

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS: All</b>
<p><b>REPORT TITLE</b></p> <p>2026/27 Revenue Estimates and Council Tax Setting (CS/2026/06)</p>	
<p><b>REPORT OF</b></p> <p>Cabinet Member for Finance and Cost of Living</p>	
<p><b>FOR SUBMISSION TO</b></p> <p>Resources and Corporate Performance Scrutiny Committee Cabinet Council</p>	<p><b>DATE</b></p> <p>24 February 2026 25 February 2026 2 March 2026</p>
<p><b>STRATEGIC CONTEXT</b></p> <p>In March 2022, we published We Make Camden – our refreshed vision for the future of Camden. It sets out what we want to collectively achieve and lead on together and was developed following conversations with residents, partners and community leaders. We Make Camden highlights the big issues facing Camden that we all agree are important, alongside practical ways we can make change together and the change we want to see in the short, medium and long term. Delivering We Make Camden requires the Council to make deliberate and sometimes difficult choices about how we use our finite resources. The strategy therefore provides not only a shared set of ambitions for the Council and our community, but also guides where we focus investment and improvement.</p> <p>Our Medium Term Financial Strategy (MTFS) and the Council’s response to the challenges facing the borough have informed the setting of this year’s budget. This is a budget for everyone – focused on keeping our borough safe, clean and thriving, supporting local businesses, backing our high streets and protecting the people who need us most.</p> <p>The Government have recently issued the first multi-year financial settlement for local government in ten years. This is welcome and provides the Council with a more stable platform from which to plan and invest for the future through its next Medium Term Financial Strategy.</p>	
<p><b>SUMMARY OF REPORT</b></p> <p>The Medium Term Financial Strategy agreed by Cabinet in January 2023 not only took steps to ensure that the Council could continue to operate on a sound financial footing over the medium term, but also to align the Council’s limited resources to achieving our ambitions for our borough, residents and communities.</p>	

The recommendations in this report build on the Council's Medium Term Financial Strategy and will support the vision of We Make Camden, to make Camden a place where everyone has a chance to succeed, where nobody gets left behind, and where everybody has a voice.

In summary, this report:

- Presents budget and funding proposals that will enable the Council to balance its budget in 2026/27 and utilise available resources towards the achievement of the outcomes set out in We Make Camden.
- Provides an update on the overall medium term financial position for the Council, including details from the multi-year Local Government Finance Settlement for 2026/27 to 2028/29 and other government announcements. It also provides an update on the main areas of financial risk, including the permanent budget pressures across social care and homeless services, as well as the challenging overall financial environment in which the Council is operating.
- Recommends a council tax increase of 4.99%, made up of:
  - A rise of 2.99% in the 2026/27 core council tax level, to support Council funding at large, and;
  - A rise of 2% from the levying of an Adult Social Care Precept, to support the Council in its response to the unprecedented demographic and demand pressures facing Adult Social Care.
- Sets out the required level of council tax income to balance the budget as £165,438,070 (inclusive of the Garden Squares levies), which equates to a proposed Camden element of council tax of £1,696.61 at the Band D level for residents not in Garden Squares.
- Sets out the Garden Squares levies for 2026/27.
- Sets out the proposed Greater London Authority precept at £510.51 for Band D properties, an increase of 4.10% on last year (subject to Greater London Authority approval of its draft budget), making the total council tax charge at Band D £2,207.12 for residents not in Garden Squares.
- Includes the Director of Finance's assessment of the robustness of the budget and the adequacy of general balances available to manage financial risk.
- Recommends fees and charges for approval by Cabinet and by Council where required.
- Recommends a number of capital investments, including helping our high streets and small businesses to thrive, extending our programme to plant 4,000+ trees across the borough and the use of corporate resources to invest in Temporary Accommodation to support people and families at risk

of homelessness, alongside updates on our existing retrofit at scale and Children's Social Care accommodation work.

### **Local Government Act 1972 – Access to Information**

No documents that require listing were used in the preparation of this report.

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### **RECOMMENDATIONS**

#### **THE RESOURCES AND CORPORATE PERFORMANCE SCRUTINY**

**COMMITTEE** is asked to consider the report and make any recommendations to the Cabinet.

**THE CABINET** is recommended to:

1. Exempt the decisions made regarding the recommendations in this report from call in (as agreed by the Chair of the Resources and Corporate Performance Scrutiny Committee) on the grounds of urgency, and for the reasons set out in Paragraphs 2.1 to 2.4 of the report.
2. Note that the Council has not received any feedback following the consultation with Non-Domestic Ratepayers, and have due regard to the result of the Equality Impact Assessment in Appendix F.
3. Recommend to Council for approval:
  - (a) The council tax requirement for the year 2026/27 of £165,438,070 (inclusive of the Garden Squares levies).
  - (b) The calculations for determining the council tax requirement for the year 2026/27 in accordance with the Local Government Finance Act 1992, as set out in Appendix B.
  - (c) To note that the 2026/27 Greater London Authority (GLA) precept set out in this report is £510.51 for Band D, as shown for all bands in Appendix B and is subject to Greater London Authority approval of the budget on 26 February 2026.
  - (d) That the Council sets the amount of council tax for 2026/27, as detailed in Appendix B and notes that this will mean a Camden element of council tax of £1,696.61 (4.99% increase) for Band D residents not in Garden Squares.

- (e) That the Council hereby determines that its basic amount of council tax for the financial year 2026/27 is not excessive, as outlined in Paragraph 2.84.
  - (f) The budget summary as set out in Appendix C.
  - (g) The budget investments included in Paragraphs 2.42 to 2.56.
  - (h) Note the statutory Section 25 notice detailed in Paragraphs 7.1 to 7.34 summarising the assurance that the budget is set using sound assumptions and the level of reserves is deemed adequate.
  - (i) The Garden Squares levy requirements received for each Garden Square Committee for 2026/27, as shown in Appendix B and Appendix C.
4. In relation to fees and charges:
- (a) Agree the new fees and charges and those increasing above 7% discussed in Paragraphs 2.92 to 2.93 and in Appendix D1 and agree and recommend to Council the fees and charges listed in Appendix D2.
  - (b) Delegate authority to the relevant Executive Director to decide increases to existing fees and charges up to a maximum of 7%, following consultation with the relevant portfolio holders.
  - (c) Delegate authority to the Section 151 Officer to delete fees and charges where these are no longer in use, as outlined in Paragraph 2.94.
5. Note in Paragraphs 2.95 to 2.102 and Table 6 the planned use of reserves, and in Paragraph 7.34 the adequacy of reserves as stated, and that no major allocations of general balances are being considered at this stage.
6. Agree the capital investments set out in Paragraphs 2.58 to 2.61, Paragraphs 2.103 to 2.107 and Table 7.
7. Given the speed at which officers need to act to respond to Temporary Accommodation acquisition and grant funding opportunities, to agree the following delegations in relation to all property and grant programmes assisting in addressing Temporary Accommodation pressures, subject to internal due diligence, as set out in Paragraphs 2.106 to 2.110:
- (a) Delegate authority to the Executive Director Homes and Communities to agree Temporary Accommodation acquisitions of up to £11m per acquisition, subject to available budget provision.
  - (b) Delegate authority to the Director of Communities and Housing Support to agree Temporary Accommodation acquisitions of up to £5m per acquisition, subject to available budget provision.

**COUNCIL** is recommended to:

1. Note the information set out in this report.

2. Note that the Council has not received any feedback following the consultation with Non-Domestic Ratepayers, and have due regard to the results of the Equality Impact Assessment in Appendix F.
3. Agree:
  - (a) The council tax requirement for the year 2026/27 of £165,438,070 (inclusive of the Garden Squares levies).
  - (b) The calculations for determining the council tax requirement for the year 2026/27 in accordance with the Local Government Finance Act 1992, as set out in Appendix B.
  - (c) To note that the Greater London Authority (GLA) precept set out in this report is £510.51 for Band D, as shown for all bands in Appendix B and is subject to Greater London Authority approval of the budget on 26 February 2026.
  - (d) That the Council sets the amount of council tax for 2026/27, as detailed in Appendix B and notes that this will mean a Camden element of council tax of £1,696.61 (4.99% increase) for Band D residents not in Garden Squares.
  - (e) That the Council hereby determines that its basic amount of council tax for the financial year 2026/27 is not excessive, as outlined in Paragraph 2.84.
  - (f) The budget summary as set out in Appendix C.
  - (g) The budget investments included in Paragraphs 2.42 to 2.56.
  - (h) Note the Section 25 notice detailed in Paragraphs 7.1 to 7.34 summarising the assurance that the budget is set using sound assumptions and the level of reserves is deemed adequate.
  - (i) The Garden Squares levy requirement received for each Garden Square Committee for 2026/27 as shown in Appendix B and Appendix C.
4. In relation to fees and charges:
  - (a) Agree the new fees and charges and those increasing above 7% discussed in Paragraphs 2.92 to 2.93 and listed in Appendix D2.
  - (b) Delegate authority to the relevant Executive Director to decide increases to existing fees and charges up to a maximum of 7%, following consultation with the relevant portfolio holders.
  - (c) Delegate authority to the Section 151 Officer to delete fees and charges where these are no longer in use, as outlined in Paragraph 2.94.

5. Note in Paragraphs 2.95 to 2.102 and Table 6 the planned use of reserves, and in Paragraph 7.34 the adequacy of reserves as stated, and that no major allocations of general balances are being considered at this stage.

Signed by: Director of Finance

Date: 13 February 2026

## 1. CONTEXT AND BACKGROUND

- 1.1. Over the past few years, Camden has come together in new and inspiring ways to tackle some of the most pressing issues facing the borough. In March 2022, we published *We Make Camden* – our refreshed vision for the future of Camden. It sets out what we want to collectively achieve and lead together and was developed following conversations with residents, partners and community leaders. It also provides a shared framework for making choices about where the Council focuses its time, resources and leadership.
- 1.2. The delivery of our ambitions is supported by a set of Camden Missions and Challenges that we want to tackle with our partners and communities across the borough. You can read more about these issues and our response on our [We Make Camden](#) website.
- 1.3. The Council's financial strategy helps shape our ability to deliver on these commitments. Through our Medium Term Financial Strategy (MTFS), we take a long-term, disciplined approach to balancing investment, efficiency and savings. This is how we ensure that our limited resources are directed towards the outcomes set out in *We Make Camden*, while maintaining the Council's financial sustainability.
- 1.4. We have listened to our communities, local businesses and partners – and this year's budget is a direct response. This is a budget for everyone – to keep our borough safe, clean and thriving, support local businesses, back our high streets and protect the people who need us most. The Council has, over a number of years, sought to invest in tackling inequality and to support the vulnerable in our communities. This budget maintains that commitment, with:
  - A continuation of our investment in our Council Tax Support Scheme, including formalising our support for terminally ill residents facing financial hardship.
  - A continuation of our £2m Cost of Living Crisis Fund.
  - Investment in the Council's Debt Mission work, including the establishment of a Money Advice team which supports residents in maximising their income and to manage and avoid debt where possible.
- 1.5. In Camden, we have a proud track record of sound, long term financial planning and living within our financial means. Cabinet agreed the current Medium Term Financial Strategy in January 2023; this is summarised in the table below, with the MTFS now due to be extended into 2026/27.

