NOTICE OF MEETING

AUDIT COMMITTEE

Thursday, 29th January, 2026, 7.00 pm - George Meehan House, 294 High Road, London, N22 8JZ (watch the live meeting here and watch the recording here)

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

Independent Members: Reyaaz Jacobs (Co-Optee) and Reene Deba (Co-Optee)

1. FILMING AT MEETINGS

Please note this meeting may be filmed or recorded by the Council for live or subsequent broadcast via the Council's internet site or by anyone attending the meeting using any communication method. Members of the public participating in the meeting (e.g. making deputations, asking questions, making oral protests) should be aware that they are likely to be filmed, recorded or reported on. By entering the 'meeting room', you are consenting to being filmed and to the possible use of those images and sound recordings.

The Chair of the meeting has the discretion to terminate or suspend filming or recording, if in his or her opinion continuation of the filming, recording or reporting would disrupt or prejudice the proceedings, infringe the rights of any individual, or may lead to the breach of a legal obligation by the Council.

2. APOLOGIES FOR ABSENCE

To receive any apologies for absence.

3. URGENT BUSINESS

The Chair will consider the admission of any late items of Urgent Business. (Late items will be considered under the agenda item where they appear. New items will be dealt with under item 7 below).

4. DECLARATIONS OF INTEREST

A member with a disclosable pecuniary interest or a prejudicial interest in a matter who attends a meeting of the authority at which the matter is considered:

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent, and

(ii) may not participate in any discussion or vote on the matter and must withdraw from the meeting room.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Register of Members' Interests or the subject of a pending notification must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal interests and prejudicial interests are defined at Paragraphs 5-7 and Appendix A of the Members' Code of Conduct

5. DEPUTATIONS / PETITIONS / PRESENTATIONS / QUESTIONS

To consider any requests received in accordance with Part 4, section B, Paragraph 29 of the Council's Constitution.

6. MINUTES (PAGES 1 - 18)

To confirm and sign the minutes of the Audit Committee meeting held 10 November 2025 as a correct record.

To review the action tracker.

7. FINANCIAL ASSESSMENTS AUDIT - UPDATE & ADULT SOCIAL CARE INCOME COLLECTION (PAGES 19 - 26)

This report provides an update to Audit Committee on progress against the recommendations arising from the Internal Audit Review of Financial Assessments (FA) of Clients (final report issued December 2024), which concluded with a Limited Assurance opinion. It also sets out the current position in relation to Adult Social Care (ASC) income collection and debt recovery.

8. 2024/25 STATEMENT OF ACCOUNTS - EXTERNAL AUDITORS ANNUAL REPORT (PAGES 27 - 126)

For those charged with Governance (the Audit Committee) to consider the statutory Annual Report from KPMG, which highlights their findings from the audit of the Council's statutory accounts, value for money and other relevant information.

9. DRAFT TREASURY MANAGEMENT STRATEGY STATEMENT 2026/27 (PAGES 127 - 162)

This report presents this Committee with the updated TMSS for 2026/27, subject to its scrutiny at the Overview and Scrutiny Committee at its meeting on 19th January 2026, and subject to consultation with the lead Cabinet Member for Finance and Corporate Services

10. TREASURY MANAGEMENT QTR2 REPORT 2025/26 (PAGES 163 - 178)

This report provides an update to the Audit Committee on the Council's treasury management activities and performance for the six months ending 30th September 2025, in accordance with the CIPFA Code.

11. INTERNAL AUDIT PROGRESS REPORT (PAGES 179 - 202)

This report details the work undertaken by Internal Audit in the period 1 September to 31 December 2025 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised - work undertaken by the external provider (Forvis Mazars).

12. ANTI-FRAUD, BRIBERY AND CORRUPTION PROGRESS REPORT QUARTER THREE 2025/26 (PAGES 203 - 214)

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a third quarter update on completion of the work plan for 2025/26.

