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16 January 2026

To: All Members of the Overview and Scrutiny Committee

Dear Member,

Overview and Scrutiny Committee - Monday, 19th January, 2026

I attach a copy of the following reports for the above-mentioned meeting which were not available at the time of collation of the agenda:

**7. MINUTES OF SCRUTINY PANEL MEETINGS (PAGES 1 - 14)**

To receive and note the minutes of the following Scrutiny Panels and to approve any recommendations contained within:

Housing, Development & Planning Scrutiny Panel (HRA) – 15<sup>th</sup> December 2025

**8. TREASURY MANAGEMENT STRATEGY STATEMENT 2026/27 (PAGES 15 - 58)**

To receive and make comments on the Treasury Management Strategy Statement 2026/27.

**9. SCRUTINY OF THE 2026/27 DRAFT BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2026/2031 (PAGES 59 - 82)**

To ratify the recommendations arising from the Scrutiny Panels in relation to the 2026/27 Draft Budget and MTFS 2026/31.

*This is a revised version of Appendix 9 – further responses have been received since the main agenda pack was published.*

Yours sincerely

Dominic O'Brien  
Principal Scrutiny Officer

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**MINUTES OF THE Housing, Planning and Development Scrutiny  
Panel HELD ON Monday, 15th December, 2025, 6.30 pm****PRESENT:**

**Councillors: Adam Small (Chair), Dawn Barnes, John Bevan, Lester Buxton and Isidoros Diakides**

**ALSO ATTENDING:****274. FILMING AT MEETINGS**

The Chair referred Members present to agenda Item 1 as shown on the agenda in respect of filming at this meeting, and Members noted the information contained therein'.

**275. APOLOGIES FOR ABSENCE**

There were no apologies for absence.

**276. URGENT BUSINESS**

There were no items of Urgent Business.

**277. DECLARATIONS OF INTEREST**

None.

**278. DEPUTATIONS/PETITIONS/PRESENTATIONS/QUESTIONS**

The Panel received two deputations, one from Nazarella Scianguetta, which covered a broad range of issues relating to disability access to housing and the issues faced by impaired residents when navigating the housing system. The other deputation was received from Paul Burnham on behalf of Defend Council Housing. This deputation related to the HRA Business Plan agenda item and raised a number of questions around the use of London Affordable Rent models and why rent increases were not part of the public consultation on the next year's budget proposals.

Ms Scianguetta introduced the first deputation. The following is a summary of the key points of the deputation:

- Ms Scianguetta asked Scrutiny to use the social model of disability when reviewing these policies. This meant looking at how the Council's systems created barriers for disabled people, and the removal of those barriers would

enable everyone to access services equally. Ms Scianguetta advised that she had nine points that would improve disability access in housing.

- Accessibility of accommodation – It was suggested that too many council homes remained inaccessible and that minor adaptations were not enough. What was required was purpose built homes, built around a particular person's needs.
- Reforming the process of how somebody accesses services. It was posited that the current process was a mess, with confusing forms, inaccessible online portals, and very long waiting times. It was suggested that the process needed to be simplified, so that people were not left behind simply because of bureaucratic inaccessibility.
- Support services and communication – The need for advice and support services to be accessible to all. Information should be written in plain english and available in a format that everyone could access. It was put forward that staff should be trained to understand disability and that those with complex needs should have a single point of contact.
- Anti-deformation and stigma reduction. The Panel heard that discrimination and negative attitudes persisted in Haringey. There was a need for public education and an easy to engage with complaints process, in order to stamp out bias. Every resident deserved to be afforded respect and dignity.
- Co-production and design – Policies for those with disabilities that were made without their direct input were doomed to failure. It was suggested that disabled residents must be involved in the co-design, delivery and reviewing of housing services. Their lived experience was a valuable resource.
- Investment in accessible housing supply – Without proper funding, accessible homes were not possible. This was true both in terms of building new homes and adapting existing ones in order to meet current accessibility standards.
- Improving standards of temporary accommodation. When housing people in temporary accommodation, it was crucial that the housing was suitable and that people were not being put in homes that didn't meet their needs.
- The need for transparency and accountability- It was commented that residents needed to know how long they would have to wait and be informed of how decisions were made. The Council should publish waiting times and explain allocation criteria, as well as the need to regularly consult with disabled people to ensure that policy reflected real needs.
- Mandatory staff training. It was stated that everyone who was involved with housing should receive disability and equality training, trauma-informed approaches and deaf awareness training. This was crucial to ensure respectful treatment for all. Disability was about overcoming barriers.

The following arose in discussion of the deputation:

- a. The Panel commented that a lot of people probably felt frustrated by the process of applying for housing, given the delays and the checks that a person had to go through. It was also commented that every single planning scheme that was submitted to the Council had to include a certain percentage of properties for disabled people and adequate parking provision for people with blue badges. The Panel also noted that there was a Haringey disability forum with a front door in Wood Green shopping centre, that was independent of the Council.

- b. The Chair sought clarification around whether the deputation believed that making the online portal easier to access or having a dedicated single point of access would make the biggest impact. In response, Ms Scianguetta commented that there was no one simple approach, given that the range of need across impaired residents was extensive and varied widely. Instead, the Council needed to improve a range of different areas, such as accessible ways of contacting the Council, providing updates on where a person was in the waiting list and being allocated a dedicated officer.
- c. The Panel sought clarification about the extent to which the deputee had links with Disability Action Haringey. In response, Ms Scianguetta advised that she did not consider Disability Action to be entirely independent, on account of the fact that they were commissioned by Haringey Council and were reliant on the Council for funding. It was also commented that they did not fully represent the whole of the disabled community.
- d. The Panel queried how long the deputee had to wait for a response when contacting housing. In response, the Panel was advised that Ms Scianguetta had been in temporary accommodation for eight years and that in that time she had always been the one to instigate contact with the Council. It was commented that at no point had she been given an update on her position on the list and that council staff regularly failed to check the medical assessment on her file leading to her having her disability questioned. It was commented that impaired residents found it very difficult to access the system online, and that being neurodiverse meant that she found it difficult to deal with a lot of different people about her case.
- e. The Chair thanked Ms Scianguetta for her deputation.

Mr Burnham introduced the second deputation. The following is a summary of the key points of the deputation:

- Mr Burnham set out that neither the proposed nor existing council rents were being reported honestly in the HRA Business Plan. It was suggested that the table at page 109 of the agenda pack conflated two completely different rent regimes i.e. social rents and London Affordable Rent (LAR). Mr Burnham advised that a report from Shelter branded affordable rents as being unaffordable for lower income working households in London.
- It was suggested that the confusion between the two rent regimes was something that the Council had done repeatedly. Following an FOI request Defend Council Housing had ascertained that LAR was £83 or 62% a week higher for an average two bedroom property compared to social rent. Increases in service charges were on top of this.
- Mr Burnham recommended that the Council should stop using LAR in favour of social rents in all cases.
- In relation to service charges, it was commented that Haringey's policy was that leaseholders and tenants should pay an equal share per household of the serviceable costs. Mr Burnham disputed that this was what was happening. It was contended that in April this year there was a 21% increase for tenants for the cleaning of communal areas of blocks and 29% increase for cleaning street properties. In contrast, leaseholders were being charged 3%. It was evident, therefore, that tenants were being overcharged. Mr Burnham recommended that the Panel ask Cabinet to set the current service charges for cleaning to 3% above the current year.

- The Panel were advised that rent convergence would result in further rent increases above the annual uplift of CPI +1% of up to £4 extra per week, attacking the living standards of some of the poorest residents. It was commented that the valuations used to set these rates would not stand up to independent scrutiny. Mr Burnham recommended that the Council should oppose rent convergence and instead seek additional funding through debt write-off, higher grant rates for new builds, match funding for acquisitions, and adequate building safety grants.
- Mr Burnham recommended that the Panel strongly object to the exclusion of the Housing Revenue Account and rent increases from the public consultation on next year's budget.

The following arose in discussion of the deputation:

- a. The Chair sought clarification about whether, in relation to London Affordable Rent, the deputee was recommending that the Council should not engage in any grant funding that required the Council to use LAR. In response, Mr Burnham disputed that the Council had no choice. Instead, it was suggested that the Council had the option to either use LAR or social rents, and that even when the government prohibited use of social rents, providers were still building properties at social rents.
- b. In relation to rent convergence, the panel suggested that the increase was more like one or two pounds per week. The Panel commented that a 1% reduction in rents over a four year period, had resulted in a situation where people were paying different rents for living in the same type of accommodation. The Panel asked the extent to which Mr Burnham agreed that this seemed fair to all tenants. Mr Burnham responded that the single biggest factor which determined differing rent costs was the use of affordable rents versus social rents. The cost of rents could be brought down by use of social rents. Mr Burnham suggested that it was claimed that rent convergence was all about fairness, but disputed this when it involved increasing rents for some of the poorest residents.
- c. The Panel sought clarification about whether the deputee would like to see a rebalancing of a discrepancy in the relative charges between leaseholders and tenants, or whether he would like to see the Council find other means of funding to subsidise the cost of service charges for tenants. In response, the Panel was advised that there was a false incentive built into service charges and that often they were used to generate additional income. In general, he believed that service charges were a negative thing for consumers. Mr Burnham commented that the rationale for his recommendation on service charges was to address an unfairness in the respective service charge rates in the current budget. He commented to the Panel that he intended to take the issue to a lower tier tribunal if needed.
- d. The Chair thanked Mr Burnham for his deputation

## 279. MINUTES

The Panel sought clarification about the previous minutes and the assertion that historically, Haringey had around 200 new lets in a year, but this number had

increased significantly to around 750. The Cabinet Member clarified that there were 739 new lets last year and that there were 240 in the year before that (2023/24).

**RESOLVED**

That the minutes of the previous meeting on 17 November were agreed as a correct record.

**280. CABINET MEMBER QUESTIONS - CABINET MEMBER FOR PLACEMAKING AND LOCAL ECONOMY**

The Panel received a verbal update from the Cabinet Member for Placemaking and Local Economy, Cllr Ruth Gordon, followed by a question and answer session on matters pertaining to her portfolio. By way of an introduction, Cllr Gordon commented that the last time she gave an update on her portfolio to the Panel she outlined how the strategy for developing Tottenham and Wood Green had been developed as the over-arching strategic framework for a range of placemaking projects, and following extensive consultation with the community and local stakeholders. The Cabinet Member advised that since then, the team had been implementing the projects that sat underneath this framework, such as:

Tottenham

- The opening of the Bruce Grove toilet block and the removal of that building from the heritage's at-risk register.
- The restoration of the Art-Deco frontage at St Mark's Church.
- The Chapel Stones project in North Tottenham, which involved a group of artists working with young people to design a mural.
- A partnership project with Youth Employability in Northumberland Park, providing employment support for 16-24 year olds.
- The launch of a new market at Seven Sisters, including the re-introduction of the Latin American Market.

Wood Green

- Completion of the Eat Wood Green project which involved a new community-led food growing and education space at Wood Green library.
- Penstock Tunnel had reopened following refurbishment and improved drainage and lighting.
- The launch of the Business Forum
- Improvements made to Turnpike Lane
- The completion of projects at Wood Green Common, including tree planting with local school children.

It was noted that progress had also been made with bigger schemes, such as High Road West, Selby Urban Village and Broadwater Farm.

The following arose in relation to this agenda item:

- a. A member of the Panel raised concerns in relation to the Local Plan consultation seemingly proposing that the library provision at Tottenham Green would be replaced with housing and the fact that this seemed to undermine the

Council's manifesto commitment to maintaining all nine libraries. In response, the Cabinet Member commented that the Local Plan sat under Cllr Williams' portfolio. Cllr Gordon provided assurances that there had been no change of strategy, and that the site allocation for this location had been in place for a long time. The Panel was advised that there were no current plans to develop this site, and that the Council had a vested interest in maintaining the existing leisure and library facilities on this site.

- b. The Panel welcomed the reopening of Seven Sisters Market and queried the fact that only 25% of the whole building was being used. Members questioned what the plans were for the remaining 75% of the site. In response, the Cabinet Member advised that the Council did not own or manage the market. Places for London owned the site. Cllr Gordon advised that she had held positive discussions on how the site would be taken forward with Places for London and the traders, and that these discussions were ongoing.
- c. The Chair commented that the market traders attending a recent Full Council meeting emphasised the importance of culture based regeneration schemes to him, and it was questioned how the Council were implementing placemaking schemes which maximised culture within different communities. In response, the Cabinet Member acknowledged that there were financial challenges facing the Council, but commented that they were looking at ways of leveraging funding and that the Borough of Culture would encourage funding being available for a number of schemes. The Cabinet Member highlighted the Seven Sisters Market as being one of the biggest cultural placemaking schemes and suggested that she anticipated it becoming a major hub within the borough for these celebrations. It was noted that a cultural hub was in place within the market and that the Latin American network had recently been re-established.
- d. The Panel sought clarification about the cost of the Bruce Grove toilet block. In response, the Cabinet Member advised that she did not have the figures to hand, but emphasised that as an at-risk heritage asset, the Council had a responsibility to preserve it. It was commented that the site's proximity to a railway had caused delays to the scheme. The Panel requested a written response on the final costs of the scheme. **(Action: Abigail Stratford).**
- e. In relation to Broadwater Farm, the Panel acknowledged the written response provided by officers. The Panel expressed a level of surprise with the cost of the scheme and commented that it was not clear whether the £143m figure included the costs incurred to date. The Chair noted that this was a long running programme of works that had already received a significant degree of scrutiny.
- f. The Panel sought clarification around the Town Centre Strategy and queried what was being done to reinvigorate empty shops in Crouch End and Muswell Hill. In response, the Cabinet emphasised the importance of the opening of Hornsey Town Hall and the expectation that this would give a boost to the local economy. The Cabinet Member acknowledged that there had been some reductions in the Economic Development team, which were focused on town centre management. The Cabinet Member set out that the Council was developing a growth plan for Haringey in the coming months, that would align with the London Growth Plan. The plan would focus on particular sectors, such as the nighttime economy and it was hoped that this combined with the Borough of Culture bid and the Euros, would build a lasting legacy in terms of improving our town centres.

