AGENDA FOR THE AUDIT COMMITTEE

Thursday, 23 July 2026, 7.00 pm - George Meehan House, 294 High Road, N22 8JZ.

Watch the meeting live here, or view all of our meetings on Youtube

Members of the public are welcome to attend this meeting. If you wish to speak at the meeting please register by emailing the Democratic Services Officer. Contact details can be found at the end of the agenda front sheet.

Councillors Tony Powell (Chair), Emily Arkell (Vice-Chair), Dana Carlin, Simon Clark, Fin Fitzgerald, Dan Johnson and Sarah Williams

Independent Members: Reyaaz Jacobs (Independent Member) and Reene Deba (Independent Member)

Quorum: 3

6. MINUTES (PAGES 1 - 16)

To confirm and sign the minutes of the Audit Committee meeting held on 12 March 2026 as a correct record.

To review the action tracker.

14. STATUTORY RECOMMENDATION IN ACCORDANCE WITH SCHEDULE 7 OF THE LOCAL AUDIT AND ACCOUNTABILITY ACT (PAGES 17 - 54)

Report to follow.

Democratic Services Contact: Nazyer Choudhury, Principal Committee Co-ordinator
Telephone: 0208 489 3321
Email: Nazyer.choudhury@haringey.gov.uk

Fiona Alderman
Director of Legal & Governance (Monitoring Officer)
George Meehan House, 294 High Road, Wood Green, N22 8JZ

Tuesday, 21 July 2026

Public Questions
Any resident, council tax payer or national non domestic rate payer of the Borough may ask the Chair of any Committee or its sub bodies any question on anything for which the Committee is responsible at any ordinary meeting. Notice of questions must be given in writing to the Democratic Services Manager by 10 a.m. on such day as shall leave three clear days before the meeting (e.g. Tuesday for a meeting on the following Monday). The notice must give the name and address of the sender. Should a question be rejected, the questioner will receive a written response advising of this, including the reasons for the rejection.

Deputations
A deputation may only be received by a Committee or its sub bodies if a requisition signed by not less than ten residents of the Borough, stating the object of the deputation, is received by the Democratic Services Manager not later than 10am to leave three clear days prior to the Committee meeting.

Accessibility Requirements
If you would like to attend and you have any special requirements, please email Nazyer Choudhury, Principal Committee Co-ordinator at . Please note that public seating is limited and will be allocated on a first come first served basis.

Advice To Members On Declaring Interests
Information on declaring an interest is set out in the Council's Constitution in Part 5 Section A. However, you may need to obtain specific advice on whether you have an interest in a particular matter.
If you need advice, you can contact:
• Monitoring Officer
• the Legal Adviser to the Committee; or
• Democratic Services.
If at all possible, you should try to identify any potential interest you may have before the meeting so that you and the person you ask for advice can fully consider all the circumstances before reaching a conclusion on what action you should take.

MINUTES OF THE AUDIT COMMITTEE HELD ON THURSDAY, 12 MARCH 2026, 7:00PM – 9:53PM

PRESENT: Councillors Erdal Dogan (Chair), Cathy Brennan (Vice-Chair), Mary Mason, Alessandra Rossetti, Sue Jameson, Isidoros Diakides and Alexandra Worrell

ALSO ATTENDING: Reyaaz Jacobs (Independent Member), Reene Deba (Independent Member)

1. FILMING AT MEETINGS

The Chair referred to the notice of filming at meetings and this information was noted.

2. APOLOGIES FOR ABSENCE

No apologies were received.

3. URGENT BUSINESS

There was no urgent business.

4. DECLARATIONS OF INTEREST

There were no declarations of interest.

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

There were none.

6. MINUTES

RESOLVED: That the minutes of the meeting held 29 January 2026 be agreed and signed as a correct record.

In relation to a query regarding statutory recommendation, the meeting heard that no notifications had been received from KPMG. If this was to arrive, this would be a letter that will come into either the Corporate Director of Finance & Resources (Section 151 Officer), the Chief Executive or the Leader of the Council. The Council would then need to respond to it depending on the content. A public response would be provided which would likely be to the Cabinet. The Audit Committee would likely get some oversight because KPMG reported into it. Should the Council get a statutory recommendation, the monitoring of the response would come into the Audit Committee. All this was dependant on if a statutory recommendation was made and the wording that was received.

Progress on commercial property had been made in terms of working through the outstanding rent reviews and lease reviews. It was not complete and a deadline for both commercial property and operational property was in June 2026. A paper would be submitted to the Committee which covered all aspects of commercial property.

7. AN UPDATE ON THE VOIDS AUDIT AND IMPROVEMENT PROGRESS

Mr Neehara Wijeyesekera, Assistant Director Housing Management, Ms Rachel Sharpe, Director of Housing and Mr Scott Kay, AD Repairs and Compliance introduced the report.

The meeting heard:

- It was important to track the ‘key-to-key’ process. This was when somebody wanted to terminate a tenancy or leave their property to the point where somebody else gets the keys and moves in. There were a lot of different services involved in this. The Council was trying to break down each bit of the process and look at how each bit worked. To terminate a tenancy, an in-person appointment would need to be made at the customer service centre and there were two forms to fill in. This was before the Council could look at the property to work out what work needed to be done. The intention of the strategic group was to sort out what should be the sensible time targets for each part of the process. The Council had been measuring voids in terms of total numbers at any one time rather than time processes.
- The last part of the process was the point at which the property was ready to be let, go onto the choice based letting system (or allocated by another method) before being signed up by a new tenant.
- The Council had looked at average timescales and the focus in recent years had been on the number of voids needed to be reduced. The review being undertaken would set out the steps individually. The numbers at present would take into account the whole process, but it would also take into account all of the voids, some of which had taken a long time because they were in programs such as regeneration programs or required major works. The Council wanted to be able to report on voids that were genuine turnaround voids as opposed to skewing figures from voids that would be put into a holding pattern for regeneration schemes.
- A query was raised that it was not clear how many voids there were, how long it took for an evaluation. It was also not clear how many people were on the waiting list. Generally, more information was required. In response, the meeting heard that a paper would be circulated and the queries could be raised at the next Committee.
- There were some difficulties in coming up with reliable data. There was reference to some changes needed on the NEC system. Voids were being tracked. There were 403 voids, but that was not all the voids. Only a certain number of properties were counted. The Council was committed to try and make an improvement with the issue.
- The new build properties were becoming available and this was a positive for the Council. In 2024/25, 451 new build properties were signed up. Up to the end of January, there were another 151 new build properties signed up. Around about 40% to 50% of all new build properties had an impact on the stock from

where people who had an offer in a policy decision that was made probably 10 years ago before development plans were being put forward. This was to allow those tenants who were living in certain conditions to be able to move. The impact of this meant that there more properties becoming available adding to the amount not-completed. The properties also needed to be matched and keep pace with the 500 properties per year from the normal stock, but also the additional stock (around 40% of the numbers of the existing stock).

- The Council reacted to a situation enhanced by the Neighbourhoods Move Scheme and had been managing the situation since. Numbers had gone down over the years and the Council put various supply chain partners in place, but these were short term contracts which had to keep renewing. Cabinet in the future would see a request to go out to procurement for a long-term partnering contractor for voids who could help the Council supplement this. The intention was to deal with voids through in-house teams to keep the core numbers down. Progress would see the Council plan ahead and follow the development pipeline. Having a flexible supply chain partner on a long-term contract was ideal and this was the plan to help cope with demand.
- People moving into new properties came from a variety of circumstances. There was a lot of dependence on where people were in terms of their priority need at the time. The number of applications from neighbourhood move schemes and the level of the applications meet the priority requirements was quite a complex set of layers in a holistic process. In the long term, having a bigger stock would be better for the borough. The borough needed affordable housing.
- Recording systems were not set up the way the Council needed it to be. The staff were having to do things in a manual way, taking longer and keeping files on local drives or on spreadsheets. Therefore, it was more difficult to get hold of data. The Council wanted to improve the system so that the reporting could be improved along with the transparency of data and the visibility of what void sat where.
- Improvement in systems had a dependency on the Council’s IT team. It was one of a large number of projects for improving systems in housing. The Council was trying to prioritise the system project improvements with IT to make sure the right resources were in place. The use of spreadsheets was not ideal as the Council needed access to data in a more immediate manner such as knowing how many voids were waiting to be allocated.
- Most organisations would use a system such as ‘NEC’. Upgrades were being implemented into the system to make sure it was up-to-date. It was a large system with multiple different elements to it.
- The system needed to be able to work under all criteria and be designed appropriately so that the controls, the audits, the functions, the different types of property, different types of reasoning as to why a property becomes void could then be managed better. The system review would need to be corrected over the next couple of months.
- The policy was ready, but would not be presented until the summer of 2026. This had gone through the residents’ voice board and a continuous improvement group.
- The project had already been commissioned and the project management was in place.
- Digital support was already in place to make sure no mistakes were made.

- There was the re-procurement work along with the improvement works on the system as it stands. It was not clear when this would be completed.
- Many procurements were planned over the next couple of years and there was a particular focus on Housing and Adult Social Care. A different process was in place in terms of digital governance and how projects got established. Resource allocation had been very clearly identified for every project budget. They were closely monitored with a series of internal governance steps. This was to ensure that the Council was specifying the requirements from a digital and service perspective. How digital projects was procured was very different to how adult social care services were procured. This was recognised under the new framework which had been in place for 18 months.
- In relation to voids, it was likely that the data was correct, but the system was unable to provide the reports it needed. There were minor day-to-day voids, major voids, sheltered voids, temporary accommodation voids, PSL voids, voids for Homes for Haringey and voids for HCBS. Some of those were not even managed directly by the housing service. Within the key to key process, there were various stages along the way. IT was working with the team to map out the process to deliver it in the best way, before systemising the process.
- The team had been reorganised so that the right management structure was in place and. Both the structure and the resources appeared to be right in relation to coping with demand.

The Audit Committee RESOLVED:

That the report be noted.

8. TREASURY MANAGEMENT QTR3 REPORT 2025/26

Ms Taryn Eves, Corporate Director of Finance & Resources (Section 151 Officer) introduced the report.

