

**Report for:** Cabinet - 10 February 2026

**Item number:** 9

**Title:** Draft 2026-27 Budget and 2026-2031 Medium Term Financial Strategy Report

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

**Lead Officer:** Frances Palopoli, Head of Corporate Financial Strategy & Monitoring

**Ward(s) affected:** All

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

**1. Describe the issue under consideration**

- 1.1. This report sets out details of the proposed General Fund (GF) Budget for 2026/27; the Medium-Term Financial Strategy (MTFS) 2026/31, as well as the capital programme, the Treasury Management Strategy Statement 2026/27 and the proposed dedicated school's budgets for 2026/27. The proposed budget and capital programme for the Housing Revenue Account (HRA) are included as a separate agenda item.
- 1.2. The proposed 2026/27 budget and capital programme is set within the context of the current Corporate Delivery Plan (CDP). Although this is due to end in April 2026 and the new plan will be published in Autumn 2026, following the local elections, the Council's strategic objectives, priorities, and initiatives aimed at creating a fairer, greener borough remain relevant.
- 1.3. The plan is set out in eight themes:
- Resident experience and enabling success
  - Responding to the climate emergency
  - Children and young people
  - Adults, health and welfare
  - Homes for the future
  - Safer Haringey
  - Culturally rich borough
  - Place and economy

These themes demonstrate how the Council is focussed on working collaboratively, in line with the Haringey Deal, with residents, businesses and partners to tackle the biggest issues affecting communities.

- 1.4. As set out in this report and previous financial monitoring reports throughout 2025/26, the financial position of Haringey remains extremely challenging.

Haringey, alongside 29 other authorities have relied on Exceptional Financial Support in 2025/26, with more (including Haringey), expected to require the support in 2026/27. Further details are set out in Section 8.

- 1.5. Following more than a decade of government underfunding, in 2025/26 Haringey is operating with around £143m less in core government funding in real terms each year than it did in 2010/11 and government grant has been less than the national average and of neighbouring authorities with whom the Council shares traditionally 'inner London characteristics'. This is at the same time the Council has seen escalating demand for services, which now cost more to provide. Despite year-on-year efficiency savings, spending reductions and increases in income generation, Haringey's financial position reached a tipping point in 2024/25 and as can be seen in this report. Demand and price pressures are set to continue into 2026/27 as reflected in the £38.548m additional budget that will be required across social care and temporary accommodation alone.
- 1.6. In 2025/26 Haringey was only able to meet its legal requirement to set a balanced budget with the assistance of £37.0m of Exceptional Financial Support from government. Fairer Funding 2.0, as set out in Section 8 has resulted in £9.51m of additional un-ringfenced grants from Government in 2026/27 than had been assumed but this remains insufficient to managing rising demand and costs and the 2026/27 budget now presented again relies on EFS of £89.2m (£37.0m of 2025/26 deficit and £52.2m of 2026/27 deficit). This is money the council, if agreed will be allowed to borrow to fill its funding gap. It is not a grant and will need to be repaid with financing charges which for the coming year are forecast to cost £10m.
- 1.7. However, despite its depleting financial resources, the council's priority continues to be to deliver services to the most vulnerable as well as those more universal services valued by all residents, visitors and businesses and in 2026/27, the proposed new budget is £343.4m compared to £291.2m in 2025/26, of which 77% will be spent on adults and children's services and homelessness support.
- 1.8. Demand for statutory services continues to increase year on year alongside the price paid and is far outstripping the government grants received and the amount of income that can be generated locally. With more than 24,000 supported through the council tax reduction scheme and the relatively low numbers of residents who can fund their own adult social care, generating income to support delivery of local services is difficult.
- 1.9. In addition, there is planned £292.6m of capital investment in 2026/27 and £656.6m across the following four years in keeping schools open, maintaining roads, and other highways infrastructure to a safe standard, keeping the Council's operational estate health and safety compliant and the much-needed investment into Wood Green and Tottenham. The proposed capital programme is presented with a focus on health and safety and other essential investment to maintain the delivery of key services but also 'invest to save' opportunities, such as expanding leisure centre provision and commercial properties, both of which are expected to increase much needed income for the Council. Use of grants and other external funding will be

maximised but in 2026/27, 75% of the General Fund programme will be funded through borrowing. The Council recognises that the cost of borrowing remains high and the annual review of the programme next year will need to consider opportunities to avoid any further increases.

- 1.10. Although the number of dwellings has increased in the borough partly driven by the Council's ambitious council house building programme, the collection rates are falling to 92.5% and therefore the calculation for the council tax base is showing a reduction from 82,589 in 2025/26 to 80,924 for 2026/27. The average council tax band remains at Band C and numbers claiming council tax reduction support is increasing. Government has made clear in the recent provisional settlement that core spending power funding is calculated assuming that Council's apply the full 4.99% increase in Council Tax levels, and this has been assumed within this report for full Council to consider on 2 March.
- 1.11. The council has put in place a robust Financial Recovery Plan and a set of organisational arrangements to support its delivery. Stringent spending controls on all non-essential spend over £1,000 will continue with the aim of reducing over-spends in the current year and minimising the use of EFS in 2026/27. The Council's Financial Recovery Plan that was prepared early in the year will be reviewed in advance of April 2026 given the deteriorating financial position, with an aim of minimising reliance on EFS and improving financial sustainability over the next 5 years. Plans are also being put in place to introduce an 'independent sounding board'. This will bring in independent sector experts to oversee and hold the council to account for the delivery of the new Financial Sustainability Plan.

### **General Fund Revenue Budget**

- 1.12. In 2026/27, the Council is expected to spend in total £1,184,457m (net revenue and capital budgets) on services for the 294,000 residents within the borough. Of this, £636.0m is on general services and £548.5m on supporting over 20,000 households in Council housing. The latter is covered in detail in the Housing Revenue Account Business Plan which is a separate report on the agenda. The reminder of this report provides details of the spend on day to day running of general services, longer term capital investment and how these are forecast to be funded.
- 1.13. The last report, published on 11 November 2025 provided details of the Council's budget pressures going into 2026/27, particularly within social care, and temporary accommodation. It was recognised in that report that further analysis would be required to ensure that the final budgets now being proposed are based on the most up to date information available. This work has resulted in a final total of £45.3m of additional budget as part of this year's financial planning process on top of the £46.3m previously agreed in March 2025. A full update is provided in Section 9 of this report which shows the full breakdown of the additional budget for 2026/27 that will now be needed to manage services and risks.
- 1.14. The external budget consultation on the draft budget proposals published in November ran from 24 November to 6 January and the specific responses

and general feedback received are summarised in Appendix 3. Cabinet have considered the feedback and although there are no changes to the draft budget as a result, the feedback provided has been extremely valuable and will be considered as part of the implementation of the proposals. The recommendations from Overview and Scrutiny Committee, together with the responses from Cabinet Members is set out in Appendix 4. No changes have been made to the draft budget as a result of these recommendations.

- 1.15. Since the draft budget report, Government has published the provisional Local Government Finance Settlement for 2026/27 to 2028/29. Haringey's Core Spending Power will increase by 5.5% in 2026/27 and 14% over the three year period. However, this remains both lower than the London average of 5.9% and lower than the average outer London borough of 8.6% for 2026/27. 'Core Spending Power (CSP)' is a headline figure used by government to represent the key revenue resources available to local authorities but includes an estimate of council tax (assuming the maximum increase and an estimated taxbase) and business rates (assuming authorities collect at their baseline level) income. Haringey's financial plans published in November already included an officer assumption that Council Tax would increase by 4.99%.
- 1.16. The provisional settlement CSP indicated £19.6m additional funding for Haringey in 2026/27 compared to the current year however, this includes the government assumed council tax income level (£151m) which is above what is actually billable by Haringey (£145m). The CSP funding also rolls in a number of previously specific grants which makes like for like comparisons extremely difficult. However, setting aside Council Tax increases, there is an estimated increase in un-ringfenced grant funding compared to 2025/26 of £9.51m compared to what the Council had been assuming. A significant amount of this comes from the continuation of the Recovery Grant (£5.4m) which will continue to be paid across the three years of the settlement, and which was not anticipated as part of the Fairer Funding 2.0 consultation.
- 1.17. While this is welcome, as is the certainty provided by funding announcements, it does little to address the underlying budget shortfall. To enable the estimated spending requirement, the Council will need to increase Council Tax by the maximum allowable amount of 4.99% and, for the second year running, seek special permission from Government to allow the Council to use borrowing (referred to as Exceptional Financial Support) of £89.2m for its day to day running costs and supporting the borough's most vulnerable residents.
- 1.18. This reliance on exceptional Government support is not sustainable and must be considered a short to medium term solution. The Council continues to explore ways to improve its efficiency and maximise value for money to reduce costs and increase income which in turn can be used to fund vital services. However, more fundamental changes will be required across the next three years to address the budget shortfalls as shown in Section 10.
- 1.19. The proposed budget for 2026/27 has been set based on the latest available information and assumptions but there are a number of inherent risks and uncertainties on service pressures, such as prevailing economic conditions,

and the delivery of the total budget reductions of £23.2m for 2026/27 as well as the delivering in full the £30m in 2025/26. Demand pressures are outstripping those that have been assumed. Details are set out in Section 8, along with the Council's approach to risk management through contingency and reserves management. The cumulative impact of funding austerity since 2010/11, increasing demand and more latterly, inflation, has reduced available reserve balances to an extremely low level and therefore recourse to EFS is the only viable option for the foreseeable future.

- 1.20. It remains the Section 151 Officer's view that any use of EFS must be a last resort however, despite the actions that the Council has introduced this year to control and restrict expenditure and ensure value for money in all contracts, the size of the forecast gap means that once again, the proposed budget for 2026/27 will again be set based on financial support from Government. Further details are set out in Section 8 and in the Section 151's Section 25 Statement in Appendix 11.
- 1.21. The five-year forecast of reserve balances is set out in Section 9 (Table 12) and includes details of all known commitments. It shows that reserves allocated for risks and uncertainties will remain unsustainably low at £5.4m at March 2026 rising to £14.3m in March 30/31 but this is based on a £3.0m replenishment from 2027/28 which may not be feasible. As highlighted, any use of reserves for balancing the budget is not sustainable and replenishment of reserves for managing risks and uncertainties will commence from 2027/28.
- 1.22. The remainder of this budget report is largely focussed on the budget for 2026/27, but it is set within the context of the medium term over the next five years. A balanced budget is proposed for 2026/27 if Government agree Haringey's application for EFS, however there remains an estimated budget gap of £239.5m between 2027/28 and 2030/31. Further details are set out in Section 10.

### **Dedicated Schools Budget**

- 1.23. On 19 November 2025, the national figures for 2026/27 schools' budgets were announced. Overall, Haringey's National Funding Formula (NFF) allocation for 2026/27 is an increase of 0.90% for the School's Block and a 0.79% reduction in the Central Support Services Block.
- 1.24. Funding for both the High Needs Block and Early Years Block was not announced until 17 December 2025. The use of the high needs national funding formula (NFF) is being suspended for 2026/27. The individual council allocations will instead be based on the 2025/26 allocations plus consolidated in-year grants, pay increases and national insurance changes. This has resulted in a 5.52% increase in the level of funding for 2026/27 compared to current funding for 2025/26. The Early Years Block settlement reflects the full year effect of the entitlement for qualifying children of working parents to 30 hours free childcare for children aged 9 months to age 2, with the final school finance settlement confirmed usually in July 2026 for the updated Early Years Block census. Full details are set out in Section 14.

## **Capital Strategy and Capital Programme**

- 1.25. The Capital Strategy is set out in a separate report on this meeting's agenda and is presented alongside this budget report for approval by the Full Council on 2 March. It sets out a high-level, long-term overview of how capital expenditure and capital financing activity contribute to the Council's key priorities in the Borough Vision and Corporate Delivery Plan. Appendix 7 of this report includes the full details of the proposed five-year capital programme which will see £292.6m (including EFS) or £203.4m (excluding EFS) of capital expenditure in 2026/27 and £949.245m (including EFS) or £460.0m (excluding EFS) across the five year period of 2026/27 to 2030/31 for the General Fund. The capital investment for the HRA is set out in the HRA Business Plan which is a separate report on the agenda.
- 1.26. The Council's ability to prudentially borrow to fund capital schemes and the EFS requirement is limited by the budgetary pressures the Council continues to face. In 2026/27 alone, £220.470m of planned spend is funded from borrowing. The financing costs of delivering this level of investment is estimated as £55m (£36m interest and £19m MRP) and has been reflected within the 2026/27 revenue proposed budget within this report. The Council recognises that these costs are too high and the annual review of the programme next year must identify opportunities to avoid any further increases and potential to reduce these borrowing costs.
- 1.27. Included within this report is the forecast programme and borrowing levels however, borrowing is only undertaken when required and schemes do not start until they have been through the appropriate governance (including viability and affordability).
- 1.28. The Council's Flexible use of Capital Receipts Policy is set out in Appendix 8. This flexibility now extends to 2030 and allows local authorities to fund the revenue costs of projects that result in ongoing cost savings or improved efficiency. Appendix 9 sets out the Capitalisation Policy.

## **Treasury Management Strategy Statement**

- 1.29. Treasury management and prudential borrowing are integral to the consideration of the Council's revenue budget. The Treasury Management Strategy Statement (TMSS) 2026/27 is attached as Appendix 10. It was considered by Overview and Scrutiny Committee on 19 January and by Audit Committee on 29 January 2026 before the final TMSS will be presented to Council on 2 March 2026 for approval. It sets out the Council's approach to Treasury Management activity including the Minimum Revenue Provision (MRP) Policy 2026/27.

## **Conclusion**

- 1.30. In summary, this report presents the Council's draft General Fund revenue and capital 2026/27 budget and current medium-term financial position for 2026 to 2031.
- 1.31. The only items not confirmed at this stage are:

- Final 2026/27 Local Government Finance Settlement announcement (expected mid-February) and any other late grant notifications from government departments;
  - Notification of final levy sums. These are not expected to be significantly different to the sums already assumed within the proposed budget; and
  - Confirmation of the Greater London Authority (GLA) council tax element which will be agreed on 26 February 2026.
- 1.32. The unknowns are not expected to have material implications for the 2026/27 proposed budget presented in this report, but any changes will be highlighted and addressed in the final budget report presented to Full Council on 2 March 2026.

