

## London Borough of Hammersmith & Fulham

**Report to:** The Economy, Arts, Sports and Public Realm Policy & Accountability Committee

**Date:** 03/02/2025

**Subject:** 2025/26 Revenue Budget and Medium Term Financial Strategy (MTFS)

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### SUMMARY

Cabinet will present their revenue budget and Council Tax proposals to Budget Council on 26 February 2025. This report provides an update on the overall preparation and proposals for the 2025/26 revenue budget, risks, financial resilience, and the impact of those proposals.

This report also sets out the budget proposals for the services covered by this Policy and Accountability Committee, and the committee is invited to comment on the budget proposals set out in detail in the appendices. Risk schedules and Equalities Impact Assessments of any budget changes are provided in the appendices alongside an update on any proposed changes in fees and charges in the budget where applicable.

Nationally, the strategic operating environment for public services (including local government) has been challenging over the past decade with continuing demographic, legislative and regulatory demands. Combined with the recent macro-economic turmoil, and fluctuations in interest and inflation rates, this has resulted in considerable financial pressures. The Autumn Budget combined with other central government communications on the local government finance settlement suggest that it is likely that there will be more collaborative and partnership working in the future combined with reforms to the existing funding frameworks for local authorities. The Council will work with national government on this reform programme.

The Council welcomes new resources for Extended Producer Responsibility (for waste collection and disposal costs), additional resources for Social Care, Children Services, Homelessness, and funding for the extra national insurance levies, in addition to an extension of Household Support Fund (Round 7).

The overall objectives of the revenue budget proposals for 2025/26 are intended to:

- continue to protect the delivery of core services valued by residents, businesses and visitors
- ensure the safety of our borough

- support prosperity across Hammersmith and Fulham
- promote an exceptional, innovative and efficient Council
- maintain strong financial governance and resilience across the Council and
- preserve one of the lowest Council Tax rates in the country.

A balanced budget for 2025/26 is proposed (whilst protecting our reserves and in year contingencies) including £5.1m of efficiencies, plus additional investment of £12.3m across many services and will allow the continued delivery of the best services to our residents, businesses and visitors. This builds on the administration's record of prudential financial management, running a budget surplus in the last full financial year (2023/24) and increasing reserves at a time when many other councils are utilising them to balance the books.

The key investment proposals of £12.3m for 2025/26 include:

- £3.4m for community safety and social inclusion through permanent funding for our Law Enforcement Team and Gangs Unit, including additional investment to tackle Violence against Women and Girls.
- £2.8m for Adult Social Care (primarily residential and nursing care in addition to existing free home care services).
- £2.2m for Children Services (including family hubs, travel support, looked after children and supporting school attendance).
- £1.8m for Waste Collection and Disposal Services (extra packaging waste, contractual costs on pensions, fuel, and addressing cost pressures).
- £1.2m for Homelessness (in addition to a further £3.5m from the Homelessness Prevention Grant and inflationary uplifts).
- £0.3m to support the continued delivery of the Upstream Strategy (this will promote the long-term economic growth and prosperity of the Borough).
- £0.6m across a range of services including our Climate Team, Sports Facilities, Insurance Services and enhancing protection against fraud through digital inclusion.

The proposed increase of Council Tax by 2.99% and the additional social care precept (which equates to a total increase of 88p per week) will generate an additional £4m (or 2% of the council's net budget) per annum to fund Council services. This is essential funding for the Council to ensure continuing financial resilience, protect its funding position over the medium term, meet the challenges posed by increasing demand and inflation, whilst balancing the impact on local council taxpayers.

Council Tax in Hammersmith & Fulham remains the third lowest in the country. Since coming to power in 2014, this administration has cut or frozen council tax five times in ten years. But who pays council tax is just as important as how much they pay, which is why we are rightly proud to have one of the most comprehensive Council Tax Support Schemes in the country. Almost four in ten households receive some sort of discount, with those least able to pay paying nothing at all, and the administration choosing to exclude care leavers and foster carers entirely.