The meeting heard:

- In relation to the Civic Centre, this was just one of the capital schemes within the overall capital program and the full details of this was not included in the report, but had been reported in the quarterly report that was submitted to Cabinet and to the Overview and Scrutiny Committee. There had been no ‘slippage’ in relation to the Civic Centre, but there had been some around schools’ estate, roads and some around the regeneration schemes.
- In relation to the LOBO loans, the Council had £100 million worth of it, before reducing it down to £50 million. This consisted of £40 million with one provider and £10 million with another. There was also a possibility that the Council might buy off the £40 million. The Council periodically engaged with its advisers, ArlingClose, who acted on the Council’s behalf and approached the providers of the loans. So far, the response from the providers was that buying out would be quite expensive and not in the Council’s interest. The Council periodically engaged with its advisers to progress the matter.
- In relation to exceptional financial support, there was a £10 million loan related to the financial year 2024/25. When the Council closed the accounts, it was £10

million short. In 2025/26, when the Council set its budget and it got the in-principal agreement in March 2025, this was for £37 million. When the Council forecast its position in 2025/26, the Council forecast an overspend on top of the £37 million. The quarter 3 report submitted to Cabinet and the Overview and Scrutiny Committee reported this at £19 million - a significant improvement since quarter 1. It seemed all the actions that the Council was taking was starting to have an impact. However, this position would still be £19 million higher than the £37 million. As the Council only had £37 million in-year agreed by Government, it needed to submit a revised application. At that point in time, which was around mid-December 2025, the Council thought the overspend would have been slightly higher, so it submitted an application for £54 million. On 2 March 2026, in order to set a balanced budget for 2026/27, the Council had forecast that it needed £84 million. This was still only a forecast and was based on what the Council thought were its pressures going into 2026/27. The Council's aspiration had to be to minimise the use of the £84 million as it was an in-principal agreement as Government would only give the Council what it actually needed. In 2024/25, the Council applied for £28 million of exceptional financial support. However, by the end of the year, the Council only needed £10 million. An in-principal agreement was very different to the final outcome when the accounts were closed at the end of the year.

- In relation to the PFI (Private Financial Initiative) and the leases, when the Council set the treasury management strategy statement for 2025/26 (agreed in March 2025), it did not account for the change in the accounting standard - how the Council accounted for PFI and leases. The Council had addressed this for 2026/27, but did not make the change in time before the current in-year strategy was finalised. This was why the Council had to report a 'non-compliance', because the accounting standard had changed. Overall, the Council was compliant across all of the debt. The impact of the change in reporting relative to the accounting standard had not been known then. It would have been impossible to account for it at the time.
- The five-year financial forecast that was presented to Council and the five-year Treasury Management Strategy Statement made some assumptions - similar to a worst-case scenario - around interest. The Council needed to account for interest costs associated with future exceptional financial support. It was important that the Council tried to do everything it could to keep this to a minimum. The funding could either be funded through borrowing or capital receipts. Government was very clear in the letter they sent the Council containing the in-principal agreement that they would expect the Council to look at where there could be surplus of assets to fund through capital receipts rather than defaulting to just borrowing. However, they were also clear that the Council had to honour the best value duty. Selling properties simply due to exceptional financial support would not be acceptable as the Council needed to demonstrate and provide evidence that the assets were surplus to requirements and best value duty had been taken into account.
- In response to a query that this simply would run-down the assets of the authority, the meeting heard that the Council was engaging in good asset management. There was nothing specifically that the Council was doing around disposals or capital receipts that was specific for exceptional financial support. The approach that the Council was taking would be in line with best value duty. The Council had a duty to look at all of its assets to ensure that they were

offering good value for money. Community assets could not be disposed of for purposes for exceptional financial support (EFS). Reviewing asset portfolio was part of good asset management. Even if the financial position was better, the Council would still be actively encouraging to not hold onto assets that were surplus to requirements because that would not be good value for money. The Council would ideally look at its whole estate because it would want to assure itself that it was not borrowing for EFS when it did not need to.

- The Council had disposed of community assets in the past. This meant that the Council did not have a town hall or a civic centre at present. All other properties had been released. The Civic Centre currently under renovation was a Grade II listed building and had an asbestos problem. It had to be fixed and was extremely expensive. The decision was to build office an office block in the car park, so that the Council could release a number of office buildings that it had across the borough that were not fit for purpose. They would be too expensive to upgrade. The project was within budget and was being very closely monitored.
- A query was raised regarding energy supplies, international trade and other world events and the importance for the Committee to know what assets the Council had as it would need regular updated reports about the position in which it found itself. These reports should include something around the level of risk and how that had changed over a period so that informed decisions could be made. In response, the meeting heard that risk register was in place to make sure that the Committee had visibility on the risks including financial sustainability. There may need to be some reports containing more detail on specific risks.
- In relation to borrowing costs, these had been factored into the MTFS (medium-term financial strategy) which was only over a five-year period. Borrowing costs were high. A forecast of the borrowing based on the capital program over the next five-years included assumptions around exceptional financial support. The MTFS agreed by Council included the borrowing cost of the assumptions. There were still budget gaps in future years, but given what was driving the EFS requirement - statutory services, demand and price costs – the Council needed to do everything it could to bring down the EFS requirement and reduce borrowing cost. This included EFS and schemes within the capital program. If interest rates went higher, the Council would need to think about whether it would defer some of the capital expenditure to reduce some borrowing costs. A lot of the borrowing would be under equal instalments payments. Although the loan may mature over a period of time, there would be no sudden urgent need for large amounts of cash to repay all the debt. When taking advice from ArlingClose, the Council was aware to consider the most cost-effective borrowing. This meant looking at the structure and duration of the loan. A twenty or thirty year loan would cost more because there were fewer of these on the market. This pushed up costs. The Council then factored in what it anticipated the refinancing risks to be. Given to what degree the Council could forecast, it would consider interest rates over the duration of time to when the Council would need to refinance the debt.
- The duration, but also the loan type (whether it was paid off in equal instalments every ten years or repaying the entire debt at the end) had an effect on the cost of borrowing. This, therefore, had an effect on the interest rate. The Council had structured its debt the way it did because it was trying to manage

down the cost of borrowing and manage the refinancing risk. This was why the Council had shorter duration loans of a ten-year EIP (Equal Instalments of Principal loans). This was the bulk of the Council's recent borrowing. This was the appropriate balance between cost and refinancing risk.

- The Council had a detailed financial model that tracked all of the borrowing that it took on when the repayments were made. It fed into the Council's cash flow position and this fed into the revenue budget. The Treasury Management Strategy Statement covered a five-year period, but the Council would be looking at almost the total length of time of all of the borrowing including ones between forty and fifty years. EFS could only be borrowed over a twenty-year period, so the Council would need to have it repaid by the end of the twenty years. However, there were other forms of borrowing. For example, a loan could be taken out over a forty-year period, but based on interest rates, it may not be as cost effective to borrow across forty years. It may be more cost effective to borrow across ten. However, this would mean the Council would have to refinance in ten years' time. Financial plans always took into account repayment and the additional borrowing.
- Advice from ArlingClose was taken regarding having a long-term fixed rate or a short-term fixed rate as they would have a better insight to the market and the future forecast.

The Audit Committee RESOLVED:

1. To note the treasury management activity undertaken during the financial year to 31st December 2025 and the performance achieved which is attached as Appendix 1 to the report.

2. To note that all treasury activities were undertaken in line with the approved Treasury Management Strategy.

9. INTERNAL AUDIT PROGRESS REPORT

Mr Minesh Jani, Head of Audit and Risk Management, introduced the report.

The meeting heard:

- In relation to the evidence presented to the auditors over the completion of the mandatory training and the inspection records available, the auditors were looking for evidence to show that all those involved in the operation of leisure centres had the mandatory training to carry out their operations. It was found that there were "gaps" in how this was being done. The service had said they would implement some of the recommendations by the end of March 2026.
- The "not applicable" statements on page 54 of the agenda papers were audits which were not audits where opinions were being given on the systems of control. The audits were more like fact finding interviews or regularity audits.
- A manager was assigned to the Council from Mazars who acted as the Council's liaison between all the auditors and the Head of Audit and Risk Management.

- The Council was behind on its audits. It was at 68% in the middle of February 2026. By the end of March 2026, most of the work would be done and finalisation of reports would happen in April 2026.
- As the Council's long-term partner in the delivery of audit functions, Mazars had been asked to attend the Committee and outline any significant issues. They were to highlight to the Committee the areas where they thought the Council should be focused. From an internal audit perspective, it was important that the Head of Audit and Mazars come to the Committee and provide insight and foresight into what was happening in the organisation and the sorts of areas of risks that the Council faced.
- A management response time of one month for audit reports was the average in most cases. About 75% of the management responses was quicker. This year, there had been at least two or three audit reports where Mazars had reported their findings. The service disagreed with some of the suggestions, so some of the delay was a period where discussions were taking place between the service, Mazars and officers to try to understand the nature of the risk and whether the auditors or the service needed to redefine the criteria. They needed to understand the nature of the risk very clearly to be able to come up with a proper solution.
- The reason for the adequate level of assurance for maintenance contracts was because the recommendations were all in priority 2. The high priority findings had been classed as medium risk. Had any of those been a priority 1, it would have been classed as limited assurance.
- The value of the contract was around £40,000. Mazars had reported that there was no signed contract, but throughout the audit there was within the HPCS system terms and conditions agreed by both the contractor and the Council which constituted a contract and money was paid against that. There were issues around how it had been procured, but in terms of the sort of service delivery, the quality, the inspections on the work and the value allowed the assurance to be classified as adequate.

The Audit Committee RESOLVED:

To note the audit coverage and follow up work completed.

10. ANNUAL INTERNAL AUDIT PLAN, STRATEGY AND CHARTER 2026/27

Mr Minesh Jani, Head of Audit and Risk Management, introduced the report.

The meeting heard:

- The audit dealing with complaints was on the plan was because a risk had been identified from talking to the services that a number of responses at stage two - where the Council had responded - was then taken to the ombudsman who would then find against the Council. At stage two, the Council had an opportunity to review its original response and be satisfied that the response met the threshold. If the ombudsman was finding against the Council, this meant that the stage two complaint did not work as well as it should have. So that was the purpose, but I'm happy to expand that into the entirety of the

complaints process. At stage two, 90- 95% of responses should be agreed to by the ombudsmen, not overturned.
- Page 73 of the agenda papers referred to the North London Waste Authority. One of the highest areas of risk for the Council was the potential levy that it could incur from the North London Waste Authority. The audit was trying to give assurance to that risk. It needed to be clarified if the Council had properly appraised itself of all the different facets of risk and what steps it was taking to try to manage the risk for including for other authorities in the in the neighbouring boroughs to mitigate the potential for the levy to rise.

The Audit Committee RESOLVED:

To approve the updated Annual Internal Audit Strategy and Plan for 2026/27 (Appendix A), the Internal Audit Charter (Appendix B) and note the Internal Audit Protocol (Appendix C) and the Assurance Risk Map (Appendix D).

11. RISK MANAGEMENT UPDATED - CORPORATE RISK REGISTER

Mr Minesh Jani, Head of Audit and Risk Management, introduced the report.

