Report for: Cabinet - 10 November 2026

Item number: 10

Title: Draft 2027-28 Budget and 2027-2032 Medium Term Financial Strategy Report

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Ward(s) affected: All

Report for Key/ Non-Key Decision: Key

1. Describe the issue under consideration

1.1. This is the first report to Cabinet for the 2027/28 financial planning process. The main purpose of this report is to specifically update on the medium term financial position following work over the summer to review spending and income pressures and opportunities to close the 2027/28 and future year's budget gap. This report includes details of the new or revised budget proposals that have been identified by officers and for Cabinet to agree they are published for public consultation. It also provides an update on key financial announcements by Government since the last report in March 2026.

1.2. Updates on the Housing Revenue Account and Dedicated Schools Budget will be presented to Cabinet in December 2026 when fuller information will be available. Proposed fees and charges for 2027/28 will also be presented to Cabinet in December for approval.

1.3. The Council's financial position remains extremely challenging. The significant reductions in government funding since 2010 is estimated to have been £143m in real terms but which has not been matched by an equivalent reduction in demand. Demand for services to support some of the borough's most vulnerable residents across social care and those presenting as homeless has been escalating. Despite year-on-year spending reductions and increases in income generation, Haringey's financial position is beyond critical with Exceptional Financial Support (EFS) of £84.3m in 2026/27 being the only option for the Council to be able to set a balanced budget and meet demand.

1.4. Exceptional Financial Support (EFS) is not grant but is a permission to either use one-off resources generated from the sale of non-community Council owned assets or to borrow money. There is a tension with the former option because land and building assets can also be used strategically to deliver the Council's Borough vision and offer sustainable income sources in many cases. The capital receipts are also critical to supporting the delivery of

longer term transformation which is going to be needed if the Council is going to improve its financial sustainability over the medium term. This type of investment is allowed through the Government's guidance on the flexible use of capital receipts. Therefore, it is more likely that borrowing will be used for EFS which inflicts a minimum 20 years financial burden on council taxpayers, diverting scarce income from service delivery into loan interest and principal repayments. Every £1m of borrowing equates to around £86,000 of borrowing costs.

1.5. Considering the Council's financial position, on-going reliance on Exceptional Financial Support (EFS) from Government and now the statutory and non-statutory written recommendations issued by the Council's external auditors, significant attention must be placed on financial sustainability. The Full Council meeting on 20 July received and accepted the recommendations from the external auditors. The Council's response includes the implementation of a 3-year Financial Resilience Plan; the continuation and enhancement of existing spend controls and stringent processes and governance on the capital programme and commissioning. CIPFA has also recently completed their financial review of the Council which is required for all Local Authorities in receipt of EFS and commissioned by MHCLG. The timescales for publication of this report are not confirmed but should any recommendation be identified, the Council will respond accordingly.

1.6. This 3-year Financial Resilience Plan has underpinned the approach to financial planning for 2027/28 and the refreshed Medium Term Financial Strategy (MTFS) and further details are set out in Section 14. It recognises that improving the Council's financial sustainability requires a fundamental change in how services are delivered and adopting a more transformational and re-design approach that focuses on prevention and early intervention. Over the next two years, the Council will be investing in the capacity and skills to develop and implement this re-design of services, focussing initially on its demand led services – social care and temporary accommodation but expected to be widespread across the organisation, The transformation of services takes time and it is anticipated that any financial benefit will be realised in year during 2027/28 and from 2028/29 onwards.

1.7. Through this planning process it has become clear that pressures, mainly outside direct Council control, are leading to significantly increased budget estimates for 2027/28, at least in the demand led areas of Adults and Children's social care, SEND and Housing demand (temporary accommodation). The increased costs are not just driven by higher demand and complexity of support needed but notably from third party provider costs which are regularly exceeding underlying inflation. This is exacerbated by scarce supply of the more cost-effective forms of temporary accommodation.

1.8. Despite these challenges, the Council continues to seek to deliver on the priorities it has set out in the 10 year Borough Vision and the refreshed Corporate Delivery Plan which has been developed to reflect the priorities of the current Cabinet and under the financial constraints of a smaller budget

envelope. A draft of the new Council Delivery Plan is being considered by Cabinet on the same agenda as this report.

1.9. The Council will always seek to maximise all available sources of funding, beyond those directly allocated through the local government finance settlement. This includes judicial use of limited capital investment and capital receipts; seeking to maximise available grant funding; identifying new income opportunities; improve its income collection and other third-party contributions where relevant.

1.10. The Council was notified in September that it was successful in a bid for a one off transformation grant from MHCLG to the value of £4.79m and to be received across the current and next financial year. This has been awarded to support delivery of the type of service reforms that can deliver good outcomes for people and improve financial sustainability. This funding must be invested in projects that demonstrate an early and positive impact on the Council's financial sustainability across the spending period and should focus on the high-cost service areas driving the financial challenges – notably Adults and Children's social care, SEND and Temporary Accommodation.

1.11. Work is underway to identify the optimum opportunities to utilise this one-off injection of funding based on transformation plans that have been prepared to date by services but also work that will continue over the next few months. It is essential that this funding is used to maximise financial impact. Prudently, the work on refreshing the 2027/28 Budget and MTFS does not include any assumed savings associated with this funding; this will be reflected once budget reductions from this investment in service transformation can be clearly demonstrated.

1.12. The council tax base is still expected to increase by 1% next year and existing financial plans assume annual increases in Council Tax and the adult social care at the maximum allowable before the referendum threshold is reached, which is currently a combined total of 4.99%.

1.13. As a result of all the analysis and activity undertaken over the months leading to this report, the revised forecast budget gap for 2027/28, before any new savings are factored in, is an increase of £5.9m against the March 2026 reported position. The updated gap (shortfall between estimated income and expected spend to deliver services) is currently £35.4m and £181.9m across the five year MTFS period. This is after an assumed on-going requirement for £84.3m EFS from the current year, effectively built into future budget plans for the foreseeable future.

1.14. The £35.4m is subject to change and there is a risk it could worsen before the final draft is presented to Cabinet in February 2027. All of the assumptions that underpin this position will remain under review over the next few months and will be updated should more information come to light and changes to the 2026/27 in year position. The latest national and international economic position suggests increasing costs at least in the short to medium term and there are various known unknowns which create risk to

the final position. Full details are set out in Section 16. Inflation, interest rates and energy prices remain volatile, creating potential pressures on pay awards, contracts, the Council's operational estate and capital financing costs. National poverty rates remain persistently high and Haringey is the third most deprived borough in London, including Northumberland Park which is the most deprived ward in the capital. These conditions may leave the borough particularly exposed to wider economic pressures and increased demand by residents for support from the Council.

1.15. The authority has a duty to consider all means of reducing the budget gap as far as possible for 2027/28, which is the first year of the 3-year Financial Resilience Plan. This entails reviewing all spending to ensure every £ is delivering good value for money, identifying different ways to deliver on statutory services that will reduce spending, consider de-prioritising some discretionary services that are no longer affordable, raising fees and charges by a minimum of underlying inflation and that they reflect full cost recovery where appropriate and the completion of the forensic review of the existing capital programme to minimise required borrowing. All of these have been considered through the work over the last few months by officers to develop a set of budget proposals that can be published for public consultation. These are officer-generated savings and cost-reduction ideas for initial consideration rather than any decisions of Cabinet and represent the start of a conversation that will shape the draft budget for 2027/28 that will be presented to Cabinet in February 2027.

1.16. In total £7.6m of new reductions have been identified, of which £1.3m are subject to consultation and set out in the Appendices of this report and £6.3m are management internal efficiencies. Over the coming weeks/months, these ideas will be discussed through overview and scrutiny committee, trade unions, staff, residents and other community stakeholders in line with the consultation and engagement approach set out in Section 17. Only after these discussions will anything brought forward for formal consideration as part of draft budget for 2027/28 and future years. Together with previously approved savings and subject to the outcome of the consultation, the Council could have total savings of £20.4m to deliver in 2027/28, alongside assuming that all current and previous years savings are delivered on a recurring basis.

1.17. At this stage Cabinet is not being asked either to support or rule out any particular proposals. The options presented are as a set of proposals that could be implemented to reduce costs or increase income. Political choices will need to be made in the draft budget in order to strike the right balance between financial obligations and expectations and the needs of the boroughs residents. In proposing a draft budget in February 2027, Cabinet will at that stage be endorsing any proposals that then get assumed within the draft budget for 2027/28 for recommendation to Full Council for approval.

1.18. For authorities in receipt of EFS there are options to discuss levying Council Tax rates above the referendum principles with Government. Given the on-going financial gap facing the authority across the whole MTFS, all options are being explored by officers and any increase in Council Tax remains a

decision for Full Council on 1 March 2027 as part of agreeing the budget for 2027/28. Every 1% increase in council tax generates approximately £1.5m in income.

1.19. It must be noted that with a budget gap of £35.4m in 2027/28 to be closed, even if all the proposals were to go ahead following the consultation exercise, it is unlikely the budget gap can be closed. The Council will continue to explore ways to reduce costs or increase income to further contribute but at this stage assurance cannot be given that additional EFS will not be required for 2027/28 over and above the £84.3m required in the current year. The Section 151 Officer will be commencing conversations with MHCLG over the next few weeks and it is expected that the timetable will be similar to previous years with a formal application to be submitted in early December 2026. The outcome of any application for permission to borrow, use capital receipts or increased Council Tax above the referendum threshold of 4.99% to balance the budget will not be known until February 2027.

1.20. The remainder of the report provides greater details on the current and estimated financial position for the Council's General Fund.

2. Cabinet Member Introduction

2.1. Haringey's financial position is perilous. Austerity has led to a £143 million real terms cut in central government funding between 2010/11 and 2025/26, at a time when demand for on our core services has surged. That means money has drained away from cleaning our parks, staffing our libraries, collecting waste and cleansing our streets. Currently, 80p in every pound that the council spends goes to core statutory services in adult social care, children's services and housing. These are crucial and often lifesaving interventions, but residents also rightly expect the council to do more.

2.2. The system of local government funding and our reliance on private companies and landlords to deliver on services, makes delivering a responsive and compassionate council incredibly difficult. In 2026/27, Haringey required £84 million worth of Exceptional Financial Support, effectively an emergency loan from the government, to balance its budget. This is an increase from loans of £10 million and £41 million in the two previous financial years. And we're not alone in this situation. Thirty-five councils in England are currently in receipt of this emergency funding. Our situation is far from "exceptional"; it is the new normal for authorities across the country as the local government funding crisis deepens.

2.3. Our commitment as a Green administration is to shine a light on the situation and to fight for real solutions. We are demanding that government reverse austerity and bring forward reforms that will transform the position of local authorities and the residents we serve. This must include a nationwide council house building programme and a national care service. But these reforms are needed now.

2.4. As part of our commitment to transparency and accountability, we want to hear the voices of residents in this budget process. Through the consultation we are launching, we want to know what council services mean to you. What is not currently working in Haringey and how can we do things differently? How will the changes set out impact your lives and what ideas do you have that the council has not yet put on the table? These are the questions which will equip councillors from all political parties to make better informed decisions in March, when the votes of no single party will be enough to carry the budget.

2.5. In previous years, council officers have generated savings proposals which the administration have considered and largely agreed before putting out to consultation. This has not always resulted in meaningful engagement and that must change. This year we are publishing a broad list of officer-generated savings and income generation ideas for consideration by residents, businesses and partners.

2.6. I want to emphasise this point very clearly — these are officer proposals – no decision has yet been made by Cabinet to take them forward and we will continue to evolve our thinking on the budget over coming months.

