

## London Borough of Hammersmith & Fulham

**Report to:** Joint Children's and Education and Health and Adult Social Care Policy & Accountability Committee

**Date:** 27/01/2026

**Subject:** 2026/27 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 25 February 2026. This report provides an update on the overall preparation and proposals for the 2026/27 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.

This report sets out the Council's Revenue Budget for 2026/27 (including the key assumptions, details of new additional investment proposals and the efficiencies that are expected to be delivered by services). The report also provides an update on the Council's Medium Term Financial Strategy (MTFS) including the adequacy of the balances and reserves to ensure that the Council can maintain long term sustainability and maintain the strong financial governance of the resources.

The strategic operating environment for public services (including local government) remains challenging. While inflationary pressures have eased and interest rates are reducing, there are demand-led pressures in Adult Social Care, Children's Services and Homelessness. Combined with the impact of Fair Funding Review 2.0 and the reset of the Business Rates Retention System from April 2026, this Council will continue to face financial challenges in the years to come.

For the first time in many years, the government has confirmed a multi-year settlement from 2026/27 to 2028/29 alongside the funding formula reform. Hammersmith and Fulham is eligible for transitional funding relief over the three years to 2028/29.

The overall objectives of the revenue budget proposals for 2026/27 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

A balanced budget for 2026/27 is proposed (whilst protecting our reserves) including £9.5m of efficiencies. The budget 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, and delivering a modest budget surplus in the last three full financial years (from 2022/23 to 2024/25) and increasing reserves at a time when many other councils are utilising them to balance the annual budgets

The proposed increase of Council Tax by 2.99% and the additional social care precept (which equates to an increase of 92p per week for Band D properties) will generate an additional £4.4m (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. The Adult Social Care precept element is ringfenced to fund Adult Social Care services.

## 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.

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**Wards Affected:** All

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Our values	Summary of how this report aligns to the H&F values
Being ruthlessly financially efficient	The council has a proud record of maintaining low Council Tax to its residents. The revenue budget for 2026/27 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 2026/27 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 26/27 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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## THE REVENUE BUDGET 2026/27

1. The proposals for balancing the budget for 2026/27 are included in table 3 below.

**Table 3: 2026/27 Budget Summary**

	(£m)
<b>Base Budget 2025/26 (Balanced Budget)</b>	-
Provision for Price Inflation (3.2%)	6.9
Provision for Pay Inflation (2.5%)	4.0

Essential pressures	3.2
Other Changes (concessionary fares/interest on balances/ other)	(4.9)
Reduction in LGPS employers pension contribution	(2.1)
Savings and Efficiencies	(9.5)
<b>Resources</b>	
<b>Government</b>	
Increase Central Govt Grants	(13.2)
Decrease in Business rates	30.7
Increase in Council Tax resources	(7.7)
<b>Local</b>	
Collection Fund – year on year reduction in surplus	3.3
Collection fund	(4.0)
CIL	(0.7)
Fair Funding - Transitional Relief	(6.0)
<b>Budget Gap 26/27</b>	-

## Savings

2. The total proposed savings for 2026/27 are set out in Table 4.

**Table 4: 2026/27 savings proposals**

Department	£m
People	(4.2)
Place	(2.8)
Housing Solutions	(1.2)
Finance and Corporate Services	(0.6)
Centrally Managed Budgets	(0.7)
<b>Subtotal Service Savings</b>	<b>(9.5)</b>
Collection Fund Savings	(8.4)
<b>Total</b>	<b>(17.9)</b>

3. The savings relevant to this committee are set out in Appendix 1 to this report and as part of the Director's strategic comments section below.

## Fees and Charges

4. Charges governed by statute are set in accordance with those requirements and not varied in accordance with inflation. For non-statutory fees and charges, evied by Hammersmith & Fulham, it is recommended that:
  - they are frozen for Adult Social Care and Children's Services in line with administration policy.
  - commercial services that are charged will be reviewed on an ongoing basis in response to market conditions and varied up and down as appropriate, with appropriate authorisations according to the council Constitution.

