Report for:	**Cabinet 14 July 2026**
Title:	**2025/26 Provisional Financial Outturn**
Item number:	**9**
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 the provisional outturn for 2025/26 for the General Fund, HRA, DSG and the Capital Programme compared to the original budget agreed by Council in March 2025. It provides explanations of significant under/overspends and also includes proposed transfers to/from reserves and the use of Exceptional Financial Support to enable a balanced budget. The report also includes the revenue and capital carry forward requests and any budget virements or adjustments that require Cabinet approval.

1.2 The provisional outturn report provides the opportunity to consider the overall financial performance of the authority at the end of March 2026 and make decisions on balances and carry forwards of unspent funds. It should be noted that these figures remain provisional until the conclusion of the statutory audit process on the accounts. The Council published its draft accounts by the statutory deadline of 30 June 2026, and External Audit completion is expected by 31st January 2027.

1.3 The Council has a requirement each year to protect its most vulnerable and in 2025/26, the Council spent £304m on delivering day to day services supporting 5,890 residents using adult social care services, 4,671 supported by children's social care, 2,725 supported in temporary accommodation and the range of more general services supporting the 264,300 residents across the borough. In addition, £123.1m was spent on capital investment, including the borough's roads and footways, schools, the environment, leisure and cultural facilities and the operational estate for the delivery of these services. In terms of tenants living in the Council's 16,469 social homes, £143.5m was spent on their day-to-day services in 2025/26 and £221.4m capital investment into new homes and major repairs on existing homes. This means **a total of £792m** was spent across the borough last year.

1.4 The 2025/26 budget was set with an assumed requirement for £37m exceptional financial support (EFS) from Government. The provisional outturn now presented confirms that £40.6m is required. This represents an improvement from the Quarter 3 forecast which suggested £54m of EFS would be required. The Council's General Fund reserve has been maintained at £15.2m, however, earmarked reserves remain at unsustainably low levels as set out in Section 9.

1.5 The spending and financial controls initially put in place towards the end of 2024/25 have continued and been extended during 2025/26. These measures include spend control on all non-essential spend over £1,000; tighter recruitment controls for both interim and permanent staff; reductions in number of purchase cards in use as well as reduced limits; and all key or delegated decisions over £25,000 are being reviewed by the Section 151 Officer to ensure that these relate to essential spend and budget is available. A cross-council Commissioning Panel has been established which reviews all proposed commissioning and procurement activity valued at over £160,000. These interventions are expected to deliver ongoing financial benefits in the new financial year and will continue alongside the Council's new Financial Resilience Plan which will be set out in full in the next iteration of the Medium Term Financial Strategy (MTFS) in the Autumn.

1.6 Although the key driver of the need for the EFS has been the demand for statutory services where costs have exceeded the available funding, it must be recognised that the Council has struggled over recent years to deliver agreed savings. Services have partially relied on fortuitous mitigations to dampen the impact of non-delivery. However these have generally been one-off in nature which significantly impacts the ability to operate within agreed budgets in subsequent years. This is one issue that has now been the subject of a Statutory Recommendation from KPMG, the council's appointed external auditor and the Council's response will be presented to Full Council on 20 July. Actions have already been taken by the corporate leadership team to set in motion enhanced governance to ensure that agreed savings both from prior years and new for 2026/27 are delivered as planned which includes not just the monitoring of financial savings but also the tracking of the changes required to deliver the savings.

1.7 As described in earlier monitoring reports, a forensic review of existing balances held within the unused grants and services reserves was undertaken in the Autumn. This work enabled £1.4m to be released at year end to help mitigate the overall position. The only General Fund budgets that were approved to be carried forward into future years were grants where agreement had been given by the awarding body to spend in 2026/27 or where a commitment was already in place to spend.

1.8 It is recognised that reliance on Exceptional Financial Support (EFS) is not a sustainable solution as it creates a revenue pressure from the required borrowing costs being incurred for twenty years – a burden to future council taxpayers. Therefore, it remains clear that continuing to deliver services in the way they are now and delivering a balanced budget in line with statutory requirements, may mean that not everything may be affordable. Work is already underway with the new administration to develop a revised Corporate Delivery Plan which will direct the strategic framework for spending decisions across the next 4 years. It is expected that the new Corporate Delivery Plan will be presented to and approved by Cabinet in October / November accompanied by a refreshed MTFS.

1.9 The 2025/26 unaudited accounts were published by the deadline of 30 June 2026 and the external audit by KPMG is planned to take place from July with the 31 January 2027 being the backstop date for completion of External Audit. KPMG will be presenting their 2025/26 Audit Plan and Value for Money risk assessment to Audit Committee on 23 July 2026.