13. ANNUAL GOVERNANCE STATEMENT 2024/25 UPDATE REPORT (PAGES 215 - 234)

To update the Committee and provide assurance on the progress to address the significant governance issues identified within the 2024/25 Annual Governance Statement (AGS).

14. RISK MANAGEMENT UPDATED - CORPORATE RISK REGISTER (PAGES 235 - 248)

Under its terms of reference, the Committee is also required to note the Council's Corporate Risk Register and be satisfied appropriate mitigating actions are being completed in a timely manner.

15. ANY OTHER BUSINESS

Any other business.

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Wednesday, 21 January 2026

MINUTES OF THE AUDIT COMMITTEE HELD ON MONDAY, 10 NOVEMBER 2025, 7:00PM - 10:17PM

PRESENT: Councillors Erdal Dogan (Chair), Isidoris Diakides, Cathy Brennan, Alessandra Rosetti, Alexandra Worrell, Sue Jameson

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 had been 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 22 July 2025 be signed as a correct record.

A separate point was raised in relation to procurement based benchmarking. This related to benchmarking around the expenditure with local SMEs, the number of contracts and other related matters.
The last report included volumetrics around those that had had single quotes and those that had a minimum of three quotes. The exact date for these could be found and further references could be made.

In relation to the action tracker, there were some actions regarding the housing service. The status of the action was listed as ‘initiated’ and that the information would be reported back to the Committee, but it was not clear when. Another action for social care stated that an update would be provided at the last meeting, but no update had been provided. Another action was listed regarding staff turnover and a paper was to be presented to the Committee regarding this matter. In response, the meeting heard that the appropriate director in each case had been asked to send an update to all the committee members. The response would be sought for again.

On page 16 of the agenda papers, the action note should read ‘procurement’ rather than ‘property’.

Page 13 of the agenda papers referred to a commercial property audit update and referred to the debt position which stood at £5.5 million pounds against an annual rental of £10.2 million.

The meeting heard that the annual rent roll was £10.2 million. The £5.5 million could simply be debt from previous years. It may be helpful for the Committee to have a break-down of this in more detail. The debt levels for commercial property were much higher than expected. Property had been a topic of interest for the Committee in recent times and the last update was probably two or three meetings past. A lot of work was being put into lease reviews, rent reviews and other similar matters. It may be useful to bring a fuller update to a future meeting in relation to commercial property. An update could also be given on previous internal audit recommendations.

It had been observed that end of the year end of the financial year in March 2025 and also within the quarter 1 report that that the Council have had to increase its bad debts provision in relation to commercial property.

7. 2024/25 EXTERNAL AUDITORS ANNUAL REPORT, INCLUDING VFM REPORT

Mr Kaycee Ikegwu, Head of Finance (Housing & Chief Accountant), Mr Tim Cutler (KPMG) and Mr Josh Parkinson (KPMG), introduced the report.

The meeting heard:

- In relation to all council housing, the accounting was driven by the CIPFA code and it suggested that the Council should be allocating beacons to the properties. All of the properties would fit into different property types. There could be a varying number of different types of beacon. KPMG was making sure that each property had been properly allocated to the correct beacon. The best way for KPMG to do this was to get to the underlying information like tenancy agreements, floor plans or physical inspections. The independent valuers, for each beacon, would look at current market information to say what the appropriate valuation was for, say, a two-bedroom flat in Haringey and apply that beacon valuation to the whole population. This was seen as more proportionate than going around valuing every single two-bedroom flat separately.
- The Council would assign different beacons to different properties but over the Council’s entire portfolio, there were around 430 different beacons. This would be 430 beacons across all 16,000 properties.
- In an ideal environment, before entering into any expenditure transactions with a supplier, the Council would check to see if there was a related party in the case and whether there was any potential conflict. However, in practice KPMG

found that this was not the case and therefore the deficiency had been raised. However, there was also a separate deficiency around the completeness of some declarations of interest.