The meeting heard:

- A number of local authorities who used the North London Waste Authority were potentially exposed to a financial risk of the levy being a lot higher than they thought. It could be millions. There was a governance framework set up to try to understand how the North London Waste Authority got to the position it had done and the potential exposure for Councils. The intention was to use the audit process to understand the detail and manage the risk. The Council was subject to potential increases in the levy year on year in line with inflation, but the particular risk highlighted was around the development of a new energy facility that was to replace the current facility which was out of date.
- In relation to the cost control over the housing delivery program, the left hand-side was the actual risk and on the right-hand side where it said “internal audit assurance” was trying to give assurance over the management of the risk. Due to the financial position of the Council, steps had been taken to try to manage spend better. There was a spend control panel with oversight of all spend across the Council. The audit was trying to support the work of the panel by taking a sample of payments that are made and ensuring or testing that actually it followed the right path before the spend was committed. The Council was trying to give assurance as to the effectiveness of the arrangements that the authority set up and whether there was any leakage in the way the process was being used by officers in the Council.
- The Assurance Map of Corporate Risks had some blanks. When the annual report was brought to the committee, some of the blanks would be filled in addition to detailing if there was any assurance given from the previous couple of years where the audit work could inform the management of the risks.
- A lot of Councils were finding it hard to fill Planning vacancies. For Haringey, it was quite an important area of operations because of the Tottenham Hotspur Stadium. The service was trying a lot of things to try to fill the vacancies to meet

their statutory duties. As at 30 November2025, the risk exposure was high and further mitigations would have to be found.

- In relation to building controls, the exposure to risk was high and on its way to becoming a serious issue.
- Councils were struggling to be able to attract staff that they wanted. These included accountants, lawyers, technicians on digital services and others. A number of people had moved into other sectors for financial reasons. Others had decided to go and work through an agency. The Council had a vacancy for a Claims Manager for two years.
- The review of our governance and the identification of significant governance issues was one which the Council went through the entirety of the Council operations and assessed the significance of each one. The Head of Audit and Risk Management would speak to the appropriate director of the service and try to get empirical information that will help inform the significance of the issue.

The Audit Committee RESOLVED:

To note the Corporate Risk Register as at 30 November 2025, attached at Appendix A.

12. ANNUAL GOVERNANCE STATEMENT 2024/25 UPDATE REPORT

The Deputy Head of Audit and Risk Assurrance, Ms Vanessa Bateman, introduced the report.

The meeting heard:

- Each specific action got reviewed as part of the sort of year end cycle and into the next year. The actions were not likely to be fully completed by the end of the year.
- In response to a query that it was difficult to validate progress if milestones were not present, the meeting heard that the AGS looked at a target dates. Some had spanned more than a couple of years and various of the actions were large in scale.
- The review of the governance and the identification of significant governance issues was one where the Council went through the entirety of the council operations and tried to assess the significance of each one. The Head of Audit and Risk Assurance would speak to the appropriate director of the service and try to get some empirical information on issues that may involve significant governance issues.

The Audit Committee RESOLVED:

To note the progress reported.

13. ANY OTHER BUSINESS

There was no other business.

CHAIR: Councillor Tony Powell

Signed by Chair ………………………………..

Date …………………………………

This page is intentionally left blank

Audit Committee – Action Tracker				
Meeting date	**Action**	**Response**	**Who by**	**Status**
18 January 2024	A report on the Meanwhile Use and the Co-Location use would circulated to the Committee when it became available.	Officers are still working to summer 2026 date for the production of these meanwhile use and colocation policies, which aligns the conclusion of the 1 year pilot for the VCS social leasing policy, 1 year of corporate landlord operation and data gathering/cleansing and the council's operational asset review as part of our Asset Management processes within the SAMPIP. Activity in the last 3 months has included - Workshops have been held with each of the council's corporate directorates to review their service operational need against the current operational assets held by the corporate landlord for use by that service. Opportunities continue to be delivered or operated whilst the development of these policies and data gathering takes place Sites such as the Roger Sylvester centre has been completed and is operational, which has co-located services within the space, between partners and the VCS. Pretoria Road continues to operate as a co-located space, which offers meanwhile use, with Rise being the most recent new tenants at the site 40 Cumberland continues to operate as meanwhile space, whilst short term meanwhile lets have been completed at Down Lane Park hub, prior to the redevelopment of a new pavilion and there will be a launch of a bidding process for Chestnuts community centre, for which there have been 3 public meetings. The council are also working with residents who have formed a community group, to look at the meanwhile use of 100 Tower Gardens. The 1 year pilot of the Social Value leasing policy has been completed and is due back at cabinet in the	Director of Capital Projects & Property (Jonathan Kirby)	In Progress

		autumn. This, along with the the development of the Popular Assets Commission proposal will form the framework in which an aligned meanwhile use policy will be integrated.		
11 Mar 2025	Commercial Property Audit Update: The debt in the audit report was a snapshot in time of June 2023. The debt had not been neglected. This was high at the top of the wider property agenda as this was seen as important. The Committee would be informed of the arrears.	The Property team continues to work closely with Finance to ensure that debt recovery remains a priority. While system improvements are not currently possible, operational processes have been strengthened to maintain visibility and control over the debt position. This includes the full end to end process now being managed through the Commercial Property Team and close working with finance to ensure all income is correctly allocated. However, officers do acknowledge that there are still improvements and this will remain a priority throughout 2026/27 to improve data quality and record keeping, complete outstanding lease and rent reviews to maximise income and reduce levels of unrecoverable debt. There has been significant progress made against the councils top 10 debtors, which due to the legal nature of the processes underway, we are not able to list out here at this time, but the figures are reducing and sites being returned to council for re-letting.	Director of Capital Projects & Property (Jonathan Kirby)	In Progress
11 Mar 2025	Internal Audit: The issue of voids had been raised in the past. The Committee wished to have an audit of voids carried out. The number of issues that were not working as well as they should be. No update at present time could be provided. However, the Director could be asked to provide an update to the Committee	Update report provided and and considered by Committee on 12th March 2026.	Rachel Sharpe	Completed
Nov 2025	A query was raised regarding an annual process where interests were declared and a specific process where interest was declared for specific transactions. In response, the meeting heard that the annual declaration was not fully complete. However, there should be an ongoing process all year round. Generally, when an account was to be paid, there	This has been highlighted as a weakness by KPMG as part of the external audit of the 2024/25 accounts. Management have accepted the recommendation and improvement in the process for declaring and ongoing monitoring of declaration of interest and maintaining an up to date register is in place for 2025/26 closing of	Kaycee Ikegwu / Taryn Eves	In progress

	needed to be a trigger in the system stating any internal interests. There appeared to be a weakness in both of these processes, because if no interest was recorded, a notification for an internal interest could not be triggered. This issue would be taken away to see how it could be addressed.	accounts process and evidence will be provided to KPMG as part of the audit. It is essential that individual officers take ownership of these completing and returning the required evidence. All officers will receive an email from the Corporate Director of Finance and Resources with the proposed process for 2025/26 and a reminder for DOI and non-responses will be monitored and consequences for non-responses.		
Jan 2026	Financial Assessments Audit: In relation to the variable direct debits, the work to introduce it was underway. All required teams in the Council were involved and were being led by digital colleagues. There were various system changes, process changes and the links between the case management system and the finance system that needed to be made. Staff were in the discovery stage of this. There would then need to be some communications with residents. There was evidence from other boroughs that allowing people to pay a direct debit that would vary from month to month, particularly if they were in receipt of home care, would improve income collection significantly. An update would be provided to the Committee in due course.		Rebecca Crib / Jo Baty	Initiated
	Financial Assessments Audit: When the project was started, it had been recognised that additional capacity was needed in all of the teams. There had been additional capacity that had gone into Legal, the Financial Assessments team, the Debt Recovery team and the frontline Social Care team. This was on a time-limited basis. There were a number of assessments that needed to be cleared, so the waiting list was significantly higher. Therefore, the additional resource would need to be in place for some time before considering what the business-as-usual resource should be. This would be considered for all of the teams, not just the Financial Assessment team. The specific amount of time had not been set. There		Rebecca Crib / Jo Baty	Initiated

	were around two or three specific work streams linked to the project. One was around looking at the age debt. Work was being done looking at over a thousand cases examining how much money was recoverable. and then, realistically, what was not. It was a requirement to work through those cases with input from all four teams. A further update would be provided to the Committee.			
Jan 2026	The Audit Committee highlighted its serious concerns to the cabinet about the level of reliance on exceptional financial support and for the Cabinet to report to the audit committee on potential alternatives.	There is a separate agenda item on for the July Committee meeting 'the Council's response to the Statutory Recommendation' that will address this action.	Corporate Director of Finance and Resources	In Progress
Mar 2026	North London Waste Authority. One of the highest areas of risk for the Council was the potential levy that it could incur from the North London Waste Authority. The audit was trying to give assurance to that risk. It needed to be clarified if the Council had properly appraised itself of all the different facets of risk and what steps it was taking to try to manage the risk for including for other authorities in the in the neighbouring boroughs to mitigate the potential for the levy to rise.	The internal audit plan for 2026/27 includes a review of the "Management of risks in respect of the North London Waste Authority". This audit is being discussed with management and with the providers of internal audit at the NLWA.	Head of Audit and Risk Management	In progress
Mar 2026	The review of the governance and the identification of significant governance issues was one where the Council went through the entirety of the council operations and tried to assess the significance of each one. The Head of Audit and Risk Assurance would speak to the appropriate director of the service and try to get some empirical information that would help inform whether there were to be any significant governance issues.	As part of the preparation of the annual governance statement for 2025/26, all Corporate Directors were asked to submit a Directorate Assurance Statement, which informs the Council's Annual Governnace Statement. As part of this process, Corporate Directors assessed and provided evidence where appropriate to support their statement.	Head of Audit and Risk Management	In progress

Report for:	Audit Committee - 23 July 2026
Item number:	14
Title:	Statutory recommendation in accordance with Schedule 7 of the Local Audit and Accountability Act 2014
Report authorised by:	Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)
Lead Officers:	Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)
Ward(s) affected:	All

Report for Key/ Non-Key Decision: Non-Key Decision

1. Describe the issues under consideration

1.1 The purpose of this report is to update Audit Committee on a recent decision agreed by Full Council on 20July 2026 to accept a recent Statutory Recommendation and Non-Statutory Recommendations in accordance with Schedule 7 of the Local Audit and Accountability Act 2014 from the Council's external auditors, KPMG LLP. At the Full Council meeting, the Council's proposed response to its actions were considered and a subsequent amendment was accepted as set out in Section 6.

1.2 The Statutory Recommendation follows Schedule 7, Paragraph 2 (2) of the Act and makes it clear that a statutory recommendation can be made during or at the end of an audit and was received on 18 May 2026. This recommendation is being made with respect to the financial year 2025/26.

1.3 A copy of the original report to Full Council is attached at Appendix A, a copy of the letter received from KPMG LLP is attached at Appendix B to this report and the Council's proposed response to the recommendations is attached in Appendix C.

2. Cabinet Member Introduction

2.1 Not Applicable

3. Recommendations

Audit Committee is asked to note, that on 20 July 2026, Full Council

- Accepted the Statutory Recommendation and Non-Statutory Recommendations presented by KPMG LLP (Appendix B).
- Approved with amendment the actions in response to this Statutory Recommendation and Non-Statutory Recommendations as set out in Appendix C.
- Delegated the monitoring of the delivery of the actions through the regular reporting of the Annual Governance Statement Action Plan to Audit Committee.