2025/26 Provisional Outturn Position

General Fund (GF)

1.10 There has been an improvement of £19m since the Quarter 3 report but, as described above, the Council will still require £3.6m more EFS than planned when the budget was set in March 2025. Of the improvement since Quarter 3, £7m relates to the improvement in service budgets and £12m in the corporately held budgets. The largest positive movement is in Adult Social Care (-£6.5m) mainly driven by a reduction in the cost of care placements through market management resulting in smaller than budgeted increase in the price of care placements over the final quarter of the year. The actions within the Housing Demand programme drove the reduced spend (-£3.4m) on temporary accommodation including hotel exits and work to reduce both the cost of units and overall reliance on nightly purchased accommodation.

1.11 Concentrated efforts to correct historic accounting and processing errors helped to deliver an underspend in Housing Benefits of £1.9m while the £1m improvement in Children's was a mixture of targeted interventions looking to avoid or delay spend.

1.12 These Service improvements of £7m have been offset by a £5.3m worsened position in Environment and Resident Experience caused mainly by forecast income not being realised in the last quarter.

1.13 Of the £12m improvement in the corporate position, £6m relates to unapplied corporate contingency at year end. This had been highlighted as a likely figure in the Quarter 3 report. The other key contributors are £4.4m saving against capital financing budgets predominately due to the change in Minimum Revenue Provision (MRP) policy last financial year. An underspend of £2.9m on Treasury budgets was due to lower interest costs of the capital programme not spending at the level planned for and over achievement of interest receipts from short term investments as interest rates remained high.

1.14 Work was undertaken during the year to analyse the parking debt and has resulted in a requirement for £11.2m additional bad debt provision. This is an increase of £1.3m from £9.9m forecast at Quarter 3 and results in a total bad debt provision on the balance sheet for parking bad debts of £49.8m.

1.15 The Council has reviewed its capitalisation policy which scrutinised spend previously assumed to be chargeable to capital expenditure. The outcome of this exercise was that £2.4m of spend remained as a cost in the General Fund as revenue expenditure. This cost pressure will continue into 2026/27 and potentially increase and a more detailed review is planned by Quarter 1 of 2026/27.

Dedicated Schools Grant (DSG

1.16 The final outturn for the Dedicated Schools Grant (DSG) was a deficit of £3.2m which is in line with the forecast reported across the year. The High Needs Block (HNB) ended with a deficit of £4.365m. The Safety Valve programme has now ended, and with the final payment made to the Council of £2.99m, leaves the cumulative deficit on the HNB at the end of March 2026 at £12.701m.

1.17 The SEND improvement programme, announced by Government along with the final 2026/27 local government finance settlement, is the replacement to the Safety Valve programme. The Council has already submitted the required SEND improvement plan which, if successful, will result in a HNB stability grant payment of £9.338m. This would reduce the cumulative deficit to £3.363m. Updates on this matter will be provided in future quarterly finance update reports.

Capital – General Fund

1.18 The final outturn position on the General Fund Capital Programme is £123.1m (62%) spend against a revised budget of £198.7m, an underspend of £75.6m. Proposed carry forward of unspent budget totals £55.3m as set out in Appendix 2.

1.19 The largest underspends were seen in Finance and Resources (£20.0m), Corporate (£950,000) and Culture, Strategy and Communities (£21.7m). The underspends were predominantly due to internally and externally driven delays coupled with allocation of additional resources late in the year not allowing time to get the spend in place.

1.20 Slippage in capital expenditure must be expected as these are generally complex, multifaceted projects and are programmed to run across multiple years. However, as most of the capital expenditure is funded from borrowing which costs must be budgeted for, there are cost implications for high levels of slippage on general fund revenue budgets. The Corporate Leadership Team will be reviewing options to reduce the capital programme given the current expensive cost of borrowing and shortage of materials which is pushing up tender process and also review business cases and evidence to improve the forecasting of spend so they are more reflective of the spend. This will be done in the first quarter of the new year and will be reported as part of the next update on the MTFS in Autumn 2026. This may result in some schemes being paused / stopped.

Housing Revenue Account (HRA)

1.21 The final HRA revenue outturn is an overspend of £4.3m, a deterioration of £6.09m since Quarter 3 when an underspend of £1.79m was reported. This has necessitated an unplanned draw down from the HRA reserve to cover this overspend which takes the reserve to £15.9m and which is below the £20m targeted figure.

1.22 The single largest contributor to the worsened position is under recovery of planned income due to higher than planned levels of void properties. The late receipt of agreed Greater London Authority grants required un-budgeted borrowing at a cost of £2.4m and the annual revaluation of council dwellings necessitated accounting for additional depreciation costs of £2.3m.

1.23 The HRA capital programme outturn was £221.4m (65%) against a revised budget of £341.6m an underspend of £120.2m. The main areas of underspend relate to Broadwater Farm, the Housing Delivery Programme and the Acquisitions Programme.

