

<b>LONDON BOROUGH OF CAMDEN</b>	<b>WARDS:</b> All
<b>REPORT TITLE</b> Review of the Council's Medium Term Financial Strategy (CS/2025/14)	
<b>REPORT OF</b> Cabinet Member for Finance and Cost of Living	
<b>FOR SUBMISSION TO</b>  Resources and Corporate Performance Scrutiny Committee  Cabinet	<b>DATE</b>  8 December 2025  10 December 2025
<b>STRATEGIC CONTEXT</b>  <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. In January 2023, Cabinet agreed the Council's Medium Term Financial Strategy (MTFS), seeking to ensure that the Council's limited resources are targeted towards achieving the ambitions and aspirations set out in We Make Camden whilst protecting the Council's financial resilience.</p> <p>Like many other councils across the country, Camden is facing a series of financial challenges caused by rapid growth in the demand for and cost of services, especially relating to social care and homelessness, as well as a broken local government funding system.</p> <p>The government is taking steps to address some of these issues, including through the recent Fair Funding Review, a fundamental review of the local government finance system. The Council welcomes aspects of the government's proposals including multi-year settlements to better support medium term financial planning. While the final allocations of funding are not yet known, it is expected to lead to a redirection of funding away from Inner London boroughs. In reaction to the fundamental review of the local government finance system, the Council will take time to properly develop a new Medium Term Financial Strategy from April 2027.</p> <p>This report presents an update on the Council's financial position in the third year of its current MTFS, as it seeks to respond to financial and service delivery challenges whilst supporting residents, communities and businesses. It provides commentary on those service areas facing significant financial pressures, with details on both immediate and medium-term mitigations. It also looks ahead to budget setting for 2026/27, including recommending increases in some fees and</p>	

charges, along with a summary of the medium-term picture, considering the potential impact of the government's Fair Funding Review and future service cost pressures.

## **SUMMARY OF THE REPORT**

This report provides an update on:

- The Council's current financial position and the risks, issues and uncertainties facing its financial resilience over the medium term
- The latest outlook for the Council's funding and spending, following the 2025 Spending Review and Fair Funding Review and ahead of the Autumn Budget and Local Government Finance Settlement
- The wider economic outlook
- The Council's forecast outturn position for the 2025/26 financial year and its proposed approach to reserves
- Those service areas facing particular financial pressures, with commentary on service and corporate-level mitigations
- Recommended fees and charges for 2026/27
- The Council's Capital Programme, including recommended capital investments

## **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 & Corporate Performance Scrutiny Committee is asked to consider the report and make any recommendations to Cabinet.

Cabinet is recommended to:

- a) Note the update on the Council's Medium Term Financial Strategy and overall financial resilience, detailed in Paragraphs 2.4-2.9 and Paragraphs 2.67-2.72.
- b) Note the impact of challenges across temporary accommodation, children's social care provision, schools and the Council's services more generally

(including those delivered through the Housing Revenue Account), as well as the Council's proposed responses to them, as set out in Paragraphs 2.32-2.61.

- c) Note the summary of recent and upcoming government policy decisions, as set out in Paragraphs 2.15-2.19.
- d) In relation to fees and charges discussed in Paragraphs 2.62-2.65 and Appendix A:
  - i. Delegate authority to the relevant Executive Director to agree increases to existing fees and charges up to a maximum of 7%, in consultation with the relevant portfolio holders.
  - ii. Note the supporting information in Appendix A1, in respect of all new fees and charges and those fees and charges where the proposed increase is over 7%.
  - iii. Agree the new fees and charges, and all proposed increases which exceed 7%, as shown in Appendix A1, delegating authority to the relevant Executive Director to introduce those changes.
  - iv. Delegate authority to the Executive Director Investment, Opportunity & Place to introduce fee PLA.1061 once the Tobacco & Vapes Act 2024 comes into force, as per Paragraph 2.64 of the report and Appendix A1.
  - v. Agree the music fees & charges for the 2025/26 academic year, as set out in Appendix A2.
  - vi. Delegate authority to the Section 151 Officer to delete fees and charges where these are no longer in use, as outlined in Paragraph 2.65.
  - vii. Delegate authority to the Section 151 Officer to reduce specific fees and charges in exceptional cases, as outlined in Paragraph 2.65.
- e) Note the Council's reserve position, as summarised in Paragraphs 2.73-2.76 and Appendix B.
- f) Agree the capital investments listed in Paragraphs 2.77-2.93.

Agreed by: Director of Finance

Date: 27 November 2025

## **1. CONTEXT & BACKGROUND**

- 1.1. Local authorities across London and the rest of England have been operating in a particularly challenging and uncertain environment for the last 15 years. This has been shaped by requirements to deliver existing and new duties with a reduced level of funding during the period of austerity, periods of acute volatility in inflation and interest rates and the dislocating impacts of the COVID-19 pandemic, the cost of living crisis and single year funding deals from central government which reduced councils' ability to plan effectively. Large parts of the local government sector have seen their financial resilience weaken dramatically as a result, with 30 councils receiving Exceptional Financial Support from central government during 2025/26, indicative of a funding system which is no longer functioning effectively.
- 1.2. At Camden, we have a strong track record of robust financial planning, built on investing our limited resources with clear purpose, such as a focus on preventative services, strengthening our asset base and embedding services within communities. This means that Camden has avoided the extreme financial challenges (and their detrimental consequences for residents) experienced by many other councils across the country.
- 1.3. However, the rapid growth in demand for many of our most important services (particularly temporary accommodation and children's social care), which is expected to persist over the medium term, is increasingly forming a threat to our financial resilience. In 2024/25, the Council saw an unprecedented overspend of £22.8m in its General Fund and £3.2m in its Housing Revenue Account (HRA). As part of 2025/26 budget setting, the Council took a number of steps to manage these burgeoning pressures, with a contingency on top of the service budget of £12m for Temporary Accommodation and £9m for children's placement budgets.
- 1.4. Although these interventions have somewhat stemmed the forecast overspend in temporary accommodation and children's social care, they remain acutely difficult, whilst other service areas also continue to experience pressure. This has led to a forecast 2025/26 General Fund overspend of £19m, and a forecast HRA overspend of £7.3m, as at Quarter Two. This forms a challenging backdrop to the Council's work to deliver its current three-year Medium Term Financial Strategy (MTFS), which is due to conclude at the end of 2025/26.
- 1.5. The government has recognised that the local government funding system is fundamentally broken and does not allow for the channelling of resources to the places they are needed. Their proposed solutions do address several issues, with the moves towards multi-year funding settlements and fewer ringfenced pots of grant funding helping councils plan the use of their resources more effectively. Nonetheless, these changes are expected to see some level of funding redirected away from Inner London boroughs such as Camden to other areas deemed to have high needs without the local resources to meet them. The Council won't learn about its provisional funding settlement until later in December 2025, but when combined with existing

pressures, this means that some difficult decisions will be required over the medium term.

