

Report for: Full Council 2 March 2026

Item number:

Title: 2026/27 Budget and 2026/2031 Medium Term Financial Strategy Report

Report

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

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 Cabinet considered the 2026/27 Budget and 2026/31 Medium Term Financial Strategy (MTFS) report at their meeting held on 10th February 2026 and resolved to propose that report for consideration and approval of the final Budget, MTFS and Council Tax for 2026/27 by Full Council in accordance with the Council's constitution.
- 1.2 The 2026/27 Budget and 2026/31 MTFS Cabinet report of 10th February included Cabinet's response to feedback from the budget consultation, the views of Overview and Scrutiny Committee held on 19th January and also the outcome of the overall equalities assessment. Relevant provisional budgetary allocations announced in the Provisional Local Government Finance settlement on 17th December 2025 were also included along with final estimates for council tax and business rates income.
- 1.3 Although the provisional settlement did provide £11.8m additional funding for 2026/27, the impact of the estimated budget pressures is significantly higher than this and the 2026/27 Budget discussed by Cabinet on 10th February was only able to balance with an assumed £89.2m (£37.0m of 2025/26 deficit and £52.2m of 2026/27 deficit) Exceptional Financial Support (EFS) from government.
- 1.4 The Final Local Government Finance Settlement was announced on 9 February and confirmed a further increased grant funding of £5.34 giving a total of £17.2m in 2026/27m compared to 2025/26.
- 1.5 Despite this, the Council will still require EFS of £84.3m to set a legally balanced budget in 2026/27. This will be the second year that EFS is required. This is money the council, if agreed will be allowed to borrow, via a Capitalisation Direction or to use capital receipts, 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.

- 1.6 A Capitalisation Direction means that the Council will be given special permission from Government to allow for the use of capital receipts and borrowing (referred to as Exceptional Financial Support) of £84.3m next financial year for its day to day running costs and supporting the borough's most vulnerable residents.
- 1.7 The reliance on exceptional Government support is not sustainable and creates a financial repayment burden for council taxpayers for the next 20 years. In response to this, a financial response and recovery plan was produced last year. The plan has introduced additional spend controls, sharper focus and reporting on agreed savings delivery and compliance with corporate processes and financial regulations. All services within the Council will need to prioritise moving the organisation onto a sound and sustainable financial footing, delivering on the recovery plan, reducing the Council's reliance on Exceptional Financial Support and improving the financial sustainability over the next five years. Plans are also being put in place to introduce an 'independent 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.
- 1.8 The initial spend controls have been strengthened over the course of this financial year. These measures include tighter oversight of spend and recruitment, increased responsibility for budget discipline across all teams and new processes to ensure better value for money. A Financial Recovery Board, consisting of the Corporate Leadership Team, has oversight of the Council's financial recovery, and sets the strategy and direction to the organisation in respect of the Financial Recovery Plan. The group also provides accountability and assurance in respect of progress against the delivery of the plan and the savings. A Financial Recovery Cabinet Group is also in place which is chaired by the Leader of the Council and meets 6-weekly. It ensures clear political oversight of the emergency procedures.
- 1.9 The Medium-Term Financial Strategy includes current best estimates of expenditure and income levels across the subsequent five years, 2026-2031. This is based on a number of key assumptions such as government funding levels and council tax thresholds; economic factors such as inflation and interest rates; service demand pressures; delivery of agreed savings and an allowance for replenishment of reserves.
- 1.10 Since the Cabinet meeting on 10 February, as well as the Final Local Government Finance Settlement being published, further levies have been confirmed and there has been a correction to the corporate budgets which were incorrectly stated in the report to Cabinet.
- 1.11 The outcome of these changes is a forecast budget gap of £84.3m (£37.0m of 2025/26 deficit and £47.3m of 2026/27 deficit) for 2026/27 rising to a cumulative gap of £323.4m by 2030/31.