The Local Government Finance Act 1992 obliges the Council to set a balanced budget, and the detailed proposals contained in this report will put the Council in a strong position to be able to do so for the next financial year. Cabinet in February will need to

consider these alongside the outcome of the Final Local Government Finance Settlement and any other funding statements that may follow.

## RECOMMENDATIONS

1. That the Policy and Accountability Committee considers the budget proposals and makes recommendations to Cabinet as appropriate.
2. That the Committee considers the proposed changes to fees and charges and makes recommendations as appropriate.

**Wards Affected:** All

<b>Our values</b>	<b>Summary of how this report aligns to the H&amp;F values</b>
Being ruthlessly financially efficient	The council has a proud record of maintaining low Council Tax to its residents. The revenue budget for 2025/26 proposes savings and efficiencies across services and corporate functions that rationalise its estate and reduce its operating costs, whilst also delivering value for money from external contractors.
Creating a compassionate council	The proposals in the revenue budget for 25/26 supports the ongoing investment in services that directly support residents in living, healthy and independent lives. This includes continuing to provide free homecare for older residents, continuing to provide comprehensive Council Tax support to those eligible and increasing investment to tackle homelessness and rough sleeping.
Building shared prosperity	The budget proposals support the launch of the next phase of the industrial strategy (Upstream London) which sets a clear strategy to grow a localised economic ecosystem, with a focus on the sectors that are set to grow and that are deemed right for the local area.
Doing things with residents, not to them	The budget for 25/26 will continue investment in our Family Hubs, ensuring that every child, young person, and family is able to access the right support at the right time. The Hubs will also be developed by collaborating with children and young people and their families, family groups, the local third sector, the NHS and the council's children's services in genuine partnership.
Taking pride in H&F	The council's revenue budget will invest over £50m in public realm services. These services will provide access to safe clean, green spaces for all to enjoy, visit and live in. It will deliver improvements to highways, whilst continuing to invest

	in the Law Enforcement Team and regulatory services to crack down on anti-social behaviour and rogue traders.
Rising to the challenge of the climate and ecological emergency	The council has an ambitious target to become a net zero borough. To help achieve this, the budget will support work to increase engagement and investment in green energy and technologies, increase investment in its waste services, continue to keep our streets and parks clean, and take a tough stance against anyone dropping litter, creating graffiti, or dumping rubbish.

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## Background Papers Used in Preparing This Report

Not Applicable

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### CABINET MEMBER FOR FINANCE AND REFORM FOREWORD

Concern about crime is by far the most common issue that my residents in Coningham ward contact me about, in my role as a councillor. Across the borough, residents are frustrated that despite regularly reporting crimes committed in their communities, they do not see action taken to address them.

The local police work extremely hard, but resource constraints mean that they often are not able to work as effectively as they would like. The numbers of police officers allocated to wards has reduced in the last decade and a half, and in recent years my own Safer Neighbourhood Team has, at times, just had one officer. This makes it impossible to provide a visible presence across the ward to reassure the public.

Since 2010, centrally imposed reductions in numbers of police and police stations have made it harder for neighbourhood policing to combat crime in our communities. Residents are increasingly contacting the council for help, and while the council has no control over the police or police numbers, we see it as our duty to act to keep our streets safe.

Cuts to police numbers and police stations in the borough since 2010 have undoubtedly had a major impact on residents' perception of crime. Although crime prevention is the responsibility of the police, rather than the council, this administration sees it as its duty to act when we can to keep residents safe. We will do what we can to support them in this, the most important part of any area of government.

This is why we established the Law Enforcement Team, a unique service among councils in the UK, which provides a visible presence on our streets to tackle anti-social behaviour. This is why we established the innovative Gangs Unit, which works with the police to keep young people out of a life of organised crime. This is why we have funded more CCTV cameras per person, than any other local authority in the country. This is why we were the first council in the country to establish a borough wide Public Spaces Protection Order to prevent street harassment of women and girls in the area.

This work is now more important than ever, which is why this budget funds the fight against crime here in Hammersmith & Fulham. This is a budget which, to borrow a phrase, is tough on crime, but tough on the causes of crime too.

It does so with new resources allocated to stop truancy from our schools and educate residents of the growing risk of fraud.