- g. The Panel queried what was being done in relation to the business forum and what could be done to re-engage with the Muswell Hill traders. The Panel queried whether there were incentives that the Council could provide in relation to empty shops. In response, the Cabinet Member set out that the service had been working to re-integrate with the Traders Association in Muswell Hill, including the work done around Christmas events. The Cabinet Member emphasised the importance of having a BID in terms of developing a lively high street that people wanted to visit. Officers also advised that there were two loan funds available for businesses and that there was a need to understand some of the wider issues that led to there being more empty shops and a decline in high streets. Officers also stressed the importance of the conjunction between leisure, culture facilities, and high streets.
- h. The Chair commented on the Mayor's ambition to turn London into a 24 hour economy and questioned what strategy the Council was pursuing to find a balance between supporting a nighttime economy and also protecting local residents from nuisance. In response, the Cabinet Member stressed the importance of working with both local businesses and local residents. The Cabinet Member also referred to the need for people to feel safe when out late at night, citing Green Lanes as an example of thriving late night economy where people felt safe. The Cabinet Member acknowledged that there were some locations that were suited to a nighttime economy and others, in more residential areas, that were not.
- i. The Panel sought assurances around what the administration was doing in relation to supporting local jobs. In response, the Cabinet Member set out that a new Connect to Work scheme had just been launched with Haringey Works and an outside provider. The scheme was aimed at those with complex barriers to work, who needed a degree of wrap around support, to help them sustain employment. The scheme matched up employers with candidates, and it had received some government funding. Officers advised that the scheme had only started part way through the year, but that some figures could be circulated to the Panel at a later point when there was enough data to make it worthwhile. Overall, officers stated, the employment rate in Haringey was improving based on the data for the last quarter.

#### **RESOLVED**

That the update from the Cabinet Member, and the responses to the Panel's questions were noted.

#### **281. KPI UPDATE**

The Panel received a set of slides which provided an update on a range of Key Performance Indicators relating to the Housing Service, as set out in the agenda pack at pages 23-48. The Interim Director of Housing, Rachel Sharpe, was present for this item, along with the Corporate Director of Adults, Housing and Health and Paul McCabe, Head of Repairs and Maintenance. The Cabinet Member for Housing and Planning was also present for this item. The following arose as part of the discussion of this item:

- a. The Panel raised concerns about asbestos checks and feedback from residents that these checks were not being carried out. In response, officers

advised that they were updating and migrating the database used for recording the register of communal asbestos checks. It was acknowledged that this had had an impact on the performance figures, as an asbestos check had to be carried out before repairs could be done, as part of the relevant health and safety requirements.

- b. The Panel queried whether the void figures in the presentation included HCBS properties. In response, officers advise that the figures related to general needs housing voids and sheltered housing voids. HCBS properties were not included. The Panel requested that future KPI updates include the number of void properties in the HCBS as well as general needs and sheltered housing. **(Action: Robbie Erbmann).**
- c. The Panel requested that the March Panel meeting include a short, focused agenda item on Legal Disrepair claims. **(Action: Clerk).**

**RESOLVED**

Noted

**282. FINANCE UPDATE - Q2 2025/26**

The Panel received a report which set out the Council's financial position at Q2 of the 2025/2026 financial year. The report was originally published as part of the agenda papers to Cabinet on 9<sup>th</sup> December 2025. The report was included in the published agenda pack at pages 49-104. The following arose in discussion of this item:

- a. The Panel sought clarification about the report seemingly indicating that significant improvements had been made in relation to Housing Benefit overpayments. In response, the Chair commented that this sat under Cllr Chandwani's portfolio and under OSC's remit. It was commented that OSC recently received an update on this, and that the challenge related to not receiving full benefit reimbursement from DWP for supported accommodation. There were also long running issues arising from the migration of housing benefit to Universal Credit. OSC made a recommendation to support the Council in seeking full reimbursement from the DWP.
- b. The Chair queried why the in-year savings target was RAG rated as green, given that £101k of a £3.4m overall savings target had been delivered. In response, the Corporate Director of Adults, Housing & Health advised that the delivery of savings were always anticipated to be backloaded within the financial year. There were a number of things that came into play in the later parts of the year, including rent convergency which went live in September. The majority of the delivery within the acquisitions programme was also due to be delivered in the latter half of the financial year. The Corporate Director reiterated that the in-year savings were expected to be delivered by year end.
- c. In relation to the HRA capital forecasts for 2025/26, the Panel queried why most of these were RAG rated amber/red for time. In response, Cllr Williams advised that this was due to delays with the implementation of the partnering contract. Officers advised that the Section 20 consultation had been completed and that they would be engaging with contractors in January, with work expected to begin in April.
- d. The Panel noted that the underspend in the HRA capital delivery programme was historically much bigger than in the General Fund and queried whether a failure to spend capital funding in a given year meant that funding was lost. In

response, Cllr Williams advised that nothing was lost and that the works would be reprofiled to the following year. The Cabinet Member advised that a lot of the delays stemmed from the Building Safety Regulator and the backlog of approvals from that body. Officers provided assurances that spend had been reprofiled in order to meet the 100% decency target by 2028.

- e. In response to a question about reductions in HRA spending and how this would be monitored, the Cabinet Member commented that the re-profiling of budgets was a continuous journey, in order to ensure that projects could be delivered.
- f. The Chair welcomed the progress made to date in reductions in the prevention and outflow of temporary accommodation numbers.

**RESOLVED**

That the Panel noted the contents of the report.

**283. HOUSING REVENUE ACCOUNT BUSINESS PLAN AND BUDGET 2026/27**

The Panel received the Housing Revenue Account Business Plan and Budget 2026/27 report. Every year, the Council sets a business plan for its Housing Revenue Account (HRA). This business plan considers projected income and expenditure over a 10 and 30-year period. The report provided an update on the aims and ambitions across the medium and long term and proposals for the 2026/27 budget which were due to be presented at Council in March 2026 for approval. The report was introduced by Kaycee Ikegwu, Head of Finance, as set out in the agenda pack at pages 105 – 128. The cover report was included in the additional papers agenda pack. Sara Sutton, Corporate Director of Adults, Health & Housing was present for this item, along with Rachel Sharpe, Director of Housing, and Robbie Erbmann, Delivery Director. Cllr Sarah Williams, Cabinet Member for Housing and Planning was also present. The following arose as part of the discussion of this agenda item:

- a. The Panel sought clarification around revenue contributions to capital and the plan to deliver an £8m surplus. The Chair noted that the surplus was forecast at £0.65m next year and £3.8m over the MTFS period. In response, officers clarified that the surplus target was an internal ambition that service set itself in relation to revenue to capital. This was done a few years ago, in relation to the level of risk that was being carried with the significant investment into existing stock and new homes, and determination that it was prudent to build in that level of revenue contribution to capital. Since then, a number of factors had made this increasingly difficult to achieve, in particular rising interest costs.
- b. In response to a follow up question, officers advised that the current business plan was a worst case scenario and that it was hoped an improved position would be reported in the final plan reported to Council in May. There were a number of things that had not been factored into this version, such as rent convergence as the service was waiting for government guidance to be released in January. Discussions were also being progressed with the GLA about covering interest costs in the construction period. It was envisaged that this would also improve the current position. Officers were also looking at implementing efficiencies within the service to improve the revenue costs to capital.
- c. The Chair sought clarification that by the end of the MTFS, £76m a year from the HRA would be spent on capital financing costs, which roughly equated to

30% of the overall budget being spent on servicing debt arising from the investment into existing stock and building new homes. In response, officers acknowledged that this was the case and that any major investment, on the scale that was being done in Haringey, would see increasing debt repayment costs. Officers advised that rental income would also increase as a result, and that years 7 onwards of the plan showed a significant surplus being generated from the HRA. It was commented that rising rental income tended to generate income growth over time due to inflation, particularly as interest costs remained static.

- d. The Chair commented that this was hard to understand the level of debts that were being carried by the HRA, as the report only showed the capital financing costs. The Chair commented that he would like to understand the level of debt being carried by the HRA in future reports and the trigger points. In respect of a repayment plan, officers advised that they were looking at this, but there was no requirement for one. Instead, the industry standard was to monitor the loan to equity value of properties. The industry standard was a ration of 60/40. Haringey was currently below 50%. The Chair requested that this indicator be included in future reports.
- e. The Panel queried whether the report showed that the New Homes Building programme effectively ended in latter years of the plan. In response, officers advised that the forecast represented schemes that were currently in the delivery programme i.e. they had been approved by Cabinet and they had active viability undertaken on them. Further schemes would be added as an when they were approved by Cabinet and underwent a viability assessment.
- f. The Panel sought clarification about whether any problems were anticipated going forwards with being able to balance the HRA. In response, officers confirmed that the plan as presented showed a balanced position, and that this was based on a set of assumptions that were worst-case scenario.
- g. The Panel queried the discrepancy between formula rents and the rent cap and why the difference was proportionally much less for larger homes. In relation to HCBS properties, the Panel queried which rental scheme they were charged under. In response, officers advised that the rent cap was set centrally by government. In relation to HCBS properties, these were charged at Local Housing Allowance rates, which were significantly higher than either formula rents or London Affordable Rent.
- h. The Panel followed up on a point raised in the deputation by Defend Council Housing and asked for clarification about the differing levels of increases in service charges for leaseholders versus council tenants. In response, officers advised that the general point was that the Council had to recover costs from whichever tenure the service charges were being applied to. Officers suggested that the examples given by Mr Burnham didn't appear to be directly comparable. If the concerns raised in the deputation were referred to first tier tribunal, they would look in detail at the service charges and the methodology to see whether they were comparable.
- i. As a follow-up question, the Panel sought clarification about how the Council differentiated between different block and different tenures in terms of service charges. In response, officers advised that within each service charge there was a difference in usage, location, block etc. and there was a methodology that looked at what was actually provided to that site in terms of tenure mix. A number of these services were pooled and the individual rate would be

affected by the number of properties in that pool. The apportionment between leaseholders and tenants may look different, but the methodology ensured that leaseholders only paid for what they received and likewise for tenants. The Cabinet Member stressed that having this reviewed at a tier one tribunal was normal practice, and that this was what the tribunal was there for. Officers set out that the general principle was that receipts were pooled against the numbers contributing towards that particular charge in that location.

- j. In response to a further follow-up, officers advised that pooled receipts could be pooled by block and location, and that the total cost was divided by the number of leaseholders/tenants in order to ensure it was proportional. Officers clarified that the figures in the report for individual service charges were effectively an average that was used internally. Those receiving bills for service charges would receive an indicative bill and a final bill. Once the HRA Business Plan was agreed by Cabinet individual bills would be calculated and sent out to tenants and leaseholders.
- k. In response to a question, officers provided assurances that leaseholders and tenants paid the same amount of service charge if they received the same service. This would be checked by adding up the service charges received from both sides and making sure this was the total cost of providing that service. Assurances were given that one group didn't proportionally pay more than the other.
- l. The Panel queried a scenario raised earlier in the meeting around service charges for having a door entry system and queried whether tenants/leaseholders were being charged for this if it was defective. In response, officers advised that for tenants, in the eventuality of a failure of service, there was a policy that would set out what refund or credit is applied, within a designated period of time. For leaseholders, communal repairs were picked up in addition to ongoing service costs and so it wasn't comparable with the service charge to tenants, as they paid for communal repairs through their rent costs.
- m. The Panel queried the extent to which service level agreements were in place for things like grounds maintenance. In response, officers advised that there was some form of agreement in place for all the different services that were provided, whether that was a contract, service level agreement, or other delivery mechanism. These were reviewed and a review of the SLA for grounds maintenance was underway involving the resident's voice board.
- n. The Panel queried why the figures at Table 6 of the business plan showed reduced levels of investment in repairs after Year 1 (2026/27). In response, officers advised that there were a lot of one-off items that artificially inflated the budget line in Year 1, such as higher disrepair costs. These were expected to tail off in Year 2 onwards.
- o. The Panel queried whether the cost and number of repairs could also increase as a result of the Council building more homes. In response, the Cabinet Member suggested that these were new builds and shouldn't require a lot of repairs. It was suggested that a lot of the repair work was driven by the need for major works to be carried out, particularly in places like the Noel Park Estate. Once those major works were completed the repair issues should drop dramatically. It was also envisaged that the increase in the number of Decent Homes should also result in fewer repair claims. The mobilisation of the partnering contract would enable significant progress to be made on repairs.

The Head of Finance advised that that Table 6.1 captured increased investment in repairs from Year 6 to Year 10.

