

Report for: Audit Committee – 29th January 2026

Item number: 9

Title: Draft Treasury Management Strategy Statement 2026/27

Report authorised by: Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)

Lead Officer: Sam Masters, Head of Finance – Banking and Treasury
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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 2nd March 2026.
- 1.3. This report presents this Committee with the updated TMSS for 2026/27, subject to its scrutiny at the Overview and Scrutiny Committee at its meeting on 19th January 2026, and subject to consultation with the lead Cabinet Member for Finance and Corporate Services

2. Cabinet Member Introduction

- 2.1. Not applicable.

3. Recommendations

The Audit Committee is recommended:

- 3.1. To consider and comment on the proposed updated Treasury Management Strategy Statement for 2026/27 and to recommend it to Full Council for approval.
- 3.2. Delegate to the Section 151 officer in consultation with the Chair of Audit Committee, authority to agree any updates to the Treasury Management Strategy Statement for 2026/27 before Full Council for approval.

- 3.3. To note that the Overview and Scrutiny Committee (at its meeting on 19th January 2026) and the Cabinet Member for Finance and Corporate Services have been consulted in the preparation of the Treasury Management Strategy Statement.

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 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.
- 6.5. 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
- 6.6. 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.

6.7. Further details on the economic outlook over the medium term can be found in section 2 and Annex A of Appendix 1 this report.

Haringey Council's Local Context

6.8. 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.

6.9. 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 10th February.

6.10. 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.

6.11. 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.

6.12. 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

6.13. 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.

6.14. 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.

6.15. 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

6.16. 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.

6.17. 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.

6.18. 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

6.19. 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.

6.20. 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

6.21. 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.

6.22. 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 (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 9.1. Finance Comments are included throughout the report.

Head of Legal Services & 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