### **Table 1 - Summary of Budget Savings**

	2023/24	2024/25	2025/26
	£m	£m	£m
General Fund	13.61	17.21	20.26
Housing Revenue Account	2.93	6.03	7.51
<b>Total MTFS Savings</b>	<b>16.54</b>	<b>23.24</b>	<b>27.77</b>
Additional HRA Savings Agreed		3.90	4.50
<b>Total Agreed Budget Savings</b>	<b>16.54</b>	<b>27.14</b>	<b>32.27</b>

- 1.6. The MTFS includes a commitment to deliver savings, alongside targeted investment in areas that best support the delivery of We Make Camden. The financial challenges facing the Council continue to evolve, and officers are currently forecasting medium term pressures arising from inflation, demographic change and demand growth. This work also includes the development and testing of options for savings and service reform, to inform the design of the Council's next MTFS from April 2027.
- 1.7. We prioritise our resources to focus on the outcomes that matter most to our communities, including tackling poverty and inequality, in part through our focus on prevention and early intervention. However, like councils across the country, we continue to face an exceptionally challenging financial environment. Pressures in Temporary Accommodation, increasing social care costs and an ongoing surge in spend to support children with Special Educational Needs and Disabilities – in addition to rising inflation and increasing need and vulnerability in our communities – are issues impacting councils across the country.
- 1.8. Rising demand for key services continues to place significant strain on our resources. London Councils' analysis shows that Camden's Core Spending Power in 2024/25 was 24.6% lower in real terms than in 2010/11, underlining the scale of the long-term funding challenge. The government's Fair Funding Review, which seeks to rebalance allocations and align funding more closely with local need and deprivation, represents a major reset of the system. The Council welcomes the stability offered by multi-year settlements. The latest funding settlement confirms that funding will remain flat for the next three years compared to 2025/26, resulting in Core Spending Power in 2028/29 being around 8.6% higher than in 2024/25.
- 1.9. This report proposes the detailed budgets and council tax levels for 2026/27, to support the delivery of services and the continued renewal of the borough. The council tax increase of 4.99% recommended in this report, including the 2% Adult Social Care Precept, reflects the immediate need to respond to sustained cost pressures, rising demand for statutory services and the cumulative impact of long term reductions in government funding. Without action now, these pressures would increasingly undermine the Council's ability to meet its statutory duties and deliver the outcomes set out in We Make Camden. The proposed council tax increase and Adult Social Care Precept are in line with government assumptions on local government funding and reflect the growing reliance on locally raised income to fund core services. The Council's approach is to use this funding

not only to protect essential services for the most vulnerable residents, but also to support the transition towards high-quality, preventative and relational public services that are financially sustainable, responsive to local need and better equipped to meet the challenges of the future.

## **2. PROPOSAL AND REASONS**

### **A Legal Framework for Setting the Budget**

- 2.1. The decisions within this report are among the most important that local authorities are called upon to make during the year and the manner in which they must be made is closely prescribed by law. Members are required to give careful consideration to the information and advice set out in this report and to the relevant legal considerations set out in Appendix A. In approving the budget and its individual lines, the Council is not making decisions as to the implementation, form or detail of service delivery. These are by law, in the most part matters for the Executive, being the Cabinet and Cabinet Members and on occasion delegated Chief Officers. In the delivery of services decision makers will be required to consider all relevant matters including the results of any consultation and the Council's equality duties.
- 2.2. By law, the Council is required to set the council tax before 11 March for the following financial year. In order to approve a budget and council tax, Council will need to pass a resolution on the statutory determination of tax in the form attached to this report as Appendix B.
- 2.3. The Cabinet is asked to agree that this report is urgent and therefore exempt from the call-in procedure. A decision is urgent if any delay likely to be caused by the call-in process would seriously prejudice the Council's or the public interest. In order to set the council tax by 11 March, the recommendations of this report must be considered by the Council at its meeting on 2 March 2026. If the Cabinet's decision were to be called in, it is unlikely that the correct constitutional procedures could be followed in time to allow for this matter to be dealt with at the full Council meeting on 2 March. Failure to comply with the legal requirement to set the council tax before 11 March would seriously prejudice the Council's interests.
- 2.4. Given that the final decision on the budget and the council tax rests with Council and all Members will have an opportunity both to speak and vote on the matter at the full Council meeting, the rationale for the call-in procedure will effectively be met. The consent of the Chair of the Resources and Corporate Performance Scrutiny Committee needs to be sought if the Cabinet decides that this decision is urgent. The Chair has confirmed that this report can be exempted from the call-in procedure.

### **Financial Context and Outlook**

- 2.5. The financial context facing local authorities has been shaped by a sustained period of structural pressure. This includes significant reductions in both revenue and capital funding in real terms over more than a decade,

the transfer of additional statutory responsibilities without the accompanying resources and more recently, elevated inflation, higher interest rates and ongoing cost of living pressures affecting residents. Together, these factors have materially reduced financial headroom across the sector.

- 2.6. As a result, many local authorities across London and the rest of England have been placed under severe and, in many cases, unsustainable financial pressure. As of 2025/26, 30 local authorities are receiving additional support from central government through the Exceptional Financial Support process, with a number of authorities also issuing Section 114 notices (to effectively declare bankruptcy) since 2018, reflecting the scale of financial distress across the sector.<sup>1</sup>
- 2.7. Camden is not in this position and has managed financial pressures well compared to many other local authorities. This reflects a strong approach to financial planning and control, with the Medium Term Financial Strategy at the centre of the Council's governance and decision-making. Since 2010, the Council has successfully delivered a series of MTFS programmes, combining savings with targeted, purpose-led investment — including a sustained focus on prevention, early intervention and the effective use of the Council's asset base. This approach has supported improved outcomes for service users while maintaining the Council's overall financial resilience.
- 2.8. However, the scale of the challenge faced across local government is considerable, evolving and should not be underestimated. In recent years, pressures have increased rapidly in demand-driven service areas such as homelessness and Children's Social Care, as the number of cases and their complexity grow whilst service providers' prices increase. In December 2025, London Councils reported that an estimated 1 in 50 residents are homeless and living in temporary accommodation, with around 49% of those being homeless children. London Boroughs were spending £5.5m per day on homelessness in 2024/25.<sup>2</sup>
- 2.9. These issues directly impact the Council, which is similarly seeing a high level of volatility in demand across Temporary Accommodation and social care. Given these extraordinary pressures facing statutory services, the Council is forecasting a significant overspend of £19.6m in its General Fund for 2025/26. The Council has implemented and continues to develop a range of mitigations and controls to manage this overspend, including recruitment controls. Nonetheless, the budgetary pressures facing the Council across social care and homelessness are expected to be permanent and weaken the Council's ability to invest resources elsewhere in the organisation.
- 2.10. The Council welcomes the introduction of a multi-year financial settlement for local government, which provides an improved level of certainty compared to recent years and supports more effective medium-term financial planning. This increased stability enables the Council to take a more planned and strategic approach to its next Medium Term Financial

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<sup>1</sup> [Councils to receive exceptional support - GOV.UK](#)

<sup>2</sup> [Update on London's homelessness emergency | London Councils](#)

Strategy, strengthening the link between financial planning, service reform and the delivery of We Make Camden.

- 2.11. In summary, the Council's strong financial planning and governance place it in a relatively stronger position than many authorities to respond to rising demand for critical statutory services. The introduction of a multi-year financial settlement, alongside the Council's established approach to medium-term financial planning, provides a stronger platform for managing these pressures in a planned and transparent way. However, the scale of demand and cost pressures means that a significant proportion of available resources must continue to be directed towards sustaining essential services and providing effective support to the most vulnerable residents. This context further reinforces the importance of disciplined prioritisation, long-term financial resilience and continued focus on value for money across the organisation.

### **Cost of Living Support**

- 2.12. The Council provides a wide range of support to those who need it most in the borough. This includes an investment of around £34.1m in its Council Tax Support (CTS) scheme, which was launched in 2020/21 and remains one of the most generous schemes in the country, with income bands based on the London Living Wage. This means an estimated 16,000 households in the borough pay no council tax and a further 6,000 households only pay partial council tax (as of 1 October 2025).
- 2.13. In January 2026, Full Council agreed to formally extend Camden's discretionary discount policy to cover those who are terminally ill experiencing financial hardship, codifying support previously provided under the 'exceptional circumstances' provision. This recognises that residents with terminal illness are likely to have higher costs which could cause financial hardship, and that where this is evidenced, we would continue to reduce any remaining council tax charge to nil to support the household and prevent poverty.
- 2.14. The Council also invests £2m each year in its Cost of Living Crisis Fund to supplement the government's Household Support Fund (as well as its successor, the Crisis & Resilience Fund). This includes a Crisis Grants Programme, which provides payments of up to £500 for those who need it most, to help pay for the essentials, like food and household bills, as well as holiday food vouchers to ensure children continue to eat well outside of term time.
- 2.15. We have been investing in the development of the Council's Debt Mission work to try and ensure that everyone can get the support they need to avoid debt and be financially secure. As part of this work, the Council has established a Money Advice team to support residents to maximise their income and to manage and avoid debt where possible.

### **Camden Climate Budget**

- 2.16. This report is accompanied by Camden's Third Climate Budget. The Climate Budget aligns financial planning with Camden's Climate Action Plan, providing transparency on progress, investment and challenges in decarbonising the Council's estate. The full Third Climate Budget is attached to this report as Appendix E.
- 2.17. Camden was one of the first local authorities to publish a Climate Budget alongside the 2024/25 Council Tax Report, and this is the third consecutive year that climate objectives have been formally integrated into the Council's financial planning.
- 2.18. During 2025, the Council continued to make progress in reducing emissions from its corporate buildings, leisure centres, schools and fleet, through energy efficiency improvements. Carbon emissions are now 64.7% below 2009/10 levels. Completed projects also reduce energy costs. For example, at Highgate Library, the works have resulted in energy savings of approximately 48%.
- 2.19. In 2025/26, the Council successfully secured further external funding to support the programme, including £6.4m from the government to fund retrofit projects at Swiss Cottage Leisure Centre and Kentish Town Sports Centre.
- 2.20. Since 2022/23, a total of £29m has been spent or allocated to decarbonisation projects, of which £12m has been secured through grant funding, helping to maximise carbon savings and reduce pressure on Council resources.
- 2.21. The estimated cost of decarbonising the Council's own estate and operations by 2030 is £225.5m, with a remaining funding gap of £195.27m.

### **Local Government Finance Settlement & Government Funding Reform**

- 2.22. In response to the nationwide pressures described throughout this report, over the last year the government has been consulting on its intentions to fundamentally reform its approach to funding local authorities. On 9 February 2026, the government published the 2026/27 Local Government Finance Settlement, which was a significant milestone in that it marked the first multi-year settlement to be issued in ten years. A multi-year settlement provides local authorities with a level of certainty on their funding allocations over the medium term and reduces the level of risk in their financial planning. This is something Camden has repeatedly made the case for because of the benefits it brings to long-term financial planning, a discipline which sits at the heart of our approach to maintaining our financial resilience.
- 2.23. The publication of the settlement marked the conclusion of the government's work to fundamentally reform the way that local government is funded. In particular, the government consulted on revisions to the methodology used to allocate resources to individual councils through the Fair Funding Review, which was designed to better align local needs with resources. The Council engaged fully with the consultation process,

submitting its own detailed response and working with partners. As a result of the sector's detailed engagement in the consultation process, the government have made a number of changes to their original proposals which have improved the level of funding that Camden will receive when compared to the original plans. We welcome the targeting of funding towards the areas of greatest need and we have always said that we stand ready to work with the government to deliver on our shared priorities, from tackling inequality and delivering affordable homes to helping people into work.