## **2. PROPOSAL & REASONS**

### **We Make Camden**

- 2.1. The Council's corporate strategy 'We Make Camden' sets out our commitment to investing in our communities, our organisation and our staff to achieve our ambitions of a fairer, more equal and more sustainable borough.
- 2.2. Camden continues to focus on becoming a more dynamic, relational organisation, based upon building strong relationships and partnerships whilst creating the conditions for community-driven approaches to solving complex problems. To this end, Camden has invested and built capacity in vital areas, such as digital, data, insight, participation and design, to enable a missions-oriented approach. Together with residents, we have agreed four Missions, which are central pillars of We Make Camden:
  - By 2025, every young person has access to economic opportunity that enables them to be safe and secure.
    - In the Youth Mission, 2025 is a milestone. The work will continue to 2025-2030. We are currently working on how we will monitor progress, and the focus from 2025-2030 – this will be included within the State of the Borough Report published in February and further updates will follow from this
  - By 2030, Camden's estates and their neighbourhoods are healthy, sustainable, and unlock creativity.
  - By 2030, everyone eats well every day with nutritious, affordable, sustainable food.
  - By 2030, those holding positions of power in Camden are as diverse as our community – and the next generation is ready to follow.
- 2.3. Across the borough, community-led action is moving us closer to achieving these shared Missions. The Council's MTFS is driven by the need to ensure the Council uses the resources it has available to support the delivery of the We Make Camden Missions, while protecting the Council's financial resilience.

### **Our Medium Term Financial Strategy**

- 2.4. The Council's current Medium Term Financial Strategy was agreed by Cabinet in January 2023. 2025/26 is the final year of the current strategy. Table 1 below summarises the budget savings which were agreed as part of the MTFS, as well as the additional budget savings agreed for the HRA.

**Table 1: Summary of Budget Savings**

	2023/24 £m	2024/25 £m	2025/26 £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>

- 2.5. The Council was able to set a balanced budget for 2025/26 based on the delivery of its MTFS. However, the Council's regular monitoring processes have indicated that a number of projects have become increasingly difficult to deliver, given inflationary and demographic pressures across a range of services. More details are provided in Paragraphs 2.23-2.31 below, covering the Council's latest quarterly forecast. Officers are monitoring progress against those savings which are at risk and are developing plans to best support services to enable delivery as far as possible within the agreed timeframe.
- 2.6. In addition, and in spite of the difficult decisions and savings which the Council has already made, a new deficit is opening up over the medium term. This is driven by demographic pressures, national factors such as relatively higher inflation and interest rates, the long term impacts of COVID-19 and the cost of living crisis. These factors, over which we have very little direct control, will continue to affect local authorities across London and the rest of England. This ultimately means that the Council's operating environment remains both challenging and uncertain.
- 2.7. Our financial position is also shaped by central government policy decisions such as the Fair Funding Review, which is considered in detail in Paragraphs 2.15-2.19 below. The Council has received feedback from central government on the finalised Fair Funding Review methodology, which gives some more clarity on the specifics of changes in national policy ahead of the provisional Local Government Finance Settlement later this year. This introduces some short term uncertainty, though the move to a multi-year settlement will aid the Council's long term financial planning. As noted later in the report, the Fair Funding Review is likely to lead to some redirection of funding away from Inner London boroughs. This will shape the Council's operating environment (alongside the demand and demographic challenges covered above) and consequently its approach to managing its financial resilience over the medium term.
- 2.8. These factors may mean that the Council has to find further budget savings in order to protect its financial resilience. Given the depth of savings which the Council has had to make since 2010, this will unquestionably be difficult. It is important that our approach remains consistent with our history of purpose-driven, outcomes-led investments with a focus on prevention and our

missions-based approach through We Make Camden, ensuring that it is responsive to developments both nationally and here in Camden.

- 2.9. In recognition of these significant changes to the Council's operating environment, the Council will therefore extend its current Medium Term Financial Strategy by one year to 2026/27. This will support the Council in delivering its current savings programme and ensure the development of a medium term approach which comprehensively responds to sources of financial pressure and our new government funding position.

### **Impact of National Financial Pressures on the Council**

- 2.10. Local authority finances and service delivery have been shaped by a range of pressures and challenges over recent years. More than a decade of funding constraints and reductions, alongside the requirement for councils to deliver considerable additional services without the accompanying resources, have had significant impacts. As the cost-of-living crisis (driven by high levels of inflation and interest rates) continues to impact residents, councils across the country have been trying to support those residents in greatest need.<sup>1</sup>
- 2.11. Acute national pressures in key service areas such as Temporary Accommodation and Children's Social Care mean that more of the limited resources available to councils are being diverted to try and address these issues, leaving other areas potentially vulnerable or exposed to under investment. A recent press release from London Councils highlights the continued escalation of the homelessness crisis in the capital, with an estimated £5.5m per day in 2024/25 being spent on homelessness (up from £4.2m a day in 2023/24), with the majority of this being spent on Temporary Accommodation.<sup>2</sup>
- 2.12. Camden is not immune to these local and national pressures, with Temporary Accommodation and Children's Social Care being the key drivers behind the General Fund overspend of £22.8m reported in 2024/25 and continuing to be pertinent issues in 2025/26. Officers are working to reduce overspends and are developing business cases to make the Council more resilient over the longer term through targeted investment. Continuous year on year overspends are not sustainable and create pressures on the Council's finite reserves. Ultimately, frequent overspending harms the Council's financial resilience and reduces its ability to invest.
- 2.13. Given the severity of the financial pressures faced by councils over the last few years, a number of authorities have had to issue Section 114 notices (essentially a declaration of bankruptcy), with seven of these declarations since 2018. Furthermore, 30 councils are receiving additional support from central government in 2025/26 through the Exceptional Financial Support process, a vital mechanism in enabling those authorities to set balanced budgets.<sup>3</sup>

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<sup>1</sup> [Inflation and price indices - Office for National Statistics](#)

<sup>2</sup> [Borough Homelessness Costs Soar to £5.5 Million a Day | London Councils – Home](#)

<sup>3</sup> [Councils to receive exceptional support - GOV.UK](#)

- 2.14. Camden is not in the same extreme financial position as these other local authorities, due to its strong track record of managing financial pressures over the last 15 years. Among the most significant features of the Council's financial strategy are the deliberate development of prudent contingencies and robust reserves. The budget overspends in 2024/25 and the projected overspends this year will mean that the Council will need to call on some of these reserves, weakening the Council's financial resilience in the short term. Its strategy also involves building contributions to these reserves into the budget setting process, and it is important that where reserves are used to meet overspends that these are replenished over the medium term. In addition, the Council has delivered a series of MTFs programmes since 2010, through which it has made a series of purpose-driven investments (including through a specific focus on prevention and early intervention services, as well as investing in our asset base). This has improved the outcomes of service users and the Council's overall financial position.

### **Changes to Local Government Funding**

- 2.15. The considerable challenges facing local government set out above are shaped in part by a series of structural weaknesses in the way councils are funded. Local authorities have been funded through a series of single year settlements for seven consecutive years, increasing uncertainty for councils and reducing their ability to plan over the medium term. Councils have also been funded by a large number of small, ringfenced grants, which require substantial effort to administer. The government has sought to address these issues through issuing a three year Local Government Finance Settlement from 2026/27 to 2028/29 and by reducing the number of grant pots issued to councils.
- 2.16. Weaknesses in the historic approach to funding local government are of particular importance, with London Councils describing the funding system as being 'fundamentally broken'.<sup>4</sup> The methodology for distributing funding to local authorities through the Local Government Finance Settlement has not been fundamentally revised for more than a decade. Ultimately, out of date methodology risks meaning that the connection between local need and the availability of resources becomes increasingly frayed. In recent months, the government has followed up on its plans to revise local government funding methodologies through the launch of the 'Fair Funding Review 2.0' in June 2025.
- 2.17. The Fair Funding Review proposed substantial changes to the way much of the central government funding awarded to councils is structured and distributed through the upcoming three year settlement. The Council provided a response to the consultation in September 2025, both individually and in conjunction with partners such as London Councils.