1.12 Work has already begun on the approach to 2027/28 financial planning. Opportunities to identify potential new budget savings for decision and potentially implementation during 2026/27 are being explored. The Capital programme will be reviewed again and renewed efforts made on delivering against the Asset Management Plan at a quicker pace whilst achieving value for money. Progress will be tightly monitored and updates provided to Cabinet through regular budget monitoring update reports. The financial response and recovery plans will drive an increase in the regularity and scope of the internal monitoring and control.

2. Cabinet Member Introduction

2.1 This budget ensures that we protect and improve the services our residents rely on and that we invest in the borough for now and the future. We are committed to building a Haringey where everyone can belong and thrive. Focused investment aims to save money in the medium to longer term, to build resilience and to continue making Haringey the best place to live and to work.

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. Under austerity after 2010, government funding to Haringey was cut in half. By 2024/25 we had £143m less in core government funding, a real-terms 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 has been underfunded 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 delivered on its promise to introduce Fair Funding reform, recognising the need for local funding to properly take account of deprivation (including housing costs).

- 2.5 The government has also delivered on its promise to introduce multi-year (3-year) funding settlements, helping to stabilise local budget planning. In the first year of the new government, central funding to Haringey went up by £16m (25/26). Now in the second year (26/27) it will rise by another £17m, with further increases in 27/28 and 28/29. That is a major uplift and a real step in the right direction.
- 2.6 Given the depth of austerity cuts and rise in inflation, that does not clear our local budget deficit. The government was unfortunately never going to be able to reverse more than a decade of austerity in one go. If 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. It will take further reform of funding models and structural issues to restore local budgets to a sustainable position.
- 2.7 Despite year-on-year efficiency savings, spending reductions and increases in revenue generated, Haringey will again need to rely on Exceptional Financial Support from government to balance our budget in 2026/27. However, we are working and focussing on a sustainable position in the medium term.
- 2.8 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. A consultation into many of these has been carried out. We will be focusing relentlessly on achieving all agreed savings. 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 (like an overdraft). It is not a grant and will need to be repaid, with interest, in future years.
- 2.9 Despite all the challenges, this is a budget that 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 public parks, public leisure centres and public libraries.
- 2.10 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 create the fairer, greener borough that our residents deserve.

3. Recommendations

3.1 Council are asked:

- (a) To approve the proposed 2026/27 Budget and Medium-Term Financial Strategy (2026/31) agreed by Cabinet on 10th February 2025 as set out in Annex 1;

- (b) To approve the increase of 2.99% in Haringey's element of the Council tax and an additional 2% for the Adult Social Care Precept and subsequent band rates as set out in Annex 4;
- (c) To approve the General Fund budget requirement for 2026/27 of £353.027m, net of Dedicated Schools Budget, and the Directorate cash limits for 2026/27 as set out in Annex 2 of this report;
- (d) To approve the 2026/31 General Fund Capital Programme set out in Appendix 7 of Annex 1 to this report;
- (e) To approve the strategy on the flexible use of capital receipts as set out in Appendix 8 of Annex 1 to this report and the further update on planned use in 2026/27 as set out in Section 7.25 of this report;
- (f) To note the Greater London Authority (GLA) precept in Section 7.24;
- (g) To approve the budgeted level of non-earmarked General Fund balance and the specific and other reserves as set out in Annex 1 Section 9.28-9.44;
- (h) To approve the reserves policy including the Chief Finance Officer's (CFO) assessment of risk and the assessment of the adequacy of reserves, as set out in Annex 3 and Annex 1 Appendix 11;
- (i) To note the report of the Chief Finance Officer under Section 25 of the Local Government Act 2003 on the robustness of the estimates and the adequacy of proposed reserves set out in Annex 1, Appendix 11;
- (j) To approve the Treasury Management Strategy Statement 2026/27 set out in Annex 5;
- (k) To approve the 2026/27 Minimum Revenue Provision policy included in the Treasury Management Strategy Statement 2026/27 set out in Annex 5;
- (l) To pass the budget resolution including the level of Council Tax, in the specified format, and to determine that the Council's relevant basic amount of Council Tax for the year is not excessive as set out in Annex 4; and
- (m) To note the results of the budget consultation as set out in Appendix 3 of Annex 1.

