation programme, alongside more general business as usual efficiency savings. The total of the new proposals is £31.849 million. In conjunction with existing proposals, the total savings over the period of the MTFS is £42.113 million.
- 3.105 The table below provides a summary of the savings proposals by directorate. Full details are shown in Appendix 6.

Directorate	2026/27 £'000	2027/28 £'000	2028/29 £'000	Total £'000
Adults	2,313	5,140	3,860	11,313
Chief Exec	1,911	480	80	2,471
Children's	3,323	905	550	4,779
CSC / ASC	1,400	1,263	888	3,550
NED	2,977	2,512	1,100	6,589
Place	4,676	2,751	1,281	8,707
Resources	680	1,720		2,400
Cross Cutting	1,314	990	0	2,304
<b>Total</b>	<b>18,594</b>	<b>15,760</b>	<b>7,758</b>	<b>42,113</b>

- 3.106 In addition some one-off savings proposed in previous years were reversed out of the budget, the value of these proposals was £0.684 million

#### Mission Waltham Forest

- 3.107 Mission Waltham Forest is our plan for a more equal borough. Launched in March 2024, it brings the Council, partners and

communities together to relentlessly focus on delivering this goal. Central to this is the mission to ensure a firm financial footing.

- 3.108 Over the past 18 months, new approaches have been tested, which strengthened how insight and data are used, and equipped staff and partners with the tools to work in a more collaborative and mission-based way. Services across the council are aligning around shared priorities, including responding to the increased demand for temporary accommodation and improving community safety.
- 3.109 The [Mission Waltham Forest Delivery Update](#), published in December 2025, highlights the progress made over the last 18 months. This shows how a more mission-led and focused approach can deliver for those residents who need the Council most while navigating a challenging financial climate. For example, it shows how the Council:
- Has kept more families together through support such as the Edge of Care service, which has contributed to a 20% reduction in children in care.
  - Is maximising financial entitlements, whether through the more than £0.5 million generated for schools through auto-enrolment or the hundreds of eligible adults the Council are trying to support to claim Attendance Allowance.
  - Is maintaining the proud record of affordable homebuilding through direct delivery of 519 new homes in the borough and delivering new approaches to support households in temporary accommodation to secure settled homes.
  - Is driving forward regeneration which supports a more inclusive economy and more resilient households, such as the 180 jobs created through the construction and opening of Soho Theatre Walthamstow.
- 3.110 Despite this progress, the Council is facing unprecedented demand and increasing costs across services. This is because rising living costs, an affordable housing crisis and deep-rooted inequality have put increasing pressure on families, services and communities.
- 3.111 This is an exceptionally difficult time in local government, but in Waltham Forest, the Council continues to demonstrate how it must respond to the challenges. Significant savings have already been achieved, galvanising effort across the whole organisation while ensuring the continued support to those who need it most. This learning will shape the next phase of delivery through our Mission Waltham Forest transformation programme. This programme has been designed to maintain the commitment to tackle inequality alongside a relentless focus on managing key cost pressures and making sound financial decisions to protect the future of our borough.
- 3.112 This requires the following shifts in the way the Council work:

- From crisis response to crisis prevention – putting more time and resources into early support that prevents problems from escalating.
- From wide reaching to targeted delivery – the drive for a more equal borough means the Council must concentrate efforts where the need is greatest and the opportunity for impact is strongest.
- From “doing for” to “doing together” – recognising that local people and communities are the experts on their own lives and know what is likely to make the most difference and supporting them to lead where they can.
- From working around services to working around missions – aligning teams and functions behind shared challenges to make the most of limited resource and achieve greatest impact.

3.113 The programme has five key workstreams:

- Prevention: designing and delivering a new prevention operating model – “Building Stronger Communities” – with targeted interventions embedded in children’s, adults and housing services alongside a neighbourhood-based community wellbeing offer to work with and build capacity in the voluntary and community sector.
- Demand management: addressing key pressures and driving down spend on temporary accommodation, SEND and adults’ social care, ensuring robust focus on priority cohorts, improving commissioning, and strengthening practice and processes, with support where needed from an external consultancy who have a track record of effective delivery in this space.
- Workforce changes: creating a leaner and more agile organisation, ensuring the Council maximise efficiency, strengthen skills and capability and maintain a motivated, engaged and supported workforce that reflects the diversity of the borough.
- Income and charging: boosting revenue by diversifying income sources and ensuring progressive and transparent charging models
- Enablers: ensuring effective use of digital and technology, data and insight and physical assets to improve the Council offer to residents, streamline processes and make best use of limited resource.

3.114 The use of any external consultancy will be subject to a detailed business case which will include an evidenced based return on investment and an agreed benefits realisation process. Such consultancy support will only be procured where there are gaps in internal capacity or expertise.

3.115 The programme is subject to a robust assurance process with progress against key milestones and savings delivery reviewed on a bi-monthly basis. Progress is considered alongside the Corporate Impact Framework to ensure continued focus on impact on service

performance and outcomes for residents as well as on the financial bottom line.

### Service Updates

#### Building Stronger Communities

- 3.116 Prevention is at the heart of Mission Waltham Forest and essential to ensuring financial sustainability into the long term. In late 2025, the decision was made to implement Building Stronger Communities as a cross-council endeavour, rather than as a standalone directorate. This is a key pillar of the Mission Waltham Forest transformation programme.
- 3.117 Through the programme the Council is developing a new prevention operating model which will see the creation of:
- targeted interventions in Housing, Adults, and Children's services, focused on priority cohorts to ensure needs are met, demand managed and therefore bring down spend in these areas.
  - a neighbourhood or locality-based approach to community wellbeing focused on maximising use of community spaces such as libraries and family hubs and building capacity in the voluntary and community sector to help residents to access community-based support in a way that promotes independence and improves outcomes, without the need for statutory intervention
  - a system-wide approach to shared culture and practice, drawing on models such as systemic, strengths-based and trauma-informed practice, to mainstream prevention across all areas of council delivery.
- 3.118 This is a huge programme of change that will influence everything the Council does; the way it organises and deploys resources and the relationships built with residents and communities, recognising the importance of joining up and engaging at neighbourhood level. The following updates demonstrate how this is informing transformation activity within services, particularly children's, adults and housing services.
- 3.119 While this model is designed and implemented over the coming months, in collaboration with staff, partners and communities, the services that were formerly in Stronger Communities are in care taking arrangements and from April 1<sup>st</sup>, budgets and associated financial responsibilities will temporarily move to these new service areas.

#### Children's and Education

##### *Children's Social Care*

- 3.120 Children's Social Care continues to experience cumulative and sustained pressure to budgets despite continued successful actions by the service to manage both existing and additional demand, which has resulted in reduced activity compared to last financial year. Ongoing

pressures from increases in placement costs, in particular residential, are partly due to inflation but also due to challenging market conditions and the increase in the complexity of need resulting in more expensive care.