- p. The Chair commented that the proposed HRA Capital Programme at Table 7 of the report showed approximately £1 billion investment in things like the major works and the New Homes Build Programme in 2026/27-2030/31, and that this then reduced significantly to around £145m in Years 6-10. The Chair queried whether this reduction in capital spend was overly optimistic, given the continued need for investment and sites for the New Homes Building Programme coming online. The Chair questioned what level of challenge and difficulty this presented, given that the borrowing costs were around £290m. In response, officers advised that the exposure to risk identified in the report arose from the fact that assumptions had been made on what borrowing rates would be over the next five years. Officers had taken a position and used a model that was felt to be prudent. The key risk was in the eventuality that a major global event happened that impacted borrowing rates, like the war in Ukraine. If this happened and borrowing rates increased above what had been assumed, then this would be a big challenge. Officers advised that currently, the market rates were slightly below the rate that had been assumed for the current year. If this trend continued, the level of risk would be relatively low.
- q. In relation to the above point, officers advised that the figures seen here had been modelled over 30 years and that the HRA Business Plan ensured there was enough interest cover for the borrowing that was planned. Officers also commented that the HRA Business Plan was updated every year and that this involved looking again at the borrowing assumptions. In addition, the Housing service looked at the business plan on a quarterly basis and that the risk profile of new projects was assessed in that quarter, as well over a longer term. The Corporate Director advised the Panel that the Council received external validation and assurance around the model it used and that the Council wasn't marking its own homework.
- r. The Panel questioned how the organisation could ensure parity for tenants who were seeing year-on-year rent increases, but were not benefitting from having a new Council home. In response, officers set out that the New Homes Building Programme paid for itself, and that it actually grew the income of the HRA over time. Officers commented that they would not characterise the New Homes Building Programme as only benefitting the people that lived in those new build homes. The overall HRA position over the medium to long term benefitted, and this afforded more money to spend on services and other capital works.
- s. In response to a request for clarification, officers set out that from Years 2 & 3 after practical completion, the general trend was that the amount of rental income coming into the HRA from new build properties exceeded the interest costs. Over time, as rents increased, that gap would grow. The new homes made a net-positive contribution to the HRA as they brought in more income than they cost the HRA. Officers set out that properties acquired under the TA Acquisitions Programme returned a much higher rate of return to the HRA than new build homes. It was also commented that the New Homes Building Programme was supported by significant grant funding from the GLA that helped in terms of viability.
- t. The Chair sought clarification on whether, in effect, the Major Works programme was dependant on the additional revenue coming into the HRA from the New Homes Build Programme. In response, officers commented that

what would be affordable may look different if there was New Homes Build Programme. Officers did not characterise one scheme as being dependant on the other. The Cabinet Member commented that doing Major Works at scale would have a big impact on a number of works streams across housing, particularly repairs and the need for decants due to repairs.

u. The Panel put forward the following recommendations in relation to the HRA Business Plan:

- Sustainability of Long Term Borrowing Costs- Further information requested for 19<sup>th</sup> January OSC meeting in relation to the sustainability of long term borrowing costs and the burden this places on the HRA. The Panel would like to understand how a sustainable level of debt is calculated. Including some further information around the ratio of debt, and interest markers, and how these are factored into an assessment that a particular level of debt is affordable. What red lines does the Council use in assessing that a certain level of debt would be unsustainable?
- Sustainability of Long Term Borrowing Costs- Recommendation to Cabinet: That Cabinet gives consideration to the publication of an HRA Debt Management Plan alongside the HRA budget-setting process. The Panel recognises the necessity of significant long-term investment in the HRA to address the condition of council housing and meet acute housing need. However, it is concerned about the cumulative impact of high borrowing levels on residents. The Panel recommends that the Debt Management Plan should clearly set out the Council's long-term approach to reducing, as well as managing debt in order to provide transparency and assurance around the sustainability of the HRA.
- Tenant Affordability Assessment – Recommendation to Cabinet: That Cabinet give consideration to undertaking an assessment of tenant affordability, as it undertakes assumed year-on-year rent increases to its tenants as part of the planned investment programme. The Panel is concerned that that year-on-year rent increases would cross an affordability threshold at some stage and that the Council should be reviewing and modelling this.
- Neighbourhood Moves Scheme – Recommendation to Cabinet: That a review is undertaken of the Neighbourhood Moves Scheme to assess its financial and strategic impact on the Housing Register. The Panel is concerned that offering properties to households where there is no net improvement in housing need - such as cases where there is no overcrowding or priority change - should be reconsidered alongside the known additional costs to the HRA, including void costs and reletting expenses. The Panel recommends that the review considers whether amendments are required to ensure that limited housing resources more effectively to reduce the impact of the housing crisis.

**RESOLVED**

That the Housing, Planning and Development Scrutiny Panel:

- a) Noted the draft report being presented to Cabinet on 9 December 2025 setting out the proposed 2026/27 budget and 2026/27 to 2030/31 and which includes proposed increases to rents and service charges.
- b) Noted that the revenue financial position will be updated in January 2026 prior to Cabinet on 10 February – once government announcement on rent convergence is made.

- c) Noted that the capital programme might also be updated in January 2026 following any changes in the programme or confirmation of anticipated funding for new build programme.
- d) Noted that Cabinet on 10 February will be asked to recommend the final HRA 2026/27 Budget and 2026/27-30/31 MTFS, for approval to the Full Council taking place on 2 March 2026.
- e) Agreed the budget scrutiny recommendations set out in (Item 283) Paragraph U above, and agreed to send them the Overview & Scrutiny Committee for ratification and submission to Cabinet.

**284. WORK PROGRAMME UPDATE**

**RESOLVED**

That the Panel noted the work programme and agreed any amendments.

**285. NEW ITEMS OF URGENT BUSINESS**

N/A

**286. DATES OF FUTURE MEETINGS**

9<sup>th</sup> March 2026.

CHAIR: Councillor Adam Small

Signed by Chair .....

Date .....

# LATE BUSINESS SHEET

**Report Title: Agenda Item 8 - Draft Treasury Management Strategy Statement 2026/27**

**Committee: Overview & Scrutiny Committee**

**Date: 19 January 2026**

**Reason for lateness and reason for consideration**

The Council must comply with the requirements of the Local Government Act 2003 (“the 2003 Act”), the Local Authorities (Capital Financing & Accounting – England) Regulations 2003 and the CIPFA Treasury Management code. This item should be considered at the meeting as a matter of urgency by reason of special circumstances. These circumstances are due to limited resources and work on the draft Treasury Management Strategy delayed, therefore not meeting the deadline for dispatch of papers to Committee.

The committee need to scrutinise and provide any comments on the draft Treasury Management Strategy Statement (TMSS) for 2026/27 prior to its presentation to Audit Committee on 29 January, Cabinet on 10 February 2026 and then full Council on 2nd March 2026 for approval. Part 4, Rules of Procedure Section I – Financial Regulations, of the council’s constitution provides that the Overview and Scrutiny Committee will scrutinise the draft Treasury Management Strategy Statement annually, before its adoption by Full Council as indicated in the legal comments of the report attached.



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**Report for:** Overview & Scrutiny Committee – 19 January 2026

**Item number:** 8

**Title:** Draft Treasury Management Strategy Statement 2026/27

**Report authorised by:** Taryn Eves, Corporate Director of Finance and Resources (S151 Officer)

**Lead Officer:** Sam Masters, Head of Treasury and Banking  
[Sam.Masters@haringey.gov.uk](mailto:Sam.Masters@haringey.gov.uk)

**Ward(s) affected:** N/A

**Report for Key/**  
**Non Key Decision:** Non Key decision

### **1. Describe the issue under consideration**

- 1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.
- 1.2. The CIPFA Code requires the Committee responsible for monitoring treasury management activities to formulate the Treasury Management Strategy Statement (TMSS). The TMSS is then subject to scrutiny before being approved by Full Council on 2nd March 2026.
- 1.3. The draft TMSS is presented to this committee for scrutiny. Any comments made by the Overview and Scrutiny Committee will be taken into account by Audit Committee and, where appropriate, reflected in the final TMSS, presented to Council on 2 March 2026.

### **2. Cabinet Member Introduction**

- 2.1. Not applicable.

### **3. Recommendations**

- 3.1. The Overview and Scrutiny Committee is requested to scrutinise and provide any comments on the proposed updated Treasury Management Strategy Statement (TMSS) for 2026/27 prior to its presentation to Audit Committee on 29 January, Cabinet on 10 February 2026 and then full Council on 2<sup>nd</sup> March 2026 for approval.
- 3.2. To note that Audit Committee will be considering the draft TMSS at its meeting on 29 January.

#### **4. Reason for Decision**

- 4.1. The CIPFA Code requires all local authorities to agree a Treasury Management Strategy annually in advance of the new financial year.

#### **5. Other options considered**

- 5.1. Not applicable.

#### **6. Background information**

- 6.1. The Council's treasury management activity is underpinned by CIPFA's Treasury Management in Public Services: Code of Practice (the CIPFA Code), which requires all local authorities to produce annually a Treasury Management Strategy Statement.
- 6.2. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.
- 6.3. The following sections provide a summary of the proposed treasury strategy for the financial year 2026/2027.

#### **Economic Background**

- 6.4. The most significant impacts on the Authority's treasury management strategy for 2026/27 are expected to include: the influence of the government's 2025 Autumn Budget, lower short-term interest rates alongside higher medium- and longer-term rates, slower economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and geopolitical issues.
- 6.5. The Bank of England's Monetary Policy Committee (MPC) cut the Bank Rate to 3.75% in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.
- 6.6. Figures from the Office for National Statistics showed that the UK economy expanded by 0.1% in the third quarter of the calendar year, this was unrevised from the initial estimate. The most recent Monetary Policy Report (November) projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised

down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.

- 6.7. CPI inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall, to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.
- 6.8. The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Pay growth for the same period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%.
- 6.9. The US Federal Reserve also continued to cut rates, including reducing the target range for the Federal Funds Rate by 0.25% at its December 2025 meeting, to 3.50%-3.75%, in line with expectations. The minutes of the meeting noted that most Fed policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.
- 6.10. The European Central Bank (ECB) kept its key interest rates unchanged in December for a fourth consecutive meeting, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions.
- 6.11. Credit outlook: Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly during October and November, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.
- 6.12. While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the authority's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.
- 6.13. Interest rate forecast (18th December 2025): Arlingclose, the Authority's treasury management adviser, currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate in 2026, reaching around 3.25%. This forecast reflects amendments made following the Autumn Budget and an assessment of the fiscal measures and

their market implications, and following the BoE MPC meeting held on 18th December:

*"Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments."*

- 6.14. A more detailed economic and interest rate forecast provided by Arlingclose is in the TMSS (Appendix 1, Annex A)
- 6.15. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate/yield of 3.5%, and that new long-term loans will be borrowed at an average rate of 5%.

### **Haringey Council's Local Context**

- 6.16. The Treasury Management Strategy Statement sets out a five-year position throughout the report, which better aligns with the Council's medium term financial strategy.
- 6.17. The Council's capital plans are set out in the Council's Capital Strategy for 2026–2036 and the Capital Programme 2026-2031, which forms part of the main budget report to be presented to Cabinet on the 10<sup>th</sup> February.
- 6.18. The Council's underlying need to borrow for capital purposes, referred to as the Capital Financing Requirement (CFR) is also set out in section 3 of Appendix 1 to this report. The Council has an increasing CFR driven by its overall capital programme. As a result, additional borrowing will be required in the upcoming years to finance both the General Fund and the Housing Revenue Account's (HRA) capital programmes.
- 6.19. Appendix 1 (Table 2), shows a total borrowing requirement of £415m is required to finance the Council's core capital programme plan and EFS requirement in 2026/27. There is a revenue impact of the recommended borrowing strategy referred to as Capital Financing Costs, covering both interest costs and the Minimum Revenue Provision (MRP). The Minimum Revenue Provision (MRP) is when the Council has to make an annual contribution from revenue and is required to ensure that the Council pays down debt in a prudent manner. Annex C sets out the Council's MRP statement for 2026/27.
- 6.20. The Council's financial position is challenging. Efforts to reduce costs and identify additional savings continues but Haringey has made an application to the Ministry for Housing, Communities and Local Government for Exceptional Financial Support (EFS) to be made available if it is required during 2026/27. The outcome of the application will not be confirmed until end of February 2026.
- 6.21. EFS is a necessary response to the Council's financial circumstances and if required, support will be provided through an agreement by Government that

the Council can capitalise part of its day to day running costs. In practice this means that the Council has permission to either borrow or use capital receipts from the sale of assets to fund day-to-day expenditure.

- 6.22. An update on the Council's financial position will be presented to Overview and Scrutiny Committee on 29 January 2026 before the Cabinet consider the final draft budget on 10 February 2026. For planning purposes, this draft TMSS has been prepared on the basis that up to £100m may be required through a capitalisation directive that allows borrowing for some day to day services will be required. This assumption will remain under review over the next few weeks with the expectation that any EFS required to balance the budget will be minimised. Any update will be reflected in the updated TMSS to Audit Committee on 29 January 2026 and the final TMSS presented to Cabinet on 10 February 2026. Therefore, the figures in this TMSS are subject to change over the next few weeks.
- 6.23. Full details will also be set out in the Chief Finance Officer's Section 25 Statement of the 2026/27 Budget and Medium Term Financial Strategy report going to Cabinet on 10 February 2026. Support through EFS is not a long term sustainable financial strategy and work will continue through 2026/27 to reduce the amount of EFS drawdown and reduce the need for any EFS from 2027/28 onwards.

### **Borrowing Strategy**

- 6.24. The Council's primary objective when borrowing, is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required.
- 6.25. The Council's borrowing decisions are not based on any single outcome for interest rates, and it intends to maintain a balanced portfolio of short and long-term borrowing.
- 6.26. Further details on the Council's borrowing strategy including the available sources of borrowing can be found in section 4 of Appendix 1 to this report.

### **Treasury Investment Strategy**

- 6.27. In accordance with the CIPFA Code and government guidance, the Council aims to strike an appropriate balance between risk and return, when making treasury investments. The aim is to prioritise the security and liquidity of its investments before seeking the optimum rate of return or yield.
- 6.28. Further details on the Council's treasury investment strategy including the proposed counterparties, investment limits and treasury risk assessment approach can be found in section 5 of Appendix 1 to this report.

### **Treasury Management Prudential Indicators**

- 6.29. The Council measures and manages its exposures to treasury management risks using several indicators that are set when the Treasury Management Strategy is approved in advance of the new financial year.

6.30. A detailed assessment of the proposed treasury management prudential indicators for the next financial year can be found in section 6 of Appendix 1 to this report.

## **7. Contribution to Strategic Outcomes**

7.1. None

## **8. Carbon and Climate Change**

8.1. Not applicable

## **9. Statutory Officers comments (Chief Finance Officer, Director of Legal and Governance, Equalities)**

### Finance

9.1. Finance Comments are included throughout the report.

### Legal Comments

### Head of Legal & Deputy Monitoring Officer [Haydee Nunes De Souza]

9.2. The Head of Legal Services has been consulted on the content of this report which is consistent with legislation governing the financial affairs of the Council. In particular, the Council must comply with the requirements of the Local Government Act 2003 ("the 2003 Act"), the Local Authorities (Capital Financing & Accounting – England) Regulations 2003 and the CIPFA Treasury Management code.

9.3. The prudential capital finance system relies on the provisions of Part 1 of the 2003 Act. Under this system, local authorities can borrow funds for capital investment as long as the borrowing remains within prudent limits. Section 1 of the 2003 Act allows the council to borrow for any purpose related to its functions or the prudent management of its financial affairs, provided it does not breach the affordable borrowing limit determined in accordance with section 3(1) of the 2003 Act.

9.4. The government has agreed to provide a number of local authorities with support via the Exceptional Financial Support framework, following requests from these councils for assistance to manage financial pressures that they considered unmanageable. The support is provided on an exceptional basis, and on the condition that each local authority is subject to an external assurance review.

9.5. Part 4, Rules of Procedure Section I – Financial Regulations, of the council's constitution provides that the Overview and Scrutiny Committee will scrutinise the draft Treasury Management Strategy Statement annually, before its adoption by Full Council

9.6. The Treasury Management Strategy is part of the Council's Policy Framework. As such, approval of the Treasury Management Strategy is reserved to Full Council.