2.7. The more responses we hear through this consultation, the stronger our understanding of Haringey's priorities. Our call is clear: make your voice heard so we can deliver a budget that delivers for you.

3. Recommendations

3.1 It is recommended that Cabinet:

a) Note the Council's current financial position as set out in this report.

b) Note the proposed new savings for 2027/28 – 2031/32 (Appendix 4).

c) Note the current estimated budget gap for 2027/28 and the remaining period of the Medium-Term Financial Strategy (MTFS) and the key changes since the last update in March 2026 (Section 8).

d) Note the new risks and uncertainties in Section 16.

e) Note that the General Fund Revenue Budget, Capital Strategy, Capital Programme, HRA 2027/28 Budget and Business Plan and Treasury Management Strategy Statement will be presented to Cabinet on 9 February 2027 to be recommended for approval to the Full Council meeting taking place on 1 March 2027.

f) Agree to launch public consultation and engagement on the proposals set out in this report in Appendix 4 so that residents and other stakeholders can have effective input and inform the political decision making on the 2027/28 budget.

4. Reasons for decision

4.1 The Council has a statutory obligation to set a balanced budget for 2027/28 and to regularly update its five-year Medium Term Financial Position. This report forms a key part of the budget setting process by setting out the approach to delivering this and a refreshed Medium-Term Financial Strategy (MTFS). The final draft budget for 2027/28, Council Tax levels, Capital Programme, Treasury Management Strategy, Housing Revenue Account (HRA) budget and Business Plan will be presented to Cabinet on 9 February 2027 for recommending to Full Council on 1 March 2027.

5. Alternative options considered

5.1 The Cabinet must consider how to deliver a balanced 2027/28 budget and sustainable MTFS over the five-year period 2027/32, to be reviewed and adopted at the meeting of Full Council on 1 March 2027 and therefore no other options have been considered.

5.2 This report is a key tool in achieving this because it sets out the approach, scope and timetable to delivering the 2027/28 Budget.

6 Medium Term Financial Strategy (MTFS)

6.1 Although the statutory local authority budget setting process continues to be on an annual basis, a longer-term perspective is essential if local authorities are to demonstrate a clear understanding of their financial sustainability. Short-termism is counter to both sound financial management and governance.

6.2 The Medium-Term Financial Strategy (MTFS) provides the financial framework for the delivery of the Council's aims, ambitions, and strategic priorities as set out in the Corporate Delivery Plan (CDP) and Borough Vision. The refreshed Corporate Delivery Plan reflecting the priorities of the current Cabinet is set out separately on the agenda.

6.3 The aim of the MTFS is to:

- Plan the Council's finances over the next five years, taking account of both the local and national context.
- Provide the financial framework for the delivery of the Council's priorities and ensure that these priorities drive the financial strategy - allocating limited financial resources whilst also continuing to support residents.
- Manage and mitigate future budget risks by forward planning and retaining reserves at appropriate levels.

6.4 In developing the medium to long term financial strategy, the authority must test the sensitivity of its forecasts, using scenario planning for the key drivers of costs, service demands and resources.

6.5 The MTFS must be developed in alignment with the stated objectives and priorities in the Corporate Delivery Plan and the Borough Vision and needs to be reviewed regularly to test that delivery of the agreed outputs and outcomes are still achievable within the financial envelope available. Where this is not the case, plans will need to be reassessed and re-set.

6.6 In November 2025 the Government published a Policy Statement and a subsequent 2026/27 Local Government Finance Settlement in February 2026 which confirmed that the Government would deliver a three-year local government finance settlement which would include additional funding across the period, all geared towards social care. Although technically, legislation will still require the Parliament to pass the settlement each year, in practice there are unlikely to be any significant changes. The re-introduction of a multi-year settlement is helpful to local authorities in terms of forward financial planning because it has provided a level of funding certainty which had not been seen for some time.

Budget Principles

6.7 In setting the budget each year, the Council does so in line with the following principles:

- To support the delivery of the Council Delivery Plan and priorities.
- Financial Planning will cover at least a 5-year period.
- Revenue and capital of equal importance.
- Cost reductions and income generation are required.
- Sustainable budget for future years - one off reduction is not a solution.
- No on-going reliance on reserves.
- Any use of reserves to balance the budget will need to be repaid to replenish the reserve to a sustainable level.
- Estimates used for pay, price and demand based on data and evidence - pressures.
- Growth for increased service provision will be exceptional and considered on case-by-case basis.
- Loss of Government grant will result is same reduction in expenditure.
- All services must demonstrate value for money and productivity.

7 Borough Vision and Corporate Delivery Plan

7.1 On 15 October 2024, Haringey's Borough Vision was published with 'Making Haringey a place where everyone can belong and thrive' as its core mission. 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

7.2 As a council, the key actions to respond to these calls to action are set out in our Corporate Delivery Plan 2026-2028 which is being presented to Cabinet on 10 November alongside this report.

7.3 Through the Council's new Corporate Delivery Plan, priorities for the next four years are:

- **Building a Stronger Organisation** - to fix immediate issues and build a modern, responsive council for the longer term.
- **Safe and Affordable Housing** - to fix what is broken, build for the future and protect those at the sharp end of a housing crisis. We will do all in our power to end rough sleeping for good.
- **Thriving Places** - a focus on building a borough where communities are more connected, empowered and supported to work together. We will protect and improve our public assets and will do this working in a renewed partnership with 'Friends' and other residents who have such a critical role to play. We will build on the strength of existing high streets, industrial estates and businesses to nurture a vibrant and growing local economy.
- **Supporting children and young peoples' experiences and skills** – we will work with our family of schools and partners to ensure every child can learn, develop, achieve and succeed; that families get help before challenges escalate into crisis; and that young people can develop the skills, confidence and aspirations they need for adulthood. We want to build a borough with children at its heart and creating a play-led borough a key priority. Great parks, modern libraries, safe streets, excellent leisure facilities and thriving neighbourhoods help create the conditions in which children and young people can flourish.
- **Feeling Safe and Being Safe** - transforming our streets to make them safer for pedestrians, cyclists and most importantly children rather than being dominated by cars and congestion. We will adopt a public health approach to addressing anti-social behaviour that is preventative, with earlier intervention, stronger safeguarding and improved support for vulnerable residents.
- **Tackling Health Inequalities** - Through a Health in All Policies approach, we will work across Council services and with local organisations to ensure that health and wellbeing are considered in the policies, places and services that shape residents' everyday lives, helping to narrow unfair and avoidable differences in health outcomes.
- **Supporting Greener Choices** – Our ambition for Haringey is streets designed, not for motor vehicles, but for our most vulnerable road users and promote active travel. We want to create a greener and more climate resilient Haringey. This includes adopting a new Local Plan that puts climate resilience and nature conservation at its heart.

8 National Financial Context

8.1 On 11 June 2025, Government published the outcome of its multi-year Spending Review which sets the financial envelope for all Government Departments over the three-year period from 2026/27 to 2028/29. The Spending Review figures for 2028/29 and beyond are provisional only and will be subject to review as part of a Spending Review in 2027.

8.2 On 28 October 2026, the Chancellor of the Exchequer, John Healey MP, delivered 'Budget 2026', entitled *"Breathing Space for Today, Fresh Hope for the Future".* The key announcements impacting on Local authorities are summarised below. As in previous years, many of the announcements are at a high level and further information is expected to emerge over the next few weeks and months. No updates have been made to the financial outlook presented in this report as a result of any of the announcements. On the same day, the Office for Budget Responsibility also published its latest economic forecasts.

- **Fiscal devolution** – future legislation to give all Strategic Authorities, including the GLA, the power to introduce an Overnight Visitor Levy, with plans for spending the revenue due by March 2028. Levy revenues will be available to invest in interventions in line with regional growth strategies, including but not limited to supporting the visitor economy. Strategic Authorities, which in the case of London will be the GLA, will make these decisions, which could involve passing funding down to local authorities in their areas. The Council is in discussion with the GLA on any proposals. Local consultation and advance notice to business will be required prior to the introduction of a levy.
- **Business Rates reform** – a commitment to move to 100% business rates retention across England by the end of the decade, replacing central government grants. Government will work with the Greater London Authority (GLA) and London Boroughs on a potential bespoke arrangement for business rates retention in London from 2028-29 onwards.
- **Business-rates relief** - announced a series of business rate reliefs / reductions targeted as small businesses from April 2027 including increased small business rate relief thresholds, increases capped at CPI for two years, and extended relief for pubs, social clubs and live music venues.
- **High Value Council Tax Surcharge:** confirmed the High Value Council Tax Surcharge for properties valued above £2m, including a deferral scheme, a series of discounts and exemptions, and a 100% premium on properties left empty for 12 months or more – all to be legislated through Finance Bill 2026/27.
- **House Building –** a commitment of an additional £1.5bn for the Social and Affordable Homes Program (SAHP) and an extension of the Public

Works Loan Board's preferential borrowing rate (0.4bps below standard borrowing) for social housing providers for a further year. VAT relief on land sold to registered social housing providers will be introduced and a £4.7bn Your First Home scheme was introduced of 20% equity loans for first-time buyers from April.

- **Rough Sleeping –** an additional £432m across 2027/28 and 2028/29 to extend the off-the-streets offer as part of its commitment to end rough sleeping by Christmas.
- **Household Energy Payments -** £2.6bn Household Energy Payment, which local authorities will deliver through the council tax system from January 2027. This will include £100 payment to council tax band A-D households in England, alongside a further £100m for councils to target further support at the hardest-hit households.
- **Adult social care reform** - future settlement including personal care, free at the point of use and a National Care Service in England. Baroness Casey's Independent Commission on Adult Social Care will now report in 2027.

8.3 The provisional 2027/28 Local Government Finance Settlement is expected to be published mid December 2026 with the final Settlement published, following the consultation period, in mid-February 2027. As this is the second of a 3-year multi-year agreement, it is not anticipated that there will be material changes to the figures provided last year and these previously published figures are assumed in the 5-year financial position set out in this report.

8.4 During the course of this financial year, Government consulted on or highlighted a number of new policies/powers which have financial implications and many were announced as part of the Autumn Budget (Section 8.2). In addition, on 16 July 2026, the Minister of State for Housing and Planning published a written ministerial statement - Government's response to its consultation on updating the planning fee regime. This confirms a national default fee schedule for planning – related applications will be set out with an implementation date of 8 December 2026. This covers more than 25 different fees with each subject to a different increase, most above underlying inflation. The consultation response also confirmed a move to some local fee setting powers for Planning Authorities but with a date to be confirmed.

8.5 There has been no change in government's approach to Council's unable to operate and provide mandatory services within their current budget envelopes. The only available course of action continues to be a request for Exceptional Financial Support (EFS) either from the sale of non community assets with proceeds approved to underpin day to day expenditure or, when these are exhausted, approval to borrow. EFS was intended to be a temporary and exceptional solution but is now becoming more widespread

and less sustainable. In 2026/27, 35 authorities are in receipt of EFS to balance their General Fund budget. The Council's three-year Financial Resilience Plan aims to be able to deliver an in year balanced budget by year 3, i.e. no further year on year increase in EFS but the Council is likely to be running a structural deficit from year-to-year. This position is not sustainable, equitable for local taxpayers or in line with the Council's Best Value Duty.

8.6 Across a number of Council services, the Government has set out details of service reforms, including children's Social Care, Adult Social Care and SEND. This creates significant uncertainty for the Council in terms of financial planning and are set out in further detail in Section 16 – Risk Management. In some cases, this may improve the financial position for the Council but it is important that any additional requirements come fully funded.