- 2.24. The Settlement set out Camden's Core Spending Power (CSP – a measure of many of the resources available to a Council's General Fund) for 2026/27 to 2028/29. It confirmed that this would remain at 2025/26 levels for the next three years (which means that CSP in 2028/29 will be around 8.6% larger than 2024/25 levels). This position is based on the assumption that council tax will increase by 4.99% per year, with increased council tax income offsetting reductions in government grants. The details of the changes in Core Spending Power are set out in Table 2 below:

**Table 2 - Summary of Core Spending Power Over 2026/27-2028/29 Settlement**

	2024/25*	2025/26*	2026/27	2027/28	2028/29
	£000	£000	£000	£000	£000
<i>Income Baseline</i>					
Retained Business Rates	123,552	126,037	59,548	60,914	62,143
Revenue Support Grant	69,065	74,593	115,386	101,026	70,457
Local Authority Better Care Grant†	12,874	15,882	15,882	-	-
Transitional Protection Grant	-	-	14,542	31,460	47,980
Council Tax Requirement	141,131	154,792	165,947	177,905	190,725
<b>Total Income Baseline</b>	<b>346,621</b>	<b>371,305</b>	<b>371,305</b>	<b>371,305</b>	<b>371,305</b>
Homelessness, Rough Sleeping & Domestic Abuse Grant	3,864	5,420	7,437	7,475	7,497
Families First Partnership Grant	1,066	1,892	3,402	3,402	2,906
<b>Total Core Spending Power</b>	<b>351,552</b>	<b>378,617</b>	<b>382,143</b>	<b>382,181</b>	<b>381,708</b>
<i>Change from 2024/25 (%)</i>		7.7%	8.7%	8.7%	8.6%
<i>Change from 2025/26 (%)</i>			0.9%	0.9%	0.8%

\* Core Spending Power figures for 2024/25 and 2025/26 are based on the revised definition used by the government for the 2026/27-2028/29 Settlement

† Local Authority Better Care Grant is notionally rolled into Revenue Support Grant from 2027/28, ahead of a government decision on how it will be managed over the medium term

- 2.25. As shown above, the Council is due to receive a significant amount of Transitional Protection Grant (reaching £48m in 2028/29) which is designed to keep its CSP flat in cash terms from 2025/26 levels. The definition of CSP has also been revised for this settlement, due to the government rolling a significant number of standalone ringfenced grants into the Revenue Support Grant. This reduces the administrative burdens on local authorities in managing these smaller pots of funding, whilst also granting greater flexibility on how these can be used to support the delivery of key outcomes that meet local needs.

2.26. In keeping with this approach to simplifying local government funding, the government has created four new ‘consolidated grants’, which bring together a range of existing grants across broad service areas. These are:

- **Homelessness, Rough Sleeping and Domestic Abuse Grant** - this brings together the majority of existing homelessness and rough sleeping funding (though funding specifically for Temporary Accommodation is now built into the Revenue Support Grant)
- **Children, Families and Youth Grant** - this brings together prevention and partnership programme funding, including new grant funding from the Transformation Fund, which was announced at the Spending Review.
- **Public Health Grant** - this widens the scope of the Public Health Grant previously received by the Council, with a handful of other related grants rolled in.
- **Crisis and Resilience Fund** - this brings together funding for the Household Support Fund and Discretionary Housing Payments.

2.27. The table below sets out the Council’s Consolidated Grant allocations for the duration of the 2026/27-2028/29 Settlement.

**Table 3 - Summary of Consolidated Grants Over 2026/27-2028/29 Settlement**

	2025/26 £000	2026/27 £000	2027/28 £000	2028/29 £000
Homelessness, Rough Sleeping & Domestic Abuse Grant*	5,420	7,437	7,475	7,497
Public Health Grant	36,588	37,083	37,588	38,089
Children, Families and Youth Grant†	2,762	4,285	4,258	3,762
Crisis and Resilience Fund	4,160	3,601	3,600	3,510
<b>Total Consolidated Grants</b>	<b>48,929</b>	<b>52,406</b>	<b>52,920</b>	<b>52,857</b>

\* This grant also forms part of Core Spending Power - see Table 2 above

† A portion of this grant (known as the 'Families First Partnership') also forms part of Core Spending Power - see Table 2 above

2.28. The changes to the Local Government Finance Settlement itself form one part of the government’s wider agenda for reforming local government. As part of the Local Government Finance Policy Statement in November 2025, the government set out its intentions to introduce further significant changes to key services, including Adult Social Care, Children’s Social Care and Special Educational Needs and Disabilities (SEND) provision.<sup>3</sup> Whilst more detail is awaited on these proposals, a national focus on managing demand (including through prevention), responding to market dysfunctionality and improving cross-government coordination offers the opportunity to stem some of the challenges set out elsewhere in this report.

### Reforms to Business Rates

2.29. The Government has confirmed a significant package of reforms to the business rates system from 2026/27. A core element of the reforms is the

<sup>3</sup> Section 6 of [Local government finance policy statement 2026-27 to 2028-29 - GOV.UK](https://www.gov.uk/government/policy-statements/2025/11/11/local-government-finance-policy-statement-2026-27-to-2028-29)

introduction of three new Business Rates multipliers (alongside the existing two multipliers). There are now two Retail, Hospitality and Leisure multipliers, which would be applicable for properties in these sectors and a new 'High Value' multiplier which would apply to hereditaments with a rateable value above £500,000.

- 2.30. In addition, The Valuation Office Agency has undertaken a full revaluation of all non-domestic properties in England and Wales, with the 2026 Business Rates Rating List taking effect from 1 April 2026. This has resulted in a 24.73% increase in the rateable value of all non-domestic properties in Camden. Due to the likelihood of significant increases in rateable values at revaluations, the national business rates multipliers are adjusted accordingly to reflect changes in the overall value of the tax base.
- 2.31. Income from business rates forms a key part of the Council's funding. As part of the Local Government Finance Settlement described above, the government set out the amount of business rates that the Council would be expected to retain. Due to the recent Fair Funding Review and subsequent revisions to funding allocations for councils, this retention figure is now much lower than in previous years, with the government assuming that other grants and council tax will play a greater role in Camden's funding.
- 2.32. The government has also taken some steps to reduce business rates pressures for councils, including by treating the historic business rates growth experienced by Camden since the last business rates reset in 2013/14 as being protected within its 'income baseline'. Over the next two years it will also provide greater protections for councils which collect fewer business rates than expected through the 'safety net' mechanism. Finally, from 2026/27 onwards, the levy charged on business rates growth will change and closely resemble income tax, with charges dependant on the level of growth achieved.

### **Quarter Three Forecast Position**

- 2.33. When setting the budget for 2025/26, the Council sought to provide for additional cost pressures, particularly across Temporary Accommodation and Children's Social Care, with a contingency on top of the service budget of £12m for Temporary Accommodation and £9m for children's placement budgets. Despite these additional resources being provided, the Council has continued to see an increase in cost pressures across a range of services, meaning that the Council is forecasting further overspends in 2025/26 due to increases in demand for these statutory services.
- 2.34. The Council is also experiencing inflationary and demographic pressures across a range of services. Officers have worked over the year to reduce the forecast overspend, with tighter controls on recruitment and focused sessions led by the Chief Executive to agree actions to address areas of controllable spend within year. At Quarter 3, the forecast for the General Fund is an overspend of £19.6m in the 2025/26 financial year.
- 2.35. Any overspends at the year end will need to be funded from reserves. As summarised in Paragraphs 2.95 to 2.102, the Council has reserves to meet

the expected overspends, with the projected reserve balances shown in Table 6.

- 2.36. These cost pressures are being felt across London, with London Councils estimating that London Boroughs are facing a collective £1bn shortfall in budget this year.<sup>4</sup> This equates to an average of £30m overspend per London Borough.

### **Housing Revenue Account (HRA) Financial Context**

- 2.37. The HRA is a ring-fenced account containing the income and expenditure arising from a housing authority's landlord functions. As this is a self-funded model, all of the expenditure must be funded from its income, which is mainly social rents and charges. Increases to social rents are limited by the Rent Standard policy and this has not been stable under previous government policy. For example, from 2016/17-2019/20, rents had to decrease by 1% per annum and in 2023/24, rents were capped at 7% when the Consumer Prices Index (CPI) reached 10.1%. It has been calculated that the HRA has lost £201m of rental income since 2016 and rental income is £33m lower in 2025/26 compared with what it would have received if the policy had been kept consistent at CPI + 1%.
- 2.38. HRA expenditure budgets have been under significant strain due to rising inflation, repairs costs and significant new regulatory burdens arising from the Fire Safety Act 2021, Building Safety Act 2022, Social Housing (Regulation) Act 2023 and most recently Awaab's Law. The imbalance of available income to fund expenditure is an issue for all HRAs and means that over time savings have been heavily relied upon which, in a climate of increased investment need, is extremely challenging. For 2026/27, the HRA budget was agreed by Cabinet in January as part of the 'Housing Revenue Account (HRA) Budget and Rent Review 2026/27 (All wards) (CS/2026/01)' report. The funding strategy is to raise all available income from rents and drawdown £5m as a planned drawdown from the HRA reserve. This is a temporary solution to balance budgets and ensure that there is sufficient time to work on a new savings programme from 2027/28. The Council remains committed to rebuilding HRA reserves to a more resilient level of 10% of HRA income within the next 5 years.

### **2026/27 Budget Overview**

- 2.39. This report recommends a balanced budget for 2026/27. The environment in which the Council seeks to set a balanced budget is shaped to a large degree by a range of external factors, which (as noted above) continue to pose challenges to the Council's medium term position. The Council's ability to balance its revenue budget in the face of these challenges is a consequence of its robust financial planning frameworks, including the ongoing delivery of its Medium Term Financial Strategy. This allows it to allocate resources where they are most needed to meet financial pressures, including through targeted investments which are outcomes-focused and purpose-driven.

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<sup>4</sup> [London boroughs face 'impossible' £4bn funding gap in coming years | London Councils – Home](#)

- 2.40. As part of our planning to manage the gap between our MTFs cycles, we have set aside additional money to enable us to balance our budget for 2026/27, funded from growth in business rates income. This contingency fund was specifically set aside to support us in the event of a change in funding. Protecting our reserves is a discipline which is central to our prudent approach to financial planning, helping us maintain our financial health and ensure that we are able to respond to changing circumstances in a meaningful and purpose-led way.
- 2.41. The processes underpinning the Council's approach to financial management also enable the Council to better consider and respond to any emerging risks, which is of particular importance in the current financial climate. Through forecasting the impact of demand, inflationary and other pressures over the medium term (including those linked to new legislation and regulations), the Council can take better decisions as it manages its limited resources and shape medium term strategies which are designed to meet any budget gap. The movement to the multi-year Local Government Finance Settlement also helps us better quantify risk and plan more effectively. Ultimately, these frameworks mean that the Council can optimise outcomes for residents while remaining financially resilient.

## **Strategic Investments**

### **A Budget for Everyone**

- 2.42. This is a budget for everyone - one that will keep our borough safe, clean and thriving - supporting local businesses, backing our high streets and protecting the people who need us most. The budget is built on careful planning which has allowed us to extend support for the borough into the new financial year and to invest in new services. We have listened to our communities, our local businesses and our partners – and this year's budget is a direct response.
- 2.43. The Council faces a range of financial challenges, reflecting nationwide pressures on local government. The Council recognises that providing targeted investment is key to its outcomes-focused approach, helping us meet both these financial challenges and residents' needs, whilst also delivering on longer term funding priorities. Therefore, in setting a balanced budget for 2026/27, the Council has also set aside a small but important pot of money to fund a number of targeted investments, which respond to some of the most significant challenges our communities are facing.

### **A Budget for Safer Streets**

- 2.44. **Enhanced Community Safety** - We know that Anti-Social Behaviour from a few people can have a severe effect on the wellbeing of many others, and we have a duty to act where appropriate. We firmly support the rights of our citizens and residents to live free from fear or risk of intimidation, harassment, and abuse.

