



Ministry of Housing,
Communities &
Local Government

Alison McGovern MP
*Minister of State for Local
Government and Homelessness*
2 Marsham Street
London
SW1P 4DF

Councillor Peray Ahmet
Leader of the London Borough of Haringey
By email

23 February 2026

Dear Councillor Ahmet,

I am writing in relation to the London Borough of Haringey's request of 14 December 2025 for Exceptional Financial Support in respect of the financial years 2025-26 and 2026-27.

The Exceptional Financial Support process exists to support councils facing unmanageable financial pressures. This government is making good on long overdue promises to fundamentally update the way we fund local authorities - delivering fairer funding by targeting money where it is needed most through the first multi-year Settlement in a decade. However, the government recognises the challenging financial context for councils and the possibility that some require additional support, as they continue to deal with the legacy of the previous system, and as part of the transition to new funding allocations.

The Secretary of State for Housing, Communities and Local Government has considered the council's position including all the measures that have been taken locally to support the continued delivery of sustainable services for residents. This letter sets out the department's current position but does not constitute a capitalisation direction.

With respect to the financial year 2026-27, the Secretary of State is minded to approve a capitalisation direction of a total not exceeding £84 million.

The Secretary of State is also minded to approve a revision to the previously agreed in-principle capitalisation direction of £37 million to £54 million for 2025-26.

The government will continue to take a collaborative approach to Exceptional Financial Support that recognises the challenges many local authorities are experiencing. However, we have been clear that any support provided should be a time-limited and temporary measure. My clear expectation is that councils should be taking all reasonable steps to manage financial pressures locally and deliver for their residents. All councils should have clear plans to deliver the service improvement and transformation required to help them to return to financial stability over the multi-year Settlement.

Therefore, in order for the department to provide a final capitalisation direction, the council is required to undergo an external assurance review which will include, but will

not be limited to, an assessment of the council's financial position and governance arrangements.

The department reserves the right to extend the scope of the review to consider any other relevant issue that is deemed necessary. The department may also make an exception to or vary this requirement where we determine that existing recent and independent scrutiny and analysis of the council provides the necessary assurance to government. The department will also consider what further engagement and assurances may be required in relation to ongoing progress at the council, and on delivering any plans for financial recovery and ongoing improvement.

We will work with councils on how best we can support them through these reviews, including how the reviews might help them to identify the action needed to recover and reform. My officials will confirm review scopes with you in due course.

It is my expectation that councils should aim to avoid or minimise the need for new borrowing to fund Exceptional Financial Support, and should look to make use of existing or future capital receipts wherever possible. Of course, in doing so councils should avoid sales that do not represent value for money and where possible the disposal of community heritage assets, to protect the public ownership of locally significant sites and ensure residents can continue to benefit from them.

Capitalisation directions may be subject to conditions, which would be set out in any directions should the Secretary of State decide to exercise his powers under sections 16(2)(b) and 20 of the Local Government Act 2003. If the Secretary of State decides to give any directions, he is minded to attach the following conditions:

- i. The Council may only capitalise expenditure that has been incurred and recognised under proper practices;
- ii. Where expenditure is capitalised, the authority shall charge annual MRP using the asset life method with a proxy 'asset life' of no more than 20 years.

If the Secretary of State gives any directions, he will confirm the final amount of capitalisation support and any conditions that will apply in due course. The approval of any capitalisation directions will also be contingent on the council reporting to the department the final amounts identified for which it requires capitalisation for each year.

The government is already taking national action to deliver reform in the high-cost service areas we know are putting the most pressure on council finances, for example through the new National Plan to End Homelessness, reforms to the SEND system and through the £2.4bn investment into Families First and the Independent Commission on Social Care led by Baroness Casey.

Given the support we have agreed to today, it is my clear expectation that your council are fully engaging with these reforms and have robust plans in place to take the action needed to deliver better and more efficient services, as part of your financial recovery.

We recognise that some councils face particular barriers that make it difficult for them to deliver service reforms, for example due to a lack of capacity or expertise. We will work with these authorities to identify and provide support where possible. Officials in my department will be in touch in due course to discuss how we intend to work with your council in more detail.

Thank you for your continued support and the support of your officers whilst we have considered your request for Exceptional Financial Support. Officials will continue to closely support you through the next steps of the process.

Yours ever,

A handwritten signature in blue ink, appearing to read 'Alison', with a stylized, cursive script.

ALISON MCGOVERN MP

Minister of State for Local Government and Homelessness