In this budget we have chosen to:

- Secure the funding of the Law Enforcement Team, moving this to the base budget so that it is protected against fluctuations in the economic cycle and residents can be reassured that it will be there when they need it.
- Fully fund the innovative Gangs Unit, which has so successfully choked off organised crime at its roots in recent years.
- Invest new resources in the prevention of violence against women and girls here in our borough.
- Allocate additional funding to a school attendance strategy, which will keep young people in education and reduce the risk of the falling into a life of crime or committing anti-social behaviour; and
- Ensure that residents have the digital skills and awareness to avoid fraud, the fastest growing crime in the country.

Public safety cannot be done on the cheap. This budget is vital to keep our streets safe and to protect the residents of Hammersmith & Fulham. Criminals across the borough will desperately hope that this is not passed, but the message should go out from this council that their days of terrorising residents are numbered, and that we are coming for them.

The objectives of the General Fund revenue budget proposals for 2025/26 as set out in the report are to:

- continue to protect the delivery of core services valued by residents, businesses, and visitors.
- ensure the safety of our borough.
- support prosperity across Hammersmith & Fulham.
- promote an exceptional, innovative and efficient Council.
- maintain strong financial governance and resilience across the Council; and
- preserve one of the lowest Council Tax rates in the country.

In recent years a combination of statutory requirements placed on councils without corresponding funding, and the lacklustre performance of the economy creating additional need for council services, have stretched local government finances. This budget recognises pressures placed on areas like school transport, temporary accommodation and social care, and provides new funding to address these.

Anyone involved in local government over the last decade and a half should appreciate how difficult budget setting has become. The national public finance policies adopted since 2010 and the economic turmoil from events like Brexit and the 2022 “mini budget” directly caused significant pressure on services and the finances of the Council. This

has increased the costs for both provision of and delivery of key services, and has eroded the disposable income for many, increasing the demand for the provision of and delivery of key services. The high interest rates directly impact on the cost of mortgages for homeowners whilst making it more expensive for the council to borrow and resource its capital programme.

However, the cumulative impact of austerity imposed by the previous Government has meant funding from central government has reduced by 54% in real terms<sup>1</sup> and 19% in cash terms, from £164m in 2010/11 to £132m in 2025/26<sup>2</sup>.

A change in Government after 14 years of continued austerity for local government has provided the opportunity for the relationship between local and central government to be reset and planned reform of the financial funding framework for local authorities. The Chancellor's Budget on 30<sup>th</sup> October 2024 outlined a set of measures aimed at fixing the foundations of the economy and delivering change.

Despite the financial pressures being experienced across all local authorities, our ruthlessly financially efficient approach (by generating more than £123m of efficiencies since 2014/15, securing more than £100m in contributions from developing the Borough and generating more than £60m in annual income) has allowed the council to ease financial burdens on residents by keeping taxes low, freezing key charges and providing one of the country's most comprehensive Council Tax Support Schemes.

Few organisations would be able to deliver the same services they delivered over a decade ago with less than half of the resources available. In Hammersmith & Fulham we have not just maintained front line services that residents rely on, but we have gone further, providing new services like the local Law Enforcement Teams to keep our streets and communities safe and clean, maintain weekly bin collections, free breakfasts in primary schools and establishing three Family Hubs at the heart of our communities.

We have also eased financial burdens that residents face by abolishing home care costs, using an Ethical Debt Collection Policy to support those struggling with Council Tax rather than taking further enforcement action, and providing one of the country's most comprehensive Council Tax Support Schemes.

While the national tax burden reached historically high levels due to the previous government, there is nowhere better to be a Council Taxpayer than right here in Hammersmith & Fulham. Not only have we set the third lowest Council Tax in the country by cutting or freezing rates in five of the last ten years, but we have one of the most comprehensive Council Tax Support Schemes, which ensures that those least able to pay, pay the least.

We are one of just three London councils that has maintained no minimum payment, meaning the most vulnerable residents will not need to pay a penny of their Council Tax when they are struggling to make ends meet. We have also taken the decision to

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<sup>1</sup> As per RPI indices - [Retail Prices Index: Long run series: 1947 to 2023: Jan 1974=100 - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/retail-prices-index)

<sup>2</sup> Funding includes Revenue Support Grant, Business Rates Funding Baseline, Social Care and other general grants.

exclude Care Leavers and Foster Carers from Council Tax entirely, in recognition of the unique difficulties that they face and their inspiring contribution to our community.