4. Reasons for Decision

4.1 Schedule 7 of the Local Audit and Accountability Act 2014 requires that the Council must consider the Statutory and Non-Statutory Recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the authority (18 May 2026). It was subsequently agreed with KPMG LLP that the report and the Council's response could instead be considered at the next available Full Council meeting, that being 20 July 2026.

4.2 At that meeting the relevant authority must decide— (a)whether the report requires the authority to take any action or whether the recommendation is to be accepted, and (b)what, if any, action to take in response.

5. Alternative Options Considered

5.1 None

6 Background Information

6.1 The Audit Committee received the Auditor's Annual Report AAR Final Draft 16-01-26.pdf (AAR) for the year ended 31 March 2025 from the Council's external auditors, KPMG LLP at their meeting on 29 January 2026. Within that report, it included the following:

We note that we have not raised any statutory recommendations as part of this audit. However, in relation to the financial sustainability recommendation on page 25, we expect that we will consider it necessary to raise such a statutory recommendation in future, should the budget for 2026/27 be approved without an appropriate level of planned savings to address the Council's challenging financial position.

6.2 On 2 March 2026, the Council agreed its budget for 2026/27. This has resulted in KPMG LLP concluding that it is appropriate to use their powers to make a written Statutory Recommendation under Schedule 7 (Paragraph 2) of the Local Audit and Accountability Act 2014 and therefore, issued a Statutory Recommendation and two Non Statutory Recommendations to the Council which relates to the financial year 2025/26. Details are set out in Appendix B.

6.3 **Full Council agreed:**

- Recommendation 1 of the report - the Statutory Recommendation and Non-Statutory Recommendations as presented by KPMG LLP.
- Agreed Council actions in response to this Statutory Recommendation and Non Statutory Recommendations but with the following amendment - *that a cross-party Member Finance Recovery Board is established (subject to appropriate confidentiality requirements), chaired by the Chief Executive and that the Corporate Director of Finance and Resources will provide this Board with monthly savings reports detailing the progress on savings in the current year using the most recent available management information. The first of these reports will be delivered within a month of this response to the auditors being passed by Full Council and they will continue to be published until superseded by the arrangements being introduced in November.*

6.3 Full Council also agreed to delegate the monitoring of the delivery of the actions as set out in Appendix C to Audit Committee. The monitoring of these recommendations will be added to the Action Plan and undertaken through the regular reporting of the Annual Governance Statement to Audit Committee. External Audit will also report on progress of the Statutory and Non-Statutory Recommendations during the course of the following year's audit.

7. Contribution to Strategic Outcome

7.1 The acceptance of the recommendations by Full Council is expected to improve the financial position and financial sustainability of the Council and enable the continued delivery of the Corporate Delivery Plan outcomes. Going forward, through the delivery of the actions set out in Appendix C and with the agreed amendment set out in Section 6, financial plans will be aligned to the Corporate Delivery Plan but priorities and outcomes must be delivered within a smaller financial envelope.

8. Carbon and Climate Change

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

9. Statutory Officer Comments

Finance

9.1 The Statutory Recommendation and Non-Statutory Recommendations and the actions by the Council is expected to increase the level of savings agreed by the Council for 2027/28 onwards, improve delivery of these savings and reduce future reliance on Exceptional Financial Support. These outcomes together are expected to improve the financial sustainability of the Council.

9.2 Delegation of the monitoring of these actions to the Audit Committee means the actions will be added to the Annual Governance Statement Action Plan and monitored through the regular reporting of the Action Plan to Audit Committee.

9.3 External audit will also report on progress of the Statutory and Non-Statutory Recommendations during the course of the following year's audit.

Strategic Procurement

9.4 Strategic Procurement were consulted on the contents of the report to Full Council. The recommendations and Council responses do not give rise to any immediate procurement implications requiring a procurement decision. However, Procurement and Commissioning has been identified as a priority area within the Council's Financial Resilience Plan and may contribute to the delivery of future savings, service transformation and value for money initiatives. Any resulting procurement, commissioning or contract management activity will be undertaken in accordance with the Procurement Act 2023, the Council's Contract Standing Orders and the Council's established governance arrangements.

Director of Legal and Governance

9.5 Under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 (the Act), a local auditor may make a written recommendation to a "relevant authority" during or at the end of an audit, and any such recommendation must be sent to the Secretary of State. The Act defines a relevant authority as including "A London borough council".

9.6 The basis for a recommendation to be issued is where the auditor considers that it would be in the public interest for it to raise an issue discovered during the audit, so that the authority can consider it or bring it to the attention of the public.

9.7 If a recommendation is made, then an obligation is placed on the authority under the Act to consider it at a meeting "held before the end of the period of one month beginning with the day on which it was sent to the authority".

9.8 The Act stipulates that the body which is to consider the recommendation is Full Council, and that the function cannot be delegated further.

9.9 The Act requires the authority to give notice of the meeting in a prescribed format and location "before the beginning of the period of 8 days ending with the day of the meeting". Confirmation is given that notice was published on the Council's website on 10 July 2026.

9.10 The Act also requires the authority to provide a copy of the recommendation to all Members on a non-exempt basis as part of the meeting agenda papers.

9.11 At the meeting the Act stipulates that the authority must make a decision on the following two issues:

- "Whether the report requires the authority to take any action or whether the recommendation is to be accepted, and
- What, if any, action to take in response to the recommendation"

9.12 Once a decision is made, there is a twofold requirement under the Act for the authority to "As soon as is practicable" thereafter:

- Notify the auditor of what it is, and
- Publish on the website / such other prominent place where it will come to the attention of the public, a notice which contains as summary of the decision as approved by the auditor.

9.13 Confirmation is given that the Council's Audit Committee does have the Constitutional power to monitor progress being made to implement the Council's response to the recommendations by virtue of its following Terms of Reference:

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Equality

9.14 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

9.16 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.17 The financial sustainability measures through the Statutory Recommendation and Non-Statutory Recommendations and the Council's response may have differential and potentially disproportionate impacts on residents and staff with protected characteristics.

9.18 The potential cumulative equalities impact of proposals within the Financial Resilience Plan and associated Delivery Plan will continue to be considered as individual proposals are developed. Any cumulative impact on residents will also be assessed through the Council's annual budget-setting process, including the preparation of a cumulative Equality Impact Assessment.

10. Use of Appendices

Appendix A – Copy of the report to Full Council.

Appendix B – Letter received from KPMG LLP - Statutory Recommendation AND Non Statutory Recommendations in accordance with Schedule 7 of the Local Audit and Accountability Act 2014.

Appendix C – The Council's response to the Statutory Recommendation and Non Statutory Recommendations in accordance with Schedule 7 of the Local Audit and Accountability Act 2014.

11. Background Documents

11.1 None.

This page is intentionally left blank

Report for:	**Full Council – 20 July 2026**
Item number:	
Title:	Statutory recommendation in accordance with Schedule 7 of the Local Audit and Accountability Act 2014
Report authorised by:	Andy Donald, Chief Executive and Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)
Lead Officers:	Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)
Ward(s) affected:	All

Report for Key/ Non-Key Decision: Non-Key Decision

1. Describe the issues under consideration

1.1 The purpose of this report is to present a recent Statutory Recommendation and Non-Statutory Recommendations in accordance with Schedule 7 of the Local Audit and Accountability Act 2014 received from the Council's external auditors, KPMG LLP, along with the Council's proposed response.

1.2 Full Council must decide if (a)whether the recommendations are to be accepted, and (b) what, if any, action to take in response to the recommendations.

1.3 As well as giving an opinion on the financial statements and assessing the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, KPMG LLP have additional powers and duties under the Local Audit and Accountability Act 2014. KPMG LLP have concluded that it is appropriate to use their powers to make a written Statutory Recommendation and two Non-Statutory Recommendations under Schedule 7 (Paragraph 2) of the Local Audit and Accountability Act 2014. The recommendations were made owing to the concerns of the Council's financial position (including the significant decrease in the level of reserves), the continuing need for Exceptional Financial Support from the Ministry of Housing, Communities and Local Government and its impact on financial sustainability.

1.4 The Statutory Recommendation follows Schedule 7, Paragraph 2 (2) of the Act and makes it clear that a statutory recommendation can be made during or at the end of an audit and was received on 18 May 2026. This recommendation is being made with respect to the financial year 2025/26.

1.5 A copy of the letter received from KPMG LLP is attached as Appendix A to this report. The Council's proposed response to the recommendations, for Full Council consideration, is attached in Appendix B.

1.6 A representative from KPMG LLP will be in attendance at the Council meeting to answer any questions from Members.

2. Cabinet Member Introduction

2.1 As a new administration we have come into office after a decade and half of central government austerity which has led to one of the most challenging financial periods in the history of Haringey Council. In May, the Council was issued with a statutory recommendation and two non-statutory recommendations by its auditor, KPMG. This follows them raising concerns on value for money in both preceding two financial years. The escalation of concern clearly demonstrates that our new administration and council officers must take these recommendations incredibly seriously and act to prioritise improving the Council's financial position by changing culture and delivering savings across directorates.

2.2 The 2025/26 outturn report showed that the Council required £40.6m of exceptional financial support from government. There is no denying that this is a huge figure. Every £1m of EFS comes at the cost of around £70,000 of borrowing costs, each year for the next 20 years. This is in no small part due to the punitive interest and repayment cost, which currently sits at around 7%. As the council well knows, the 2026/27 budget shows an even greater reliance on EFS, rising to £84 million. Of the eight local authorities in London reliant on EFS, we are in the second most precarious position. This emergency loan scheme is a relatively new phenomenon but it is increasingly spreading across the length and breadth of the country and will continue to do so, until national politics changes.

2.3 Since the onset of austerity in 2010, real terms funding in Haringey has been cut by £143 million and, while there were decisions that previous local administrations made that have not helped our situation, they are not the primary authors our current predicament. Despite real terms cuts, the demands on our services have continued to increase. A housing crisis has driven up requirements on temporary accommodation, social care is increasingly unaffordable as successive governments pass the buck on a national care service and a failing funding model drives schools to close. Local authority funding has led to the outsourcing of services over many years for the benefit of the few, at the expense of the many. Private companies can impose eyewatering costs on councils in social care and temporary accommodation, helping to contribute to around 80% of our budget being spent on services we must deliver. The incoming Prime Minister has said some encouraging things in the past about devolving money and power to local authorities and about tackling some of underlying causes of the rigged markets in housing and social care. His challenge now is to turn words into action and we hope that he can follow through on his promises and not fall fowl to party orthodoxy.

2.4 While this administration will continue to campaign for a fairer funding settlement, and transformative solutions like rent controls, a national care service and a land value tax, clearly as councillors of all parties and the new administration, we must maintain confidence amongst our partners that we take seriously the need to stabilise Council finances. The Council already has a three-year Financial Resilience Plan in place which identifies eight priority areas to reduce costs and increase income collection, and ensures the finances are working for the benefit of all residents. There are now much stronger governance arrangements around Council spending to ensure value for money and responsible decision making. Committing to ensuring that we are delivering services at the best possible value for all our residents is vital to demonstrating our recognition of the financial challenges we face.