- 2.45. We take all reports of Anti-Social Behaviour, domestic abuse and gender-based violence, and hate crime very seriously. The Council recognises the impact that antisocial behaviour has, and we are committed to supporting residents experiencing Anti-Social Behaviour. The Council currently invests £3.15m a year across high streets, housing estates and public spaces to help tackle Anti-Social Behaviour.
- 2.46. The Council will continue to invest in helping local people feel and be safer and to keep our high streets clean and thriving. Over the course of the Council's ongoing programme to upgrade CCTV on estates, it is projected that the number of cameras will increase by around 285. CCTV cameras and community safety officers are deployed to target crime and anti-social behaviour hotspots. Council Officers being on the ground in our busiest town centres provides a strong and visible presence in the places with the highest footfall and those which experience some of the biggest challenges with crime and anti-social behaviour. This helps us to prevent problems and step in quickly when issues arise, but also means our existing officers can spend more time tackling long term problems on our estates and in our parks and green spaces.
- 2.47. In addition to this, we also invest in a community safety bus. This makes a real difference on Friday and Saturday nights in Camden Town — providing support to anyone who needs it, from first aid and water to guidance on onward journeys. It also acts as a visible deterrent to crime and harassment, giving reassurance, particularly to women, so everyone can enjoy Camden's nightlife safely. Outside of the night-time, the bus serves as a flexible community resource — visiting estates, supporting local surgeries, and can even act as a hub in major emergencies.

### **A Budget for Cleaner Streets**

- 2.48. **Cleaner High Streets** - In March 2024, the Council agreed to increase investment in street cleaning by an additional £1.04m, creating cleaner streets and an improved public realm for our whole community. This investment included more sweepers and electric cargo bikes to respond to local issues, removing litter and emptying new bins. It also incorporated an enhanced night-time cleansing service alongside timetabled waste collections, to improve the night-time environment and support the night-time economy.
- 2.49. The Council sweeps around 260km of public highway in the borough every week. This involves sweeping pavements and footpaths, emptying litter bins, removing graffiti, drug paraphernalia and fly-posting and gritting key roads and footpaths. In addition, the Love Clean Streets App allows residents to report street cleaning issues.
- 2.50. It is recommended that the Council take further action to keep our borough clean by investing an additional £0.13m in new high-performance jet washing equipment and running costs. This will significantly boost our capacity to deep-clean our busiest high streets, tackling built up dirt in areas with the highest footfall – and making our streets even more accessible and welcoming for everyone who uses them.

## **A Budget for Thriving Local Businesses**

- 2.51. **Support for Small Businesses** - The Council currently provides general support to local business (i.e. how to trade, operational advice, broad financial advice etc) through advice, guidance and signposting services. Camden has commissioned or co-commissioned targeted support programmes that address growth, growth sectors and local entrepreneurship:
- **UK Shared Prosperity Funding (UKSPF)** - funding a Business and Enterprise co-ordination post as well as delivering evening and night-time promotional activity.
  - **Rebel Business School** - an entry level bootstrap business start-up programme for local residents looking to take an idea to a viable concept, forge new careers or foster a successful side hustle.
  - **London Health Accelerator for Social Enterprise** - part of an eight-borough UKSPF commission to develop social enterprises in the health and life sciences supply chain.
- 2.52. The Council also supports local businesses through its Future Camden Fund, a small grants and loans programme that provides affordable and low-risk finance to grow social impact business activity in Camden. To date, we've awarded over £750k in grants and loans with an additional £65k in partner and delivery fees. The Future Camden Fund includes a £30k wrap-around business support package which includes:
- 229 hours of consultant time, which is allocated to 8 hours of one-to-one support for entrepreneurs, group masterclasses and networking events (plus admin time and management costs).
  - A 3 minute interview-style film made about the businesses.
- 2.53. The Council currently offers support packages for local businesses, including up to eight one-to-one sessions with a consultant, expert networking sessions and peer support sessions.
- 2.54. It is recommended to invest an additional £0.2m to support a thriving local economy — backing the small businesses that are the backbone of our borough. This practical, hands-on investment will fund around 600 hours of tailored support over the coming years, giving each participating business direct, one-to-one time to tackle their real challenges and seize new opportunities. Support will include expert advice, mentoring, and access to specialist skills — helping businesses grow, adapt, and plan for the future. And we're backing that advice with action, offering small grants to help businesses invest in digital and technology upgrades, so they can become more efficient, more competitive, and more resilient for the long term.

## **A Budget for Digital Inclusion and Accessibility**

- 2.55. The Council invests £0.386m across a range of digital inclusion activities, including £0.142m in coordinating digital inclusion, continuing to act as a convenor and enabler of digital inclusion across Camden. Delivery is

collaborative, through the Council's digital inclusion network, bringing together partners and volunteers to provide a broad, mixed model of support. This includes drop-ins and workshops led by Council staff and volunteer Digital Champions, alongside online learning and targeted device distribution delivered with community partners. This approach is complemented by social value partnerships with suppliers, helping to deliver tangible benefits for Camden residents. Some highlights of the work planned include:

- Investing £0.097m to upgrade the public computers available to residents across Camden Libraries.
- The Council invests £0.147m to continue its work to redesign and improve the digital estate, with a particular focus on websites outside the core camden.gov.uk platform. This investment will support research with disabled residents and training for developers, product managers and delivery managers, to embed higher accessibility standards and ensure compliance with the Web Content Accessibility Guidelines. The programme will also include prototyping, testing and rolling out Artificial Intelligence (AI) agents that support key languages spoken across Camden, with all-new AI tools designed to be accessible and inclusive, and tested directly with the community.
- Using our validated list of projects and community aspirations to ensure that digital and data contracts continue to deliver proportionate social value, with a focus on digital skills training, access to equipment for local people, and increased provision of devices for schools.
- Expanding IT support sessions for residents through Volunteer Digital Champions, delivered in accessible locations such as libraries and community centres.
- Delivering digital skills training for local people and businesses, including AI and cyber security, leveraging partnerships with organisations such as Microsoft and Google to provide high-quality, relevant training.
- Exploring partnerships with the community to support local projects that could refurbish retired Council IT equipment, ensuring high-quality devices are refurbished locally and redistribution to Camden residents is prioritised.
- Improving public Wi-Fi connectivity across the borough in public and community buildings through targeted investment in infrastructure, including the provision of devices, SIM cards, and internet access in settings such as hostels where fixed infrastructure is not viable.
- Exploring participation in the Connected London Wi-Fi network pilot, a pan-London approach led by Westminster City Council to provide seamless, secure, and free public internet access, and assessing how this capability could be extended to community buildings, including community centres and Tenant and Resident Association spaces.

### **A Budget for Supporting Public Health**

2.56. The Council is planning a wide range of Public Health support across the borough in 2026/27. Some highlights include:

- **Raise Camden** is Camden's strategic child health equity programme, which considers the root causes of widening inequalities for the next generation: child poverty, intergenerational mental health and

structural racism and discrimination. In response to the Institute of Health Equity (IHE) report, the Council has convened a Raise Camden Taskforce of local and national active partners alongside subject matter experts and Camden residents with lived experience to guide the programme's work.<sup>5</sup>

- **Supporting Research into Child Health** - Gastrointestinal infections are a leading cause of early years absence. Camden is working with the London School of Hygiene and Tropical Medicine in a study looking at the prevalence of gastrointestinal infections in young children. This study will be the first of its kind in the UK and will help professionals better understand gastrointestinal infections in young children.
- **Supporting Secondary School Children to be Healthier with our Reducing Vaping in Young People Service** - We have launched a new vaping cessation service for secondary school pupils. This one-year pilot will be in one school initially and will inform the rollout of a borough wide offer. This is part of wider work to reduce the number of young people who use vapes.
- **Improving Teenagers' Diets** - Camden has introduced a new scheme in secondary schools, with free fruit and vegetables provided throughout the school day.
- **Pregnancy Grants** - Our Family Hubs Pregnancy Grant pilot (in partnership with Nesta and the NHS) has supported over 320 pregnant women experiencing financial hardship with a £500 unconditional cash transfer, alongside a warm invitation into our Family Hubs through a 'Family Navigator'.
- **Supporting Adults to be Physically Active and Healthy** - Camden ran a very effective campaign in 2024 to support less active older adults to take advantage of the range of activities across the borough. Multiple channels were used and 600 residents signed up for a 12 week programme of support. Evaluation showed increased levels of physical activity as well as social connections. The campaign will be returning in 2026, working with four community organisations to help maximise reach so more older adults can benefit.
- **Alcohol Campaign Camden** has launched an alcohol campaign aimed at residents aged 45-65 who want to reduce their alcohol intake. This supportive campaign provides residents with a range of practical tools and advice to make changes to their drinking.
- **Supporting Women's Reproductive Health** - Camden is working with health partners to support women's access to menopause support. This includes a large study examining the effectiveness of community-based menopause support and investing in a new nurse

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<sup>5</sup> The IHE Report can be found here: [Raise Camden - Child Health Equity Data Audit - IHE](#)

lead. This specialist nurse will provide advice and support to women and girls on a range of reproductive health issues, including period pain, which is a leading cause of school absence.

## **A Budget for Investing in our Assets**

- 2.57. **Retrofit at Scale** - In December 2024, Cabinet approved the procurement strategy for retrofitting circa 3,000 of our least energy efficient Council homes (SC/2024/21), installing modern energy saving and generating measures to transform how homes feel and perform. This work aims to reduce energy bills for residents alongside lowering carbon emissions. The total cost of the work is currently estimated at £29.9m. Of this, £13.5m will be met by external grants, £13.2m through funding from the Institutional Investor through a Special Purpose Vehicle (SPV) and £3.2m from corporate resources. In December 2025, Cabinet agreed to an initial capital budget of £4.8m (the majority of which will be funded by external grant) to support the early stages of the project ahead of the SPV being established.
- 2.58. **Council Homes for Care-Experienced Young People** - Camden offers help to all young people who have been cared for by a foster carer or in a residential care unit. We help young people move from being 'looked after' into adulthood and starting to live independently. The Council currently earmarks 50 social housing units for care-experienced young people. It is recommended that the Council invest a further £2m to support the acquisition of additional properties, increasing the volume of social housing available to care-experienced young people who are able to live independently with support.
- 2.59. **Increasing our Temporary Accommodation** - It is recommended that the Council invests a further £10m to enable the next round of Temporary Accommodation purchases. The Council is seeking funding from the Local Authority Housing Fund to part fund these purchases. This will help to provide more good quality Temporary Accommodation for people – including families - in the borough and help to reduce the use of expensive nightly placements. Further details are provided in Paragraphs 2.106 to 2.110 below.
- 2.60. **Increased Tree Planting** - In 2024, a survey was commissioned which looked for potential tree planting locations on streets using canopy cover and Geographic Information System (GIS) data for highways. This identified new planting locations which have been prioritised based on tree equity, using flood risk, heat, air pollution and Indices of Multiple Deprivation. It is recommended that the Council invests a further £4.6m of capital funding over the next 5 years to plant an estimated 2,500 new trees. This will bring the total tree planting programme over the next five years to approximately 4,250 trees.
- 2.61. This investment is predicted to increase canopy cover by 264,000 square metres (roughly the size of 37 football pitches), around 1.2% of the area of Camden.

## **General Service Pressures**

2.62. In 2026/27 and over the medium term, the Council will need to fund inflationary and demographic pressures across its services. The exact level of pressure will depend on a number of factors, including rates of inflation, pay awards (including the London Living Wage) and changes in demand for services. It is estimated that the Council will need to fund £14m - £16m in general pressures each year over the medium term. In addition to the general pressures from inflation, there are some service areas that are expected to see additional specific financial pressures over the medium term which are above and beyond this.

### **Pressures in Temporary Accommodation**

2.63. The cost of Temporary Accommodation (TA) is at an unprecedented high and remains a key factor driving budget pressures across London local authorities. Analysis from London Councils shows that spending on homelessness by London Boroughs increased by 97% between 2019 and 2025, with an average of £5.5m a day spent on Temporary Accommodation across the capital in 2024/25.<sup>6</sup>

2.64. There are a number of factors contributing to the high spend on TA. These include the continued high volumes of households residing in TA, rising costs for emergency nightly paid accommodation, and government subsidy payments towards the cost of TA having been frozen since 2011 (often referred to as the 'subsidy gap'). Analysis by the London School of Economics (LSE) suggests the unfunded cost of TA in the capital is equivalent to 11% of the average London council tax bill or £202 per household.<sup>7</sup>

2.65. Camden is no stranger to these acute demand and cost challenges, with continued high volumes of TA users and a 2024/25 overspend of £21.2m on Temporary Accommodation. To mitigate this financial pressure, the Council continues to increase its in-house provision through the Temporary Accommodation Purchase Programme and the development of hostels through the Community Investment Programme. The new hostels at 2 Chester Road and 248-250 Camden Road will provide 89 much needed new temporary accommodation homes for families, together with ancillary services, staff rooms and amenity services for the new residents. The superstructures of the new buildings are now complete and the new homes are expected to be completed in late 2026. Both of these measures will help to reduce the number of households placed in emergency nightly paid accommodation and thereby reduce the ongoing costs to the Council.