- 3.121 The service was supporting 262 looked after children in December 2025 (270 at December 2024) compared to 275 in October 2024 and 303 in March 2020; 238 children were subject to a child protection plan in December 2025 (206 in 2023/24).
- 3.122 Service pressures will continue to be mitigated by management actions which will continue to improve the outcomes for children who are in care, or at risk of entering care, whilst reducing spend. These initiatives include; increasing the number of in-house foster carers, removing barriers for children with permanence plans for rehabilitation at home, ensuring residential care packages are only used where appropriate, and charging appropriately for residential and short breaks provisions.

There are continued pressures on the Section 17 budget although there is evidence to show service mitigation reducing overall activity. In 2024/25, utilising the Household Support Fund, targeted support was provided to the most vulnerable families with children, and this continued in 2025/26.

There are significant pressures in Transitions (preparing for adulthood placements). There have been several high-cost complex Children Social Care Residential packages transitioning coupled with significant pressure through the growth in Education, Health and Care plans (EHCPs). Service mitigations are in place to review the entire Transition's cohort to drive down unit rates and establish health related contributions.

#### *Special Educational Needs and Disability Service (SEND)*

- 3.123 There are significant pressures in the SEND service including short breaks, domiciliary care, and Home to School Travel Assistance. Management actions have been identified to mitigate these pressures including a review of panels; refresh of the Short Breaks policy; and a whole system review of home to school transport.
- 3.124 There is also an ongoing pressure from the growth in statutory assessments for Education, Health and Care plans (EHCPs). There were 3,812 children with an EHCP at 31 March 2025, an increase of 10% since March 2024 and 4,022 at 31 December 2025, a 6% increase in-year. This increase is reflected in the increased burden in the High Needs Block of the DSG but also impacts on general fund services such as Education Psychology and the SEND service due to the increased number of referrals, assessments, and annual reviews.

- 3.125 In addition to management actions mentioned above, demand management activity through the Mission Waltham Forest transformation programme includes, but is not limited to:
- expansion of the in-borough specialist resource provision;
  - development of a continuum of specialist provision for secondary school aged children; and
  - strategic development of post-16 education options.
- 3.126 This will help mitigate, in part the budget pressures on the Home to School Travel. From September 2026, 64 additional in-borough placements will be available, rising to potentially 160 places by September 2029. However, fundamentally, this will support more children to have their needs met in local education settings.

*Schools Funding*

- 3.127 The DfE introduced the National Funding Formula (NFF) for mainstream schools in 2018/19. The Council with Schools Forum moved the local funding formula to mirror the NFF in 2019/20.

Dedicated Schools Grant (DSG)

- 3.128 School's budgets are primarily funded through the Dedicated Schools Grant (DSG), comprising four funding elements:
- Schools Block: allocates funding for pupils in Reception to Year 11 in state-funded mainstream schools and academies.
  - High Needs Block: supports provision for vulnerable children and young people, mainly those with special educational needs and disabilities from 0 to 25 years.
  - Central School Services Block: funding for historic commitments and ongoing statutory responsibilities
  - Early Years Block: funds free early education entitlements for under 2's 2, 3 and 4 year old children.
- 3.129 The gross DSG (including the allocation for academies) has increased by £17.25 million from £363.72 million in 2025/26 to £380.97 million in 2026/27. The net funding is allocated across all four blocks; Schools, High Needs, Central Schools Services and Early Years.

Schools Block

- 3.130 The Schools Block, including the Growth Fund, has increased by £6.0 million from £253.3 million to £259.4 million, a 2.4% base increase. This increase is from the National Insurance Contributions (NICs) grant and the Schools Budget Support grant (SBSG) being rolled into Schools Block from 2026/27. Excluding these grants, the funding allocation has actually reduced compared to 2025/26 due to falling pupil numbers, where we have 768 fewer pupils compared to the previous year's census date (2.1%).

3.131 The Council maintained schools had brought forward opening balances totalling £5.1 million in April 2025 and as per the latest projections, these balances are projected to decline by 86% to £0.7 million by the end of 2025/26. In 2024/25, 19 of 44 schools were in deficit and these are projected to increase to 21 in 2025/26. The Education Finance Team, together with Education Business Effectiveness officers are working together with these schools to bring them back in a positive reserves position.

*High Needs Block (HNB) and Dedicated Schools Grant (DSG) deficit*

- 3.132 The High Needs Block has increased by £3.4 million from £62.4 million in 2025/26 to £65.8 million in 2026/27, a 5.4% base increase.
- 3.133 The high needs block is ordinarily calculated based on the national funding formula. However, this has been temporarily suspended for 2026/27. Instead, allocations have been based on the 2025/26 allocation with the existing pay related inflation and National Insurance support grants annualised and rolled into the block. During 2025/26 these grants were paid by the DfE separately and did not form part of the 2025/26 allocation. The total value of these grants in 2026/27 is £3.4m. There is therefore a 0% increase in funding for the High Needs Block. There is an intention from the DfE to review the methodology for allocating high needs funding so that it supports the wider SEND reforms that are pending. However, no further details have been announced.
- 3.134 No increase in funding will mean continued pressure on the block to manage new growth demand and other inflationary pressures with an in-year deficit forecast in 2026/27.
- 3.135 The cumulative net DSG deficit is forecast to be £14.8 million at 31<sup>st</sup> March 2026, comprising the High Needs Block deficit of £18.3 million offset partially by smaller surplus balances on the other blocks. While the DSG deficit is relatively small and has been relatively stable compared to many other local authorities, the forecast unfunded demand will lead to the cumulative deficit increasing. While the Council is not in a Department for Education (DfE) intervention programme, DfE officers have met with local authority officers to keep the position under review and to check on the local authorities management of the DSG.
- 3.136 In 2020, the government introduced a statutory override which separates local authorities' DSG deficits from their wider financial position and does not allow an authority to charge any such deficit to its revenue account. In June 2025 the government extended the statutory override until March 2028, with a further announcement in November 2025 that stated the government will centrally fund the full cost of SEND provision from 2028/29. The government has not stated how existing liabilities will be dealt with at the end of the statutory

override, this is a significant risk to the Council's MTFS if it is required to fund the current High Needs block deficit by 2028.

- 3.137 The Education service is implementing a series of management actions to mitigate this risk and has prepared a draft strategic deficit management plan. The proposed mitigations in the draft plan are predominantly based around reducing the number of requests to assess children whose needs can be met outside the statutory framework; more cost-effective provision being commissioned locally and closer financial management; and improving the workforce capacity to support children with SEND or at risk of exclusion, through work around Ordinarily Available Provision, training and development across the local system.