- An audit had been completed around the declarations of interest and the procedure was for any officer to declare any interest in any activity where there was a potential conflict or a perceived conflict that could arise. This was the Council's overarching framework. If an officer was about to enter into a contract where there may be a conflict or a perceived conflict, they should declare it through the Council's normal channels for declarations of interest and this should be fed up to the appropriate officer.
- 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 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.
- The ISA260 report that would be submitted to the Committee in January 2026 would contain all the detailed performance improvement observations relating to the financial statements or accounts audit. KPMG was starting to feed those back to management, but in January 2026, the Committee would provide detail in writing along with management responses.
- It was very difficult to get a proportionate cost to a journal system that provided enforced segregation duties. It was difficult to get that type of system functionality for a public sector entity. This was also true for pensions and value-as-assumptions. There was a cost-benefit balance to the Council procuring another set of professional advice to validate the set of professional advice that the Council already had. The Council’s auditors employed its own specialists to do this anyway. However, auditing standards required KPMG to outline issues that needed to be addressed. The issue relating to declarations of interest was a notable point, but ultimately there was a system functionality element to this. The Council should be able to get confidence that its register of interest was complete. This would also be raised again in January 2026 to reaffirm its importance. If the Council had its controls working effectively and was aware of its completeness, KPMG would always test the accuracy of it as a retrospective look as part of the Council’s related party disclosures in its accounts. However, there was also a more prospective control that the Council’s system could help enforce at the point of entering a transaction. There were other ways of doing this that did not necessarily rely on the system being the informant.
- The Council would get a response in January 2026 to every one of the risks identified in the audit plan earlier in the year.

RESOLVED:

1. That the Committee notes the contents of the draft auditor’s annual report, the VFM report and any further oral updates given at the meeting by KPMG.

2. That the committee notes that the final auditor's annual report will be submitted in January 2026. Management will, at that time, provide responses to any issues raised by the external auditors.
3. That the committee notes management responses to the VFM risk assessment issues and recommendations raised by external auditors.

8. TREASURY MANAGEMENT Q1 REPORT 2025/26

Mr Sam Masters, Head of Finance (Pensions & Treasury), introduced the report.

The meeting heard:

- Paragraph 4.13 on page 78 of the agenda papers seemed to state that the saving of £227k was per annum rather than over three years, but this would be double-checked.
- The Council had agreed the capital programme at Full Council in March 2025. Both the Q1 report and the Q2 report that would be submitted to Council would be the Budget Update report.
- When the budget figures were set within the Treasury Management Strategy Statement, this would be based on the capital pricing that the Council felt it would deliver in-year. Both quarter 1 and quarter 2 would show that the Council was probably too ambitious, would not fully achieve the targets and would be subject to 'slippage'. Any schemes were likely to take slightly longer. This was why there was an underspend on the borrowing costs shown in the report. The Council was addressing some of this. As part of the Council's budget process this year, the Council was reviewing all of the capital programme to make sure that it set a capital programme each year that the Council felt was better deliverable and affordable. Hopefully the Council would end up with a capital programme where there was no high levels of slippage referred to in the report.
- In a query relating to why the Council was taking on additional borrowing of £70 million if previous money borrowed had not yet been spent, the meeting heard that the Council was spending but not spending at a previously assumed anticipated rate. The Council still had expenditures to fund and had borrowed less than it had originally budgeted for.
- The Council was still forecast to spend, on the general fund alone, £150 million. When the Council set the programme back in March 2025, it was felt that the spend would be a lot higher. The Council still forecast a spend of £150 million. The Council was also spending on the HRA as well, so there would always be some borrowing, just not at the level that anticipated. The Council wanted to get to a position where it was setting a budget based on the level of borrowing that it was expecting to do, rather than set too high a budget.
- The value for money assessment was based on three sub-criteria and what KPMG had to do as auditors was not identify every single issue that that it might find, but to say where there could be a significant weakness in arrangements. This was quite a high bar and the areas identified in the report appeared to constitute potential significant weaknesses. The definition of a significant weakness would be to incur significant financial loss, to have potential reputational damage. When KPMG had looked at governance. It was the case that there were things that could improve but as far as anything individually that could lead to a significant weakness, KPMG had not found

anything as part of its risk assessment. This was not to say improvements could not still be made.