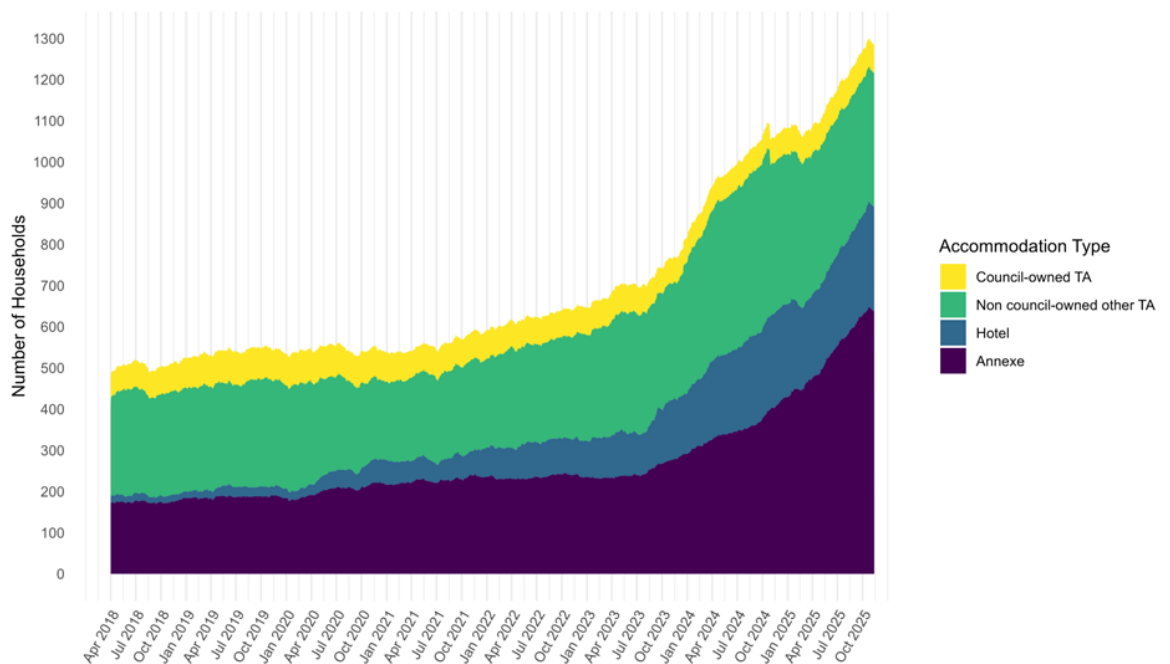
2.66. Nonetheless, the chart below shows that, whilst these mitigations play an important role, they can form only one part of our approach to managing pressures in TA.

### **Chart 1 - TA Occupancy by Accommodation Type Over Time**

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<sup>6</sup> [Borough homelessness costs soar to £5.5 million a day | London Councils](#)

<sup>7</sup> Page 7 of [London-Councils-report-LSE-Consulting-final.pdf](#)



2.67. The Council has also invested in homelessness prevention, increasing the capacity of the team by 20% in 2025/26, whilst also investing in systems upgrades to improve service delivery and data analysis. Despite these targeted investments, it is expected that the cost of Temporary Accommodation will continue to rise until 2030. In response to these growing pressures, the Council increased its Temporary Accommodation budget by £8m in 2025/26. It is forecast that over the medium term the Council will need to increase the budget by a further £12m - £15m.

### Pressures in Children’s Social Care

2.68. Nationally, Children’s Social Care continues to be the biggest financial pressure facing councils. By the end of 2023/24, spending in this area had increased by 68% compared with 2009/10, rising faster than inflation.<sup>8</sup> The sector is experiencing pressures across demand, resources, workforce capacity, market stability, placement sufficiency and the requirements of major national reforms.

2.69. In Camden, costs have risen over time due to higher numbers of children being looked after, more teenagers entering care, and the growing complexity of needs. The placement market also presents challenges, such as falling numbers of in-house foster carers, leading to greater reliance on more expensive independent fostering agencies and residential placements. Inflation, placement shortages and escalating complexity have contributed to rising costs, with the average weekly residential placement cost reaching £5,795 by the end of November 2025. Some joint funded placements range from £12k-£21k per week. There remains a clear risk that these cost pressures will continue into 2026/27.

2.70. To respond to challenges across the sector, the government has launched the national Children’s Social Care reform programme. This programme

<sup>8</sup> [Performance Tracker 2025: Children's Social Care | Institute for Government](#)

aims to redesign support for families with a stronger focus on prevention, helping reduce long term reliance on high cost services such as emergency spot residential placements. The reforms will also introduce new regional commissioning arrangements and strengthened oversight of the highest cost providers, enabling better bargaining power, reduced placement cost inflation and more stable markets. Targeted funding for implementation totalled £0.9m in 2025/26. Between 2026/27 and 2028/29, funding will sit within the ringfenced Families First Partnerships grant (itself a part of the Children, Families and Youth Consolidated Grant), amounting to £3.4m per year for two years before reducing to £2.9m in 2028/29.

- 2.71. In Camden, the response to these pressures is overseen through the Placement Sufficiency Transformation Programme Board, chaired by the Director of Children's Prevention, Family Help & Safeguarding. Outcomes arising from the key workstreams include developing a joint housing protocol, creating a kinship strategy, refreshing service visions and updating Camden's placement sufficiency strategy. Additional activity includes launching an edge of care pilot team, establishing a monthly kinship support panel to reduce placement breakdown, increasing use of in-house foster placements, strengthening partnerships with housing colleagues, launching the House Project and increasing local provision of residential children's homes.
- 2.72. £11.1m of capital investment was approved by Cabinet in February 2025 as part of the 2025/26 Revenue Estimates and Council Tax Setting Report (CS/2025/04). This will be used to purchase residential properties to expand local provision for children's residential care homes and supported accommodation for care experienced young people aged 18–25. The three new children's homes will provide twelve beds, including four for children with the most complex needs. One of the homes will be partly funded by funds successfully secured from the Department for Education (DfE). There will also be the acquisition of a supported accommodation site to retain 21 beds within the Young People's Pathway. It is anticipated that the homes will start to be in operation in phases over the financial years 2027/28 to 2028/29. Overall, the pressures in children's services will mean that the Council will have to budget for an additional £3m - £5m above inflation over the medium term.

### **Pressures in Adult Social Care**

- 2.73. Adult Social Care (ASC) continues to experience significant and sustained pressures, driven by demographic growth and the increasing complexity of need among residents. This is reflected in both the rising number of people requiring support and the higher levels of care intensity needed to meet statutory duties. These pressures remain structural in nature and continue to place considerable strain on ASC budgets.
- 2.74. In parallel, ASC is facing ongoing inflationary pressures within the care market. Providers continue to experience rising costs, particularly in relation to workforce, energy and regulatory requirements. To support market sustainability and mitigate the risk of provider failure, the 2026/27 budget includes a provision of £5.9m to fund inflationary uplifts. This investment

ensures the Council can continue to meet its commitment to paying the London Living Wage and maintain compliance with the Ethical Care Charter, both of which are central to the Council's approach to commissioning high-quality, ethical care.

- 2.75. Demand and cost pressures are particularly acute within homecare and domiciliary care services. The increased complexity of care needs is driving a requirement for additional care hours and higher levels of one-to-one support, resulting in increased average hours per care package. There has also been a growing number of residents requiring support following hospital discharge, many of whom present with more complex needs, placing further pressure on community based services and contributing to cost growth.
- 2.76. The Council is also experiencing significant increases in the use of residential and nursing care, particularly through spot placements required to meet urgent, complex, or specialist needs. These placements typically attract higher costs and increase budget volatility, further contributing to overall financial pressures within ASC.
- 2.77. In response to these challenges, the Council has made significant investment in Adult Social Care budgets over recent years to support the stability of the provider market, manage inflationary pressures, and ensure the continued delivery of safe, high-quality services for residents.
- 2.78. The recommended 2026/27 budget builds on this approach, providing the necessary resources to support market sustainability as well as ensuring the continued commitment to meeting statutory responsibilities while maintaining service quality and value for money. Nonetheless, the long term nature of the pressures facing ASC means that over the medium term, the Council expects to have to provide a further £13m-£15m above inflation.

## **Summary of Resources**

### **Council Tax Base**

- 2.79. Council tax plays an important statutory role in the balancing of the Council's General Fund revenue budget. The tax base for council tax in 2026/27 has increased to 97,486, an increase from 95,769 in 2025/26.
- 2.80. The Council Tax Support scheme – available to those most in need in the borough – is projected to reduce the collectable council tax by approximately £34.1m. This estimate is based on the current average council tax charge in 2025/26. The cost of this scheme will also increase if the recommended council tax increase set out in this report is agreed for 2026/27.
- 2.81. The council tax base also accounts for the impact of the 100% premium on second homes, which was agreed by Cabinet and Full Council in February 2024. This additional premium came into effect from 1 April 2025 and is forecast to raise a further £6m-£8m per year. This extra funding will

continue to support the provision of additional resources for homelessness prevention services, as well as contributing to the Council maintaining its current Council Tax Support scheme.

### **Council Tax and Adult Social Care Precept**

- 2.82. The government has set out the principles which determine whether local authorities' proposals on council tax are excessive (and would therefore require a referendum to be held) as part of The Referendums Relating to Council Tax Increases (Principles) (England) Report 2026/27.<sup>9</sup> For 2026/27, the relevant basic amount of council tax for Camden 'is excessive if the authority's relevant basic amount of council tax for 2026/27 is 5% (comprising 2% for expenditure on Adult Social Care, and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of council tax for 2025/26'.
- 2.83. In Camden, every 1% rise in council tax adds £16.16 per year to a Band D bill and would generate around £1.58 million in extra income for 2026/27. This report proposes increasing council tax by 4.99%, consisting of a 2.99% rise in the core council tax and an additional 2% for the Adult Social Care Precept. For a Band D household (excluding those in Garden Squares), this would mean an annual increase of £80.63 in the Camden element of council tax, which is equivalent to £6.72 per month.
- 2.84. The council tax increase forms a crucial part of the Council's budget, helping to safeguard essential services, including the provision of high quality Adult Social Care and welfare support for the borough's most vulnerable residents. The recommended 4.99% increase is within the government's allowable thresholds set out above and is therefore not considered excessive under the legislation. However, the Council must still formally state this when making the decision, which is reflected in Recommendation 3(e).
- 2.85. Only Full Council has the authority to set the level of council tax. The Cabinet's responsibility is to review the information and advice in this report and then recommend a council tax level for the Council to then approve.
- 2.86. The Director of Finance confirms that the proposed 2026/27 budget is sound and balanced, provided that Cabinet and Full Council approve the recommendations in this report, including the proposed council tax levels. A detailed assessment of the Council's financial position by the Director of Finance is set out in the statutory Section 25 notice from Paragraphs 7.1 to 7.34.
- 2.87. Table 4 below sets out the Council's overall council tax requirement for 2026/27, with a Band D charge for residents not in Garden Squares of £1,696.61.