4. Reasons for decision

- 4.1 The Council has a statutory duty to set a balanced budget by 11 March each year.
- 4.2 The report and recommendations from the Cabinet meeting on 10th February 2026, were agreed in full and are attached as Annex 1.
- 4.3 The Budget now proposed has been updated to reflect minor budget re-alignments since the February Cabinet report and the final funding allocations announced in the Final Local Government Finance Settlement. The outcome of the Council's application for Exceptional Financial Support is still not known at the time of publishing this report but is expected week commencing 23 February

2026 and an update will be provided before the Council meeting on 2 March. Taking all relevant factors into account, this report sets out Cabinet's 2026/27 Budget and 2026/31 MTFS proposals, including the level of Council tax for 2026/27, for the Council to consider and approve. This assumes that the Council's EFS application is agreed.

5 Alternative options considered

- 5.1 The Council has a statutory duty to set a balanced budget for 2026/27 by 11 March 2026, accordingly, no other options have been considered.
- 5.2 Therefore, in accordance with legislation and the Council's constitution, this report recommends that the Council should approve the proposed 2026/27 Budget and 2026/31 Medium Term Financial Strategy agreed by Cabinet on 10th February 2026, together with the amendments set out in this report, including the outcomes from the budget consultation exercise, budget scrutiny and equalities review, which is attached as Annex 1 and approve the Council tax for 2026/27.

6 Background information

- 6.1 On 10th February 2026 Cabinet agreed a proposed 2026/27 Budget and 2026/31 MTFS for submission to this meeting of the Council, including: a General Fund revenue budget for 2026/27; the Dedicated Schools Budget and the Housing Revenue Account (HRA) revenue budget for 2026/27; and the 2026/31 Capital Programmes for both the General Fund and HRA. Cabinet agreement to these proposals was subject to the decisions of levying and precepting authorities, not available at that time.
- 6.2 The Cabinet report of 10th February 2026 (attached as Annex 1 to this report), and the proposed Budget/MTFS recommended to Full Council by Cabinet are the subjects of discussion at this meeting.
- 6.3 This report also addresses:
 - The final Local Government Finance Settlement 2026/27, published on 9 February 2026;
 - The decisions of levying bodies and precepting authorities;
 - Considerations in setting the Council Tax;
 - The outcome of the Council's application for Exceptional Financial Support is not known at the time of publication but is expected to be known before the Council meeting on 2 March; and
 - The Treasury Management Strategy Statement 2026/27 which was considered by Audit Committee on 29 January 2026 and has been updated to reflect the final EFS requirement for 2026/27.
- 6.4 The report concludes by presenting the Budget Resolution to set the Council Tax for 2026/27.

7 Key Developments and Updates

Final Local Government Finance Settlement and Other Grant Announcements

- 7.1 The Final Local Government Settlement (FLGFS) was published on 9 February and announced £5m of additional un-ringfenced grant funding for Haringey in 2026/27.
- 7.2 £1.986m of the £5m additional grant funding is due to a revised approach to the treatment of business rates growth for authorities in a Pool during the current (2025/26) financial year. This revised approach allocates 50% of the pooling gain to top-up authorities within each pool, based on their relative size of the baseline funding level, while the remaining 50% is shared between tariff authorities in pools using the previous approach. This additional funding will be received as increased Revenue Support Grant (RSG).
- 7.3 The remaining balance of £3.036m will come from an uplift to the Recovery grant which aims to achieve 17% growth in Core Spending Power (CSP) for upper tier authorities in receipt of the Recovery grant in the current (2025/26) financial year.
- 7.4 Finally, the consolidated Homelessness, Rough Sleeping and Domestic Abuse grant has been increased. Haringey will receive an additional £365,000 in 2026/27 although this is expected to all come with specific additional responsibilities i.e. 40% is aimed at Renters' Rights new burdens with 60% targeted at supported housing.
- 7.5 In recent years, the final settlement has also confirmed if any sums will be distributed in year from the national ringfenced Business Rates Levy Account. This account manages the business rates safety net one year to the next. Currently there is no indication if government intends to make a distribution before the end of the 2025/26 financial year, but it is likely that, due to the commitment to fund 100% safety net in 2026/27, funds will not be distributed now. The current budget has made no assumptions about receiving additional funds and any such distributions received will be used to increase the Budget Planning reserves for 2026/27.
- 7.6 The Final Local Government Finance Settlement (LGFS), also announced that government has committed to resolving 90% of local authorities' DSG High Needs deficits accrued to the end of 2025/26, estimated to be worth approximately £5 billion. All local authorities with a SEND deficit will be eligible to receive grant funding subject to submitting and securing the Department for Education's approval of a local SEND reform plan. Government have confirmed that the current Safety Valve programmes will end but no local authority will be disadvantaged by its participation.
- 7.7 From 2028/29, SEND spending will be covered by the overall government DEL budget, meaning local authorities are not expected to fund future SEND costs from general funds, once the Statutory Override ends at the end of 2027/28. Further announcements are awaited over funding for 2026/27 and 2027/28.