Schools

1.24 The accumulated net deficit position on maintained schools increased to £4.16m in 2025/26. This is an increased deficit of £1.53m since last year.

1.25 On 31st March 2026 there were 30 schools in accumulated deficit of £11.12m and 34 schools with an accumulated surplus of £6.96m (together resulting in a net deficit £4.16m). During the year three schools closed with accumulated deficits of £1.1m which has had to be accounted for in the council's revenue position. Two further school's transferred to an academy status in year, transferring their accumulated surplus of £0.1m to the academy.

1.26 Reflecting the fall in pupil numbers across the borough, the council will continue to support schools to address financial deficits in developing plans to bring schools back into surplus.

2. Cabinet Member Introduction

2.1. It is well known that the financial situation we have found Haringey Council in is a challenging one. The Council has been issued a statutory recommendation by its auditor with a clear instruction to prioritise improving the Council’s financial position by changing culture and delivering savings across directorates.

2.2. This year’s outturn shows that the Council required £40.6m of exceptional financial support from government. There is no denying that this is a huge figure. Every year we rely on EFS will mean a larger burden for Haringey taxpayers for decades to come.

2.3. But our reliance on EFS hasn’t come in a vacuum. We are seeing increasing numbers of councils dragged into this predicament, as service demands increase but central government funding remains insufficient. Let’s be crystal clear that the financial situation we find ourselves in is the result of a decade and a half of central government austerity and no governing party in the last sixteen years has recognised or addressed this fact in office.

2.4. Until a new funding settlement for local councils is found, this creeping financial malaise will continue to spread across more parts of the country.

2.5. The Council has spent £792m over the past year providing services to and supporting our residents, including 5,890 residents using adult social care services, 4,671 using children's social care, and 2,725 in temporary accommodation.

2.6. Though the services we provide are critical and often life saving, like all councils we rely on procuring high cost services to fulfil resident needs, such as in adults' and children's social care. A further example is in how the broken housing market increases pressure on councils to provide temporary accommodation, one of our largest spend areas, at exorbitant rates. This administration is clear in calling these rigged markets.

2.7. While central government is the author of this situation, the publication of this outturn is an opportunity to reflect upon some of the decisions previous Haringey administrations have made, for example when they froze council tax for almost a decade and in doing so depleted the council's reserves. It is clear that we won't have the luxury of that kind of flexibility and we will need to work hard to find fair and progressive solutions to deliver services and meet resident needs.

2.8. We know that officers are working hard to find solutions within the Council's control and we should thank them for the diligence they've clearly shown in the first few weeks of the new administration on this matter. We are committed to strong financial governance as a key part of delivering our policies and intend to see the outturn position improve over our time in office.

3. Recommendations

Cabinet is recommended to:

a) Note the provisional revenue and capital outturn for 2025/26 as detailed in the report and Appendices 1a-1f and Appendix 7;
b) Approve the capital carry forward requests as set out in Appendix 2;
c) Approve the transfers to/from reserves as set out in Appendix 3;
d) Approve the budget virements as set out in Appendix 4;
e) Note the debt write-offs approved by officers in Quarter 4 of 2025/26 as set out in Appendix 5;
f) Note the Finance Recovery Closure report (Appendix 6)

4. Reasons for decision

4.1. A strong financial management framework, including oversight by Members and senior management is an essential part of delivering the Council's priorities and statutory duties.

4.2. It is necessary at year end to review the use of reserves and balances considering the financial position during the year and knowledge of the Council's future position and requirements.

5. Alternative options considered

5.1 The Corporate Director of Finance and Resources, as Section 151 Officer, has a duty to consider and propose decisions in the best interests of the authority's finances and that best support the delivery of the agreed Corporate Delivery Plan outcomes whilst addressing the Council's financial sustainability.

5.2 This report by the Corporate Director of Finance and Resources has attempted to address these points. Therefore, no other options have been presented at this time.

6. Provisional Revenue Outturn 2025/26

6.1 Table 1 shows the provisional revenue outturn figures for 2025/26 by Directorate, including the impact of proposed movements to/from reserves on the final position and the movement from the outturn forecast at Quarter 3 (Period 9).