## **2. Cabinet Member Introduction**

- 2.1 Haringey The budget proposed in this report will see a record level of investment in Haringey. This means £343.4m spent on providing the services our residents need and rely on; and ensuring our public spaces and communities are clean, safe and welcoming for all. We are committed to building a Haringey where everyone can belong and thrive, and even in tough times, we are ensuring that vital resources go where they are needed most to realise that vision.
- 2.2 This budget proposes:
- £222.9m on adults and children's social care – supporting those residents who need help in some of the most challenging times of their lives
  - £42.9m on preventing and addressing the homelessness crisis, including ending the use of B&Bs as temporary accommodation for families
  - £4.7m on caring for our parks and green spaces (revenue and capital)
  - £2.3m on our libraries
  - £34.4m on supporting lower income residents with the cost of council tax.
  - £283m on building new council homes and £93m on renovating our existing council homes and estates.
  - £37.8m on Recycling and Waste
  - £16.1m on concessionary fares
- 2.3 These decisions don't come about by accident. They are the result of tough choices. Due to historic, systematic government underfunding, in 2025/26 we have operated with around £143m less in real terms in core government funding than we did in 2010/11 - a 55% cut. At the same time, we have seen rising need for our local public services which, with high inflation in recent years, now cost much more to provide.
- 2.4 For years Haringey Council has been under-resourced to meet the needs of our communities. We've historically had 15% less to spend per resident than our neighbouring boroughs, despite our relatively high levels of deprivation in certain cohorts. This is why we are delighted that the government has recognised the need to change the funding formula to take account of deprivation (including housing costs) when assessing Fair Funding for local

government. Haringey will see an additional £18.4m over the next 3 years, £9.5m in 2026/27.

- 2.5 The government was never going to be able to reverse more than a decade of austerity in one go and this is welcome additional funding. If only funding had been allocated on the basis of need over the past 15 years, Haringey would not be facing such a challenging financial picture today.
- 2.6 That said, this is not sufficient to resolve the financial position that we face. Despite year-on-year efficiency savings, spending reductions and increases in income, Haringey will again need to rely on Exceptional Financial Support from government to balance our budget in 2026/27 and for the medium term future.
- 2.7 Our draft budget for 2026/27 includes £23.2m of savings proposals – made up of £14.9m which were approved in previous years and around £8.3m of new proposals, some of which we have consulted residents and businesses on over the past few weeks. We will be focusing relentlessly on achieving these savings alongside the delivery of the £30m of savings that are in this year's 2025/26 budget. This is vital in order to reduce the amount of Exceptional Financial Support that we use. EFS is money the council is allowed to borrow to fill its funding gap. It is not a grant and will need to be repaid, with interest in future years.
- 2.8 Despite all the challenges, this is a budget which reflects our values as a council. We are focused on getting the basics right. We are delivering and improving local public services – especially for the most vulnerable. We are putting real public investment into our fabulous local parks, public leisure centres and public libraries.
- 2.9 There is a long way to go, but we are turning the page on austerity, ending the era of managed decline and starting to rebuild our local public services and local public infrastructure. That is how we will build the fairer, greener borough that our residents deserve.

### **3. Recommendations**

- 3.1 It is recommended that Cabinet:
  - a) Note the content of the Section 25 Statement provided by the Corporate Director for Finance and Resources (Appendix 11)
  - b) Consider the outcome of the budget consultation to be included in the report to Council (Appendix 3)
  - c) Note the content of the Cumulative Equality Impact Assessment for 2026/27 (Appendix 5)
  - d) Approve the responses made to the Overview and Scrutiny Committee recommendations following their consideration of the draft budget proposals (Appendix 4)
  - e) Propose approval to the Council of the 2026/27 Budget and MTF 2026/31 Budget, new budget requirements and savings proposals (Appendices 1 and 2 a-f)

- f) Propose approval to the Council of the 2026/27 General Fund Revenue Budget as set out in Appendix 1, including specifically a General Fund budget requirement of £343.4m, but subject to final decisions of the levying and precepting bodies and the final local government finance Settlement.
- g) Propose approval to the Council of the General Fund Medium Term Financial Strategy (MTFS) 2026/2031 (Appendix 1)
- h) Propose approval to the Council that the overall Haringey element of Council Tax to be set by London Borough of Haringey for 2026/27 will be £1,803.26 per Band D property, which represents a 2.99% increase on the 2025/26 Haringey element and with an additional 2% for the Adult Social Care Precept amount.
- i) Note the Council Tax Base of the London Borough of Haringey, as agreed by the Section 151 Officer under delegated authority (Article 4.01(b), Part 2, of the Constitution), as 80,924 for the financial year 2026/27 (Appendix 6).
- j) Propose approval to the Council of the General Fund Capital Programme 2026/27 to 2030/31 (Appendix 7).
- k) Propose approval to Council of the strategy on the use of flexible capital receipts to facilitate the delivery of efficiency savings including utilisation for redundancy costs (Appendix 8)
- l) Note the Capitalisation Policy (Appendix 9).
- m) Note the Treasury Management Strategy Statement for 2026/27 for approval by Council (Appendix 10)
- n) Propose approval to Council of the 2026/27 Minimum Revenue Provision policy (Appendix 10, Annex C).
- o) Propose to the Council the Dedicated Schools Budget (DSB) allocations for 2026/27 of £149.8m as set out in Table 16 and paragraph 14.2.
- p) Note the funding to be distributed to primary and secondary schools for 2026/27 based on the figures advised to Schools Forum and submitted to the Department for Education (DfE) in January 2026 set out in Section 14.
- q) Note the budgets (including the use of brought forward DSG) for the Schools Block, Central Services Block, High Needs Block and Early Years Block set out in Table 16.
- r) Delegate to the Director of Children Services, following consultation with the Cabinet Member for Children, Education and Families, authority to amend the Delegated Schools Budget to take account of any changes to Haringey's total schools funding allocation by the DfE.
- s) Delegate to the Section 151 officer, following consultation with the Cabinet Member for Finance and Corporate Services, authority to make further changes to the 2026/27 draft budget to Full Council.

#### **4. Reasons for decision**

- 4.1 The Council has a statutory obligation to set a balanced budget for 2026/27 and this report forms part of the budget setting process for setting out the forecast funding and expenditure for 2026/27 which will be presented to Full Council on 2 March 2026. As part of good financial management and transparency, this report also sets out the current funding and expenditure assumptions for the following four years in the form of an updated Medium-Term Financial Strategy (MTFS). The final budget for 2026/27, Council Tax

levels, Capital Programme, Treasury Management Strategy Statement, Housing Revenue Account (HRA) budget and Business Plan will be recommended to Full Council on 2 March 2026 following consideration at Cabinet on 10 February 2026.

## **5. Alternative options considered**

- 5.1 The Cabinet must consider how to deliver a balanced 2026/27 budget and sustainable MTFS over the five-year period 2026/2031, to be reviewed and adopted at the meeting of Full Council on 2 March 2026.
- 5.2 The Council has developed the proposals contained in this report in light of its current forecasts for future income levels and service demand. These take account of the Council's priorities; the extent of the estimated funding shortfall; the estimated impact of wider environmental factors such as inflation, interest rates, household incomes and, in some service areas, the legacy of the Covid-19 pandemic.

## **6 External Context**

### **Economic Factors**

- 6.1 The Office for Budget Responsibility (OBR) published an update of national economic and fiscal outlook on 26 November 2025. That report estimated real Gross Domestic Product (GDP) growth is forecast to grow by 1.5% on average over the forecast slower than that projected in March due primarily to lower underlying productivity growth.
- 6.2 The OBR made a specific reference to an increase in local authority borrowing as a key risk to the government's economic and fiscal outlook. Forecasted local authority borrowing has increased by £7bn compared to March 2025 reflecting upward revisions in recent outturns and with SEND pressures which is expected to further increase to at least £14bn.
- 6.3 Consumer Price Index (CPI) inflation is forecast to be 3.5% in 2025 on average decreasing to 2.5% in 2026. Both figures are higher than the previous forecast in March 2025. The OBR expects inflation to be higher for longer, decreasing to the Bank of England's target of 2% by 2027 (a year later than previously forecast).
- 6.4 The Bank of England interest rate is expected to fall to 3.6% in 2026. The expected rate then rises gradually, returning to 4% by the end of 2030. The unemployment rate remains on a gradual upward trend since a post-pandemic trough of 3.8%, and it is expected to remain close to its current rate of 5% until 2027 before falling to its equilibrium rate of 4% for the remainder of the forecast.
- 6.5 The Monetary Policy Committee (MPC) sets monetary policy to meet the 2% inflation target, and in a way that helps to sustain growth and employment. The MPC adopts a medium-term and forward-looking approach to determine the monetary stance required to achieve the inflation target sustainably.

- 6.6 At its last meeting on 18 December 2025, the MPC voted to reduce the Bank Rate by 0.25% to 3.75%. Since August 2024 the rate has been cut six times and CPI inflation has fallen a long way from its peak of over 10% three years ago and currently stands at 3.2%.
- 6.7 The international outlook continues to be volatile which could impact negatively on the current inflation and bank rate forecasts which would directly impact on the current budget assumptions.

### **National Policy Developments**

- 6.8 On 20 November 2025, the Government published a Policy Statement on the 2026/27 – 2028/29 local government finance settlement as well as the following documents:
- The Government's formal response to the summer 2025 consultation on Fair Funding Review (FFR) 2.0;
  - The Government's formal response to the 2025 consultation on the delivery of the business rates reset; and
  - A policy paper on delivery of the business rates reset.
- 6.9 The Policy Statement confirmed that the Government will deliver a three-year local government finance settlement – although technically legislation will still require the Parliament to pass the settlement each year, so changes are still possible.
- 6.10 The statement provided details of additional funding over the Spending Review (SR) period of £3.4 billion grant funding, of which £1 billion is in 2026/27, £1.1 billion in 2027/28, growing to £1.23 billion in 2028/29, all geared towards social care.
- 6.11 The Policy Statement confirmed changes to the Business Rates Retention system including a safety net at 100% of Baseline Need for 2026/27. This will provide increased certainty and assurance to the local government sector when budgeting business rates income in 2026, amongst the backdrop of major business rates reforms, including the reset and tax policy changes. The Safety Net threshold will gradually move back to the current level of 92.5% for most authorities over the multi-year Settlement by 2028/29.
- 6.12 The statement also confirmed the intention to move towards 'funding simplification' with some current service specific grants being rolled into the Revenue Support Grant (RSG) and £21.5bn of funding across the 3 years, merged into four new consolidated grants: -
- Homelessness, Rough Sleeping and Domestic Abuse Grant
  - Children, Families and Youth Grant
  - Public health Grant
  - Crisis and Resilience Fund
- 6.13 Council tax referendum principles will continue at their 2025/26 levels for the three-year period (although note they will still be set annually due to legislative provisions) which for Haringey, as a social care authority, is up to

3% for the general increase and an additional 2% for the adult social care precept.

### **2026/27 Provisional Local Government Finance Settlement (PLGFS)**

- 6.14 The PLGFS was announced on 17 December 2025 and confirmed much of the updates that were set out in the Policy Statement published on 20 November 2025 but also provided the provisional funding allocations for 2026/27 and indicative figures for 2027/28 and 2028/29. The figures for all years are based on the outcome of the 2024 Autumn Budget and Spending Review, announcements in the 2025 Budget and the 20 November Policy Statement.
- 6.15 Core Spending Power (CSP) will increase by 15.1% across England and 16.2% for London boroughs by 2028/29 compared to the baseline year of 2025/26. Over that same period, the non-council tax portion of CSP will increase by 7.9% across England and 9.2% for London boroughs. Haringey's increase is £9.7%.
- 6.16 Key points to note are as follows and Haringey's provisional allocations are set out in Section 8:
- The introduction of a "Fair Funding Assessment (FFA)" based on the outcome of the Fair Funding Review 2.0. This FFA has been split into the Baseline Funding Level, Revenue Support Grant and Local Authority Better Care Grant (LABCG).
  - Adult social care funding – all funding for adult social care in 2025/26 core spending power has been redistributed using the Fair Funding Review, with the local authority better care grant allocations top sliced out of social care authorities' FFAs (in other words, carved out as an identifiable section 31 grant). Additional adult social care funding, worth £150 million in 2026/27, £250 million in 2027/28 and £500 million in 2028/29 has been added to RSG and will be distributed using the new adult social care relative needs formula used in the Fair Funding Review, without any council tax adjustment. The Department of Health and Social Care will shortly publish 'notional' adult social care amounts which will set out an expectation of how much of council funding should be spent on adult social care.
  - Council Tax threshold will remain at 3% over the course of the multi-year settlement and an adult social care precept of up to 2% without a referendum can be set. The government proposes flexibilities and will not set referendum principles in 2027/28 and 2028/29 for six upper-tier authorities meeting specific criteria, five of which are in London.
  - The government will consider local requests for council tax flexibility where a local authority is facing significant local financial difficulty, and the existing council tax is below the national average. Haringey has not applied for this flexibility.
  - Any revenue from Council tax premiums, including the second homes premium which came into effect this year, will not be accounted for in the FFR and will be seen as additional income.
  - Funding Floors are in place to provide transitional protection for certain authorities moving from current funding to new funding (this does not apply to Haringey).

- The Employer National Insurance Contributions (NICs) Grant will continue to support councils in 2026/27; no new policy changes or additional funding have been announced.
- Recovery grant – the 2025/26 Recovery Grant continues for those Councils currently in receipt (this applies to Haringey).

### **Consolidated Grants in Core Spending Power**

- **Homelessness, Rough Sleeping and Domestic Abuse grant** – This grant is not new funding but will become part of Core Spending Power. It brings together existing grants and has its own bespoke distribution for each element and will be ringfenced. The overall total funding will grow by £110 million by 2028/29 and local authorities will be guaranteed a minimum cash flat amount.
  - Domestic Abuse Safe Accommodation new burdens (£160 million in 2025/26, already in spending power),
  - Part of Homelessness Prevention Grant (£321 million in 2025/26),
  - Rough Sleeping Prevention and Recovery Grant (£254.4 million in 2025/26)
  - Rough Sleeping Accommodation Programme (£37.3 million in 2025/26).
- **Children, Families and Youth grant (part)** – This grant is not new funding and part of it is already in Core Spending Power. It brings together the existing Children's Social Care Prevention Grant (£269.6 million in 2025/26) and the Supporting Families element of the Children Families Grant (£253.5 million in 2025/26). The total will be increased by £330 million in 2026/27, held cash flat in 2027/28 and then reduce by £124 million in 2028/29. Distribution will be through the new children and young people's services relative needs formula used in the Fair Funding Review without adjustment for council tax. All councils will be guaranteed their 2025/26 predecessor grant amounts. The 'Holiday Activity and Food' portion of the grant is a direct replacement for the Holiday Activities and Food grant. The 2026/27 amount is slightly higher due to a temporary introduction of additional administrative funding, with its own distribution method. The 'Pupil Premium Plus Post-16' element is a direct rolling in of the grant, at existing allocations and amounts.

### **Consolidated Grants Outside CSP**

- **Public Health** – This grant combines the following grants:
  - The main public health grant
  - Drug and Alcohol Treatment and Recovery Improvement Grant
  - Individual Placement Support
  - Local stop smoking services support grant
  - Funding previously used for the Swap to Stop scheme.