This has only been possible because of the ruthlessly financially efficient approach that we have taken to managing residents' money. We will continue to reform the council to ensure that we provide the best value for their money possible. This budget does this through innovative use of new technology and data, and council-wide efficiency programmes to streamline operations and ensure the best use of resources.

This council will continue to manage its financial resources effectively to ensure financial resilience and sustainability (including a good level of reserves and in year contingencies). Despite the wider challenges faced by councils across the country, the council will continue to rise to the financial challenges faced to protect its residents, businesses and visitors services, and deliver on its commitment to make the borough a stronger, safer, and kinder place for everyone.

## **DETAILED ANALYSIS**

### **National Financial Context and Outlook**

1. Local government continues to operate in a volatile and uncertain financial environment for the short and medium term. Although inflation has fallen in recent months, inflationary price rises over the last twelve months continue to impact the Council's budgetary position and increase the cost of living for its residents and businesses.
2. CPI (Consumer Price Index) inflation has returned to the Bank of England's 2% target level in 2024/25, falling to 1.7% in September. However there has been an upward turn in recent months mainly attributed to the rise of the Office of Gas and Electricity Markets (Ofgem) energy price cap in October 2024.
3. Whilst CPI inflation is no longer at the peak of 11.1% experienced in October 2022 (this was the highest rate in over 40 years), the lower level of inflation is applicable to prices which have seen a cumulative increase of more than 20% over the last 3 years.
4. As part of its fiscal policy and to meet the Government's 2% inflation target, the Bank of England have put up the UK base interest fourteen times over the past two years, and the base rate now stands at 4.75%, although this is down from a peak of 5.25% from August 2023 to July 2024. For the council, its main source of borrowing is via the Public Works Loan Board, whose rates vary slightly from those issued by the Bank of England, being based on gilt rates.
5. This will have an impact on the Council's capital programme as much careful consideration will have to be given by Members on how to finance and pay back any sums borrowed and repayable soon.
6. The table below sets out some of the Office of Budget Responsibility's (OBR) key economic and fiscal indicators over the medium term.

	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>
CPI	2.6	2.2	2.1	2.1
Average Earnings	3.0	2.1	2.0	2.3
Interest Rates	3.9	3.7	3.6	3.5
Gilt Rates	4.1	4.2	4.3	4.5

7. The Provisional 2025/26 Local Government Finance Settlement (LGFS) was published by MHCLG on the 18th of December 2024. This statement outlines provisional funding allocations for local authorities for 2025/26 alongside the Core Spending Power for each authority.
8. The 2025/26 PLGFS continues the recent trend of single year funding settlements with no grant allocations confirmed beyond next year. However, in the statement, the new Government has set out its intention to simplify the wider local funding landscape, reducing the number of grants and consolidating them into the Local Government Finance Settlement, as well as moving towards a multi-year settlement for local government from 2026/27 so local authorities can plan more effectively.
9. A consultation was also launched at the PLGFS asking authorities for their views on the reforms. The proposed reforms will have no impact on funding for 2025/26 but are expected to have an impact for future years. No assumptions are made in the budget until further details are known.
10. Core Spending Power estimates total revenue funding available to authorities. The provisional settlement provided a real terms increase in Core Spending Power of 3.5% however within this calculation what is shown as funding for local authorities is in large part, the ability for local authorities to raise Council Tax locally as opposed to direct grant funding from central government.
11. The settlement assumes that local authorities will need to increase local tax by 5% each year until 2028/29. It also includes assumptions on business rates income (including compensation for under indexing the multiplier) as well as growth in the Council Tax base.
12. A summary of the Council's Core Spending Power in comparison to the previous financial year is set out in the table below

**Table 1 - Core Spending Power 2025/26**

	<b>2024/25 £m</b>	<b>2025/26 £m</b>	<b>Change between years £m</b>
Revenue Support Grant and Estimated Retained Business Rates	89.1	90.4	1.3
Government Grants	53.2	58.3	5.1
Estimated Council Tax	78.8	84.2	5.4
<b>Total</b>	<b>220.3</b>	<b>232.9</b>	<b>11.8</b>



13. It should be noted that whilst the overall Core Spending Power for the Council has increased by £11.8m, £5.5m (47%) of this relates to grant funding distributed directly to local authorities as part of the LGFS, as both Council Tax and business rates income are locally generated sources of income.