Table 1 – Revenue Budget Monitoring Provisional Outturn 2025/26

Management Area	Revised 2025/26 Budget	Final Outturn	Base Budget (over/under-spend)	Non Delivery of Savings	Revised Outturn to Budget Variance	Q3 Forecast to Budget Variance	Movement Between Q3 and Outturn variances
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Children's Services	78,762	80,666	1,227	676	1,903	2,937	(1,034)
AHC Director of Adult & Social Services	105,526	103,957	(2,115)	546	(1,569)	4,879	(6,448)
AHC Housing Demand	30,956	37,998	7,041	0	7,041	10,397	(3,356)
AHC Director of Public Health	0	(0)	(0)	0	(0)	0	(0)
Environment & Resident Experience	18,200	24,027	3,013	2,814	5,827	500	5,327
Environment & Resident Experience HB	1,829	(1,517)	(3,345)	0	(3,345)	(1,464)	(1,882)
Culture, Strategy & Engagement	13,219	13,901	446	236	682	469	213
Finance, Procurement and Audit	3,860	8,795	4,322	613	4,935	4,737	198
Directorate Service- Total	**252,353**	**267,827**	**10,589**	**4,885**	**15,474**	**22,455**	**(6,981)**
Capital Financing Charges	22,072	17,655	(4,417)	0	(4,417)	(2,034)	(2,383)
Contingency	6,049	0	(11,338)	5,289	(6,049)	0	(6,049)
Treasury Management Charges	17,571	14,615	(2,956)	0	(2,956)	(5,357)	2,401

Other Corporate Budgets (BAU)	35,480	44,512	9,032	0	9,032	7,644	1,389
Exceptional Finance Support	(37,020)	(40,587)	(3,567)		(3,567)	0	(3,567)
Corporate Budgets - Non Service Total	**44,152**	**36,195**	**(13,246)**	**5,289**	**(7,957)**	**253**	**(8,210)**
General Fund-Directorate Service & Non-Service	**296,505**	**304,022**	**(2,657)**	**10,174**	**7,517**	**22,708**	**(15,191)**
External Finance	(296,504)	(304,022)	(7,517)	0	(7,517)	(6,403)	(1,114)
General Revenue Total	**0**	**0**	**(10,174)**	**10,174**	**(0)**	**16,305**	**(16,306)**
DSG	(0)	3,232	3,232	0	3,232	3,218	14
HRA	0	4,296	4,296	0	4,296	(1,791)	6,087
Haringey Total	**0**	**7,528**	**(2,646)**	**10,174**	**7,528**	**17,732**	**(10,204)**

6.2 The overspend against service budgets at outturn is £15.5m. The Adults position improved by £6.5m mainly driven by a smaller than budgeted increase in the price of care placements over the final quarter of the year. There was also a positive improvement of £3.4m in the Housing demand overspend by outturn due to the positive outcomes being driven by the Housing Demand Programme which has been successful in moving people from costly hotels along with reduced reliance on costly nightly purchased accommodation. In Children's services a number of smaller, largely one-off benefits reduced the final overspend by £1m compared to the Quarter 3 position.

6.3 The reasons for the Finance and Resources final outturn was broadly in line with that reported at Quarter 3, although some worsening of the position. The single biggest pressure was seen in Strategic Property where the focussed work to review lease and rent agreements and dispose of assets in line the Disposals Strategy has meant reliance on agency staff and increased costs for valuations and expert advice. This work in year did result in £1m of rental income compared to the same period last year but also increased the write off of bad debts deemed not recoverable. This along with costs of legacy rent arrangements meant this service ended £3.7m over budget. Changes in capitalisation policy over the final quarter of the year impacted a number of services, including Finance Department. These pressures were partially offset by an improved position for Digital largely driven by contract savings and previously assumed costs for the SAP replacement programme now being funded from contingency.

6.4 The outturn for Environment & Resident Experience worsened by £5.3m on the forecast at Quarter 3. Key factors were a slowing of forecast income in highways related income; income shortfalls against events, parks and leisure services; and unplanned increase bad debt provision in relation to property held within the Directorate. However, there was an improvement in Housing Benefit resulting in a final underspend of £3.3m driven by concerted efforts to correct historic accounting and processing errors identified in 2024.

6.5 The corporate budgets, excluding EFS, ended the year with an underspend of £4.4m (£7.4m at Quarter 3). The final total increase for parking bad debts is £11.2m of which £9.9m was forecast in Quarter 3. Therefore, at outturn an additional £1.3m has been calculated as required. Other movements seen in the final quarter include £1.2m of unavoidable costs associated with the closure of 3 primary schools and a requirement for the Council to repay £620,500 to government in relation to COVID grants. To offset these pressures, interest on borrowing was less than budget due to delays in the capital spend and unapplied budgeted corporate contingencies of £6m were available at year end to reduce overall overspends.

6.6 More detailed commentary on these final positions across directorates, the reasons for any variations and any significant movements since the last report to Cabinet in March (Quarter 3) can be found in Appendices 1a-f.

Outturn 2025/26 Savings

6.7 Table 2 shows the overall delivery of agreed 2025/26 savings by Directorate. Overall, £19.12m (65%) has been delivered against the target figure which is in line with the forecast reported in Quarter 3. A further £5.8m was achieved via over or early delivery of savings in Environment and Resident Services. Corporate Directors have confirmed that the balance of £10.17m (the undelivered savings) will be delivered in full during the 2026/27 financial year.