- 7.8 The corporately held budgets were incorrectly presented in the 10 February 2026 Cabinet report (Annex 1), leading to a General Fund budget requirement of £343.4m being presented in Table 10 rather than the correct £347.9m. All Directorate budgets presented were correct at the time of publication. Adjustments have subsequently been made to reflect the correction and Table 10 is now correctly represented here:

Represented Table 10 From 10 February Cabinet Report– General Fund Budget Requirement 2026/27

Directorate	£'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	104,995
Council Cash Limit	437,197
Exceptional Financial Support/Savings	(89,206)
Total General Fund Budget Requirement	347,991

- 7.9 After this revision and with the changes arising from the final Local Government Finance Settlement discussed above, the General Fund budget requirement now presented for approval is £353.027m as set out in Annex 2.

Greater London Authority (GLA) Free School Meals Support

- 7.10 The GLA 2026/27 draft Budget includes a proposal to continue to fully fund the Universal Free School Meals programme in 2026/27 and following a change in government policy expanding the scope of their funding for free school meals, the Mayor’s Universal Free School Meals programme will be funded from within the GLA’s Mayor budget on an on-going basis
- 7.11 The final decision on the budget will not take place until the London Assembly meeting on 26 February 2026. If agreed as proposed, final Borough allocations for the free school meals programme will not be known until after that date and will be reported in the regular 2026/27 budget update reports to Cabinet.

Levying Bodies

North London Waste Authority (NLWA)

- 7.12 The Council is one of seven constituent boroughs of the North London Waste Authority (NLWA). NLWA handles waste disposal on the Council’s behalf and recovers the costs from the Council by way of a levy. Borough levies are

apportioned between the constituent boroughs in accordance with an Inter-Authority Agreement entered in 2015.

- 7.13 The Board of the NLWA met on 12 February 2026 and agreed a net expenditure budget for 2026/27 of £101.6m an increase of 3.1% compared to 2025/26. This includes the new cost of operating Barrowell Green Reuse and Recycling Centre (RRC) (Enfield) for 9 months. Excluding this, the increase would be 2.5%.
- 7.14 Balances available to reduce the levy are slightly higher than the previous year across the boroughs as a whole. After balances the levy increase is below-inflation at 2.7% (and would be 1.9% excluding Barrowell RRC).
- 7.15 The increased costs are due to organic waste treatment price increases, lower income from recycling based on market conditions, a full year of operating costs for the Resource Recovery Facility based on actual operating conditions, cost of waste prevention initiatives, Minimum Revenue Provision (MRP) and interest costs being recognised due to the assets coming online, and increased support for London Energy Ltd (LEL) as the existing waste plant is ageing and has become less efficient at producing energy.
- 7.16 Government has announced that NLWA will receive £13.5m for Extended Producer Responsibility Funding (pEPR) in 2026/27. Following discussions with the Members Finance Working Group for NLWA (MFWG) and borough Directors, all of the £13.5m has been incorporated into the budget to reduce the requirement on borough levies.
- 7.17 The impact of these decisions on the 2026/27 levy for Haringey is a 7.3% increase to £12.099m (£11.275m 2025/26) which is in line with the sum assumed in the budget papers reported to Cabinet on 10 February.
- 7.18 The NLWA's Medium Term Financial Strategy outlines the Authority's financial strategy in detail for the period up to 2028/29 aligning with the Authority's strategic goals and addressing key challenges and opportunities.
- 7.19 The NLWA medium-term forecast indicates 14.3% increase in the total levy for 2027/28 which assumes reduced pEPR funding and no individual authority balances at the end of 2026/27. This translates into a 2027/28 Haringey levy of c. £13.5m an increase of c.11.3% which is in line with the assumptions built into Haringey's MTFS. A further 0.5% increase in the overall NLWA levy is forecast for 2028/29 which is also assumed in Haringey's MTFS.
- 7.20 The forecast operational start for the new Energy Recovery Facility (ERF) continues to remain uncertain with slippages continuing across multiple workstreams. This therefore generates significant uncertainties over how the actual costs will compare to the current forecasts.
- 7.21 The Council's MTFS assumes an allowance for year-on-year increases in the levy. Given the risks and uncertainties associated with the new ERF and future