9. Haringey Context

9.1 Haringey is an inner London borough and up to and including 2025/26 had received levels of funding that more closely aligned with Outer London. Haringey exhibits many inner London characteristics including levels of deprivation, high housing costs and urban density. The recently published Indices of Multiple Deprivation 2025 show Haringey ranked 3rd most deprived in London (4th in 2019) ranking 33rd out of 294 local authorities in England. Northumberland Park is now the most deprived ward in London. Haringey has a young, ethnically diverse population.

9.2 The total resident population in Haringey is 264,300 and ethnic minority or Other White ethnic groups account for 70% of the resident population. Unlike many other London boroughs, it also continues to have a growing population – with the number of over 65s 24% higher than it was in 2011. Haringey's population is expected to increase by 6.3% between 2021 and 2031, to 280,100, with the largest percentage growth in older age groups (65+). The highest expected growth in the 2018-based population projections (to 2030) is in the 65+ groups, with 65-84 year old population growing from 25,348 to 33,076 (+30%), and 85+ growing from 3,285 to 3,897 (+18.5%).

9.3 Haringey's local population has been hit hard by the increased cost of living which continues to have an impact.

9.4 The reported data shows that 27.3% of residents aged 16 to 65 were claiming Universal Credit in Haringey in March 2026 – over 51,000 people, the highest ever figures. This equates to 44% of Haringey households on Universal Credit at May 2026 up from 40.7% a year ago and compared to 33% average in London and 26% in England.

9.5 7.7% of residents aged 16+ were claiming unemployment-related benefits in Haringey in May 2026 – over 14,000 people, one of the highest figures of the

last 3 years and higher than the averages for London and statistical neighbours sitting as the 2nd highest among all UK Local Authorities.

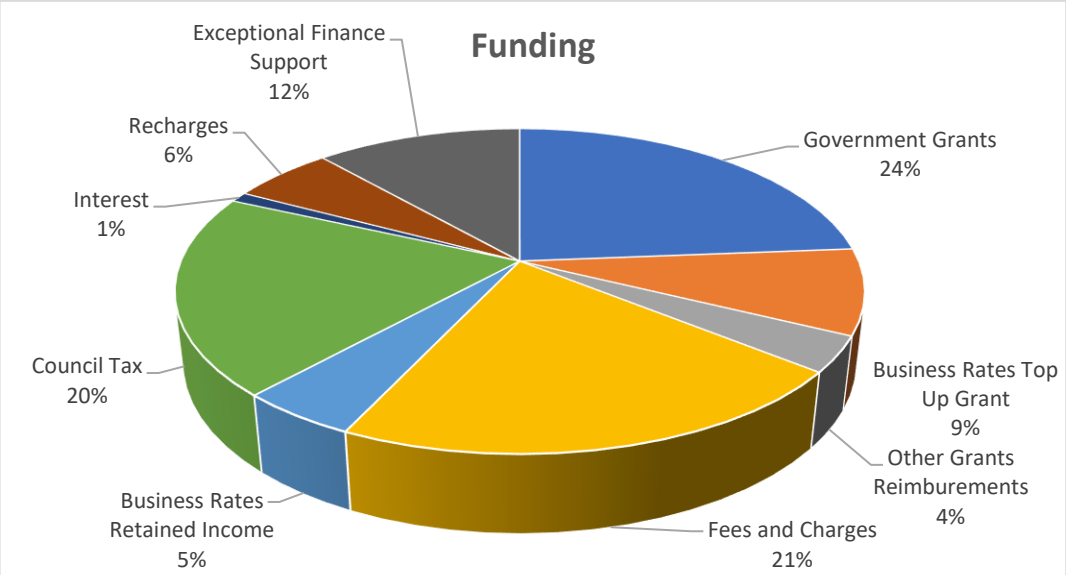
9.6 One in five households have an active mortgage so are likely to be impacted by the continuing high interest rates.

9.7 For schools, falling rolls in primary classes are adding additional pressures on stretched budgets particularly as grant income is linked to pupil numbers. Even where numbers have been relatively stable, cost inflation on key items such as utilities and building maintenance, continues to provide challenges and 33 schools are currently carrying budget deficits with this number expected to grow over the coming years.

10. Revenue Budget – Income

10.1 With a statutory requirement to set a balanced budget each year, the Council's spending power is determined by its income levels. The Council's main funding sources for 2026/27 are set out in Chart 1 and includes Government Grant, Council Tax and Business Rates, fees and charges and rental income and other partner contributions, such as from health. The makeup of different income sources is expected to be similar in 2027/28.

Chart 1: 2026/27 Gross Income



Government Funding

10.2 Core Spending Power (CSP) is used by the Government as a measure of resources available to local authorities to fund service delivery. As a result of the outcome of the Fair Funding Review 2.0 and Business Rates re-set last year, the components of CSP changed. It now includes all government funding to the Council. Government use a notional figure for Council Tax to

determine how much grant they calculate Haringey requires to meet the needs of its population. The level of Council Tax income assumed by Government does not align to the actual value and levied locally and for Haringey this is for two main reasons – the average Council Tax Band is C rather than D in Haringey and collection rates are only 92.5%. As a example, for 2026/27, Government assumed a level of Council Tax income of £151.8m but expected collection is only £145.9m.

10.3 The Council's Fair Funding Allocation by Government 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
- Homelessness, Rough Sleeping and Domestic Abuse (which comes with grant conditions)
- Families First Partnership (which comes with grant conditions)
- Recovery Grant
- Council tax requirement (a calculated notional figure based on national taxbase growth levels and an assumption that all authorities will apply the maximum council tax increase of 4.99%).

10.4 Additional funding is also provided through consolidated grants which sit outside the CSP. These come with specific grant conditions and include the following: -

- Public Health Grant – 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 Fund – 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.

10.5 The provisional Local Government Finance Settlement for 2027/28 will be published in early or mid-December 2026. As outlined in Section 8, this will be year 2 of a 3-year settlement and few changes are expected. However, as always, there will be a consultation period before the final settlements are published in February 2027.

10.6 Given that indicative figures were provided for the financial years 2027/28 and 2028/29 there have been limited revisions to government funding in this report compared to the March 2026 position. Any changes are largely re-profiling of business rates related income because of the new regime which has reset baseline levels.

Business Rates

10.7 Business rates are set nationally. The valuation of business premises is set by the Valuation Office and Government sets the multiplier which determines the pence per pound paid in tax.

10.8 The Business Rates Retention Scheme (BRRS) saw wide ranging changes in 2026/27 including a revaluation, a reset of local authority baseline rates (the target amount each authority is expected to collect), a shift from local to central provision for income losses due to successful appeals and changes to the levy/safety net. Additionally, government introduced new multipliers to help deliver policy objectives and there are now five in operation: -

- 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

10.9 The two new lower multipliers for Retail, Hospitality & Leisure (RHL) are expected to be funded by a new High-Value Multiplier (HVM). The impact of the changes announced in the Autumn Budget for 2027/28 are expected to be reflected in CSP for 2027/28.

10.10 In terms of the council's performance in collection of business rates levied, an operational stretch target of 94% was set. Based on data at Quarter 1 of 2026/27 this is on track to be delivered. Any over or under collection will manifest in future years budgets as either a surplus or deficit.

Council Tax

10.11 Income collected through Council Tax is determined by the level of the tax and the council tax base.

10.12 Financial plans continue to assume that the council tax base will increase by an average of 1% in 2027/28 and across the remaining MTFS and takes into account the number of households receiving Council Tax reduction and other discounts. The average Council Tax band is expected to remain as Band C – the average across London is a Band D.

10.13 The Policy Statement on the 2026/27 – 2028/29 local government finance settlement, published on 20 November 2025 confirmed that Council tax referendum principles would continue at their 2025/26 levels for the three-year period (although note they will still need to be re-confirmed and 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. The MTFS published in March 2026 and this report reflects these increases – a total of 4.99%.

10.14 For authorities in receipt of Exceptional Financial Support (EFS) there are options to discuss levying Council Tax rates above these referendum principles. This can be requested through the Council's EFS application and is subject to a decision by MHCG. Given the on-going financial gap facing the authority next year and across the whole MTFS, all options are being explored but this report continues with the current assumption of 4.99%. On average, each 1% increase in Council Tax generates approximately an additional £1. 5m in income after taking into consideration the impact of the Council Tax Reduction Scheme.

10.15 The current budget assumptions around the Council Tax Reduction Scheme are that this remains unchanged for 2027/28. Currently just over 24,000 households receive a Council Tax reduction. The total spend on the scheme is approximately £36.3m.

10.16 No changes are currently proposed to be made to the assumed collection rate for Council Tax which is currently 92.50%.

Fees and Charges

10.17 Income from fees and charges (including rents from commercial and operational properties) is around 21.0% of the Council's income. Many of these are set by Government but there are many which the Council has discretion over the level.

10.18 Each year, all fees and charges are subject to review which is also expected to identify any opportunities to introduce new services which could contribute additional income. This review process is currently underway, and proposed changes will be presented to Cabinet in December 2026. Early indications are that because of historic shortfalls against income targets, this increase will not deliver any, or at least any significant additional net income to close the budget gap on the General Fund.

10.19 For budget planning purposes, it is assumed that most fees and charges will increase by the inflation level as at September 2026 (3.5%) in line with budget principles. However, consideration will also be given to those not already at full cost recovery, those where increases could be detrimental to income generation and those where current fees and charges are significantly below those charged by statistical neighbours.

10.20 Full details will be included in the report to Cabinet on 8 December 2026 and to Licencing Committee by January 2027 for the fees and charges under their remit.

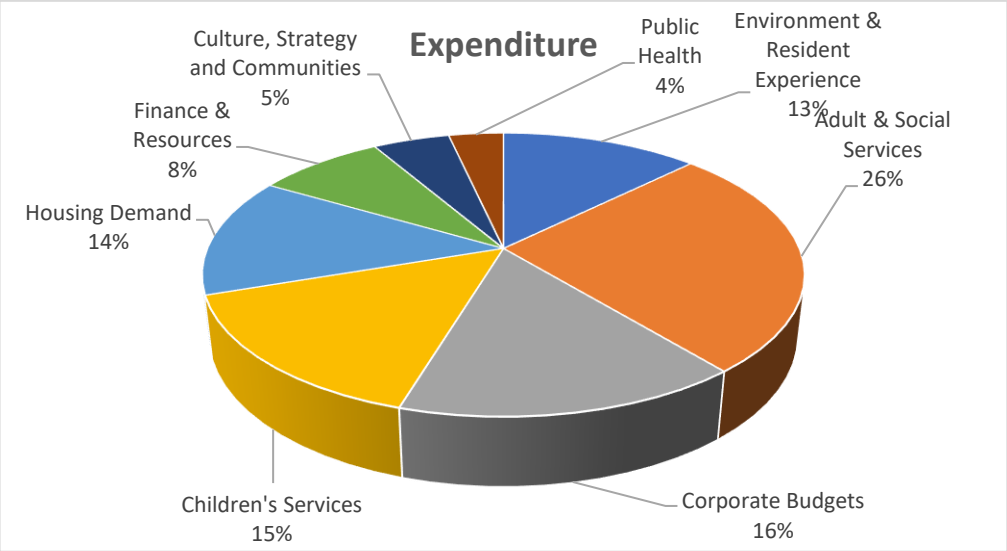
11 Revenue Budget Expenditure

11.1 Spending patterns are volatile and each year there are new pressures but also potential opportunities to re-design services that reduce costs. The annual financial planning process assesses existing and any emerging pressures or reductions to enable a budget to be set that is robust, realistic

and achievable. The starting position is a review of the financial position in previous and the current financial year.