*Central School Services Block*

- 3.138 The Central School Services block (CSSB) is a fourth block within the DSG created as part of the move to the NFF. The allocation is £1.95 million and is calculated at a single rate of £49.86 (2025/26 £47.05) per pupil headcount on the October 2025 census. The Central School Services Block (CAAB) has increased by 15.47%, up to £1.95 million from £1.69 million.
- 3.139 The increase of 15.47% is largely due to grants being rolled into the CSSB which was provided separately in 2025/26 in respect of centrally employed staff, through the National Insurance Contributions (NICs) grant and the Schools Budget Support grant (SBSG) includes funding for the rolling in of the centrally employed staff elements of both the SBSG and NICs grant into the CSSB for 2026/27.

*Early Years Block*

- 3.140 The Early Years Block indicative budget for 2026/27 is £53.8 million, an increase of £7.5 million (16.25%) on the 2025/26 indicative budget of £46.3 million. The majority of the budget increase is a result of the government expanding the free early education entitlement (FEEE) offer to working families in phases from April 2024. In addition, there have been increases to the hourly rates payable for 2-year-olds; 3&4 year olds; the Maintained Nursery School Supplement Funding; and the Early Years Pupil Premium. The annual rate for the Disability Access Fund rate has also increased. Full details of allocations to providers will be presented to Cabinet in March 2026.
- 3.141 The 2026/27 Early Years Block budget is an indicative budget based on the numbers of children at a point in time. The block allocation was usually based on the actual numbers of children participating on the January count days apportioned across the two academic years (5/12 and 7/12 respectively). However, while the new entitlements continued to embed, the termly head counts were used for 2-year-olds and under 2s for the funding in 2025/26. For 2026/27 all the age entitlements will be funded on termly headcounts.

### Adults Social Care (ASC)

- 3.142 A combination of an ageing population, increasingly complex needs, and longevity of working age adults with learning disabilities, mental health issues, and comparatively high levels of deprivation and ill health are generating a net increase in the number of placements and care packages. Moreover, external placement and package costs for working age and older people continue to generate increased pressures.
- 3.143 The continued requirement to facilitate timely discharges from hospital, means there are further pressures on this service. The significantly higher demand for social care also results from people being discharged from hospital much sooner and with a higher acuity of need. For example, many people are requiring two carers, four times per day, or high-cost nursing care. The impact of inflation over the past 2 years and the increases in Employers National Insurance contributions are also driving up provider costs.
- 3.144 The service is tightly managing its budget by holding weekly expenditure control panels for both placements and general budget areas. These panels are chaired by the Strategic and Corporate Directors of Adult Social Care holding responsible managers to account; maximising independence by offering reablement or alternative community support therefore reducing the need for long-term support, as appropriate and working closely with NHS partners to ensure that residents receive the health care they need.
- 3.145 The numbers of clients receiving funded support in 2025/26 is approximately 3,735 (as of October 2025) which represents an increase of 4.9% from last year (3,537 clients in 2024/25).
- 3.146 The prices paid for care has changed over time, due to annual uplifts, and increasing rates. Typically, the unit costs for a newly arranged service are higher than the unit costs of services for existing service users, even for the same type and level of service. The average weekly fee by client across all external placements increased by 34% from pre-covid (2019/20) to current year.
- 3.147 The breakdown of placements gross expenditure forecast for 2025/26 between the adults age is 55% for 18 to 64 year-olds and 45% for over 65's. In the working age adults (18 to 64 age band), the largest proportion of spend falls in the Learning Disabilities need category. In the over 65 band, the largest proportion of spend is in the Physical Support need category.
- 3.148 In addition to net new placements costs, pressures are also being generated through market price increases resulting from limited supply,

market failure and provider cost pressures such as increases in London Living Wage and property related costs.

3.149 To ensure sustainable solutions to these challenges, the Mission Waltham Forest transformation programme is focusing on:

- Prevention and Early Intervention – ensuring a “robust front door” with rapid response to emerging need with a view to connecting people into sources of support within their family networks and communities.
- Supporting the process of discharging patients from hospital, providing reablement to those requiring health and care support to improve their outcomes and minimise the need for long-term care.
- Maximising the use of assistive technology, working with health, other council departments and the voluntary sector. These measures could help keep service users independent for longer and reduce or stabilise the demand for services.
- Commissioning and Market Sustainability – strengthening current commissioning and purchasing arrangements to ensure maximum value for money including in relation to home care and care homes. This includes the potential introduction of different commissioning models, including joint commissioning arrangements with the NHS and other local authorities in the Northeast London region (NEL).
- Maximising Income – Adult Social Care requires service users to contribute to the cost of their care based on the outcome of a Financial Assessment. The expectation is that all service users are assessed in a timely manner and that any income is billed and collected accurately. This should increase income overall and mitigate some of the existing funding pressure.

The Council are intending to use an external consultancy to challenge and support this approach, bringing learning from other authorities who have had success in managing demand in and outside London.

#### Place Directorate

3.150 The Place directorate comprises the Regeneration, Planning and Strategic Property, Housing, and Capital Strategy, Delivery & Estates divisions.

3.151 The Place directorate is underpinned by an integrated delivery model, ensuring cross-service working. This has enabled Place to establish strong, effective relationships with other council directorates, public and private sector partners, including leveraging in inward investment and substantial government funding. This investment, alongside direct council investment, has enabled the delivery of the borough's ambitious inclusive growth, inclusive economy and housing priorities as set in Mission Waltham Forest, the new Local Plan, the Housing Strategy and the Capital Strategy.

- 3.152 *Regeneration, Planning & Strategic Property*: is home to the directorate's Place & Design, Development Management, Planning Enforcement, Building Control, Land Charges, Area Regeneration, Commercial Property and Inward Investment functions. These enabling functions are key to setting and implementing the borough's short, medium and long-term place making strategy and vision for inclusive growth in terms of the new homes, jobs, infrastructure, commercial income and public realm that our communities need. This includes attracting private sector investment, providing long term, strategic and master planning, delivering regeneration projects and ensuring development across the borough is of the highest quality.
- 3.153 The service is responsible for producing and implementing the borough's new Local Plan. This sets a long-term strategy for inclusive and sustainable growth, which will directly deliver the investment needed to create a fairer and more equal borough with improved life chances for all. It identifies strategic locations for growth to provide c.27,000 new homes (with a strategic target of 50% affordable) and 52,000sqm of new employment space to 2035.
- 3.154 Area Regeneration leads the council's programmes and projects to deliver improvements in our town centres and industrial areas to achieve inclusive growth and reduce inequalities across the borough. The team continues to secure extensive public and private sector funding and investment also resulting in an increase in business rates retention. Most notable is the £39 million Local Regeneration Fund (previously known as Levelling Up Fund (LUF)) programme – enabling delivery of significant regeneration and infrastructure projects, including strategic transport, public realm, green infrastructure, and workspace.
- 3.155 The division is mainly funded from external sources of income (e.g. planning fees) and grant funding, with a minor reliance on General Fund contributions. A key objective for 2026/27 is maximising commercial rental income, which is reinvested into council services
- 3.156 With the focus of reducing this further and increasing commercial opportunities, there are risks associated with the fluctuation of demand-led income and annual funding rounds. The Planning service depends on planning related income, including planning application fees, Development Performance Agreements (DPAs), the Community Infrastructure Levy (CIL) and s106 contributions all of which are dependent on the housing market and economic conditions.
- 3.157 *Capital Strategy, Delivery & Estates comprises of the Capital Delivery*: is home to Housing Delivery, Capital Portfolio Management and Corporate and Voluntary Community Sector (VCS) Estates teams.

