

London Borough of Waltham Forest

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| Report Title | Exceptional Financial Support (EFS) Mobilisation |
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| Meeting / Date | Cabinet, 17 th March 2026 |
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| Cabinet portfolio | Councillor Grace Williams, Leader |
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| Wards affected | None specifically |
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| Public access | Open |
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| Appendices | None |
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1. Summary

1.1 The purpose of this report is to update Cabinet on the Council's approach to the mobilisation, governance, and delivery arrangements associated with Exceptional Financial Support (EFS).

1.2 As part of this, it also seeks endorsement for the organisational realignment designed to embed prevention, strengthen strategic leadership and create the delivery capacity required to bring about future financial sustainability into a coherent operating model.

2. Recommendations

2.1 Cabinet is recommended to:

2.1.1 Note the mobilisation activity undertaken to meet EFS requirements and the strengthened governance arrangements supporting financial sustainability and transformation.

2.1.2 Agree that Cabinet will receive regular updates on progress against EFS, savings delivery, transformation milestones and prevention impact through the Budget Monitor.

2.1.3 Approve the creation of a Strategic Director for Strategy, Change and Communities to lead the Mission Waltham Forest Transformation Programme, deliver the associated £40m savings, and oversee the organisation-wide Prevention Operating Model

2.1.4 Delegate to the Chief Executive, in consultation with the Leader, authority to implement the Directorate structure in line with the Council's Managing Change Policy. The creation of this new directorate will contribute to delivery of the savings required from the senior management review in 2026/27 and will not create further financial pressures.

3. Proposals

3.1 The Council is entering a period of significant financial challenge that requires both immediate stabilisation and sustained organisation-wide transformation. There are strong foundations to build on with the organisation on track to deliver £16.81m of savings during the financial year 2025/26. However, we will need to reshape how we operate, driven by three core realities:

- Rising demand and complexity: 72p in every £1 the Council spends supports the most vulnerable, caused by demand continuing to rise faster than resources.
- Sustained financial pressure: After more than a decade of reduced funding from government and the delivery of over £140m savings, we need to radically rethink our offer if we are to achieve financial sustainability..
- Changing expectations: Our residents rightly expect high-quality, seamless and responsive help and support., accessible in their neighbourhoods and joined up across different services and providers.

3.2 MHCLG have agreed in principle the level of EFS as incorporated within the 2026/27 Budget Report. Our transformational plans aligned to our ambition to deliver financial sustainability from 2029/30 and require:

- A credible plan for financial recovery and transformation
- Effective governance and assurance
- Capacity to deliver complex change at pace
- A preventative approach that reduces long term demand

3.3 To meet these requirements, the Council is mobilising the Mission Waltham Forest Transformation Programme, with strengthened governance, delivery structures and clear accountability.

3.4 Our plan for change is about making clear choices, reshaping how we look to secure long term financial sustainability while continuing to improve outcomes for residents.

3.5 In November 2025, the Council invited CIPFA to undertake a Resilience Review as part of our preparation for EFS. The CIPFA review set out the scale of the challenge and the organisational changes required to deliver a step-change in performance, financial discipline and transformation capability. The review highlighted the need to move away from approaches that rely on 'salami-slicing' and tactical headcount reduction, rather than genuine, cross-cutting redesign.

3.6 Exceptional Financial Support offers a critical but time limited opportunity to stabilise the Council's financial position so that a

balanced budget position can be achieved without the need for further support in the future. Delivering on these requirements requires a fundamental shift in how we work, aligned to our ambition for a modern, disciplined and purpose led council by 2029/30.

- 3.7 To meet these challenges, the Council will shift towards:
- A strengthened corporate centre with the strategic capacity to drive and deliver large scale transformation
 - A modern, financially sustainable organisation that is disciplined, outcomes driven and clear on priorities
 - A prevention-led operating model that reduces crisis demand
 - A coherent structure that supports early intervention, neighbourhood working, community partnerships and targeted use of resource
- 3.8 This paper sets out how we will mobilise against Exceptional Financial Support to deliver our Mission Waltham Forest Transformation Programme. It sets out the requirements in terms of capability, capacity, leadership, governance and programmatic structure required for our operating model.

Our Framework for Delivering Change

- 3.9 Real, lasting change in Waltham Forest depends on change happening at every level of the organisation and with our communities.
- 3.10 We have defined four priority areas for change:
- Building Stronger Communities – we will enable communities to help themselves and each other.
 - Focus on those who need us most – we will build independence and stability wherever possible, and target resources where we can have greatest impact.
 - Fair, efficient charging and income – we will be transparent and fair in how we charge for services in future.
 - Future-fit services and workforce – we will harness data and digital tools to improve resident experience and invest in our staff to support them to deliver.
- 3.11 These changes will be enabled by how we work together – through empowering our staff to lead and purposeful partnerships. They will be underpinned by a clear approach to how we learn, adapt and improve so we stay focused on what matters and change course where we are not having impact.
- 3.12 Taken together, this provides a single, coherent framework for change to realise our ambition for the future council as set out in our EFS plans. Over the next three years, we will use this methodology to deliver £42.1m savings.