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<sup>4</sup> ['The local government funding system is fundamentally broken' - London Councils responds to new parliamentary report | London Councils – Home](#)



- 2.18. After considering the responses received, the government set out its updated proposals in an extensive policy statement in November 2025. Officers are reviewing the policy statement to consider the implications for Camden, though indications are that the government appears to have taken account of several of the Council's arguments set out in its consultation response. These include updating the government's key deprivation measures to account for the impact of housing costs and reducing the role of a planned 'remoteness' adjustment which was built on a largely theoretical case and would have disadvantaged London. Nonetheless, the scale and nature of the reforms means that there remain several questions on which the Council awaits further clarification from the government.
- 2.19. Neither the Fair Funding Review consultation nor the government's response contained the detailed final funding allocations which Camden will receive for the three year period from 2026/27-2028/29. These, along with answers to the Council's other outstanding questions, are expected to be released as part of the provisional Local Government Finance Settlement in December, with the final settlement likely to follow in the new year. Government grant funding decisions will form a key part of the Council's 2026/27 budget setting processes, which will be reported to Full Council in March 2026. Grant allocations for 2027/28 and 2028/29 will be built into the Council's Medium Term Financial Forecast and help shape any medium term budget gap and future financial strategies.

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

- 2.20. The government's approach to funding local authorities, which is due to capture the Fair Funding Review changes announced in November 2025, is driven by their assessment of each council's 'Core Spending Power'. This estimate involves assuming that local authorities will increase their council tax by the maximum permissible amount and will be built into the figures set as part of the Local Government Finance Settlement.
- 2.21. This maximum amount has been confirmed as 4.99% for 2026/27, consisting of two main elements:
- 2.99% increase for 'core' council tax
  - An additional 2.00% increase for councils with social care responsibilities through the adult social care precept. The precept was first introduced in 2016 to help local authorities meet demographic pressures on their social care budgets.
- 2.22. It is critical to stress that council tax decisions are solely determined by the Members of each local authority as part of their budget setting process. However, if a council chooses not to increase its council tax by the legal limit, the government would not increase the level of grant funding to make up the shortfall. This would ultimately mean that fewer resources would be available to deliver services.

## 2025/26 Forecast Outturn

- 2.23. 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 this additional budget 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. 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>5</sup> This equates to an average of £30m overspend per London Borough.
- 2.24. Temporary Accommodation and Children's Social Care are discussed in detail later in this report.
- 2.25. The Council is also forecasting additional spend in Adult Social Care, driven by inflationary pressures from service providers, as a result of increases in costs from employer National Insurance contributions and the London Living Wage. The Council fully supports the implementation of the London Living Wage but without additional funding to meet these costs, along with the costs of the National Insurance increases, the Council faces ongoing pressures. The Council is also experiencing an increase in demand for Adult Social Care services, including Homecare.
- 2.26. Other significant financial pressures this year include a forecast overspend of £2.3m in accessible transport. Over the past four years, London has seen a considerable increase in the number of children and young people identified with Special Educational Needs and Disabilities (SEND). This increase has put considerable strain on SEND services, including SEN transport, where funding has struggled to keep pace with demand. In Camden, there are currently 60 service users needing 1-1 taxis due to varied school sites and complex medical needs. Of the 110 routes supported in total, 80 are out-of-borough placements, as specified in Education Health and Care Plans.
- 2.27. There are also broad pressures across a number of services from inflationary pressures and increased demand for services, along with reductions in income from fees and charges in some services.
- 2.28. Overall, in the General Fund the Council is forecasting an overspend of £19m this year at Quarter Two. This is an improvement of £9m from the Quarter One forecast and reflects the early work by officers to reduce expenditure where possible. Officers will continue to focus on reducing the overspend position through the year to reduce pressure on the Council. This includes high level focused meetings to agree actions to address areas of financial pressure across the Council. It should be noted that there is a level of volatility in demand for a number of services, meaning there are a range of

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<sup>5</sup> [London boroughs face 'impossible' £4bn funding gap in coming years | London Councils – Home](#)

forecasts in some service areas such as social care and homelessness services.

- 2.29. The Council is working to reduce these overspends in year to lessen the financial pressure on the Council, with focused work on areas of controllable spend led by the Chief Executive and the Director of Finance.
- 2.30. Any overspends at the year-end will need to be funded from reserves. As summarised in Paragraphs 2.73-2.76, the Council has reserves to meet the expected overspends, with the projected reserve balances shown in Appendix B.
- 2.31. The Housing Revenue Account is forecasting to overspend by £7.3m this year. This is mainly driven by additional repair and maintenance costs across the social housing stock, with additional costs for damp and mould, fire safety and other repair costs. There is also an increased forecast in legal fees and costs relating to disrepair. Risks and pressures in the Housing Revenue Account are discussed in Paragraphs 2.57-2.61.

### **Homelessness & Temporary Accommodation Financial Pressures**

- 2.32. Temporary Accommodation (TA) is a London-wide financial pressure which has reached crisis proportions. Research published by London Councils in October 2025 estimates a £740m temporary accommodation shortfall across London.<sup>6</sup>
- 2.33. The Council's forecast net expenditure on temporary accommodation for 2025/26 was £26.4m as at the end of September 2025. This represents a £20.5m overspend against service budgets. The Council has set aside £12m in its contingency budget for temporary accommodation pressures, which when offset against the service budget overspend results in a forecast net overspend of £8.5m.
- 2.34. The finance update to Cabinet in July 2025 set out the Council's efforts to acquire more temporary accommodation and make more use of its existing stock as part of the effort to bring down the costs of temporary accommodation.
- 2.35. The rapid rise in homelessness has revealed issues with the Council's temporary accommodation systems and processes and has resulted in a backlog of rent accounts and Housing Benefit claims. The Council has dedicated significant resources to tackling the backlog and improving its systems. This work will help to bring down the cost of TA to the Council by ensuring all households are claiming the Housing Benefit they are entitled to and providing the Council a full and accurate picture of households in TA. Work so far suggests that the number of households entering TA each week

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<sup>6</sup> [£740m 'black hole': London's temporary accommodation crisis draining local resources | London Councils – Home](#)

has slowed since the beginning of the year, which is one bright spot in an otherwise difficult overall position.

- 2.36. In July 2025, the Cabinet agreed changes to temporary accommodation rents. The Council has sought external advice on these changes and the expected date for implementation is early in the 2026/27 financial year.