- 3.158 The Corporate and VCS Estates team manages all aspects of the council's Facilities Management (FM) function ensuring the estate remains fit for purpose and fully compliant with health and safety regulations. Additionally, the service manages community sector (VCS) property portfolio.
- 3.159 A key objective for 2026/27 is to maximise VCS rental income, which is reinvested into council services while continuing to support VCS tenants. At the same time, the council's FM budgets will need to be closely monitored and controlled throughout the year, given both increased statutory requirements to ensure the health and safety in our corporate buildings and significant increases in building material and labour costs in recent years, which have driven up overall FM expenditure.
- 3.160 The Capital Delivery team leads the delivery of strategically important construction and development projects, which are a key enabler for the delivery of the council's Mission Waltham Forest priorities. The delivery programme is a substantial investment to 2035/36. Capital works in delivery are cross cutting and include expansions to council-maintained schools, housing delivery, new community infrastructure and area regeneration alongside providing council's services with a modern fit for purpose estate to operate from.

#### *Housing*

- 3.161 The Housing and Asset Management teams provide both the management and repair of council owned homes, and the delivery of new affordable homes. The service are also responsible for the relationship with residents and communities that live in council homes and on council estates. The Housing Options and Support service delivers the council's statutory homelessness services to residents in the borough who are homeless or at risk of homelessness. It is also responsible for delivery of the council's rough sleeping pathway.
- 3.162 The number of households in Temporary Accommodation (TA), which is the driver for approximately 40% of the Housing General Fund (HGF) budget, has increased by nearly 80% between April 2023 and March 2025. London Councils, in its representation on the 2025 Autumn Budget Statement reported that London Boroughs are now spending £5 million per day on temporary accommodation – a 30% increase since 2024/25. Local Housing Allowance was frozen in 2025/26, and this has compounded the pressures on councils by increasing the proportion of TA costs they are required to meet.
- 3.163 In November 2025, Cabinet approved the "Temporary Accommodation to Settled Homes Strategy". The objective of this strategy is to address the unprecedented pressure on TA and support residents into secure, settled homes. The strategy set out a plan to reduce reliance on TA, support households to move into safe, secure, long-term homes and

control escalating TA costs. Although the current forecast shows that there were 1,600 households in TA at the end of December 2025, this is broadly similar to the position on 1st April 2025, following a peak of 1,710 households in September 2025. The Housing service has achieved this stability, in part, through a strong focus on homelessness prevention and through successfully increasing its supply of private rented sector (PRS) properties and via the strategic acquisition of social homes.

- 3.164 While increased PRS supply has enabled some households to move out of TA, overall demand remains high. The focus on demand management through the Mission Waltham Forest transformation programme seeks to build on the strengths of the Homelessness Prevention Service, exploring opportunities for developing tailored pathways of support for people at risk of or presenting as homeless, for example, as a result of family breakdown. This is another area where the Council intend to draw on the support of an external consultancy to ensure it draws on learning from elsewhere to strengthen the approach.
- 3.165 The “true rent loss” per placement (which is the average difference between weekly rental income and the weekly cost of procuring accommodation plus the unsubsidised housing benefit) is increasing in line with the private rental market. The average net weekly cost of procuring accommodation, plus the unsubsidised housing benefit, is increasing in line with the private sector rental market. The average net weekly cost to the council increased by nearly 4% from £262 per week in April 2025 to £272 at the end of November 2025. Increased costs are a significant risk both in terms of procuring and sustaining placements and the lack of supply forces the council to use more expensive types of accommodation. Former council offices are being converted to TA, which will support the reduction of the average net cost of placements.
- 3.166 Although the Local Housing Allowance (LHA) was increased in 2024/25, it was frozen in 2025/26. The result is a further increase in what is already a significant gap between LHA and private sector market rents. In addition, the subsidy paid (via Housing Benefit (HB)) to Councils remains at 90% of Jan 2011 LHA. There is a greater cost to the council for residents living in temporary accommodation as the council funds the difference between the subsidy rate and the cost of TA.

#### Housing Revenue Account (HRA)

- 3.167 A report setting out the detailed proposals for the HRA budget and the level of tenants' rent and service charges from April 2026 went to Housing and Inclusive Economy Scrutiny on 28 January 2026 and was considered by the Resident Influence and Accountability Panel (RIAP) on 14 January 2026. This report is also being reported to Cabinet in February and seeks approval for the recommended increases to rents

and service charges, the setting of the HRA budget and an increase in Temporary Accommodation rent charges which will increase by 14% above Local Housing Allowance (LHA) levels. It also seeks approval for a new Rent and Service Charge Policy.

- 3.168 The HRA dwelling rent increase for 2026/27 is proposed at 4.8% (September CPI + 1%) in line with the Social Housing Regulator's Rent Standard and agree that on average rents will increase by £6.41 from £130.73 to £137.14 per week, with effect from 8th April 2026.
  - 3.169 The recommended increase is essential to allow the HRA to remain financially viable, and more importantly, to help it work towards its objectives of sustaining the capital investment needed to maintain the stock. This includes fulfilling its programme of capital delivery and ensuring compliance with health and safety regulations within its existing stock portfolio are maintained.
  - 3.170 There are significant additional regulatory pressures which impact the HRA, including: damp and mould (linked to Awaab's Law from October 2025), disrepair, fire regulations (linked to the Grenfell tragedy), decarbonisation of stock, decent homes standard 2, qualification requirements for housing staff and the impact on resources to facilitate the new regulatory inspection regime.
  - 3.171 Overall, the medium-term outlook for the HRA is challenging, but the financial strategy will remain focused on delivering efficiency improvements to protect front-line services, invest in housing stock and build in longer-term financial resilience by increasing reserves.
  - 3.172 The proposed rent increase of 4.8% and the completion of Regeneration schemes will generate approximately £3.6 million worth of additional resources into the HRA for 2026/27. These additional resources can finance revenue activities and assist in rebuilding the reserves to provide greater financial resilience.
  - 3.173 The forecast reserves position for the HRA is average compared to other London authorities. Projected over the next 10 years, the expected reserve levels do not drop below the accepted target of 10% of total income. There is a plan to further strengthen the financial resilience of the HRA and bolster this reserve position, to ensure risk mitigation for future regeneration programmes or other operational issues. The service continues to be committed to an efficiency programme of £0.200 million per year to reduce net costs and therefore further contribute to reserves without affecting the delivery of the housing service.
- 3.174 Neighbourhoods and Environment Directorate  
The Neighbourhoods & Environment Directorate (NED) in Waltham Forest is responsible for creating safe, clean, and sustainable communities. It brings together services such as community safety,

environmental protection, highways, climate action, and neighbourhood management under one strategic umbrella. NED focuses on improving residents' quality of life through initiatives like tackling anti-social behaviour, reducing carbon emissions, enhancing public spaces, and promoting active travel. Its work combines operational delivery with long-term strategies to address climate challenges, strengthen community resilience, and ensure inclusive, vibrant neighbourhoods across the borough.