Governance

- 3.13 We need to strengthen our strategic governance through the establishment of a revised approach, including enhanced reporting to Cabinet, Scrutiny and greater alignment between transformation, finance, performance and risk. This will ensure that early warning indicators, key delivery risks and progress against milestones are visible at the most senior levels of the organisation, enabling timely decision making and swift intervention when required.
- 3.14 We are strengthening the Council's assurance and reporting mechanisms so that Cabinet, Scrutiny and SLT receive a clear and consistent picture of financial performance, savings delivery, transformation progress and prevention impact.
- 3.15 This will allow us to create a single version of the truth with visibility across the organisation and will include the integration of transformation assurance dashboards, bellwether metrics and the budget monitor.
- 3.16 The Budget Monitor for months 3, 6, 9 and outturn are reported to Cabinet and Scrutiny and will also include an update on the delivery of savings as well as the forecast level of Exceptional Financial Support required in-year.
- 3.17 The refresh of the Medium-Term Financial Strategy (MTFS) will commence during the summer and report to Cabinet and Scrutiny in September. This will include the latest forecast position for 2026/27 and the revised MTFS period to 2029/30, incorporating any update on pressures including inflation and service specific items. This refresh will provide an update on potential future savings requirements or EFS.
- 3.18 The Mission Waltham Forest Transformation Board is chaired by the Chief Executive and provides more detailed oversight, assurance and challenge to the entire transformation portfolio and all related savings activity. A bi-monthly assurance process is overseen by the Board focussing on clear metrics and indicators for delivery. When savings or transformation activity are off track, there is a robust challenge process to escalate risks early and ensure that alternative delivery mechanisms are put forward through formal change control, if required.
- 3.19 A matrix of defined roles and responsibilities ensures strategic capacity, ownership and clear lines of accountability across the programme. There are robust programme and workstream level governance boards which are chaired by Strategic Directors.
- 3.20 Operationally, we have initiated strengthened financial governance and controls through an *Expenditure Control Panel* which has responsibility for approving any spend above £1000. Additionally, the Adult Social Care and Children's & Education Directorates also have their own *Directorate Expenditure Control Panels* that provide additional decision-making and assurance.

Capacity and Capability

- 3.21 A programme of this scale and complexity requires significant expertise and capacity to deliver, beyond what the Council currently has access to. However, in order to maintain our goal of financial sustainability, we will need to create this without generating additional avoidable pressure.
- 3.22 As part of the development of the 2026/27 Budget, the Council decided to utilise the option to apply for Flexible Use of Capital Receipts. This option allows the utilisation of new capital receipts to finance projects or costs that are designed to generate ongoing revenue savings. The Council will receive a capital receipt of £22 million in January 2027 and this will be utilised to fund both transformation costs and severance costs (i.e. both redundancy and pension strain) over the next two years.
- 3.23 This 'Cost of Change' is based on a return on investment model required to deliver savings of over £40m over the next three years. Close monitoring and reporting against this model will be required to ensure value for money and assurance on impact, which will be reported alongside savings delivery outlined above.
- 3.24 To support this shift, we have allocated dedicated resource to accelerate the design and delivery of new operating models, particularly in high demand areas such as temporary accommodation, special educational needs and social care pathways. These are areas where CIPFA identified the need for deeper, more systemic transformation alongside stronger modelling, forecasting and demand management capability.
- 3.25 Additionally, a reinforced corporate centre forms a critical component of mobilisation. The existing Strategy & Change Service will be bolstered to consolidate transformation expertise, data, performance, strategy and community functions. This provides the coherence, leadership focus and cross-organisational alignment highlighted by CIPFA as crucial for achieving long term financial sustainability.
- 3.26 The mobilisation phase has also focused on workforce readiness. Delivering transformation on this scale requires confident, skilled and supported officers who can work across boundaries in a mission-based way to design new operating models and lead complex change. The proposed Strategy, Change & Communities function will be the central coordinating point for an integrated Plan for Change including staff engagement and communications, plus leadership and workforce development.
- 3.27 Alongside this redesign and integration of the corporate centre, the mobilisation phase also focusses on embedding the principles of prevention and early intervention into the Council's evolving operating model. This includes reshaping how we embed prevention across the council so that interventions are evidence based, more consistent and closely aligned to the core strategic challenges set out in Mission Waltham Forest.

- 3.28 Over the past six months, temporary caretaking arrangements have been in place to maintain continuity of prevention related services across several directorates, whilst we design a new council-wide approach to prevention and early intervention. Although these arrangements have provided short term stability, they are not sustainable and do not provide the strategic capacity required to deliver an effective prevention-focused operating model. Delivering on our ambition requires a coherent structure with clear accountability and strengthened leadership with functions aligned to prevention and impact.
- 3.29 It is proposed that Cabinet approves the integration of these functions to enable the delivery of the Mission Waltham Forest Transformation Programme under a Strategic Director for Strategy, Change & Communities. This unites prevention, community-facing services, strategy, insight and transformation into a single structure focused on reducing demand, improving outcomes and delivering change with pace and consistency.
- 3.30 Following the appointment of the new Strategic Director, a further design process will be required to fully integrate these functions. It is anticipated that the consolidation of functions and reduced reliance on interim capacity across these services will contribute approximately £400k of general fund savings. This will be progressed through the Council's usual Managing Change Policy.

