

## London Borough of Hammersmith & Fulham

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

**Date:** 03/02/2026

**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.

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## 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

<b>Our values</b>	<b>Summary of how this report aligns to the H&amp;F values</b>
	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 1 below.

**Table 1: 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 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)
<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 summarised in table 3 below. Of this £2.8m saving, £2.3m is directly attributable to services within this committee. Further detail is provided in Appendices 1 and 3.

**Table 3: Summary of savings relevant to this committee**

Proposal	£m
Place Redesign Phase 3	(1.3)
Review Fees and Charges	(0.5)
Other commercial initiatives	(0.8)
Targeted reduction in waste disposal costs	(0.2)
<b>Total savings</b>	<b>(2.8)</b>

## **Fees and Charges**

4. The Council provides an extensive range of services to local businesses and residents that are chargeable. Within this Policy and Accountability Committee, examples are Commercial Waste, Building Control, Planning, Licensing and Sports Bookings.
5. Charges governed by statute are set in accordance with those requirements and not varied in accordance with inflation. Where proposed changes require consultation under statute, this will be undertaken as necessary.
6. For non-statutory fees and charges, levied by Hammersmith & Fulham, it is recommended that for 2026/27:
  - 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.
7. For fees and charges within this Policy and Accountability Committee, it is proposed to apply the standard inflationary uplift of 3.8% on all fees and charges from April 2026, with the exception of the commercial charges set out in Appendix 4.

## **Equalities Implications**

8. 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 2026.

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

9. The Economy, Arts, Sports and Public Realm Policy & Accountability Committee oversees some budgets within the Council's Place Department. These budgets are invested in a wide range of universal services to the residents of Hammersmith & Fulham, including:
  - Economic Development and Regeneration, including Adult Learning, Employment Skills, Area Regeneration and Council Property Development
  - Planning and Corporate Property Management
  - Public Realm, including Street Environment Services (waste collection, disposal and street cleansing), Highways and Parks, Leisure, Tourism and Sport
  - Transport and Parking

## **Revenue Budget 2026/27**

10. The 2026/27 revenue budget for the services within this Policy and Accountability Committee are summarised in the table below.

**Table 4 – The Economy, Arts, Sports & Public Realm Controllable Revenue Budget 2026/27**

Service	Expenditure £m	Income £m	Net Budget £m
Economic Development and Regeneration	7.8	(7.9)	(0.1)
Planning and Property Management	15.2	(8.2)	7.0
Public Realm and Transport	53.3	(18.9)	34.4
<b>Total</b>	<b>76.3</b>	<b>(35.0)</b>	<b>41.3</b>

11. The 2026/27 net controllable revenue budget for services within this Committee is £41m (expenditure of £76m is partially recovered through income of £35m). The Controlled Parking Account is statutorily ringfenced and therefore managed and reported separately. This £41m net revenue budget will ensure the continued investment of resources in key services for residents, with a few examples as follows.

12. The Council invests more than £30m a year in keeping the borough clean and collecting and disposing of waste and recycling from around 81,000 homes. That's around 10 million waste and recycling collections and almost 30,000 miles of street sweeping every year. The Council is continuing to invest in modernising these essential services, for example by investing in a new electric vehicle fleet and helping residents to throw away less and recycle more through the roll out of wheeled bin and separate food waste collections. This is also supporting the Council's ambitious climate change and ecological aims.

13. The Council invests almost £3m a year in keeping the borough's parks, cemeteries and open spaces as enjoyable spaces – maintaining 53 green spaces across 213 hectares is the equivalent to approximately 300 football pitches. This investment has earnt the Council 25 prestigious national Green Flag awards (increased from 21 to 25 in July 2025), recognising these parks as being amongst some of the most excellent, well-managed parks and open spaces in the United Kingdom. The Council also has plans to invest £8.3m of capital finance to upgrade 95 playgrounds and play spaces across the borough over a three-year period.

14. The Council is responsible for maintaining over 220 kilometres of roads and almost 450 kilometres of pavements. Whilst the majority of the Council's Highways maintenance is planned and funded by the Council's capital budget, the Council invests almost £1.5m of revenue spend every year responding to reactive highways maintenance needs and keeping the borough roads clear during icy weather.

15. The Council continues to minimise the cost of its Leisure Service, providing four leisure centres and a swimming pool at no cost to the Council (the existing leisure contract is a net income generating contract). The Council has continued to invest significantly in leisure infrastructure and services, including £1.3m to modernise facilities at Linford

Christie Outdoor Sports Centre. The project was delivered with support from partners including the Wormwood Scrubs Charitable Trust.

16. The Council is also committed to delivering its ambitious Cultural Strategy, creating a place where people celebrate together and feel they belong, where visitors are wowed and where local creativity supports innovation and drives investment, jobs and shared prosperity. Through the King Charles III Coronation Youth Fund, Hammersmith & Fulham Council has invested over £1m in arts, culture, sport and youth opportunities, supporting more than 40 local organisations and creating a lasting legacy for young people across the borough. The Council invests almost £3m a year in the borough's Library service, with almost 900 visits across five libraries every year.
17. The Council's Economic Development service, including the pioneering Upstream London industrial strategy, is fully funded through external income and therefore delivered at no cost to the Council or resident. Since the Council's Industrial Strategy was launched in 2017, it has helped to attract £6bn of investment and created more than 17,000 new jobs in H&F, providing a wide range of opportunities for residents.
18. The Place Department is meeting the challenge of being ruthlessly financially efficient by optimising commercialisation. Targeting almost £20m in commercial income that is reinvested in services every year, the Department is focussed on income maximisation. For example, regularly reviewing fees and charges and maximising developer contributions and other external funding. The Department is also robustly managing all service contracts and is actively working with the Council's Contract Assurance Board to reprocure and embed some of major external service contracts. For example, preparing to procure on the open market a new Public Realm works contract, bringing together highways and parks maintenance contracts to ensure maximum value for money. Also ensuring the continuation of cost-effective contracted leisure services as the industry adjusts to the long-term effects of the pandemic and tackles rising running costs.
19. The Place Department is also striving to optimise digitalisation and investing in available technologies to streamline services and improve the resident and customer experience. For example, using Artificial Intelligence to forecast demand for book stock management in libraries. The Department's Digital Transformation programme is also looking ahead and trialling emerging technologies.
20. The Place Department continues to review and challenge current service delivery models and budgets, to ensure that services are effective and efficient. For example, restructuring the department to both reduce cost and make it better equipped to deliver the Council's priorities.
21. For the 2026/27 revenue budget, the following matters should be noted for services relating to this Committee:
  - Contract inflation on externally provided services has been allowed for in the budget (£1.4m in total based on a minimum of 3.2%). It should be noted that inflation continues to be high for some major contracts, and so a significant budget risk exists in relation to this for 2026/27. 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.

- Efficiency savings within this Committee of £2.3m will contribute to the setting of a balanced budget for the Council (details in Appendices 1 and 3). 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.

**List of Appendices:**

Appendix 1 – Savings proposals

Appendix 2 – Service Risks

Appendix 3 – Equality Impact Assessments

Appendix 4 – Fees and Charges