

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Climate Change and Ecology Policy and Accountability Committee

Date: 02/02/2026

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.

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

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.

Background Papers Used in Preparing This Report

None.

THE REVENUE BUDGET 2026/27

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

Table 1: 2026/27 Budget Summary

	(£m)
Base Budget 2025/26 (Balanced Budget)	-
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)
Resources	

Government	
Increase Central Govt Grants	(13.2)
Decrease in Business rates	30.7
Increase in Council Tax resources	(7.7)
Local	
Collection Fund – year on year reduction in surplus	3.3
Collection fund	(4.0)
CIL	(0.7)
Fair Funding - Transitional Relief	(6.0)
Budget Gap 26/27	-

Savings

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

Table 2: 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)
Subtotal Service Savings	(9.5)
Collection Fund Savings	(8.4)
Total	(17.9)

- There are no proposed revenue savings relevant to this committee for 2026/27.

Fees and Charges

- The Council provides an extensive range of services to local businesses and residents that are chargeable. 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 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. There are no fees and charges to be considered by this Policy and Accountability Committee.

Equalities Implications

6. Each budget proposal has been subject to an Equalities Impact Assessment (EQIA) review. And a consolidated EQIA report will be presented to Budget Council in February 2026. As there are no proposed revenue savings relevant to this Committee, there are no EQIAs to be considered by this Committee.

Comments of the Executive Director of Place on the 2026/27 Budget Proposals

7. Although the Climate and Ecology team is budgeted for within the Place Department, its role is to influence spending across the wider Council to ensure that spending overall is aligned with the Council's ambitious Climate and Ecology aims.
8. Additionally, the team is focussed on securing external funding, both within the Place Department and across the Council, in order to maximise Climate Action at the least cost to the Council. Since 2021 the team has successfully brought in approximately £19m of external funding, enabling the delivery of climate projects with a total value of approximately £34m (including match funding of approximately £15m). This includes £7.5m recently secured from the Government's Local Electric Vehicle Infrastructure Fund to deliver more than 240 new local charging points working in partnership with five other boroughs. With nearly 2,800 charging points already installed across the borough, H&F is supporting residents to switch to electric by having the highest number of charging points per person, anywhere in the country.
9. The Council continues to encourage developers to build low carbon developments, and collects Carbon Offset Funding payments to mitigate the climate impact of developments where desired standards are not met. This income is ringfenced for reinvestment in projects that deliver a like for like reduction in CO2 emissions.
10. Beyond the revenue budget, the Council's capital budget is also helping to tackle the climate and ecological emergency and improve resident's lives, with £30.6m set aside in the Council's general fund capital strategy for green investment projects, transport schemes and emission reduction schemes. The Council's Housing Revenue Account is also investing more than £1m a week to refurbish and modernise council-owned homes. This helps to address three major challenges for residents: the climate crisis, the high cost of living and the need for safe, warm housing. Over the past two years the Council has delivered more than 3,200 energy efficiency upgrades in 1,546 homes, including new windows and doors, roof replacements, and wall and loft insulation. These improvements are helping residents cut energy bills and reduce carbon emissions. The Council is also building 1,800 new genuinely affordable homes for local people, including current council tenants, over the next five years. These new homes will meet the highest energy efficiency standards and feature solar panels, green roofs and water harvesting systems.
11. The Climate Change & Ecology team is also driving forward the Council's H&F Green Investment, an innovative community investment scheme primarily aimed at engaging

local residents and businesses in H&F's climate change objectives. At the time of launch this was the largest green investment scheme of its kind, targeting £5m for investment in the Council's Climate and Ecological strategy, at a cheaper rate than borrowing from more traditional means. This funding is being sought in a phased way, across a number of tranches, in order to build and sustain effective communication, engagement and support of the Council's green agenda. To date almost £4m has been raised across five tranches, more than any other Council, with the fifth tranche still open and a sixth tranche planned for March 2026. The funds raised to date have been invested in a number of successful green initiatives, focussed on active travel measures, improving urban green spaces, and helping to roll out sustainable drainage. For example, new rain gardens have been installed in King Street that not only look good but also act as natural green shields that better protect homes and businesses during heavy rainfall. These were planted with the help of residents from Hammersmith Community Gardens Association.

12. For 2026/27 the Climate Change and Ecology team staffing budget will increase for annual pay inflation. The service also has an ongoing budget of £120,000 to allow for additional investment in Climate Change projects and activities (agreed as part of the 2025/26 budget proposals). For example, the continuation of energy efficiency grants, rewilding campaigns, ecology projects, climate engagement and low-level match funding for grants. This ongoing annual funding is supplementary to a one-off reserve of £750,000 that was established in 2021/22 for the sole purpose of investment in Climate Action.

List of Appendices

None.