An explanation of the key funding streams is outlined below:

- **Settlement Funding Assessment (SFA)** – The SFA is made up of two elements: The Revenue Support Grant (RSG) and the Baseline Funding Level (BFL). RSG is given to local authorities and can be used to finance revenue expenditure on any service. This grant has increased by £0.42m. The BFL is the estimated retained Business Rates as calculated by the Government, usually uprated in line with the small business rates multiplier. The actual business rates estimated by the Council is set out in the business rates section below.
- **Social Care funding** – An additional £1.13bn of new funding was announced for local authorities targeted at adult and children social care (with £250m of this being a new Children’s Social Care Prevention Grant, distributed using a new children’s needs- based formula).

This funding is in addition to £1.05bn continuing ringfenced funding for adult social care in relation to the Local Authority Better Care Grant (which now includes the Discharge Fund) and the Market Sustainability and Improvement Fund.

- **Compensation for the under-indexing of the business rates multiplier** – this is funding to compensate local authorities for lost business rates income arising from the decision to freeze the small business rates multiplier.
- **New Homes Bonus** - There will be new rounds of New Homes Bonus (NHB) payments in 2025/26. In line with last year, these payments will not attract new legacy payments. It was announced that this will be the last year of the funding, with further announcements on alternative funding to be determined.

The statement confirmed the repurposing of the **Services Grant** to simplify the system, in line with the assumptions set out in the MTFS.

#### Other Funding

- **Household Support Fund (HSF)** - In 2021, the Department for Work and Pensions announced that vulnerable households across the country would be able to access a new support fund to help them with essentials over the winter. The total HSF allocated to Hammersmith and Fulham during 2024/25 was £2.8m, all of which is planned to be spent as part of the council’s Cost of Living response.
- It was confirmed by the Chancellor in her Autumn Statement that the HSF will continue until the end of 2025/26 (with £740m distributed to councils in England) which is welcome news given how vital this additional funding has been to support those most vulnerable and affected by the Cost-of-Living crisis.

- **Extender Producer Responsibility for Packaging (pEPR)** – This income will cover the existing costs local authorities incur for managing household packaging waste, provide additional funding for new legal duties, and support much needed investment in the waste and recycling industry. The council will receive an estimated £1.87m as a guaranteed payment in 2025/26 towards these costs. However, the government will assess the impact of additional pEPR income on the relative needs and resources of individual local authorities, and how it factors into the measurement of local authority spending power, ahead of the 2026/27 Settlement.

The Government has outlined as part of the terms of the funding that councils will be subject to monitoring and evaluation of the efficiency and effectiveness of its waste management functions. The council may be subject to improvement actions if it is not deemed 'efficient and effective', and potential deductions on payments from 2027/28 if improvements are not delivered.

- The Council will receive £24.3m for the Public Health Grant, £6.6m for the Homelessness Prevention Grant (although in a change in policy it should be noted that 49% of this grant cannot be spent on temporary accommodation and must be spend on prevention, relief and staffing activity) plus a further £1.0m for rough sleeping prevention and recovery, plus £188.3m for the Dedicated Schools Grant (DSG). These grants are ringfenced within departmental budgets and are assumed to have a neutral impact in the current budget proposals.