### **Table 4 - Council Tax Requirement**

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<sup>9</sup> See Annex A, Paragraph 3 of [Council Tax Referendum Principles Report 2026-27](#)

<b>Council Tax at Band D</b>	<b>2026/27 Budget</b>
	<b>£000</b>
Expenditure charged to revenue account (including savings)	1,124,667
Income credited to revenue account (including savings)	(788,541)
<b>Net Funding Requirement</b>	<b>336,126</b>
Retained Business Rates	(59,548)
Revenue Support Grant	(115,386)
Transitional Protection Grant	(14,542)
Collection Fund - Council Tax Surplus	(12,407)
Collection Fund - Business Rates Deficit	31,196
<b>Net Funding Requirement from Council Tax</b>	<b>165,438</b>
Garden Square Levies	(42)
Net Council Tax Requirement Exc Garden Square:	165,396
<b>Band D Council Tax (£)</b>	<b>1,696.61</b>
<b>Percentage change over 2025/26</b>	<b>4.99%</b>

### **Greater London Authority Precept**

- 2.88. The Greater London Authority (GLA) sets its own precept, which is added to council tax bills across the London Boroughs. This covers the funding for core GLA services (the Metropolitan Police Authority, the London Fire and Emergency Planning Authority, Transport for London and the London Development Agency).
- 2.89. The Mayor of London has proposed a £20.13 (4.10%) increase to the GLA precept for 2026/27, bringing the Band D GLA share of council tax to £510.51.<sup>10</sup> The additional funding is intended to strengthen frontline police and fire services and support Transport for London, including maintaining concessionary travel schemes. This proposed increase had not been confirmed at the time of writing.

### **Total Council Tax Requirement for 2026/27 (including GLA Precept)**

- 2.90. Table 5 below shows how the level of council tax at Band D (for residents not in Garden Squares) which is recommended for 2026/27 compares with the amount set in 2025/26.

### **Table 5 - Total Level of Council Tax for Residents not in Garden Squares**

<sup>10</sup> As set out in the GLA's Draft Consolidated Budget here [The Mayor's budget | London City Hall](#)

Total Council Tax at Band D	2025/26	2026/27	Increase / (Decrease)	Change
	£	£	£	%
Camden Element	1,615.98	1,696.61	80.63	4.99%
GLA Precept (Proposed)	490.38	510.51	20.13	4.10%
<b>Total Band D Council Tax</b>	<b>2,106.36</b>	<b>2,207.12</b>	<b>100.76</b>	<b>4.78%</b>

### Directorate and Departmental Budgets and Levies

- 2.91. Budgets for each directorate, as well as the levies payable by the Council in 2026/27, are set out in Appendix C.

### Fees and Charges

- 2.92. Decisions on fees and charges form a key part of the Council's budget setting framework. Fees and charges fall to Cabinet (and in some cases Full Council) to approve. As part of the December 2025 report 'Review of the Council's Medium Term Financial Strategy' (CS/2025/14), Cabinet agreed the majority of the most significant proposals, particularly new fees and those which were due to increase by more than 7% on their 2025/26 levels. Cabinet also agreed delegations to the relevant Executive Director to agree existing fees which are not due to increase by more than 7%, and a delegation to the Section 151 Officer to agree fee deletions.
- 2.93. Some fees and charges for 2026/27 are still to be approved, and this report contains recommendations to Cabinet and Council to this effect. Details of those fees and charges proposed to be agreed by Cabinet can be found in Appendix D1, whilst those proposed to Council (including licensing fees) can be found in Appendix D2.
- 2.94. The report also recommends that Council delegate to the relevant Executive Director to agree relevant fees which are not due to increase by more than 7%. It also is recommended to delegate authority to the Section 151 Officer to agree the deletion of fees and charges where these are no longer in use (typically covering instances where either a service is no longer charged or an updated fee structure renders the previous fees obsolete).

### Reserve Balances

- 2.95. The Council sets aside specific resources in its reserves as part of its wider approach to prudent financial management. Reserves are treated like long term savings held for specific purposes and the Council will use them only when strictly necessary. With the ongoing financial pressures still being felt by the Council, it has been increasingly difficult to transfer unspent income into our reserves. When money is drawn down from reserves and not replenished in equal or greater proportion, reserves start to deplete, increasing the risk to the Council's financial resilience.
- 2.96. In accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance, the Council holds a range of both general balances and

earmarked reserves. General balances are held as a wider financial contingency against unexpected financial shocks, while earmarked reserves are held for specific purposes. These include, but are not limited to:

- Supporting the delivery of our key strategic outcomes within We Make Camden, such as through resources to catalyse data and discovery work for the Diversity Mission.
- To contribute to our Capital Programme, such as the delivery of our Transport Strategy.
- To mitigate against future known financial risks, such as insurance liabilities or a decline in business rates.
- To provide investment and pump prime initiatives that will deliver future financial benefits and longer term savings as we prepare for the next round of our three-year savings plan. This includes investments in new digital and data solutions to support service improvement, funding for pilot projects such as the 'Independent Travel' project for children and the provision of 'We Make Camden kits' to support local residents and organisations to bring their ideas for improving the borough to life.

2.97. In managing our reserves over the medium term, we have recognised that they are a one-off resource and are not a sustainable solution to the financial challenges that we face over the medium term.

2.98. As part of our prudent financial management, all reserves are regularly reviewed to ensure that they remain at the appropriate levels and that they continue to be relevant. If reserves are no longer required for the purposes originally intended, they are then reallocated to best support our strategic priorities.

2.99. The Council has a strategy to increase reserve levels where possible. These have historically been held at a low level. At the beginning of 2025/26, our General Fund balances stood at £18.4m (roughly 5.9% of our net budgeted expenditure) and our General Fund earmarked reserves stood at £122.6m. The latter figure includes some reserves which can only be utilised for limited purposes due to funding conditions. This historic approach has reflected confidence in our ability to deliver Medium Term Financial Strategy savings and our strong track record of living within our means. The Council's financial strategy does not assume that any reserves will be used for ongoing day to day expenditure over the medium term. As reserves are one off resources, using them to fund day to day expenditure is unsustainable over the medium term.

2.100. Both our ability to deliver services within budget and deliver MTFS savings are now uncertain over the medium term owing to a range of factors, including significant demographic and inflationary pressures and the resulting cost of living crisis. Maintaining a suitable level of reserves is a vital element of the Council's financial resilience and can help to support the Council against any future financial shocks.

2.101. This uncertainty has been influenced by a range of compounding historic and current issues, each of which should be viewed as standalone.

- As a sector, local government continues to feel the cumulative impact of the significant cuts to its funding made over more than a decade. This leads to additional financial pressure, hurting the Council's ability to build up its financial resilience. This could impact its ability to serve its residents and communities.
- The long term impact of both Covid-19 and Brexit further add to the level of uncertainty which the Council faces over the medium term.

2.102. The forecast movements and year end balances in the Council's reserves for 2025/26 and 2026/27 are presented in Table 6 below. It should be reiterated that the use of earmarked reserves would not be considered where there are ongoing structural budget deficits in the organisation.

**Table 6 - Summary of Reserves**

Reserves	Actual Reserves 31/03/25 £000	2025/26 Net Movement £000	Forecast Reserves 31/03/26 £000	2026/27 Out of Reserves £000	2026/27 Into Reserves £000	2026/27 Net Movement £000	Forecast Reserves 31/03/27 £000
Reserves to support Council Priorities	34,981	(5,210)	29,771	(4,801)	1,415	(3,386)	26,386
Reserves with Conditions	53,624	(10,742)	42,882	(9,451)	-	(9,451)	33,431
Reserves to Support Capital Activity & Asset Management	19,539	(5,709)	13,829	(1,180)	-	(1,180)	12,649
Reserves to Manage Future Risk	14,419	2,701	17,120	(10,548)	-	(10,548)	6,572
<b>Total GF Earmarked Reserves</b>	<b>122,563</b>	<b>(18,960)</b>	<b>103,603</b>	<b>(25,980)</b>	<b>1,415</b>	<b>(24,565)</b>	<b>79,038</b>
General Balances	18,358	1,500	19,858	-	1,500	1,500	21,358
Business Rates Reliefs Local Share Reserve	38,947	13,712	52,659	(52,487)	-	(52,487)	172
<b>Total GF Reserves</b>	<b>179,868</b>	<b>(3,748)</b>	<b>176,119</b>	<b>(78,467)</b>	<b>2,915</b>	<b>(75,552)</b>	<b>100,568</b>
Housing Revenue Account - Unearmarked Reserves	14,172	(270)	13,902	(5,000)	5,000	-	13,902
Housing Revenue Account - Earmarked Reserves	9,280	(421)	8,859	-	800	800	9,659
<b>Total HRA Reserves</b>	<b>23,451</b>	<b>(691)</b>	<b>22,760</b>	<b>(5,000)</b>	<b>5,800</b>	<b>800</b>	<b>23,560</b>
Schools Balances	15,204	(5,784)	9,420	(5,784)	-	(5,784)	3,636
<b>Total Revenue Reserves</b>	<b>218,523</b>	<b>(10,223)</b>	<b>208,300</b>	<b>(89,251)</b>	<b>8,715</b>	<b>(80,536)</b>	<b>127,764</b>

## Capital Investments

2.103. The report contains a number of recommendations for new capital investments. The table below summarises these proposals across both the General Fund and the HRA and includes the capital investments outlined in Paragraphs 2.58 to 2.61 above.

**Table 7 - Summary of Recommended Capital Investments**

<b>Budget Additions</b>	<b>Total Investment</b>
	<b>£m</b>
Extension of Tree Planting Programme	<b>4.60</b>
Electric Vehicles - Insourcing of Domestic Heating Service	<b>1.10</b>
5 Pancras Square - Safety Works	<b>0.20</b>
Temporary Accommodation	<b>10.00</b>
Council Homes for Care Experienced Young People	<b>2.00</b>
Additional Jet Wash for Street Cleaning	<b>0.06</b>
<b>Total Proposed Budget Additions</b>	<b>17.96</b>

### **Vehicles**

2.104. 35 electric vehicles are required to support the insourcing of the domestic heating service by the HRA Mechanical & Electrical team. These vehicles will be leased and under IFRS 16 (the accounting standard for leases). The lease liability will be accounted for as capital expenditure, at an estimated cost of £1.1m. The vehicles will be procured in a two phase approach.

### **5 Pancras Square Works**

2.105. A budget of up to £0.2m (General Fund) is requested to enable reconfiguration works to the ground floor of 5 Pancras Square, the Council's offices and community building.

### **Temporary Accommodation**

2.106. In relation to the TA pressures as set out in Paragraphs 2.63 to 2.67, a key focus for the Council is continuing to explore new and innovative potential TA mitigations and housing supply, maximising grant support and ensuring adequate resources are available to support these initiatives.

2.107. A budget of £10m is requested to enable the Council to respond to the upcoming Local Housing Authority Fund 4 grant (Central Government funding for acquisitions) and purchase properties supported by grants. This budget could also be used to convert identified Council owned buildings for Temporary Accommodation use. Any purchase will be subject to internal due diligence to ensure the property can be maintained by internal teams and that it avoids more cost in external TA purchases than it creates in additional borrowing cost.

2.108. The market for properties suitable for Temporary Accommodation is extremely competitive and fast moving. Grant support is often subject to very tight, time limited conditions.

2.109. For these reasons, it is imperative that decisions to acquire Temporary Accommodation units are taken in a speedy and streamlined way. It is therefore recommended that purchase decisions are delegated to the Executive Director Homes and Communities (of up to £11m per acquisition,

subject to sufficient budget provision) and to the Director of Communities and Housing Support (of up to £5m per acquisition, subject to sufficient budget provision). Acquisitions valued up to £5m will be approved by the Director of Communities and Housing Support and those between £5m and £11m will be approved by the Executive Director Homes and Communities. All acquisitions will be secured by using a streamlined decision-making and authorisation process (Authorisation Process) which will broadly correspond to the streamlined Authorisation Process approved by Cabinet and operated successfully for other programmes.