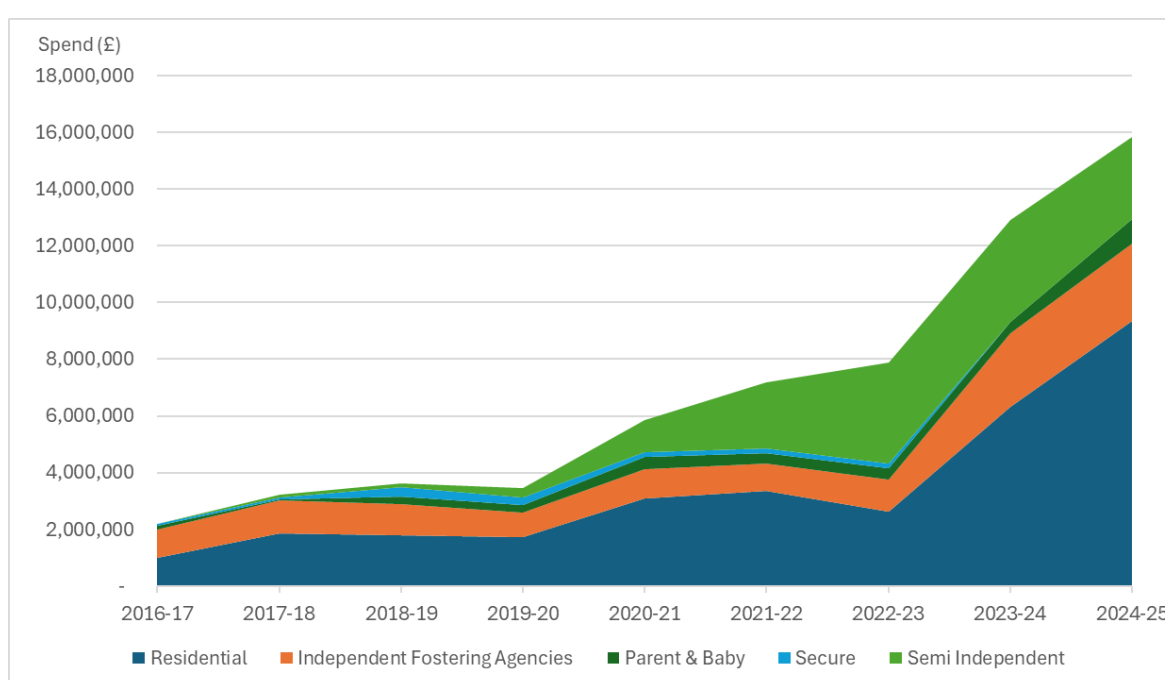
### **Children's Social Care Financial Pressures**

- 2.37. The Council is dedicated to supporting its most vulnerable residents, ensuring every child has the best start in life and the Corporate Parenting Strategy 2025-2028 promises 'we will do our best to find a stable accommodation that meets your needs'.
- 2.38. In 2025, Camden's Children's Services received an 'Outstanding' rating from Ofsted, recognising its strong focus on prevention and early intervention. The Youth Justice Service also received an 'Outstanding' rating, proudly making Camden the only local authority in England to achieve the highest possible 'Outstanding' ratings from all three major inspectorates for its Children's Services, Adult Social Care and Youth Justice Service.
- 2.39. This success cannot be taken for granted and is delivered against an increasingly challenging backdrop which the Council is not immune from. The national economic landscape, the impact of the cost-of-living crisis on families and inadequate mental health and other support services mean the delivery of children's services has become increasingly challenging. Like many local authorities across London and the rest of the country, Camden has seen a rise in the number of children needing care. Needs are also presenting as more complex, meaning the types of placements to support children looked after and care experienced young people have changed to meet demand. This has led to significant increases in the costs of placements since 2020/21.
- 2.40. To address these challenges, the government has kickstarted the Children's Social Care national reform agenda, which aims to transform the support delivered to families with a focus on prevention. The impact of this is likely to be seen in the future years to reduce costs in the long term. However, there is a risk that the initial upfront investments to deliver the reforms could place strain on the Council's finances. A £0.9m grant allocation has been provided in 2025/26 to implement the changes.
- 2.41. The cost of children's social care placements has risen significantly over the past 10 years (as shown in Chart 1 below). The spend on placements for children looked after and care in 2025/26 has increased by around 4% from 2024/25, with the greatest proportion of spend on residential placements. The continuing increase in costs for placements means that the service is forecasting an overspend of £2.5m this year.
- 2.42. Costs have increased over time, mainly due to increases in the number of children looked after, an increase in the number of teenagers starting care and care needs being more complex. There has also been a decline in the number

of in-house foster carers over the years, along with increases in the unit costs of external placements, such as placements in Independent Fostering Agencies. Finally, the Council has experienced significant above inflation increases in the weekly costs of residential placements, where the average weekly cost is approximately £5,300, due to rising costs and complex needs. There are also some high-cost joint funded placement costs ranging from £12,000 - £21,000 per week. There is a risk that the trend of rising costs will persist in 2026/27.

- 2.43. Chart 1 below illustrates the significant increase in costs of children's social care provision across the different placement types since 2016/17.

**Chart 1 – Children's Social Care Placement Expenditure 2016/17 – 2024/25**



- 2.44. There has been a significant amount of discovery, analysis and design work undertaken to understand the drivers of the overspend in the placement budget and a transformational programme board has been put in place chaired by the Director of Children's Prevention, Family Help & Safeguarding. Some of the outcomes of the workstreams include developing a joint housing protocol, developing a kinship strategy, updating service visions and redrafting Camden's placement sufficiency strategy. In addition, work has been taking place around launching the pilot edge of care team, establishing a monthly kinship support panel to prevent placement breakdown, increasing foster placement utilisation, working closely with housing colleagues and establishing new shared governance with housing and launching the House project.
- 2.45. In March 2025, Cabinet agreed £11.1m of capital investment to acquire residential properties for the provision of children's social care residential services and supported accommodation for care experienced young people aged 18-25. This investment will enable the delivery of two new children's

residential homes. These homes will deliver eight additional beds, whilst the further acquisition of one supported accommodation facility for care leavers is to secure existing provision of twenty one beds for our Young People's Pathway. The Council is currently in the process of conducting feasibility studies on all three properties to assess the adaptation and refurbishment costs for their proposed use.

- 2.46. The Council has also been successful in a Department for Education (DfE) capital bid to part fund a further children's residential home at 174 Prince of Wales Road, delivering four beds which will be occupied by children with the most complex needs requiring more specialist support. The Council is procuring a design team to develop the design of this children's home to ensure it meets the requirements of those with more complex needs.