11.2 The Council's planned expenditure for 2026/27 when the budget was set in March 2026 is illustrated in Chart 2 and the breakdown of spend by service is likely to be similar in 2027/28. For gross expenditure (before service specific income is taken into account), 55% is spent on social care and temporary accommodation but for net expenditure (spend after service specific income is taken into account), these three services account for 83% of the Council's spending.

Chart 2 – Gross Expenditure 2026/27



11.3 These charts clearly show where the majority of Council's budget is spent, with 26% on Adult & Social Services, 14% on Housing Demand and 15% on Children's services overall. An increasing spend item relates to treasury and capital financing costs i.e. Interest payable on borrowing and repayment of initial loans. This cost is driven by spend on required capital investment but more recently, a greater proportion now comes from servicing borrowing associated with Exceptional Finance Support (EFS). These costs are included within the Corporate Budgets in the chart above.

2026/27 Forecast Budget Position

11.4 The Quarter 1 Finance Update report was presented to Cabinet on 15 September [(Public Pack)Agenda Document for Cabinet, 15/09/2026 18:30] and underlined how extremely challenging the Council's financial position remains.

11.5 Despite setting a budget of £353.02m in March 2026 (which already includes £84.3m of Government Exceptional Financial Support (EFS), based on the Quarter 1 information on expected demand and price increases, the Council is forecast to overspend on this figure by £21.7m. Over 80% of net service spend is on supporting the most vulnerable through adult services, children's

and education and housing demand (temporary accommodation). Both demand and price in these areas continue to remain high.

11.6 It should also be noted that a substantial element of the forecast £21.7m overspend is due to non-delivery of agreed savings either from prior years or 2026/27. Delivery of agreed savings is one of the key points highlighted by the council's external auditors and improving on delivery is a key responsibility of the Officer and cross-party member Finance Improvement Boards where delivery will be scrutinised monthly. At this point in the year, no recommendations are being made to write back any previously agreed savings and all services are expected to deliver savings as planned or identify one off mitigations if full delivery is not expected until 2027/28.

11.7 The non-savings related pressures identified in the Quarter 1 report will continue to be assessed. The in-year position continues to be monitored monthly internally and by the Corporate Leadership Team (CLT) and reported quarterly to Cabinet and Scrutiny. The next update will be to Cabinet on 15 December 2026. There is an expectation that the £21.7m overspend will be reduced down before year end through tangible spend control actions with any residual pressure offset by any unapplied contingency budget which currently stands at £23.5m. Therefore, as at Q1 no further EFS is planned to be required in 2026/27 over and above the £84.3m already approved by MHCLG.

12 Approach to 2027/28 Financial Planning

12.1 Historically the Council has undertaken an annual budget setting cycle which has requested new savings and income proposals from each of the Council's directorates or those which are cross cutting initiatives across the whole council.

12.2 As the identification and delivery of savings has proved challenging with this approach, a more directed approach has been taken this year driven by the agreed three-year Financial Resilience Plan. This focuses on 8 priority areas mainly those where spending is high and there is the greatest opportunity to transform and re-design services and deliver savings through cost reductions or increased income.

12.3 A Delivery Plan is being developed for each of these priority areas with the expected outcome of reducing spend and/or increasing income and a level of performance that aligns Haringey's spending with statistical neighbours. This includes cost avoidance measures to limit the year on year increase in additional budget required to fund pressures while maintaining appropriate quality standards within services to meet its statutory duties.

12.4 The 8 Priority areas are set out below along with a 9th which will articulate delivery arrangements for how these 8 will be supported. This includes through internal resources, specialist service specific capacity and skills

and/or engaging with a delivery partner who will be fully integrated with the Council to work with services to identify and deliver opportunities over the next three years.



12.5 **Adult Social Care** - adult social care is the Council's single largest spend area but also an area for improvement. To this end there is an Improvement Plan and an Improvement Board wrapped around the service to ensure the most senior level of oversight and assurance around progress. The priority in 2026 has been to bring this together as a coherent package that prioritises the Community Support Model and puts value for money at the heart of the work. Consideration is being given to a single Improvement Partner approach to delivering on plans.

12.6 **Procurement and Commissioning** - resources have already been committed to a fundamental review of the Council's commissioning approach and arrangements. This has established a targeted pipeline of savings associated with contract renewals. This work will continue through 2027/28 and likely beyond and has already established strong foundations that improve policy, process and workforce skills that are needed to implement improved commissioning and contract management arrangements. It is being applied to all new commissions to ensure value for money. In addition, a deep dive review and improvement programme for all aspects of procurement and purchasing is underway.

12.7 **Housing** - Much good work has already happened in relation to some aspects of the housing demand services, and in particular in relation to temporary accommodation. Going forward, the Council will focus further on temporary accommodation (including lessening the dependency on Nightly Paid Accommodation), on reviewing and maximising the impact of our prevention activity, and on reviewing our commissioning approach to housing related support, homelessness and rough sleeping provision.

12.8 **Council Tax** – this priority will focus on improving collection rates, a further review of the Council Tax Reduction Scheme in future years due to high demand and the demographics of Haringey to ensure it aligns with the emerging anti-poverty strategy, and considering the level of Council Tax increase for 2027/28.

12.9 **Income Generation and Collection** - the Council's income collection can be improved. The Council will work to improve collection rates across Council Tax, Business Rates, Commercial Property, Adult Social Care, Housing Rents (within the HRA) and Debt Recovery. In addition, the Council will continue to review the scope for further income generation across the full range of services.

12.10 **Customer Services** - this is an area where the Council has historically reduced budgets without introducing the digital infrastructure that will move customers away from telephones and face to face, onto online access. The consequence is a service in need of improvement for residents wanting to access some of our core services. The work is establishing a clear and whole organisation improvement plan around our Right First Time aspirations and will require investment in early years to then reduce spend in future years when the service improvements are fully embedded.

12.11 **Children's Services** – a large element of children's services is currently going through DfE led transformation – children's social care, SEND and education / schools. All of these are designed to deliver improvements but also to keep young people out of expensive crisis services and should therefore result in lower costs over time. Along with other services a three year Value for Money Action Plan will be required for Children's Services and one specific aspect that will need to be considered are the arrangements for SEND transport.

12.12 **Staffing, including Senior Management Review** - the current inflight work in relation to enabling services and business support will complete in 2026/27, and this is expected to lead to organisational savings. In addition there will be a further review of Senior Management roles across the organisation, following on from that undertaken in 2024/25, which will lead to further cost reductions.

12.13 The immediate opportunities to reduce costs / increase income from these 8 priority areas is reflected in this report (see Appendix 4) but the transformation and re-design of services takes time and the development of these plans will continue over the next 6/12 months with more significant financial benefits to be reflected from 2028/29 onwards.

12.14 There will continue to be a focus on clearly demonstrating that services are operating within the parameters of value for money (VFM). All other services not covered by the priority areas above have produced a Value for Money

Action Plan with proposals to reduce spend and increase income that align Haringey's spending with statistical neighbours and cost avoidance measures to limit year on year increases in additional budget required to fund pressures over the next three years. The immediate opportunities to reduce costs / increase income are reflected in this report (see Appendix 4) but will continue to be identified in the run up to the draft budget being presented to Cabinet on 9 February 2027 and are largely focussed around management efficiencies and actions. Since these are three-year plans, any more substantial opportunities that result from changes to service provision will require a separate consultation and therefore any financial benefit is more likely from 2028/29 onwards or where opportunities arise, 2027/28 in year benefit.

12.15 This process captured available and appropriate benchmarking of costs and service levels to support informed decision making. Demand led services were required to compile activity/demand and cost data to support modelling of any additional pressures hence budget need. This was undertaken in the light of a recognition that increased numbers, case complexity and price all add an additional dimension that can have a significant impact on overall costs of services.

12.16 The initial budget proposals arising from this work are included within Appendix 4. Budget proposals have been categorised into two groups - savings proposals that require formal consultation and savings proposals which do not and are deemed as management efficiencies, which officers can implement.

12.17 The revenue budget proposals recommended for consultation of £1.3m and management efficiencies of £6.3m to address the revised budget gap of £35.4m. Management efficiencies have been summarised in Table 7 of the report.

12.18 Each of the proposals have a Corporate Director Sponsor and Director Lead who will be accountable for delivery. The Financial Resilience Plan is designed to focus the Council's transformation efforts and capacity on the areas of greatest impact and also where there is the highest priority need for improvement. It is also designed to establish stronger collective ownership of a corporate programme, increase transparency around what is being prioritised and improve grip at the most senior level on the progress the Council is making. Reporting against the Financial Resilience Plan will commence through the quarterly finance updates to Cabinet.

12.19 The budget process is continuous between now and March 2027. Regular touchpoints will be made with Corporate Directors/Directors to consider progress and there will be updates to the Corporate Leadership Team, Cabinet and Scrutiny throughout the process. Professional judgement by the Section 151 Officer based on evidence and data will be used to assess the

extent to which final assumptions need to be adjusted to take account of demand and other changes across 2027/28 before the final draft budget is presented to Cabinet on 9 February 2027.

12.20 The Council will also continue to ensure a strong focus on financial discipline going forward.

12.21 External support and challenge will be enhanced to help achieve the outcomes set out in this Financial Resilience Plan. This will include, but won't necessarily be limited to:

- Undertaking a further formal LGA Corporate Peer Challenge, in early 2027;
- Inviting additional external members to the Council's Financial Resilience Board
- Continuing open and transparent engagement with Government about the Council's financial position, including full participation in any direct offers of support.
- Ongoing implementation of the full range of spend control measures, including:
    - Spend Control Panels for all non-essential expenditure over £1,000;
    - Recruitment Control Panel to provide check and challenge on all permanent, temporary and agency recruitment;
    - Improve purchasing compliance across the whole organisation within financial regulations, contract standing orders and purchasing compliance rules;
    - Ongoing implementation of central gateway arrangements for capital projects, procurement and commissioning;
    - Section 151 Officer 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.

13 Updated 2027/28 Financial Position

13.1 Taking into account all of the above, the 2027/28 budget gap reported to Council on 3 March 2026 has now been revised to reflect the following:

- New and revised service and corporate budget pressures.
- Business rates income amended to reflect latest CPI inflation and current estimates of the impact of the planned revaluation and reset.

13.2 The output of these adjustments has resulted in a revised budget gap for 2027/28 of £35.4m as set out in Table 1 below.

Table 1: 2027/28 Revised Budget gap

Description	2027/28 £'000
Current Gap (based on March 2026 position)	**29,591**
Increase in Service Specific Pressures Services (see Appendix 3)	28,311
Reduction in Corporate (non service specific pressures) (see Appendix 3)	(24,427)
New Government & Other Funding Changes – reduction in assumed business rates income	1,970
Revised gap before any new savings	**35,446**

The key drivers of the increased gap are provided below:

Budget Pressures

13.3 Work over the summer has suggested that an additional £28.3m will be required by directorates for 2027/28 with additional £46m required across the whole MTFS period. There is an assumed reduction in Corporate pressures of £24.4m in 2027/28 mainly driven by a review of the allowance for general contingency which in turn has led to a £78.1m reduction across the whole MTFS period. These estimates have considered the most up to date forecasts and modelling for the current (2026/27) financial year and use of scenario planning to forecast future trends in demand and price.