Equalities

There are no equalities issues arising from this report.

**10. Use of Appendices**

10.1. Appendix 1 – Draft Treasury Management Strategy Statement 2026/27

**11. Background Papers**

11.1. None

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## London Borough of Haringey

### Treasury Management Strategy Statement 2026/27

#### 1. Introduction

- 1.1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Council's prudent financial management.
- 1.2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

#### 2. External Context – provided by the Council's appointed treasury advisor, Arlingclose Economic background

- 2.1. The impact on the UK from the government's Autumn Budget is likely to be one of the major influences on the Authority's treasury management strategy for 2026/27. Other influences will include lower short-term interest rates alongside higher medium and longer term rates, modest economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and ongoing geopolitical issues.
- 2.2. The Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 3.75% in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.

Figures from the Office for National Statistics showed that the UK economy expanded by 0.1% in the third quarter of the calendar year, this was unrevised from the initial estimate. The most recent Monetary Policy Report (November) projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.

- 2.3. CPI inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.
- 2.4. The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Pay growth for the same

period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%.

- 2.5. The US Federal Reserve also continued to cut rates, including reducing the target range for the Federal Funds Rate by 0.25% at its December 2025 meeting, to 3.50%-3.75%, in line with expectations. The minutes of the meeting noted that most Fed policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.
- 2.6. The European Central Bank (ECB) kept its key interest rates unchanged in December for a fourth consecutive meeting, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions

## Credit Outlook

- 2.7. Credit outlook: Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly during October and November, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.
- 2.8. While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the authority's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.

## Interest rate forecast (18<sup>th</sup> December 2025)

- 2.9. Arlingclose, the Authority's treasury management adviser, currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate in 2026, reaching around 3.25%. This forecast reflects amendments made following The Autumn Budget and an assessment of the fiscal measures and their market implications, and following the BoE MPC meeting held on 18th December:

"Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments."

- 2.10. A more detailed economic and interest rate forecast provided by Arlingclose is included in this document as Annex A.
- 2.11. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 3.5%, and that new long-term loans will be borrowed at an average rate of 5%.



### 3. Local Context

#### Capital Expenditure and Financing

The Council's capital plans and Exceptional Financial Support are the main factors driving its borrowing requirements. These plans are set out in the Council's Capital Strategy for 2026–2036 and the Capital Programme 2026-2031, which forms part of the main budget report and has been taken into account in preparing this report. Table 1 below summarises the Council's planned capital expenditure, including both previously approved schemes and those proposed for approval as part of the 2026/27 Budget and Medium-Term Financial Strategy (MTFS).

**Table 1: Capital Expenditure**

**Table 1: Capital expenditure**

	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Actual	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m						
General Fund Account (GF)	80	143	202	139	63	46	8
Housing Revenue Account (HRA)	160	282	364	421	324	302	279
Exceptional Financial Support (EFS)	10	54	100	100	100	100	100
<b>Total</b>	<b>250</b>	<b>479</b>	<b>666</b>	<b>660</b>	<b>486</b>	<b>448</b>	<b>387</b>

- 3.1 Regulatory and professional guidance requires that elected members understand the scale and nature of any commercial activity in the context of the Council's overall financial position. The capital expenditure figures in Table 1 confirms that no such commercial activity is included in the future programme.
- 3.2 The programme excludes other long-term liabilities—such as Private Finance Initiative (PFI) commitments and leasing arrangements—which already incorporate borrowing instruments.
- 3.3 Subject to approval by the MHCLG, the Exceptional Financial Support (EFS) arrangements (see Sections 3.19–3.24) will permit certain revenue expenditure items (day to day running costs) to be treated as capital and funded by Capital Receipts and borrowing.
- 3.4 Table 2 sets out the proposed funding for the capital programme covering 2026/27 to 2030/31. Any shortfall in available resources will create a borrowing requirement.

**Table 2: Capital Financing**

	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Actual	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m	£m
<b>General Fund</b>							
Borrowing	46.0	109	131	44	25	18	8
Borrowing - EFS	10.0	54	100	100	100	100	100
Borrowing - Self-Funding (see para 8.3)	2.8	0	0	0	0	0	0
Capital Receipts	0.0	0	0	0	0	0	0
Capital Grants from Central Government Departments	13.9	17	20	16	8	7	0
Capital Funding from GLA ,TfL & Other LA's	9.6	5	7	27	27	19	0
Revenue Contribution to Capital Outlay (RCCO)	0.3	0	1	4	1	1	0
Usable Capital Reserves	0.8	2	0	0	0	0	0
Land appropriation	0.0	0	0	2	0	0	0
Community Infrastructure Levy	2.9	6	2	2	2	2	0
Grants & Contribs from Non-departmental Public Bodies	0.0	3	0	4	0	0	0
S106/Developer Contributions	3.5	0	40	40	0	0	0
<b>TOTAL GENERAL FUND (GF) FINANCING</b>	<b>89.9</b>	<b>197</b>	<b>302</b>	<b>239</b>	<b>163</b>	<b>146</b>	<b>108</b>
<b>Housing Revenue Account (HRA)</b>							
Capital Grants	20.9	146	129	69	68	51	42
Major Repairs Reserve	22.6	23	25	26	27	29	30
Revenue contributions	4.4	0	0	2	0	0	0
RTB Capital Receipts	9.8	11	10	8	8	5	5
Leaseholder Contributions to Major Works	8.3	7	7	7	7	8	7
Other Subsidy	0.0	0	7	11	18	22	24
Market Sales Receipts	4.7	0	0	7	7	0	0
Borrowing	89.5	95	184	291	188	187	170
<b>TOTAL HRA FINANCING</b>	<b>160.1</b>	<b>282</b>	<b>364</b>	<b>421</b>	<b>324</b>	<b>302</b>	<b>279</b>

<b>TOTAL CAPITAL FINANCING</b>	<b>250.0</b>	<b>479</b>	<b>666</b>	<b>660</b>	<b>486</b>	<b>448</b>	<b>387</b>
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3.5 The Council's Capital Strategy and programme are subject to rigorous scrutiny and challenge to ensure that all capital plans are both affordable and prudent. While Table 1 illustrates the five-year impact of the capital programme, each scheme is assessed in its entirety, recognising that some projects extend beyond a five-year timeframe. The Capital Delivery Framework, included in Section 10 of the Capital Strategy for 2026–2036, outlines a structured lifecycle for the development and delivery of capital projects and programmes—from initial business case formulation through to implementation and closure. It incorporates HM Treasury's Green Book Five Case Model across a Gateway process and assess project deliverability. The framework also embeds CIPFA principles to ensure that all investment decisions are strategically aligned, financially sustainable, and focused on delivering measurable outcomes.

3.6 On 31 December 2025, the Council held £1,141.9m of borrowing and £73.2m of treasury investments. This is set out further in detail at Annex B. Forecast changes in these sums are shown in the balance sheet analysis in Table 3 below.

**Table 3: Balance Sheet Summary and Forecast (Capital Financing Requirement)**

	<b>31.3.25 Actual £m</b>	<b>31.3.26 Estimate £m</b>	<b>31.3.27 Forecast £m</b>	<b>31.3.28 Forecast £m</b>	<b>31.3.29 Forecast £m</b>	<b>31.3.30 Forecast £m</b>	<b>31.3.31 Forecast £m</b>
General Fund CFR	782	854	951	970	972	966	951
EFS CFR	10	64	166	271	379	489	603
HRA CFR	627	722	906	1,197	1,386	1,573	1,744
<b>Total CFR</b>	<b>1,419</b>	<b>1,640</b>	<b>2,023</b>	<b>2,439</b>	<b>2,736</b>	<b>3,029</b>	<b>3,298</b>
Less: Other debt liabilities*	-59	-34	-16	-12	-9	-7	-5
<b>Loans CFR</b>	<b>1,360</b>	<b>1,605</b>	<b>2,007</b>	<b>2,427</b>	<b>2,727</b>	<b>3,022</b>	<b>3,293</b>
Less: Balance sheet Resources (Internal borrowing)	-394	-387	-387	-390	-393	-396	-396
<b>CFR Funded by External Borrowing</b>	<b>966.5</b>	<b>1,218.0</b>	<b>1,620.0</b>	<b>2,036.5</b>	<b>2,334.0</b>	<b>2,625.8</b>	<b>2,896.7</b>
<b>Breakdown of External Borrowing:</b>							
Existing borrowing**	981.3	1,115	1,033	973	893	833	773
New borrowing to be raised		387	420	792	1,062	1,303	1,520
New Borrowing to be raised for EFS		64	166	271	379	489	603

\* leases and PFI liabilities that form part of the Authority's total debt

\*\* shows only loans to which the Authority is committed and excludes optional refinancing

3.7 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The Council's current approach is to keep borrowing and investments below their underlying levels—a practice commonly referred to as internal borrowing.

3.8 Under CIPFA's Prudential Code for Capital Finance in Local Authorities, the Council's total debt should remain below its highest forecast CFR over the next three years. As shown in Table 3, the Council expects to remain compliant with this recommendation throughout the Medium-Term Financial Strategy (MTFS) period.

3.9 The Council's capital expenditure outlined in Table 1, shows a total expenditure of £666m, with a borrowing requirement of £415m (Table 2) required to finance the Council's core capital programme plan and EFS in 2026/27. There is a revenue impact of the recommended borrowing strategy referred to as Capital Financing Costs, covering both interest costs and the Minimum Revenue Provision (MRP). The Minimum Revenue Provision (MRP) is when the Council has to make an annual contribution from revenue and is required to ensure that the Council pays down debt in a prudent manner. Annex C sets out the Council's MRP statement for 2026/27. The estimated MRP over the MTFS period is set out in Table 4:

**Table 4: Estimated MRP 2025/26 to 2030/31**

	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m	31.3.31 Forecast £m
General Fund MRP	16	17	19	20	20	21
EFS MRP	0.3	2	5	8	11	14
PFI/Leases	21	17	4	4	3	3
<b>Total MRP</b>	<b>37</b>	<b>36</b>	<b>29</b>	<b>31</b>	<b>34</b>	<b>38</b>

3.10 The Council's underlying need to borrow to finance its capital programme is measured by the capital financing requirement (CFR). This increases when new debt financed capital expenditure is incurred and reduces when MRP is made. Table 3 (above) shows the estimated CFR over the MTFS period.

#### **Loans to third parties**

3.11 Within the proposed 2026/27 capital programme there is a loan to Alexander Palace & Park Charitable Trust for the refurbishment of the Panorama Room of £3.5m. In addition, there will be a loan to Alexander Palace & Park Charitable Trust for the purchase of a new lighting grid (the Motherlode) for

£1.5m. These loans are crucial to maintain the attractiveness of the Trust as an events venue and their financial sustainability.

3.12 Should the Council wish to make loans to other third parties it would only do so if the business case is approved. Such loans will only be considered when all of the criteria are satisfied:

3.13 The loan is towards expenditure which would, if incurred by the Council, be capital expenditure;

- The purposes for which the loan is given is consistent with the Council's priorities in the Corporate Delivery Plan;
- Due diligence is carried out that confirms the Council can legally make the loan and there is a clear assessment of the risk of loss over the loan term;
- A formal loan agreement is put in place which stipulates the loan amount, period, repayment terms and loan rate - this will be set at a level that seeks to mitigate any perceived risks of loan loss and takes appropriate account of any regulatory requirements relating subsidy.

## Reporting Requirements

3.13 In line with CIPFA's current *Treasury Management Code* and *Prudential Code* (20 December 2021), the Council receives and approves the following reports, which incorporate a range of strategies, policies, and both estimated and actual figures:

- **Quarterly Treasury Management Update Reports** – including the Mid-Year Update, which provides progress updates on the capital position, revises Prudential Indicators where necessary, and advises whether any policy changes are required.
- **Annual Treasury Management Report** – a retrospective review detailing actual prudential, capital, and treasury management indicators, and comparing actual treasury operations against original estimates.
- **Treasury Management Strategy** – setting out prudential capital and treasury management indicators alongside the Council's treasury strategy (this report).

3.14 The Council adheres to these Codes of Practice and reporting requirements when it prepares the Treasury Management Strategy Statement and related reports during the financial year, reporting to Audit Committee, Overview and Scrutiny Committee, Cabinet and Full Council as required during the reporting cycle.

## Training

3.15 The Treasury Management Code requires that a designated Council officer (the "responsible officer") ensures members with treasury management responsibilities receive appropriate and sufficient training. This requirement is particularly important for members involved in scrutiny. In addition, the Code stipulates that all organisations must maintain a formal and comprehensive knowledge and skills framework or training policy. This policy should support the effective acquisition and retention of treasury management expertise for all individuals involved in management, delivery, governance, and decision-making.

3.16 Training is provided to all Members involved in monitoring treasury management performance. Members of the Overview and Scrutiny Committee and the Audit Committee receive dedicated

Treasury Management training to support their annual review, scrutiny, and approval of the Treasury Management Strategy Statement as part of the budget planning process. The Council will regularly assess whether both treasury management staff and Members possess the necessary knowledge and skills to fulfil their roles and will ensure these competencies are maintained and kept up to date.

## **Treasury management advisors**

3.17 The Council recognises the benefits of engaging external providers of treasury management services to access specialist expertise and resources. Haringey currently retains the services of **Arlingclose Ltd**, which provides comprehensive advice and support across a wide range of areas, including

- Strategy development and implementation
- Regulatory compliance and reporting
- Investment guidance and counterparty credit assessments
- Economic outlook and financial market analysis
- Interest rate forecasting
- Debt management and funding options
- Training for Members and officers
- Technical accounting support

3.18 Treasury management decisions remain the responsibility of the Council and are informed, though not solely determined, by the latest advice from external advisors. The Council will continue to ensure that it does not place undue reliance on the services of its treasury advisors, maintaining independent judgment and accountability in all decision-making.

## **Exceptional Financial Support**

3.19 The Council's financial position is challenging. Efforts to reduce costs, deliver existing savings over the MTFS period and identify additional savings continues however as part of budget planning, and in line with the latest update on the Medium Term Financial Position presented to Cabinet in November, an application to the Ministry for Housing, Communities and Local Government for Exceptional Financial Support (EFS) for 2026/27 will be required to ensure that in line with statutory duties, a legally balanced budget can be set.