### **Dedicated Schools Grant/SEND Pressures**

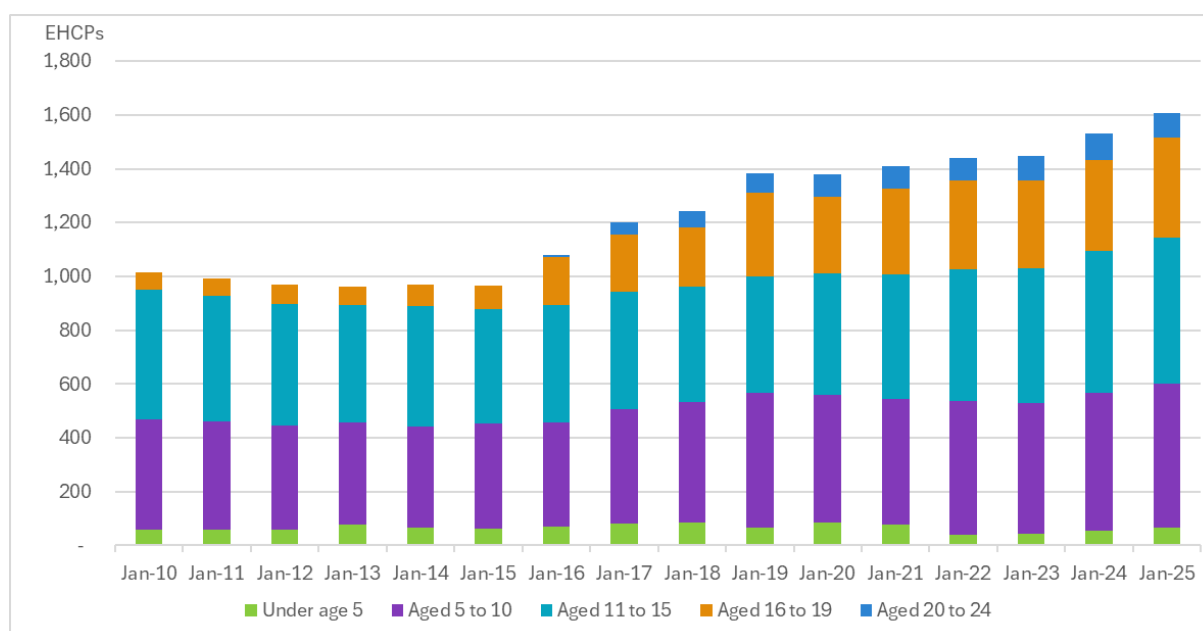
- 2.47. The Dedicated Schools Grant (DSG) is a ring-fenced grant made to the Council for the funding of maintained schools and academies. It is made up of:
- Schools Block - the main funding source for maintained schools and academies, which is allocated based on number of pupils.
  - Early Years Block – which funds education for children from 9 months to 4 years old.
  - High Needs Block (HNB) – which supports children with Special Educational Needs and Disabilities (SEND).
  - Central Schools Services Block – which covers the Council's responsibility for education.
- 2.48. In recent years, the High Needs Block both locally and nationally has increasingly faced significant challenges as the demand for SEND provision grows, reflecting an increasing proportion of pupils with SEND needs. The national picture is that the government's funding allocation for SEND is not adequate to meet demand. The Local Government Association estimates that councils nationally currently face a £3.15bn high needs deficit, and that this could reach £5bn during 2025/26.<sup>7</sup>
- 2.49. Camden's HNB overspent by £4.9m in 2024/25 and this was funded through a drawdown from the DSG reserves. Camden has been able to build up its DSG reserves in recent years principally due to lower than average increases in the number of children requiring Education Health and Care Plans (EHCPs) and Exceptional Needs Grants, which are the main cost drivers of the HNB spend. However, there have been significant increases in High Needs spend from 2024/25, reflecting the national trend.
- 2.50. In Camden, the number of children requiring an EHCP is highest among children aged 5 to 10, with over 25% of these children receiving support being aged 10. The chart below reflects key EHCP trends over the past 15 years. The fastest growth in newly issued EHCPs has been among primary-aged

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<sup>7</sup> [Westminster Hall debate, Dedicated Schools Grant, 23 April 2025 | Local Government Association](#)

children, suggesting that secondary schools may see increasing numbers of pupils with SEND in the coming years.

**Chart 2 – Statements/EHCPs maintained by Camden**



- 2.51. The government allows local authorities with DSG deficits to apply a statutory override, which enables local authorities to exclude high needs block overspending from their general revenue budgets. The government has officially extended the statutory override until March 2028, as confirmed in the 2025 Spending Review. The override does not currently apply to Camden as the Council has built up an overall DSG reserve of £18.9m. However, the HNB reserve balance within the DSG reserve was £5.4m at the beginning of the 2025/26 financial year, following a drawdown of £4.9m in 2024/25. At the end of Quarter 2, the HNB is forecast to require a drawdown of £8.1m from the DSG reserves. This would cause the HNB reserve to go into deficit in 2025/26 and require the Council to fund any deficit from other DSG balances. If this happened as projected, this would leave a forecast reserve balance of £10.8m by the end of the current financial year.
- 2.52. There is therefore a significant risk to the Council's DSG reserve over the medium term. Indeed, the total DSG reserve could go into deficit from 2026/27 onwards if rising demand and costs for children and young people with EHCPs remain without additional government funding, as detailed in the July 2025 Cabinet report 'Update on the Council's Medium Term Financial Position (CS/2025/08)'.
- 2.53. As part of the Council's response, a cost-efficiency strategy has been developed to bolster the sustainability of SEND provision and to reduce financial pressures within the High Needs Block. The strategy focuses on strengthening internal processes, improving commissioning and expanding local provision. These actions are designed to make better use of resources, increase transparency, and support long-term financial planning, while

maintaining high-quality support for children and young people with SEND.

### **Schools Budgets Financial Pressures**

- 2.54. Since 2011, Camden schools have experienced a 25% real-terms reduction in funding through the DSG's Schools Block, placing considerable strain on school budgets overall. This declining funding is due to the impact of falling rolls. Between 2019 and 2024, pupil numbers declined by 2,250, resulting in a £4.5m annual reduction in central government allocations. Schools are faced with budget challenges as they manage pressures arising from wage increases, rising energy costs and the impact of falling rolls.
- 2.55. In the 2024/25 financial year, school reserves were reduced by £5.8m, reflecting the growing pressure on budgets across the borough. The number of schools operating in deficit rose to 12, up from 8 the previous year, indicating a widening financial vulnerability. Additionally in 2024/25, 41% of schools had to draw on their reserves to support operational costs, a significant increase from 32% in 2023/24. Schools in deficit are required to have a licensed deficit agreement in place and are required to submit a deficit recovery plan, whereby the DfE allows a 3-year period for the school to recover the deficit. Guidance from the DfE also makes it clear that local authorities cannot write off deficit balances of any school.
- 2.56. To support the sustainability of Camden's education system, the Council launched the School Sufficiency Programme in July 2025, which involves increasing its governance of schools' financial arrangements. All schools received correspondence from the Council in relation to their closing position, initiating the licensed deficit process for those schools in deficit, greater oversight for schools showing an in-year deficit and a continued focus on ensuring schools hold reserves of greater than 10% of their budget.

### **Pressures & Risks within the Housing Revenue Account**

- 2.57. The Cabinet will be asked to set the 2026/27 budget including rents and service charges for the Housing Revenue Account in January 2026. In the Spending Review in June 2025, the government announced a 10-year social housing rent settlement from 2026, permitting social landlords to increase rents by up to the Consumer Prices Index (CPI) +1% each year. The CPI figure used is from the September before the financial year to which it applies. CPI for September 2025 was announced by the Office for National Statistics on 22 October 2025 as 3.8%. This means that Camden may increase housing rents by up to 4.8% in 2026/27.
- 2.58. The government has also been consulting on rent convergence, whereby social landlords can increase rents that are below formula rent by a fixed amount each week until they converge with the formula rent. The vast majority of Camden's rents are below formula rent. The government have indicated that the additional rent raised must be used to invest in new and existing social housing. They consulted on two levels of rent convergence - £1/week and £2/week. Given the scale of its shortfall of funding to invest in its stock, Camden (along with London



Councils and most other London Boroughs) asked for a rent convergence option of £3/week. It is expected that the government's approach to rent convergence will be announced early next year.