RESOLVED:

1. To note the treasury management activity undertaken during the financial year to 30th June 2025 and the performance achieved which is attached as Appendix 1 to this 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 Assurance, introduced the report.

The meeting heard:

- Some of the longer standing recommendations related to some of the issues that the Committee had spoken about previously in terms of procurement and property.
- In relation to the high priority recommendations, some of the recommendation timelines had been extended as revised from the original timescales and reasons for this had been explained to the Committee.
- It was not known if the priority 1 recommendations due for implementation in October 2025 had been completed. A follow up for this would be done.
- There was an improvement plan in place for housing services. This was to improve a whole host of areas where issues had been identified particularly around the Council’s compliance with the six standards, but included other areas as well. For example, repairs. There was an improvement plan that was shared by the Director of Housing.
- In relation to controls around monitoring of stock usage and stock write off in relation to the stock balance, this information would be provided at a future meeting.
- It was not clear that some of the services were on board with where the Council was in its position and doing everything it could to make sure that things that impacted the Council’s reputation was being dealt with and things that impacted expenditure was being focused upon.
- All of the housing recommendations were tracked. There were live trackers that management updated and were monitored. Management reassurances were in place in terms of how the actions were being progressed within the reports. The actual formal follow-up would be timed when there were a few things to go back and look at. The last update on the priority 1 recommendation was that progress had been made and had partly implemented a number of developments. However, no formal independent verification had been made yet. The reports would be shared with the Housing Improvement Board as part of the improvement plan.
- The level of detail being reported in this meeting regarding the causes of the issues was more detailed than what one would hear on the Housing

Improvement Board or the Scrutiny Panel. It would be valuable for this kind of detail to be more reflective in those spaces.

- A list stating which recommendations had been implemented would be shared with the Committee.
- Attempts had been made to gain confidence and be satisfied that action was being taken. Appropriate officers had been asked to attend the Audit Committee to provide an update and to provide an account of why any recommendations raised still remained outstanding. This would be continued. Any area in future where the Committee felt progress was slow or not at the appropriate level, officers could be invited to speak to and provide an update.
- The housing service needed a proper understanding of the contracts they already had by recording them in a consistent way and then making sure that there was a proper arrangement for managing those contracts. Officers needed to be very clear about what contract management actually entailed and being thorough in making sure that these activities were carried out. People could be trained to become more efficient and better at contract management, but contract management should still be carried out.
- The Council had a procurement system that the organisation used. The audit trail around this was not as robust as it should be. The service kept a record, but this was found to be not consistent. In terms of other records, there were other tools that the service used to manage the contracts, but this was not necessarily visible on a Council's procurement system. This was held in other forms.
- As an organisation, the Council was a complex being and had many different ways of collecting income. Each of those income sources had a very good system. The income was recognised and the money was banked. There were some systems within that which were better than others. Council tax for example, was very good at making sure that the income that was due to was billed out in time and was collected in a timely way. The general income collection system was not as efficient. Income that was due to the Council was very good on some systems. The Council was very good at chasing and getting money owed. However, in other areas it was not as vigorous. If it was possible for Internal Audit to be cited as senior managers on where the systems for collection were not as robust, then officers could be placed in a position where they could act.
- Staff members in the data and analytics space used to sit in another part of the organisation, but had been brought into Digital and Change team to leverage the benefits of the service to the Council.
- The Council was not making enough use of data and data and insight. It was possible to have high levels of data without using the insight. The Council was trying to look at the data it had and encourage the use of that data and insight to inform decision making. It was a very small team, but a powerful and influential one. One thing the Council wanted to do was help to promote or demonstrate, across the organisation, the role of that team, the importance of that team and the data it held. It would be useful to avoid data processing without having any outcomes. The team sitting within the Digital and Change team would help support this.
- One useful working method would be to choose a ‘one problem’ area and have the team focus on it as a proof of concept. This would be useful because, if it