legislative changes around recycling and disposal, this will be kept under close scrutiny and the MTFS adjusted when more up to date figures are available.

Other Levies

- 7.22 The levies payable to all other bodies are forecast to remain relatively stable and can be accommodated within the current proposed budget.
- 7.23 Table 1 below provides a summary of levy charges to Haringey Council in 2025/26 and estimated for 2026/27.

Table 1: Summary of 2025/26 and 2026/27 Levies

	Amount Due 2025/26 £'000	Amount Due 2026/27 £'000
Environment Agency	197	195
Lee Valley Regional Park Authority	215	213
London Borough Grants Scheme	197	195
London Pensions Fund Authority	26	25
North London Waste Authority (NLWA)	11,274	12,099
Total Paid / To Pay	11,909	12,727

The Greater London Authority (GLA) Precept

- 7.24 The Mayor's final draft budget and proposed council tax precept for 2026/27 will be considered by the London Assembly on 26 February 2026. On the assumption that this is agreed, the Band D precept is £510.51, a £20.13 or 4.1% increase compared to 2025/26 (£490.38). This increase comprises £15 for MOPAC (Met Police) and £5.13 for the London Fire Brigade. This is in line with the maximum increase permitted under the GLA referendum limit.

Flexible Use of Capital Receipts 2026/27

- 7.25 The strategy for the use of flexible use of capital receipts to facilitate the delivery of efficiency savings including utilisation for redundancy costs is set out in Appendix 8 of Annex 1. The Council's planned use for 2026/27 totals £5.635m. This will be targeted at supporting the delivery of the Council's £23.2m of planned savings next year as well as initiatives to avoid costs. Progress on usage will be reported to Cabinet through the 2026/27 Finance update reports.

Final 2026/27 General Fund Budget and MTFS Position 2026-2031

- 7.26 After considering all of this, the General Fund budget requirement for 2026/27 is £353.027m. The final summary budget position for the General Fund across the whole period of the MTFS is set out in Annex 2.

8 Considerations in setting the Council Tax

- 8.1 The Localism Act 2011 gave electors the right to veto excessive Council tax rises. Councils that set 'excessive' council tax increases above a ceiling approved by Parliament each year would automatically trigger a referendum in their area.
- 8.2 The final Local Government Finance Settlement Government confirmed that those authorities with Adult Social Care functions could implement a 2% Adult Social Care (ASC) precept for 2026/27. The ASC precept must be allocated entirely towards Adults Social Care costs.
- 8.3 The final Local Government Finance Settlement confirmed the general Council Tax referendum principle for 2026/27 as 3%.
- 8.4 The relevant basic amount of council tax is excessive if the authority's relevant basic amount of council tax for 2026/27 is 5.00% or more (comprising 2% for expenditure on adult social care, and 3.0% or more for other expenditure) greater than its relevant basic amount of council tax for 2025/26. The Budget now proposed assumes that both allowable elements will be charged to residents i.e. a 2.99% increase in basic Council Tax and a 2% increase in the Adult Social Care element. These proposals are below the levels that would trigger a referendum.
- 8.5 Council is therefore recommended to resolve the relevant basic amount as not excessive at paragraph 6 of the Formal Budget Resolution (Annex 4).
- 8.6 The projected income from Council tax in 2026/27 is £145.95m (£141.85m in 2025/26) based on 80,924 Band D equivalent dwellings (the Tax Base) (82,589 in 2025/26), a collection rate of 92.5% (95.75% in 2025/26) and the proposed Band D Council tax rate of £ 1,803.56 (1,717.56 in 2025/26).