2.59. The Council's HRA is forecast to face a number of financial pressures in 2026/27:

- Inflation on staffing and contracts
- Regulatory costs relating to the Housing Ombudsman and building safety
- Legal disrepair cases
- Costs of implementing Awaab's Law, which came into force on 27 October 2025 and gives fixed timelines for social landlords to address emergency and damp & mould hazards
- Mechanical and electrical budget pressures
- Additional costs associated with insourcing the gas servicing, repair and installation team, as agreed by Cabinet in February 2025
- Additional revenue contributions to the Capital Programme to deliver the Council's Housing Asset Management Strategy, agreed in January 2025
- Provision for temporary borrowing costs required to fund the redevelopment of the West Kentish Town Estate, which moved a step further with the submission of the planning application in July 2025

2.60. It is anticipated that these pressures can be met through a combination of the rent increase, rent convergence, tenant service charges increases and improved rent collection performance. If rent convergence is not implemented by the government, there will be a further pressure that will require mitigations.

2.61. The medium term outlook for the HRA remains challenging and a new Medium Term Financial Strategy will need to be developed from 2027/28 onwards.

### **Recommended Fees & Charges**

2.62. The Council issues a range of fees and charges for many of the services it provides. Fees and charges are reviewed on an annual basis, with the updated fees proposed to Cabinet (and to Council when budgets are required in March). Fees and charges form an important part of the annual budget setting process, and this report contains several key recommendations for 2026/27 budget setting.

2.63. It is recommended that Cabinet agree those fees and charges which are new or are proposed to increase by more than 7%. These fees are listed in Appendix A1. For increases to existing fees and charges of less than 7%, it is recommended that Cabinet delegate authority to the relevant Executive Director to agree them.

2.64. Appendix A also sets out proposals for fee (PLA.1061) in respect of a final notice of compliance breach under the Tobacco & Vapes Act 2024. This Act is not yet in effect and it is recommended to delegate authority to the Executive

Director Investment, Place & Opportunity to agree the implementation of this fee upon the Act coming into force. This report also recommends that Cabinet agrees the Music Service fees and charges for the 2025/26 academic year, as set out in Appendix A2.

- 2.65. It 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 agreed by Cabinet renders the previous fees obsolete). It is also recommended to delegate authority to the Section 151 Officer to reduce individual fees and charges in exceptional circumstances to support the financial well-being of individual residents.

### **Legal & Property Charges for Commercial Disposals**

- 2.66. Officers in Property Services, as well as in Legal Services, in line with common practice across the sector, continue to charge 1% per service on commercial property transactions with the Council, amounting to a total of 2% of the purchase price per transaction to cover internal and external costs associated with the transaction. From time to time, the Borough Solicitor continues to reduce fees where (i) there is a corporate imperative to do so (such as when fees are being charged to a small community-based charity) and (ii) this has been agreed with the Head of Property.

### **The Council's Approach to Maintaining Its Financial Resilience**

- 2.67. The Council continues to operate in a tough financial environment, underpinned by increasing demand for services whilst funding streams fail to grow at the same rate as expenditure, leading to significant financial challenges. Officers recognise that in the face of these issues it is important that the Council continues to protect its financial resilience. To maintain a high level of financial resilience the Council operates a number of key controls and frameworks, which include the following:
- The implementation of robust staffing controls, including a recruitment process designed to ensure posts are fully funded, and controls around agency staff which require the development of an exit strategy for longer serving agency officers
  - The close monitoring of income streams and debt levels to understand the impact inflation pressures, service demand and pressures on residents have on the Council's income and expenditure.
  - Close monitoring and reporting of the delivery of the existing MTFs savings. This is carried out as part of budget monitoring, with quarterly reports to Division, Directorate and Corporate Management Teams and the position being reported to Cabinet twice a year.
  - Additional oversight panels led by senior Officers to provide enhanced scrutiny on areas with acute cost pressures, including monthly budget monitoring for high-risk areas and quarterly meetings between the Chief Executive, Section 151 Officer and Executive Directors to review recovery plans.

- The Council is also lobbying central government on the financial pressures caused by exceptional levels of inflation and the cost-of-living crisis, as well as the complex funding issues relating to social care, with a view to ensuring that these are taken into account in future funding settlements. The Council undertakes lobbying both individually and in conjunction with partner organisations such as London Councils.
  - The Council's MTFS includes a budgeted contribution of £1.5m per year to our unearmarked general reserve balances. Setting aside reserves to meet unexpected budgetary pressures gives the Council additional flexibility to manage risks and protect its financial resilience.
- 2.68. Officers also continue to regularly monitor and assess the Council's financial resilience, including through the use of benchmarking tools such as the Chartered Institute of Public Finance & Accountancy (CIPFA) Financial Resilience Index. The index shows the Council's position against a range of measures associated with financial risk, comparing it to a number of its 'nearest neighbours' across London.
- 2.69. The index shows that Camden carries relatively less risk around its overall reserve levels, levels of external debt and interest charges when compared to the majority of its fifteen nearest neighbour boroughs. At the same time however, Camden was seen as relatively higher risk on its share of net revenue expenditure being spent on social care (especially for adults) and in the rate at which its reserves were being used.
- 2.70. Although the index is broadly a useful tool for comparisons, it does have limitations which should be considered alongside its main findings. It is important to stress that the most recent data used for the index was from 2023/24, and given the challenges facing London local authorities outlined elsewhere in this report, the levels of risk councils are exposed to (particularly on reserve levels and social care spend) can change rapidly. The index also looks at risk in relative rather than absolute terms, so a rapidly improving or worsening environment for local authorities generally can lead to misleading conclusions around the risk faced by individual councils.
- 2.71. Comparative indices ultimately form only one part of the Council's assessment of its financial resilience. Officers also regularly consider the Council's financial resilience, including through assessments of its compliance with CIPFA's Financial Management Code, which was designed to allow authorities to assess their own financial resilience and sustainability.
- 2.72. The Council will continue to make use of these controls and frameworks as it looks to 2026/27 budget setting and beyond. It will continue to focus on robust financial planning built on forecasting long term pressures, including those from inflation, demographic pressures, and policy and legislative changes across services. This allows the Council to take a long-term view of the budgetary pressures it is facing and take time to plan and develop a MTFS that combines clear, deliverable savings with outcomes-led, purpose-driven investments. In turn, this can ensure that the Council remains financially resilient whilst optimising outcomes for service users.