13.4 Table 2 below summarises the total currently estimated additional budget required by Directorates for each year.

Table 2: Increase / Reduction in Budget Pressures since March 2026

Directorates	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total £'000
Children's Services	5,063	-	-	-	-	**5,063**
Adult & Social Services	8,861	4,779	12,513	-	-	**26,153**
Housing Demand	11,374	41	43	-	-	**11,458**
Public Health	-	-	-	-	-	**-**
Culture, Strategy and Communities	300	118	48	26	1	**494**
Environment & Resident Experience	1,968	252	261	39	40	**2,560**
Finance & Resources	745	17	(497)	-	-	**265**

Directorates	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total £'000
Corporate Budgets*	(24,427)	(25,079)	(24,976)	(9,841)	6,261	**(78,061)**
Total	**3,884**	**(19,871)**	**(12,608)**	**(9,775)**	**6,302**	**(32,069)**

*Additional General Fund contingency requirement for 2027/28 reduced to £3.7m since March 2026 following further review of overall budget pressures across the MTFS

13.5 Assuming that the new pressures are built into 2027/28 to 2031/32 budget plans, the overall pressures across the 5 years of the MTFS would be as shown in the Table 3 below.

Table 3 – Estimated Total General Fund Budget Pressures 2027/2032

Directorates	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total £'000
Children's Services	6,835	1,607	1,680	-	-	**10,122**
Adult & Social Services	16,071	11,979	19,433	-	-	**47,483**
Housing Demand	13,374	2,041	1,043	-	-	**16,458**
Public Health	-	-	-	-	-	**-**
Culture, Strategy and Communities	(846)	216	146	1,256	1	**774**
Environment & Resident Experience	2,391	(1,748)	261	39	40	**983**
Finance & Resources	745	17	(497)	-	-	**265**
Corporate Budgets*	30,176	45,897	58,287	71,902	6,261	**212,524**
Total	**68,746**	**60,010**	**80,353**	**73,198**	**6,302**	**288,608**

***** A breakdown of Corporate budgets are detailed in the table below

Table 4 – Breakdown of Pressures on Corporate Budgets

Description	£'000
General Fund contingency requirement for 2027/28 reduced to £3.7m since March 2026 following further review of overall budget pressures across the MTFS	3,726
Increase in budget for forecast pay inflation to 3.5%	3,835
Increase in budget for forecast price inflation – average of 15%	2,717
Increase in London Wide Levies – 2.5% increase assumed	1,200
Increase in Haringey's contribution to Concessionary Fares	2,729
Increase in banking charges from increased use of card payments and to address a historic shortfall on the budget	360
Increase in borrowing costs	14,587
Other combination of minor adjustments	1,022
Total	**30,176**

Service Pressures for 2027/28

13.6 In 2027/28, of the additional budget required to fund pressures (£68.7m), 53% relates to Adult and Children's social care and housing demand (temporary accommodation).

13.7 The estimated additional budget requirement for adult social care in 2027/28 is £16.1m - £7.2m identified at the last update in March 2026 and an additional £8.9m as set out in Table 2. This reflects an increase in the demand for placements based on historical trends and assumptions around the mix of care provided for each key primary support need. It also represents an increase in adults receiving care packages and an average inflationary increase of 4%. It is projected that the number of Older Adults with a Physical Disability primary need will increase from 1,688 to 1,754 by March 2028. For Younger Adults (18-64) with a Learning Disabilities primary need, the increase from a baseline of 775 is expected to reach 805 by March 2028, for those with a Mental Health primary need, an increase from 532 to 566 at March 2028 and for those with a Physical Disability primary need, an increase from 694 to 733 by March 2028.

13.8 In 2027/28, it is assumed that £13.4m additional budget will be required for housing demand - £2m was identified at the last update in March 2026 and the additional £11.4m as set out in Table 2. Of this, £7.7m is mainly driven from the requirement to fund the Housing Benefit subsidy pressures which have arisen from increases in Temporary Accommodation (TA) rents but not a corresponding increase in housing benefit individuals receive. Of the total, £2.4m is estimated to be required for increased Temporary Accommodation (TA) costs to address forecast demand and the ongoing increase in the price of nightly paid accommodation - with average costs rising by almost 10% over the past year. Despite ongoing efforts to reduce expenditure through homelessness prevention initiatives, contract management efficiencies, and improved move-on arrangements, the service's ability to mitigate these pressures is constrained by statutory homelessness duties and wider market conditions.

13.9 Within Children and Family services, an additional £7m is expected to be needed - £1.8m identified at the last update in March 2026 and the additional £5.1m as set out in Table 2. Of this, £3m relates to cost pressures in children's placements due to increasing complexity of need, rising market costs, and growing use of high-cost placements. While the number of looked-after children has increased from around 290 to 306, the main issue is the rising cost per placement, with some highly complex cases costing up to £700,000 annually. Higher-cost children entering care are outweighing savings from those leaving, while fostering shortages continue to drive reliance on more expensive placement options. Other pressures include £1.3m for the extension of the Steps to Adulthood Programme (Transitions) and £556,000 for Home to School transport due to changes in guidance which means the council is now liable for transport of children in care with an Education Health and Social Care Plan placed out of borough.

13.10 The pressures highlighted in Environment and Resident Experience include lower than expected income now in the active and wellbeing service, additional capacity for the revenues team to increase council tax collection and the loss of income from the Government's proposed £100 cap on Council Tax liability order charges which will require the service to reduce its fees from 2027/28. The Resident Support Service is an area where the Council has historically made large cost savings without introducing the digital infrastructure that will move digitally able customers away from telephones and face to face, onto online access. The consequence is an extremely poor experience for residents wanting to access some of our core services. The service will therefore require additional funding in 2027/28, as it has this year. The investment needed is being developed and will be included in the draft budget presented to Cabinet on 9 February 2027.

13.11 Overall the budget requirement in Culture, Strategy and Communities will reduce by £846,000 but includes funding for pressures in digital infrastructure and technology in libraries and providing additional resourcing for the Coroners service to maintain statutory duties and service delivery.

13.12 The main pressure identified in Finance and Resources has arisen from staffing costs that can no longer be funded through capital budgets and instead will now be funded through the revenue base budget. Other pressures include contract costs and technology implementations in the Digital and Change team. There are spending and income pressures within the property service which are expected to continue into 2027/28 as the improvement plan continues to be implemented and increases income form lease and rent reviews. However, ongoing time limited additional budget will be required until the completion of this improvement plan and will be reflected in the final draft budget in February 2027.

13.13 All pressure assumptions across services will remain under review over the next few months as new information emerges so the budget for 2027/28 can be set on the most up to date, realistic and reliable estimates.

13.14 Although still subject to change and challenge and validation in light of the forecast in the current year between now and December, these have now been assumed in the financial planning models at this stage of the budget planning process.

Corporate Pressures for 2027/28

13.15 Table 4 shows an increase of £30.2m is required in 2027/28 compared to the 2026/27 budget. Of this increase, £14.6m (48%) relates to the estimated increase in annual interest and principal repayment (MRP) on borrowing reported in March. Of this, £3.8m is due to borrowing for EFS and £10.8m due to borrowing for the General Fund Capital programme. These figures

will be reviewed and updated in line with the 2027/28 Treasury Management Strategy Statement which is being prepared for Audit Committee in January 2027, Cabinet in February 2027 and Full Council in March 2027.

13.16 Other notable increases are for pay and contract inflation, now assumed at 3.5% for pay and an average of 15% (ranging from 2.5% to 59%) for corporate contracts and the average is mainly driven by steep increases in the utility contracts and external audit costs.

13.17 Currently £3.9m of the increase assumed for 2027/28 is to cover the forecast increases for Concessionary Fares and the North London Waste Authority (NLWA) levy, £2.8m and £1.2m respectively. Revised forecasts for both of these services were not available at the time this report was published, and given their overall size, any small % increase between now and February 2027 could be significant in budgetary terms.

13.18 Treasury investments are assumed at an average rate of 3.5% and borrowings at an average rate of 5% and remain in line with the March 2026 Council assumptions but will be updated in line with the 2027/28 Treasury Management Strategy Statement (TMSS) which will consider the latest forecasts published by the Office for Budget Responsibility on 28 October and advice from our external Treasury Advisors. Any updates will be reflected in the draft budget to Cabinet in February 2027 and Full Council in March 2027. It should be noted that currently the borrowing rate is 5.5%.

13.19 Government policy decisions can have a significant impact on many of the corporate budgets which cover pay and corporate contract inflation and treasury and capital financing. At this stage, no adjustments have been made following Government's Autumn Budget on 28 October 2026.

Budget Savings and Management Efficiencies

13.20 The approach to identifying new savings as part of this year's financial planning process was set out at the beginning of this section of the report through the Council's Financial Resilience Plan.

13.21 This work has identified an additional £7.6m new savings (including management efficiencies) for 2027/28 with a total £14.9m new savings across the five year MTFS period as noted in the Table 5 below. These are on top of the existing, already approved, savings of £12.8m in 2027/28 and £20.8m across the five-year period. This means in total, savings of £20.4m for 2027/28, subject to consultation on the new proposals.

13.22 The new saving proposals that have been developed by officers as options to reduce the budget gap now require formal consultation as part of the budget process and are detailed in Appendix 4. Cabinet are now recommended to commence external consultation and member scrutiny.

Table 5: New Proposed Budget Savings and Management efficiencies

Directorates	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total £'000
Children's Services	-	-	-	-	-	**-**
Adult Social Care	(500)	(750)	-	-	-	**(1,250)**
Housing Demand	(642)	-	-	-	-	**(642)**
Public Health	-	-	-	-	-	**-**
Culture, Strategy and Communities	(55)	(25)	(180)	-	-	**(260)**
Environment & Resident Experience	(140)	(726)	(195)	(110)	-	**(1,171)**
Finance & Resources	-	-	-	-	-	**-**
Corporate Budgets	-	-	-	-	-	**-**
Management Efficiencies	(6,272)	(3,465)	(1,815)	(50)	-	**(11,602)**
Total	**(7,609)**	**(4,966)**	**(2,190)**	**(160)**	**-**	**(14,925)**

13.23 Assuming that the new proposals are agreed and built into 2027/28 to 2030/31 budget plans, the savings programme across the 5 years of the MTFS would be as shown in the Table 6.

Table 6 – Estimated Total General Fund Savings Programme and Management Efficiencies 2027-2032

Directorates	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total £'000
Children's Services	(466)	(70)	-	-	-	**(536)**
Adult Social Care	(1,809)	(2,670)	-	-	-	**(4,479)**
Housing Demand	(2,864)	(512)	(490)	-	-	**(3,866)**
Public Health	-	-	-	-	-	**-**
Culture, Strategy and Communities	(155)	(150)	(180)	-	-	**(485)**
Environment & Resident Experience	(1,378)	(1,862)	(445)	(110)	-	**(3,795)**
Finance & Resources	(3,260)	(2,885)	-	-	-	**(6,145)**

Corporate Budgets	(3,505)	-	-	-	-	**(3,505)**
Management Efficiencies	(7,013)	(4,053)	(1,815)	(50)	-	**(12,931)**
Total	**(20,449)**	**(12,202)**	**(2,930)**	**(160)**	**-**	**(35,741)**

13.24 New management efficiencies are operational and largely internal efficiencies rather than resulting in a change in service provision or how it is delivered and total £6.3m in 2027/28 and £11.6m across the five year MTFS period. They cover the following areas as set out in Table 7:

Table 7 – New Management Efficiencies

Themes	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2031/32 £'000	Total £'000
Greater use Digital Technology	(196)	(300)	(50)	-	-	(546)
Improved Market Management and Re-tendering of Services	(600)	(900)	-	-	-	(1,500)
Improved service provision via a more targeted/alternative support	(3,527)	(667)	(237)	(50)	-	(4,480)
Income generation	(283)	(336)	(187)	-	-	(807)
Increases in External Funding Contributions	(645)	(500)	(500)	-	-	(1,645)
Staffing Reductions*	(1,021)	(762)	(841)	-	-	(2,624)
Grand Total	**(6,272)**	**(3,465)**	**(1,815)**	**(50)**	**-**	**(11,602)**

*Excludes any savings from senior management review – this work is underway and will be reflected in the draft budget to Cabinet in February 2027.