- **Crisis & Resilience-** This grant combines 2025/26 Discretionary Housing Payment (£93m) and Household Support Fund (£742m) grants under a single grant.
  - **Children, Families and Youth Grant (remaining part)** - This new consolidated grant sits both inside and outside core spending power. See above for further details.
- 6.17 Special Educational Needs and Disabilities (SEND): A full Schools White Paper will be released early this year, setting out substantial plans for reforms of special educational needs provision.

### **Further Consultations**

- 6.18 The following consultations are currently underway or expected shortly and London Council's is expected to lead on the responses on behalf of the boroughs:
- Visitor levy in England (i.e. overnight accommodation levy, tourist tax), 18 February
  - Business Rates and Investment: Call for Evidence, 18 February
  - High value council tax surcharge, to be announced

## **7 Internal Context**

### **Haringey 2025 and the Corporate Delivery Plan**

- 7.1 As a Council, Haringey delivers hundreds of different and diverse services to almost 294,000 residents.
- 7.2 On 15 October 2024, [Haringey's Borough Vision](#) was published with 'Making Haringey a place where everyone can *belong and thrive* as a commitment at its heart. The aim of the vision is to galvanise the actions not just of the council but also of partners, residents and businesses behind a set of common objectives. Haringey 2035 identifies the six key areas for collaborative action over the next decade:
- Safe and affordable housing.
  - Thriving places.
  - Supporting children and young people's experiences and skills.
  - Feeling safe and being safe.
  - Tackling inequalities in health and wellbeing.
  - Supporting greener choices.
- 7.3 This builds on the Haringey Deal which sets out the council's commitment to developing a different relationship with residents, alongside the Corporate Delivery Plan (CDP) which sets out the organisational priorities every two years.
- 7.4 The current CDP was approved by Cabinet in July 2024 and can be found here - [The Corporate Delivery Plan 2024-2026 \(haringey.gov.uk\)](https://haringey.gov.uk/corporate-delivery-plan-2024-2026). It outlines

the strategic objectives, priorities, and initiatives aimed at creating a fairer, greener borough. The plan is set out in eight separate themes:

- Resident experience and enabling success.
- Responding to the climate emergency.
- Children and young people.
- Adults, health and welfare.
- Homes for the future.
- Safer Haringey.
- Culturally rich borough.
- Place and economy.

7.5 Key metrics for each theme have been set to determine if activities are having the intended effect and are reported to Cabinet and the Overview and Scrutiny Committee every six months. A new Corporate Delivery Plan will be developed following the local elections in 2026 this will cover the first two years of the administration.

7.6 The Budget and MTFS process is the way in which the Council will allocate financial resources to support the delivery of the CDP alongside analysing and responding to changes in demand, costs and external factors.

### **Haringey as a Place**

7.7 Haringey is an outer London borough but which exhibits many inner London characteristics including levels of deprivation, high housing costs and urban density. Unlike many other London boroughs, it also continues to have a growing population – with the number of over 65s being 41% higher in 2026 than they were in 2011. In the same period there has been a 10% decrease in children under 17. Haringey has a population density of about 9,178 people per square kilometre, making it the 12th most densely populated borough in London.

7.8 The most recently reported data shows that 27.5% of residents aged 16 to 65 were claiming Universal Credit in Haringey in November 2025 - over 51,000 people, the highest ever figure. The same data showed 7.5% of residents aged 16+ were claiming unemployment-related benefits in Haringey in May 2025 circa 14,000 people and, one of the lowest rates in the last 18 months yet still the third highest in the UK

7.9 The 2025 Index of Multiple Deprivation (IMD) was recently published. This is a national measure used to understand how deprived different areas are, based on factors such as income, employment, health, education, crime, housing, and the environment.

7.10 The previous IMD was published in 2019. While changes to methodology, area boundaries and the impact of the pandemic make direct comparisons difficult, there are some noticeable shifts:

7.11 Overall, in line with many London boroughs and other metropolitan areas, Haringey has become more deprived and is now more deprived than 90% of English local authorities. Key notables are: -

- Haringey continues to rank poorly for Barriers to housing and services, living environment, and income deprivation affecting older people. In all three domains, it is more deprived than 97% of local authorities.
- The borough has experienced a drop in rank for Employment and Income deprivation affecting children, and Overall Income, indicating increased deprivation in these areas since 2019.
- Among English local authorities, Haringey continues to rank mid-range for Education, skills and training, and Health and disability deprivation.
- There has been a noticeable improvement in Crime-related deprivation, with Haringey moving from the 9th most deprived to the 30th. For the first time, it is close to leaving the bottom 10%.

## **8 Draft Budget 2026/27**

8.1 Developing the draft budget for 2026/27 aligns with the Council's budget principles and factors. These, along with several key factors have been taken into consideration are set out below.

### Budget Principles

- To support the delivery of the Council Plan and priorities.
- Financial Planning will cover at least a 4/5 year period.
- Revenue and capital budgets of equal importance.
- Cost reductions and income generation required.
- Sustainable budget for future years (one off reductions are not the solution).
- No on-going reliance on reserves.
- Any use of reserves to balance the budget will need to be replenished.
- Estimates used for pay, price and demand should be based on data and evidence – referred to as pressures.
- Growth for increased or enhanced service provision will be exceptional and considered on case by case basis.
- Loss of Government grant will result in same reduction in expenditure.
- All services will ensure value for money and high levels of productivity.

### Budget Factors

- Impact of macro-economic conditions, such as inflation and interest rates for 2026/27 have used the latest forecast published by the OBR.
- Government Funding and the allocations published in the Provisional Local Government Finance Settlement on 17 December 2025 have been used.
- Estimates of other potential income sources, including Council Tax, Business Rates, fees and charges and other contributions.

- Forecast increase in demand and price pressures will be based on the latest data and trends and consider any risks in the estimates.
- Net budget reductions (savings) include both reducing costs and increasing income.

### **Draft Revenue Budget 2026/27 – Funding**

8.2 As highlighted above, the Council is expected to spend net £343.4 on day to day services and this will be funded through a number of different sources such as:

- a) Council Tax
- b) Business Rates (now part of Fair Funding Allocation (FFA))
- c) Government Grants (within FFA)
- d) Government Grants (within Core Spending Power and Service Specific)
- e) Customer Receipts (including fees, charges, parking)
- f) Rental Income
- g) Investment Income

8.3 The main revenue sources are set out in Table 1.

**Table 1 – Key Revenue Sources 2026/27**

| <b>Income Source</b>                  | <b>£'000</b>     |
|---------------------------------------|------------------|
| Council Tax (a)                       | (145,928)        |
| Baseline Funding (b)                  | (96,838)         |
| Revenue Support Grant (c)             | (95,155)         |
| Local Authority Better Care Grant (c) | (12,098)         |
| Other Grants (d)                      | (19,213)         |
| <b>Total</b>                          | <b>(369,232)</b> |

### **Government Funding**

8.4 On 17 December 2025, Government published the Provisional Local Government Finance Settlement (PLGFS) for 2026/27. This has been subject to consultation, and the final settlement is expected to be published mid-February 2026. Therefore, any changes will be reflected in the final report to Council on 2 March 2026. The proposed budget set out in this report assumes that there will be no further changes.

8.5 As in previous years, the majority of General Fund support announced in the PLGFS is focused on 'Core Spending Power' (CSP) which is a Government measure of the resources available to local authorities to fund service delivery. As outlined in Section 6 above, the components of CSP have changed this year as a result of the Fair Funding Review 2.0 and the Business Rates re-set. It includes the following:

- Fair Funding Allocation, which includes
  - Baseline Funding Level (retained Business Rates and top up funding)
  - Revenue Support Grant (now increased as more grants rolled in)
  - Local Authority Better Care Grant
- Council tax requirement (a calculated notional figure based on national taxbase growth levels and an assumption that all authorities have and will apply the maximum council tax increase).
- Homelessness, Rough Sleeping and Domestic Abuse (which comes with grant conditions)
- Families First Partnership (which comes with grant conditions)
- Grants rolled in to Revenue Support Grant
- Recovery Grant

8.6 Additional funding will be provided via **consolidated grants** which will sit outside the CSP. These, like the Homelessness and Families First Partnership sums within CSP, come with specific grant conditions and includes:

- Public Health – which now incorporates Drug and Alcohol Treatment and Recovery & Improvement Grant (DATRIG); Individual Placement and Support grant (IPSG); Local Stop Smoking Services and Support Grant (LSSSSG) and the Swap to Stop scheme.
- Crisis & Resilience – which incorporates the Household Support Fund and Discretionary Housing Payments.
- Children, Families & Youth Grant (element outside CSP) covering the Holiday Activities and Food grant and Pupil Premium Plus Post-16 grant.

8.7 Table 2 below was published by Government on the 17 December as part of the suite of PLGFS documents. It sets out the Government's assessment of Haringey's provisional Core Spending Power (CSP) for 2026/27 – 2028/29 with current and prior years provided for context.

**Table 2 – Illustrative Core Spending Power – London Borough Haringey**

| Illustrative Core Spending Power of Local Government: - London Borough Haringey |              |              |              |              |              |
|---------------------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|
|                                                                                 | 2024-25      | 2025-26      | 2026-27      | 2027-28      | 2028-29      |
|                                                                                 | £ millions   | £ millions   | £ millions   | £ millions   | £ millions   |
| <b>Fair Funding Allocation<sup>1</sup></b>                                      | 0.0          | 0.0          | 204.1        | 209.2        | 214.2        |
| <i>of which: Baseline Funding Level</i>                                         | 0.0          | 0.0          | 96.8         | 99.1         | 101.1        |
| <i>of which: Revenue Support Grant<sup>2</sup></i>                              | 0.0          | 0.0          | 95.2         | 110.1        | 113.2        |
| <i>of which: Local Authority Better Care Grant<sup>3</sup></i>                  | 0.0          | 0.0          | 12.1         | 0.0          | 0.0          |
| <b>Legacy Funding Assessment</b>                                                | 180.7        | 188.3        | 0.0          | 0.0          | 0.0          |
| <i>of which: Legacy Business Rates<sup>4</sup></i>                              | 108.5        | 110.7        | 0.0          | 0.0          | 0.0          |
| <i>of which: Legacy Grant Funding<sup>5</sup></i>                               | 62.3         | 65.5         | 0.0          | 0.0          | 0.0          |
| <i>of which: Local Authority Better Care Grant</i>                              | 9.8          | 12.1         | 0.0          | 0.0          | 0.0          |
| <b>Council tax requirement<sup>6,7</sup></b>                                    | 133.9        | 141.9        | 151.8        | 162.4        | 173.8        |
| <b>Homelessness, Rough Sleeping and Domestic Abuse<sup>8,9</sup></b>            | 6.7          | 8.7          | 8.4          | 8.0          | 7.2          |
| <b>Families First Partnership<sup>10</sup></b>                                  | 1.7          | 3.1          | 5.4          | 5.4          | 4.6          |
| <b>Total Transitional Protections<sup>11</sup></b>                              | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <i>of which: 95% income protection</i>                                          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <i>of which: 100% income protection</i>                                         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <i>of which: Fire and Rescue Real-terms floor</i>                               | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Grants rolled in to Revenue Support Grant<sup>12</sup></b>                   | 6.7          | 8.2          | 0.0          | 0.0          | 0.0          |
| <b>Recovery Grant</b>                                                           | 0.0          | 5.4          | 5.4          | 5.4          | 5.4          |
| <b>Recovery Grant Guarantee<sup>13</sup></b>                                    | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Mayoral Capacity Fund</b>                                                    | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Core Spending Power</b>                                                      | <b>329.6</b> | <b>355.5</b> | <b>375.1</b> | <b>390.4</b> | <b>405.2</b> |
| Core Spending Power year-on-year change (£ millions)                            |              | 25.8         | 19.6         | 15.3         | 14.8         |
| Core Spending Power year-on-year change (%)                                     |              | 7.8%         | 5.5%         | 4.1%         | 3.8%         |
| Core Spending Power change since 2024 (£ millions)                              |              | 25.8         | 45.4         | 60.7         | 75.6         |
| Core Spending Power change since 2024 (%)                                       |              | 7.8%         | 13.8%        | 18.4%        | 22.9%        |
| Core Spending Power change since 2025 (%)                                       |              |              | 5.5%         | 9.8%         | 14.0%        |

**n.b** the reference numbers in the table above provide technical notes on how each figure has been derived and is available in the PLGFS publication by Government ([CSP information main table 2026-27 to 2028-29 footnote update.xlsx](#)).

- 8.8 It should be noted that the CSP figure includes a notional assessment of the income that Haringey can generate via Council Tax. As this figure is based on national assumptions on collection rates, taxbase growth and annual increases, it does not reflect the reality for the Borough.

- 8.9 Therefore, to provide a more realistic updates the CSP figures in Table 2 above have been adjusted in Table 3 below to remove any one-off funding in 2025/26 grant allocations and also to show the locally estimated Council Tax income. This suggests that in reality a lower CSP increase for 2026/27 of £15.8m reducing over the three years to £12.8m in 2028/29. Excluding Council Tax income changes, this suggests a real increase in CSP of just £11.8m in 2026/27.