Table 2 – 2025/26 MTFS Saving Delivery

Directorate	2025/26 FY Savings £'000s	2025/26 Projected Full Year Savings Delivery UP TO TARGET £'000s	2025/26 Projected Full Year Savings %	2025/26 Shortfall	2025/26 Additional Savings Delivery OVER TARGET £'000s
Adult Social Care	-3,963	-3,417	86%	-546	0
Housing Demand	-3,438	-3,438	100%	0	0
Public Health	-295	-295	100%	0	0
Children's Services	-3,065	-2,389	78%	-676	0
Environment and Resident Experience	-5,417	-2,603	48%	-2,814	-3,466
Environment and Resident Experience (CTRS)	-2,000	-2,000	100%	0	-2,360
Finance & Resources	-3,329	-2,716	82%	-613	0
Culture, Strategy and Communities	-1,791	-1,555	87%	-236	0
Chief Executive’s Office	-250	-250	100%	0	
Cross Council	-5,749	-460	8%	-5,289	0
Total	**-29,297**	**-19,123**	**65%**	**-10,174**	**-5,826**

6.8 There will be even closer scrutiny of the overall savings programme during 2026/27 which will include monthly reporting to the Finance Recovery Board

(FRB) where targeted interventions will be put in place early in the year where savings look to be behind schedule and greater challenge on the delivery of the changes required to deliver the savings to monitor progress. Non-compliance with monthly updates of the corporate savings tracker will be reported to FRB.

6.9 Particular attention will be placed on the significant council wide savings programmes which are material in value; a senior responsible officer (SRO) has been identified from the Corporate Leadership Team (CLT) for each programme to drive through the required changes and unblock the barriers encountered to date.

Collection Fund – Council Tax & Business Rates

6.10. The Council has a statutory obligation to maintain a separate ring-fenced account for the collection of council tax and business rates. The Collection Fund is designed to be self-balancing and therefore an estimate of any accumulated surplus or deficit is made each year and factored into the following year's tax requirement. The actual benefit or burden of any in-year variance is received or borne by taxpayers in the following year.

Council Tax

6.11. The 2025/26 in year council tax collection performance was 93.19% (target 95.75%) which is down on the 2024/25 collection rate of 94.06% but in line with the in-year monitoring and other boroughs have seen a similar reduction. The Council tax surplus/deficit is distributed between the Council (77.8%) and its preceptor the GLA (22.2%) based on respective shares. There is an estimated surplus of £1.38m for 2025/26, which compares to a surplus of £2.46m in 2024/25. The latter is recognised in the 2025/26 outturn figures whilst the 2025/26 actual surplus will be recognised in 2026/27.

Business Rates

6.12. The 2025/26 in year business rates collection performance was 93.11% (target 94.0%) which is an improvement on the 2024/25 collection rate of 92.67%. Under the Business Rates Retention Scheme the business rates collected by the Council are distributed across the Council (30%), MHCLG (33%) and the GLA (37%).

6.13. There is an estimated surplus of £0.97m in 2025/26, which compares to a surplus of £1.79m in 2024/25. The latter is recognised in the 2025/26 outturn figures whilst the 2025/26 actual surplus will be recognised in 2026/27.

7. Capital Programme Outturn

7.1 Table 3 below shows the final outturn position for the Capital Programme in 2025/26 of £344.6m (£123.1m for General Fund and £221.4m for HRA). This means unspent budget of £195.8m (36%) of which some relates to decisions to slow down spending as a result of the financial position and high interest rates but there is still improvements on accuracy of profile of spending needed across services when budgets are set.

Table 3: 2025/26 Capital Programme Outturn

Directorate	Full Council Approved 2025/26 Budget (£'000)	2024/25 Capital Slippage (£'000)	2025/26 Budget Adjustment/Virement (£'000)	2025/26 Qtr. 4 Revised Budget (£'000)	2025/26 Final Outturn (£'000)	Final Outturn vs Revised budget Variance (£'000)
Children's Services	28,276	1,881	(15,093)	15,064	11,114	(3,950)
Adults, Housing & Health	12,715	579	(3,397)	9,897	4,123	(5,773)
Environment & Resident Experience	21,238	5,125	85	26,448	16,649	(9,799)
Culture, Strategy & Communities	55,022	7,525	(3,029)	59,518	37,825	(21,693)
Finance & Resources	25,745	5,780	(2,643)	28,882	8,879	(20,003)
Corporate Items	5,000	6,272	(23,357)	4,915	3,965	(950)
Exceptional Financial Support (EFS)	37,000	0	17,000	54,000	40,587	(13,413)
	184,996	**27,162**	**(30,434)**	**198,724**	**123,142**	**(75,581)**
Housing Revenue Account (HRA)	333,767	7,886	0	341,653	221,409	-120,244
TOTAL CAPITAL OUTTURN	**518,763**	**35,048**	**(30,434)**	**540,377**	**344,551**	**(195,825)**

7.2 In terms of the General Fund, the main areas of spending relate to:

- Major works on the Council's school estate.
- Works to adapt people's homes so that they can live there longer.
- Significant enhancement of the roads and footways.
- Continued delivery of the new Civic Centre.
- Enhancement of the operational buildings.