2.5 We know that an administration that focuses on prevention, an invest to save agenda, competitive and responsible procurement and reducing unnecessary waste can free up resources to deliver for our residents in a fair and progressive way. We want all councillors and residents to come of this journey with us with transparency and accountability at the heart of everything we do.

2.6 We will be developing a new financial transparency dashboard for residents to understand how we are spending our budgets and will be exploring options for much wider resident participatory budgeting. In the coming months, we'll be holding Town Halls to hear directly from people in every corner of the borough to best understand their priorities.

2.7 We are committed to taking action, rising to the challenge, working with our communities to best deliver our finances, and making the case for lasting change to government.

3. Recommendations

Full Council is recommended to:

- Accept the Statutory Recommendation and Non-Statutory Recommendations presented by KPMG LLP (Appendix A).
- Approve the actions in response to this Statutory Recommendation and Non-Statutory Recommendations as set out in Appendix B.
- Delegate the monitoring of the delivery of the actions through the regular reporting of the Annual Governance Statement Action Plan to Audit Committee.

4. Reasons for Decision

4.1 Schedule 7 of the Local Audit and Accountability Act 2014 requires that the Council must consider the Statutory and Non-Statutory Recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the authority (18 May 2026). It was subsequently agreed with KPMG LLP that the report and the Council's response could instead be considered at the next available Full Council meeting, that being 20 July 2026.

4.2 At that meeting the relevant authority must decide— (a)whether the report requires the authority to take any action or whether the recommendation is to be accepted, and (b)what, if any, action to take in response.

5. Alternative Options Considered

5.1 None

6 Background Information

6.1 The Audit Committee received the Auditor's Annual Report AAR Final Draft 16-01-26.pdf (AAR) for the year ended 31 March 2025 from the Council's external auditors, KPMG LLP at their meeting on 29 January 2026. Within that report, it included the following:

We note that we have not raised any statutory recommendations as part of this audit. However, in relation to the financial sustainability recommendation on page 25, we expect that we will consider it necessary to raise such a statutory recommendation in future, should the budget for 2026/27 be approved without an appropriate level of planned savings to address the Council's challenging financial position.

6.2 On 2 March 2026, the Council agreed its budget for 2026/27. This has resulted in KPMG LLP concluding that it is appropriate to use their powers to make a written Statutory Recommendation under Schedule 7 (Paragraph 2) of the Local Audit and Accountability Act 2014 and have therefore, issued a Statutory Recommendation and two Non Statutory Recommendations to the Council which relates to the financial year 2025/26.

6.3 The Statutory Recommendation is:

Section 39 of AGN 03 identifies both "Unidentified savings/funding gaps in financial planning that would substantially threaten the delivery of the plan" and "Persistent failure to meet savings plans or financial targets" as illustrative significant weaknesses in arrangements for securing economy, efficiency and effectiveness in the use of resources or 'value for money' (VFM), in line with Section 20(1)(c) of the Act. Due to the challenging financial position at the Council, and increasing demands on resources, there is a risk that the Council does not have in place adequate arrangements in respect of its identification and monitoring of savings schemes to achieve financial sustainability over the short to medium term. The Council is exposed to a risk of significant financial loss as a result of inadequate arrangements.

As such, the Council must increase its savings targets for future years and deliver savings in line with these targets. A wider range of transformational savings must be identified and implemented to allow the Council to bridge the financial gap and reduce its reliance on EFS.

This is vital given that the continued use of EFS poses significant long-term financial challenges for the Council; at current rates, each £1m of EFS increases by approximately £62,000 the revenue costs to the Council each year for 20 years, assuming the amount borrowed is repaid at maturity. This figure is according to the Council's own projections contained within the '2025/26 Finance Update – Q1' presented to Cabinet on 16 September 2025.

6.4 In addition to the Statutory Recommendation above, KPMG LLP have also made the following enabling, non-statutory recommendations:

We recommend the Council works to change the culture across directorates to one where the financial implications of decisions are given as prominent a focus as the quality of service. Whilst the Council did begin to identify a number of cross-cutting initiatives in 2025/26, the delivery of these have been the worst performing area of the savings plans to date.

The Council should demonstrate a commitment from the Cabinet and officers to increase the level of savings being delivered and to make the process of both identification and monitoring of savings more robust. This can be achieved by ensuring earlier engagement with stakeholders and encouraging the full use of tools available, including those that enable more effective in-year monitoring. Importantly, these improvements should be enabled by an enhancement in organisational capacity, including building central project management capability, to effectively oversee and assist services to drive delivery.

6.5 The full details and a copy of the letter received from KPMG LLP on 18 May 2026 is set out in Appendix A. The Council's proposed response to the Statutory Recommendation and Non-Statutory Recommendations is set out in Appendix B.

6.6 Subject to Full Council agreeing to delegate the monitoring of the delivery of the actions proposed in this report to Audit Committee, it is proposed that monitoring of these recommendations will be added to the Action Plan and undertaken through the regular reporting of the Annual Governance Statement to Audit Committee. External Audit will also report on progress of the Statutory and Non-Statutory Recommendations during the course of the following year's audit.

7. Contribution to Strategic Outcome

7.1 Accepting the recommendations to this report is expected to improve the financial position and financial sustainability of the Council and enable the continued delivery of the Corporate Delivery Plan outcomes. Going forward, Through the delivery of the actions set out in Appendix B, financial plans will be aligned to the Corporate Delivery Plan but priorities and outcomes must be delivered within a smaller financial envelope.

8. Carbon and Climate Change

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

9. Statutory Officer Comments

Finance

9.1 If Council accepts the Statutory Recommendation and Non-Statutory Recommendations, the actions in response are expected to increase the level of savings agreed by the Council for 2027/28 onwards, improve delivery of these savings and reduce future reliance on Exceptional Financial Support. These outcomes together are expected to improve the financial sustainability of the Council.

9.2 If delegation of the monitoring of these actions to the Audit Committee is agreed, the actions will be added to the Annual Governance Statement Action Plan and monitored through the regular reporting of the Action Plan to Audit Committee.

9.3 External audit will also report on progress of the Statutory and Non-Statutory Recommendations during the course of the following year's audit.

Strategic Procurement

9.4 Strategic Procurement has been consulted on the contents of this report. The recommendations and proposed responses do not give rise to any immediate procurement implications requiring a procurement decision by Full Council. However, Procurement and Commissioning has been identified as a priority area within the Council's Financial Resilience Plan and may contribute to the delivery of future savings, service transformation and value for money initiatives. Any resulting procurement, commissioning or contract management activity will be undertaken in accordance with the Procurement Act 2023, the Council's Contract Standing Orders and the Council's established governance arrangements.

Director of Legal and Governance

9.5 Under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 (the Act), a local auditor may make a written recommendation to a "relevant authority" during or at the end of an audit, and any such recommendation must be sent to the Secretary of State. The Act defines a relevant authority as including "A London borough council".

9.6 The basis for a recommendation to be issued is where the auditor considers that it would be in the public interest for it to raise an issue discovered during the audit, so that the authority can consider it or bring it to the attention of the public.

9.7 If a recommendation is made, then an obligation is placed on the authority under the Act to consider it at a meeting "held before the end of the period of one month beginning with the day on which it was sent to the authority".

9.8 The Act stipulates that the body which is to consider the recommendation is Full Council, and that the function cannot be delegated further.

9.9 The Act requires the authority to give notice of the meeting in a prescribed format and location "before the beginning of the period of 8 days ending with the day of the meeting". Confirmation is given that notice was published on the Council's website on 10 July 2026.

9.10 The Act also requires the authority to provide a copy of the recommendation to all Members on a non-exempt basis as part of the meeting agenda papers.

9.11 At the meeting the Act stipulates that the authority must make a decision on the following two issues:

- "Whether the report requires the authority to take any action or whether the recommendation is to be accepted, and
- What, if any, action to take in response to the recommendation"

9.12 Once a decision is made, there is a twofold requirement under the Act for the authority to “As soon as is practicable” thereafter:

- Notify the auditor of what it is, and
- Publish on the website / such other prominent place where it will come to the attention of the public, a notice which contains as summary of the decision as approved by the auditor.

9.13 Confirmation is given that the Council’s Audit Committee does have the Constitutional power to monitor progress being made to implement the Council’s response to the recommendations by virtue of its following Terms of Reference:

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

To consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts.

9.14 There is no legal reason why Full Council cannot adopt the Recommendations detailed on page 2 of the report.

Equality

9.15 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

9.16 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.17 The financial sustainability measures proposed through the Statutory Recommendation and Non-Statutory Recommendations and the Council’s response may have differential and potentially disproportionate impacts on residents and staff with protected characteristics.

9.18 The potential cumulative equalities impact of proposals within the Financial Resilience Plan and associated Delivery Plan will continue to be considered as individual proposals are developed. Any cumulative impact on residents will also be assessed through the Council's annual budget-setting process, including the preparation of a cumulative Equality Impact Assessment.

10. Use of Appendices

Appendix A – Letter received from KPMG LLP - Statutory Recommendation AND Non Statutory Recommendations in accordance with Schedule 7 of the Local Audit and Accountability Act 2014.

Appendix B – The Council's proposed response to the Statutory Recommendation and Non Statutory Recommendations in accordance with Schedule 7 of the Local Audit and Accountability Act 2014.

11. Background Documents

11.1 None.

KPMG LLP
One St Peters Square
Manchester M2 3AE
United Kimgdom

Tel: +44 (0) 161 246 4774
Email: t.cutler@kpmg.co.uk

Private and confidential
The London Borough of Haringey
Civic Centre
High Road
London
N22 8LE

Our ref LBH/TC/0326

Contact Tim Cutler
07818 845252

18 May 2026

To: The London Borough of Haringey

Statutory recommendation in accordance with Schedule 7 of the Local Audit and Accountability Act 2014

<u>Our Responsibilities</u>

KPMG LLP (“KPMG” or “we”) act as the appointed local auditor of the London Borough of Haringey (“the Council”) under Part 3, Section 7 of the Local Audit and Accountability Act (“the Act”). We have been appointed as local auditor for financial years from the year commencing 1 April 2023 to the time of writing this letter.

As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under Part 5 of the Act. These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

We have concluded that it is appropriate for us to use our powers to make a written recommendation under Schedule 7, Paragraph 2 of the Act due to the Council’s financial position (including the significant decrease in the level of reserves), the continuing need for exceptional financial support from the Ministry of Housing, Communities & Local Government and their impact on financial sustainability.

These issues also drive an urgent need in identifying further savings.

Having raised significant weaknesses under our Value for Money responsibilities in each of the financial years 2023/24 and 2024/25, the continued deterioration in the Council's financial position, the increased recurrent reliance on exceptional financial support and widening budget gap have led to us deeming it appropriate to now escalate these concerns via a statutory written recommendation. Auditor Guidance Note 07 ("AGN 07") prepared and published by the National Audit Office ("NAO") on behalf of the Comptroller and Auditor General ("C&AG") provides guidance on circumstances in which making a Schedule 7 recommendation may be appropriate. Section 66 of AGN 07 states that issuing such a recommendation can be useful where the background to an issue is already in the public domain.