## The Budget Requirement and Gap

14. The proposals for balancing the budget for 2025/26 are included in the table below:

**Table 2 – Proposals for balancing the 2025/26 budget**

	<b>Proposed (£m)</b>
<b>Base Budget 2024/25 (Balanced Budget)</b>	-
Provision for Price Inflation (2.7% plus some targeting)	6.2
Provision for Pay Inflation (2%)	3.1
Provision for Growth and Investment in Services	12.3
Other Changes (cost of borrowing/minimum revenue provision/concessionary fares/interest on balances)	7.2
Recognition of current income projections	(3.0)
Savings and Efficiencies	(5.1)
<b>Resources</b>	
Increase in Central Govt Grants	(7.9)
Collection Fund (business rates and prior year surpluses)	(6.8)
Increase in Council Tax Base (Households)	(2.0)
Additional Council Tax Income (from April 2025)	(4.0)
<b>Budget Gap 2025/26</b>	-

## Investment and growth pressures

15. Additional investment and growth of £12.3m is being provided following the budget setting and review process. The proposed investment and growth items are summarised in Table 3 by department and for those relevant to this committee in Table 4. The detailed investment proposals for this committee are set out in Appendix 1 to this report and as part of the Executive Director's comments section below.

**Table 3: 2025/26 Investment Proposals**

<b>Department</b>	<b>£m</b>
People	5.0
Place	5.5
Housing Solutions	1.2
Finance and Corporate Services	0.6
<b>Total</b>	<b>12.3</b>

**Table 4: Investment and growth proposals relevant to this committee**

<b>Proposal</b>	<b>£000</b>
Align waste contract budget with service provision (from new Government funding)	1,800
Enhanced maintenance of bookable sports facilities	60
Additional investment in Upstream London Industrial Strategy	250
Reversal of prior year one off growth - specialist expertise to support development of the Industrial Strategy	(25)
<b>Total</b>	<b>2,085</b>

## Savings and Income Generation

16. After more than a decade of austerity, it is increasingly difficult to identify and deliver substantive savings. However, further savings are necessary if the financial challenge of real terms government funding cuts, unfunded burdens, inflation, and demand and growth pressures is to be met, and the council has been able to find these. In the future, the Council must consider all available options to operate within the funding available to it.
17. The proposed savings (including additional income) for 2025/26 are set out in Table 5. The savings proposals for this committee are set out in Appendix 1 to this report and as part of the Executive Director's comments section below.

**Table 5: 2025/26 firm savings and additional income**

<b>Department</b>	<b>£m</b>
People	(1.8)
Place	(2.1)
Finance and Corporate Services	(1.3)
<b>Total</b>	<b>(5.1)</b>

18. The savings relevant to this committee are summarised in table 6 below.

**Table 6: Summary of savings relevant to this committee**

<b>Proposal</b>	<b>£000</b>
Waste disposal - targeted shift from general waste to recycling	(300)
Introduce time banded commercial waste collections	(50)
Review fees and charges	(500)
Review street lighting asset inventory (align payments with number/type of assets to ensure no overcharging)	(150)
Additional income from highways assets	(200)
Enforcement of Advertising board licences	(50)
Additional sports bookings income from enhanced facilities	(100)
Review sports bookings discounts	(50)
Review sports bookings administration	(50)
Review Home Library Service (continue to provide in a more efficient way)	(64)
Café franchise in libraries	(20)
Non-domestic property portfolio master plan	(100)
Review discretionary Planning charges	(175)
Homebuy matching and marketing service	(75)
<b>Total savings</b>	<b>(1,884)</b>

### **Fees and Charges**

19. Charges governed by statute are set in accordance with those requirements and not varied in accordance with inflation. For non-statutory fees and charges levied by the council, it is recommended that:

- They are frozen for Adult Social Care, Children’s Services and Housing in line with administration policy.
- Commercial services that are charged on a for-profit basis, will be reviewed on an ongoing basis in response to market conditions and changed as appropriate, with due authorisations according to the Council constitution.
- Parking charges and fines are to be set in line with transport policy objectives and not considered as part of the budget process.
- A standard uplift of 1.7% is applied for other non-commercial and non-parking fees, as per September 2024 CPI.

Exceptions to these assumptions are set out in Appendix 4.

### **Equalities Implications**

20. Each budget proposal has been subject to an Equalities Impact Assessment (EQIA) review. These are attached in Appendix 3. A consolidated EQIA report will be presented to Budget Council in February 2025.