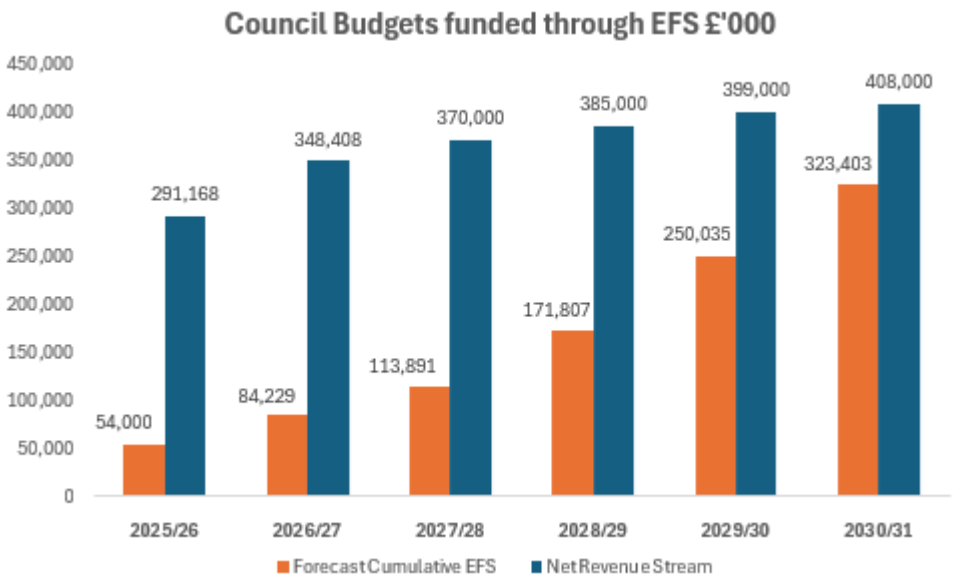
13.25 The 2027/28 Financial Planning process to date, including lobbying and meetings with MHCLG and Ministers, has clarified that EFS and/or increases in Council Tax above the 4.99% threshold are the only options if the authority is not able to set a balanced budget for 2027/28.

13.26 The implications for this level of ongoing borrowing is not sustainable but considered realistic at this stage given the financial pressures the Council is dealing with over the next five years and the level of transformation and re-design of services that is needed. The Council will continue to express its concern to Government that EFS and the impact this has on borrowing costs year on year is not a solution to dealing with the shortfall of funding in the sector.

13.27 Chart 3 below sets out the forecast value of the Councils budget that will be funded through EFS across the MTFS period as presented to the March 2026 council. It shows the forecast annual EFS interest charges to be incurred each year. These figures are based on a 20-year maturity Public Works Loans Board Loan at 5.85%. Every £1m equates to approximately £86,000 of borrowing costs that must to be funded.

13.28 It must be stressed that the contents of the charts are not final but illustrative of the growing % of the forecast new budget requirement relying on EFS should no further action be taken.

Chart 3 – Forecast Council Budgets funded through EFS

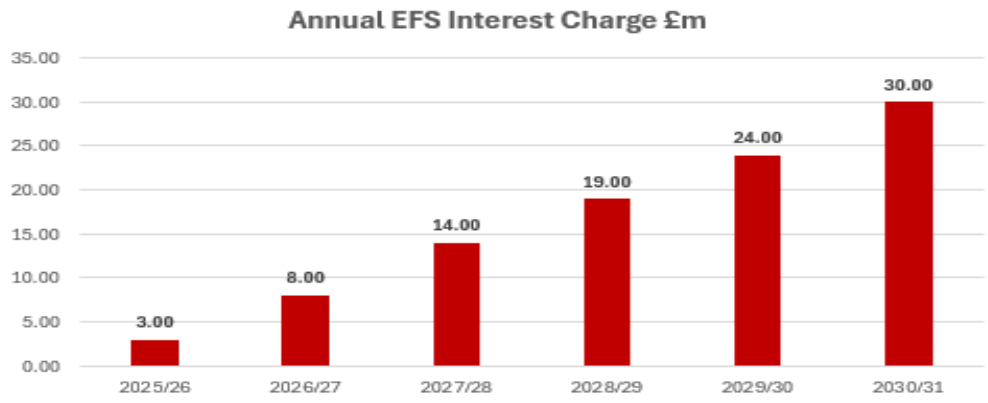


*This chart is for illustrative purposes and reflects the current forecasted position

13.29 The Net Revenue Stream represents the amount of funding the Council needs to finance its day-to-day services after taking account of income generated from fees, charges, contributions, and specific grants. It reflects the net cost of delivering services, together with corporate financing and treasury management costs, and is funded through a combination of Council Tax, retained business rates, and government funding

13.30 Chart 4 underlines the growing funding being diverted away from day to day service delivery into servicing the interest and principal repayment of EFS loans. The final EFS figure will be subject to agreement with Government and will depend on the outcome of the local government finance settlement, any internal revisions to current assumptions before February 2027, the wider economic position and availability of capital receipts to fund EFS rather than borrowing.

Chart 4 – Forecast Annual EFS Interest Charge



14 Financial Position for 2027/28 and beyond

14.1 The focus of this report has been on preparations for the 2027/28 budget. Financial planning across the medium term is more difficult because spending pressures and other income streams remain volatile.

14.2 With the publication of the 3-year local government funding envelopes last year, there is a reasonable amount of certainty for government support for 2027/28 and 2028/29 but beyond that there is little updated announcements to base revised assumptions on. Broadly, the approach has been to forecast cash flat or limit to inflationary increases.

14.3 Service and Corporate pressures have been reviewed, as outlined above, but become less reliable beyond 2027/28 and contain significant risk.

14.4 This forecast cumulative gap across the MTFS period is £181.9m as set out in Table 8. It is critical to note that this is the gap **after** assuming an on-going reliance on EFS of £84.3m which has effectively been built into on-going budgets and will need to be borrowed each year from Government – the structural deficit.

14.5 The £181.9m also currently excludes any new saving proposals or new management efficiencies and is based on the best estimates at this stage including:

- Government funding remains cash flat beyond 2028/29.
- Service demand pressures of £76.1m (2027/28 - 2031/32) are sufficient but will be subject to regular review as more information becomes available.
- Corporate demand pressures of £212.5m (2027/28 - 2031/32) are sufficient but will be subject to regular review as more information becomes available.
- Pay inflation reducing across the period to 3% and price inflation reducing across the period to 4%, although with inflation not reducing at the pace expected this assumption is a significant risk.
- Interest rate of borrowing costs remain an average of 5%. This will be updated as part of the annual review of the TMSS and the impact of revised forecasts built into the February report to Cabinet.
- Council Tax base increase of 1% and Council Tax level increase of 4.99% for the remainder of the MTFS period.
- Delivery of £35.7m of previously agreed and proposed savings and management efficiencies for 2027/28 to 2031/32.
- Corporate Contingency remains at £25.0m until 2031/32.
- Services stay within their approved budget allocation and do not overspend.

Table 8 – Forecast Budget Gap 2027/28 to 2031/32

Type	2027/28	2028/29	2029/30	2030/31	2031/32	Total
	£'000	£'000	£'000	£'000	£'000	
Previously Agreed Budget Pressures	64,862	79,881	92,961	82,973	-	**320,677**
Previously Agreed Budget Savings	(12,100)	(6,648)	(740)	-	-	**(19,488)**
Previously Agreed Management Efficiencies	(741)	(588)	-	-	-	**(1,329)**
Previously Agreed Government and Grant Funding Changes	(22,430)	(14,729)	(13,994)	(9,605)	-	**(60,758)**
Current Gap (based on March 2026 position)	**29,591**	**57,917**	**78,228**	**73,368**	**-**	**239,103**
New Pressures (service and corporate)	3,884	(19,871)	(12,608)	(9,775)	6,302	**(32,069)**
Government & Other Funding Changes – business rates income reduction and Recovery and Revenue Support Grant increases from 2030/31	1,970	0	(1,071)	(12,992)	(13,036)	**(25,128)**
Forecast Budget Gap before new Savings and Management Efficiencies	**35,446**	**38,045**	**64,548**	**50,600**	**(6,733)**	**181,906**

14.6 The forecasts have not improved which underlines the size of the challenge facing the council. As noted above, the gaps in the table are after an assumption that the Council will receive each year of £84.3m of EFS from Government. This assumption does pose a risk and permission for EFS must be obtained each year. Even with a fundamental review of how Council services are delivered and a review of performance standards that are affordable, it is really challenging to see how the Council can close the in year budget gaps, plus the £84.3m structural deficit whilst still continuing to deliver on its statutory requirements.

14.7 The Council acknowledges that despite the opportunities identified in this report, there remains a significant financial gap over the next three years, whereby if no further action is taken will mean an increasing reliance on EFS year on year which is not sustainable. The Council recognises and through the Financial Resilience Plan that a more transformational approach to re-design services is required. This has commenced and will continue during 2027/28 to identify opportunities to improve the position from 2028/29 onwards.

14.8 It is critical that lobbying continues to take place at all appropriate opportunities supported by evidence-based data and the next formal opportunity will be through the 2027 Spending Review.

15 Capital Programme Update

15.1 The Capital Strategy 2026-2036 was approved and adopted by Full Council on 2 March 2026 Capital Strategy. The Capital Strategy sets out the Council's statutory responsibility to define a clear approach for capital investment and financing.

15.2 The aim of the strategy is to ensure that all Council elected members and other stakeholders fully understand the overall long-term policy objectives and resulting Capital Strategy requirements, governance procedures and risk appetite.

15.3 The CIPFA Treasury Management Code of Practice and Prudential Code require local authorities to ensure that capital investment plans are affordable, prudent and sustainable over the medium to long term.

15.4 Full Council agreed that the Capital Strategy should be reviewed annually alongside the MTFS (Medium Term Financial Strategy) and TMSS (Treasury Management Strategy Statement). This is to ensure that it remains responsive to changing strategic priorities, economic conditions, funding opportunities and affordable.

15.5 Officers are currently reviewing the strategy to ensure it aligns with the priorities set out in the new Corporate Delivery Plan and continues to deliver on the Borough Vision 2035 outcomes.

15.6 With interest rates remaining high in the short term at least, it is essential that levels of borrowing are kept to a minimum.

15.7 The Council will continue to identify external funding that can be utilised to fund the capital programme to reduce the need for borrowing, including grants and other contributions such as Section 106, CIL and the contributions parking income can make to eligible spend within the programme on essential maintenance to roads and other transport schemes across the borough.

Approach to Updating the Existing Capital Programme

15.8 The process to review the Capital Programme is underway and continues to focus on ensuring that any scheme included in the programme is based on clear evidence of need and affordability in line with the Capital Strategy.

15.9 Over the summer, officers have been reviewing the existing capital programme to identify any schemes that could be re-profiled, reduced, deferred, deleted but also to identify any other new essential or new investment that may be required which will be subject to consultation. Only schemes that are evidenced to be essential, in line with priorities and financially viable will be included.