Given the public nature of the Council's financial performance and position, and the concerns we have raised thereon, we consider that issuing a Schedule 7 recommendation is a proportionate and reasonable step at the present time. As the matter is in the public domain and reflects budget pressures common across the Local Government sector, we do not consider that issuing a Public Interest Report under Schedule 7, Paragraph 3 of the Act would be a reasonable or proportionate action.

Part 5, Section 19 of the Act requires a local auditor to comply with the code of audit practice applicable to the Council in force at the time that its work is carried out. We confirm that we have applied, and our procedures and conclusions are consistent with, the Code of Audit Practice 2024 published by the National Audit Office on 14 November 2024.
Further details are set out below.

<u>Background</u>

Financial Position & Exceptional Financial Support

The financial position of the Council has deteriorated over several years due to a combination of budgetary pressures linked to growth in demand for key services and real-terms core funding decreases over a sustained period of time. In fulfilling our responsibilities in respect of Value for Money, as set out in the 'Our Responsibilities' section above, in 2023/24 and 2024/25 we performed a number of procedures, including: understanding the processes in place for financial response and recovery for future periods, and for reducing future reliance on Exceptional Financial Support; understanding the processes in place for identifying cost saving schemes and how these are measured throughout the year; evaluating the actions taken to improve cost saving identification; and assessing how the Council monitors delivery of savings across services.
In completing these procedures, we reviewed in depth a variety of key financial and governance documents and reports presented to full Council, Cabinet and other scrutiny committees.

These documents and reports related not just to the 2023/24 and 2024/25 financial years but also to future periods; for example, we reviewed reports relating to the 2026/27 budget in order to understand and capture the future financial impacts of shortcomings in savings delivery to date.

The Council can use its General Fund Reserves to help mitigate such pressures; however, this balance has reduced significantly in recent years, from £132.2m as at 31 March 2021 to £52.2m as at 31 March 2025 (which includes £37.0m that is earmarked for specific purposes), narrowing the options available to the Council to manage budgetary challenges.

To be able to deliver a balanced budget outturn for 2024/25, the Council relied upon a combination of drawdown from these reserves, additional non-recurrent mitigations and the receipt of £10m of Exceptional Financial Support (EFS) from the Ministry of Housing, Communities & Local Government (MHCLG). This is money that the Council is effectively allowed to borrow via a capitalisation directive, which must be funded either via capital receipts or through new borrowing which must be repaid in future years.

To be able to set a balanced budget for 2025/26, the Council has successfully applied for a further tranche of EFS totalling £37m, to bridge the budget gap initially identified. However, as at December 2025 the Council had a £19m budget shortfall for 2025/26 over and above this EFS requirement, meaning that additional EFS will be needed if mitigations cannot be identified.

On 2 March 2026 the Council approved the 2026/27 budget, which assumes further EFS support of £84.3m to achieve a balanced position. This is comprised of the recurrent £37m gap from 2025/26 and further funding shortfalls of £47.3m. This figure may also increase further if the shortfall in the 2025/26 budget is not met.

Savings

As part of the budget setting process each year, the Council identifies savings schemes across its directorates to help improve efficiency and manage the financial position.
Savings targets, and delivery against those targets, have historically been modest as the Council has instead opted to draw upon usable reserves to mitigate budget gaps. The first period in which substantive savings were planned was 2022/23, with target savings of £12.2m and actual delivery of £6.7m (55%).

In 2023/24 the Council identified a savings programme of £17.5m and achieved a final delivery of £13.5m (77%). For 2024/25 the Council set a £20.4m savings target and achieved £12.9m (63%), and for 2025/26 the Council set a £29.4m savings target of which it was forecasting achievement of £16.3m (55%) as at December 2025. The Council identified £5.7m in planned cross-cutting savings for 2025/26 but is expecting to deliver just £0.6m in relation to these. The inability to deliver recurrent savings in line with target creates further budget pressures in future periods.

We noted during the completion of our Value for Money work that there was a lack of consistency across directorates in the monitoring of in-year savings delivery, including the routine use of all available monitoring tools. Entries made within the savings tracker are self-certified by directorates, which is reflective of the lack of central accountability for delivery of savings. The Council has found it difficult to implement cross-cutting savings such as digital change, often resulting from a lack of resource within individual services. These factors all point to a lack of capacity across the Council to deliver savings of the level required to deliver a balanced budget.

Schedule 7, Paragraph 2 (2) of the Act makes clear that a statutory recommendation can be made during or at the end of an audit. This recommendation is being made with respect to the financial year 2025/26, having raised separate, previous non-statutory recommendations to the Council in both 2023/24 and 2024/25.

KPMG Response

One of KPMG's roles as the external auditor of the Council is to ensure that we are satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money' (VFM), as set out in Section 20(1)(c) of the Act. Our work is conducted in line with Auditor Guidance Note 03 ("AGN 03"), prepared and published by the National Audit Office ("NAO") on behalf of the Comptroller and Auditor General ("C&AG") in line with Section 20(5) of the Act.

In both the 2023/24 and 2024/25 financial years, we undertook risk assessment procedures in order to assess whether there were any risks that value for money was not being achieved. This was completed by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

This work led us to identify two significant risks in both 2023/24 and 2024/25, linked to Financial Sustainability, namely:

1. Due to the challenging financial position at the Council, there is a risk that the Council does not have in place adequate arrangements in respect of cost setting and budgetary processes to achieve financial sustainability. This is key to the short to medium term plan to reduce reliance on Exceptional Financial Support (EFS)

2. The Council does not have adequate processes in place to identify or monitor sufficient cost savings schemes to achieve the necessary reduction in expenditure that would deliver a sustainable financial position. This is especially relevant given the reduced level of savings achieved in 2024/25, relative to target, compared to prior year.

We performed further procedures over these risks – such as understanding management's response to financial recovery and assessing the process for identifying and monitoring savings schemes – and concluded that there were two significant weaknesses within the processes to achieve value for money, across both 2023/24 and 2024/25.

<u>Statutory recommendation pursuant to Section 7, Paragraph 2 of the Act</u>

KPMG have raised VFM recommendations linked to the Council's financial position and identification and monitoring of savings schemes in two consecutive financial years. Despite this, the overall financial health of the Council has deteriorated to the point where it is no longer able to set a balanced budget without relying upon significant amounts of EFS to fill any shortfall. The Council has not demonstrated an ability to successfully deliver relatively modest savings programmes, nor has it committed to and subsequently implemented large-scale transformational efficiency savings.

As such we have considered it necessary to make a statutory recommendation linked to the identification and monitoring of cost saving schemes in order to deliver financial sustainability. The wording of this statutory recommendation, made pursuant to Section 7, Paragraph 2 of the Act, is as follows:

Section 39 of AGN 03 identifies both "Unidentified savings/funding gaps in financial planning that would substantially threaten the delivery of the plan" and "Persistent failure to meet savings plans or financial targets" as illustrative significant weaknesses in arrangements for securing economy, efficiency and effectiveness in the use of resources or 'value for money' (VFM), in line with Section 20(1)(c) of the Act. Due to the challenging financial position at the Council, and increasing demands on resources, there is a risk that the Council does not have in place adequate arrangements in respect of its identification and monitoring of savings schemes to achieve financial sustainability over the short to medium term. The Council is exposed to a risk of significant financial loss as a result of inadequate arrangements.

As such, the Council must increase its savings targets for future years and deliver savings in line with these targets. A wider range of transformational savings must be identified and implemented to allow the Council to bridge the financial gap and reduce its reliance on EFS.

This is vital given that the continued use of EFS poses significant long-term financial challenges for the Council; at current rates, each £1m of EFS increases by approximately £62,000 the revenue costs to the Council each year for 20 years, assuming the amount borrowed is repaid at maturity. This figure is according to the Council's own projections contained within the '2025/26 Finance Update – Q1' presented to Cabinet on 16 September 2025.

<u>Other observations and recommendations</u>

Further to the Section 7 recommendation above, we also make the following enabling, non-statutory recommendations:

We recommend the Council works to change the culture across directorates to one where the financial implications of decisions are given as prominent a focus as the quality of service. Whilst the Council did begin to identify a number of cross-cutting initiatives in 2025/26, the delivery of these have been the worst performing area of the savings plans to date.

The Council should demonstrate a commitment from the Cabinet and officers to increase the level of savings being delivered and to make the process of both identification and monitoring of savings more robust. This can be achieved by ensuring earlier engagement with stakeholders and encouraging the full use of tools available, including those that enable more effective in-year monitoring. Importantly, these improvements should be enabled by an enhancement in organisational capacity, including building central project management capability, to effectively oversee and assist services to drive delivery.

<u>What does the Council need to do next?</u>

Schedule 7, Paragraph 5 of the Act requires the following actions.

The Council must consider the recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the Council. At that public meeting of the full Council, the Council must decide:

- whether the recommendations are to be accepted, and
- what, if any, action to take in response to these recommendations.

Schedule 7, Paragraph 5(8) of the Act specifically provides that, if the local auditor is satisfied that it is reasonable to allow more time for the Council to comply with the above requirements, the period of one month may be extended. Whilst this recommendation has been issued on 18 May 2026, given the recent local elections and the need to constitute a full Council we request that the Council confirms the date of the public meeting at which this matter will be considered and the rationale for this date being selected. Following this, we will consider whether it is reasonable to extend the period of time for response in line with Schedule 7, Paragraph 5(8) of the Act.

Schedule 7, Paragraph 8 of the Act specifies the meeting publication requirements that the Council must comply with.

Schedule 7, Paragraph 10(1) provides that as soon as is practicable after making its decisions under paragraph 5(6), the Council must (a) notify the local auditor of those decisions, and (b) publish a notice containing a summary of those decisions which has been approved by the auditor.

Pursuant to Schedule 7, Paragraph 10(1)(b), the notice published following the meeting must be approved by the local auditor before publication.

Yours faithfully,

KPMG LLP

Enclosed:
Appendix A: Summary of Schedule 7 and other recommendations
Appendix B: Summary of 2023/24 and 2024/25 Value for Money recommendations and Council responses

A copy of this letter has been sent to the Secretary of State for Housing, Communities and Local Government at the same time it was issued to the Council, in accordance with Schedule 7, Paragraph 2(3) of the Local Audit and Accountability Act 2014.

KPMG

Appendix A: Summary of Schedule 7 and other recommendations

Schedule 7 statutory recommendation	Council response
Section 39 of AGN 03 identifies both "Unidentified savings/funding gaps in financial planning that would substantially threaten the delivery of the plan" and "Persistent failure to meet savings plans or financial targets" as illustrative significant weaknesses in arrangements for securing economy, efficiency and effectiveness in the use of resources or 'value for money' (VFM), in line with Section 20(1)(c) of the Act. Due to the challenging financial position at the Council, and increasing demands on resources, there is a risk that the Council does not have in place adequate arrangements in respect of its identification, monitoring and Cabinet approval of savings schemes to achieve financial sustainability over the short to medium term. The Council is exposed to a risk of significant financial loss as a result of inadequate arrangements. As such, the Council must increase the identification and approval of its savings targets for future years and deliver savings in line with these targets. A wider range of transformational savings must be identified and implemented to allow the Council to bridge the financial gap and reduce its reliance on EFS.	