### **Comments of the Executive Director of Place on the 2025/26 Budget Proposals**

21. The Place Department is responsible for the delivery of a wide range of universal services to the residents of Hammersmith & Fulham, with the following services relevant to this Policy and Accountability Committee:
  - Planning and Property Management, including Corporate Property and Health and Safety
  - Public Realm, including Highways and Parks, Street Environment Services, Cultural Services, Arts, and Leisure
  - Transport, Parking, and Compliance and Business Development
  - Economic Development and Regeneration, including Adult Learning, Employment Skills, and Council Property Development
22. The Place Department continues to review and challenge current service delivery models and budgets, to ensure that services are effective and efficient, and reflect the Council's priorities. Some notable examples are highlighted below:
  - Optimising Commercialisation. Targeting £20m in commercial income through robust contract management, a focussed review of fees and charges; and maximisation of developer contributions.
  - Optimising commissioning. Actively working with the Council's Contract Assurance Board to reprocore and embed some of our major external service contracts. For example, preparing to reprocore the highways, parks and grounds maintenance service contracts on the open market; securing the continuation of a reduced waste disposal fee for recycling (saving £0.3m annually); and ensuring the continuation of cost effective contracted leisure services as the industry fully recovers from the pandemic and tackles rising running costs.
  - Continuing our programmes of service improvement. For example, restructuring the department to make it better equipped to deliver the Council's priorities; and pushing ahead with the department's three major transformation programmes (commercialisation, digitalisation, and business development).
23. As well as maximising efficiency from current service budgets, the Place Department is helping to mitigate the significant medium-term financial challenges faced by the Council by minimising the need for new budget growth.

24. The Place Department continues to proactively manage a small number of high value budget risks and pressures. For 2024/25 the department is facing financial challenges relating to the cost of living crisis (particularly relating to high energy costs and income pressures), and contractual pressures. Officers are working hard to minimise the overspend before year-end. It is expected that the cost of living crisis will continue to have a major impact on both the demand for the department's services and its budget in 2025/26.

Budget 2025/26

25. The 2025/26 revenue budget for services relevant to this Committee is summarised by portfolio in the table below.

**Table 7 – Place Department Controllable Revenue Budget 2025/26 for services covered by this Committee**

<b>Service</b>	<b>Expenditure £m</b>	<b>Income £m</b>	<b>Net Budget £m</b>
Public Realm	71.6	(77.5)	(6.0)
Economy	18.5	(12.1)	6.5
Enterprise and Skills	3.3	(3.7)	(0.4)
<b>Total</b>	<b>93.4</b>	<b>(93.2)</b>	<b>0.1</b>

26. The net controllable budget is £0.1m, meaning that income from these services almost entirely funds their costs.
27. The 2025/26 budget allows for contract inflation on externally provided (£1.4m added, based on a minimum of 2.5%). It should be noted that inflation continues to be high, and so a significant budget risk exists in relation to this for 2025/26. The Council will continue to work with contractors and suppliers to minimise any adverse impact and secure agreement to temporarily vary contract conditions within budget where possible.
28. Additional ongoing investment of £2m will enable:
- **Alignment of the waste contract budget with service provision (£1.8m)**  
The council is expecting to receive £1.8m of new Government funding in 2025/26 towards the cost of collecting and disposing of household packaging waste. This amount is being reinvested in the Council's waste collection contract to fund existing pressures on inflation, pay and pensions and food waste collections.
  - **Enhanced maintenance of bookable sports facilities (£60,000)**  
The Council generates approximately £500,000 of income per year from sports bookings in parks across the borough, including from tennis courts and sports pitches. Unfortunately these facilities can be subject to vandalism and other wear and tear issues, with fencing often requiring repair and floodlights requiring maintenance and bulb replacement. This ongoing £60,000 maintenance budget will help to keep these facilities in a fit for purpose

condition as well as maintain and increase usage. This will contribute to delivery of the new £100,000 targeted income growth in this area from 2025/26.

- **One off investment in the H&F Upstream London Industrial Strategy (£250,000)**

In November 2024 the Council launched the Upstream London 'white paper' vision document, setting out the vision for the next stage of the Council's pioneering Industrial Strategy. The goal is to make the borough a global hub of innovation and inclusive growth. An initial sum of £250,000 has been allocated in the 2025/26 budget to develop the detailed delivery and investment plan, working with the business sector and other partners.