- 3.175 The Council's Leisure Centres are mainly operated by GLL (Greenwich Leisure Limited) as part of a long-term contract. GLL take the main risk on operating costs and income for the centres, but the contract allows for a share in profits and specific risk items.
- 3.176 Highways are maintained and improved from funding from TfL (Transport for London) and other grants with some contribution from the Council.
- 3.177 During 2024/25, the Council introduced a separate food waste collection service as part of the requirements of the Environment Act 2021. The funding requirements for this additional service requirement was approved by Cabinet in October 2023 and built into the budget for 2024/25 onwards.
- 3.178 The Parking Service generates surpluses to support Highways and Transport related General Fund expenditure. In 2024/25 the surplus was £13.2 million (allocation: £9.3 million concessionary fares, £0.207 million cost of off-street parking, £3.7 million highways maintenance).
- 3.179 Crime and violence have, for many years, been a major concern for residents, often ranking in the top three issues that they are most worried about. The Community Safety service exists to protect and support our communities and takes a public-health approach that seeks to prevent crime and the onward harms of crime at the earliest opportunity. In the last few years, the service has been the recipient of several funding losses from external sources, including government funds, and reductions in support from other Council sources.
- 3.180 Despite General Fund funding for Community Safety increasing by £0.5 million for the upcoming year, the overall funding available to the service will decrease. Much of these reductions will be mitigated by our transformation and improvement work with partners and the year ahead promises to be a year of significant transformation and improvement for Community Safety. This includes the mobilisation of our Serious Violence Action Plan, including a new model of integrated work with Police to combat serious violence, a refresh of our Community Safety statutory partnership and a review of how we use our ASB team and powers. We continue to work closely with the Police to ensure that

Police partners are playing their role in protecting communities and working effectively with other statutory partners. However, due to reduced total funding there will be changes to provision.

- 3.181 Regulatory Services deliver a range of functions, with the Property Licensing Scheme being the most significant. The scheme, designed to improve standards in private rented properties, is currently in the fifth and final year of its initial 5-year term and is expected to be fully self-financing. In November 2024, MHCLG approved a new licensing scheme effective from 1 May 2025 for a further 5-year period, aimed at improving housing conditions and reducing anti-social behaviour in the area.
- 3.182 Resources Directorate
- 3.182 The Resources directorate comprises of Finance and Procurement, Governance and Law, Internal Audit, Insurance, Revenues and Benefits and Treasury and Pensions.
- 3.183 The following services fall under Governance and Law: Coroners; Leadership and Democracy; Data Protection, Legal Services and Mortuaries. Leadership and Democracy was transferred from the Chief Executive department in September 2025.
- 3.184 Since June 2024 the PMCT (Post-Mortem Computed Tomography) scanner was installed as part of the new East London Forensic Centre. The mortuary uses the PMCT scanning system for the coroners as well as third parties, primarily Essex County council. Invasive postmortems are performed as and when the coroner requests it. The Mortuary currently provides PMCT scans, body storage facilities, and body transportation services. The coroners cost allocation is split between four other boroughs based on population and these are Barking & Dagenham, Havering, Newham and Redbridge.
- 3.185 Legal Services continue to proactively work with Departments to reduce demand for legal services – both internally and externally with a particular focus on children's social care, adults social and housing disrepair. Following a trial of AI technology (Thomson Reuters's CoCounsel) the software has now been rolled out to all lawyers which will allow quicker and more efficient legal research, drafting of documents, summarising of cases, bundles and witness statements, which will create efficiencies within the team and has been funded by a staffing restructure.
- 3.186 Legal Services will allocate and recharge internal services annually on 1<sup>st</sup> April 2026 to other directorates. A growth template is being developed to allow charges to reflect true spend as accurately as possible.

- 3.187 Insurance premiums have risen significantly, requiring an additional £1.000 million increase in the insurance 2026/27 budget for the second consecutive year. This is an ongoing pressure, driven by market conditions, rising claims, and higher provision requirements. Annual claims are also rising, currently estimated as an additional £1.200 million per year and trending upwards.
- 3.188 Internal Audit and Anti-Fraud in 2025/26 used £0.238 million from the Proceeds of Crime Act (POCA) reserves ringfenced to fraud activities and Catalyst contract fees from Financial Exercise reserve. The Revenue and Benefits directorate includes a £0.120 million increase in fees and charges relating to an 11% increase in Court Cost Income (council tax and NNDR).
- 3.189 The Social Fund supports payments to residents in financial difficulties and is a specific reserve to fund the Council's Local Welfare Assistance scheme. The current reserve balance is £0.903 million, which represents approximately three years of funding at current expenditure levels.

#### Chief Executive Directorate

- 3.190 The Chief Executive directorate comprises of Resident Experience and Digital, Communications, Culture & Workforce and Strategy & Transformation. This will also include Communities & Participation from 2026/27, being transferred from the former Stronger Communities directorate. Business Support and Resident Experience moved over from Stronger Communities prior to the restructure in September 2025. Services within the directorate play an integral role in the coordination, delivery and assurance of the Mission Waltham Forest transformation programme. Through the refocusing of resource towards enabling transformation, these services are supporting the council's future financial sustainability while ensuring frontline staff are supported through change and can focus on what matters most.
- 3.191 This includes cross-council work to reduce reliance on agency staff, now at its lowest level in seven years, alongside continued work to harness digital and technology to support financial sustainability and improve customer experience, with positive results including reduced average call-waiting times and enhanced resident satisfaction. A key element of this digital approach is improving the council's online offer so residents can quickly and confidently find the information and services they need, when they need them, enabling the council to focus staff time and resources on those residents who require more support.
- 3.192 Of equal importance is the role of the directorate in enabling the council to deliver and understand its impact towards Mission Waltham Forest. Fundamental to Mission Waltham Forest is delivery in partnership, and recent progress includes establishing a new Council for Voluntary Service for the borough alongside the Together campaign, designed to mobilise communities in support of our missions.

