Report for: Cabinet - 10 February 2026

Item number: 11

Title: Adoption of the Capital Strategy 2026-2036

Report authorised by : Taryn Eves, Corporate Director of Finance and Resources

Lead Officer: Lauren Sinclair, Programme Manager – Finance and Resources

Ward(s) affected: All

Report for Key/ Non Key Decision: Key Decision

1. Describe the issue under consideration

1.1. This report seeks Cabinet approval for Haringey Council's Capital Strategy 2026–2036. The strategy sets out how the Council will invest in housing, infrastructure, and community assets over the next decade, ensuring that all capital decisions are affordable, prudent, and aligned with the Borough Vision 2035.

2. Cabinet Member Introduction

2.1 Our mission is to build a fairer and greener borough. This is our strategy for public investment in local public infrastructure – our parks, roads, leisure centres, libraries and much more. We want great quality infrastructure for all our residents, in every neighbourhood.

2.2 Since 2022, we've improved more than 30 of our public parks – investing more than £18m. We've refurbished 4 public libraries, investing nearly £5m. Our 4 public leisure centres are now publicly-run again. We're fixing them up, investing £4.1m already – with more to come. We are doing all of this in collaboration with residents, building local public services and infrastructure that meet everyone's needs.

2.3 We recognise the need to keep our borrowing requirement as low as possible, to ensure that the debt and associated cost to our Revenue Account and Housing Revenue Account remain sustainable in the medium to longer term. Wherever possible, we will use alternative sources of funding. Our duty is clear: to invest responsibly and protect essential local public services.

2.4 Equally, the Strategy is a statement of intent about the future of our borough. It translates the Borough Vision 2035—and the Haringey Deal—into a practical, affordable programme that delivers safe and affordable homes, thriving and safer places, opportunities for children and young people, climate action, and better health and wellbeing.

2.5 By focusing on three principles, getting the basics right, delivering on time and delivering local priorities — we will maximise external funding, reduce long-term revenue pressures, and ensure every pound works harder for residents. Our approach recognises that capital investment is not just about infrastructure—it is a lever to drive growth, support preventative measures, and ease future revenue pressures.

2.6 With strong governance and annual review, this Strategy provides the discipline and flexibility we need to build a fairer, greener Haringey where everyone can belong and thrive.

3 Recommendations

Cabinet is asked to:

1. Note the proposed Capital Strategy 2026–2036 (Appendix A) and agree to recommend that Full Council approve and adopt the strategy as the Council's overarching framework for capital investment, financing and governance.
2. Note that the Strategy will be reviewed annually alongside the MTFS and TMSS and reported to Cabinet and Full Council.
3. Endorse the Capital Framework and governance arrangements.

4 Reasons for decision

4.1 The Capital Strategy sets out the Council's statutory responsibility to define a clear approach for capital investment and financing. The 2026–2036 strategy builds on previous iterations to reinforce affordability, prudence, and sustainability in line with the CIPFA Prudential Code. Crucially, it underpins financial resilience by aligning the Council's strategic objectives with the Treasury Management Strategy to provide a coherent framework that supports investment in delivering the Borough Vision 2035 outcomes through the Capital Programme.

4.2 The Strategy provides a framework for long term investment, setting out an evidence-led approach to allocating limited capital resources to projects that fulfil the Council's legal and health and safety obligations, meet contractual commitments, and where affordable deliver its strategic priorities. It responds to significant financial challenges, including:

- Rising inflation and higher interest rates, which have significantly increased the cost of borrowing and future debt servicing pressures.
- Continuing growth in demand for housing, adult social care, and temporary accommodation.
- Limited government funding, alongside the use of Exceptional Financial Support (EFS), which is being used to fund immediate budget pressures but increases long term revenue commitments through increase capital financing costs and long term debt of the Council.

4.3 In this context, the Capital Strategy sets out a disciplined approach to capital investment, prioritising schemes that are essential for the delivery of statutory services, health and safety compliance and reduce long-term revenue pressures. A significant proportion of the capital programme is funded through borrowing and the year on year increase needs to be reversed to protect the financial sustainability of the Council and to remain affordable within prudential limits.

4.4 It brings together the Housing Revenue Account and the General Fund into a single strategic portfolio view for governance and reporting, while fully maintaining statutory and ring-fencing requirements.

It embeds robust business planning, risk management and benefits realisation arrangements, strengthening transparency and confidence in decision-making. By prioritising affordability while retaining flexibility, the Strategy supports long-term financial sustainability and enables the Council to respond effectively to changing economic conditions and strategic priorities.