29. Savings of £1.9m will contribute to the setting of a balanced budget for the Council. These are intended to preserve and improve front line services and will be delivered through the transformation and reconfiguration of services and increased income generation. Some of the major savings items are described in more detail below:

- **Waste disposal - targeted shift from general waste to recycling - £300,000**

This budgetary saving is to be delivered through a sustained reduction in overall waste disposal tonnages, along with a targeted shift from general waste to recycling. The Council's recently approved Joint Waste Strategy (a statutory requirement between the Council and Western Riverside Waste Authority) aims to reduce disposal costs and increase recycling by demonstrating to residents and businesses the economic value in preventing/minimising waste, repairing items, and buying reused. Actions in the strategy also include identifying opportunities to extract more recyclable material from kerbside collections, bulky waste, street cleansing waste and fly tipped materials. It is far cheaper to process a tonne of recycling compared to a tonne of general waste. If 3% of the general waste tonnages currently disposed of are shifted from general waste to recycling, this will save approximately £300,000 per year in waste disposal costs.

- **Review fees and charges - £500,000**

This budgetary saving is to be delivered through a review of discretionary fees and charges across all services to ensure at least full cost recovery (particularly due to inflationary pressures on costs in recent years) and alignment with the market. All customers are charged equally based on the goods/services purchased, apart from registered charities, community groups, and in-borough state schools who receive discounts in some areas.

- **Review street lighting asset inventory - £150,000**

This budgetary saving is to be delivered by ensuring improved efficiency in street lighting energy payments, ensuring that payments are aligned to the actual number and type of streetlights (no overcharging). This will not impact service provision.

- **Additional income from highways assets - £200,000**  
This budgetary saving is to be delivered through securing new external income from contractors that make use of the Council's highway assets (such as electric vehicle charging points, and attachments to lamp columns).
- **Additional sports bookings income from enhanced facilities - £100,000**  
It is expected that there will be increased income generating potential following the major refurbishment and upgrade of Linford Christie Stadium and the enhanced maintenance of bookable sports facilities across the borough. It is expected that this income will be generated through a combination of increased usage and a review of fees and charges.
- **Review Home Library Service - £64,000**  
It is proposed to review the current operational arrangements for this service so that it can continue to be provided in a more efficient way. This service is currently delivered to a relatively small number of users, the majority of whom have mobility or other health issues which make it difficult for them to visit a library.
- **Non-domestic property portfolio master plan - £100,000**  
This saving relates to making the Council's non-domestic property portfolio more efficient. Any specific proposals to change the existing use or tenancy arrangements of currently occupied buildings will consider an equalities impact assessment as part of the proposal and decision.
- **Review discretionary Planning charges - £175,000**  
Discretionary Planning fees have been reviewed to ensure at least full cost recovery, resulting in above inflationary uplifts that are expected to generate additional income to cover existing service costs.
- **Homebuy matching and marketing service - £75,000**  
This budgetary saving is to be delivered through the introduction of fees for the Homebuy service, to ensure at least full cost recovery.

### Fees and Charges

30. The Place Department provides an extensive range of services to local businesses and residents that are chargeable. The department is proposing to apply the recommended Council inflationary uplift of up to 1.7% on fees and charges from April 2025, with the exception of the fees and charges set out in Appendix 4. Statutory charges which the department cannot influence, will be set according to the relevant statute. Where proposed changes require consultation under statute (such as markets and street trading), this will be undertaken as necessary.



**LOCAL GOVERNMENT ACT 2000**  
**LIST OF BACKGROUND PAPERS USED IN PREPARING THIS REPORT**

<b>No.</b>	<b>Description of Background Papers</b>	<b>Name/Ext. of holder of file/copy</b>	<b>Department/ Location</b>
1.	None		

**List of Appendices:**

Appendix 1 – Savings and Investment proposals

Appendix 2 – Service Risks

Appendix 3 – Equality Impact Assessments for Savings and Investments

Appendix 4 – Fees and Charges