2.110. In summary, the Authorisation Process will involve an expert professional Officer panel including property, finance and legal representatives, who assess each potential unit in terms of fitness for purpose, value (based on professional valuation advice) and ongoing financial implications. Their assessment is then compiled into an Authorisation Report setting out the key considerations. Based on this, the decision maker will then decide whether or not to authorise the transaction by signing an Authorisation Sheet.

### **3. OPTIONS APPRAISAL**

- 3.1. To finance the proposed revenue budgets, there is a net council tax requirement of £165,438,070 (inclusive of the Garden Squares levies), which equates to a Band D council tax level of £1,696.61 for residents not in Garden Squares. This is a 4.99% increase from 2025/26, the maximum increase permitted without holding a referendum. The Council could choose a different council tax level (within limitations imposed by the government), with reductions in council tax funded through expenditure reductions or increased income. If the Council chooses a higher level of council tax (which would be subject to a referendum) increases in council tax could be used to fund additional expenditure or reduced income.
- 3.2. The proposed 4.99% increase includes a 2% precept for Adult Social Care. This will generate much needed additional Adult Social Care funding to help manage significant medium term cost pressures from demographic changes and inflation. The Council could choose not to levy this precept in 2026/27, which would mean a reduction in Adult Social Care budgets and could restrict the ability of the Council to respond to rising demand in social care.
- 3.3. The report sets out the proposed departmental budgets for 2026/27. Cabinet and Council could choose alternative budget allocations. The report also proposes a number of budget investments. Cabinet and Council could choose not to agree to these investments. Depending on the investments which are not agreed, this may restrict the Council's ability to respond to ongoing financial pressures, provide effective services and support to residents and deliver on the We Make Camden Missions.
- 3.4. The report proposes new fees and charges for 2026/27 in addition to those agreed by Cabinet on 10 December 2025. Cabinet could decide not to agree to these fees and charges. The report also sets out fees and charges that are at the discretion of Council to agree. Council could decide not to

agree to these fees and charges. However, this could reduce the ability of services to recover costs or result in additional budget pressures.

- 3.5. It is worth noting that Section 31A of the Local Government Finance Act 1992 requires that all known and anticipated revenue budgetary requirements of the Authority for the forthcoming year be calculated prior to setting the council tax. This must be done no later than 11 March in the preceding financial year. There are therefore no alternatives other than to agree a balanced budget by the statutory deadline.
- 3.6. Finally, the report asks Cabinet to agree a series of capital investments. Cabinet could choose not to agree some or all of these investments. Whilst the impact of this would depend on the investments not agreed, this could limit the extent to which the Council can respond to ongoing financial pressures (with the effective use of assets and capital investment long forming a core part of the Council's financial strategy), or its ability to deliver on the We Make Camden Missions.

#### **4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?**

##### **Medium Term Changes to Local Government Funding**

- 4.1. In recent years, the Council has had very little certainty over its funding allocations from central government beyond the end of the coming financial year. This has posed a risk to the Council's medium term planning, as it has had to make assumptions about the level of available government funding when determining its budget gap. The government's move to a multi-year Local Government Finance Settlement (as part of its wider package of reforms to council funding), follows seven consecutive single year settlements and substantially mitigates against this risk.
- 4.2. Furthermore, the government's work to bring disparate grants from across government together within the Core Settlement or one of the four new Consolidated Grants delivered alongside the settlement has also reduced the financial planning risks facing councils. A much larger share of resources has now been wrapped into the settlement process than in previous years, providing further certainty as we work to understand and manage any medium term budget gaps.
- 4.3. There is some residual risk that remains. Whilst the settlement and its corresponding grant funding have now been confirmed for 2026/27-2028/29, we do not expect to receive further settlements until late in 2028/29, covering the period from 2029/30. This means that there will be some medium term uncertainty which is reintroduced over the coming years, though this is a natural part of local government's financing system. Officers will continue to monitor and assess the potential impacts of government policy as it emerges over the medium term, using this to help shape financial planning assumptions where appropriate.

##### **Economic Uncertainty**

4.4. A large part of the Council's funding is either determined by central government through the Local Government Finance Settlement (over which the Council now has greater certainty following the multi-year settlement confirmed in February 2026) or through local decisions on council tax. Nonetheless, economic uncertainty continues to pose a risk to the Council's medium term financial planning. This can be manifested in a variety of ways, which may impact the Council's medium term budget gap:

- Inflation may lead to increases in expenditure without corresponding growth in income. These pressures may also be more acute in some services than others due to localised circumstances.
- Inflation, interest rates and unemployment levels may also steepen cost of living challenges for residents and thereby increase the demand for Council services.
- Unemployment and economic growth levels will also likely impact the income the Council receives, particularly through council tax and business rates.

4.5. The main way the Council can mitigate against this is through effective financial planning arrangements which allow us to consider the potential impact of economic developments in a timely manner, and which recognise the differential impact changes may have on individual services. Furthermore, by building up the Council's reserves position we increase our flexibility to respond to emerging challenges, as well as our financial resilience more generally. Finally, the government has set out its intention to focus on tackling demand and cost drivers across service areas such as Temporary Accommodation, Children's Social Care and Special Educational Needs and Disabilities (SEND) provision, which may help reduce medium term risks in these essential service areas.

### **Capital Strategy**

4.6. The Council's capital funding strategy for the Community Investment Programme (CIP) and Asset Management Strategy depends partially on capital receipts, which are affected by the conditions in the property market and wider economic factors. The Council has robust programme governance arrangements in place to monitor capital receipts and take mitigating action to ensure that the Council receives best consideration for the sale of any assets, such as delaying sales of some assets until market conditions are favourable or in some cases changing the strategy for private sale homes in response to grant opportunities. In the medium term, these assets are utilised to create additional income streams to support the Capital Programme and mitigate against the effect of a delay in capital receipts. The Council regularly reviews the assumptions included in the Capital Programme and takes external advice on expected property values.

4.7. Ongoing pressure on revenue budgets, as set out in the revenue sections of this report, means there are fewer resources available from annual revenue budgets to allocate to capital investment. The cost of borrowing has a major impact on the affordability of the Capital Programme.

- 4.8. In addition, the Council's ability to fund investment from the sale of under-utilised assets will naturally diminish as many assets appropriate for sale have now been sold to fund reinvestment in the Capital Programme over previous years, such as the sale of Cressy Road in 2024/25. The Council must carefully consider the potential for future capital appreciation and strategic use of sites ahead of any disposal decision.
- 4.9. The Council continues to see high levels of inflation within its Capital Programme, in the supply of labour, materials and professional services. This is managed through prudent inflation assumptions and contingency.
- 4.10. The Council continues to respond to new legislation relating to social housing and Net Zero targets. Within CIP, a Design Guide is being developed in consultation with service areas and external advisors which will standardise the response across CIP developments.

## **5. CONSULTATION/ENGAGEMENT**

- 5.1. The Council consulted with local businesses as part of the decision-making process that culminates with this proposed budget. The consultation was published on the Council's website as a news item. If there are any further responses arising following the publication of this report, the Cabinet and Council will receive a verbal update.

## **6. LEGAL IMPLICATIONS**

- 6.1. Members should give careful consideration to the legal comments regarding the setting of the budget, which are set out at Paragraphs 2.1 to 2.4 and Appendix A of this report.
- 6.2. When making their decisions Cabinet Members must take into account the Council's equality duties. In summary, these legal obligations require the Council, when exercising its functions, to have 'due regard' to the need to: eliminate discrimination, harassment and victimisation and other conduct prohibited under the Equality Act 2010; to advance equality of opportunity between people who share a relevant protected characteristic and those who do not; and foster good relations between people who share a relevant protected characteristic and those who do not (which involves tackling prejudice and promoting understanding). Under the Duty the relevant statutory protected characteristics are: Age, Disability, Gender reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. In respect of the first aim, the protected characteristic of marriage and civil partnership is also relevant.
- 6.3. In discharging the Duty the Council has also given a public commitment to give due weight to evidence in relation to the Key Local Characteristics relating to the groups of people referred to on Page 7 of the attached Equalities Impact Assessment (EIA) (given the strong probability that many people within those groups will have protected characteristics). The relevant groups are Foster carers, Looked after children/care leavers, Low-

income households, Refugees and asylum seekers, Parents (of any gender, with children aged under 18), People who are homeless, Private rental tenants in deprived areas, Single parent households and Social housing tenants.

## **7. RESOURCE IMPLICATIONS**

### **Section 25 Statement / Council Financial Resilience**

- 7.1. Local authorities are required to set a balanced budget each year, a process that relies heavily on the professional judgement of the Chief Financial Officer (CFO), who must issue a statutory Section 25 statement. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (s151 Officer) to report to Members on the robustness of the budget estimates and the adequacy of the proposed financial reserves when the Council sets its annual budget and Council Tax. Members are required to have regard to this report when making their decisions, ensuring that financial planning is both sound and sustainable.
- 7.2. This statement provides my professional advice on the budget proposals for the financial year 2026/27, including the medium-term financial context in which these decisions are being taken. The assessment is informed by a comprehensive evaluation of the Council's financial position, including the balance sheet, budget proposals and the assumptions underpinning them, scrutiny of savings plans and investment proposals, plus analysis of key financial risks and demand pressures. I have examined the authority's financial performance, resilience indicators, and reserves strategy, alongside advice from senior officers and relevant external guidance, including CIPFA's principles on financial resilience. In forming this judgement, I have taken into account both the requirements of the forthcoming financial year and the wider medium-term outlook.
- 7.3. The 2026/27 budget has been developed through a transparent process, supported by robust challenge and oversight from Directorate Management Teams, Corporate Finance and Cabinet. In forming my view, I have evaluated the key assumptions underpinning the Council's financial position and medium-term outlook. These include:
  - Inflation, pay awards, and contract indexation
  - Demand pressures across social care, Temporary Accommodation, and other statutory services
  - Income projections from fees, charges, and commercial activity
  - Expectations around interest rates and treasury management
- 7.4. Taken together, these assumptions are well-founded and align with external forecasts.
- 7.5. The Council's current Medium Term Financial Strategy (MTFS) was agreed by Cabinet in 2023 and covers the period 2023/24 to 2025/26. It includes £27.8m of savings across the General Fund and Housing Revenue Account

(HRA) required to deliver balanced budgets and maintain the Council's financial resilience. The period spanning 2025 and early 2026 has coincided with significant national announcements signalling generational changes to the way local government is funded. The introduction of the first multi-year settlement issued in a decade is particularly important, as it provides a level of certainty that has been absent from long term financial planning for many years.

- 7.6. The Council has engaged extensively with Government throughout the Fair Funding Review consultation. Whilst the November 2025 policy statement and the 2026/27 to 2028/29 settlement have been published, some elements of the longer term funding framework are still to be confirmed.
- 7.7. These span developments in children's services, including forthcoming announcements on Special Educational Needs (SEND) reforms and the next phase of the Children's Social Care programme, updates to national priorities for Adult Social Care for 2026/27 alongside the work of the Independent Commission on Adult Social Care, which may shape funding distribution and workforce expectations and approaches to HRA rent convergence, which will inform long-term investment planning within the Housing Revenue Account.
- 7.8. Each of these policy areas has the potential to shift the Council's financial baseline. The current MTFS has therefore been extended by one year, with the next MTFS running for three years from April 2027.
- 7.9. While the Council has delivered over 80% of the savings set out in the current MTFS, approximately £6m remains to be delivered. It is essential that this period is used to finalise the remaining savings to avoid carrying unresolved pressures into future years. The coming months must also focus on identifying further robust savings proposals, as the next MTFS is expected to be one of the most challenging the Council has faced in the past decade.
- 7.10. The Council continues to operate in a challenging financial climate, characterised by sustained demand for services, persistent inflationary and demographic pressures and wider sector fragility, evidenced by recent Section 114 notices elsewhere. While the Council is not in this position, it nonetheless faces significant financial pressures both this year and across the medium term. Work is already underway to develop a refreshed medium term forecast for the next three to five years, which will inform the next MTFS and the level of savings required to set balanced budgets and maintain financial resilience.
- 7.11. The Council has a strong history of living within its budget, though the pressures of the past two years (a General Fund overspend of £22.8m in 2024/25 and a forecast pressure of £19.6m as at Quarter Three in 2025/26) have been exceptional. These challenges are not unique to Camden. London Councils report a London-wide funding gap of £1bn this year, rising to over £4bn by 2028/29, driven by prolonged inflation, high interest rates, rising demand, and more than a decade of constrained government

funding.<sup>11</sup> Pressures are particularly acute in Adults' and Children's Social Care and Temporary Accommodation. Some of this was anticipated and is being managed within existing reserve provisions, though this is not a sustainable long term position. Therefore, in setting the 2026/27 budget, the Council has built in additional budgetary provision for expected increases in demand, which inevitably limits funding available for other priorities.