15.10 This review has not identified at this stage any changes that will require consultation.

15.11 Given the challenging financial position of the Council, it is expected that should any new proposals be submitted that require Council funding, they will focus on addressing health and safety, maintenance and maintaining essential services.

15.12 To provide greater clarity and to ensure that the Council is not budgeting for borrowing not yet confirmed as required, new categorisations have been introduced into the planning stage this year. These are set out in Table 9 below including definitions. As part of this year's annual review, each scheme (existing and new) will be categorised as one of the four 'stages'.

Table 9: Capital Programme Stages

Stage	Definition
Pre-Pipeline	Early-stage concepts with no approved business case or delivery plan. Potential future capital projects. These schemes will not be budgeted for in the capital programme.
Pipeline	Projects with an outline business case and expected to be delivered in the next five years but no clear delivery plan or timescales and remains subject to further approval before proceeding.

Stage	Definition
Inflight	Approved schemes with funding in place and actively being delivered. Monitored through programme and financial governance arrangements.
Contingency	Corporate provision for unforeseen cost pressures, inflation, risk events and emerging priorities. Controlled centrally with approval thresholds, and agreed through the Capital governance process.

15.13 The result of this categorisation and process change means that the funded capital programme considered by Cabinet in February 2027 and subsequently presented to Full Council on 1 March 2027 for approval will only include projects that are deemed 'inflight' or to be funded through 'contingency' when clear delivery plans have been agreed.

15.14 Work to date has been on: -

- Confirming schemes that will have completed at the end of 2026/27 and therefore will not feature in next year's programme.
- Confirming schemes that no longer align with priorities in the Corporate Delivery Plan and can be re-prioritised.
- Review of schemes that need to be retained in the programme but with a review of delivery plans and profile of spend. Where a delivery plan cannot be evidenced but delivery is expected, these will be removed as named schemes in the programme and be reflected within the contingency allocation with approval through the capital governance process in year.

Exceptional Financial Support (EFS) Requirement Funding

15.15 As stated earlier in the report, due to the number of budget uncertainties remaining at this point of the planning process, no changes have yet been made to currently assumed EFS in 2027/28 and beyond in the capital programme. Work must continue between now and December to identify further opportunities to reduce spending.

15.16 Any new EFS requirement for 2027/28 will be crystalised over the coming months and built into the 2027/28 TMSS and the final budget papers considered by Cabinet and Full Council in February and March 2027. Although EFS can be funded from capital receipts it is likely that the majority, if not all, will need to be funded through borrowing.

Funding the Capital Programme

15.17 Work is underway to optimise the funding of the proposed capital programme. This will focus on limiting as far as possible the dependence on borrowing and will include maximising available external grant and external

contributions; applicability of CIL and S106; potential to apply any historic reserve balances and a detailed assessment of uncommitted capital receipts for a refreshed update of forecast receipts from April 2027.

15.18 The Corporate Director of Finance and Corporate Resources (Section 151 Officer) will assess the optimum use of these resources with the final proposals presented to Cabinet in February. The draft capital programme for 2027/28 to 2031/32 will be presented to Cabinet on 9 February 2027 before final recommendation to Full Council on 1 March and which will also include the approval of the proposed application and strategy for the use of capital receipts and the updated policy for Minimum Revenue Provision.

16 Risk Management

16.1 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.

16.2 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.

16.3 There is a need to plan for uncertainty as the future is unknown 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.

16.4 The Council's Corporate Director of Finance and Resources (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 will be made as part of the final report on the Council's budget in February 2027 and will draw on independent assessments of the Council's financial resilience where available. It is critical that this report outlines the number and breadth of potential risks and uncertainties the council faces when arriving at the budget proposals.

Government Reform Landscape

16.5 **Overall landscape** - Government reforms underway and signalled, including improved multi-year funding certainty and potential new local powers, may present opportunities, but the timing, detailed design and how the costs and benefits might be distributed remain uncertain. This means there is a risk that the Council's existing funding, demand, and expenditure assumptions may need to be revised during the MTFS period.

16.6 **Local government funding -** The 2026/27 to 2028/29 Local Government Finance Settlement provides a stronger basis for planning, and the revised funding formula increased Haringey's expected resources. However, later-year allocations remain subject to confirmation and certainty beyond 2028/29 is limited. Uncertainty also remains over the longer-term implications of the business rates reset and grant consolidation.

16.7 **Adult Social Care Reforms** - The Prime Minister has committed to establishing a National Care Service in the next Parliament founded on the same principles as the NHS, where everyone contributes and everyone is covered. It will provide free personal care for older people, covering essential support such as help with bathing and using the toilet. Some existing means-tested council contributions will remain. Baroness Louise Casey's independent commission on adult social care will recommend how and when the National Care Service should be built up. Her report is due in summer 2027. Any changes could have a transformative impact on how adult social care is funded and delivered. However, these proposals remain at an early stage and their design, funding, timetable and implications for local government are not yet clear.

16.8 **SEND reform -** The extension of the Dedicated Schools Grant statutory override to March 2028 has deferred the accounting cliff edge. However, underlying SEND demand, cost and deficit pressures remain, and there is continuing uncertainty over the funding arrangements that will apply after the override ends. The 90% funding of the deficit in 2025/26 is welcomed but the 10% also equates to a pressure of £1m that will need to be funded by the Council when the override ends. The number of children with EHCP continues to rise and it has not been confirmed whether the 90% funding each year from Government will continue for 2026/27 and 2027/28. The 2026 Schools White Paper *Every Child Achieving and Thriving* and the consultation *Putting Children and Young People First* set out reform of SEND support in England. The aim is a single, inclusive education system where most children thrive in mainstream settings, with specialist support available quickly when needed.

16.9 The OBR has made specific reference to an increase in local authority borrowing with an average of £1.9 billion a year higher by 2030 compared to November 2025 and with SEND deficits forecast to reach £14 billion in 2028-29 as both the volume and unit cost of school-aged children requiring SEND support grows.

16.10 **Children's Social Care -** The children's social care reforms aim to transform the system to ensure families receive the help they need, children are safe, and care leavers have stable homes. Key changes include:

- Family Help: A single service offering support and interventions to keep families together.
- Multi-Agency Child Protection Teams: Bringing together social workers, police, health, and education professionals for enhanced safeguarding.

- Kinship Care: Strengthening support for kinship carers, with councils required to publish local kinship offers.
- Foster Care Capacity: Increasing capacity and expanding Regional Care Cooperatives to support children in care.
- Care Leavers Support: A national Staying Close offer from 2029 to assist care leavers with accommodation, employment, and healthcare up to the age of 25.

These reforms are part of a broader strategy to improve outcomes for children, young people, and families, with a focus on prevention, support, fixing the market, and key enablers like workforce investment and data sharing.

16.11 **Devolution and local revenue powers -** Government proposals to introduce an Overnight Visitor Levy could provide new local revenue-raising powers. However, the scale of any financial benefit to Haringey remains uncertain and will depend on the final legislative framework and Mayoral implementation arrangements.

16.12 **Emerging national policy -** Proposals relating to housing standards, Right to Buy, energy and welfare could affect council responsibilities, costs and demand for support.

16.13 **Wider economic conditions -** Inflation, interest rates and energy prices remain volatile, creating potential pressures on pay awards, contracts, the Council's operational estate and capital financing. National poverty rates remain persistently high, while child poverty and the severity of poverty have worsened. Haringey is the third most deprived borough in London and includes Northumberland Park, the most deprived ward in the capital. These conditions may leave the borough particularly exposed to wider economic pressures and increased demand for Council support.

Inspection and Regulation

16.14 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. All of these could have financial implications for the Council in preparing and supporting the inspection processes as well as implementation of any recommendations. The report on the recent inspection of the Council's landlord function from the Regulator of Social Housing has now been published. Any financial implications from the recommendations will be addressed through the Housing Revenue Account Business Plan that will be presented to Cabinet in December 2026.

Economic Conditions

16.15 The Office for Budget Responsibility published the latest forecast for inflation and interest rates in October 2026 and the Council's final draft budget to Cabinet in February will reflect any change in assumptions as a result of the revised forecasts.

16.16 UK economic conditions remain mixed, with modest economic growth continuing alongside signs of persistent inflationary pressure. Employment fell for the 24th consecutive month, highlighting continued labour market weakness despite broader economic resilience. Rising energy and transport costs are increasingly being passed through to consumers and businesses.

16.17 The Bank of England maintained Bank Rates at 3.75%, although three members of the Monetary Policy Committee voted in favour of an increase at the September meeting. Whilst weaker employment data would ordinarily support a more accommodative policy stance, renewed energy-driven inflation has increased the likelihood that interest rates may remain higher for longer.

16.18 It should be noted that national inflation figures are not always reflected in cost of services, such as social care so there remain a risk that the forecast additional budget assumed in this report for pay and price is not sufficient. Volatility is likely to continue for some time from the on-going impact of the Middle East unrest and the war in the Ukraine which will impact on the Council's cost of services and supply chains.

16.19 The high cost of living continues to impact on many of our residents which results in more requiring support from the Council, particularly with housing. Since 2021 the Haringey Support Fund has provided hardship funding to more than 4,000 local residents and the HRA Tenant Hardship Fund provides one-off rent credits to tenants who have fallen into arrears. The Crisis and Resilience Fund included in the 3-year local government finance settlement can help support residents but is unlikely to be sufficient. The cost-of-living crisis is also likely to negatively impact on income collection.

Estimate of Pressures for 2027/28

16.20 The demand forecasts and other service pressures have been reviewed over the summer and where required previous estimates have been updated. These estimates have been made with reference to the 2025/26 outturn, the 2026/27 Quarter 1 forecast and external professional or sector expert advice on future demand and price changes. However, a risk remains that these are not sufficiently robust or that external factors such as the economic position alter significantly over the second part of this financial year and negatively impact on current assumptions. For this reason, assumptions will be kept under review, and amendments must be expected before the draft 2027/28 Budget and MTFS report is published in February 2027.

16.21 As highlighted elsewhere in the report, a number of the key Corporate budget items such as Concessionary Fares and the North London Wast Authority levy are dependent on the outcome of financial planning by external bodies which will not conclude until later in the year. Given their budgetary size and inability for the Council to significantly influence, this remains a key live risk.

Identifying and Delivery of Budget Reductions

16.22 This report includes details of the new savings which officers have developed and put forward to Cabinet with a recommendation to commence formal consultation.

16.23 The Council has reviewed its delivery of existing savings. Despite the additional focus that the finance recovery programme provides, non-delivery remains a key risk for the authority which has been highlighted by the Council's external auditors. Improved savings delivery is a critical element of the agreed 3-year Financial Resilience Plan. Much greater officer and cross-party member scrutiny will be applied to challenge and unblock delivery of the agreed savings programme. The financial position set out in this report assumes that all previous and current savings are delivered in full.

16.24 Should the Financial Resilience Plan actions not deliver the expected outcome there is a risk that KPMG, the council's external auditors, might conclude that further recommendations are required. The first update on progress with the Financial Resilience Plan will be reported to Cabinet in December as part of the 2026/27 Quarter 2 Finance Update report and an update on the statutory and non-statutory recommendations to Audit Committee on 3 November.

16.25 With only £7.6m new saving proposals (including management efficiencies) for 2027/28 presented for consultation, it is clear that ongoing reliance on EFS will continue.

North London Waste Authority

16.26 A significant project is underway to develop a new North London Heat and Power facility. This project is unlikely to complete before 2030 but is likely to result in significant costs to the Council through future levy payments made to NLWA. These costs are not yet confirmed and therefore not included within the financial position for the MTFS period included in this report.