**Table 3 – Adjusted Illustrative Core Spending Power – London Borough Haringey**

| Illustrative Core Spending Power of Local Government:                |               |              |                     |              |               |               |
|----------------------------------------------------------------------|---------------|--------------|---------------------|--------------|---------------|---------------|
|                                                                      | 2024-25       | 2025-26      | 2025-26<br>Adjusted | 2026-27      | 2027-28       | 2028-29       |
|                                                                      | £<br>millions | £ millions   | £ millions          | £ millions   | £<br>millions | £<br>millions |
| <b>Fair Funding Allocation<sup>1</sup></b>                           | 0.0           | 0.0          | 0.0                 | 204.1        | 209.2         | 214.2         |
| <i>of which: Baseline Funding Level</i>                              | 0.0           | 0.0          | 0.0                 | 96.8         | 99.1          | 101.1         |
| <i>of which: Revenue Support Grant<sup>2</sup></i>                   | 0.0           | 0.0          | 0.0                 | 95.2         | 110.1         | 113.2         |
| <i>of which: Local Authority Better Care Grant<sup>3</sup></i>       | 0.0           | 0.0          | 0.0                 | 12.1         | 0.0           | 0.0           |
| <b>Legacy Funding Assessment</b>                                     | 180.7         | 188.3        | 186.3               | 0.0          | 0.0           | 0.0           |
| <i>of which: Legacy Business Rates<sup>4</sup></i>                   | 108.5         | 110.7        | 111.5               | 0.0          | 0.0           | 0.0           |
| <i>of which: Legacy Grant Funding<sup>5</sup></i>                    | 62.3          | 65.5         | 62.6                | 0.0          | 0.0           | 0.0           |
| <i>of which: Local Authority Better Care Grant</i>                   | 9.8           | 12.1         | 12.1                | 0.0          | 0.0           | 0.0           |
| <b>Council tax requirement<sup>6,7</sup></b>                         | 133.9         | 141.9        | 141.9               | 145.9        | 154.7         | 164.1         |
| <b>Homelessness, Rough Sleeping and Domestic Abuse<sup>8,9</sup></b> | 6.7           | 8.7          | 8.1                 | 8.4          | 8.0           | 7.2           |
| <b>Families First Partnership<sup>10</sup></b>                       | 1.7           | 3.1          | 3.1                 | 5.4          | 5.4           | 4.6           |
| <b>Total Transitional Protections<sup>11</sup></b>                   | 0.0           | 0.0          | 0.0                 | 0.0          | 0.0           | 0.0           |
| <i>of which: 95% income protection</i>                               | 0.0           | 0.0          | 0.0                 | 0.0          | 0.0           | 0.0           |
| <i>of which: 100% income protection</i>                              | 0.0           | 0.0          | 0.0                 | 0.0          | 0.0           | 0.0           |
| <i>of which: Fire and Rescue Real-terms floor</i>                    | 0.0           | 0.0          | 0.0                 | 0.0          | 0.0           | 0.0           |
| <b>Grants rolled in to Revenue Support Grant<sup>12</sup></b>        | 6.7           | 8.2          | 8.7                 | 0.0          | 0.0           | 0.0           |
| <b>Recovery Grant</b>                                                | 0.0           | 5.4          | 5.4                 | 5.4          | 5.4           | 5.4           |
| <b>Recovery Grant Guarantee<sup>13</sup></b>                         | 0.0           | 0.0          | 0.0                 | 0.0          | 0.0           | 0.0           |
| <b>Mayoral Capacity Fund</b>                                         | 0.0           | 0.0          | 0.0                 | 0.0          | 0.0           | 0.0           |
| <b>Core Spending Power</b>                                           | <b>329.6</b>  | <b>355.5</b> | <b>353.4</b>        | <b>369.2</b> | <b>382.7</b>  | <b>395.5</b>  |
| Core Spending Power year-on-year change (£ millions)                 |               | 25.8         | 23.7                | 15.8         | 13.5          | 12.8          |
| Core Spending Power year-on-year change (%)                          |               | 7.8%         | 7.2%                | 4.5%         | 3.7%          | 3.3%          |
| Core Spending Power change since 2024 (£ millions)                   |               | 25.8         | 23.7                | 39.5         | 53.0          | 65.8          |
| Core Spending Power change since 2024 (%)                            |               | 7.8%         | 7.2%                | 12.0%        | 16.1%         | 20.0%         |
| Core Spending Power change since 2025 (%)                            |               |              | -0.6%               | 4.5%         | 8.3%          | 11.9%         |

***n.b*** the reference numbers in the table above provide technical notes on how each figure has been derived and is available in the PLGFS publication by Government (see [link above](#))

- 8.10 Although Government propose that they are striving for funding simplification, the number of grants now rolled into RSG and the consolidation of some other grants into CSP but which come with tight conditions, makes it difficult to clearly articulate the level of real increase in funding.
- 8.11 For 2026/27 budget planning purposes, a funding increase of £11.8 has been assumed. This is £9.51m increase in un-ringfenced funding compared to 2025/26 with a further £2.3m for the Families First Partnership which is expected to come with specific conditions on how the funding is spent.
- 8.12 Due to the change in how Government are providing funding, notably rolling in previously service specific grant into RSG, the budget now presented for 2026/27 shows the impact on directorate cash limited budgets of moving previously service related budgets, such as the Social Care grants, into a much larger RSG grant of £95.2m (£27.8m 2025/26). This has the impact of increasing directorate net budgets, now being funded via a much larger corporately held RSG figure. This has no impact on the overall council net budget requirement or the spending power of individual services.

#### Consolidated Grants and Other Service Specific Grants

- 8.13 In addition to the Government grants included within the Core Spending Power (CSP) set out in Tables 2 and 3 above, there are a number of other service specific grants, including the 'consolidated grants' which are included in the proposed service budgets for 2026/27. For those grants that have not yet been confirmed, the 2026/27 value has been assumed at the 2025/26 level. In line with the Council's budget principle, any loss of service specific government grant will result in a corresponding reduction in expenditure unless otherwise agreed as part of the annual budget process.

#### Business Rates

- 8.14 Business Rates (NNDR) are set nationally. The value of business premises is determined by the Valuation Office and the Government set the multiplier which specifies the pence per pound paid in tax.
- 8.15 Since its introduction in 2013/14 the Business rates Retention Scheme (BRRS) has been stable, with only changes due to Revaluation (2017 and 2023) and the creation of enhanced local shares. For 2026/27 the scheme will see wide ranging changes, all of which have been preannounced. These relate to both the business rates as a tax and the resources local authorities can expect to receive.

## **Revaluation 2026**

- 8.16 For 2026/27 (as with 2017/18 and 2023/24) the business rates taxbase has been revalued. Previously, adjustments were made to local authorities top up / tariff amounts to adjust for change in rateable value (RV), with the aim of keeping resources retained by Haringey as stable. Due to the reset occurring at the same time as Revaluation 2026, for 2026/27 no adjustments via top up / tariff amounts will be required however, adjustments will be required in 2027/28 to reflect any differences between provisional and final RVs.
- 8.17 Furthermore, under the new system, income loss due to successful appeals is being set nationally; previously this was a local estimate. The national allowance has been set at 3.75%. As this is a national figure, there will be winners and losers locally, if appeal losses on the 2026 list are lower (winners) or higher (losers).

## **New Multipliers**

- 8.18 As previously announced by Government, from 2026/27 there will be five multipliers as follows: -
- Small business Retail, Hospitality & Leisure (RHL) multiplier: 38.2p
  - Small business non-domestic rating multiplier: 43.2p
  - Standard RHL multiplier: 43.0p
  - Standard non-domestic rating multiplier: 48.0p
  - High-value non-domestic rating multiplier: 50.8p
- 8.19 The two new lower multipliers for Retail, Hospitality & Leisure (RHL), to be funded by a new High-Value Multiplier (HVM).

## **Reform to the Business Rates Retention System (BRRS)**

### **Reset of Baselines**

- 8.20 A full reset of the BRRS will take place for 2026/27. This means authorities NNDR Baseline (target amount) will be set at what is expected to be collected in 2026/27. This should mean for the vast majority of local authorities the resources received will be equal to their baseline need.
- 8.21 The reset means that £2.38bn of business rates growth (based on 2025/26 NNDR1 returns) that would have been previously retained locally by the individual authorities collecting it, is now added to the national control totals and distributed based on Fair Funding 2.0.

## **Levy / safety net reform**

- 8.22 For 2026/27 the safety net has been set at 100% guaranteeing authorities the intended level of business rates funding, regardless of actual income billed. The safety net will fall to 97% in 2027/28 and 92.5% in 2028/29.

## **Business rates reset, revaluation and multiplier reform – overall impact**

- 8.23 Taking into account all of the factors above, the amount of business rates retained by Haringey as part of FFA is £96.8m as shown in Table 1. The impact of these reforms does not change the outcome of how the Fair Funding Review redistributes funding.
- 8.24 Based on the 2025/26 Haringey collection rates for business rates forecast at period 9 of 93%, a stretch target of 94% collection for 2026/27 is currently assumed.

## **Business Rates Pooling**

- 8.25 A business rates pool of eight Authorities was created for the 2022/23 financial year involving the City of London, and the London Boroughs of Tower Hamlets, Hackney, Waltham Forest, Enfield, Barnet, Brent and Haringey. This was because of the financial benefit to the eight authorities involved based on the levels of business rate growth in some of the boroughs. This Pool has continued each year since 2022/23 delivering on average a £2m per annum benefit to Haringey.
- 8.26 As a result of the Business Rates Retention reform and the long awaited reset, modelling for the 2026/27 financial year suggests that there is no benefit in continuing the pool and therefore the eight authority pool has been revoked as of 1 April 2026. This can be revisited in future years if the financial benefits can be demonstrated.

## **Council Tax**

- 8.27 Income collected through Council Tax is determined by the level of tax and the Council tax base.
- 8.28 The proposed budget is based on a 4.99% increase in the level of Council Tax (2.99% general increase and 2% Adult Social Care Precept) and is in line with the referendum thresholds published by Government as part of the Provisional Local Government Finance Settlement.
- 8.29 The overall impact is an average Band D property increase from £1,717.56 to £1,803.26, an increase of £85.70. The average Band C property will increase from £1,526.72 to £1,602.91. Full details are set out in Table 4.

**Table 4 – Proposed Council Tax Levels – 2026/27**

| <b>Band</b> | <b>Haringey 2025/26<br/>Council Tax<br/>£</b> | <b>Haringey 2026/27<br/>proposed Council Tax<br/>£</b> | <b>Haringey<br/>Change<br/>£</b> |
|-------------|-----------------------------------------------|--------------------------------------------------------|----------------------------------|
| A           | 1145.04                                       | 1202.18                                                | 57.13                            |
| B           | 1335.88                                       | 1402.54                                                | 66.66                            |
| C           | 1526.72                                       | 1602.91                                                | 76.19                            |
| D           | <b>1717.56</b>                                | <b>1803.26</b>                                         | <b>85.70</b>                     |
| E           | 2099.24                                       | 2204.00                                                | 104.76                           |
| F           | 2480.92                                       | 2604.72                                                | 123.80                           |
| G           | 2862.6                                        | 3005.45                                                | 142.85                           |
| H           | 3435.12                                       | 3606.54                                                | 171.42                           |

#### Council Tax Base

- 8.30 The Council tax base is the number of properties in Bands A to H in the borough but expressed as the number of equivalent band D's. In most areas, Band D is the average but for Haringey, the average remains as Band C. This is a notable point because Government, when calculating Core Spending Power use Band D as the average. The proposed budget assumes an increase in the number of dwellings of 1.4% for 2026/27 based on the latest properties on the ratings list and those forecast for next year. However, in year collection rates for Council tax are tracking well below target thought to be due to residents feeling the on-going squeeze on income. The assumed collection rate for 2026/27 has therefore been reduced to 92.50% (95.75% 2025/26). The assumed Council Tax base calculation for the budget is 80,924 (82,589 2025/26) which has been agreed by the Section 151 Officer under delegated authority.

#### Council Tax Reduction Scheme

- 8.31 In 2026/27, the Council will continue to fully fund the local Council Tax reduction (local Council Tax benefit) scheme as the cost of living crisis continues to impact on many households and will protect vulnerable residents on low incomes who might otherwise pay more. Currently just over 24,000 households receive a Council Tax reduction. The total spend on the scheme is expected to be approximately £34.4m.
- 8.32 The Council has plans to improve the support offer for residents who are at risk of or experiencing financial crisis, including those who are in debt to the council. The financial support team offer support and advice to help improve resident's financial situation. This includes providing timely, empathetic and practical support to help residents increase their income and reduce their debt. A reduction in the number of Council Tax Support claimants will be one

of the ways to track the impact of this service on those with the lowest incomes.

### Greater London Authority Precept

- 8.33 The draft Greater London Authority Band D Council Tax figure for 2026/27 was published on 3<sup>rd</sup> December as £510.51 a 4% increase or £20.13 (£490.38 in 2025/26). The final 2026/27 precept will be issued after the London Assembly meets on 26 February 2026. Any changes will be reported to Council on 2 March 2026. Full details of the draft rates by Bands A to H are set out in Table 5.

**Table 5 – Proposed GLA Council Tax Levels 2026/27**

| <b>Band</b> | <b>GLA 2025/26<br/>Council Tax<br/>£</b> | <b>GLA 2026/27<br/>proposed Council<br/>Tax<br/>£</b> | <b>Change<br/>£</b> |
|-------------|------------------------------------------|-------------------------------------------------------|---------------------|
| A           | 326.92                                   | 340.34                                                | 13.42               |
| B           | 381.41                                   | 397.06                                                | 15.65               |
| C           | 435.89                                   | 453.79                                                | 17.90               |
| D           | 490.38                                   | 510.51                                                | 20.13               |
| E           | 599.35                                   | 623.96                                                | 24.61               |
| F           | 708.33                                   | 737.40                                                | 29.07               |
| G           | 817.30                                   | 850.85                                                | 33.55               |
| H           | 980.76                                   | 1021.02                                               | 40.26               |

- 8.34 Taking into account both the proposed increase in Haringey Council Tax and GLA increase, a summary is set out in Table 6.

**Table 6 – Total Proposed Council Tax Level 2026/27**

| <b>Band</b> | <b>Haringey<br/>2026/27<br/>proposed<br/>Council Tax<br/>£</b> | <b>GLA 2026/27<br/>proposed<br/>Council Tax<br/>£</b> | <b>Total<br/>£</b> | <b>% of<br/>dwellings in<br/>each band</b> |
|-------------|----------------------------------------------------------------|-------------------------------------------------------|--------------------|--------------------------------------------|
| A           | 1202.18                                                        | 340.34                                                | 1542.52            | 3%                                         |
| B           | 1402.54                                                        | 397.06                                                | 1799.60            | 11%                                        |
| C           | 1602.91                                                        | 453.79                                                | 2056.70            | 27%                                        |
| <b>D</b>    | <b>1803.26</b>                                                 | <b>510.51</b>                                         | <b>2313.77</b>     | <b>26%</b>                                 |
| E           | 2204.00                                                        | 623.96                                                | 2827.96            | 14%                                        |
| F           | 2604.72                                                        | 737.40                                                | 3342.12            | 8%                                         |
| G           | 3005.45                                                        | 850.85                                                | 3856.30            | 9%                                         |
| H           | 3606.54                                                        | 1021.02                                               | 4627.56            | 2%                                         |

- 8.35 Cabinet is asked to recommend to Council on 2 March 2026, the final council tax and budget figures to enable the council tax resolution to be passed.

#### Collection Fund

- 8.36 The Collection fund is a separate account which receives the income collected from Council Tax and Business Rates payers and then makes payments to the Council, GLA and Government.
- 8.37 The Local Authorities (Funds) (England) Regulations 1992 (as amended) require an annual projection of the balance on 31 March each year. This is because precepting authorities share surpluses / deficits and need to take account of these when setting the budget.
- 8.38 The projected balance on the collection fund on 31 March 2026 is estimated at £3.234m. The business rates proportion of this is £1.457m and the Council Tax element is £1.777m. The relative share of these attributable to Haringey is £2.349m. Given the volatility of this increasingly significant income stream, this surplus has not been built into the 2026/27 budget, and a decision on its application will be made during the course of the year. It is likely that it will be added to the Collection Fund Smoothing reserve to manage any future deficits.