- 7.12. The Council has taken steps to strengthen financial controls, including tighter recruitment checks for permanent and agency staff and targeted reductions in agency spend for 2025/26. Budget monitoring has also been enhanced, with more focused work on controllable spend led by the Chief Executive and Director of Finance contributing to an easing of forecast overspends since Quarter One.
- 7.13. Several broad risks have been considered in the production of this statement and incorporated into the Council's medium term financial planning, overall risk assessment and reserves strategy.
- 7.14. 2026/27 is the first year of a new multi-year settlement, the first to be issued in ten years. The settlement follows the government's Fair Funding Review, a fundamental review of the local government finance system. The Council welcomes the certainty provided by multi-year settlements. Camden's three year settlement delivers a flat cash position for Core Spending Power when compared to 2025/26 levels, meaning that inflationary and demographic pressures will need to be met entirely through savings within the MTFs.
- 7.15. Financial pressures extend beyond the General Fund. The HRA, which funds the Council's role as a social landlord, faces significant strain from inflation, interest rates and increasing regulatory requirements. Rental income is the only source of additional revenue, yet past government policies, including the bedroom tax, changes to rent setting formulas, removal of rent convergence, enhanced Right to Buy discounts, Universal Credit impacts, enforced rent reductions and recent rent caps have severely constrained the HRA's ability to respond. The government has consulted on reintroducing rent convergence to allow rents to rise above CPI+1% where necessary to meet the costs of managing and maintaining social housing, with a recent announcement confirming that rent convergence will be reintroduced from April 2027.
- 7.16. The Council is also seeing significant pressure on its Dedicated Schools Grant reserves, particularly in respect of the High Needs Block relating to Special Educational Needs (SEN) costs, which is forecast to overspend by circa £7m in 2025/26. The government have indicated that they intend to reform the system to address national issues with SEN funding and remove the risk of overspends from councils. The Council is not yet in overall deficit for its High Needs Block but the balance held by the Council is reducing and represents a financial risk until the system is reformed by the government. The Dedicated Schools Grant reserve balance will need to continue to be monitored closely.

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<sup>11</sup> [London boroughs face 'impossible' £4bn funding gap in coming years | London Councils – Home](#)

- 7.17. The extreme financial pressure facing local government is leading to a growing risk of financial and service failures. Nationally, we have seen a number of councils issue Section 114 notices (effectively a declaration of bankruptcy) and a growing number of councils are relying on Exceptional Financial Support (EFS), with seven London boroughs seeing EFS approved for 2025/26, reflecting unprecedented financial strain across the sector.<sup>12</sup> As noted above, London Councils project a funding gap rising from £1bn this year to over £4bn by 2028/29 across London, driven by inflation, demand pressures, and long-term funding constraints. Given these trends, the number of authorities needing EFS is expected to increase over the coming years unless the underlying pressures ease.
- 7.18. Based on our latest assessment of the Council's financial position, I can confirm that we are not at risk of issuing a Section 114 notice and have no requirement to draw upon EFS.
- 7.19. It remains essential that we continue to monitor our financial position carefully, maintain robust medium-term planning, deliver our agreed savings, operate within our financial means, and sustain investment in early intervention and prevention, which has a proven track record of strong outcomes and reduces the need for more costly crisis support.
- 7.20. In light of the significant medium-term risks we face, I have assessed the Council's robustness of estimates and adequacy of reserves.

### **Robustness of Estimates**

- 7.21. One of the key elements of the Council's financial planning arrangements is the use of robust estimates for setting its annual budgets and its medium term financial forecasts. One of the 'lessons learnt' from recent failures within the sector has been that business cases and assessments of future income and expenditure for Council services haven't been detailed enough nor widely challenged and understood.
- 7.22. When setting the 2026/27 budget, the Council has taken a two-step approach to identifying inflationary and demographic pressures in its budgets. A standard rate of inflation is used to inflate existing budgets based on expenditure and income types. This is informed by external estimates of future inflation from the Bank of England and Office for National Statistics (ONS). Officers then work to identify and include any additional inflationary pressures arising from specific legislative requirements, contractual obligations, changes in demand for statutory services or areas of spend, such as energy costs, where inflation is higher than the standard level set.
- 7.23. This process allows the Council to identify and make robust budget estimates as part of the budget setting process for 2026/27.
- 7.24. The Council's medium term financial forecasting is vital in identifying future financial pressures and informs the Council's projected budget gap over the

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<sup>12</sup> [Exceptional Financial Support for Local Authorities for 2025-26](#)

medium term. Officers work with Service Directors to identify long term service trends and cost pressures from demographic and legislative changes and the Council's own policy priorities summarised in We Make Camden. These assumptions are then subject to discussion and challenge across the Council to ensure they are sufficiently robust and are factored into the budget alongside the agreed savings programme. In addition, officers undertake peer challenge on the medium term assumptions included in the forecast with officers across London. This allows for a further level of scrutiny on the assumptions underpinning our medium term financial forecast.

- 7.25. The Council's Capital Programme includes planned capital investment of over £1 billion during the next ten years and is a vital element of the Council's delivery of We Make Camden. The annual review of the Capital Programme between February and July 2026 provides an opportunity to re-examine and update spending plans, estimates and assumptions for the Capital Programme in light of the previous year's outturn, the availability of new external resources and current projections of the cost and delivery timetables for individual schemes. This will allow the Council to capture and factor in the revenue impact of capital investment decisions and incorporate this into its medium term planning.
- 7.26. As set out in the Council's Annual Governance Statement, there is a well established system of internal controls and a governance framework that supports our decision making.

### **Adequacy of Reserves and CIPFA Financial Resilience Index**

- 7.27. In line with CIPFA guidance, the Council holds both general balances and earmarked reserves. General balances provide contingency against unforeseen financial shocks, while earmarked reserves support specific priorities such as delivering We Make Camden outcomes, contributing to the Capital Programme, mitigating known risks (including insurance liabilities and business rates volatility), and investing in initiatives that generate future savings. These reserves are managed carefully over the medium term, recognising that they are one-off resources and cannot provide a sustainable solution to ongoing financial pressures.
- 7.28. CIPFA's Financial Resilience Index is a comparative analytical tool intended to support good financial management and shows a range of measures associated with financial stress and risk. A screenshot of the index is provided below:

Results Breakdown

Indicators of Financial Stress		Indicator	Min	Indicator Value	Max
← Higher Risk      Lower Risk →					
Level of Reserves		Level of Reserves	17.60%	49.68%	168.48%
Change In Reserves		Change In Reserves	-59.37%	-9.03%	46.26%
Interest Payable / Net Revenue Expenditure		Interest Payable / Net Revenue Expenditure	0.68%	4.27%	10.60%
Gross External Debt		Gross External Debt	£7,216k	£334,664k	£1,248,350k
Social Care Ratio		Social Care Ratio	58.06%	68.50%	106.05%
Fees & Charges to Service Expenditure Ratio		Fees & Charges to Service Expenditure Ratio	7.32%	11.21%	29.36%
Council Tax Requirement / Net Revenue Expendi...		Council Tax Requirement / Net Revenue Expenditure	29.82%	43.86%	70.15%
Growth Above Baseline		Growth Above Baseline	-17.26%	7.89%	20.98%

7.29. The index shows that, across measures such as levels of reserves, external debt and reserve sustainability, Camden sits just below the midpoint of the risk spectrum when compared with similar authorities.

7.30. Our fees and charges to service expenditure indicator is assessed as higher risk, reflecting the relatively low proportion of income from fees, charges, and other sources used to fund services. However, the change in reserves ratio remains within an average and prudent range. That said, the index shows that our council tax requirement as a proportion of net revenue expenditure is rising, reflecting the fact that government core funding hasn't kept pace with rising demand and increasing costs.

7.31. Our overall reserve position is slightly better than average for similarly sized local authorities. The in year change in reserves reflects the pressures faced by services, including in Temporary Accommodation and Children's Social Care. Given the pressures facing the revenue budget, particular attention should be paid to reserve levels over the next few years across both the General Fund and the HRA. As part of the overall reserve strategy, the Council will need to give careful consideration to repurposing reserves set aside to fund the delivery of specific projects, in order to manage the risk of additional financial pressures from existing services.

7.32. In recent years, the Council has recognised the need to strengthen its reserves, and the agreed MTFs sets out plans to increase both the General Fund balance and the HRA reserve over the medium term. The continued delivery of this strategy continues to be important and will rely on the Council living within its means and achieving its agreed savings programme, to ensure reserves remain at prudent levels.

**CIPFA Financial Management Code**

7.33. A core part of the Council's approach to maintaining its financial resilience is adherence to CIPFA's Financial Management Code (FM Code), which sets out principles of good financial governance and sustainability. These principles are embedded in our financial planning and reporting processes. In 2023/24, an internal audit reviewed our compliance against the 17 FM Code standards, concluding that we met 10 to a high level and 7 to a medium level. I am therefore satisfied that the Council's arrangements align with the FM Code and reflect best practice. To ensure ongoing compliance

and continuous improvement, a follow-up audit is scheduled for late 2025/26.

## **Conclusion**

7.34. As part of considering this budget, the Director of Finance confirms that:

- Taking all factors into account, the proposed budget is underpinned by robust estimates of both income and expenditure; and
- That the current and projected reserves position is within a prudent range for the Council's risk profile and sufficient to manage known risks and planned commitments in a challenging financial climate.

## **8. ENVIRONMENTAL IMPLICATIONS**

- 8.1. This report highlights proposed investment to increase the tree canopy across Camden and replace high polluting vehicles within Camden's fleet, which will help to improve biodiversity and reduce air pollution. The report also contains Camden's Third Climate Budget, which describes the investment by the Council, as well as the external finance secured, to help improve the energy efficiency of Camden's buildings.
- 8.2. This continued investment in environmental improvement, despite a tightening of public sector finances, demonstrates Camden's ongoing support for this agenda.

## **9. TIMETABLE FOR IMPLEMENTATION**

- 9.1. This report will be considered by the Resources and Corporate Performance Scrutiny Committee, as well as by Cabinet and Full Council.
- 9.2. The proposals set out in this report will, if agreed, be implemented as outlined in the body of the report. Recommendations in respect of fees and charges will be implemented and come into force at the beginning of the 2026/27 financial year unless otherwise stated.
- 9.3. The Council operates a robust financial governance and monitoring process, which underpins the implementation of the recommendations in this report. Chief Officers receive regular reports on the Council's financial position and regularly review the medium term assumptions that underline the Council's modelling and the Capital Programme.

## **10. APPENDICES**

Appendix A - The Legal Framework for Setting the Council Tax

Appendix B - Statutory Determination of Council Tax 2026/27

Appendix C - Directorate and Departmental Budgets and Levies

Appendix D - Fees and Charges for 2026/27

    Appendix D1 – 2026/27 Fees and Charges Requiring Cabinet Approval

    Appendix D2 – 2026/27 Fees and Charges Requiring Full Council Approval

Appendix E - Climate Budget

Appendix F - Equality Impact Assessment

**REPORT ENDS**