

ADDENDUM – 2026/27 Budget Report

1. The provisional settlement was issued on the 17th December 2025 and the final settlement on the 9th February 2026, approximately one week later than the previous year. This paper highlights the key changes from the provisional settlement to the final settlement.
2. None of the changes in the final settlement impact the setting of the council tax nor the calculation of Exceptional Financial Support (EFS).

3. Summary of change between provisional and final settlements:

- 3.1. The Council has had a further £4.1 million of funding recognised in 2026/27 above the provisional settlement. This includes £3.8 million that is available for core services and the balance of £0.3 million for Homelessness, Rough Sleeping and Domestic Abuse Grant.
- 3.2. The Government has confirmed that up to 90% of the High Needs deficits accrued by March 2026 will be funded by central government and councils will have to fund the remaining 10%. No decision has been announced on any deficits accrued in 2026/27 and 2027/28.
- 3.3. The Council will earmark the additional £3.8 million to fund the remaining High Needs deficits in 2026/27 to 2027/28 subject to confirmation from government of final figures and process.

4. Recommendations included within the Budget Report

- 4.1. There are no changes to the council tax calculation because of the final settlement.
- 4.2. The table below, includes an update of the table included in paragraph 1.5 of the Budget Report and is a summary of Appendix 1. The council tax requirement of £155.728 million is unchanged from the Budget Report published. The net budget of £611.072 million is showing an increase of £3.817 million offset by an increase in Other Government Grants of £2.110 million and Fair Funding Assessment of £1.698 million.

Budget Forecast Summary	2025/26 £'000	2026/27 £'000
Service Base Budgets including DSG	551,951	632,132
Interest and Capital Charges	(23,386)	(21,060)
	528,565	611,072
Contribution to reserves	0	
Contribution from reserves	(4,706)	0
Total LBWF expenditure	523,859	611,072
(Surplus)/Deficit on Collection Fund	1,352	1,297
Business Rate Retention *	(37,367)	
Business Rate Top up Grant *	(52,405)	
Other Government Grants	(38,557)	(11,157)
Fair Funding Assessment		(165,527)
Exceptional Financial Support (EFS)		(19,000)
Public Health Grant	(19,082)	(21,389)
Dedicated Schools Grant and Pupil Premium	(243,301)	(252,176)
	134,499	143,120

Add: Levies	13,457	12,608
Council Tax Requirement	147,956	155,728
Council Tax Base	82,783	82,991
Council Tax Requirement divided by Council Tax Base	£1,787.27	£1,876.45
GLA Precept	£490.38	£510.51
Total Council Tax	£2,277.65	£2,386.96
Total reduction/increase in Council Tax	4.78%	4.80%

**part of Fair funding assessment (FFA) in 2026-27*

Impact on Recommendations

There is no impact to the council tax requirement of £155.728 million. However, the changes do alter some recommendations; the net expenditure figure quoted in paragraph 2.1.5 and the Gross income and Expenditure figures quoted in paragraph 2.1.8.

The recommendation in paragraph 2.1.5 should now read;

agree that the projected budget (as set out in Appendix 1) for 2026/27 of **£611.072 million** is approved;

The recommendation in paragraph 2.1.8 (a) and (b) should now read;

agree that the following amounts to be approved for 2026/27 in accordance with Sections 31 to 36 of the Local Government Act 1992, as amended (the Act);

- a) Gross Expenditure
£1,115.024 million – being the aggregate of the amounts which the council estimates for the items in Sections 31A (2) of the Act;
- b) Gross Income
£959.296 million – being the aggregate of the amounts which the council estimates for the items in Sections 31A (3) of the Act;

5. Detail of the change between provisional and final settlements:

Core Spending Power

5.1. Paragraph 3.38 of the main Budget Report includes the detailed analysis of the Council's Core Spending Power (CSP) as issued by government as part of the provisional settlement. This included an additional £18.1 million additional income in 2026/27 or 5.5% or £47.8 million for the three years to 2028/29 or 14.5%. The table below outlines the changes from the provisional settlement to the final settlement and includes a restatement of the 2025/26

CSP baseline by an additional £2.5 million, an increase of £1.4 million in 2026/27 and a reduction of £0.4 million in both 2027/28 and 2028/29.