#### Fees and Charges

- 8.39 Income from fees and charges (including rents from commercial and operational estates) is approximately 13.3% of the Council's income. On 9 December 2025, Cabinet approved the fees and charges for 2026/27 which was based on an average of 3.8% increase. The additional income is not forecast to improve the council's net budget however, it will go towards reducing the gap between budgeted and actual income.

#### **Draft Revenue Budget 2026/27 – Expenditure**

- 8.40 The starting position of setting the budget for 2026/27 is the financial position in previous and current financial years.
- 8.41 Although the 2025/26 budget had been set based on detailed analysis to derive realistic estimates of service demands and the cost of services, the Quarter 2 monitoring position (published on 9 December) estimates an overspend of £23.4m by the year end, of which 72% is driven by adult social care and demand for temporary accommodation. There are also pressures of £2.9m within Children's services and £4.6m within Property related services. A copy of the full report is here [2025/26 Qtr2 Budget Update Report](#) and the pressures in the current year align closely with those forecast to continue into 2026/27.

#### Spending Pressures 2026/27

- 8.42 In March 2025, the estimated additional budget required in 2026/27 for service pressures was £46.3m. Based on the current in year position, benchmarking, population trends and inflation forecasts, an additional £45.3m will be required and a further £42.4m for corporate budgets. Table 7 below is a summary of the total pressures required for 2026/27.

**Table 7 – Forecast Budget Pressures 2026/27**

| Directorate                                              | £'000         |
|----------------------------------------------------------|---------------|
| Adult Social Care                                        | 19,046        |
| Housing Demand (Temporary Accommodation)                 | 13,854        |
| Children and Young People Services (including Education) | 5,648         |
| Environment and Resident Experience                      | 1,624         |
| Culture, Strategy and Engagement                         | 2,302         |
| Finance & Resources                                      | 2,798         |
| Corporate Budgets                                        | 42,425        |
| <b>Total</b>                                             | <b>87,697</b> |

### **Pay and Prices**

- 8.43 **Contract Inflation** – a budget of £1.731m for 2026/27 to fund increases in contract prices (excluding social care and temporary accommodation) has been factored into the budget. This is based on an average inflationary increase of 5.0% on non-social care or housing related contracts. Any increase above this allocation will need to either be absorbed within individual service budgets by identifying alternative reductions or agreed to be funded through the corporate contingency allocation.
- 8.44 **Pay Award** – The pay award for 2025/26 was agreed at 3.2% and is reflected within the current 2025/26 budgets. Negotiations only commenced in December for 2026/27 and therefore the outcome is unlikely to be known until part way through the next financial year. The proposed budget in this report has set aside £6.1m, equivalent to an average of a 3.5% increase which also covers the on-going impact of the increased employer National Insurance increase. Any increase above this allocation will need to either be absorbed within individual service budgets by identifying alternative reductions or agreed to be funded through the corporate contingency allocation.

### **Other Corporate Pressures**

- 8.45 **Levies** – The Council contributes to some London wide services (referred to as levies). These are:
- North London Waste Authority (NLWA)
  - London Pension Fund Authority (LPFA)
  - Lee Valley Regional Park Authority (LVRPA)
  - Environment Agency

- 8.46 In total, £311,000 has been provided for levy increases in this report. Confirmation of final levy figures are not yet known and will be reported to Council on 2 March 2026 along with any required changes to budgets. However, for planning purposes most levy costs, apart from NLWA are forecast to remain broadly in line with the 2025/26 levels across the MTFS period with a 2.5% annual increase assumed.
- 8.47 The latest NLWA estimated levy for 2026/27 is based on the NLWA meeting papers on 4 December 2025. This indicated a levy of £12.197m, £300,000 less than that forecast last March but still an 8% increase on the 2025/26 figure of £11.274m. It is expected that the NLWA will continue to receive funding from Defra as part of the extended producer responsibility (EPR) scheme although the sum is not certain (£14m 2025/26). Confirmation will be provided at the NLWA budget meeting on 10 February 2026 alongside confirmation of the final 2026/27 borough levy.
- 8.48 **Banking Costs** – the trend for residents and businesses to utilise card payments to pay bills has meant that the existing budget is no longer sufficient to cover the merchant charges. These costs are variable, but the budget has been increased based on recent trends. The 2026/27 proposed budget includes an additional £332,000 to cover these costs.
- 8.49 **Capital Financing** –considerable work has been undertaken over the last couple of years to review and reduce the general fund capital programme, particularly that funded by borrowing. The estimated interest and repayment, or minimum revenue provision (MRP), required for the existing programme and any new borrowing for 2026/27 is set out in the 2026/27 TMSS (Appendix 10). This also sets out separately, the additional capital financing costs associated with the Exceptional Financial Support (EFS) estimated as required in the current year and 2026/27.
- 8.50 The total capital financing costs for 2026/27 are estimated as £71.8m (£55m General Fund capital programme, including EFS and £16.8m lease financing costs). This consists of £45m for the General Fund Capital Programme (£28m interest and £17m MRP); £10m for the EFS requirement (£8m interest and £2m MRP) and lease financing costs of £16.8m. These figures have been built into the budgets now presented and require a significant increase of £17.458m since the last MTFS.
- 8.51 **Concessionary Fares** – usage numbers continue to increase after a significant dip during COVID and for 2026/27 are estimated to reach 84% of pre-COVID rates. The budget requirement for 2026/27 is £16.2m, which is a 10.70% (£1.567m) increase on 2025/26 (£14.6m). Overall this means an additional £1.46m has been required in 2026/27. The trend beyond 2026/27 is for increasing charges due to fares and 66+ population increases. This has been factored into financial plans for 2027/28 onwards.

- 8.52 It should be noted that London Councils, who manage the scheme on behalf of all London boroughs are planning to undertake a review of the current scheme particularly the range of modes of transport that users are able to access. The output of this review will be reported in future reports including any resultant financial implications.
- 8.53 **Corporate Contingency** – the majority of allocated contingency during the current financial year has been one-off and therefore, circa £9.3m contingency budget will remain in 2026/27. However, there are still considerable risks associated with next year's budget, both within and outside the Council's control. Internally these include £23.9m of savings as well as delivery of delayed 2025/26 and prior years savings still felt to be achievable. Externally, there is continued volatility in the wider economy with rising unemployment rates, inflation still tracking above 3% and conflict on the international stage. Therefore, the budget now presented builds in a further contingency of £15.0m, giving a total of circa £25m. Should services operate within agreed budgets in 2026/27 and few or no unexpected issues arise, then this contingency can be used to reduce the reliance on planned EFS in 2026/27.
- 8.54 The total existing and new budget built into 2026/27 for corporate pressures is summarised in Table 8.

**Table 8 – Corporate Budget Pressures 2026/27**

| Description                                      | 2026/27<br>£'000s |
|--------------------------------------------------|-------------------|
| Concessionary Fares levy forecast increase       | 1,461             |
| Forecast Pay Inflation                           | 6,071             |
| Increase in Capital Financing Budget requirement | 17,458            |
| Increase in Corporate Contingency                | 15,000            |
| Levies forecast increase at 2.5%                 | 311               |
| Non Pay Inflation forecast – average of 5%       | 1,731             |
| Increase in Bank Charges                         | 332               |
| Other minor adjustments                          | 61                |
| <b>TOTAL</b>                                     | <b>42,425</b>     |

### **Budget Reductions**

- 8.55 The proposed budget for 2026/27 includes £14.9m of previously approved savings for the year and £6.6m of new budget reductions (reduced spend and increased income) along with £1.7m of management actions proposed to drive efficiency in service delivery costs. These are set out within Appendix 2 (a-f) along with the value of previously agreed savings due to be delivered next year.

- 8.56 Consultation of the new saving proposals took place between 24 November 2025 and 6 January 2026. This included an online public consultation (see Appendix 3 for the feedback from the Public Budget Consultation) and engagement with businesses. These and the whole draft Budget were scrutinised by the scrutiny panels and Overview and Scrutiny Committee (O&S Cttee) during this same period.
- 8.57 The recommendations from the O&S Committee are summarised in Appendix 4 with responses by Cabinet Members. Cabinet have considered the feedback as well as that received via the budget consultation and, although there are no changes to the budget as a result, the feedback provided has been extremely valuable and will be considered as part of the implementation of the proposals.
- 8.58 The November draft budget report made clear that given the scale of the already agreed savings programme, totalling £14.9m in 2026/27 and £32.2m across the whole MTFS period, no additional savings would be sought post November. Instead, focus and effort would be directed to ensuring that the agreed programme must be delivered as fully as possible.
- 8.59 A review of the existing savings in 2025/26 was undertaken ahead of the November report and any items identified as now unachievable or erroneous were written out of 2026/27 budget plans. All remaining savings are deemed as still achievable and are expected to be delivered in full by the end of 2026/27. Close monitoring of progress will take place during the year and reported through the quarterly monitoring process.
- 8.60 In summary and for completeness, the total savings to be delivered by all Directorates in 2026/27 is set out in Table 9 and detailed within Appendix 2 (a-f).

**Table 9 – Total Savings including management actions 2026/27**

| <b>Directorate</b>                                       | <b>2026/27<br/>£'000</b> |
|----------------------------------------------------------|--------------------------|
| Adult Social Care                                        | (4,123)                  |
| Housing Demand (Temporary Accommodation)                 | (3,450)                  |
| Children and Young People Services (including Education) | (847)                    |
| Environment and Resident Experience                      | (1,309)                  |
| Culture, Strategy and Communities                        | (384)                    |
| Finance & Resources                                      | (1,342)                  |
| Corporate Savings                                        | (9,787)                  |
| Council Tax Reduction Scheme (CTRS)                      | (2,000)                  |
| <b>Total</b>                                             | <b>(23,243)</b>          |

## Balanced Budget 2026/27

- 8.61 Taking account of the pressures, budget reductions and other corporate adjustments described above, the Council is forecast to need to spend £343.4m on the day to day running of local services from the general fund, protecting the most vulnerable and delivering good quality services to all residents.

**Table 10 – Net Spend 2026/27**

| Directorate                                              | Net Spend<br>£'000 |
|----------------------------------------------------------|--------------------|
| Adult Social Care                                        | 140,310            |
| Housing Demand (Temporary Accommodation)                 | 42,861             |
| Children and Young People Services (including Education) | 82,636             |
| Environment and Resident Experience                      | 13,412             |
| Culture, Strategy and Communities                        | 18,922             |
| Finance & Resources (including Chief Executive)          | 34,061             |
| Corporate Budgets                                        | 65,975             |
| Government and Other funding sources                     | (54,813)           |
| <b>Total</b>                                             | <b>343,364</b>     |

- 8.62 The movements from the 2025/26 agreed budget are summarised in Table 11 and further detail of movements by Directorate are set out in Appendix 2 (a-f). Again, it should be noted that the 2026/27 net budgets reflect the impact of the government's decision to roll a number of previously specific grants into the Revenue Support Grant (RSG).

**Table 11 – Analysis of Movements 2025/26 to 2026/27 Budget**

| Description                                                                | £'000            |
|----------------------------------------------------------------------------|------------------|
| Net Expenditure Budget 2025/26                                             | 291,178          |
| Pay and Price Inflation                                                    | 7,802            |
| Service Pressures (see Table 7)                                            | 45,272           |
| Other Corporate Pressures (see Table 8)                                    | 34,623           |
| <b>Total Budget Requirement 2026/27</b>                                    | <b>378,875</b>   |
| Council Tax income (assumed 4.99% increase)                                | (145,928)        |
| Other Government Funding and Grants (including Business Rates, RSG)        | (191,993)        |
| Offset by removal of Government funding in services                        | 42,545           |
| Other Contributions                                                        | (10,071)         |
| <b>Total Funding 2026/27</b>                                               | <b>(305,446)</b> |
| <b>Budget Gap 2026/27</b>                                                  | <b>73,428</b>    |
| Savings excluding CTRS captured in Council Tax figures above (see Table 9) | (21,243)         |

| Description                          | £'000         |
|--------------------------------------|---------------|
| <b>Additional Budget Gap</b>         | <b>52,185</b> |
| <b>Ongoing 25/26 EFS Requirement</b> | <b>37,020</b> |
| <b>Total EFS Requirement 2026/27</b> | <b>89,205</b> |

#### Exceptional Financial Support (EFS)

- 8.63 As set out in Table 11, after taking account of known movements compared to the 2025/26 budget, there remains an additional budget gap of £52.2m in 2026/27. With the structural 2025/26 budget gap of £37m, the forecast EFS requirement for 2026/27 totals £89.2m.
- 8.64 To enable the Council to meet its legal requirements and set a balanced budget for 2026/27, a further application for Exceptional Financial Support (EFS) has been made to the Ministry of Housing, Communities and Local Government. The outcome of the application will not be confirmed until mid February 2026 but the proposed budget in this report has been prepared on the basis of it being agreed. The outcome will be reported to full Council on 2 March 2026.
- 8.65 The request for EFS is a necessary response to the circumstances and this support is 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. Haringey's application assumes that the full sum will be met via borrowing and the associated capital financing costs associated with this have been built into the TMSS and the Budget.
- 8.66 Further details are set out in the Chief Finance Officer's Section 25 Statement (Appendix 11), including the conclusion that this is not a long term sustainable financial strategy, and that work must continue to further identify savings and income opportunities to reduce the reliance on EFS over the medium term and robust plans to be put in place to avoid the need for further EFS from 2027/28 onwards.

## **9. Risk Management**

- 9.1 The Council has a risk management strategy in place and operates a risk management framework that aids decision making in pursuit of the organisation's strategic objectives, protects the Council's reputation and other assets and is compliant with statutory and regulatory obligations.
- 9.2 The Council recognises that there will be risks and uncertainties involved in delivering its objectives and priorities, but by managing them and making the most of opportunities it can maximise the potential that the desired outcomes can be delivered within its limited resources more effectively.

- 9.3 The latest reported Corporate Risk register was considered by the Audit Committee on 29 January 2026 ([Audit Committee 29/01/2026](#)). The risks with the highest scores were predominantly financial related e.g. Maintaining and strengthening financial viability/balance across MTFS period including failure to deliver identified savings; non-delivery of transformational change due to lack of corporate change functions. Many with an apparently more service focussed risk will, if they materialise, have financial ramifications.
- 9.4 There is a need to plan for uncertainty when formulating the budget. This is achieved by focussing on scenario planning which allows the Council to think in advance and identify drivers, review scenarios and define the issues using the most recent data and insight.
- 9.5 The Council's Section 151 Officer has a statutory responsibility to assess the robustness of the Council's budget and to ensure that the Council has sufficient contingency/reserves to provide against known risks in respect of both expenditure and income. This formal assessment is set out in Appendix 11.
- 9.6 Financial risks and uncertainties currently known are set out in the following paragraphs.