Financing and Affordability

4.5 The Capital Strategy, alongside the Treasury Management Strategy Statement (TMSS) and the Medium Term Financial Strategy (MTFS), sets the parameters for a financially sustainable capital programme. Borrowing must remain within approved prudential limits, with the Council prioritising external grant funding, ringfenced Housing Revenue Account resources and capital receipts before undertaking prudent borrowing in accordance with the Prudential Code. The Council is within its current approved prudential limits set out in the Treasury Management Strategy Statement elsewhere on the agenda but debt levels are high in comparison to others and the capital financing costs of the capital programme alone amount to £55m for the General Fund and £32m for the HRA.

4.6 The use of Exceptional Financial Support (EFS) is a measure that increases future debt servicing costs. The Strategy therefore seeks to reduce reliance on EFS over time and prioritises investment in schemes that mitigate longer term revenue pressures, such as housing delivery to reduce temporary accommodation costs and energy efficiency measures to lower ongoing utility expenditure.

4.7 All capital schemes must demonstrate affordability on a whole life basis, including robust revenue implications, realistic contingency provision and sensitivity analysis. Clear mitigation or reprofiling options must be identified where affordability is affected by changes in funding, cost inflation or delivery risk, ensuring the overall programme remains affordable, prudent and sustainable.

Governance, Assurance and Delivery

4.8 Delivery of the Strategy is supported by the Council's Capital Delivery Framework and capital governance model, adopted in July 2025, which provides a consistent approach to business case development, approval, monitoring and benefits realisation across the General Fund and Housing Revenue Account programmes.

4.9 Cabinet has overall strategic oversight of the Capital Strategy and Capital Programme. Regular scrutiny and due diligence are provided through quarterly capital monitoring reports to Corporate Leadership Team, Cabinet and Scrutiny, enabling Members to oversee affordability, delivery performance, risks and alignment with corporate priorities. Operational oversight is exercised through the Strategic Capital Board and Directorate Capital Boards, which manage programme delivery, interdependencies and escalation.

4.10 Assurance is provided through a layered monitoring and reporting framework, including:

- Monthly project and programme monitoring, providing detailed performance, financial and risk oversight at Capital Programme Board level; and
- Quarterly portfolio level capital monitoring and assurance, providing Members with a consolidated view of spend, forecast, risks, benefits and compliance with prudential indicators and governance requirements.

<u>Risk Management</u>

4.11 The Council will maintain a low-risk appetite for borrowing and exposure to market volatility, reflecting the current financial context and the need to safeguard long term financial resilience. Capital investment decisions will be informed by robust risk assessment and mitigation planning at both scheme and portfolio level.

4.12 Key risks and mitigating actions include, but are not limited to:

- *Interest rates and inflation:* Use of prudent financial assumptions, regular benchmarking, and the inclusion of realistic contingency allowances.
- *Legislative and policy change*: Continuous horizon scanning and early compliance planning to mitigate cost and delivery impacts.
- *Capital receipts and grant dependency*: Conservative forecasting, active disposals management and strict compliance with grant conditions.
- *Delivery capacity and supply chain*: Investment in internal project management capability, robust procurement and due diligence processes, and the use of risk sharing contract forms.

4.13 Where affordability or deliverability is challenged, the Council will take early action to reprofile or pause lower priority schemes, while protecting statutory compliance and projects already in delivery to avoid sunk costs and reputational risk.

5 Alternative options considered

5.1 Do Nothing – Not Recommended

Failing to adopt a Capital Strategy would undermine compliance with the CIPFA Prudential Code, which requires local authorities to maintain an up-to-date capital strategy. It would increase the risk of uncoordinated and unaffordable investment decisions and reduce transparency and assurance for the public interest. In the context of sustained financial pressure, this would significantly heighten the risk of an unsustainable capital programme, adversely affecting the Council's financial resilience and its ability to deliver outcomes for residents.

6 Background information

6.1 The Capital Strategy has been developed in line with the CIPFA Prudential Code and Capital Strategy Guidance, which requires local authorities to maintain an up-to-date capital strategy demonstrating that capital investment plans are affordable, prudent and sustainable over the medium to long term. The 2026-36 Strategy sets out the Council's approach to prioritisation, financing, risk management and governance to provide the assurance that capital investment supports service delivery and community outcomes, while protecting the Council's long-term financial resilience.

6.2 The Strategy provides a single, overarching framework that links capital investment decisions to the Borough Vision 2035, ensuring that long-term asset investment directly supports the Council's ambition for a fairer, greener borough where everyone can belong and thrive. It translates the Vision's priorities into a disciplined and deliverable programme by establishing clear principles for what the Council invests in, how schemes are prioritised, and how resources are allocated over time. This ensures that capital investment is considered as a key enabler of wider social, economic and environmental outcomes, rather than in isolation.

6.3 Together with the Council's asset management and spatial strategies, the Capital Strategy acts as a strategic enabler, supporting an integrated approach to capital investment planning. It is closely aligned with Council policy and strategic service plans, including the Local Plan, the Strategic Asset Management and Property Improvement Plan (SAMPIP), and the Council's place-shaping strategies, Shaping Tottenham and Shaping Wood Green. By translating evidence-based policy into funded investment, rationalisation and disposal decisions, the Strategy ensures that capital investment is affordable, well-governed and consistently focused on delivering long-term outcomes for residents and communities.