## **The Council's Reserves & Planned Use in 2025/26**

- 2.73. 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 sustained financial pressures still being felt by the Council, it has been increasingly difficult to transfer unspent income into reserves. Indeed, the Council has needed to make a significant drawdown from reserves in 2024/25 given the significant General Fund and HRA overspends. 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.
- 2.74. In accordance with CIPFA guidance, the Council holds a number 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 several specific purposes. These include resources designed to underpin the delivery of key strategic outcomes within We Make Camden, to support the delivery of the Council's Capital Programme, to mitigate against future financial risks (such as changing insurance liabilities or a decline in business rates) and to provide investment and pump prime initiatives that will deliver longer-term savings and other future financial benefits.
- 2.75. In managing our reserves over the medium term, we have recognised that they are a one-off resource and that regularly drawing on reserves is not a sustainable solution to the financial challenges that we face. As at the start of the 2025/26 financial year, the Council's unearmarked General Fund balances stood at £18.36m or roughly 5.9% of our net budgeted expenditure, with General Fund earmarked reserves at £122.56m or 39.3% of net expenditure. It should be noted that of these earmarked reserves, £53.62m are reserves with various conditions attached to their use, meaning the Council is restricted in how it can spend these reserves.
- 2.76. As part of our prudent financial management, all reserves are regularly reviewed to ensure that they remain relevant and at the appropriate levels. If they are no longer required for the purposes originally intended, they are reallocated to best support our strategic priorities. A summary of the current and forecast reserves balances is presented in Appendix B. As part of its wider approach to financial planning, the Council has budgeted for regular top ups to its unearmarked general balances (which were held at a relatively lower level prior to the COVID-19 pandemic in order to maximise the resources allocated to deliver We Make Camden). This approach of topping up general balances is designed to strengthen the Council's overall financial resilience and flexibility.

## Update on the Council's Capital Programme

- 2.77. This report makes a number of recommendations for further capital investment which, if agreed, will be added to the Council's Capital Programme. The Capital Programme is fundamental to ensuring that the Council meets its ambitions and aspirations set out in We Make Camden and responds to many of the operational, regulatory and financial challenges found across local government. A robust Capital Strategy helps the Council best use its limited resources to manage its many investment priorities.
- 2.78. The Council's approach to its Capital Strategy was outlined in the March 2022 'Capital Estimates and Capital Pipeline Priorities' (CS/2022/07) report to Cabinet and Council. It set out that a key element of the Council's Capital Strategy would be to retain a level of flexibility within the programme, allowing new capital investment to be added to the programme at regular intervals as new priorities emerge. As part of this strategy, Members agreed a 'pipeline' of future capital priorities that would be regularly updated, to allow the Council to assess the full range of capital investment requirements and priorities over the coming years. This pipeline allows the Council to take a more iterative and strategic approach to bringing forward new capital projects, which could be included in the Capital Programme at the point that business cases are fully developed and projects are ready to proceed. The investments recommended below are split between those that are recommended for immediate addition to the Capital Programme and those that will undergo further internal governance and are recommended for addition to the pipeline.

## Additions to the Capital Programme

- 2.79. The below projects have developed business cases and have progressed through internal governance.

**Table 2: Summary of Recommended Additions to the Capital Programme**

Budget Additions	Fund	2025/26 £m	2026/27 £m	Total £m	Of which internally funded £m
Financing Facility for IT Equipment in Camden Schools	GF	1.00	1.00	<b>2.00</b>	2.00
Prince of Wales Road Children's Home - Council Match Funding	GF	0.80	0.70	<b>1.50</b>	0.30
Retrofit at Scale	HRA	4.80	0.00	<b>4.80</b>	0.80
Horticultural Service Insourcing	GF	0.30	0.00	<b>0.30</b>	0.30
Kings Cross Sports Centre Q2 Building - S106 Funding	GF	0.30	0.00	<b>0.30</b>	0.00
<b>Total Proposed Budget Additions</b>		<b>7.20</b>	<b>1.70</b>	<b>8.90</b>	<b>3.40</b>

## Financing Facility for IT Equipment in Camden Schools

- 2.80. The Council has historically provided a facility to local schools where, as an alternative to arranging costly finance leases with third parties, the Council lends the funds to schools directly to purchase IT equipment. This may include equipment such as electronic white boards or other teaching aids that enhance the classroom experience for children in Camden schools. It is

recommended that Cabinet approves an annual budget of £1m for the next two years to enable the Council to continue this offer to schools.

- 2.81. The Council has to account for the loan facility as capital expenditure but the schools will repay the loan. Officers have developed a policy and procedure to ensure that repayment is affordable to schools, that there is appropriate oversight of the impact on the Council's capital programme and borrowing levels and that the Council's General Fund is not worse off as a result of offering the financing, given wider pressures as set out in this report.

### **Prince of Wales Road Children's Home – Council Match Funding**

- 2.82. The Council has been successful in a bid to the Department for Education in match funding for the development of additional accommodation for children with trauma caused complex needs. The Council has been awarded £1.2m as part of this bid. Delivering this scheme will also require £0.3m of Council funding, as well as using the 174 Prince of Wales Road building for the project. It is recommended that Cabinet agree the use of £0.3m of existing resources for this purpose.

### **Council contribution towards Retrofit at Scale**

- 2.83. In December 2024, Cabinet approved the procurement strategy for retrofitting some of Camden's Council homes (SC/2024/21), with the aim of reducing carbon emissions and providing lower energy bills for residents. The total cost of the work is currently estimated at £29.9m, across 2,645 homes. Of this £29.9m, an estimated £13.5m will be met by external grant, £13.2m through funding from the Institutional Investor through a Special Purpose Vehicle (SPV) and £3.2m from corporate resources.
- 2.84. It is recommended that Cabinet agree an initial capital expenditure budget of £4.8m in the HRA in 2025/26 (the majority of which would be funded by external grant) to cover the expenditure requirement ahead of the SPV being established.
- 2.85. Once the retrofit work is complete, it is estimated that the ongoing revenue costs (billing) will be £0.4m.

### **Horticultural Service Insourcing – Capital Costs**

- 2.86. As set out in the June 2024 Cabinet report 'Grounds Maintenance & Play Service Commissioning Strategy' (SC/2024/17), the horticultural element of the Council's grounds maintenance and play service contract will be insourced. As such, the Council will require equipment that was previously provided in lieu of payment for an outsourced contract provision. The capital costs are estimated up to £0.3m and cover a variety of equipment, including chemical stores and steam cleaners. It is recommended that Cabinet agree a £0.3m budget for the provision of this equipment.

## **Changes to Previously Approved Capital Projects**

- 2.87. The below projects were approved by Cabinet but require updated recommendations to ensure the Council can best meet its strategic objectives.

### **Remaining Temporary Accommodation Purchase Programme (TAPP) Budgets**

- 2.88. The Council is focused on progressing its housing development programme, to maximise the delivery of social and affordable housing in the Borough.
- 2.89. The Council currently holds an unspent budget of £2.8m from its Temporary Accommodation Purchase Programme (TAPP) within its Capital Programme. It is recommended that Cabinet approve the use of this budget for acquiring properties on regeneration sites to allow the Council to achieve vacant possession. Where properties can be repurposed for Temporary Accommodation use, this would have the additional benefit of providing much needed TA (reducing revenue pressures on TA budgets through avoiding more expensive placements).