#### School Budgets

- 9.7 Maintained schools are forecasting a deficit at Quarter 2 of £7.3m up from £2.6m at the end of last financial year. Funding allocated through the Schools Block of the Dedicated Schools Grant is driven by pupil numbers based on the annual October census, so even though the unit of funding per pupil increased by 3.93% for Primary Schools and 2.89% for Secondary Schools, Haringey Schools rolls are falling. As a result, the year on year funding will only increase by 0.9% in 2026/27. This small increase will make it increasingly difficult to return all schools to surplus over the next three years. Cost rationalisation is a significant challenge where at least 80% of the costs of operating a school are employee costs.

#### Government Funding and Legislation

- 9.8 As set out earlier in this document, the Government undertook a Spending Review and consulted on Fair Funding Review 2.0 and Business Rates reform over the summer. The outcome of this fed into the November Policy statement and recently the PLGFS. As promised last year, the PLGFS has returned to a multi-year settlement albeit future years are subject to some change.
- 9.9 This is welcomed as is the desire to simplify funding in the sector with less small specific grants. However, the impact of the change to the formulae underpinning funding allocations, the impact of the Business rate reset and transitioning makes a clear like for like comparison with current central funding difficult. This is further complicated by including a 'notional' council

tax in the Core Spending Power (CSP) figures as this does not translate into actual council tax income for the authority.

- 9.10 Some of the funding within the PLGFS appears to come with conditions which may impact on current budget assumptions.

#### Inspection and Regulation

- 9.11 Local Authorities are subject to increasing inspection and regulation, including by Ofsted, CQC and the Regulator of Social Housing as well as additional requirements that have emerged from the Grenfell Inquiry report. Where any implications are known, these are accounted for in the proposed budget in this report but there may be further financial implications which are not yet known.

#### Economic Conditions

- 9.12 The Office for Budget Responsibility (OBR) published an update of national economic and fiscal outlook on 26 November 2025.
- 9.13 The OBR made a specific reference to an increase in local authority borrowing as a key risk to the government's economic and fiscal outlook. Forecasted local authority borrowing has increased by £7bn compared to March reflecting upward revisions in recent outturns and SEND pressures are expected to further increase to at least £14bn.
- 9.14 Section 6 sets out in more detail the most recent forecasts for inflation, BOE interest rates and unemployment. There remains considerable volatility in this space which poses a risk to current budget assumptions.
- 9.15 The high cost of living continues to impact residents and which results in more requiring support from the Council, particularly with housing support

#### Estimate of Pressures for 2026/27

- 9.16 The proposed budget in this report uses the best-known information for demand and other service pressures in 2026/27 and has been based on the outturn position in 2024/25 and the latest in year monitoring position for 2025/26. There is a risk that the in year monitoring position could worsen when the Quarter 3 forecasts are available at the end of January that will not have been accounted for when setting the budget for 2026/27 and the £87.7m built in for service pressures will not be sufficient.
- 9.16 All services are considering actions and mitigations that continue to support the needs of the most vulnerable but in a more cost effective way to reduce these future pressures. However, small scale changes in these areas are not going to be sufficient and will require more fundamental changes in how these services are delivered and with a focus on prevention and early intervention which will take time to have an impact. Sufficient pace is needed

to make these changes to protect the financial sustainability of the Council but short term solutions are still needed for the 2026/27 budget to be sustainable.

#### Identifying and Delivery of Budget Reductions

- 9.17 The proposed budget assumes that £23.2m of savings (including management actions) will be delivered in 2026/27 and adequate assurance has been provided to build these into the budget, but oversight of delivery will remain an area of focus in 2026/27. The proposed budget has been set assuming that these and previous years undelivered savings will be delivered in full. Monthly monitoring and a new governance process is in place to track delivery of all savings and any identified at risk during the year will need to be mitigated by alternative savings of the same value.
- 9.18 As noted above, non-delivery of agreed savings and progressing with transformational change are the most significant risks on the Council's corporate risk register therefore this risk cannot be underestimated.
- 9.19 Despite this level of savings, a budget gap of £89.2m (£37.0m of 2025/26 deficit and £52.2m of 2026/27 deficit) remains for 2026/27 and the Council has applied to Government for exceptional financial support to enable a balanced budget to be set. This is not a long term solution and the council must prioritise reducing the reliance on EFS over the medium term, keeping EFS requirement to a minimum and as a last resort. Therefore, even after the final budget for 2026/27 is agreed by Council on 2 March 2026, work must continue to review all services, particularly statutory services to more fundamentally look at how these can be delivered differently and to prioritise non statutory services to operate within a smaller financial envelope.

#### Changes in Accounting Practice

- 9.20 The Dedicated Schools Grant (DSG) currently has a statutory override which allows the Council to separate DSG deficits from local authority reserves. This was due to end in March 2026 however, has been extended for a further 2 years to March 2028. This will allow the government to launch a public engagement campaign to deliver reforms as the Schools White Paper will be released early this year, setting out substantial plans for reform of special educational needs provision (SEND).
- 9.21 Although the Council is participating in the Safety Valve programme which is delivering well to reduce the spend on the high needs block and is in line with the agreed timetable, at the same time the Council continues to see Increased placement costs and greater complexity of need are driving the increased forecast spend against target than what had been assumed when agreeing the programme with the DfE.
- 9.22 A reform to the current SEND provision and funding is welcome however, until further detail is shared there remains a financial risk for the council.

### Reserves and Contingency

- 9.23 Risks and uncertainties make planning for next year challenging and any change in the assumptions underpinning the proposed budget in this report could impact on the in-year position.
- 9.24 Although a prudent approach has been taken to the assumptions, it is important to hold sufficient levels of contingency funding within the budget and have a prudent level of reserves.

### Contingency

- 9.25 During 2025/26, the majority of allocated contingency has been one-off in nature as expected. The unapplied balance in 2025/26 will be used to offset the final overspend and / or call on EFS as a one-off measure leaving circa £9.3m contingency budget which will remain in 2026/27.
- 9.26 However, there are still considerable risks associated with next year's budget, both within and outside the Council's control. Therefore, the budget now presented builds in a further contingency of £15m, giving a total of circa £25m. Should services operate within agreed budgets in 2026/27 and few or no unexpected issues arise, then this contingency can be used to reduce the reliance on planned EFS in 2026/27.
- 9.27 As in previous years, any use of contingency will be subject to approval by the Section 151 Officer and will be reported quarterly through the finance monitoring report.

### Reserves Policy

- 9.28 Section 25 of the Local Government Act 2023 requires the Chief Financial Officers to report on the robustness of estimates and the adequacy of reserves when setting the budget. This is reported in the Section 25 Statement by the Council's Section 151 Officer in Appendix 11.
- 9.29 The Section 151 Officer must also be satisfied that the level of General Fund working balances are adequate. The General Fund reserve will be maintained at £15m for 2026/27 which equates to 4.4% of the net budget.
- 9.30 Similar to contingency, reserves can be used to manage risks and uncertainties as they arise although, apart from the General Fund reserve, they are earmarked for specific purposes.
- 9.31 The Council's reserves fall into two categories – uncommitted reserves for managing risks and uncertainties and others which are deemed as committed.
- 9.32 Based on known commitments this year and planned drawdown to offset in year budget overspend, the forecast balance for March 2026 on reserves is £45.9m. This forecast also reflects the detailed analysis of the Grants and

Services reserves undertaken earlier in the year resulting in £1.4m identified as available to use to meet in year budget overspends within Directorates.

- 9.33 The low level of forecast reserves leaves the Council financially vulnerable and reliant on Exceptional Financial Support (EFS) from government just to balance its budget. This is why, across the medium term a planned replenishment of reserves to a more sustainable level is built in. Replenishment means making an annual contribution to reserves included in the budget agreed in March each year. Given the significant budget gap that remains for 2026/27, any replenishment will commence from the 2027/28 budget and £3m per year has been assumed.

**Table 12: Reserves 2025/26 to 2030/31**

| Reserve                                 | Actual<br>31 Mar 25 | Forecast<br>31 Mar 26 | Forecast<br>31 Mar 27 | Forecast<br>31 Mar 28 | Forecast<br>31 Mar 29 | Forecast<br>31 Mar 30 |
|-----------------------------------------|---------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                         | £'000               | £'000                 | £'000                 | £'000                 | £'000                 | £'000                 |
| General Fund Reserve                    | 15,169              | 15,169                | 15,169                | 15,169                | 15,169                | 15,169                |
| <b>Risks and Uncertainties</b>          |                     |                       |                       |                       |                       |                       |
| Labour market growth resilience reserve | 186                 | 186                   | 0                     | 0                     | 0                     | 0                     |
| Strategic Budget Planning reserve       | 4,024               | 4,024                 | 4,024                 | 7,024                 | 10,024                | 13,024                |
| Collection Fund Smoothing reserve       | 1,231               | 1,231                 | 1,231                 | 1,231                 | 1,231                 | 1,231                 |
| <b>Total Risk and Uncertainties</b>     | <b>5,441</b>        | <b>5,441</b>          | <b>5,255</b>          | <b>8,255</b>          | <b>11,255</b>         | <b>14,255</b>         |
| <b>Contracts and Commitments</b>        |                     |                       |                       |                       |                       |                       |
| Services reserve                        | 9,358               | 9,085                 | 9,085                 | 9,085                 | 9,085                 | 9,085                 |
| Unspent grants reserve                  | 10,391              | 4,582                 | 4,582                 | 4,582                 | 4,582                 | 4,582                 |
| PFI lifecycle reserve                   | 3,959               | 3,959                 | 3,959                 | 3,959                 | 3,959                 | 3,959                 |
| Debt repayment reserve                  | 1,072               | 0                     | 0                     | 0                     | 0                     | 0                     |
| Insurance reserve                       | 5,510               | 5,510                 | 5,510                 | 5,510                 | 5,510                 | 5,510                 |
| Schools reserve                         | 1,344               | 1,344                 | 1,344                 | 1,344                 | 1,344                 | 1,344                 |
| Public Health Reserve                   | 0                   | 865                   | 865                   | 865                   | 865                   | 865                   |
| <b>Total Contracts and Commitments</b>  | <b>31,634</b>       | <b>25,345</b>         | <b>25,345</b>         | <b>25,345</b>         | <b>25,345</b>         | <b>25,345</b>         |
| <b>Grand Total</b>                      | <b>52,243</b>       | <b>45,954</b>         | <b>45,769</b>         | <b>48,769</b>         | <b>51,769</b>         | <b>54,769</b>         |

#### Labour Market Resilience Reserve

- 9.34 This reserve is held to contribute towards initiatives to support people into work. The small remaining balance is fully committed.

#### Budget Planning Reserve

- 9.35 This reserve is a key tool for managing the impact of financial plans from one year to another. It is used to provide a stable platform for financial planning through the term of the Medium-Term Financial Strategy. In recent years, this reserve has been utilised to address in year overspends and also for enabling a balanced budget to be set. It can also be used to support delivery of agreed savings. The MTFS assumes an annual £3m per annum contribution into

this reserve from 2027/28 to start to re-build resilience in the Council's balance sheet.

#### Collection Fund Smoothing Reserve

- 9.36 The Collection Fund reserve is to mitigate unknown risks associated with the Collection Fund (Council Tax and Business Rates) such as cost of living and changes in government policy which can impact on collections and lead to deficits. The funding will be drawn down if required and excludes the collection fund surplus referred to in paragraph 8.38 for which a decision will be made in year.

#### Services Reserve

- 9.37 It is Council policy that services may request funds to be carried forward, this is subject to approval by the Cabinet in the year-end financial outturn report. This reserve earmarks those funds to either be carried forward to the following financial year or retained longer term. Detailed work to date has identified £161,000 that can be released at year end to offset 2025/26 overspend and £112,000 of the reserve has also been assumed in the latest 2025/26 forecasts. This review work continues, and an updated forecast will be provided in July as part of the 2025/26 outturn report. From 2026/27, carry forwards will only be retained for a maximum of one year, unless exceptional circumstances are agreed by the Section 151 Officer.

#### Unspent Grants Reserve

- 9.38 International Financial Reporting Standards require grants and other income to be recognised in the year received. This reserve holds grant income that has been received but where related expenditure will occur in future years. Detailed analysis undertaken during the year has identified £1.28m where funding is no longer required and this sum will be released at year end to offset 2025/26 overspend. It is also assumed that a further £5.0m will be drawn down before the end of the financial year to meet eligible grant funded expenditure. Any further adjustments will be reported in July as part of the 2025/26 outturn report.

#### PFI Lifecycle Reserve

- 9.39 The PFI reserve is ringfenced for using to fund future years' capital investment associated with PFI arrangements. The PFI arrangement ceased during 2025/26. It is forecast that there will be further payments to eligible schools during 2026/27 after which a balance of £3.96m will remain. This will be subject to final review before a decision over its application is proposed and will be considered as part of the 2025/26 outturn position.

#### Debt Repayment Reserve

- 9.40 The debt repayment reserve represents funds the Council has set aside for the potential repayment of debt and for funding of future capital expenditure. It is planned to be fully drawn down during 2025/26 to offset in year borrowing costs.

#### Insurance Reserve

- 9.41 The Council self-insures a number of risks including liability, property and theft. Insurance claims are volatile in their timings and so the Council maintains a reserve to smooth the charge to the Council's revenue account.

#### Schools Reserve

- 9.42 This reserve represents the net balances held by the Council's 61 schools. With increasing numbers of schools facing financial difficulties, it is likely that this balance will reduce across the MTFS period however, at this point it isn't possible to provide any realistic forecasts.

#### Public Health Reserve

- 9.43 This reserve was created during 2025/26 to hold any unspent Public Health grant not fully utilised in year which can be accessed in future years to manage any unexpected public health spending required. It was previously held within the Services reserve and at 31 March 2025 had a balance of £485,000 which has now been transferred into the newly created reserve.

#### General Fund Reserve

- 9.44 The purpose of the general fund reserve is to manage the impact of emergencies or unexpected events. Without such a reserve, the financial impact of such events could cause a potential financial deficit in the general fund, which would be severely disruptive to the effective operation of the authority.