7 Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes

7.1 The Capital Strategy is part of the delivery engine for the Corporate Delivery Plan (CDP). It translates CDP priorities into a costed, governable programme by mapping every scheme to the CDP outcomes, applying a single portfolio view across the General Fund and HRA (with HRA ringfencing maintained), and using the Council's Capital Delivery Framework and HM Treasury Five Case Model to assure strategic fit, affordability and deliverability.

7.2 Funded programmes directly advance CDP outcomes—safe and affordable homes (new supply, building safety, retrofit), thriving and safer places (public realm, town centres, lighting/CCTV and active travel), children and young people (schools and early years modernisation, youth spaces), a healthy and caring borough (integrated community facilities and greener streets), a fair and equal borough (accessible design and digital inclusion), and resident experience/enablers (modern, efficient, lower carbon public estate).

8 Carbon and Climate Change

8.1 The Strategy reaffirms the Council’s commitment to climate and environmental sustainability by supporting the net-zero trajectory and strengthening climate resilience. It includes investment in the decarbonisation of homes and public buildings, active travel, green infrastructure and nature-based solutions. All capital schemes must demonstrate measurable carbon reduction and/or climate adaptation benefits and, where practicable, take account of circular-economy principles and whole-life carbon impacts.

9 Statutory Officers comments (Director of Finance (procurement), Director of Legal and Governance, Equalities)

Finance

9.1 The recommendations of the report are to: Approve the Capital Strategy 2026–2036 (Appendix A) as the Council’s overarching framework for capital investment, financing and governance; note that the Strategy will be reviewed annually alongside the MTFS and TMSS and reported to Cabinet and Full Council; and endorse the Capital Framework and governance arrangements.

9.2 The acceptance of the recommendations does not in themselves give rise to any financial implications. The delivery of the capital strategy through the approved capital programme does give rise to financial implications and these are factored into the Council’s revenue budget elsewhere on the agenda.

Procurement

9.3 Strategic Procurement note the contents of this report and confirm there are no procurement related matters preventing Cabinet approving the recommendations stated in paragraph 3 above.

Director of Legal & Governance

9.4 The Director of Legal & Governance has been consulted in the preparation of this report.

9.5 The Local Government Act 2003 provides the statutory framework governing local authority capital expenditure, borrowing and investment and requires local authorities to act prudently. In exercising these functions, local authorities are required to have regard to the CIPFA Prudential Code for Capital Finance in Local Authorities. The Code requires the council to prepare, approve and maintain a Capital Strategy setting out its capital expenditure plans.

9.6 The Council’s Constitution at Part 4 – Rules of Procedure Section I – Financial Regulations provide that the 151 Officer is responsible for ensuring the preparation of the Council's Capital Strategy and requires the Strategy to provide a high level long term overview of how much capital expenditure, capital financing and treasury management activity contribute to the provision of services, an overview of how the associated risks is managed and the implications for future financial sustainability. This strategy is prepared in compliance with the requirements of the Prudential Code and the Council's Constitution.

Equality

9.7 The Council has a public sector equality duty under the Equality Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between people who share those protected characteristics and people who do not;
- Foster good relations between people who share those characteristics and people who do not.

9.8 These three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status apply to the first part of the duty.

9.9 Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.10 The Capital Strategy has been developed in line with the Council's equality duties and its wider commitment to fairness and sustainability. By prioritising investment that is affordable, sustainable and evidence-led, the Strategy seeks to protect and improve outcomes for residents who are more likely to be adversely affected by financial instability, poor housing conditions, unsafe environments and barriers to access—many of whom share protected characteristics. The Strategy embeds equality considerations into capital investment planning through targeted prioritisation and the requirement for Equality Impact Assessments at appropriate gateway stages for all capital schemes and projects.

9.11 By directing investment towards areas of demonstrable need, the Strategy supports improved outcomes for residents with protected characteristics, including disabled people, older residents, families with children and communities experiencing socio-economic disadvantage. Priority investment in building safety, safe and affordable housing, accessible public buildings and spaces, and active travel and wellbeing infrastructure helps reduce structural inequalities in access, safety, health and opportunity. Through this approach, the Strategy ensures that capital investment delivers inclusive, long-term benefits and makes a positive contribution to reducing inequality across the borough while supporting the Council's duty to advance equality of opportunity.

10 Use of Appendices

Appendix A: Capital Strategy 2026–2036 (full document)

11 Background papers

a. CIPFA Capital Strategy Guidance 2021
b. 2026-27 Budget and 2026-2031 Medium Term Financial Strategy Report
c. Housing Revenue Account Business Plan 2026/27 - 2030/31