3.20 If approved for 2026/27, this will enable the Council—through Government agreement—to capitalise a portion of its day-to-day running costs. In practice, this means the Council has permission to either borrow or use capital receipts from asset sales to fund revenue expenditure.

3.21 Borrowing these amounts may be required if it represents better value than applying capital receipts. The associated borrowing costs have been incorporated into the Treasury Management budget from 2026/27 onwards.

An update on the 2026/27 Provisional Local Government Finance Settlement will be presented to Overview and Scrutiny Committee on 19 January 2026 and will be incorporated into the draft 2026/27 budget that is presented to Cabinet on 10 February 2026. For planning purposes, this draft TMSS has been prepared on the basis that up to £100m of EFS may be required and through a capitalisation directive, that allows borrowing for some day to day services. The outcome of the Council's application will not be known until February 2026 after the final Local Government Finance Settlement

2026/27 is published. The expectation is that any EFS required to balance the budget will be minimised.

- 3.22 This draft TMSS will be updated to reflect the final EFS requirement with the final TMSS presented to Full Council on 2 March 2026 for approval. Full details will also be set out in the Chief Finance Officer's Section 25 Statement of the 2026/27 Budget and Medium-Term Financial Strategy report to Cabinet on 10 February 2026.
- 3.23 Support through EFS is not a long term sustainable financial strategy and work will continue through 2026/27 to reduce the amount of EFS in future years.
- 3.24 Taking into account the proposed capital programme and the EFS requirement, the Council's Capital Financing Requirement (CFR) is projected to increase, while treasury investments remain minimal. Consequently, there is an anticipated new borrowing requirement of up to £1,916m over the forecast period 2026/27 to 2030/31 (see Table 3). Table 5 provides a breakdown of the forecast borrowing position at each financial year-end, covering both the General Fund and the Housing Revenue Account (HRA) capital programmes.

**Table 5: Year-end Borrowing Position Summary**

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m	31.3.31 Forecast £m
General Fund borrowing	459.8	588	646	733	786	819	854
EFS borrowing	10.0	64	166	271	379	489	603
HRA borrowing	511.4	566	808	1,033	1,170	1,318	1,440
<b>Total borrowing</b>	<b>981.3</b>	<b>1,218</b>	<b>1,620</b>	<b>2,036</b>	<b>2,334</b>	<b>2,626</b>	<b>2,897</b>

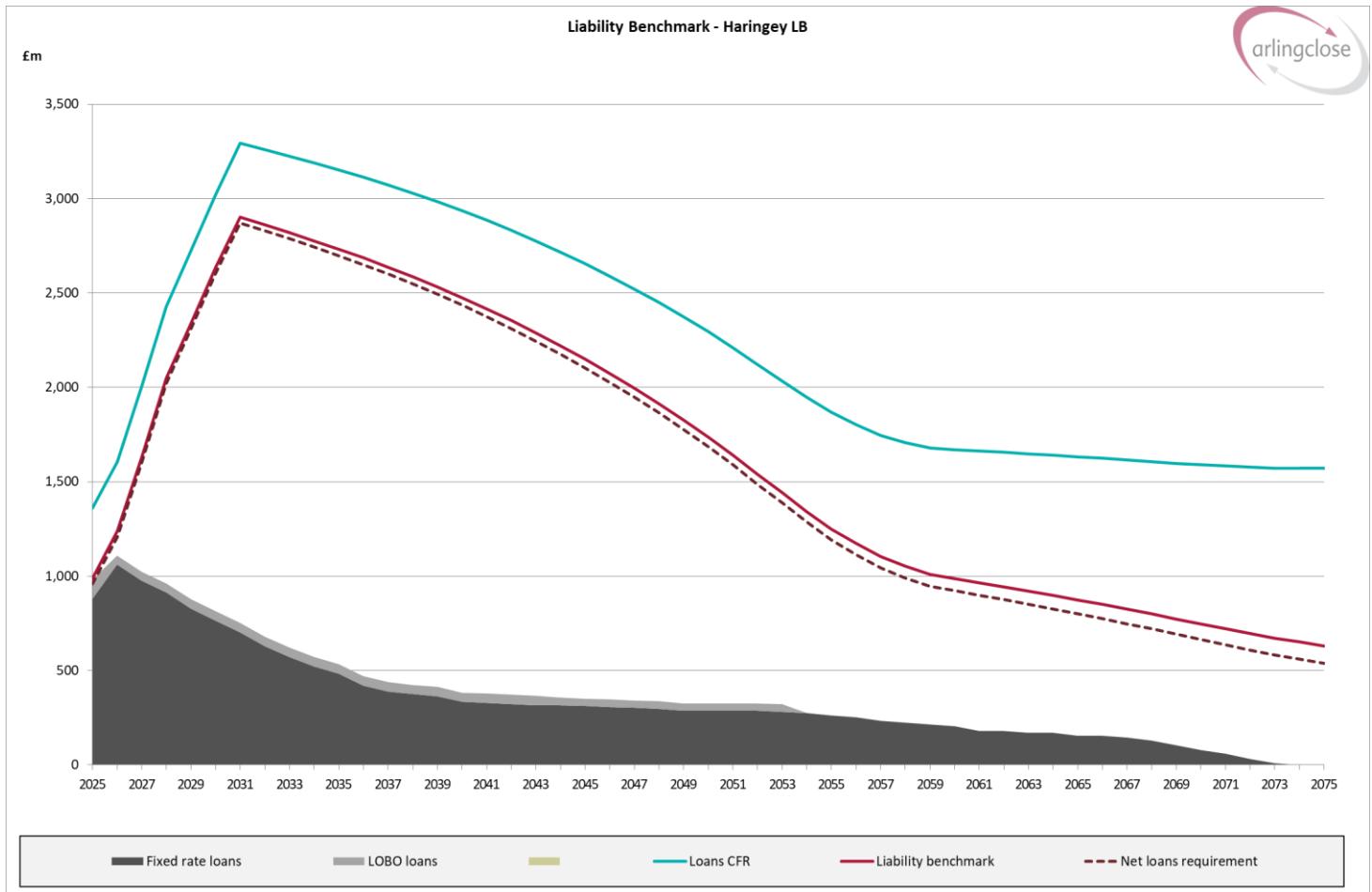
### **Liability Benchmark**

- 3.25 The liability benchmark has been calculated to compare the Council's actual borrowing position against an alternative low-risk strategy. This benchmark represents the optimal borrowing level that minimises risk. It assumes the same borrowing forecasts as shown in Table 3, but that cash and investment balances are kept to a minimum of £30 million at each year-end. This will drive best practice and to ensure liquidity while reducing credit risk.
- 3.26 The liability benchmark is a key tool for determining whether the Council is likely to be a long-term borrower or a long-term investor. This insight is critical for shaping the Council's strategic focus and decision-making. The benchmark itself represents an estimate of the cumulative external borrowing required to fund the Council's current capital and revenue plans, while maintaining treasury investments at the minimum level necessary to manage day-to-day cash flow.

**Table 6: Prudential Indicator – Liability Benchmark**

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m	31.3.31 Forecast £m
Loans CFR	1,360.4	1,605	2,007	2,427	2,727	3,022	3,293
Less: Balance Sheet resources	-394	-387	-387	-390	-393	-396	-396
<b>Net loans requirement</b>	<b>966.5</b>	<b>1,218</b>	<b>1,620</b>	<b>2,036</b>	<b>2,334</b>	<b>2,626</b>	<b>2,897</b>
Plus: Liquidity allowance	30.0	30.0	30.0	30.0	30.0	30.0	30.0
<b>Liability Benchmark</b>	<b>996</b>	<b>1,248</b>	<b>1,650</b>	<b>2,066</b>	<b>2,364</b>	<b>2,656</b>	<b>2,927</b>

3.27 The long-term liability benchmark assumes the same capital expenditure funded by borrowing as reflected in the CFR, with Minimum Revenue Provision (MRP) on new capital expenditure has an average 28-year asset life. However, each group of assets is calculated separately and the asset life ranges from 7-50. It also assumes income, expenditure, and reserves increase annually. The chart below illustrates this benchmark alongside the maturity profile of the Council's existing borrowing.



#### 4 Borrowing Strategy

- 4.1 As at 31 December 2025, the Council held £1,141.9m in loans as part of its strategy to fund previous years' capital programmes. The balance sheet forecast in Table 3 indicates that the Council expects to increase its borrowing by up to £489m by the end of 2026/27. In addition, the Council may borrow further sums to pre-fund future borrowing requirements, provided this remains within the authorised borrowing limit set out in the Capital Strategy and would be financially beneficial.
- 4.2 Borrowing can take the form of internal or external borrowing. Internal borrowing is a temporary measure where the Council uses its own cash reserves—held for other purposes—to defer the need for external borrowing. If these cash balances were not used for internal borrowing, they would instead be invested in accordance with the Treasury Management Strategy, generating a return for the Council. When deciding whether to use cash balances rather than external borrowing, there needs to be consideration of the cost of borrowing against the level of lost investment return.

## Objectives

4.3 The Council's primary objective when borrowing is to achieve an appropriately low-risk balance between securing low interest costs and ensuring certainty of those costs over the period funds are required. Maintaining flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

## Strategy

4.4 The Council's borrowing strategy continues to prioritise affordability without compromising the long-term stability of its debt portfolio. The scale of the capital programme and the need to diversify the debt portfolio to minimise refinancing risk means that some long-term borrowing will be required during 2026/27. Accordingly, the Council's strategy is to meet its borrowing requirement during the financial year through a balanced mix of short-term and long-term borrowing.

4.5 The Council aims to maintain a balance between short-term borrowing—offering the potential to refinance at a lower cost if interest rates fall—and long-term fixed-rate debt, which provides certainty and protection should interest rates rise.

4.6 In recent years, the Council has sourced all its long-term borrowing from the Public Works Loan Board (PWLB). However, it will continue to explore alternative sources, including banks, pension funds, and other local authorities, and may consider issuing bonds or similar instruments to reduce interest costs and avoid over-reliance on a single funding source, in line with the CIPFA Code.

4.7 The Council has faced challenges in securing borrowing from other sources due to being perceived as higher risk compared to other authorities. PWLB loans remain available provided local authorities do not engage in purchasing investment assets primarily for yield. The Council has not undertaken such activity in the past and does not intend to and therefore retain access to PWLB funding.

4.8 The Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

4.9 In addition, the Council may utilise short-term borrowing to manage unexpected cash flow shortfalls.

4.10 The Council's Medium-Term Financial Strategy includes provision for a Capitalisation Direction from Government. If approved, this would allow the Council to either borrow or use capital receipts from asset sales to fund day-to-day expenditure. It is for the Council to determine at year-end which capital resources—such as capital receipts or borrowing—will be allocated for this purpose. It is assumed in the TMSS that borrowing will be at PWLB rates included in Appendix A and MRP will be required using the asset life method with a proxy 'asset life' of 20 years.

## Sources of Borrowing

4.11 The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- UK Infrastructure Bank Ltd
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body

- UK public and private sector pension funds (except Haringey Pension Fund and the London Collective Investment Vehicle)
- capital market bond investors
- retail investors via a regulated peer-to-peer platform
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

### **Other Sources of Debt Finance**

4.12 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire Purchase
- Private Finance Initiative
- Sale and Lease Back
- Similar asset based finance

### **Municipal Bonds Agency**

4.13 The UK Municipal Bonds Agency, established in 2014 by the Local Government Association, provides an alternative to the PWLB by issuing bonds on the capital markets and lending the proceeds to local authorities. This source of finance is more complex than PWLB borrowing for two reasons:

- Borrowing authorities must provide bond investors with a guarantee to repay their investment if the Agency is unable to do so.
- There is a lead time of several months between committing to borrow and confirming the interest rate payable.

4.14 There are currently no plans to borrow from the Municipal Bonds Agency during 2026/27. Any future decision to do so will be subject to a separate report to the Audit Committee.

### **LOBOs**

4.15 The Council currently holds £50 million in LOBO (Lender's Option Borrower's Option) loans. The next option date on these loans is not until 2027/28 under which the lender can propose an interest rate increase at specified dates. Following such a proposal, the Council has the option to either accept the new rate or repay the loan at no additional cost. Given that interest rates remain elevated, there is a reasonable possibility that lenders may seek to exercise their options. If this occurs, the Council intends to repay the LOBO loans to mitigate refinancing risk in future years.

4.16 When loans are repaid prematurely, a premium is typically payable to the lender to compensate for interest forgone at the contractual rate when prevailing market rates are lower. If early repayment was considered, to refinance LOBOs, the Council would need to borrow both the original principal and the premium payable. However, this approach can be advantageous where interest savings over the life of the replacement loan exceed the premium costs. Replacing LOBOs that include a lender option to increase rates with fixed-rate debt would also reduce refinancing and interest rate risk.

4.17 Any decision to repay a LOBO loan will be made by the Section 151 Officer in consultation with the Lead Cabinet Member for Finance and Corporate Services, in accordance with Haringey's Constitution.

### **Short-term and Variable Rate Loans**

4.18 These loans expose the Council to potential increases in short-term interest rates. To manage this risk, they are governed by the interest rate exposure limits set out in the treasury management indicators in this report. Where appropriate, the Council may use financial derivatives to reduce volatility and provide greater certainty over borrowing costs.

### **Debt Rescheduling**

4.19 The Public Works Loan Board (PWLB) permits authorities to repay loans before their maturity date, applying either a premium or a discount based on a formula linked to current interest rates. Other lenders may also agree to negotiate early redemption terms. The Council may take advantage of these opportunities to replace existing loans with new ones or to repay loans without replacement, where this is expected to deliver overall cost savings or reduce financial risk. In the current interest rate environment, more favourable debt rescheduling options could emerge compared to previous years.

### **Borrowing Limits**

4.20 The Council's total borrowing limits are set out in Table 6 below.

4.21 The **Authorised Limit** represents the statutory maximum level of external borrowing, calculated on a gross basis (i.e., without offsetting investments), as required under Section 3(1) of the Local Government Act 2003. This limit, referred to in legislation as the Affordable Limit, is set to include borrowing and other long-term liabilities such as finance leases, which are identified separately. It is based on a prudent estimate of the most likely scenario, with additional headroom to accommodate unexpected cash flow movements without breaching the statutory limit.