7.3 In terms of the HRA, the main areas of spending relate to:

- Major works, fire safety and other compliance on our existing housing stock.
- Housing Delivery Programme and progress towards the target of 3,000 new homes of which in 2025/26 the keys for its 1,000th home were handed over.
- Acquisition of street properties as new homes for our residents, exceeding the target of 100 homes.
- Temporary Accommodation Acquisitions.
- Broadwater Farm development.

7.4 The most significant variances against agreed budgets were in Culture, Strategy & Communities (CSC) and Finance & Resources (FR). The three large regeneration schemes of High Road West, Wood Green and Selby Urban Village account for £12.4m of the £21.6m underspend in CSC with a further £2m slippage on the new Civic centre. These are all multiyear schemes and slippage of this scale is not unusual.

7.5 In Finance & Resources, £6.8m underspend is in relation to property works (operational and commercial) plus £10.7m underspends across a range of Digital projects. In both services, projects and therefore spend have not progressed at the pace expected and an improvement in forecasting of spend will be needed in 2026/27.

7.6 For the HRA, the most significant underspends relate to Broadwater Farm, the Housing Delivery Programme and the housing acquisitions programme.

7.7 Full details and reasons for the variation against budget for the General Fund are set out in Appendix 1a-f and full details of the HRA Capital Programme is set out in Appendix 7.

7.8 The General Fund capital programme was funded from a variety of sources as set out in Table 4 below. The largest change from when the budget was set is the level of borrowing for the Councils core capital programme, which is in line with the underspends seen in Culture, Strategy & Communities and Finance & Resources. This lower level of borrowing is important at a time when interest rates are high and has also contributed to the underspend that can be noted within the Treasury Management budgets.

Table 4: 2025/26 Capital Programme Funding

Sources of Funding	Full Council Approved 2025/26 Budget (£'000)	2025/26 Final Outturn (£'000)	Variance (£'000)
Core Capital Programme Borrowing	143,301	93,930	(49,371)
Capital Receipts	10,000	3,965	(6,035)
Community Infrastructure Levy (CIL)	7,721	2,218	(5,503)
Capital Grants from Central Government Departments	19,224	16,908	(2,315)

Capital Funding from GLA, TfL & Other LA's	1,000	3,419	2,419
Revenue Contribution to Capital Outlay (RCCO)	500	173	(327)
Usable Capital Reserve	0	150	150
Land Appropriation	0	0	0
Grants & Contributions from Non-departmental Public Bodies	0	803	803
Developer Contributions (S106 & S278)	3,251	1,577	(1,674)
	184,996	**123,142**	**(61,853)**

7.9 Appendix 2 itemises the 2025/26 general fund capital programme budget slippage which is requested to be carried forward to fund commitments in 2026/27 totalling £55.3m. These requests have been scrutinised and challenged by the Corporate Director of Finance and Resources and fewer carry forwards have been agreed compared to previous years and only those considered essential have been put forward.

7.10 The annual review of the capital programme will commence shortly and take account of the priorities of the new administration but the scale of the programme across both the General Fund and the HRA must be reduced at a time when interest rates remain above 5% and the Council continues to rely on Exceptional Finance Support (which incurs borrowing costs). The results of this review will be presented in the Autumn to Cabinet.

8. Debt Write-Off

8.1 All Council debt is considered recoverable, and the Corporate Debt Recovery Team will make every necessary effort to collect charges due to the Council. However, there are some circumstances when it is appropriate to write off a debt once all forms of recovery action have been exhausted.

8.2 The write off process is undertaken each quarter but also a more rigorous approach at the year end as part of closing the accounts. Appendix 5 summarises the sums totalling £18.3m written off in Quarter 4 and the summary for the full year. All individual debts in Quarter 4 were below £50,000 and therefore these write offs have been approved by the Corporate Director of Finance and Resources under delegated authority. All debts have been adequately provided for in the Council's bad debt provisions.

8.3 The total sums written off across the whole financial year total £40.5m and included 5 single debts with a value above £50,000. The service area with the highest total value and total volume was Parking which accounts for £38.5m (95%) of the total.

8.4 Following a data cleansing exercise in Parking, the Council has written off aged debt from previous financial years where it was uneconomical to continue to pursue unrecovered debt. The total write-off comprises of £34.3m historical debt arising from PCNs issued during the financial years 2021–2024.