Reserves and Contingency

16.27 The Councils corporate contingency budget for 2027/28 is currently assumed at £25m, in line with 2026/27. This budget provides the Council scope to deal with any under forecast or new pressures which emerge after the budget is set.

16.28 Any use of reserves to balance the budget next year is not a viable option. The MTFS did assume a planned annual £3m replenishment of reserves to a more sustainable level from 2027/28. Replenishment means making an annual contribution to reserves included in the budget agreed in March each

year. Considering the continuing reliance on EFS, this has temporarily been removed from plans however, reinstating this must remain an aspiration.

16.29 The current reserve balances are in line with the those presented to Cabinet in July in the 2025/26 Provisional Outturn report Q1 2026-27 and therefore at this point, the estimated balances for 2027/28 and beyond remain in line with that report. The General Fund reserve is expected to be maintained at £15.2m. Any updates to the current reserve balances will be included in the Quarterly budget update reports to Cabinet during the year and the draft budget to Cabinet on 9 February 2027. Any sums identified as available to release will be required to offset the 2026/27 forecast overspend.

17 Consultation and Scrutiny

17.1 The Council, as part of the process by which it sets its budget, seeks the views and opinions of residents, businesses and partners of the draft proposals in this report.

17.2 This consultation and engagement exercise will begin following the 'Call In Period' on this report and will conclude in on 4 January 2027. The results will be taken into consideration in recommending a draft budget to Cabinet in February 2027 and then Full Council in March 2027.

17.3 There remains a significant budget gap for 2027/28 and work will continue until February 2027 particularly in refining estimated budget pressures, confirming any new management efficiencies and also the impact of any government announcements on funding.

17.4 The consultation process will focus on proposals which most directly impact residents. Responders will be able to share how they believe they could be impacted by the proposals, their views on how the council might bridge the budget gap, and what non-statutory services they want prioritised.

17.5 A more open and transparent engagement process is planned this year, including publication on CommonPlace which links into 10,000 residents, promotion through the Council's website, resident newsletters, contact centre and street screen advertising and face to face town hall events. The Council wants to ensure that it reaches as many as possible to give their views.

17.6 Statutory consultation with businesses and engagement with partners will also take place during this period and any feedback will be considered and, where agreed, incorporated into the February 2027 report.

17.7 The Council's budget proposals will be subject to a rigorous scrutiny review process which will be undertaken by the Scrutiny Panels and Overview and Scrutiny Committee in November and December 2026. The Overview and Scrutiny Committee will then meet in January 2027 to finalise its recommendations on the budget package. These will be reported to Cabinet

for their consideration. Both the recommendations and Cabinet's response will be included in the Budget report taken to Full Council in March 2027.

17.8 Finally, the consultation when published will be clear about which proposals it is anticipated would be subject to further, specific consultation as they move towards implementation.

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

18.1 The Council's budget each year is the financial framework for delivering on the Corporate Delivery Plan (CDP) outcomes. The 2026/28 CDP is included as a separate agenda item for Cabinet on 10 November. This is the first report to Cabinet in preparing for the 2027/28 budget and the proposals set out in this report should be considered alongside what the Council has set out to achieve in the CDP.

19 Carbon and Climate Change

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

20 Statutory Officers comments (Corporate Director of Finance and Resources, Head of Procurement, Director of Legal and Governance, Equalities)

Finance

20.1 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.

20.2 Ensuring the robustness of the Council's 2027/28 budget and its MTFS 2027/28 – 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.

20.3 As part of the draft budget presented to Cabinet on 9 February 2027, the Section 151 Officer will present her full Section 25 Statement on the Council's position. However, it is clear from this report that the financial position of the Council is unsustainable. With a budget gap next year of £35.4m after budget pressures have been estimated and new savings and management efficiency proposals of only £7.6m, all services must continue to review services as set

out in their Value for Money Action Plans and identify further management efficiencies that can contribute towards closing the gap for 2027/28 and reducing the reliance on EFS. Any additional proposals will be provided in the draft report to Cabinet in February 2027.

20.4 The proposals put forward in this report for consultation are those that have been identified to date by officers that are realistic and deliverable. There are a number within development that are not yet fully quantified. Some may require separate consultation in year or as part of the budget consultation for 2028/29 but it is important that implementation is not delayed because of an annual budget setting process and the Council realises any in year financial benefit.

20.5 Further work is underway to develop the delivery plan for the Income Generation priority in the Financial Resilience Plan and to quantify the impact of the review of senior management. These will further contribute towards closing the budget gap for 2027/28 and will be presented in the draft budget to Cabinet on 9 February 2027.

20.6 Discussions must also continue on the level of council tax increase that will be proposed to Full Council on 1 March 2027. This report assumes 4.99% but the Council could choose to apply to Government for a higher increase through an application for Exceptional Financial Support. Every 1% increase equates to about £1.5m of additional income to the Council to protect service delivery.

20.7 Based on the financial position and outlook for the 2027/28 budget included within this report, an increase in the need for EFS for balancing the 2027/28 is looking even more likely at this stage. However, this is not sustainable as a longer-term solution and simply adds the additional burden of higher borrowing costs onto residents of Haringey and does not align with Best Value Duty. The Council must therefore take all actions above to balance the challenging financial position with meeting the needs of Haringey's residents and consideration of non statutory services that could be de-prioritised.

Potential for Savings from 2028/29 onward

20.8 As part of the 2027/28 budget planning process officers identified three proposals that could reduce spending but require further investigation during 2027/28:

- Reduction in planning enforcement.
- Expansion of use of self service within the borough's libraries.
- The Council currently has four maintained nurseries but a business case is being developed to consider options for future service delivery.

20.9 Officers are also currently exploring new initiatives to reduce spend on temporary accommodation but which have not yet been quantified. Work will continue over the next few months to identify potential:

- Increase supply through acquisitions and Haringey Community Benefits Society lease renewals.
- Increase use of Homes for Haringey and alternative leasing vehicles.
- Develop options for longer-term leasing models to increase the availability of temporary accommodation.
- Converting suitable low-support provision into Supported Exempt Accommodation models to create cost-effective supported accommodation pathways and reduces pressure on mainstream temporary accommodation.
- Strengthening preventative services - Haringey's relatively stable numbers in temporary accommodation are largely attributable to strong prevention performance. However, Housing Needs caseloads are significantly higher than best practice recommendations and through transformation work there is opportunity to address the inequality through targeted support.

20.10 With a budget gap of £181.9m over the next five years as set out in this report, wider investment into transformation and complete service re-design is needed. Engagement with external support has commenced and will be put in place that will initially focus on demand led services but expand to all potential services over the next two years that would benefit from this approach. Any potential financial benefits are likely from 2028/29 (year 2 of the Financial Resilience Plan) and updates will be provided as part the next Medium Term Financial Strategy that will be published in March 2027 alongside the 2027/28 budget and quarterly monitoring reports during the year. Funding for this approach will be through the £4.79m that has been secured through MHCLG and an allocation of capital receipts that will be held by the Section 151 Officer for this purpose.

20.11 The Council has an unsustainably low level of reserves for managing risks and uncertainties and therefore any use of reserves is not considered an option for contributing towards closing the budget gap for 2027/28 by the Section 151 Officer. The General Fund reserve is proposed to be retained at £15.2m to manage risks and uncertainties in year but the Section 151 Officer will keep this assumption under review in the run up to preparing the full draft budget for 2027/28.

20.12 The formal Section 151 Officer assessment of the robustness of the council's budget, including sufficiency of contingency and reserves to provide against future risks will be made as part of the final budget report to Council in March 2026.

Procurement

20.13 Strategic Procurement have been consulted in the preparation of this report and will continue to work with services to support delivery of the Council's financial strategy and corporate priorities.

Director of Legal & Governance

20.14 The Director of Legal and Governance has been consulted in the preparation of this report.

20.15 This report provides an update on the Council's financial position including budget pressures, financial risks and savings proposals in preparation for the draft budget for 2027/2028, and anticipated budget pressures across the whole MTSF period for 2027 to 2032. In reviewing the council's current financial position and preparing the MTFS and budget for the next financial year, members should have regard to the statutory framework governing local authority finances and their fiduciary duties to local tax payers.

20.16 The Local Government Finance Act 1992 (the Act) places a statutory duty on local authorities to produce a balanced budget each financial year and to determine the Council Tax in accordance with this Act. Section 30 and 31A of the Act, requires the council to calculate its budget requirement and set the council tax in accordance with the statutory timetable.

20.17 Section s25 of the Local Government Act 2003, requires the section 151 Officer to report on the robustness of the estimates used in preparing the budget and the adequacy of the proposed financial reserves. The information in this report will contribute to that process and assist Members in understanding the financial challenges which will need to be addressed through the development of future budget proposals.

20.18 The council has relied on Exceptional Financial Support to deliver a balanced budget in 2025/2026. Through its Financial Resilience Plan, the council aims to reduce reliance on Exceptional Financial Support over a period of 3 years. Members must consider the longer-term impact of reliance on Exceptional financial support on borrowing, interest costs and future budgets.

20.19 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. 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.

20.20 In considering this report, and developing and consulting upon budget proposals the council must comply with the Public Sector Equality Duty contained in 149 of the Equality Act 2010.

Equality

20.21 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.

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

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

20.24 This report details the agreed budget proposals for 2027/28 and MTFS to 2030/31, including budget adjustments and update on the capital process.

20.25 The proposed recommendation is for Cabinet to note the budget proposals and agree to commence consultation with residents, businesses, partners, staff and other groups on the 2027/28 Budget and MTFS. The decision is recommended to comply with the statutory requirement to set a balanced budget for 2027/28 and to ensure the Council's finances on a medium-term basis are secured through the four-year Medium-Term Financial Strategy.

20.26 Existing inequalities have widened in the borough in recent years because of the COVID-19 pandemic, national economic challenges, and persistently high inflation, with adverse impacts experienced by protected groups across

many health and socioeconomic outcomes. Due to high inflation in the last few years, many residents are finding themselves less well off financially and more are experiencing, or on the periphery of, financial hardship and absolute poverty. Greater socioeconomic challenge in the borough drives demand for the Council's services, which is reflected in the impacts on spend for adult social care, children's services and temporary accommodation detailed elsewhere in this report.

20.27 During the proposed consultation on Budget and MTFS proposals, there will be a focus on considering the implications of the proposals on individuals with protected characteristics, including any potential cumulative impact of these decisions. Responses to the consultation will inform the final package of savings proposals presented in February 2027.

20.28 At this stage, the assessment of the potential equalities impacts of decisions is high level and, in the case of many individual proposals, has yet to be subjected to detailed analysis. This is a live process, and as plans are developed further, each service area will assess their proposal's equality impacts and potential mitigating actions in more detail.

20.29 Initial Equality Impact Assessments for relevant savings proposals will be published in February 2027 and reflect feedback regarding potential equality impacts gathered during the consultation, where proposals are included. If a risk of disproportionate adverse impact for any protected group is identified, consideration will be given to measures that would prevent or mitigate that impact. Final EQIAs will be published alongside decisions on specific proposals. Where there are existing proposals on which decisions have already been taken, existing Equalities Impacts Assessments will be signposted.

21 Use of Appendices

Appendix 1 Agreed Pressures
Appendix 2 Agreed Savings
Appendix 3 New Pressures Proposals
Appendix 4 New savings proposals for consultation (Appendix 4a to 4k New savings proposals for consultation further details)

22 Background papers

March 2026 Budget Report
2027/28 Treasury Management Strategy Statement
Chancellor's Autumn Statement