4.22 The **Operational Boundary** is directly linked to the Council's estimates of the Capital Financing Requirement (CFR) and anticipated cash flow needs. It is calculated using the same prudent assumptions as the Authorised Limit, reflecting the most likely scenario rather than the worst case. However, unlike the Authorised Limit, it does not include additional headroom for unexpected cash movements. Both the Operational Boundary and the Authorised Limit apply at the overall total level.

4.23 The Chief Finance Officer has delegated authority, within the overall limit for any given year, to adjust the separately agreed limits for borrowing and other long-term liabilities. Such decisions will be informed by financial option appraisals and best value considerations. Any changes between these limits will be reported to Audit Committee.

Table 7: Borrowing Limits

	2025/26 Limit £m	2026/27 Limit £m	2027/28 Limit £m	2028/29 Limit £m	2029/30 Limit £m	2030/31 Limit £m
Authorised limit - borrowing	1,410	1,642	2,046	2,613	2,954	3,534
Authorised limit - PFI & Leases	66	56	49	43	36	29
<b>Authorised limit - total external debt</b>	<b>1,476</b>	<b>1,698</b>	<b>2,095</b>	<b>2,655</b>	<b>2,990</b>	<b>3,563</b>
Operational boundary - borrowing	1,360	1,592	1,996	2,413	2,704	2,984
Operational boundary - PFI & Leases	60	51	45	39	33	26
<b>Operational boundary - total external debt</b>	<b>1,420</b>	<b>1,643</b>	<b>2,040</b>	<b>2,451</b>	<b>2,736</b>	<b>3,010</b>

Table 8: Ratio of General F Gross Financing Costs to Net Revenue Stream

	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m
<b>General Fund</b>						
MRP	37.4	36.0	28.6	31.5	33.7	37.7
Interest	20	28	31	34	37	38
<b>Total Financing Costs</b>	<b>57.8</b>	<b>63.5</b>	<b>60.0</b>	<b>65.8</b>	<b>70.2</b>	<b>76.1</b>
<b>Net Revenue Stream</b>	<b>291</b>	<b>348</b>	<b>370</b>	<b>385</b>	<b>399</b>	<b>408</b>
<b>Financing Cost to NRS</b>	<b>20%</b>	<b>18%</b>	<b>16%</b>	<b>17%</b>	<b>18%</b>	<b>19%</b>

**Table 9: Ratio of Gross Financing Costs to HRA rents**

	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m
<b>Housing Revenue Account</b>						
Interest	20	34	45	53	60	66
Dwellings Rent	104	130	140	150	162	173
<b>Financing Cost to NRS</b>	<b>20%</b>	<b>26%</b>	<b>32%</b>	<b>35%</b>	<b>37%</b>	<b>38%</b>

4.24 In October 2025, Cabinet approved the development and incorporation of a Limited Liability Partnership to support the purchase and lease of residential accommodation and the initiation of a market exercise to access to long term institutional finance. If Cabinet take a decision to proceed, the Council may fund the initial acquisition and renovation costs prior to the Council leasing the properties to the Haringey Limited Liability Partnership (HLLP). The Council will recoup both the acquisition, renovation costs (and the carry costs) through the premium that it will receive at the point of entering the lease with the HLLP but there could be short term borrowing required.

## 5 **Treasury Investment Strategy**

5.1 The treasury investment strategy is unchanged from that set out in the approved 2025/26 TMSS. The Council holds invested funds consisting of income received in advance of expenditure, together with balances and reserves. Treasury investment balances are expected to be at similar levels in the coming year as they have been in 2025/26.

### **Objectives**

5.2 In accordance with the CIPFA Code, the Council is required to invest its treasury funds prudently, prioritising the security and liquidity of investments before seeking the highest possible return. The Council's objective is to maintain an appropriate balance between risk and return, minimising the risk of loss from defaults while avoiding unduly low investment income. For funds expected to be invested for more than one year, the Council aims to achieve a total return at least equal to the prevailing rate of inflation, thereby preserving the spending power of the invested sum. In addition, the Council is committed to being a responsible investor and will take environmental, social, and governance (ESG) factors into account when making investment decisions (see Section 5.4).

### **Strategy**

5.3 As indicated by the liability benchmark, the Council expects to remain a long-term borrower. Consequently, new treasury investments will primarily be made to manage day-to-day cash flows using short-term, low-risk instruments. The Council will continue its policy of utilising highly creditworthy and highly liquid investments, such as deposits with the Debt Management Office (DMO), AAA-rated money market funds, and other entities on the Council's approved counterparty list.

### **ESG policy**

5.4 Environmental, social, and governance (ESG) factors are increasingly influencing global investment decisions. When selecting banks and funds, the Council will prioritise institutions that are signatories to the UN Principles for Responsible Banking and funds managed by organisations that adhere to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance, and/or the UK Stewardship Code.

### **Business Models**

5.5 Under IFRS 9, the accounting treatment for certain investments depends on the Council's "business model" for managing them. The Council's approach is to derive value from its treasury investments by collecting contractual cash flows. Therefore, where the other qualifying criteria are met, these investments will continue to be accounted for at amortised cost.

### **Approved Counterparties**

5.6 The Council may invest its surplus funds with any of the counterparty types in Table 10, subject to the limits shown.

**Table 10: Treasury Investment Counterparties and Limits**

<b>Sector</b>	<b>Time Limit</b>	<b>Counterparty Limit</b>	<b>Sector Limit</b>
The UK Government	50 years	Unlimited	n/a
Money Market Funds	n/a	£10m	Unlimited
Local authorities & other government entities	25 years	£5m	Unlimited
Banks (secured)*	2 years	£5m	Unlimited
Banks (unsecured)*	13 months	£5m	Unlimited
Building societies (unsecured)*	13 months	£5m	£20m
Registered providers (unsecured)*	5 years	£5m	£20m
Strategic Pooled Funds	n/a	£5m	Unlimited
Real Estate Investment Trusts	n/a	£5m	Unlimited

**Minimum Credit Rating**

5.7 Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is at least A–. Where available, the credit rating specific to the investment or investment class will be used; otherwise, the counterparty's credit rating will apply. However, investment decisions are never based solely on credit ratings—other relevant factors, including external advice, will always be considered.

**Government**

5.8 The Council may invest in loans, bonds, and bills issued or guaranteed by national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in and generally carry a lower risk of insolvency, though they are not entirely risk-free. Investments with the UK Government are considered to have zero credit risk due to its ability to create additional currency and may therefore be made in unlimited amounts for terms of up to 50 years.

**Bank Secured Investments**

5.9 Bank secured investments are backed by the borrower's assets, which helps limit potential losses in the event of insolvency. The amount and quality of this security will be a key consideration in investment decisions. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where no specific credit rating exists for the investment, but the collateral has a rating, the higher of the collateral rating and the counterparty rating will be applied. The combined total of secured and unsecured investments with any single counterparty will not exceed the cash limit for secured investments.

**Banks and Building Societies (unsecured)**

5.10 The Council may invest in accounts, deposits, certificates of deposit, and senior unsecured bonds with banks and building societies, excluding multilateral development banks. These investments carry the risk of credit loss through bail-in if the regulator determines that the institution is failing or likely to fail. Arrangements relating to operational bank accounts are outlined below.

### **Registered Providers (unsecured)**

5.11 The Council may invest in loans, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

### **Money Market Funds**

5.12 Money market funds are pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over banks of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

### **Strategic Pooled Funds**

5.13 Strategic pooled funds include bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Since these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

### **Real Estate Investment Trusts (REITs)**

5.14 REITs are publicly traded companies that invest mainly in real estate and pay most of their rental income to investors in a similar manner to pooled property funds. As with pooled property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

### **Operational Bank Accounts**

5.15 The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £10m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

### **Risk Assessment and Credit Ratings**

5.16 Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.17 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as “negative watch”) so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

### **Other Information on the Security of Investments**

5.18 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council’s treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

### **Reputational aspects**

5.19 The Council acknowledges that investing with certain counterparties, although financially secure, may subject it to criticism, whether valid or not, that could impact its public reputation. This risk will be considered when making investment decisions.

5.20 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council’s cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

### **Investment Limits**

5.21 The Council’s revenue reserves available to cover investment losses are forecast to be £30 million on 31st March 2026 and £30 million on 31 March 2027. In order that no more than 100% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

5.22 Limits are also placed on fund managers, investments in brokers’ nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

**Table 11: Additional Investment Limits**

	<b>Cash Limit</b>
Any single organisation, except the UK Central Government	£10m each

UK Central Government	Unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£10m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£10m in total
Money market funds*	£50m in total
Real Estate Investment Trusts	£10m in total

\* These limits apply for both Haringey Council and Haringey Pension Fund, so the limit for Money Market Funds is £10m per MMF and £50m aggregate limit for the Council, and £50m for the Pension Fund.

## Liquidity Management

5.23 The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

## 6 Treasury Management Prudential Indicators

6.1 The Council measures and manages its exposures to treasury management risks using the following indicators which largely remain unchanged in 2026/27 TMSS from previous years.

### Security

6.2 The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	Target
Portfolio average credit rating	Above A, score of 6 or lower

### Liquidity

6.3 The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling 3-month period, without additional borrowing.

Liquidity Risk Indicator	Target
Total cash available within 3 months	£30m

### Interest rate exposures

6.4 This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest Rate Risk Indicator	Target
Upper limit on one-year revenue impact of a 1% <u>rise</u> in interest rates	£2m
Upper limit on one-year revenue impact of a 1% <u>fall</u> in interest rates	£2m

6.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates

### **Maturity structure of borrowing**

6.6 This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing are shown on the following page:

Refinancing Rate Risk Indicator	Upper Limit	Lower Limit
Under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and above	100%	0%

6.7 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

### **Total short-term borrowing**

6.8 In recent years, the Council has used short term borrowing (under 1 year in duration) from other local authorities to meet short-term liquidity requirements. Short term borrowing can also be raised from other counterparties such as banks. This approach offers increased flexibility for cash flow management by the Council and can serve as an alternative to borrowing from PWLB over a longer term. More recently this source has proved to be more expensive form of borrowing and the amount of temporary borrowing undertaken has decreased.

6.9 Short-term borrowing exposes the Council to refinancing risk. This is the risk that interest rates may rise quickly over a short period of time, resulting in significantly higher rates when the loans mature. In such cases, there is a risk that the new replacement borrowing would need to be taken at higher interest rates compared to the maturing loans.

6.10 Bearing this in mind, the Council has set a limit on the total amount of short-term borrowing that has no associated protection against interest rate rises, as a proportion of all borrowing.

Short term borrowing	Target
Upper limit on short-term borrowing that exposes the Council to interest rate rises as a percentage of total borrowing	20%

### **Long-term treasury management investments**

6.11 The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury

management investments are detailed below. This has been increased from £5m to £20m from 2026/27 to reflect the potential principal to be invested beyond year end.

Price Risk Indicator	2026/27	2027/28	2028/29
Limit on principal invested beyond year end	£20m	£20m	£20m

## 7 Related Matters

7.1 The CIPFA Code requires the Council to include the following in its treasury management strategy.

### Financial Derivatives

7.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

7.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures, and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk will be included to count against the counterparty credit limit and the relevant foreign country limit.

7.5 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

### Housing Revenue Account

7.6 On 1<sup>st</sup> April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Since then, new long-term loans borrowed are assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g., premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

### Markets in Financial Instruments Directive

7.7 The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Director of Finance and Resources (S151 Officer) considers this to be the most appropriate status.

## 8 Financial Implications

8.1 The budget for investment income in 2026/27 is £1.05m based on an average investment portfolio of £30 million at an interest rate of 3.5%.

8.2 The budget for total debt interest paid in 2026/27 is detailed in Table 12 below for both the General Fund and HRA. If the actual levels of investments and borrowing, or the actual interest rates, differ from those forecasted, the performance against the budget will be correspondingly different. This will be reported through the quarterly Treasury Management report to Audit Committee and in the finance quarterly monitoring report to Cabinet.

8.3 As debt on the General Fund needs to be repaid, the Council is required by statute to set aside from its revenue account an annual amount sufficient to repay its borrowing. This is known as the minimum revenue provision (MRP). In line with guidance, MRP does not need to be paid on HRA borrowing and the Council currently uses this flexibility. However, given the level of borrowing this will remain under review each year. Table 12 sets out the revenue budgets in both the General Fund and HRA for both interest costs on borrowing and minimum revenue provision (MRP) charges. The concept of self-financing schemes and the assumed savings are no longer within the TMSS. The interest and MRP budgets reflect the costs of financing the scheme and associated savings are accounted for in the Council's service revenue budgets.

8.4 The Department for Levelling Up, Housing and Communities (DLUHC) now Ministry of Housing, Communities and Local Government (MHCLG), issued statutory guidance (updated 2018) on determining a prudent level of MRP. The Council's MRP Policy Statement for 2026/27 is included in Annex C.

**Table 12: Revenue budget for interest costs and MRP**

	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m
General Fund MRP	16	17	19	20	20	21
EFS MRP	0.3	2	5	8	11	14
<b>Total Loans MRP</b>	<b>17</b>	<b>19</b>	<b>24</b>	<b>28</b>	<b>31</b>	<b>35</b>
General Fund Interest	20	28	31	34	37	38
EFS Interest	3	8	14	19	24	30
<b>Total Capital Financing Costs</b>	<b>40</b>	<b>55</b>	<b>69</b>	<b>81</b>	<b>92</b>	<b>104</b>
HRA Interest Costs	20	34	45	53	60	66
PFI/Lease MRP	20.8	16.8	4.5	3.6	2.6	2.6
<b>Total Council Revenue Impact</b>	<b>81</b>	<b>105</b>	<b>119</b>	<b>138</b>	<b>155</b>	<b>173</b>



## 9 **Other Options Considered**

9.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Corporate Director of Finance and Resources (S151 Officer), having consulted the Cabinet Member for Finance and Corporate Services, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are as follows.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

## **Annex A – Arlingclose Economic & Interest Rate Forecast – December 2025**

### **Underlying assumptions:**

- As expected, the Monetary Policy Committee (MPC) reduced Bank Rate at 3.75% in December, although, with a 6-3 voting split and obvious concerns about economic growth, presented a much more dovish stance than had been expected given recent inflationary data.
- The Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects will promote caution amongst policymakers.
- UK GDP recovered well in H1 2024 from technical recession, but underlying growth has petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to Budget measures.
- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.
- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.6% could rise further in Q1 2026. The Bank of England (BoE) estimates the CPI rate at 2.7% by year end 2025 and to remain over 2% target in 2026.
- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.
- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

### **Forecast:**

- In line with our forecast, Bank Rate was cut to 3.75% in December.
- The MPC will reduce Bank Rate in a gradual manner. We see a rate cut in February 2026, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.

- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.
- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

**Interest Rate Forecast:**

The table below shows the most recent interest rate forecast provided by Arlingclose.

	Current	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
<b>Official Bank Rate</b>													
Upside risk	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Central Case	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>3-month money market rate</b>													
Upside risk	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Central Case	3.90	3.80	3.75	3.80	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
<b>5yr gilt yield</b>													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	3.94	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Downside risk	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-1.00	-1.05	-1.10	-1.10	-1.10	-1.10
<b>10yr gilt yield</b>													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.47	4.45	4.45	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
Downside risk	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-1.00	-1.05	-1.10	-1.10	-1.10	-1.10
<b>20yr gilt yield</b>													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.13	5.10	5.10	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Downside risk	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95
<b>50yr gilt yield</b>													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.73	4.70	4.75	4.65	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70
Downside risk	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95

PWLB Standard Rate = Gilt yield + 1.00%

PWLB Certainty Rate = Gilt yield + 0.80%

PWLB HRA Rate = Gilt yield + 0.40%

National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

**Annex B – Existing Investment & Debt Portfolio Position - December 2025**

	Actual portfolio £m	Average rate %
<b>External borrowing:</b>		
Public Works Loan Board	1,064.9	3.47%
LOBO loans from banks	50.0	4.75%
Local authorities	27.0	4.24%
<b>Total external borrowing</b>	<b>1,141.9</b>	<b>4.15%</b>
<b>Treasury investments:</b>		
The UK Government (DMADF)	23.0	3.70%
Money market funds	50.0	3.92%
<b>Total treasury investments</b>	<b>73.0</b>	<b>3.81%</b>

## Annex C - Minimum Revenue Provision Statement 2026/27

Where the Authority funds capital expenditure with debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in April 2024.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is aligned with that over which the capital expenditure provides benefits. The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and provides a number of options for calculating a prudent amount of MRP but does not preclude the use of other appropriate methods, which is what this policy allows for.

The following statement incorporates options recommended in the Guidance, as well as well as locally determined prudent methods:

MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding.

The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.

For capital expenditure incurred before 1st April 2008, MRP will be determined using the annuity basis and an average asset life of 33 years.

For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over up to 20 years.

For assets acquired by lease, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

For assets acquired under the Private Finance Initiative, MRP will be made over the asset life on the annuity basis.

Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.

## Asset Lives

Investment in assets generates a future flow of benefits. The overall length of those benefits (asset lives) varies for each asset type. Within the MRP policy, these asset lives are used:

### Years

Lighting Infrastructure	50
Highways Structures	50
Roads and Pavements, Street Signage, Public Realm	30
Acquisition of Property	40
Operational Property - extensive refurbishment	40
Operational Property - non extensive refurbishment	30
Parks Asset Management	20
External Equipment (e.g. park equipment, cycle hangers)	10
Waste Vehicles (Large)	8
CCTV Cameras	5
Waste Vehicles (small/medium)	4
Non waste vehicles	5
IT	7

## Capital loans

For capital expenditure on loans to third parties which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value any repayments of loan principal received during in the year, with the capital receipts so arising applied to finance the expenditure instead.

For capital expenditure on loans to third parties which were made primarily for service purposes, the Authority will make nil MRP except as detailed below for expected credit losses. Instead, the Authority will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.

For capital loans made on or after 7th May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised.

Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.

For capital loans made before 7th May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.

## Housing Revenue Account

No MRP will be charged in respect of assets held within the Housing Revenue Account but depreciation on those assets will be charged instead in line with regulations.

Based on the Authority's latest estimate of its CFR on 31st March 2026, the General Fund budget for MRP has been set as follows:

	31.03.2026 Estimated CFR	2026/27 Estimated MRP
	£'m	£'m
Capital expenditure before 01.04.2008	161.5	2.2
Supported capital expenditure after 31.03.2008	0.0	0.0
Unsupported capital expenditure after 31.03.2008	637.7	14.7
Leases and Private Finance Initiative	48.6	16.7
Transferred debt	0	0
Capital loans to third parties	6.0	0.3
Voluntary overpayment (or use of prior year overpayments)	n/a	n/a
EFS	64	1.9
<b>Total General Fund</b>	<b>917.8</b>	<b>35.9</b>
Assets in the Housing Revenue Account	722.0	0.0
HRA subsidy reform payment		
<b>Total Housing Revenue Account</b>	<b>722.0</b>	
<b>Total</b>	<b>1,639.8</b>	<b>19.5</b>

### Overpayments

In earlier years, the Authority has not made voluntary overpayments of MRP that are available to reduce the revenue charges in later years.

### Capital receipts

Proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Authority decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
- Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
- Capital receipts arising from other assets which form an identified part of the Authority's MRP calculations will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.
- Any other capital receipts applied to repay debt will be used to reduce MRP in [10] equal instalments starting in the year after receipt is applied. 10 years is used because this matches the period over which discounts on the early repayment of borrowing are credited to revenue

### Capitalisation Direction

The current financial position of the Council continues to be very serious. The Council will be submitting a EFS request to government. The outcome will not be known until late February 2026 when an in-principle decision is expected. If agreed, then MHCLG will issue a capitalisation direction. This does not involve any new money. Instead, the Council will be allowed to capitalise its deficits on its revenue budget. The direction allows Councils to repay the EFS over a period up to 20 years. The proposed capital programme includes up to £100m of EFS in 2026/27. This policy is effective from 1/4/26.

## Budget Scrutiny Recommendations – 2025-26

Adults & Health Scrutiny Panel			
MTFS Proposal	Further info requested (if appropriate)	Comments/Recommendation	Cabinet Response Req'd (Yes/No)
<b><u>General comments on Budget &amp; MTFS</u></b>			
General (Budget Gap)		The Panel noted with concern the risks associated with the cumulative projected budget gap of £192.5m between 2026/27 to 2030/31 as illustrated in Table 6 on page 45 of the agenda pack. The Panel also noted that, as stated in paragraph 13.6 of the Cabinet report, due to the Council's limited financial resources, this may mean spending more in some areas of greatest need and priority and more significant reductions in other areas. It would therefore be necessary to understand further what this would entail for the future of adult social care services.	Yes
General (Exceptional Financial Support)	The Panel referred to the significant annual levels of interest charges incurred by the Exceptional Financial Support (EFS) as illustrated in Chart 3 on page 43 of the agenda pack. The Panel requested that further details be provided on how the capital repayments were factored into future budgets in the MTFS period.	The Panel recommended that information about the interest payments and the capital repayments for EFS be included in Budget papers in future years.	No

	<p><b>Response:</b> An extract from the Treasury Management Strategy Statement is provided at the bottom of this document which includes this information.</p>		
General (Better Care Fund)	<p>Further clarification required on the details of the anticipated reductions to the Better Care Fund (BCF) in Haringey.</p> <p><b>Response (Corporate Director of Adults, Housing &amp; Health) - Jan 2026:</b> Only minimal changes to the BCF for 26/27 are now expected. Therefore, the risk for next year has not materialised. However, as previously highlighted, we are expecting significant policy changes in 27/28 as the BCF guidance is likely to fall under the remit of the Neighbourhood Health Planning Framework. Whilst this picture is still emerging, we are anticipating that it will bring significant financial risks across partners in both health and social care.</p> <p>There has also been some good news in that we have been selected to receive support through</p>	<p>The Panel expressed concern about the cuts to the Better Care Fund and the risk of the knock-on impact on adult social care services. It was recommended that this be monitored further by the Panel going forward.</p>	No

	the BCF Support Programme for Neighbourhood Health Planning, following the submission of an expression of interest and we are expecting to receive further details on this over the coming weeks.		
General (Improvements to Digital Solutions)		The Panel welcomed the approach to invest to save through improvements to digital solutions but noted that similar proposals had been seen by Scrutiny in previous years that had not fully come to fruition. The Panel therefore noted a potential risk in the delivery of these improvements. The Panel challenged the Cabinet to explain how previous proposals to improve digital solutions to make savings had been delivered by the Council and why the Panel should have confidence that the current proposals would be successful.	Yes
General		<p>The Panel felt that there was a particular ongoing risk over the rising costs from service providers within the adult social care sector and the potential impact of this on the modelling of anticipated expenditure over the MTFS period. The Panel made reference to the risk highlighted in the recent KPMG Value for Money Risk Assessment to the Audit Committee which stated that:</p> <ul style="list-style-type: none"> <li>○ <i>“The Council does not have adequate procurement processes in place to enable it to achieve value for money in respect of contracts entered into for services received.”</i></li> <li>○ <i>“The Council does not have adequate processes in place to ensure that Adult Social</i></li> </ul>	Yes

		<p><i>Care spend is sufficiently forecast and managed</i>" (page 43, agenda papers for Audit Committee, 10<sup>th</sup> Nov 2025).</p> <p>It was recommended that the strengthening of procurement processes be monitored further by the Panel going forward and that this should include the sharing of an Action Plan with the Panel.</p>	
<b><u>Pressures &amp; Savings – Previously Agreed</u></b>			
Supported Living Contracts		<p>The Panel emphasised the importance of ensuring that the housing capital projects would align with social care commissioning needs and anticipated levels of demand. It was acknowledged as part of the discussion that this was a complex area as different residents required different levels of support.</p> <p>The Panel recommended that the Cabinet should explain what oversight is in place to ensure that residents received appropriate levels of support.</p>	Yes
Transitions		<p>The Panel recommended that further scrutiny was required on transitions, in partnership with the Children and Young People's Scrutiny Panel, in order to understand the reasons for the reduced numbers despite the national trends appearing to indicate greater demand.</p> <p>The Panel has previously been provided with details of service user numbers with a care package between the ages of 18-64 as this is the format of data collected. The Panel recommended that details of care packages by more specific age cohorts will be</p>	Yes

		required in order to scrutinise this area effectively (e.g. the 18-25 age group when considering transitions).	
<b><u>New pressures</u></b>			
Adult Social Care Staffing cost pressure		<p>The Panel welcomed the additional investment in staffing. However, historic challenges with staff retention were acknowledged as part of the discussion and the Panel highlighted this as a substantial potential risk as this could impact on the Council's ability to fulfil its statutory duties.</p> <p>It was recommended that workforce issues be monitored further by the Panel going forward, particularly in relation to improvements to Care Act assessments.</p> <p>The Panel also recommended that the Cabinet set out how the risks associated with staff retention would be mitigated.</p>	Yes
<b><u>New savings</u></b>			
Adult Social Care Charging Policy		<p>The Panel concluded that this was a necessary piece of work and the income generation was welcomed by the Panel. The Panel sought assurances that residents on low incomes would not be put in circumstances where they did not have access to care services and the Panel felt that this point had been answered to their satisfaction.</p> <p>However, the Panel expressed concerns that this policy change had not been carried out in the past as this could have achieved savings at an earlier stage.</p>	Yes

		The Panel queried whether there were any other similar areas where practice was out of step with other comparable Boroughs and opportunities for income generation may be being missed and recommended that assurances be sought from the Cabinet that all possible such areas had been considered.	
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Culture, Community Safety & Environment Scrutiny Panel			
MTFS Proposal	Further info requested (if appropriate)	Comments/Recommendation	Cabinet Response Req'd (Yes/No)
<b><u>General comments on Budget &amp; MTFS</u></b>			
General		<b>RECOMMENDATION:</b> The Panel would like to recommend that business cases related to savings should also be included in budget papers being considered by Scrutiny Panels.	Yes
<b><u>New savings</u></b>			
Leisure Commercialisation	The Panel asked for more details and information to be provided to the Overview and Scrutiny Committee to be confident about the figures presented on Leisure Commercialisation. Details of social	The Panel noted that the Leisure provision was brought in house last year and so the Council now had full control so there is potentially more opportunity to generate income by utilising assets and improving the Council offer to be competitive with other comparable service providers. It was noted that the Council was now in a good position	Not yet as OSC to consider in Jan.

	<p>value would also be welcomed by the panel.</p> <p><b>Response:</b>  The Leisure Commercialisation Plan was formed using intelligence from third party independent leisure experts, who helped cost the in-house service in readiness for insourcing. This was later developed including ideas from within the service and was presented to 31ten as part of their work on financial assurance for the council. 31ten verified the commercialisation plan and suggested it could continue to generate further income in future years, leading to the MTFS submission.</p> <p>The commercialisation plan includes indicative income figures for a wide range of activities and is considered to be commercially sensitive due to the active competition in this market. However, the plan is designed to flex and grow as new ideas come onboard, and services are tested and grown. In addition, we have recently appointed three new</p>	<p>to carry out an options appraisal to analyse this properly.</p> <p><b>RECOMMENDATION:</b> That the Overview and Scrutiny Committee consider and comment on the figures and details in relation to the savings presented for Leisure Commercialisation as further confidence was needed.</p>	
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	officers to the Leisure Management Team who all bring a wealth of experience in leisure and income generation and will all add their expertise to the commercialisation plan as it develops.		
<b><u>Capital Programme</u></b>			
Moselle Brook		<p>The Panel recognised that repairing the culvert was a necessity and the budget cited that the £1.1 million allocation could potentially increase following the initial repairs.</p> <p><b>RECOMMENDATION:</b> The Scrutiny Panel recommended that following the initial repairs, a policy paper on the condition of the culvert and a survey regarding maintenance plans going forward with set timelines should be developed which could be reviewed on a 10-year basis. The Panel recommended robust systems for monitoring the state of the culvert be put in place.</p>	Yes
Waste Management – Fleet Purchase & Infrastructure Works		<p>The Panel wanted further details regarding the financial options of buying or leasing the vehicles for the contract provision of recycling and waste collection, street cleansing and ancillary services from April 2027. The Panel were advised that a report to Cabinet in October 2024 on the Waste Services Review had noted that a high-level review of fleet purchasing considered 3 options which were hire, purchase, contractor purchase and authority purchasing.</p>	Yes

		<p>Authority purchase was the cheapest and preferred option, as the council could get better interest rates and contractor purchase was the most expensive due to addition of the contractor margin and less favourable interest rates.</p> <p>The report outlined that previously it has been common within waste contracts for contractors to purchase vehicles as part of requirements. A benchmarking of recent waste contracts awarded showed the trend has been more to authority purchase for these reasons.</p> <p>The Panel noted the above information and were advised that further financial details on these options could not be provided as this was commercially sensitive and would be part of the considerations for Cabinet when making a final decision on the service provider to deliver recycling and waste collection, street cleansing and ancillary services in March 2026. The Panel were disappointed that they were not provided with the business case in order to scrutinise this financial detail and recommended that the value for money considerations for fleet purchase be explicitly set out in the final Cabinet report in March 2026.</p>	
Tree Planting		<p>The Panel considered the information on tree planting budget allocation and were not clear on the tree planting budget of £1.1m and wanted clarity on how this figure had been compiled. They queried whether this figure had changed from previous years. The Panel recommended that it</p>	No

		would be prudent for them to consider the tree planting plan at a future meeting. The Panel specified that the funding allocations should be included to understand this figure and ensure that a correct, robust and consistent allocation was being agreed.	
Clean Air Schools Zones (Deletion)	<p>The Panel considered the budget papers and noted that for the Clean Air School Zones that the budget each year for this initiative was £400,000. The report noted that given the Council's financial position, this was not considered essential and therefore it is proposed to delay any new zones in 2026/27 as a one off and review this initiative again in 2027/28.</p> <p>The Panel asked if the schemes that were not being delivered in 2026/27 were being delivered through any other means.</p> <p>(Response awaited)</p>		Not yet as OSC to consider in Jan.