This is vital given that the continued use of EFS poses significant long-term financial challenges for the Council; at current rates, each £1m of EFS increases by approximately £62,000 the revenue costs to the Council each year for 20 years, assuming the amount borrowed is repaid at maturity. This figure is according to the Council's own projections contained within the '2025/26 Finance Update – Q1' presented to Cabinet on 16 September 2025.	
Other, non-statutory recommendations	**Council response**
We recommend the Council works to change the culture across directorates to one where the financial implications of decisions are given as prominent a focus as the quality of service. Whilst the Council did begin to identify a number of cross-cutting initiatives in 2025/26, the delivery of these have been the worst performing area of the savings plans to date.	
The Council should demonstrate a commitment from the Cabinet and officers to increase the level of savings being delivered and to make the process of both identification and monitoring of savings more robust. This can be achieved by ensuring earlier engagement with stakeholders and encouraging the full use of tools available, including those that enable more effective in-year monitoring. Importantly, these improvements should be enabled by an enhancement in organisational capacity, including building central project management capability, to effectively oversee and assist services to drive delivery.	

Appendix B: Summary of 2023/24 and 2024/25 Value for Money recommendations and Council responses

2023/24 recommendations and responses – originally issued 28 January 2025

	Issue, Impact and Recommendation	**Council Response, Responsible Officer and Due Date (Updated January 2026)**	**KPMG update – January 2026**
1	The Council set a balanced budget for 2023/24 but the outcome was an overspend of £21.8m. Due to the challenging financial position at the Council, and increasing demands on resources, there is a risk that the Council does not have in place adequate arrangements in respect of its cost setting and budgetary processes to achieve financial sustainability over the short to medium term. The Council should create an organisation-wide resilience plan which evaluates pressures and service delivery models and seeks to make longer-term decisions about the shape of the organisation, the configuration of services to make them a more financially resilient organisation, as well as doing the basics right and identifying productivity savings robustly. The Council should strive to make the ‘Budget Fortnight' process more robust. This can be done by ensuring complete stakeholder engagement & that the complete information needed to ensure informed decision making in available in a timely manner. An improvement in forecasting can better	These recommendations are accepted. The Council’s Financial Recovery Plan has been in place since April 2025 (prior to the time period of this review) based on the Council’s current financial position, recommendations from the CIPFA resilience review and work by an external consultant in Autumn 2024. The focus of the current plan is to eliminate the Council’s reliance on EFS for 2026/27 onwards and move towards financial sustainability in the short to medium term. However, given the deteriorating financial position, this plan is now subject to review with a focus on reducing reliance on EFS and improving financial resilience over the next three years. Other actions include: • Continuing with the emergency governance and oversight arrangements that are established within the organisation, through the Finance Recovery Board and Cabinet Recovery Board; • Ensuring all budget holders are held to account for delivering within their allocated cash limits, recognising the work that has taken place to ‘right-size’ budgets for 2026/27; • Further strengthening the spend control mechanisms that are already in place across the organisation in order to further drive a consistent commitment to value for money, namely: • Spend control panel (and continue to review thresholds) • Recruitment Panel - agency and permanent recruitment restrictions on non-essential roles. • Single point of governance for all of the capital programme (Strategic Capital Board) • Single point of governance for all commissioning and procurements over £160,000 (Commissioning Panel and Board)	The Council set a balanced budget for 2024/25, but the outcome was an overspend of £38m, which was mitigated by one-off Council contributions of £28m, and then £10m of Exceptional Financial Support (EFS) from central government. Due to the challenging financial position at the Council, and increasing demand on resources, there continues to be a risk that the Council does not have in place adequate arrangements in respect of its cost setting and budgetary processes to achieve financial sustainability. However, we can see that there have been improvements made to the process in terms of there being much earlier engagement with the budgeting process across the Council, and more challenge of initial budgets. Given that the financial position of the Council has worsened, we believe that this weakness and recommendation has evolved and been superseded, as such we have raised a further

	help predict external factors that influence budget setting and various scenario testing can address uncertainties.	• All reports which involved spending over £25,000 to be reviewed by the Section 151 Officer. • A strong focus on delivering the £30m of savings already contained within the 25/26 budget and the £21.9m for the 26/27 budget by 1st April 2026, in order to secure full year effect for 26/27. • Inviting external challenge and support for the Council in the form of an independent Financial Resilience Sounding Board, building on, enhancing and updating the 2025 CIPFA independent review work. • Preparation of mid-year budget proposals that could be taken in the summer of 2026, realigning resources to new priorities and presenting options for 27/28 savings. This will give opportunities for in year spend reductions and additional time for the delivery of those measures prior to 1st April 2027, therefore securing full year effect. A key part of the current recovery plan and the revised resilience plan will be about reviewing all services again to identify efficiencies that reduce costs and increase productivity but also assure us that we have got the basics right. It will include looking at options to re-shape how services are delivered, including statutory services. This work will commence early in 2026 for review by the new administration in Autumn 2026 and build on the work undertaken for the 2026/27 budget process and new savings proposals that have not gone forward at this stage because of the priority of the organisation to focus on the delivery of the £30m savings in 2025/26 and £21.9m already planned for 2026/27. Improvements have already been made in estimating current and future service pressures as part of the 2025/26 and 2026/27 budget process with much greater use of non-financial trend data, scenario planning and estimates for risks and uncertainties. There is already some improvement demonstrate in 2025/26 with forecasting variations month on month being less volatile. In addition, the 2026/27 corporate contingency will	recommendation in 2024/25 in relation to financial sustainability.

		be increased to £25m to recognise the uncertainty in demand led services. Budget Fortnight took place for the 2024/25 budget planning process and the time period for this report. Since this time, Budget Week has been completed for 2025/26 budget setting and Budget Series for the 2026/27 budget setting, each building on the lessons learnt and feedback from the previous year. Stakeholder engagement is positive with attendance being mandatory with only a few exceptions. For the 2026/27 Budget Series, ideas and opportunities were identified in April and then developed over the course of three months to share with Members in July. It is however, noted there is always further improvements that can be made and officers will shortly be planning the Budget Series events for 2027/28, to have budget proposals ready to share with the new administration in July 2026. Section 151 Officer July 2026	
2	Due to the challenging financial position at the Council, and increasing demands on resources, there is a risk that the Council does not have in place adequate arrangements in respect of its identification and monitoring of savings schemes to achieve financial sustainability over the short to medium term. The Council is exposed to a risk of significant financial loss as a result of inadequate management arrangements. Due to ongoing budgetary pressures, the council must increase the savings target for future years, however it has under delivered in 2023/24 with	This recommendation is accepted for 2024/25, but improvements have since been made for 2025/26 and 2026/27 budget setting processes with early identification through Budget Week and Budget Series respectively and proposals worked up and shared with Members in September and July accordingly. It is acknowledged that there are further improvements needed to increase the number of new savings and income opportunities built into future budgets to reduce the reliance on EFS in future years. For 2026/27, a decision was taken to limit the number of new savings given that there are almost £30m and £21.9m for 2026/27 and the priority is to improve the track record on delivery and deliver these in full by the end of 2026/27. All Corporate Directors on the Finance Recovery Board will be held accountable and are required to provide regular updates on progress and actions taken where progress is slow. The most challenging savings to be delivered are those which are cross-cutting and require delivery and buy-in from across all services.	The financial position of the Council remains challenging, with continued inflationary pressures on expenditure and potential funding reform negatively impacting available resource. The Council has a 2025/26 savings plan of £29m, which will be challenging to achieve given the declining achievement rate – 63% & 77% savings over the last 2 years – on significantly lower targets of £20.4m and £17.5m respectively. The Council must ensure that all available potential savings

	£13.5m (77%) of the £17.5m target achieved. We recommend the Council works to change the culture across services to one where the financial implications of decisions are given as prominent a focus as the quality of service. The Council should then make the process of both identification and monitoring of savings more robust by ensuring early engagement with stakeholders and encouraging the full use of tools available – in particular in-year monitoring documents.	These are the priority for the Finance Recovery Board between January and March 2026. Work will commence in early 2026 by officers for new savings and options will be presented to the new administration in July. Where opportunities arise, in year decisions will be taken to reduce costs or increase income and reduce the use of EFS in 2026/27 and also support full achievement on delivery of savings in 2027/28. Section 151 Officer March 2026	schemes are robustly identified and presented to members, such that there is the opportunity to enact reductions in expenditure. Additionally, the process for monitoring delivery needs to be more robust and there should be greater accountability of service lines for shortfalls in savings. As such, this recommendation remains in progress and is not yet completed. The 2026/27 budget incorporates another £21.9m of savings, however given the large financial gap and reliance upon EFS, these savings may need to come in the form of assessing the level and quality of service provided in relation to statutory responsibilities – given that 80% of the service budget is spent on social care & temporary accommodation.

2024/25 recommendations and responses – issued 29 January 2026

	Issue, Impact and Recommendation	Original Council Response, Responsible Officer and Due Date
1	The Council has developed Finance Response & Recover plans with the aim of reducing short to medium term expenditure to remove the reliance upon EFS for 2025/26 and avoid the need for it in 2026/27. However, the financial outlook for 2025/26 is extremely challenging, with an overspend of £23.4m as at Q2. In January 2026 the Council increased the EFS request for 2025/26 to £54m to address this overspend, which consists of the £37m that has already been agreed in principle in February 2025 and an additional £17m to fund the current forecast overspend. Additionally, there is a predicted £104m of EFS required for 2026/27. However, these EFS requests assume that the 2025/26 agreed savings schemes of £29m are delivered, which as detailed on page 20 is only forecasting a 78% delivery, with 45% of overall schemes amber or red RAG rated. It is crucial that the Council can accurately forecast demand to budgets such that the appropriate actions can be taken to mitigate these pressures, however we have noted through our work over Adults Social Care on page , as well as through our work over Temporary Accommodation on page 34, that there were large overspends in these areas driven by a combination of increased demand and price respectively. The Council must continue to robustly monitor and implement the recovery plans through the newly formed Financial Recovery Board and also continue to improve and challenge the budget setting process to ensure that all financial pressures can be incorporated. We note that although we have raised this Value For Money recommendation, we have not raised any statutory recommendations as part of this audit. However, the cost of continuing to rely upon EFS is significant - at current rates	These recommendations are accepted. Please see reference to the Management Response to the previous recommendation in relation to the improvements in forecasting that have already been put in place and the implementation of the recovery plans. It is acknowledged that for adult social care and temporary accommodation the in year overspend during 2025/26 means that the assumptions for setting the 2025/26 budget were not accurate, despite an additional £31m built in for adult social and £12m for temporary accommodation. Strengthened estimating of pressures have been put in place for 2026/27, which includes scenario planning and an estimate for risk but also using the period 8 forecast in 2025/26 as a basis rather than period 6 as in previous years. It is accepted that the Council's track record on the delivery of savings is not as strong as it needs to be and this is the current priority for the Finance Recovery Board. A new monitoring and reporting process for savings was put in place for 2025/26 that not only reports progress against the financial delivery of the savings but also the changes needed to deliver the savings. This avoids alternative opportunities being used as mitigations at a time when the Council must deliver on the original savings and also the alternative opportunities. The Finance Recovery Team have also stress tested the delivery of the savings that are planned to provide more assurance on the delivery but also to raise any concerns with the Finance Recovery Board and SLT if further actions are required. The Financial Recovery Board meets fortnightly to consider progress against savings and other actions in the plan and will continue to monitor progress of the revised resilience plan

	each £1m of EFS used will add £62,000 to revenue costs annually for the next 20 years. As such, we expect that we will consider it necessary to raise such a statutory recommendation in future, should the budget for 2026/27 be approved without an appropriate level of planned savings to address the Council's challenging financial position.	when agreed. Quarterly reporting will also continue through the finance monitoring report to Cabinet and Overview and Scrutiny Committee. Section 151 Officer July 2026

This page is intentionally left blank

APPENDIX B - The Council's proposed response to the Statutory Recommendation and Non-Statutory Recommendations in accordance with Schedule 7, Paragraph 2 of the Local Audit and Accountability Act 2014.