- parking charges and fines are set in line with transport policy objectives and not considered as part of the budget process.  
a standard uplift of 3.8% (in line with September CPI) is applied for other non-commercial and non-parking fees.

5. Exceptions to these assumptions are set out in Appendix 4.  
Each budget proposal has been subject to an Equalities Impact Assessment (EQIA) review

### **Equalities Implications**

6. Each budget proposal has been subject to an Equalities Impact Assessment (EQIA). There are attached in Appendix 3. A consolidated EQIA report will be presented to Budget Council in February 2026.

### **Comments of the Executive Director of People's Services on the 2026/27 Budget Proposals**

7. The embedding of the People's Directorate across 2025, has provided opportunities for innovation, collaboration and extensive partnership working as we develop services for the future. This is in the context of significant national reform agendas, including the Families First Reforms Programme, the NHS 10-Year Plan and the Fair Funding Review. These programmes have significant cross cutting themes manifested through prevention and early intervention, integrated multi-agency working, and a coproduced, person centred approach to delivering services.

8. At Hammersmith & Fulham, we're proud of our partnerships and strong joint governance arrangements including with schools, the community and third sector, police and health. Our powerful partnerships have continued to strengthen - rooted in ambition, collaboration, and a shared commitment to improving lives. We've invested time, energy, and leadership to make this happen, restructuring our People's Department to create the capacity for meaningful joint working. Key roles in our Commissioning, Transformation and Partnerships Team are central to driving this forward. Our commitment is also reflected at the highest levels, with the Deputy Leader continuing to represent H&F on the Integrated Care Board, helping shape the strategic direction of health and care across the borough.

9. With a renewed focus, energy and opportunity, the People's Directorate continues to evolve, building on departmental strengths and areas of good practice. This has included taking learning from our Performance and Improvement Service across Children's Services as we develop a robust performance framework across Adult Social Care. We have similarly prioritised establishing robust joint governance, including joint Cabinet Member Briefings, and ensuring strong external partner representation across our Policy and Accountability Committees and Health and Wellbeing Board.

### Children's Services

10. In Children's Services these reform agendas, are being progressed on the strongest foundations. Children's Services was rated Outstanding by Ofsted in 2024, and the Council's Youth Justice Service was rated Outstanding by HMIP in 2022. This is alongside 100% of our schools and early years providers rated Good or Outstanding by Ofsted for the Quality of Education, with our primary schools rated top in the country date at the end of key stage 2 with 76% of children reaching and surpassing the standards they need in reading, writing and maths to set them up for life. Similarly, children and young people with SEND achieve better in all key stages in H&F compared to their peers both regionally and nationally.
11. The reforms provide the opportunity for greater integration with a strengthened emphasis and focus on preventative work with children, young people and their families; recognising our strength is in the power of our partnerships and multi-agency working.
12. When children are supported early, they are set up to flourish later in life. To this end our vibrant and active Youth Council continue to collaborate with leaders from across the Council to influence change. The Youth Voice Priorities are driven by young people, which have informed the criteria for our third sector investment grants, so that funding can be provided to address the priorities our young people have specified. Our inspiring Care Leavers Hub - which stands for Hope, Unity, Belonging - held a series of events and activities during Care Leavers month which recognised the journeys of our care experienced young people and amplified their voices including art workshops, wellbeing and independent living skills sessions.
13. Innovation continues to be central to our ethos in H&F, leading and influencing practice initiatives locally, sub regionally, pan London and nationally. Our Parents and Carers Together (PACT) service is now live, providing intensive support for families and young people to reduce conflict or avoid family breakdown, enabling families to build resilience. Our Mockingbird project which provides consistent, practical support to foster families including respite, childcare support and advice and guidance, is improving placement stability and continues to go from strength to strength. H&F has also continued to lead regionally, for example H&F were part of leading the update and launch of the Pan London Reducing Criminalisation for Cared for and Care Experienced Protocol, setting out a clear agenda, shared principles, and commitments across partner agencies to reduce the unnecessary criminalisation of children looked after and care leavers.
14. Our Special Education Needs and Disabilities (SEND) early intervention programmes continue to be improving outcomes for children and young people. Our Joint Communication Team for example are working collaboratively with school partners to identify and meet speech, language and communication needs in the classroom. Screening of children, pre and post intervention show significant improvements across all key speech, language and communication domains. Our SEND Support Pathway brings multi-disciplinary professionals together in a 'Team around the child' approach to supporting needs in H&F. This

includes Specialist Teachers, Educational Psychologist and Occupational Therapists, improving access to services and streamlining pathways.