### Precepts And Levies

- 3.193 Precepts and levies can be divided between those which are:
- (1) deemed by the government to be 'local' and are included in the Council's total for Revenue Support Grant (RSG); and
  - (2) the Greater London Authority precept.

The 'local' group comprises the following:

LEVYING BODY	2025/26 £'000	2026/27 £'000	Change %
Environment Agency *	197.8	203.7	3.0%
Lee Valley Regional Park Authority (LVRPA) *	215.8	222.3	3.0%
London Pension Fund Authority (LPFA) *	224.1	230.8	3.0%
North London Waste Authority (NLWA)	11,561.9	11,951.0	3.4%
<b>TOTAL LEVIES</b>	<b>12,199.6</b>	<b>12,607.8</b>	<b>3.3%</b>

\* Levy for 2026/27 still to be confirmed

### *North London Waste Authority Levy*

- 3.194 The levy charges from the North London Waste Authority (NLWA) are projected to rise significantly from 2028/29 when the new Energy Recovery Facility, designed for 700,000 tonnes per year is operational. Currently this construction project is behind schedule. However, the waste handling facilities under the North London Heat and Power Project is operational and the current levy reflects the financing costs as the legacy assets had been fully depreciated. The provisional levy for 2026/27 is £11.951 million, this is an increase of £0.389 million on the 2025/26 levy. This is much lower than originally anticipated and Waltham Forest's levy is now lowest within the NLWA area.

### Concessionary Fares

- 3.195 The cost of Concessionary Fares in 2026/27 is £11.268 million, this is an increase of £1.123 million from 2025/26 as usage continues to return to pre-pandemic levels. This is manageable within the existing budget, but additional funding has been built into future years to fund increases going forward.
- 3.196 Funding of concessionary fares is permitted as allowable expenditure under Section 55 of the Road Traffic Regulation Act (1984). Therefore, any parking surplus generated can be used towards the cost of concessionary fares.

### *Collection Fund*

- 3.197 The Council maintains a Collection Fund as required, in order to account for the difference between the actual amounts of Council Tax and Business Rates due and the budgeted amounts used in setting the tax for the year. Where the estimate and actual differs, the Council is required to include the difference in the calculation for the following year's Council Tax and Business Rates income.

- 3.198 Estimates at 15 January 2026 show that there is expected to be a Council Tax deficit of £3.086 million at the end of 2025/26, split between the Council and the Greater London Authority (GLA) with the Council's share being £2.421 million.
- 3.199 A similar process is undertaken for Business Rates with estimates made in respect of surpluses or deficits expected to arise by 31 March 2026. This is shared between the Council, the GLA and central government in proportion to their shares of business rates income set by the government. The projected estimated year end surplus for Business Rates in 2024/25 is £3.747 million, with the Council's share being £1.124 million.
- 3.200 The net forecast deficit for both Council Tax and Business Rates will need to be funded as a one-off amount in the 2026/27 budget. The table below, shows the (surplus)/deficit for both National Non-Domestic Rates (NNDR) and council tax as at 31 March 2025 as well as the estimated deficit as at 31 March 2026.

	Year End*	In Year Est	to be funded in
	2024/25	2025/26	2026/27
	£'000	£'000	£'000
NNDR	(1,136)	12	(1,124)
Council Tax	931	1,490	2,421
<b>Total</b>	<b>(205)</b>	<b>1,502</b>	<b>1,297</b>

\*takes into account estimated surplus/deficit paid out in 2025/26 in relation to 2024/25

### Reserves

- 3.201 The Council holds reserves for a variety of purposes, such as to provide for expected or uncertain costs and helps mitigate against known budget risks. The Reserves Strategy is attached at Appendix 7.
- 3.202 A summary of reserves as at 31 March 2025 is included in Appendix 8, together with an estimate of the levels at the end of 2025/26 and 2026/27.
- 3.203 Earmarked reserves on 31<sup>st</sup> March 2025 were at £47.537 million and are forecast to be at £19.357 million on March 2026 and £17.678 million on March 2027. These actuals and forecasts exclude the general fund working balance of £14.906 million.
- 3.204 Excluding any reserve for earmarked projects and ring-fenced/contractual reserves but including the working balance, the balance for reserves is forecast to be £30.395 million on March 2026 and £30.261 million on March 2027, assuming that EFS will be applied in 2026/27.

The following table summarises the information contained in Appendix 8 by setting out the total level of reserves held as at 31 March 2025; the estimated

level held at 31 March 2026 and those expected to be held at 31 March 2027.

Reserves	31 March 2025	31 March 2026	31 March 2027
	actual £'000	est. £'000	est. £'000
Capital programme related	125	0	0
Contingencies for known risks / Committed revenue	12,167	5,272	4,491
To Support the Budget Strategy	13,965	0	0
Technical Reserves	18,865	12,197	11,989
Operational Reserves	1,827	1,448	845
Statutory Accounts	581	455	352
External Income Related	8	0	0
<b>Earmarked Reserves</b>	<b>47,537</b>	<b>19,372</b>	<b>17,678</b>
Grant Related Reserves	10,168	6,986	5,334
<b>Total General Fund</b>	<b>57,705</b>	<b>26,358</b>	<b>23,012</b>
Housing Revenue Account	1,178	1,178	1,178
Schools Revenue Reserves	11,339	5,007	-
<b>Total Reserves</b>	<b>70,222</b>	<b>32,543</b>	<b>24,190</b>

WORKING BALANCES			
<b>General Fund</b>	<b>14,906</b>	<b>14,906</b>	<b>14,906</b>
Housing Revenue Account	6,905	11,454	13,068

3.205 The Chief Finance Officer considers the level of reserves to be appropriate and refers to this in the Section 25 Report included within Appendix 2.

#### Budget Strategy Reserve (BSR)

3.206 The Council's reserves strategy is noted in Appendix 7 of this report. The BSR is available to support the delivery of the MTFS, as a source of investment to achieve savings, transformation of services or to fund any MTFS funding gaps and manage service budgetary risks.

3.207 The balance of £13.965 million for the BSR at the 1<sup>st</sup> April 2025 is forecast to be fully utilised in 2025/26, to mitigate the service overspend and fund the resources required for the transformation programme. For the MTFS period 2026/27 to 2028/29, it is anticipated that EFS will be required to fund any potential service pressures and allow the Council the time to deliver the required service changes to enable the realisation of savings.

3.208 As part of the strategy to delivery financial sustainability, this reserve will have to be reinstate in future years to ensure that the Council has the resources to manage potential future risks.

#### General Fund Balance

3.209 At 1 April 2025, the General Fund revenue balance amounted to £14.905 million. The Chief Finance Officer will seek to ensure that balances do not fall below the level required for good financial management purposes, and that any temporary use of balances will be replenished as soon as practically possible. The application for EFS, also supports the strategy to retain the working balance at a minimum of 5%.