This appendix sets out the full details of the recommendations received from KPMG LLP and the Council's responses for Full Council to consider. Key dates for each action are shown in **bold** where appropriate, but it should be noted that the Council has developed a three year Financial Resilience Plan and therefore many of these actions will continue into future years. Full details will be included in future updates of the Medium-Term Finance Strategy and Annual Budget Report as well as updates reported to Audit Committee through the Annual Governance Statement, should the recommendations Section 3 of this report be agreed.

Statutory Recommendation
Section 39 of AGN 03 identifies both "Unidentified savings/funding gaps in financial planning that would substantially threaten the delivery of the plan" and "Persistent failure to meet savings plans or financial targets" as illustrative significant weaknesses in arrangements for securing economy, efficiency and effectiveness in the use of resources or 'value for money' (VFM), in line with Section 20(1)(c) of the Act. Due to the challenging financial position at the Council, and increasing demands on resources, there is a risk that the Council does not have in place adequate arrangements in respect of its identification and monitoring of savings schemes to achieve financial sustainability over the short to medium term. The Council is exposed to a risk of significant financial loss as a result of inadequate arrangements. As such, the Council must increase its savings targets for future years and deliver savings in line with these targets. A wider range of transformational savings must be identified and implemented to allow the Council to bridge the financial gap and reduce its reliance on EFS. This is vital given that the continued use of EFS poses significant long-term financial challenges for the Council; at current rates, each £1m of EFS increases by approximately £62,000 the revenue costs to the Council each year for 20 years, assuming the amount borrowed is repaid at maturity. This figure is according to the Council's own projections contained within the '2025/26 FinanceUpdate – Q1' presented to Cabinet on 16 September 2025.

Council Response

Agreed. The Council has developed a three-year Financial Resilience Plan which recognises that addressing the financial challenges in Haringey cannot be resolved in a single year. The Financial Resilience Plan focuses on key priority service 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. The areas are as follows:

- Adult Social Care
- Procurement and Commissioning
- Housing
- Income generation and income collection
- Customer Services
- Reductions in Senior Management roles
- Reduction in capital programme
- Council Tax

A Delivery Plan will be 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 will also include 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.

All other services not covered by the priority areas above will be required to produce 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 savings / income / cost avoidance proposals for the listed priority areas and the VFM Action Plans are expected to reduce the budget gap in future years and the reliance on EFS.

The full details will be presented as a bundle of the proposed savings, together with the detailed delivery plans as part of the Medium-Term Financial Strategy to Cabinet in November 2026 and will be subject to the Council's decision-making process. Where opportunities identified can be delivered in year, immediate decisions will be taken to realise reductions in year and reduce the forecast £84m in year reliance on EFS.

Council Response
Monthly monitoring of the agreed savings will be through the Finance Recovery Board which is chaired by the Chief Executive and includes independent external sector experts for scrutiny and challenge with action taken against non-delivery. Progress will be reported externally to Cabinet and Overview and Scrutiny Committee through the quarterly finance reports and to Audit Committee as part of updates on the Annual Governance Statement. All Member briefings by the Section 151 Officer will take place during the year to update on the latest financial position as part of the usual budget setting cycle. Spending controls already in place will continue and a clear Section 151 Officer approval process will be introduced for any department to spend beyond its cash limits, to ensure that there is a clear and agreed funding strategy agreed if spending is deemed essential.
Accountable Officer – Corporate Director for Finance and Resources (Section 151 Officer)
Key Milestones: • November 2026 – publication of the MTFS and proposed savings for consultation. • March 2027 – Full Council to agree the draft budget for 2027/28 and updated MTFS and progress against the three-year Financial Resilience Plan.

Other Observations and Recommendations

Non-Statutory Recommendation 1
We recommend the Council works to change the culture across directorates to one where the financial implications of decisions are given as prominent a focus as the quality of service. Whilst the Council did begin to identify a number of cross-cutting initiatives in 2025/26, the delivery of these have been the worst performing area of the savings plans to date.

Proposed Response to Non-Statutory Recommendation 1
Agreed. All decisions already include statutory finance comments and all decisions over £25,000 require Section 151 sign off to confirm that the spending is essential and the budget provision is available. Going forward, the Section 151 Officer will review how reports are written and presented, including those at Cabinet to ensure that the financial impact of the decision is a prominent feature of the report and all Cabinet Member introductions reference the financial impact of the decision **(From September 2026)**. In 2026/27, the Commissioning Panel will continue to review and challenge all new commissions for services (funded by revenue) through a formal gateway approval process over £160,000 but this threshold is expected to reduce to £25,000 during 2026/27 **(by March 2027)**. The panel which consists of a panel of commissioning experts who scrutinise requests to ensure there is a clear evidence base for need, quality of service is in line with other authorities, all options are considered, including proposals to reduce spend. In 2026/27, the new governance on capital spending will continue to be embedded. All schemes in the programme will be subject to review and those not in flight or can be paused will be considered for removal from the capital programme. No scheme will be included in the capital programme without having been subject to the new capital governance and an approved business case by Strategic Capital Board. Ongoing monitoring of business case assumptions and delivery of retained schemes will be through the capital governance framework **(By March 2027)**. All other spend over £1,000 will continue to be subject to the Spend Control Panel process. Directors will continue to have discretion over determining if spend is essential and therefore not subject to panel decision but in 2026/27, these decisions will be subject to sample checks to ensure that essential criteria is met **(From September 2026)**.

Proposed Response to Non-Statutory Recommendation 1
The Cabinet have been briefed on the financial position, and this will continue through the financial planning process in developing the draft budget for 2027/28 onwards in a smaller financial envelope. All Member briefings by the Section 151 Officer will take place during the year to update on the latest financial position as part of the usual budget setting cycle. Externally, through officers and Members the Council is committed to be open and transparent about its financial challenges and the steps as set out in this response to bring the budget back into balance, the options considered, choices made and the reasons why. These external communications will commence from September 2026 and will be formally reported through the MTFS and draft budget proposals published for Cabinet in November 2026. The Council acknowledges that its delivery of savings must improve. A new tighter monitoring and reporting process is in place for 2026/27 and all existing savings and new savings identified through the Financial Resilience Plan will have an identified Corporate Director and Director lead that will be held accountable for delivery and managed through the Finance Recovery Board **(From July 2026)**.
Accountable Officer – Corporate Director for Finance and Resources (Section 151 Officer)

Non-Statutory Recommendation 2
The Council should demonstrate a commitment from the Cabinet and officers to increase the level of savings being delivered and to make the process of both identification and monitoring of savings more robust. This can be achieved by ensuring earlier engagement with stakeholders and encouraging the full use of tools available, including those that enable more effective in-year monitoring. Importantly, these improvements should be enabled by an enhancement in organisational capacity, including building central project management capability, to effectively oversee and assist services to drive delivery.

Proposed Response to Non-Statutory Recommendation 2
Agreed. Work has commenced on the 2027/28 financial planning process alongside the development of the Council's new Corporate Delivery Plan. All members through the Member induction process have been briefed on the Council's financial position and more detailed updates have been provided to Cabinet to highlight the challenge we must address through the Council's Financial Resilience

Proposed Response to Non-Statutory Recommendation 2
Plan as set out in the response to the Statutory Recommendation above. All Member briefings by the Section 151 Officer will take place during the year to update on the latest financial position as part of the usual budget setting cycle. The full details will be presented as a bundle of proposed savings, together with the detailed delivery plans as part of the Medium-Term Financial Strategy to Cabinet in November 2026 and will be subject to the Council's decision-making process **(November 2026)**. The Council is committed to consider any early decisions on spending reductions that can be taken in year (mid year budget proposals) that will have an immediate impact on improving the Council's financial position and this may include undertaking consultation of changes in policy as soon as feasible possible to ensure full year impact of any changes in 2027/28 **(From September 2026)**. Given the Council's current political structure and No Overall Control, All Members will continue to be regularly briefed on the financial position. Support and engagement will be in place with oppositions groups in the development of any alternative budget they put forward **(From June 2026)**. Identification of savings options will use a range of tools, including benchmarking of performance and spend against other authorities, ideas from previous years and a review of all savings proposals put forward by other authorities over recent years **(November 2026)**. As detailed in our response to Recommendation 1, the Council acknowledges that its delivery of savings must improve. A new tighter monitoring and reporting process is in place for 2026/27, and all existing savings and new savings identified through the Financial Resilience Plan will have an identified Corporate Director and Director lead that will be held accountable for delivery and managed through the Finance Recovery Board.(**From July 2026)** Progress will be externally reported through Cabinet and Overview and Scrutiny Committee and to Audit Committee through the update on the Corporate Risk Register and the Annual Governance Statement **(From September 2026)**. The Council acknowledges that delivering the level of changes and savings needed through its Financial Resilience Plan will require capacity and expertise dedicated to delivery. Therefore, the Council's transformation efforts and capacity will be concentrated on the areas where we can have maximum impact and also where there is the highest priority need for improvement and re-design that will lead to savings. Any funding of additional capacity and skills will need to be agreed through

Proposed Response to Non-Statutory Recommendation 2
the Section 151 Officer and the £2.5m set aside in the 2026/27 budget through the Flexible Use of Capital Receipt. The Council's change and project support capacity will be aligned with the priorities set out in the Financial Resilience Plan **(From July 2026)**.
Accountable Officer – Corporate Director for Finance and Resources (Section 151 Officer)

This page is intentionally left blank