### **10. The Medium-Term Financial Position – 2026/27 – 2030/31**

- 10.1 Although a balanced budget is proposed for 2026/27 this has only been possible with the assumption of £89.2m of exceptional financial support from Government. This is £52.2m more than the £37m EFS required for 2025/26 which remains as a structural budget problem.
- 10.2 Clearly this is not sustainable as the costs of servicing this level of debt takes vital funding away from the services that need it. However, neither is it feasible that the council can identify efficiencies and / or transformation of this magnitude within a year.
- 10.3 As set out earlier in the report and more particularly in the Section 151 Officer's Section 25 Statement (Appendix 11), the council has implemented a wide range of initiatives and strategies to reduce and / or restrict spending and focus on supporting services to deliver the savings already agreed. Although this is having an impact and is providing greater insight into drivers of spend and highlighting measures to mitigate, the financial values that this is delivering will not in itself deliver significant contribution to reducing the budget gap.
- 10.4 Although work will start with the new administration on the 2027/28 budget during May, the Corporate Leadership Team and the new Cabinet must

continue to lobby government for realistic solutions to the financial gap which is currently forecast as a cumulative budget gap of £291.7m between 2026/27 and 2030/31. The key drivers of the spending pressures remain the increasing demand for social care and temporary accommodation support with the associated estimated increases in the price of services. Additionally, now, the costs of servicing the EFS is and will become, an ever larger % of the gap.

10.5 The forecast gap is based on the following assumptions:

- Government funding remains in line with the Core Spending Power allocations announced in December 2025 until 2028/29 and then applies a 2% uplift for inflation.
- Service demand and corporate pressures of £408.4m for 2026/27 to 2030/31.
- Pay and price inflation remain at 2.5% per annum.
- Interest rate on borrowing costs is an average of 5% per annum.
- Council Tax base increase of 1% and Council Tax increase of 4.99%.
- Delivery of £44.0m of savings (including management actions) for 2026/27 to 2030/31
- Corporate contingency of £25m per annum up to 2029/30
- Replenishment of the Budget Planning Reserve of £3m from 2027/28 onwards.

**Table 13 – Medium Term Financial Position 2026/27 to 2030/31**

| Type                                          | 2026/27       | 2027/28       | 2028/29       | 2029/30       | 2030/31       | Total            |
|-----------------------------------------------|---------------|---------------|---------------|---------------|---------------|------------------|
|                                               | £'000         | £'000         | £'000         | £'000         | £'000         | £'000            |
| Directorate Pressures                         | 45,272        | 10,259        | 8,905         | 9,698         | 1,230         | <b>75,364</b>    |
| Corporate Pressures                           | 42,425        | 54,603        | 70,976        | 83,263        | 81,743        | <b>333,010</b>   |
| Agreed Savings                                | (14,909)      | (11,457)      | (5,866)       | 0             | 0             | <b>(32,232)</b>  |
| New Savings<br>(including management actions) | (8,333)       | (1,361)       | (1,370)       | (740)         | 0             | <b>(11,804)</b>  |
| Grant Funding Changes                         | 42,545        | (135)         | -             | -             | -             | <b>42,410</b>    |
| Government & other Funding Changes            | (54,813)      | (22,376)      | (14,249)      | (13,994)      | (9,605)       | <b>(115,038)</b> |
| <b>Total</b>                                  | <b>52,185</b> | <b>29,533</b> | <b>58,396</b> | <b>78,228</b> | <b>73,368</b> | <b>291,710</b>   |

10.6 An update on the above assumptions and impact of the Finance Recovery programme of work will be provided in the next update of the Medium term Financial Strategy expected to be published in summer 2026.

## 11 Treasury Management Strategy

11.1 The Treasury Management Strategy Statement (TMSS) for 2026/27 (Appendix 10) sets out the proposed strategy with regard to borrowing and investment of cash balances and the associated monitoring arrangements. It

also includes the Minimum Revenue Provision policy. It was considered by Audit Committee on 29 January 2026 who will recommend it for approval by Full Council on 2 March 2026.

- 11.2 The Council's Overview and Scrutiny Committee also considered the TMSS on 19 January 2026 as part of the budget scrutiny process and in accordance with the CIPFA Treasury Management Code of Practice.
- 11.3 The proposed prudential indicators are based on the proposed Capital Programme as set out in Appendix 7. It should be noted that any future decision by the Council to undertake further debt financed capital expenditure outside of the total of the programme, including any changes associated with the Capital Strategy will require a review of the prudential indicators and further approval by full Council.

## **12 General Fund Capital Programme, Flexible Use of Capital Receipts and Capitalisation Policy**

- 12.1 Despite the constrained financial circumstances that the Council finds itself in, it is continuing to invest in its infrastructure to enhance residents, pupils, and visitors experience of the borough. The 2026/31 Capital Strategy report is published separately on the agenda and sets out in more detail the Council's approach to investment, governance and funding of the capital programme
- 12.2 As this report is primarily focussed on the Council's General Fund, this section mostly details the General Fund Capital Programme. A separate report setting out the Housing Revenue Account (HRA) Business Plan and the 2026/27 revenue budget and capital programme is published separately on the agenda.
- 12.3 The Cabinet consulted on changes to the proposed programme as part of the wider budget consultation. These proposals are now included unchanged in the General Fund capital programme set out in Table 14 and Appendix 7. During the consultation period further investment needs were identified; additional funding for demand initiatives in housing where an additional £15m was identified as being needed to reduce demand for temporary accommodation and the inclusion of £489.2m of Exceptional Financial Support (EFS) into the capital programme over the next five years. The Council was successful in bidding for Pride in Place funding of £1.5m and is now included in the capital programme (subject to Cabinet decision on 10 February 2026).

The Council is proposing a new General Fund capital programme for the MTFS period of £949.2m, including £489.2m of EFS. The additions and reductions at a directorate level are set out in Appendix 2, a-f. The table below is a summary of the proposed capital programme by directorate and Table 15 sets out the assumed sources of funding.

**Table 14 – Capital Programme 2026/27 to 2029/31**

| Directorate                       | 2025/26<br>Q.2<br>Budget<br>(£'000) | 2026/27<br>Budget<br>(£'000) | 2027/28<br>Budget<br>(£'000) | 2028/29<br>Budget<br>(£'000) | 2029/30<br>Budget<br>(£'000) | 2030/31<br>Budget<br>(£'000) | 2026/27 -<br>30/31<br>Total<br>(£'000) |
|-----------------------------------|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------------|
| Children's Services               | 15,064                              | 19,995                       | 14,370                       | 7,933                        | 7,933                        | 2,902                        | <b>68,198</b>                          |
| Adults, Housing & Health          | 9,663                               | 2,377                        | 7,377                        | 7,200                        | 7,200                        | 5,000                        | <b>38,817</b>                          |
| Environment & Resident Experience | 26,653                              | 42,645                       | 18,848                       | 14,970                       | 13,161                       | 264                          | <b>116,540</b>                         |
| Culture, Strategy & Communities   | 52,244                              | 115,797                      | 86,388                       | 26,987                       | 17,712                       | 400                          | <b>299,528</b>                         |
| Finance & Resources               | 27,652                              | 17,220                       | 12,402                       | 5,583                        | 0                            | 0                            | <b>62,858</b>                          |
| Corporate Items                   | 65,437                              | 94,580                       | 100,000                      | 100,000                      | 100,000                      | 100,000                      | <b>560,017</b>                         |

**TOTAL GENERAL FUND =**                      **196,713    292,614    239,385    162,673    146,007    108,566    1,145,957**

|                               |         |         |         |         |         |         |                  |
|-------------------------------|---------|---------|---------|---------|---------|---------|------------------|
| Housing Revenue Account (HRA) | 341,653 | 375,895 | 525,426 | 459,878 | 414,968 | 311,426 | <b>2,429,246</b> |
|-------------------------------|---------|---------|---------|---------|---------|---------|------------------|

**OVERALL TOTAL =**                      **538,366    668,509    764,811    622,551    560,975    419,992    3,575,203**

**Table 15 – General Fund Capital Programme Funding 2026/27 to 2029/31**

| Source of Funding                                     | 2025/26<br>Q.2<br>Budget<br>(£'000) | 2026/27<br>Budget<br>(£'000) | 2027/28<br>Budget<br>(£'000) | 2028/29<br>Budget<br>(£'000) | 2029/30<br>Budget<br>(£'000) | 2030/31<br>Budget<br>(£'000) | 2025/26 -<br>30/31<br>Total<br>(£'000) |
|-------------------------------------------------------|-------------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|----------------------------------------|
| Core Capital Programme Borrowing                      | 162,380                             | 220,470                      | 143,479                      | 125,081                      | 117,691                      | 108,566                      | <b>877,667</b>                         |
| Community Infrastructure Levy (CIL)                   | 6,457                               | 1,824                        | 1,824                        | 1,824                        | 1,823                        | -                            | <b>13,750</b>                          |
| Capital Grants from Central Government Departments    | 17,351                              | 21,957                       | 16,494                       | 7,850                        | 7,231                        | -                            | <b>70,883</b>                          |
| Capital Funding from GLA ,TfL & Other LA's            | 4,537                               | 7,400                        | 27,168                       | 27,168                       | 18,512                       | -                            | <b>84,785</b>                          |
| Revenue Contribution to Capital Outlay (RCCO)         | 300                                 | 500                          | 4,000                        | 500                          | 500                          | -                            | <b>5,800</b>                           |
| Usable Capital Reserve                                | 2,174                               | -                            | -                            | -                            | -                            | -                            | <b>2,174</b>                           |
| Land Appropriation                                    | -                                   | -                            | 2,100                        | -                            | -                            | -                            | <b>2,100</b>                           |
| Grants & Contribs from Non-departmental Public Bodies | 3,097                               | -                            | 4,071                        | -                            | -                            | -                            | <b>7,168</b>                           |
| Developer Contributions (S106 & S278)                 | 417                                 | 40,464                       | 40,250                       | 250                          | 250                          | -                            | <b>81,631</b>                          |
|                                                       | <b>196,713</b>                      | <b>292,614</b>               | <b>239,385</b>               | <b>162,673</b>               | <b>146,007</b>               | <b>108,566</b>               | <b>1,145,957</b>                       |

- 12.4 Borrowing is only undertaken when required and not until schemes have been through the appropriate governance (including viability and affordability assessments).
- 12.5 For the General Fund, all the changes have been incorporated into the programme as detailed in Appendix 7 and within Appendix 2 a to f with new or additional resources for existing schemes separately identified.
- 12.6 Information regarding the revenue implications of prudential borrowing is provided in the Treasury Management Strategy Statement (Appendix 10).
- 12.7 The total revenue impact of borrowing costs to deliver the Capital Programme in 2026/27, now including the EFS amount required as per this budget report, is forecast to be approximately £55m (£36m external interest payable and £19m minimum revenue provision (MRP)). The proposed revenue budget in this report incorporates these costs. Of the £55m, £10m relates to EFS.

#### Capital Receipts Flexibility

- 12.8 Since 2019/20, the Council has approved the flexibility to apply capital receipts to fund transformation projects as enabled by the Secretary of State's Direction and outlined in the Government's Statutory Guidance on the flexible use of capital receipts.
- 12.9 The Statutory Guidance published in April 2022 details that authorities must update their Flexible Use of Capital Receipts Strategy during the given year if their initial plan changes and requires additional capitalisation of expenditure or at least annually. Appendix 8 provides an update on the Capital Receipts Flexibility Strategy for 2025/26 that was agreed by Council in March 2025, and any final use will be determined as part of the year end outturn position reported to Cabinet in July 2026. It also sets out the proposed use of Flexible receipts in 2026/27.
- 12.10 The current budget assumption is that capital receipts will not fund capital expenditure or debt repayment over the period of the MTFS and instead will be retained for investment into delivering the changes that will be needed across services to reduce costs.

### **13 HRA Update**

- 13.1 This report is primarily focussed on the Council's General Fund. A separate report setting out the Housing Revenue Account (HRA) Business Plan and the 2026/27 revenue budget and capital programme is elsewhere on the agenda and will be presented Council for approval on 2 March 2026.

### **14 Dedicated Schools Budget (DSB)**

- 14.1 Schools budgets are substantially funded from the ring-fenced Dedicated Schools Grant (DSG) and Pupil Premium and Grant which are, in effect, passported to schools. Spending must be consistent with the requirements

of the prevailing schools and early years funding regulations. There are requirements for Schools Forum to act as a decision-making and/or a consultative role in determining budget levels for each year.

- 14.2 The total budget delegated to schools in 2026/27 is £149.8m. School rolls are falling in Haringey, a similar trend to across London and overall, there is a reduction of 770 pupils (-2.4%) which directly impacts on the funding available to individual schools.
- 14.3 The DSG financial position reported at Quarter 3 of 2025/26 sets out the forecast year-end position of a deficit of £3.22m, which is £1.3m off target as set out in our Safety Valve agreement. The accumulated deficit on the High Needs Block continues to benefit from Safety Valve Funding and as a result, the deficit at March 2025 was reduced to £32.48m. Progress continues to be made though current estimates suggest that there will be an adverse position of £6.3m as at March 2028 compared to the target agreed in the Safety Valve Programme.
- 14.4 The DSG comprises four separate funding blocks – Schools, Central Services, Early Years and High Needs Block. Table 16 sets out Haringey's Dedicated Schools Grant allocations for 2022/23 and 2023/24, the minimum rebased DSG baseline allocation for 2024/25 and 2025/26 and the National Funding Formula (NFF) allocation for 2026/27 that was published 17 December 2025.

**Table 16 Haringey's Dedicated Schools Grant Allocation**

| DSG Block Allocations                                                                                                                                                                                             | Schools Block £m | High Needs Block £m | Central Schools Services Block £m | Early Years Block £m | Total DSG Allocation £m | Recoupment £m | Total DSG Received by Haringey £m | Outside Grants Rolled into Schools Block £m |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|-----------------------------------|----------------------|-------------------------|---------------|-----------------------------------|---------------------------------------------|
| 2022/23                                                                                                                                                                                                           | 212.52           | 52.21               | 2.79                              | 20.25                | 287.77                  | -79.11        | 208.66                            | 0.00                                        |
| 2023/24                                                                                                                                                                                                           | 219.47           | 56.79               | 2.71                              | 21.22                | 300.19                  | -84.78        | 215.41                            | 5.78                                        |
| 2024/25                                                                                                                                                                                                           | 225.78           | 58.12               | 2.63                              | 31.40                | 317.93                  | -83.70        | 234.23                            | 7.12                                        |
| 2025/26                                                                                                                                                                                                           | 235.64           | 62.03               | 2.70                              | 39.52                | 339.89                  | -86.85        | 253.04                            | 15.56                                       |
| 2026/27                                                                                                                                                                                                           | 238.51           | 65.57               | 2.68                              | 45.89                | 352.65                  | -88.72        | 263.93                            | 6.76                                        |
| <i>Recoupment for 2026/27 is based on adjustment for academies within Haringey</i>                                                                                                                                |                  |                     |                                   |                      |                         |               |                                   | <b>35.22</b>                                |
| <i>The unit of funding within the schools block has increase by 3.93% for Primary Schools and 2.89% for Secondary Schools but due to falling school rolls the increase to Haringey before recoupment is 1.22%</i> |                  |                     |                                   |                      |                         |               |                                   |                                             |
| <i>Early Years block is full year funding whereas the 2025/26 covered 9 months of additional funding for eligible children aged 9 months to 2 years old</i>                                                       |                  |                     |                                   |                      |                         |               |                                   |                                             |
| <i>The High Needs Block is subject to reduction for directly funded placements of £2.37m, the net increase is 5.52% as a result</i>                                                                               |                  |                     |                                   |                      |                         |               |                                   |                                             |
| <i>Teachers' pay and pensions grants (TPAG and TPECG) as well as core school budget grant (CSBG) for 2024/25 have been rolled into the schools block</i>                                                          |                  |                     |                                   |                      |                         |               |                                   |                                             |

- 14.5 Overall, Haringey's allocation for 2026/27 is an increase of 4.3%. This is based on the December 2025 published allocations and is likely to change during the year due to Early Years Block indicative allocation based upon 2025/26 census and in year recoupment. Recoupment refers to sums within the Haringey NFF due to academies schools within the borough. The actual financial position for the Dedicated Schools Grant is dependent on the final school's finance settlement for 2026/27 and updated Early Years Block census which is usually published in July 2026.