3.210 The projected balance of £14.905 million at 31 March 2026 is equivalent to c4% of the net expenditure (excluding schools) projected for 2026/27. As part of the principles adopted going forward, as part of the financial strategy, the Council will aim to be in a financially sustainable position, without the need for further Exceptional Financial Support, by 2029/30 with a minimum level of reserves of £30 million (approximately 10% of Net General Fund Budget), including the General Fund balance. However, the minimum level of reserves required will be determined by the Chief Finance Officer based on the level of risk to the Council and will be reviewed on an ongoing basis. As part of the annual audit of the Council's accounts, the auditors will also have to be satisfied that the Council has adequate level of reserves.

#### Risks To 2026/27 Budget And MTFS

3.211 The MTFS is reviewed and updated throughout the year so that the Council is well placed to consider its financial standing and associated budget risks. In addition, the regular review of balances and the rigorous monthly monitoring of the revenue budget are formally reported to Cabinet. This contributes to an assessment and understanding of budget risks. A summary is provided in Appendix 9.

3.212 It is important to emphasise key risks facing the Council due to the scale of underlying service pressures and lack of funding since 2010/11.

#### Capital Programme 2025/26 – 2035/36

3.213 The Capital Investment Strategy demonstrates the delivery of our investment programme and plans, recognising the vital role that the Council plays in ensuring Waltham Forest continues to build for the future. It sets out the Council's capital programme with £733.427 million of planned investment over the 11 years to 2035/36.

3.214 The Capital Programme at Appendix 10 sets out the eleven-year period 2025/26 to 2035/36. The Capital Programme summarises anticipated capital spending and estimated resources available for financing. These resources include government grants, capital receipts, prudential borrowing, direct revenue funding (including reserves) and other capital income.

3.215 The Capital Programme is based on an estimate of achieving a total of £30.395 million in capital receipts over the period to 2035/36 for Housing Operations, Delivery & Assets. The anticipated receipts will also be applied to reduce the Capital Financing Requirement. The Council continues to monitor the current and long-term macroeconomic forecast, and in particular models any impact on anticipated future capital receipts and interest rates to ensure that the Council remains fiscally prudent.

- 3.216 External resources, in particular grant allocations, are usually announced over a one or two-year timeframe; therefore, the majority of schemes will only be forecast over this period. The programme is updated quarterly for any changes in resources and refreshed annually.
- 3.217 The Capital Strategy 2025/26 – 2035/36 (Appendix 11) sets out how the various schemes and projects, comprising our investment programme, meet the Council's objectives and priorities, as well as how the schemes fit within the agreed prioritisation framework. This agreed framework means that our capital investment must meet one or more of the following indicators:
- Continued investment in the delivery of capital schemes that are in construction phases and/or which the Council is contractually obliged to deliver.
  - Continued delivery of new affordable housing and our residents' priorities, where they are deliverable within the financial affordability parameters of the Council. Affordability assessments would need to be considered on a scheme-by-scheme basis and consider the capacity for additional investment within both the General Fund and HRA.
  - Continued investment into initiatives which ensure the Council meets its legal and statutory and health and safety obligations (e.g. Decent Homes standards and the Building Safety Act requirements), or small-scale infrastructure requirements that are essential to delivering Council services, such as technology upgrades.
  - For any new investment not meeting the above criteria, that it protects the Medium-Term Financial Strategy (MTFS), based on the principle that all investment decisions should deliver a positive financial return or have a positive impact by alleviating the Council's current or future financial pressures. Projects and programmes which are fully, or majority funded by external grants and other funding sources should continue to deliver on that basis as they do not impact the MTFS. This includes initiatives such as the Schools Capital Programme and Local Regeneration Fund (formerly the Levelling Up Fund) programme.
- 3.218 When planning new capital projects, services are required to produce a business case demonstrating viability and specific funding details as well as demonstrating how value for money and social value will be achieved. The business cases also identify the key risks relevant to that scheme and how they might be mitigated, these include managing the overall viability of the scheme. The key risks that schemes have encountered over recent years are inflation, financing costs, rise in construction costs and delays or reductions in receipts.
- 3.219 A summary of the Capital Programme is shown below. Further details can be found in Appendix 10 with details on the Capital Strategy shown in Appendix 11.

DIRECTORATE	2025/26 Forecast £m	2026/27 Estimate £m	2027/28 Estimate £m	2028/29 Estimate £m	2029/30 Estimate £m	2030/31 Estimate £m	2031/32 Estimate £m	2032/33 Estimate £m	2033/34 Estimate £m	2034/35 Estimate £m	2035/36 Estimate £m	TOTAL £m
CHIEF EXECUTIVE'S Resident Experience & Digital	0.682	0.386	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.067
Subtotal	0.682	0.386	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.067
ADULTS SERVICES												
Culture & Registrars	0.964	0.420	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.384
Adult Social Care	2.931	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	2.931
Subtotal	3.895	0.420	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	4.315
CHILDREN'S SERVICES												
Traded Services	0.868	0.096	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.964
Subtotal	0.868	0.096	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.964
RESOURCES												
Law & Governance	0.077	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.077
Subtotal	0.077	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.077
NEIGHBOURHOODS AND ENVIRONMENT												
Highways & Parking	12.563	5.975	6.006	0.049	0.000	0.000	0.000	0.000	0.000	0.000	0.000	24.593
Neighbourhoods	5.171	7.177	4.139	1.203	0.544	0.000	0.000	0.000	0.000	0.000	0.000	18.233
Community Safety & Public Protection	0.101	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.101
Subtotal	17.835	13.152	10.144	1.252	0.544	0.000	0.000	0.000	0.000	0.000	0.000	42.927
PLACE												
Schools Programme	6.567	11.850	11.018	20.291	0.000	0.000	0.000	0.000	0.000	0.000	0.000	49.726
Climate & Environment	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Regen, Planning & Strategic Property	22.760	21.839	0.292	0.154	0.000	0.000	0.000	0.000	0.000	0.000	0.000	45.045
Capital Delivery and Estates	14.195	19.533	9.166	0.788	0.150	0.042	0.042	0.042	0.042	0.031	0.000	44.032
London Secure Children's Home	0.275	3.425	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	3.700
Housing (General Fund)	38.999	38.022	4.598	6.469	2.772	0.000	0.000	0.000	0.000	0.000	0.000	90.860
Subtotal Place GF	82.796	94.669	25.074	27.702	2.922	0.042	0.042	0.042	0.042	0.031	0.000	233.363
Housing Delivery & Assets	64.750	76.476	34.881	36.571	36.218	36.392	37.095	37.811	38.542	40.288	40.048	479.071
Housing Operations	0.805	0.732	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	1.538
Subtotal Place HRA	65.555	77.208	34.881	36.571	36.218	36.392	37.095	37.811	38.542	40.288	40.048	480.609
Subtotal Place GF & HRA	148.351	171.877	59.955	64.273	39.140	36.434	37.137	37.853	38.584	40.319	40.048	713.971
CONTINGENCY												
General Fund Contingency	0.250	6.382	2.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8.632
Subtotal	0.250	6.382	2.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8.632
FUND												
GF	106.403	115.104	37.218	28.954	3.466	0.042	0.042	0.042	0.042	0.031	0.000	291.344
HRA	65.555	77.208	34.881	36.571	36.218	36.392	37.095	37.811	38.542	40.288	40.048	480.609
TOTAL CAPITAL PROGRAMME	171.958	192.312	72.099	65.525	39.684	36.434	37.137	37.853	38.584	40.319	40.048	771.953
Adjustment - Sales from GF to HRA		-38.526		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	-38.526
CAPITAL PROGRAMME EXCL. SALES FROM GF TO HRA	171.958	153.787	72.099	65.525	39.684	36.434	37.137	37.853	38.584	40.319	40.048	733.427