Core Spending Power (CPS) - in cash terms (£ millions)				
Issued by Central Government				
	2025-26	2026-27	2027-28	2028-29
PROVISIONAL SETTLEMENT	330.9	349.0	363.7	378.7
Annual change in cash-terms CSP		18.1	14.7	15.1
Annual change in cash-terms CSP%		5.5%	4.2%	4.1%
Change in cash-terms CSP% 2025/26 to 2028/29				14.5%

CHANGES BETWEEN THE PROVISIONAL & FINAL					
New FFA	Revenue Support Grant		1.7	0.9	-
	Legacy Business Rates	2.5			
	Sub-Total - FFA	2.5	1.7	0.9	-
New Consolidated	Homelessness, Rough Sleeping and Domestic Abuse		0.3	0.1	0.1
	Sub-Total	-	0.3	0.1	0.1
	Recovery Grant				
	Recovery Grant Uplift at the Final Settlement		2.1	2.8	3.2
TOTAL CHANGE BETWEEN THE PROVISIONAL & FINAL		2.5	4.1	3.8	3.4
	Annual change in cash-terms CSP		1.6	(0.4)	(0.4)

FINAL SETTLEMENT					
Council tax	Council tax requirement - Forecast by MHCLG	148.0	158.3	169.5	181.4
New FFA	Baseline Funding Level	-	82.7	84.6	86.3
	Revenue Support Grant	-	82.8	95.6	96.9
	Local Authority Better Care Grant	11.7	11.7	-	-
	Legacy Business Rates	96.0	-	-	-
	Legacy Grant Funding	58.6	-	-	-
	Grants rolled in to RSG (new grants)	5.7	-	-	-
	Sub-Total - FFA	172.0	177.2	180.2	183.2
New Consolidated Grants	Homelessness, Rough Sleeping and Domestic Abuse	5.5	5.9	5.5	5.5
	Families First Partnership (within Children, Families and Youth Grant)	3.1	4.6	4.6	4.0
	Sub-Total	8.6	10.6	10.1	9.5
	Recovery Grant	4.8	4.8	4.8	4.8
	Recovery Grant Uplift at the Final Settlement	-	2.1	2.8	3.2
TOTAL FINAL SETTLEMENT		333.4	353.1	367.4	382.1
	Annual change in cash-terms CSP		19.7	14.3	14.7
	Annual change in cash-terms CSP%		5.9%	4.1%	4.0%
	Change in cash-terms CSP% 2025/26 to 2028/29				14.6%

5.2. The rational for the changes in the final settlement that impacted the CSP include:

- Restate the baseline in 2025/26 to include the legacy Business Rates income of £2.5 million that the government estimated would have been received as part of the Eight Borough Business Rates Pool. For 2026/27, 50% compensation is applied at £1.7 million and 25% in 2027/28 of £0.9 million to compensate for the loss of this income.
- The allocation of further Recovery Grant or Uplift. In total £440 million is allocated nationally across the three years, with £115 million in 2026/27, £150 million in 2027/28 and £175 million in 2028/29. It was allocated to upper-tier authorities whose CSP increases over the three-year period is less than 17%. The Council is one of eight London boroughs to receive the uplift, which is £2.1 million in 2026/27, £2.8 million in 2027/28 and £3.2 million in 2028/29. The total recovery grant and uplift of £8 million in 2028/29 will cease in 2029/30.
- The allocation of additional Homelessness, Rough Sleeping and Domestic Abuse Grant of £272 million nationally over the three-year period. For the Council, it is an increase of £0.3 million in 2026/27 and £0.1 million in both 2027/28 and 2028/29.

- There were no changes in council tax.
- 5.3. The final settlement also confirmed that 90% of the High Needs deficit up to March 2026 would be funded by central government and the balance by the local authority. Clarity on the funding for the next two year will be provided in the SEND white paper which is expected in the near future.
- 5.4. For consolidated grants, the final settlement numbers were received on 16th February and the only change compared to the provisional is the increase applied to the Homelessness, Rough Sleeping and Domestic Abuse Grant, which is outlined in paragraph 4. The Budget Report, in paragraph 3.87 included the allocation for the Public Health Grant at £21.389 million and this was confirmed as part of the final settlement. However, the final settlement also confirmed that for 2026/27, this grant now includes the rolling up of previous specific grants relating to Smoking Cessation and Substance Misuse which totalled £1.865 million in 2025/26. Therefore, the actual increase in Public Health Grant for 2026/27 is £0.325 million.

MTFS and Exceptional Financial Support

- 5.5. The impact of the final settlement on the Medium-Term Financial Strategy (MTFS) for 2026/27 does not include an impact to the calculation of the council tax but includes:
- The allocation of the additional £0.3 million Homelessness, Rough Sleeping and Domestic Abuse Grant to the service to enhance the delivery of prevent services.
 - An additional £3.8 million for core services as the impact of the loss of income from the decision to discontinue the Eight Borough Business Rate Pool had already been accounted for as part of the MTFS. However, the decision by central government to fund 90% of the high needs deficits to March 2026, will require the Council to fund the remaining deficit of up to £2 million in 2025/26 and potentially a further £1 million to £2 million in 2027/28 and 2028/29 as the safety value for the final two years have not yet been confirmed. The SEND White paper will provide the required clarification for the level of safety net to be applied each year.
- 5.6. The MTFS Refresh, will incorporate a review of all Council risks including the funding of the SEND deficits and the level of structural service deficits, including the impact of the 2025/26 outturn and progress in the delivery of savings. The refresh will also review the level of Exceptional Financial Support required in 2026/27 and potentially the requirement for the following two years of the MTFS.