### **Talacre Refurbishment Project and King's Cross Sports Centre Q2 building**

- 2.90. The King's Cross Sports Centre Q2 building project has been awarded £0.3m S106 funding to support the sports hall fit-out, recognising community and health benefits to the local population. It is requested that the expenditure budget is uplifted by the S106 award of £0.3m. Overall, the scheme will underspend by an estimated £0.7m on the elements not funded by S106.
- 2.91. The Council is close to completing capital works on the Talacre Community Sports Centre in Kentish Town, a significant investment to modernise and enhance facilities for community use, improving sustainability and accessibility.
- 2.92. The project has attracted Central Government funding to part fund the works. For a number of reasons, the Talacre project is projecting a capital overspend of £0.7m. Drivers for the overspend are as follows:
- Structural solutions and remedial works
  - Obligations arising from operator requirements
  - Site discoveries
  - Fire Compartmentation works to ensure fire safety
- 2.93. It is suggested that the required increase in capital budget is funded by a £0.7m budget virement from the King's Cross Sports Centre Q2 Building scheme which, as noted above, is forecasting an underspend of a similar level.

## **Additions to the Capital Pipeline**

- 2.94. The below projects still require either development to full business cases or internal governance.
- 2.95. Officers are developing a medium-term plan for libraries, which will encompass archive storage, configuration and digital enhancements. The Council is exploring external funding options to support this strategy and optimise outcomes whilst making efficient use of resources.
- 2.96. The Council has an approved tree strategy, but its allocated capital funding will only cover the tree planting already planned in the 2025/26 planting season. Additional funding will need to be awarded to allow the Council to continue its tree planting programme. Given wider pressures, external sources of funding will be explored.
- 2.97. Given Temporary Accommodation remains the largest single area of financial pressure for the Council, officers are constantly searching for opportunities for providing in house accommodation, both through capital works to existing properties and external acquisitions.

## **3. OPTIONS APPRAISAL**

- 3.1. The report asks the Cabinet to agree the introduction of new fees and charges, along with those fees and charges where the proposed increase is greater than 7%. The Cabinet could decide not to agree these fees and charges. However, this could reduce the ability for services to recover costs or result in additional budget pressures.
- 3.2. This report also recommends a series of capital investments. Cabinet could choose not to agree some or all of these investments. The impact of such a decision would vary depending on those investments which do not go ahead. However, this could reduce the Council's ability to manage revenue pressures (particularly within children's social care and temporary accommodation), deliver services effectively using the appropriate equipment or make the best use of grant funding. It may also reduce the Council's ability to deliver on its We Make Camden missions over the longer term, particularly around ensuring that 'every young person has access to economic opportunity that enables them to be safe and secure' and that 'Camden's estates and their neighbourhoods are healthy, sustainable, and unlock creativity'.

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

- 4.1. In January 2023, Cabinet agreed the Council's current Medium Term Financial Strategy, which runs from 2023 to 2026.<sup>8</sup> As part of this report a

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<sup>8</sup> [January 2023 MTFS Report](#)



range of financial risks were discussed which remain valid. Further commentary on risks can be found throughout this report.

### **Risks to the Capital Strategy**

- 4.2. Many of the risks set out elsewhere in the report also face the Council as it seeks to deliver its Capital Strategy. There is a risk that the Council faces continued inflationary pressures across its capital schemes over and above the inflation assumptions built into project budgets and business cases. There is also a risk that assets fail to deliver the desired outcomes, including financial benefits such as additional income or expenditure savings.
- 4.3. However, there are also risks specific to the Capital Programme. Inflationary pressures on projects may be heightened if projects face significant delays, whilst regulatory changes, particularly around fire and building safety, may mean significant design changes are required for existing or planned assets.
- 4.4. The Capital Programme is partly funded by capital receipts from the sale of surplus assets or private sale units sold under the Council's Community Investment Programme. There is a risk that sale prices stall, or do not increase as quickly as costs, leaving a funding gap for the programme. The Council has a significant number of units that will shortly launch on the market and are assumed as a funding mechanism for social housing elements of redevelopment schemes.
- 4.5. The Council can also borrow to finance aspects of its Capital Programme, which it cannot do for revenue spending. Borrowing does bring revenue costs, both from interest payments on debt and an annual provision to repay debt principal (a statutory requirement known as Minimum Revenue Provision (MRP) of particular relevance to the General Fund). Funding gaps in the programme can increase borrowing requirements, and changes to interest rates can increase annual revenue costs. The most significant risk is that these pressures combine with revenue shortfalls elsewhere to put the Council's reserves under strain. Where the Council borrows for shorter life assets, the annual provision to repay debt (MRP) is higher as it is based on the useful life of the asset.
- 4.6. The Council mitigates against these risks through the development of prudent business cases with allowances for inflation and significant contingency (especially at the early stages of projects which face greater uncertainty). Projects are also subject to regular reviews and risk-based governance overseen by senior Officers. Finally, Officers also consider the revenue implications of capital schemes more generally as part of the Council's wider financial planning and management frameworks.

## **5. CONSULTATION/ENGAGEMENT**

- 5.1. There has been no formal public consultation.

## **6. LEGAL IMPLICATIONS**

- 6.1. Section 93 of the Local Government Act 2003 contains powers to relevant authorities to levy charges for discretionary services. Discretionary services are those services authorised by statute that a local authority is not required to provide but may do so voluntarily. The section 93 power works on the basis that, if it wishes, a local authority can charge for a discretionary service but 25 individuals cannot be required to pay for a service they do not wish to receive or use and must agree to its provision. Anyone who requires the service agrees to take it up on those terms. The power does not apply where there is a power to charge for a particular service elsewhere in other legislation. It also cannot be used to charge for a service if other legislation expressly excludes an authority from charging. Local authorities are under a general duty to secure that, from one financial year to the next, the income from charges for services does not exceed the costs of provision.
- 6.2. The Localism Act 2011 introduced a general power of competence for local authorities. Section 3 of the LA 2011 sets out the limits on charging when exercising the general power (for example, the power does not provide a new power to raise tax or precepts, to borrow or to set charges for mandatory services). The general power of competence confers a power on local authorities to charge the individual for providing the service only if:
- The service is not one that a local authority is required to provide under an existing statute
  - The individual has agreed to the service being provided
  - Ignoring sub-section 2 of section 3 and section 93 of the LGA 2003, a local authority does not have the power to charge for providing the service. This provision ensures that there will be no conflict between charging in exercise of the general power to charge and charging that is permitted under section 93 of the LGA 2003.

## **7. RESOURCE IMPLICATIONS**

- 7.1. The comments of the Section 151 Officer are incorporated in this report.

## **8. ENVIRONMENTAL IMPLICATIONS**

- 8.1. There are no significant environmental implications noted in the report. However, the report describes a number of financial pressures and a tightening of local government financing, both of which will limit the extent to which the Council can fund environmental projects, with potentially negative environmental consequences for Camden. Despite this financial context, the report asks Cabinet to agree a £4.8m allocation to support the retrofit at scale project, demonstrating how the Council continues to support projects that help to improve the energy efficiency of our estates and enhance the energy security of our residents.

## **9. TIMELINE FOR IMPLEMENTATION**

- 9.1. 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.
- 9.2. This report is also closely linked to several major upcoming decision reports. Council and Cabinet will receive a report on the setting of General Fund budgets and council tax levels for the 2026/27 financial year, with Council receiving the report on 2 March 2026. Cabinet will also receive a report on setting HRA budgets and rents for 2026/27 on 14 January 2026.

## **10. APPENDICES**

- 10.1. Further information is provided in the attached appendices:

Appendix A - Recommended Fees & Charges  
Appendix B - Summary of Reserves Balances

**REPORT ENDS**