<b>Housing, Planning &amp; Development Scrutiny Panel</b>			
<b>MTFS Proposal</b>	<b>Further info requested (if appropriate)</b>	<b>Comments/Recommendation</b>	<b>Cabinet Response Req'd (Yes/No)</b>
<b>Housing General Fund</b>			
<b><u>General comments on Budget &amp; MTFS</u></b>			
General	<p>That further information be provided around how the Council plans to improve performance on turning around void properties and reach the 1% target.</p> <p><b>Response:</b> Improvements to the service have been made, where changes to the management and teams across the Housing Repairs Service have assisted in the oversight and resource allocation in this area. This has been supported by an increased budget and new contracts being implemented to ensure appropriate resources are allocated.</p> <p>Progress against the pipeline of current void properties has been lower than initially projected, due to the previous ongoing union negotiations and procurement</p>		

	<p>timescales, both of which have since been resolved. There has been sustained demand from the Neighbourhood Moves scheme through our new build programme, representing 18% (60) of the 330 new voids since April 2025. During the same period, 276 properties have been made ready for let. This therefore indicates that the 1% target will be challenging to achieve, however we are reviewing the end-to-end process in full, including analysis of the varying processes across all types of voids and teams involved in the process across Housing Services. This will enable focus on improvements at key stages to reduce turn-around times.</p>		
<b><u>New savings</u></b>			
Reduction in Floating support Contracts (£257K)		That Cabinet provide further assurances around the proposed £257k saving in floating support contracts. The Panel is concerned that this may be a false saving and would like further assurance that there is a genuine financial benefit arising from this saving. The Panel is concerned that the short term saving from a reduction in tenancy sustainment may result in additional costs to the Council in the long run.	Yes

<u>Housing Revenue Account</u>			
Sustainability of Long Term Borrowing Costs	<p>That further assurances are provided in relation to the sustainability of long-term borrowing costs and the burden this places on the HRA. The Panel would like to understand how a sustainable level of debt is calculated and would like some further information around the ratio of debt, and interest markers, and how these are factored into an assessment that a particular level of debt is affordable. What red lines does the Council use in assessing that a certain level of debt would be unsustainable?</p> <p><b>Response:</b> The HRA 30-year business plan is the strategic financial framework used to demonstrate and ensure HRA's long-term sustainability. In ascertaining the sustainable debt level within the HRA, the HRA model tracks the ability of the HRA year on year to generate enough net income to cover the cost of borrowings. This ratio is set at minimum of 1.10 (interest cover). This means the HRA should</p>		

	<p>generate enough surplus to cover the borrowing cost plus additional 10%. Over a long term this metric appears is forecast to increase above the 1.10 mark.</p> <p>In addition, the model tracks the loan to property values (LTV) and this has been set at 50% maximum. Where the LTV exceeds the 50%, we would consider loan repayment strategy such as setting aside sums yearly for repayment of loan at the end of maturity as done in GF.</p> <p>The HRA is supported by a Minimum HRA Reserve of £20m, which exceeds the benchmark of 10% of turnover.</p> <p>The HRA model is structured in line with CIPFA's Prudential Indicators (PI). All incoming projects are appraised using Discounted Cash Flow (DCF) methods to ensure viability and the HM Treasury 5 Case Model to demonstrate value for money.</p>		
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	<p>Other important indicators aligned with HRA Prudential Indicators include:</p> <ul style="list-style-type: none"> <li>• Interest Headroom – measures capacity to absorb additional interest costs and take on further borrowing within ICR limits</li> <li>• Loan-to-Value (LTV) - ensures long-term debt does not exceed 50% of the asset base</li> <li>• Operating Margin – maintained at 20%+, in line with sector benchmarks</li> </ul> <p>Regarding debt management, there is no statutory requirement for Minimum Revenue Provision (MRP) within the HRA. Instead, we transfer excess surpluses to reserves which is where we have to maintain robust controls to ensure future debt obligations can be met as they mature.</p>		
Sustainability of Long Term Borrowing Costs.		That Cabinet gives consideration to the publication of an HRA Debt Management Plan alongside the HRA budget-setting process. The Panel recognises the necessity of significant long-term investment in the HRA to address the condition of council housing and meet acute housing need. However, it is concerned	Yes

		about the cumulative impact of high borrowing levels on residents. The Panel recommends that the Debt Management Plan should clearly set out the Council's long-term approach to reducing, as well as managing debt in order to provide transparency and assurance around the sustainability of the HRA.	
Tenant Affordability Assessment		That Cabinet give consideration to undertaking an assessment of tenant affordability, as it undertakes assumed year-on-year rent increases to its tenants as part of the planned investment programme. The Panel is concerned that that year-on-year rent increases would cross an affordability threshold at some stage and that the Council should be reviewing and modelling this.	Yes
Neighbourhood Moves Scheme		That a review is undertaken of the Neighbourhood Moves Scheme to assess its financial and strategic impact on the Housing Register. The Panel is concerned that offering properties to households where there is no net improvement in housing need - such as cases where there is no overcrowding or priority change - should be reconsidered alongside the known additional costs to the HRA, including void costs and reletting expenses. The Panel recommends that the review considers whether amendments are required to ensure that limited housing resources more effectively to reduce the impact of the housing crisis.	Yes

<b>Overview &amp; Scrutiny Committee</b>			
<b>MTFS Proposal</b>	<b>Further info requested (if appropriate)</b>	<b>Comments/Recommendation</b>	<b>Cabinet Response Req'd (Yes/No)</b>
<b><u>General comments on Budget &amp; MTFS</u></b>			
General		The Committee suggested that it would be useful to receive more details about the savings proposals in the written report in order to reduce the number of clarification questions at the meeting.	No
Independent Sounding Board		The Committee noted plans to establish an 'independent sounding board' to oversee the delivery of the new Financial Sustainability Plan. The Committee acknowledged that these plans were at an early stage but requested that further details be provided when available, including who would be appointed to it, whether the meetings would be held in public and whether the Committee would be able to see the agendas and minutes from the meetings.	Yes (when information available)
Debt Levels	<p>The Committee noted that the Council's interest payments for EFS were illustrated in the Budget report but that it did not set out the Council's overall position on existing borrowing. It was agreed that a chart on the Council's debt levels in relation to the CIPFA benchmark would be circulated.</p> <p><b>Response (Finance team):</b> This information is available in the</p>		No

	<p>Treasury Management Update Report Q1 2025/26 that was provided to the Audit Committee in Nov 2025.</p> <p>The Treasury Management Summary is provided in Table 2 on page 4 (Audit Committee, 10<sup>th</sup> November 2025): <a href="#">Q1 Treasury Report</a></p>		
Monitoring Processes (KPMG report)		<p>The Committee expressed concerns about the weaknesses in the monitoring processes that were highlighted in the KPMG report and recommended that reassurances were sought that more robust processes were being established.</p> <p>KPMG report (see Item 7):</p> <p><a href="#">Agenda for Audit Committee on Monday, 10th November, 2025, 7.00 pm   Haringey Council</a></p>	Yes
Strategic Property Services		<p>The Committee welcomed the ongoing work on lease and rent reviews within the Council's commercial portfolio. The Committee noted that this was an area where the government had encouraged local authorities to look at investment in digital technology and AI to improve the process of updating old leases and suggested that this possibility should be examined further by officers.</p>	Yes

		The Committee also proposed to monitor this programme further as part of the budget scrutiny process next year.	
<b><u>New pressures</u></b>			
Increase in Bad Debt Provision against shortfall in court cost recovery (E&RE)		The Committee emphasised the importance of maintaining an approach that would not worsen the circumstances of residents experiencing financial difficulties.	Yes
Ongoing pressures relating to Housing Benefit overpayments (E&RE)		The Committee expressed frustration that local authorities had to bear these additional costs through no fault of their own and suggested that the DWP should be lobbied to cover costs in full.	Yes
Election costs (CS&C)	<p>The Committee requested a breakdown of the additional costs.</p> <p>A response from the Corporate Director for Culture, Strategy &amp; Communities is provided at the bottom of this document.</p>	The Committee recommended that the feasibility and potential cost savings of venue sharing with other Boroughs for future election counts should be considered.	Yes
Removal of unachievable advertising income targets (CS&C)		The Committee acknowledged that the targets were challenging and suggested that the advertising income should be included in the tracker for the Committee during the Budget scrutiny next year so that the Committee could track this.	No
Implementation of Corporate Landlord Model (Finance & Resources)		The Committee recommended that this issue be added to a future Overview & Scrutiny Committee work programme to be monitored further after there had been further implementation of the corporate	No

		landlord model and there was greater clarity over the business rates issue.	
North London Waste Authority (NWLA) levies (Corporate Budgets)		Noting that the forecasts for levy contributions did not take into account any increase associated with the new North London Heat and Power facility, the Committee highlighted this potential additional cost as a possible future risk.	Yes
<b><u>New Invest to Save proposals</u></b>			
Digital on-boarding push (E&RE)		Noting that this proposal was part of an ongoing process, the Committee proposed to monitor progress in this area during the budget scrutiny process next year.	No
<b><u>New savings</u></b>			
Reduce Business Saving Support (CS&C)	The Committee was informed that the focus would be on large strategic sectors within the business community and the Haringey Growth Plan would help to develop this approach. The Committee requested a summary of this approach including the sectors that would be included.  A response from the Corporate Director for Culture, Strategy & Communities is provided at the bottom of this document.		No
<b><u>Capital Programme</u></b>			

Reduction in Digital Schemes (Finance & Resources)		Noting that digital was a significant area of spend, elements of which had been considered across the Scrutiny Panels as part of the budget process, it was recommended that this issue be added to the Committee's future work programme to be monitored further.	No
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### **EFS Capital Repayments:**

Table from Treasury Management Strategy Statement:

	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Actual	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m	£m
<b>Borrowing - EFS</b>	10	54	100	100	100	100	100
<b>EFS Interest</b>		3	8	14	19	24	30
<b>MRP EFS</b>		0.3	2	5	8	11	14

### **Election Costs:**

Whilst £550k was put into the MTFS, this is not sufficient to deliver the 2026 elections. The latest cost model for the Returning Officer and Electoral Registration Officer puts the total at about £1.23m for the May 2026 elections. The model is based on experience from the 2024 GLA and UK Parliamentary elections and current prices, including Royal Mail rates from March 2025.

Main cost areas are:

- polling stations: £308k
- postal voting: £138k
- poll cards: £168k
- the count (venue, staff and security): £435k
- other staffing and overheads: £145k.

The main changes compared to 2022 are significantly higher Royal Mail charges for poll cards and postal votes (data previously supplied), increased staffing costs (pay rates) and numbers due to voter ID, and moving the count to Alexandra Palace which is more suitable but more expensive.

The figures are based on the detailed model and current supplier quotes. From 2026, support services will recharge agreed extra hours and non-staff costs to the election cost centre (last bullet point above). This does not increase the overall cost to the Council but does increase the election budget so that the full cost is visible.

Mitigations:

Training costs and the number of poll clerks have already been reduced in the forecast. Negotiations with suppliers on logistics and venue extras are ongoing and have already resulted in securing a reduced rate for the venue hire (30% discount rather than standard 20%).

The delivery of the election is a statutory function that must be funded by the local authority and there are significant reputational risks due to its high profile. In terms of the venue choice, the reputational and operational disbenefits associated with using Spurs are significant:

The only option for us at Spurs was in the bit that is the perimeter of the pitch, the circular corridor at the base of the stands.

This meant:

1. It was not possible to have visual oversight of the entire count.
2. Some activities had to take place in areas set back from the perimeter – in places like a Chicken shack etc. Part of the count (checking the unused ballot papers) had to take place in a brewery and there was a heavy smell of beer.

3. The political parties didn't think it was great, especially those who were managing the campaign because it made it difficult for them to have oversight and ensure their counting agents were in the correct place.

There was also a risk of a home game being scheduled that week due to a cup competition which would have meant our booking would have been cancelled. In which case we would have been looking around for a venue at short notice which brought considerable risk and potential extra cost.

## **Business Support**

The review that has been commissioned is intended to identify the core sectors that we will prioritise so in advance of that work being done there isn't further information. Cllr Gordon's answer spelt out that general channels of communication will still exist as means of reaching all businesses, such as the Bulletin and the Business Forum. The existing Inclusive Growth Strategy, [Opportunity Haringey](#), sets out current priority sectors for the borough, and the review will test whether these are still the right ones, in the light of the [London Growth Plan](#) in particular which uses more recent data to identify [priority sectors for London](#).

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