8.5 During 2026/27, work will continue to review debt balances. The majority of older debts have largely been provided for and this review will focus on closing off these older debts deemed not recoverable and enable officers to focus on collecting more recent sums owed to the council in a timely manner.

9. Reserves

9.1 The Council holds an un-earmarked General Fund reserve and this is retained at £15.2m which represents almost 5% of the net budget. It also has a number of other earmarked reserves, which are set aside to provide contingency against unplanned events, fund one-off planned expenditure and help smooth uneven revenue spend patterns.

9.2 The Council is required to annually review the adequacy of its reserves which was last reported in March 2026 as part of the 2026/27 Budget and 2026/2031 MTFS report. That report reiterated the fragility of the council's balance sheet and in the light of severe budgetary pressures and volatile economic conditions, confirmed the maintenance of a General Fund un-earmarked reserve of £15.2m. Despite the provisional 2025/26 overspend, the Corporate Director of Finance & Resources has taken the decision to maintain this balance to provide immediately available access to funds in an emergency. However, this would not have been possible without the need to apply for EFS of £40.6m as highlighted elsewhere in this report.

9.3 When the 2025/26 budget was set in March 2025, a draw down from the Collection Fund Smoothing reserve of £1.2m to balance the budget was agreed. However, with the in year un-budgeted pooling gain receipt, it was decided not to draw this balance down but leave it to offset any future pressure on the Collection Fund. As reported in Section 1 of the report, with the service overspends remaining consistently high at year end, and, despite considerable corporate underspends an additional £10.1m unplanned drawdown from various earmarked reserves including grants has still taken place. The reserves drawdown was as a result of a thorough and detailed review of the service and grants reserve balances undertaken during the year which resulted in £1.4m being released at year end to help mitigate the overall overspend position. These decisions have been taken to minimise the request for Exceptional Financial Support (EFS) from government.

9.4 The financial planning process for 2027/28 and across the medium term is already underway and the Council is facing at least a £84.3m budget gap for 2027/28 and increasing across the MTFS period. Ongoing use of reserves to balance the budget is never sustainable but the remaining useable balances in Haringey means that this is no longer an option. The 2026/27 budget already assumes a total of 84.3m of Exceptional Financial Support, an increase of 47.3m over the £37.0m budgeted for in 2025/26. This has been agreed in principle by government. The aspiration is that the new Financial Resilience Plan and emergency arrangements that have been put in place including tighter spend controls, that any drawdown of the EFS will be minimised. This requires all services to think about every pound they are spending, reduce costs where possible and remain within their budget. Any overspend in 2026/27 will require an increased use of EFS. The level of useable reserves as at 31st March 2026 are £52.3m and represent the minimum viable to mitigate known and unknown risks.

9.5 Quarterly reviews of the balance sheet will be instigated in 2026/27 to ensure that agreed carry forward balances are being drawn down in a timely fashion to deliver the agreed outcomes and that any sums not utilised will be subject to rigorous scrutiny to challenge whether they can be re-purposed to either offset in year pressures or to help with re-building the Strategic Budget Planning reserve.

9.6 A summary of the purpose of each reserve along with all the proposed in year movements to/from all reserves and final balances as at 31 March 2026 are shown in Appendix 2. The schools Public Finance Initiative (PFI) ended during 2025/26 and confirmation has been received that the Council has discharged all funding duties associated with the school capital schemes. Therefore, the full balance on the PFI reserve has been transferred to the Transformation reserve. The reserve closing balances are not expected to change materially, however the reserve position will not be finalised until the completion of the External Audit of the 2025/26 accounts which will be reported to Audit Committee in January 2027.

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

10.1 The Council's budget aligns to and provides the financial means to support the delivery of the Corporate Delivery Plan outcomes. Going forward, the alignment of financial plans with the Corporate Delivery Plan will be further strengthened.

11. Carbon and Climate Change

11.1 There are no direct implications on the Carbon and Climate Change agenda included in this report.

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

12.1 This is a report by the Chief Finance Officer (CFO) and the financial implications arising have been highlighted throughout the report.

12.2 The development of the 2025/26 budget was robust and based on a set of assumptions underpinned by data and evidence known at that time; these included sums for demographic changes and price increases across all services. In total, £56.8m was added to service budgets, mainly in relation to social care and temporary accommodation and £26.2m increase was required by corporate (non service) budgets. At the year end, in the case of Adults, the estimated impact of potential provider costs did not materialise which explains the improvement in their financial position between Quarter 3 and outturn.

12.3 In 2025/26, £29.3m of savings were agreed to be delivered but at the year end, only 65% have been delivered and many of these through mitigations. This is not sustainable and with much fewer new savings for 2026/27, the Council must focus its efforts of ensuring all savings, including those from previous years are delivered as planned by March 2027.