was to work, then the area itself could be used to market the success around the organisation.
- The service could be much improved if it kept a record of responsive as well as planned schedules. It had an overarching strategy which set out intentions in the borough's greenspaces. More detail was needed for plans relating to individual sites and individual areas.
- The strategy would be refreshed before the period of 15 years had run its course. It was not unusual to set strategies of that length of time because it provided the service a little visibility of what they were trying to achieve. However, in a borough with diverse greenspaces, it would be useful to make sure that the strategy then solidified what the borough wished to do for each of the different sites.
- At the last Audit Committee, one of the areas identified from all the work done last year was that record keeping could be improved in the Council. Although the Council recognised this, it was likely that people become distracted by their day-to-day job. As public servants, particularly in the public sector, one of the things that the Council would expect to do well was keep records. If it was possible to make data collection and data maintenance easier for people, then this would improve quality of the data capture.
- In relation to housing benefit overpayments, this paperwork was still with management awaiting comments. Officers were working with management to get these dealt with as quickly as possible.

RESOLVED: to note the audit coverage and follow up work completed.

10. ANTI - FRAUD, BRIBERY & CORRUPTION REPORT - QUARTERS 1&2 2025/26

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

The meeting heard:

- Cases regarding dual workers was not unique to Haringey. There was a strong fraud network across London and all boroughs were facing the same challenges. It was not a surprise when the coronavirus crisis forced organisations into hybrid working. It was obvious that risks would be harder to spot. The cost of living crisis informed the motives relating to fraud. Various factors influenced fraud helping people to justify it. Systems of internal control and some of the governance and basic things that were needed to have in place as an organisation. Even with really robust control environments, certain individuals arriving to an organisation who knew how to break a system could have an advantage over the Council.
- If the team found somebody committing tenancy fraud, normally subletting, it was not Council staff who would evict that person. The person would still have to go to court and the charge would have to be proven. There were duty solicitors at court who would help somebody defend a case of possession.
- A 'lessons learned' report could be done on the back of all of the fraud investigations. A lot of them did not end up in in the criminal space in any case. When audit planning was done for the year, many different factors would be taken into account. One of which was where the fraud risks might be. If the

control environment was not robust and therefore the exposure to risk was higher than it ought to be, then this would feature in the audit plan to try to improve the control environment in that space. The annual report always pointed to the key areas where either through the internal audit work or through the anti-fraud work, there were specific areas where there was a higher intensity of fraud risk. This fed back into the audit planning process.

- As the internal audit plan was brought forward in March 2026, it would be possible to bring an indicative fraud plan which identified the sorts of areas where there had been control failures in the past.
- It would be useful to have a consolidated list of outstanding weaknesses and when they would be remediated as was done for the internal audit related matters.
- In relation to blue badge fraud, the digital badges meant that enforcement activity was more robust. Officers used handheld devices so they could easily check if a badge was expired or lost or stolen and if a counterfeit badge was being used. The number of frauds or mis-use cases detected in the borough skyrocketed. This was not unique to the borough. The response to it was to have PCNs issued or have the car impounded. Some of the work went in to creating a deterrent as part of the fraud strategy. Other boroughs were reporting that the response did not reduce the fraud. The work outlined within the report included one full time employee. There were five full time employee equivalents covering all areas. One officer had spent a reasonably lengthy period on this matter. Some income for the team had been raised through cautions. The Parking team had been happy to pay towards the prosecution costs which had to be considered. More work was being done for more automation in the process. A request had been made to digital colleagues for help with automating the process. The estimates for the income that could be generated for the caseload being submitted was about £75,000 a year and this would be reinvested back into the team to enable them to become a bit more resilient and perhaps bring in some trainee resources and help with succession plans. It had never been envisioned that this one investigator would work for such a length of time on the project. The priority until March 2026 was income generation. There had been some successful prosecutions, with more to be made. The automation would make a difference and cover the costs of the work.
- In relation to the administration of housing benefit overpayment, this was carried out by the Council's Housing Benefit team, not the fraud team. In the past, the fraud team would get involved in the investigations of suspected benefit fraud, but that was taken away from the Council in 2015. Since then, the Council had no authority to carry out any housing benefit investigations. Referrals were made, but these would be passed on to colleagues in the DWP to carry out investigations. The Council had high levels of historic housing benefit overpayments. A lot of this was due to local authority error historically and supported exempt accommodation. As more people moved to universal credit, it was less of a risk. The issue was discussed openly within monitoring reports. It was also leading to higher level of bad debts provision.
- The fraudulent payment of PCNs related to when a PCN was issued and then paid and acknowledged within the parking income system. The Council would then hear from the banks reporting that the card was fraudulent. There was a high incidence of this, but it seemed to be linked to telephone payments where