9 Statements of the Designated Chief Finance Officer

- 9.1 The Local Government Act 2003 (Section 25) requires that the chief financial officer reports the following matters to members when agreeing its annual budget and precept:
- the robustness of the estimates made for the purposes of the budget calculations, and
 - the adequacy of the proposed financial reserves
- 9.2 The statement of the designated Chief Finance Officer is set out in Appendix 11 of Annex1.

10 Treasury Management

- 10.1 The Treasury Management Strategy Statement (TMSS) for 2026/27 (Annex 5) sets out the proposed strategy with regard to borrowing and investment of cash balances and the associated monitoring arrangements. It was considered by Audit Committee on 29 January 2026 which recommended it for approval by Full Council. The TMSS has been updated since Audit Committee with the final

EFS requirement for 2026/27 and has been agreed by the Chair of Audit Committee and the Corporate Director of Finance and Resources.

- 10.2 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.
- 10.3 The proposed prudential indicators are based on the proposed Capital Programme as reported to Cabinet on 10th February 2026. 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.

11 Summary and Conclusions

- 11.1 This report finalises the Budget process for 2026/27 and proposes that Council Tax is increased by 2.99% with an additional 2% increase in relation to Adult Social Care precept.
- 11.2 The Council is required to determine whether its increase in Council Tax for 2026/27 is 'excessive' and, if so, would trigger a referendum. The proposal in this report is not an "excessive" increase.
- 11.3 The recommendations of the Cabinet are reflected in the formal Council tax Resolution in Annex 4.
- 11.4 The Medium-Term Financial Strategy includes current best estimates of expenditure and income levels across the five years 2026/2031. This is based on several key assumptions such as government funding levels and council tax thresholds; economic factors such as inflation and interest rates; service demand pressures; delivery of agreed savings and an allowance for replenishment of reserves.
- 11.5 The outcome of this is a forecast budget gap of £84.3m for 2026/27 rising to a cumulative gap of £323.4m by 2030/31.
- 11.6 In the face of this profound challenge, it is critical that the whole organisation, including all officers and elected members, engage with and prioritise the Financial Recovery arrangements that have been put in place. Financial discipline and control must be adhered to, supported by effective and regular monitoring and reporting. Focus must be on the agreed highest priorities and look to deliver maximum value for money from the Council's limited resources.
- 11.7 The Council's reserves policy is attached as Annex 3. The level of financial reserves is reported in Annex 1 Section 9.28-9.44 along with the Robustness of Estimates, Adequacy of Reserves and the Management of Risk (Section 25 Statement) (Section 13). These make clear the low levels of reserves currently available to the Council and stress the need to replenish balances over the medium-long term. It is further recommended that the General Fund reserve should not be reduced below £15m.

12 Statutory Officers comments (Chief Finance Officer (including procurement), Director of Legal and Governance, Equalities)

- 12.1 As the report is primarily financial in its nature, comments of the Chief Finance Officer are contained throughout the report.