Impact of proposals on overall workforce

- 3.31 It should be noted that since December 2024, the Council has undertaken a deliberate and evidence based reduction of its senior management cohort to improve value for money while maintaining organisational resilience. The 2025 Senior Management Restructure removed 7 FTE senior officer posts, including Corporate Directors and Assistant Directors, reducing the permanent senior officer group to 78 as at December 2025 with an associated salary cost of £8.98m. The overall cost reduction was £1.24 million. Since then, further changes have brought the total reduction to 10 senior officer posts since December 2024.
- 3.32 These changes place the Council below the median size of senior management teams in comparable London boroughs, where corporate leadership structures typically range from 80–95 senior officers in authorities of similar scale and complexity. The removal of posts has been designed to protect critical statutory capacity and frontline delivery, ensuring robust risk management, continuity, and appropriate leadership coverage across major services.
- 3.33 We have also continued to prioritise long term roles for permanent LBWF staff by reducing agency staff numbers. Since 2023/24, the cost of agency staff has reduced from a high of £26.4m to an anticipated in year spend of c£19m, this is an overall reduction of almost 28%. In terms of headcount reduction this equates to a

reduction from a high point of 415 Agency staff in June 2024 to 236 currently. The Council's current numbers of agency staff are the lowest in 7 years. Further, we have restricted the Council's external recruitment to areas of specialist skill creating career opportunities and re-skilling of LBWF staff into new roles. This has created more opportunities for redeployees to find employment within the Council.

3.34 As a result of the above measures, only 14 compulsory redundancies have been made this financial year from a total of 135 FTE reductions. Compulsory redundancies make up just 10% of staff reductions this financial year, or 0.5% of the overall workforce. At the same time, by creating new career development opportunities for internal staff, backed up with support for with CV and interview skills, from April to December 2025 alone there have been 284 staff who have gained a promotion or a temporary acting up opportunity. This is 10% of the workforce (205 of these were permanent promotions).

4. Options & Alternatives Considered

4.1 The requirements of EFS mean that there are limited opportunities to consider alternatives to the mobilisation of a significant transformation programme. No other viable options have been identified that would deliver the required scale of organisational change required for financial sustainability.

4.2 Continuing with the existing leadership arrangements is not recommended as it would not provide the strategic capacity, coherent leadership or organisational alignment required for EFS delivery. It would also limit our ability to make savings set out in the MTFs that will be achieved through the consolidation and re-alignment of functions.

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

5.1 The proposals support delivery of the Council's priorities by:

- Enhancing financial sustainability and meeting the enhanced governance requirements to manage Exceptional Financial Support
- Embedding prevention as a cross-council priority
- Strengthening neighbourhood working and community partnerships
- Improving the Council's ability to deliver outcomes for residents
- Supporting the ambition for a fairer, more equal borough

6. Consultation

- 6.1 Formal consultation is not required. Any programme or savings proposals subject to public consultation will require separate Cabinet decision.
- 6.2 No staff consultation is required to progress the recommendations outlined in this report. Any subsequent staffing related consultation will be undertaken in line with the Managing Change Policy.

- 7. Implications
 - 7.1 Finance, Value for Money and Risk
 - 7.1.1 The creation of a new Directorate and subsequent redesign is expected to generate savings of approximately £400k per year, through the re-alignment of roles and responsibilities and will not create further financial pressures.
 - 7.1.2 Risks related to the delivery of the Mission Waltham Forest Transformation Programme are overseen by Transformation Board. Progress in the delivery of savings are incorporated within the Budget Monitor and reported to Cabinet and Scrutiny.
 - 7.2 Legal
 - 7.2.1 There are no specific legal implications arising from the recommendations in this report. Following Cabinet approval to the creation of the new Strategic Director for Strategy, Change and Communities the appointment must be in accordance with the Council's Employment Procedure Rules as set out in Part 8 of the constitution. The Management Structure in Part 11 of the constitution would need to be updated along with any consequential changes to the constitution as a result of the creation of the post which will be considered and approved by the Council's Constitutional Working Group and formally reported to Council for adoption.
 - 7.3 Equalities and Diversity
 - 7.3.1 No negative or adverse equalities impacts have been identified as a result of the proposals set out in this report. Further Equalities Impact Assessments will be undertaken on specific service change proposals associated with EFS and any subsequent staffing changes.
 - 7.4 Sustainability (including climate change, health, crime and disorder)
 - 7.4.1 The proposals do not identify any significant impacts on sustainability. However, individual savings proposals and new models of delivery will be assessed on a case by case basis.
 - 7.5 Council Infrastructure
 - 7.5.1 The proposals will be met within the existing Council infrastructure and resources.

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

None.