there was not the same level of security as online payments. Some analysis of this was being done to find the root cause.

RESOLVED: To note the activities of the team during quarters one and two of 2025/26.

11. UPDATED CORPORATE RISK REGISTER

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

The meeting heard:

- In relation to financial sustainability, there were extensive controls in place and the Council now had a spend control panel that looked at all non-statutory spend over £1,000. This was resource intensive and met twice a week. The Council had an increased focus around making sure it was recovering the income that it was due. This could also mean identifying new income streams, but it was notable by collection rates, by the level of debt and level of write off that the Council needed to focus on making sure that it was collecting the income that it was owed. There had not been much explicit documentation about income and income was as important as reducing costs. In relation to cyber security, there were clear plans in place for business continuity which included protection and recovery. A private session could be held with the Audit Committee detailing plans around that. This was one risk on the risk register which would always be red.
- A query was raised regarding assurance that recovery plans were in place and that the testing proved they would be effective if there was an incident, so that this would inform management that the target risk or impact on cyber security could be lowered by reducing the impact of a cyber incident. In response, the meeting heard that this assurance could be given. There was a strong focus on safeguarding resident data and IT systems. Disaster recovery plans had been tested to data centres with multiple backups. This was clearly documented, but was also tested regularly.
- As part of the Council's quarterly finance report, the Council reported on all of the actions that were in the finance recovery plan. At the end of quarter 1, it had avoided £1.1 million worth of spend that would otherwise have gone through the organisation. The Council was keeping track of that data and was reporting it publicly to the update on the finance recovery plan.
- The risk relating to health and safety was classed as an amber risk with a relatively high impact score. The way the policy worked on risk management was that when impact was considered, it was always in the worst case scenario. This was the reason for the high score. With any risk management process, it was an activity of judgement. It was the Council's judgment as to where it thought the risk lay. It was not thought to be very likely, but if it were to happen it could be significant.
- An updated health and safety policy was required to some degree, but there had been instances that led the health and safety team to consider some specific matters that had arisen in the Council. There had been a couple of

instances where there had been near misses and they were a catalyst to see what needed to be done.

- Health and safety risk had also been reviewed following a visit from the Health and Safety Executive. The RAG rating of ‘amber’ was seen as possibly too low and therefore it was worthwhile going back to the service and checking if this was a true representation.

RESOLVED: To note the Corporate Risk Register as at 30 September 2025, attached at Appendix A.

12. ORGANISATIONAL ARRANGEMENTS FOR PROCUREMENT AND THE PROCUREMENT ACT

Ms Taryn Eves, Corporate Director of Finance and Resources and Mr Barry Phelps, Chief Procurement Officer, introduced the report.

At this point in the proceedings, the meeting agreed to suspend standing order 18 in order to conclude the meeting.