15. These achievements and our future ambitions continue to be delivered in the context of rising need for services, market fragility, the cost-of-living crisis and the national economic position which have posed as significant risks to the service in meeting need within the financial constraints. We have continued to respond dynamically to these risks and have well developed systems to monitor and manage them.
16. The 2026/27 financial year represents a year of significant change as local authorities implement the governments extensive reform agendas including Best Start, Families First, and the emerging SEND Reforms. Whilst these reflect positive system change and opportunity, they equally pose associated challenges in terms of capacity, ensuring alignment and sustainable resourcing.
17. The savings proposals remain consistent with our vision and high aspirations for our children, young people, and their families as we review services against need to ensure they are as responsive and efficient as they can be and offer the right outcomes for children and young people.
18. Children's Services proposed net budget for 2026/27 is £67.96m Within this sum are areas over which the service has little direct control, these are defined as non-controllable and include contributions to Corporate Services and capital charges. In total these add up to £11.27m. This means that the net direct expenditure that the directorate is in control of is £56.69m. Table 5 below sets out how controllable expenditure is budget across the various departments within the directorate, showing that the greatest share of net general fund expenditure is on Children's and Young People's Services, £31.88m (56%) of net controllable expenditure.

**Table 5 CHS Full Net Budget 2026/27**

Directorate	Gross Expenditure Budget	Gross Income Budget	Net Expenditure Budget	% of Net Expenditure
	£'m	£'m	£'m	
Children and Young People's Services	42.58	(10.70)	31.88	56%
Children's Commissioning	6.32	(1.39)	4.93	9%
Children's Performance & Improvement	2.49	(0.22)	2.28	4%
CHS Departmental Budgets	0.63	(0.20)	0.43	1%
Education	117.30	(100.13)	17.17	30%
School Funding	9.99	(9.99)	0.00	0%
<b>Grand Total</b>	<b>179.31</b>	<b>(122.62)</b>	<b>56.69</b>	<b>100%</b>

## Adult Social Care and Public Health

19. Adult Social Care is transforming in H&F. We are implementing an ambitious local change programme across our practice, commissioning, and performance and quality assurance systems. Our strengths-based practice model is vital to our transformation, and we know that when residents are supported early to live independently with choice and control, they have improved experiences and better outcomes.
20. Independent living in Hammersmith and Fulham is not only about services; it is about building communities and systems that support independence at every stage of life. This is central to our ambitious transformation programme across Adult Social Care and builds on the Council's Independent Living Vision, recognising people are experts in their own lives, and our role as a council is to remove barriers, enable independence, and champion inclusion.
21. To inform our strategic approach we have been engaging extensively with residents, partners and stakeholders to understand their lived experiences and to inform future priorities. The engagement, which has included over 60 sessions, has been designed to inform how the local system, inclusive of our health partners, community and third sector organisations and providers, will work effectively together. This includes identifying current gaps, pressures, and opportunities to improve the availability, flexibility, and quality of provision across our borough. The findings from this engagement and consultation have informed the new Living Well, Ageing Well Strategy which will be published early in 2026.
22. The Post 19 Coproduction Coordinator, funded by H&F and hosted by the H&F parent/carer forum Parentsactive, reflects one aspect of the department's commitment to openly engaging, and co-designing with residents, improvements to existing services and services for the future.
23. Our partnerships will be key to leveraging the system change required. Our Integrated Community Access Point demonstrates the strength of multi-agency integrated services, bringing together an alliance of clinicians and professionals across organisations working with people with the most complex needs, to reduce fragmentation of services and break down organisational boundaries. The service provides a strong foundation for our "Better Together" approach, that keeps people living independently for longer, and out of hospital where possible. Residents experience faster responses, streamlined pathways, better communication and more personalised support.
24. The Local Authority invested in the creation of a Transitions Team in 2023 to support young people, and their families in navigating the pathways from children's services into adult services. This service is now well embedded providing support to young people and their families as they reach adulthood. A Preparation for Adulthood Toolkit and Pathways Guide have been coproduced for the Local Offer, setting out the roles and responsibilities of all agencies and the actions at each stage of the transition showing what services are available and what steps to take to get the help young people and their families may need

locally. Our strong multi-agency planning forums support early planning and tracking so young people get the right support at the right time.