#### 4 Options and Alternatives Considered

4.1 The Council has a legal duty to set a balanced budget and to develop a financial strategy for the medium term. The revised MTFS sets out potential challenges facing the Council in future years.

#### 5 Council Strategic Priorities (and Other National or Local Policies Or Strategies)

5.1 The budget setting process aligns resources to the Council's priorities. This is essential to ensure that the Council's reduced financial resources are targeted to meet the needs of our residents.

#### 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 the course of this process, through the authority's consultation mechanisms.

#### 7 Implications

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

7.1.1 Local authorities are required by law to have a balanced budget. However, what is meant by 'balanced' is not defined in law and this has meant Chief Finance Officers (CFO) using their professional judgement to ensure that the local authority's budget is robust and sustainable. The annual budget report contains a statement from the CFO confirming the reasonableness of the financial plans.

7.1.2 Under the Local Government Finance Act 1988, the CFO or Section 151 officer has a duty to issue a Section 114 report if they judge that the Council is unable to set a balanced revenue budget or to bring the budget back to a balanced situation during the year.

- A prudent definition of a sustainable balanced budget for local government would be a financial plan based on sound assumptions which shows how income will equal spend over the short and medium-term. Plans would take into account deliverable cost savings and/or local income growth strategies as well as useable reserves. Legislation provides a description to illustrate when a budget is considered not to balance, which is:
  - where the increased uncertainty leads to budget overspends of a level which reduces reserves to unacceptably low levels, or
  - where an authority demonstrates the characteristics of an insolvent organisation, such as an inability to pay creditors.

7.1.3 This report proposes a balanced 2026/27 budget position following an application for Exceptional Financial Support (EFS) of £19 million from

central government and is contingent on that being agreed. The Chief Finance Officer is therefore not required to issue an s114 notice.

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 Budget (based on the attached MTFS (Appendix 4) 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. This 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 Once the budget is agreed pursuant to the Local Government Act 2000 and Regulations made thereunder Cabinet decisions must remain within the budgetary 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.
- 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.
- 7.2.10 Section 67 of the Local Government Finance Act 1992 specifies that certain functions, including the setting of the council tax, are only to be discharged by the full Council.
- 7.2.11 Section 67(3) nonetheless contains a power enabling an authority to appoint a committee of members to carry out the function of determining the amount of council tax (the number of members to be appointed to the committee and their term of office being a matter for the authority). Part VA of the Local Government Act 1972 (containing the provisions regarding meetings and documents of committees and sub-committees) will apply to the committee.
- 7.2.12 The Local Government Act 2003 ("the Act"), section 15(1) requires a local authority "... to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify ...". 'Guidance on the flexible use of capital receipts (updated March 2025)' is issued under section 15(1) of the Act and authorities are therefore required to have regard to it. The guidance requires that an authority "should disclose the individual projects that will be funded or part funded through capital receipts flexibility to full council".

### 7.3 Equalities and Diversity

- 7.3.1 The 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 Mission Waltham Forest sets out the strategic direction for the Council. It is expected to have a positive impact on improving equality in the borough and advancing equality and inclusion across the organisation. This budget is designed to support the Council in meeting the significant challenges it faces in providing services for residents as well as supporting those in most need and protecting vulnerable communities. Mission Waltham Forest will result not only in a realignment of resources but also how they are used. Ultimately, it will put the Council on a firm financial footing by ensuring that there is on-going financial sustainability, budgets are balanced, and all investments are credible.
- 7.3.3 The Council will assess and 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. Certain savings proposals are already identified as being subject either to a statutory or common law duty to consult before the taking of any decision. Equality impact assessments will be completed and/or where applicable updated and due regard given to any equality impacts identified before the taking of decisions. Individual proposals subject to a full equality impact assessment will identify and consider what action can be taken to mitigate any potential adverse impact on protected groups, and the duties set out in 7.3.1. Savings proposals which have not been identified as being subject to consultation relate to operational and administrative processes for the assessment of and charging for services in line with existing policy and existing eligibility criteria. Those savings proposals do not change existing policies such as the Council's Fairer Charging Policy that the Council has already scrutinised and adopted. Charging for social care services is a process which provides for financial assessments to be carried out which ensure that no service user is charged more than they are assessed as being able to afford to pay. No additional adverse equality impacts have been identified by applying charging in accordance with existing

policies. Where there is any potential impact on staff, the agreed HR procedures will be followed.”

7.3.4 In terms of the Council Tax increase, a Full Equality Impact Assessment (EqIA) has been completed (see Appendix 12). This EqIA sets out information regarding the impact upon residents with reference to equality groups based on data available to the Council regarding the make-up of its' population. The proposal will impact on all Council Tax payers in the borough and the EqIA has identified that there could be an unintentional impact on certain groups. The Council Tax Support scheme is in place to help both residents of both Working and pension age. In addition the Council has a discretionary fund of £750,000 available to help households most adversely impacted. The profile of Council Tax payers in Waltham Forest will generally reflect the wider community. However, the profile of households in receipt of Council Tax Support (CTS) differs from the wider community profile. This is a consequence of the nature of the support scheme, which provides help for Council Tax payers whose financial circumstances are not adequate to cover the charge. Therefore those households with larger outgoings, such as disabled households or families with children, and those households who are not working or are in low paid employment may be over represented within the CTS caseload.

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

7.4.1 The budget provides resources to the Council's ongoing work of the Council's Climate Emergency Commission.

7.4.2 A key component of the capital investment plans is to ensure construction schemes are built to the highest possible green standards. The cross-cutting nature of the Capital Investment Strategy also supports the Council's key priorities of promoting a greener, more resilient borough, thereby enhancing biodiversity, climate adaptation and transport infrastructure. Investment will also support retrofitting of Council-owned homes to reduce their carbon footprint and energy costs for residents.

#### 7.5 Council Infrastructure

7.5.1 None at this stage.

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

None