The meeting heard:

- A waiver was essentially a request to not follow the contract standing orders that related to the procurements. For instance, a case where only quote would be sought instead of three as there was only one supplier that could deliver the service being sought.
- Care and Digital Services were exempt from the £25,000 spend limit because there were commissioners and a brokerage team in place to put in place care packages with the providers. The service was in the process of redesigning some of their facilities as and it was felt that it was not appropriate to disrupt this at that particular time. As part of the commissioning modernisation program, it would be seen if those other areas would come into strategic procurement. In terms of Digital Services, the exemption was a temporary one for six months. They had about 800 contracts and that was quite a lot to bring into Strategic Procurement, but they had the in-depth knowledge of those particular contracts and the arrangements that Strategic Procurement did not have within strategic procurement. Many of the contracts were on a smaller scale. The report outlined the scale of the work and how much that could not be done in one attempt. There had been £9.2 million in savings. The Council’s largest element of spend was on third party contract spend. It was important to start with commissioning. It was also important to have corporate health compliance data. This was also a measure of success. There had been a high rejection rate in terms of the waivers due to heavy scrutiny.
- It would be useful to be more deliberate around the benefits. Better insights into the data would improve data governance overall. Some of the best practice could easily be taken into other areas of the Council. There needed to be better contract management and these principles could also be related to other contracts that were income generating. In relation to the digital services spend,

this was a general area where overspend could happen and this needed to be monitored closely.

- Finance and Resources could be a bit deceiving in terms of what services were included. It included finance, audit and procurement, but also included commercial property, corporate landlord model, the capital program delivery and the new homes program. Most of the big contracts related to construction.
- The Cabinet Office required the Council to publish all pipelines of contracts above £2,000,000. A link to the hosting website would be sent around to the Committee. Procurements involving waivers were also published on the website, but was dependent upon the type of waiver which was why officers needed training for procurement software. A direct award above a certain amount meant an obligation to publish. There was also an obligation to publish variations to contracts extensions to contracts when they went beyond a certain threshold. But this was complex. The threshold fluctuated depending upon the type of service, the nature of the variation and other such matters. Very few would be published because most of them would fall within certain parameters laid out in the regulations. Whilst there may appear to be a lot of waivers, it had dramatically reduced from where it was previously within the Council last year. Since Strategic Procurement had taken more control above procurements over £25,000, there had been more engagement with the services around ensuring that there was compliance and fewer waivers. A typical example would be a service having forgotten about extending a contract and a route would be sought to maintain the contract within a compliant framework and that may involve the use of a waiver.
- Variations were monitored within the Commissioning Board. Monitoring was also done on spend with single suppliers and multiple small contracts. There appeared to be the right level of internal governance and oversight now and there were consequences of non-compliance.
- Training was very important and it would help the Council to apply good practices in place to produce better quality of outcomes. If the staff knowledge was not being built, it would lead to inadequate data. Training would also build a good culture and good practice.
- A contract management toolkit had been introduced and it assigned a risk profile to each contract. These were classified as gold, silver, bronze or even platinum. This was to follow what central government outlined in terms of best practice and the training that was associated with that was free and that and was part of the commissioning modernisation program. Some staff had undertaken it, but it was not yet subject to general release it was still being reviewed subject to other policies and processes.
- In relation to risk being managed. Capital programs had a fairly robust governance process, but ultimately it was up to the services to ensure that they were properly engaging in contract management. Having adequate technology in place would enable the Council to monitor this.
- The financial standing of the suppliers was monitored. There were alerts if there was a change in profile. If a contract was in ‘high risk’ then, there should be relevant measures in place to try and protect the Council against failure.

RESOLVED: To note and discuss the information contained in the report.

CHAIR: Councillor Erdal Dogan

Signed by Chair ………………………………..