Director of Legal & Governance

- 12.2 The Director of Legal & Governance (Monitoring Officer) has been consulted in the preparation of this report and makes the following comments.
- 12.3 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.
- 12.4 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. In reaching a decision Full Council may adopt the Cabinet's proposals, amend them, refer them back to Cabinet for further consideration, or substitute its own proposals in their place.
- 12.5 Under section 25 of the Local Government Act 2003, where the Council is making calculations for the purposes of setting council tax, the Director of Finance (section 151 Officer) must report to it on (a) the robustness of the estimates made for the purposes of the calculations, and (b) the adequacy of the proposed financial reserves. The Council shall have regard to the report when making decisions about the calculations of council tax. The Council may take decisions which are at variance with this advice provided there are reasonable grounds so to do. However, Members must take into consideration their exposure to personal risk if they disregard clearly expressed advice.
- 12.6 In accordance with section 31A of the 1992 Act, Full Council is required to calculate the Council tax chargeable by way of a Council tax requirement. The Council must calculate its expected outgoings and income for the year. Where the expected outgoings exceed the expected income, the difference is the Council's Council tax requirement for the year. The relevant basic amount of Council tax for the year is calculated by dividing the Council tax requirement after the deduction of levies by the Council tax base.
- 12.7 Under section 52ZB of the 1992 Act the Council is required to determine whether its proposed relevant basic amount of Council tax is excessive on the basis of criteria set by the Secretary of State. It has been confirmed by the Referendums Relating to Council tax Increases (Principles) (England) Report 2026/27, that for 2026/27 an increase is excessive if the authority's relevant basic amount of Council tax for 2026/27 is 5% (comprising 2% for expenditure on adult social care and 3% for other expenditure), or more than 5%, greater than its relevant basic amount of Council tax for 2025/26. In such circumstances such an increase would be regarded as excessive and automatically trigger a referendum in the borough. The 'relevant basic amount' of Council tax was redefined by section 41 of the Local Audit and Accountability Act 2014, which

amended section 52ZX of the 1992 Act. Essentially an authority's relevant basic amount of Council tax is the authority's own level of Band D Council tax. With the proposal of a 4.99% increase, the Council is entitled to conclude in accordance with the Direction issued by the Secretary of State, that the relevant basic amount of Council tax is not excessive.

- 12.8 In accordance with section 30 of the 1992 Act, the Council is required to set the Council tax for the next financial year on or before 11 March. Under section 106 of the 1992 Act, any Member who is in arrears of two months or more Council tax must declare it at the meeting and abstain from voting upon this report.
- 12.9 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. In addition, 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.
- 12.10 The outcome of the request for Exceptional Financial Support for 2026/2027 is awaited. Support via the framework is usually provided in the form of a capitalisation direction which permits a local authority to meet revenue costs through capital resources. There is a clear expectation that authorities continue to manage and mitigate their financial pressures. Support is provided on condition that each local authority is subject to an external assurance review.
- 12.11 Full Council has a legal duty to set a lawfully balanced budget. Given the contents of the section 25 report of the s151 Officer, it is considered that adoption of the recommendations in this report would fulfil the Council's statutory obligations in this regard.

Equality

- 12.12 Equality comments are included in the report to Cabinet dated 10th February 2026, attached as Annex 1.

13 Use of Appendices

Annex 1 – 2026-27 Budget and 2026-2031 Medium Term Financial Strategy Report to Cabinet 10th February 2026 including Appendices 1 - 11

Annex 2 - Summary of Final revenue Budget 2026/27 and Medium-Term Financial Plan 2026-2031

Annex 3 - Reserves Policy 2026/27

Annex 4 – The Formal Council Tax Resolution 2026/27

Annex 5 – Final Treasury Management Strategy Statement 2026/27

Annex 6 – MHCLG Exceptional Financial Support Letter (not yet received and will be a supplementary paper to Council when received)

14 Background Papers

14.1 The following background papers were used in the preparation of this Report.

- Final Local Government Finance Settlement 2026/27.

[Final local government finance settlement: England, 2025 to 2026 - GOV.UK](#)

- NLWA Budget Proposals report agreed 12 February 2026.

[Reports for Authority meeting on 12/02/2026 | NLWA](#)

- GLA Budget proposals report agreed 25 February 2026.

www.london.gov.uk/budget

For access to the background papers or any further information please contact Frances Palopoli – Head of Corporate Financial Strategy & Monitoring ext. 3896