12.4 Budgets for 2026/27 have been developed based on the best information and data known when the final budget was approved. The organisation must learn from the experience seen during 2025/26 and while inflationary provision has been allocated to Children's, Adults and Housing Demand, these are being held by the relevant Corporate Director and any request to draw down in year must be fully evidenced and agreed with the S151 officer.

12.5 It is also important that Corporate Directors provide reasonable monthly budget forecasts and avoid over inflating negative impacts or underestimating positive impacts which will help mitigate pressures. Forecasts need to be realistic, timely (declared as soon as they are known) and based on data driven insight. The ability to provide reliable, transparent budgetary information and drive value for money is a key requirement of CIPFA's Financial Management Code relevant to all budget holders. The Council is under intense financial scrutiny and must not lose credibility over its ability to produce reasonable forecasts as well as delivering the savings that have been agreed.

12.6 This report although is focussed on the outturn position for 2025/26, demonstrates the financial fragility of the Council. Across the next five years, the financial position is even more challenging. In 2026/27, a balanced budget was only possible with the use of £84m of EFS. This is not sustainable and reliance on EFS continues to show an upward trajectory. The last update on the five year position was presented to Council in March 2026 and showed a cumulative deficit of £239m between 2027/28 and 2030/31 if nothing changes.

12.7 The 2025 Fair Funding Review and three year local government financial situation provided welcome additional grant funding from government, allowing the Council to increase its core spending power. However, this equates to only £25.3m over the next three years in Government grant which is insufficient to fund the growing demand and price pressures.

12.8 The Council must take all the necessary action to reduce spending or increase income, so it remains in control because reliance on EFS at the current level is not sustainable and continues to add additional borrowing costs year on year. A three year Financial Resilience Plan has been developed and which recognises that the problem is intractable in a single year. The Financial Resilience Plan will focus on eight key priority areas, mainly those which are high spending and all other services will be required to produce a Value for Money Action Plan with proposals to reduce spend and increase income. Spending controls already in place will continue and the Section 151 Officer will develop a clear approval process for any department to spend beyond its cash limits, to ensure that there is a clear and agreed funding strategy before expenditure is committed. A full update on the Financial Resilience and associated delivery plans will be published as part of the Medium-Term Financial Strategy to Cabinet in November 2026.

12.9 The Council's External Auditors have raised concerns with the Council's financial sustainability for the last two years through its Value for Money Opinion. Given the ongoing reliance on EFS and upward trajectory, they have now also issued the Council with a Statutory Recommendation for which the Council will respond to formally at Full Council on 20 July and progress updates on actions reported through Audit Committee.

Strategic Procurement

12.10 Strategic Procurement notes the contents of this report and will continue to work with services to support delivery of savings through effective demand management, and compliant procurement activities to achieve value for money

12.11 Strategic Procurement confirm there are no procurement related matters preventing Cabinet form approving the Recommendations stated in Section 3 above.

Legal

12.12 The Director of Legal & Governance has been consulted in the preparation of this report and makes the following comments.

12.13 Pursuant to Section 28 of the Local Government Act 2003, the Council is under a statutory duty to monitor during the financial year its expenditure and income against the budget calculations. If the monitoring establishes that the budgetary position has deteriorated, the Council must take such action as it considers necessary to deal with the situation. The Council must act reasonably and in accordance with its statutory duties and responsibilities when taking the necessary action to reduce the overspend.

12.14 The Cabinet is responsible for approving virements in excess of certain limits as laid down in the Financial Regulations at Part 4 Section I, and within the Executive's financial management functions at Part 3 Section C, of the Constitution. It is the responsibility of the Section 151 Officer to advise Cabinet and the Council of prudent levels of general reserves for the Council. All debts written off must be reported in summary to Cabinet in regular budget monitoring reports.

Equality

12.15 The Council has a public sector equality duty under the Equalities 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.

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

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

12.18 This report sets out the provisional outturn for 2025/26 for the General Fund, HRA, DSG and the Capital Programme compared to budget which was set in March 2025. It provides explanations of significant under/overspends and also includes proposed transfers to/from reserves, revenue and capital carry forward requests and any budget virements or adjustments.

12.19 The Council's saving programme for 2025/26 was subject to an equality impact assessment (EQiA) before being approved and the recommendations in the report are not anticipated to have a negative impact on any groups with protected characteristics.

13. Use of Appendices

Appendix 1a – 1f – Revenue & Capital Directorate Level Outturn

Appendix 2 – Capital Carry Forward Requests

Appendix 3 - Appropriations to / from Reserves

Appendix 4 - Budget Virements

Appendix 5 – Debt Write-Off

Appendix 6 – Finance Response and Recovery Plan Closure Report

Appendix 7 - Housing Revenue Account End of Year Outturn 2025-26