25. We recognise that our workforce will be our biggest asset to leverage the change and innovation required across the system, designing and creating services that are embedded in our communities, closest to those that need them. To this end, we have proactively driven key recruitment campaigns both across senior management and practice, setting the ambition of H&F being an employer of choice; recruiting and retaining the best.
26. Our Public Health service is key to our prevention agenda, building deeper connections with the wider determinants of health, including education, housing, transport, spatial planning, and economic prosperity. 2025/26 has seen the launch of our Public Health zero-suicide borough campaign, working with local partners to make support visible, available and approachable in every corner of our community. H&F were also recognised as leaders in tackling food poverty and life beyond the Foodbank at the Sustain Awards 2025. The department is committed to making health everyone's business through prevention, empowerment, and integrated systems.
27. At a time of significant financial pressures, because of the national economic picture and increasing acuity of need and demand for services, there are significant financial pressure, which include:
  - Demographic demand growth and complexity of need resulting in significant cost pressures including ever increasing hospital discharge pressures into social care market.
  - Pressures within the care market and the impact of cost-of-living.
  - Price pressures both existing and following new competitive tender activity.
28. Given the sustained financial pressures, we must be innovative and transformative within the available resources. The savings proposals are consistent with our vision and these aspirations. We recognise that we cannot deliver this in isolation however, and our dynamic partnerships with residents through coproduction, across Health and the community and third sector will be pivotal to leveraging system capacity.

#### Adult Social Care and Public Health Budget 2026/27

29. Adult Social Care proposed net budget for 2026/27 is £82.028m. Within this sum are areas over which the service has little direct control, these are defined as non-controllable and include contributions to Corporate Services and capital charges. In total these add up to £7.615m. This means that the net direct expenditure that the directorate is in control of is £74.413m. The provisional Public Health grant is £28.139m which ringfenced funding to meet Public Health outcomes. Two other grants previously allocated separately, the Drug & Alcohol Treatment and Recovery & Improvement Grant (DATRIG) and Local Stop Smoking Services Grant (LSSSAG) have been consolidated into the overall Public Health grant from 2026/27.

**Table 6. Adult Social Care & Public Health proposed Budget 2026/27**

Divisions	Gross Expenditure Budget	2026 Gross Income Budget	2026 Net Expenditure Budget
	£m	£M	£M
Independent Living, Quality, Performance & Safeguarding	67.234	(33.139)	34.095
Specialist Support and Independent Living	40.401	(5.331)	35.071
Commissioning	6.400	(2.377)	4.023
Resources	0.758	(0.037)	0.721
Social Care Directorate	0.503		0.503
Public Health	28.139	(28.139)	0.000
<b>Total Controllable Budget</b>	<b>143.436</b>	<b>(69.023)</b>	<b>74.413</b>
Non-Controllable Expenditure	7.615		7.615
<b>Grand Total</b>	<b>151.051</b>	<b>(69.023)</b>	<b>82.028</b>

**Table 7 - Summary of the Budget Movement from 2025/26 to 2026/27**

People	2025-26 Budget	Inflation	Growth	Savings	Market sustainability and improvement fund consolidated into RSG grant	Others	2026-27 Budget
					£m		
Adult Social Care & Public Health	78.471	2.995	0	(3.432)	4.019	(0.025)	82.028

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

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

**List of Appendices:**

Appendix 1 – Savings proposals

Appendix 2 – Service Risks

Appendix 3 – Equality Impact Assessments

Appendix 4 – Fees and Charges