- 14.6 Schools Block – an uplift of 0.90% equivalent to £1.3m for maintained schools. The balance of £1.57m is paid over to academies via recoupment. Unit funding has been increased by 3.93% and 2.89% year on year for Primary and Secondary Schools respectively, includes rolling in teachers' pay award and pension changes but falling school rolls has had an offsetting impact.
- 14.7 Central School Services Block - the Central Services Block is made up of two separate funding streams, one for ongoing responsibilities for the local authority and the second for historic commitments. Haringey have no historic commitments. The unit of funding was increased by 1.38% but due to falling school rolls there was a net reduction of 0.79%, or £21,000.
- 14.8 Early Years Block - this provides funding to enable children access to free childcare. Funding is estimated to increase by 16.1% in 2026/27, the equivalent to £6.37m (based on the January 2025 census) and reflects the full year entitlement to 30 hours free childcare for eligible parents with children aged 2 and under.
- 14.9 High Needs Block – this provides funding for children with Education Health and Social Care Plans, where numbers have been steadily increasing since the system was reformed in 2015 with the Children and Families Act extending to age 25 and Statements of SEN being replaced with EHCPs. The number of children currently with an EHCP is 3,004 compared to 2,813 in 2023 when the Safety Value Programme commenced. Government has recognised this pressure, and the 2026/27 allocations represent an increase of 5.52% equivalent to £3.3m, after accounting for directly funded placements which has adjusted the original 2025/26 allocation. It should be noted that the funding allocation methodology for 2026/27 has been suspended and allocations to individual councils is based on 2025/26 allocation plus adjustments for pay awards and national insurance contribution changes. However, this remains a long way short of the funding required and it is the deficit position on the High Needs Block that is driving the overall deficit position on the DSG.
- 14.10 The Haringey Schools Forum noted the DSG funding allocations at their 15 January 2026 meeting and approved the consultation outcome on the formula to distribute the schools block for devolved school budgets subject to approval by the Department for Education (DfE).

#### Dedicated Schools Grant (DSG) Reserves

- 14.11 The forecast DSG closing balance at 31 March 2026 is a deficit of £9.74m set out in Table 17 below. This includes the High Needs Block which even including the in-year Safety Valve funding of £2.99m is forecasting a cumulative deficit of £11.56m by 31 March 2026 (see Table 17).

**Table 17 - 2025/26 Year End DSG reserves forecast**

| DSG Blocks                    | Opening DSG balance at 01/04/2025 | Q3 2025/26 Forecast | Safety Valve Funding | Forecast closing DSG Balance 31/03/2026 |
|-------------------------------|-----------------------------------|---------------------|----------------------|-----------------------------------------|
|                               | £m                                | £m                  | £m                   | £m                                      |
| Schol Block                   | 0.00                              | 0.00                | 0.00                 | 0.00                                    |
| Central School Services Block | 0.00                              | 0.00                | 0.00                 | 0.00                                    |
| Early Years Block             | 1.82                              | 0.00                | 0.00                 | 1.82                                    |
| High Needs Block              | (11.33)                           | (3.22)              | 2.99                 | (11.56)                                 |
| <b>Total DSG</b>              | <b>(9.51)</b>                     | <b>(3.22)</b>       | <b>2.99</b>          | <b>(9.74)</b>                           |

#### Safety Valve Programme

- 14.12 After the successful bid to join the Safety Vale Programme approved by DfE in March 2023. The Safety Valve Plan is forecasting a cumulative deficit position of £6.3m by March 2028. In the current year, the reported pressure of £3.22m has been reported at Quarter 3, which is £1.3m off target as set of in the Safety Valve agreement with government.
- 14.13 A successful progress in line with the DSG Management Plan would result in funding being released by DfE to support the reduction in the deficit as set out in Table 18.

**Table 18 – Planned funding associated with the Safety Valve Programme**

| Year    | £m    |
|---------|-------|
| 2022-23 | 11.96 |
| 2023-24 | 2.99  |
| 2024-25 | 2.99  |
| 2025-26 | 2.99  |
| 2026-27 | 2.99  |
| 2027-28 | 5.98  |

#### **16 Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes**

- 16.1 The Council's draft Budget aligns to and provides the financial means to support the delivery of the Corporate Delivery Plan outcomes.

#### **17 Carbon and Climate Change**

- 17.1 There are no direct carbon and climate change implications arising from the report.

**18 Statutory Officers comments (Section 151 Officer, Head of Procurement, Director of Legal and Governance, Equalities)**

- 18.1 The financial planning process ensures that the Council's finances align to the delivery of the Council's priorities as set out in the Borough Vision and Corporate Delivery Plan. In addition, it is consistent with proper arrangements for the management of the Council's financial affairs and its obligation under section 151 of the Local Government Act 1972.
- 18.2 Ensuring the robustness of the Council's 2026/27 budget and its MTFS 2026/27 – 2030/31 is a key function for the Council's Section 151 Officer (CFO). This includes ensuring that the budget proposals are realistic and deliverable. As the MTFS report is primarily financial in its nature, comments of the Chief Financial Officer are contained throughout the report.
- 18.3 The formal Section 151 Officer assessment of the robustness of the council's budget is set out in Appendix 11.

**Procurement**

- 18.4 Strategic Procurement have been consulted in the preparation of this report and will continue to work with services to enable cost reductions. Strategic Procurement notes the recommendations in section 3 of this report do not require a procurement related decision nor pose any procurement risks that prevent Cabinet from agreeing them.

**Director of Legal & Governance**

- 18.5 The Director of Legal & Governance (Monitoring Officer) has been consulted in the preparation of this report and makes the following comments.
- 18.6 In accordance with section 67 of the Local Government Finance Act 1992 (the '1992 Act'), the functions of agreeing the budget and the calculation of Council tax are to be discharged by the Full Council.
- 18.7 The Local Authorities (Standing Orders) (England) (Regulations) 2001 and the Budget and Policy Framework Procedure Rules at Part 4 Section E of the Constitution, set out the process that must be followed when the Council sets its budget. Accordingly, it is for the Cabinet to approve the proposals and submit the same to the Full Council for adoption in order to set the budget. However, the setting of rents and service charges for Council properties is an Executive function to be determined by the Cabinet.

**Fiduciary Duty to Ratepayers**

- 18.8 Member's fiduciary duty (i.e. legal duty as trustee of the public purse) is a material consideration to reflect upon. In making its decisions, the Council must act rationally and reasonably and should balance the nature, quality and level of services which it considers should be provided against the costs of providing those services.

## **Consultation**

- 18.9 Under section 65 of the 1992 Act, the Council is under a duty to consult persons or bodies appearing to it to be representative of persons subject to non-domestic rates as regards hereditaments situated in the area of Haringey. In addition to businesses, the Council has consulted local residents. The outcome of that consultation is contained in Appendix 3 to this report. In making its decisions, the Council must conscientiously take into account the consultation responses. It should also be noted that the consultation was in the context of the budget proposals and not necessarily on the specifics of whatever decisions may be implied by the adoption of the budget.

## **Savings Proposals**

- 18.10 The report proposes new savings proposals for the financial year 2026/27. Depending on the nature of each proposal, the council may be required to take further steps prior to determining whether, how and when to implement those proposals. In addition, prior to considering implementing savings proposals, further steps may include e.g. carrying out further statutory consultation exercises, complying with requirements contained in legislation or guidance and carrying out full equalities impact assessments where appropriate so as to ensure that the Council complies with the public sector equality duty.

## **Public Sector Equality Duty**

- 18.11 The Council must ensure that it has due regard to its public sector equality duty under section 149 of the Equality Act 2010 in considering whether to adopt the recommendations set out in this report. A full equalities impact assessment has been carried out and is contained in Appendix 5 of this report.

## **Flexible Use of Capital Receipts**

- 18.12 The report recommends that Cabinet propose approval to Full Council on the strategy as regards to the proposed flexible use of capital receipts (Appendix 8 Annex 2 to this report). The Local Government Act 2003, section 15(1) requires a local authority "... to have regard (a) to such guidance as the Secretary of State may issue, and (b) to such other guidance as the Secretary of State may by regulations specify ...". Guidance on the use of capital receipts flexibility has been issued under section 15(1) of the Act and the Council is therefore required to have regard to it (c.f. Guidance on the flexible use of capital receipts (updated August 2022) - GOV.UK ([www.gov.uk](http://www.gov.uk))).
- 18.13 Among other things, the Guidance notes that - Two codes of practice issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) contain guidance on capital receipts and local authority accounting that complement the Department for Levelling Up, Housing and Communities (DLUHC) guidance. These publications are:
- The Prudential Code for Capital Finance in Local Authorities
  - The Code of Practice on Local Authority Accounting. Local authorities are required to have regard to the current edition of The Prudential Code for Capital Finance in Local Authorities by regulation 2 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and to the

Local Authority Accounting Code as proper practices for preparing accounts under section 21(2) of the Act.

## **Conclusion**

- 18.14 In view of the conclusion reached by the Corporate Director of Finance and Resources (Section 151 Officer) above on the ability to set a balanced budget for 2026/27 and the Equalities comments there is no reason why Cabinet cannot agree the recommendations.

## **Equality**

- 18.15 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.
- 18.16 The three parts of the duty apply to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/fait, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.
- 18.17 An EQIA for this Budget/MTFS has been produced in full and is appended to this report (Appendix 5) which summarises potential impacts on the protected characteristics. Where indicated, individual EQIAs will be developed for each proposal, if approved.
- 18.18 The impact of the budget proposals on equalities should be seen within the context of residents' lives in Haringey. Longstanding inequalities persist in Haringey as they do nationally and globally. In recent years global events, like the COVID-19 pandemic, international conflict, geopolitical turmoil, inflation leading to cost-of-living pressures, and climate change have and continue to impact on people living in the borough, both directly and indirectly. Such complex challenges can drive ongoing health and economic inequalities, as well as negatively impact community cohesion and individual flourishing and wellbeing.
- 18.19 The primary equality challenge facing many Haringey residents in the last year continues to be the ongoing impact of the increased cost of living. It is recognised that these economic pressures which are experienced by individuals, households, businesses and public sector organisations can compound socio-economic disadvantage, a Haringey Council adopted protected characteristic. Furthermore, the impacts of such disadvantage frequently intersect with a range of other protected characteristics including disabled people, young people, and Black, Asian and minority ethnic residents who are more likely to live in the borough's more deprived wards.

- 18.20 The proposals in this budget have been developed against a backdrop of budget pressures for councils across the country. These are largely driven by the rising costs of adult and children's social care and the demand for temporary accommodation.
- 18.21 In this budget there is a 2.99% increase in Council Tax and a 2% increase in ASC Precept for 2026/27. The Council Tax Reduction Scheme will provide financial assistance with Council Tax bills for residents who are on a low income or less able to pay. A new Tackling Inequality service will be established to bring together and strengthen existing work in this area, to provide timely, empathetic and practical support to help residents increase their income and reduce their debt.
- 18.22 The council recognises that it continues to be a challenging time for our residents, businesses and communities. The proposed budget has been developed in this context, seeking to achieve the best possible outcomes within the limited resources available.
- 18.23 In this Budget/MTFS the council has sought to promote equality by:
- Continuing to meet the increased cost pressures in adult social care, children's social care and temporary accommodation caused by inflation thus ensuring the delivery of support to the most vulnerable residents whilst meeting statutory obligations
  - Reviewing a range of services in adult social care, housing and communities to deliver value for money and positive outcomes for residents
  - Identifying and implementing a range of back office/management savings which in turn helps to protect frontline services for residents that need them most
- 18.24 The EQIA appended to this report provides a line-by-line equalities analysis of policy proposals in this Budget/MTFS and should be consulted for further detail.
- 18.25 In summary, there is no evidence that the proposed 2026-2027 Budget could cumulatively create disproportionately negative impacts on any groups sharing protected characteristics. However, those proposals and programmes that have a geographical aspect to their implementation e.g. tree planting schemes and Clean Air School Zones should consider programme design and implementation that seek to tackle the range of inequalities most particularly faced by residents in neighbourhoods experiencing multiple factors of deprivation.

## **19 Use of Appendices**

- Appendix 1 Summary of Final Revenue Budget 2026/27 Budget and Medium Term Financial Plan 2026-2031
- Appendix 2 Service Budgets 2026/27 and Analysis of Movements 2025/26 to 2026/27 (a to f)
- Appendix 3 Feedback from Public Budget Consultation and Engagement.
- Appendix 4 Final Report from Overview and Scrutiny Committee and Cabinet Member responses
- Appendix 5 Cumulative Equality Impact Assessment for 2026/27 Budget.
- Appendix 6 Council Taxbase Report 2026/27
- Appendix 7 Capital Programme 2026-2031
- Appendix 8 Flexible Use of Capital Receipts Policy 2026/27
- Appendix 9 Capitalisation Policy
- Appendix 10 Treasury Management Strategy Statement (TMSS) including Annex C setting out the Minimum Revenue Provision (MRP) Policy 2026/27
- Appendix 11 Section 25 Statement

## **20 Background papers**

1. Full Council: 2025/26 Budget & 2025/26-2030 MTFS report  
<https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=143&MIId=10855&Ver=4> Item 13
2. Cabinet: Draft 2026/2 Budget and 2026-2031 Medium Term Financial Strategy Report [Agenda for Cabinet on Tuesday, 11th November, 2025, 6.30 pm | Haringey Council](#) Item 319
3. Cabinet: 2025/26 Quarter 2 Finance Update Report:-  
<https://www.minutes.haringey.gov.uk/ieListDocuments.aspx?CId=118&MIId=11161&Ver=4> Item 341
4. 2026/27 Provisional Local Government Finance Settlement  
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-2026-2027-to-2028-29>