Date …………………………………

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.	We will provide numbers of properties that are currently being used for meanwhile or co-location purposes. 'Meanwhile' and 'co-location' use policies are to be developed. A working definition of both terms is to be agreed, which will underpin these policies and be applied across the VCS properties, as classified in the property register and wider properties held by the council or that are secured via planning purposes as part of mix use development. Work is underway to gather data and insight on the Council's Operational Estate through the newly created Corporate Landlord Model which went live in April 2025. A report will be presented to a future Audit Committee meeting when work is complete. We are working to a June 26 date for these, 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.	Director of Capital Projects & Property (Jonathan Kirby)	Initiated
18 January 2024	Benchmark data of local spend and number of contracts and information on the Procurement Act would also be provided to the Committee.	Benchmarking Data presented at previous Audit Committee. Update on Procurement Act included in the update report to Audit Committee on 10 November 2025.	Chief Procurement Officer (Barry Phelps) Corporate Director of Finance Resources (Taryn Eves)	Completed 10/11/2025
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	**Current Debt Position:** As of 17th December 2025, the total outstanding debt across the commercial property portfolio (rent, service charge and insurance arrears) stands at ££4,857,823.	Director of Capital Projects & Property (Jonathan Kirby)	In Progress

	seen as important. The Committee would be informed of the arrears.	This stands against an annual rent roll of £10,200,000 per annum. Debt Reporting Limitations & Manual **Monitoring and Targeting:** As reported, we are in the process of developing digital systems that will be work alongside the council's new finance system. Therefore, automated or dynamic reporting improvements are not feasible within the existing system architecture. To mitigate this limitation, a manual debt list is produced monthly, enabling the Property team to identify and target the top 100 debtors based on both amount owed and length of debt. This targeted approach allows for focused recovery efforts and prioritisation of high-risk accounts. **Ongoing Action:** 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.		
11 Mar 2025	Internal Audit: The service was responsible for making sure that they produced regular information and a request for updating a list of housing boards could be passed onto the service. Internal audit would not have that information on an ongoing basis but the service could be asked to create this and this could be reported back to the Committee.	The service confirmed information is shared. Future audits in this area will include within the scope, monitoring and management of information.	Director of Housing (Jahedur Rahman)	Completed
11 Mar 2025	Internal Audit: The manner in which the Council arranged its processes for billing clients led to the adult social care debt. One of the one of the key issues is that the Council did not have a variable direct debit so the Council had a fixed amount that it billed each client, each month, irrespective of the service they received. This was then retrospectively	A presentation from the service to the Audit Committee has been arranged for 29th January 2026.	Director of Adult Social Care (Jo Baty)	Completed

	calculated what the charge should be and bill the client afterwards. The clients themselves were never quite sure how much their debt actually was It was possible to invite the appropriate service to give an update at a future meeting on general management of financial assessments as a whole, because the auditors raised a number of different areas of concern impacting many aspects of how financial assessments were carried out. It was worth considering if a person did not engage in providing the information for financial assessments, if the Council should maintain the policy to continue providing the service or if there should there be an alternative. An update would be provided at the next meeting.			
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		Director of Housing (Jahedur Rahman)	Initiated
11 Mar 2025	Internal Audit: The meeting felt that the limited assurance on Broadwater Farm and the general update was extremely worrying because of the amount of money involved and the number of flats that frozen compared to how many people on the waiting list accommodations. It was noted that a formal business case was not in place for the program and that the project initiation document had not been updated since March 2019. This had been a subject of previous audits and had to go further than simply being noted. The project had been initiated approximately eight years ago. The estimate at the time was £30 million. This was an underestimated sum. Not providing a regular update was something that needed to be urgently considered. The reports also stated that recommendations were due for implementation by March 2025. An update could be given on these issues at a future meeting.	All audit recommendations have been implemented and completed. An update has been provided separately on the recommendations separately to the audit committee.	Head of Estates Management (David Sherrington) Director of Placemaking and Community Development(Abigail Stratford)	Completed

July 2025	For the next meeting, the Audit Needs Assessment would be submitted so the Committee could see the overarching framework for where the auditors believed the risk areas to be and where that particular audit then sat in amongst all the audit areas in IT. This would provide more assurance that the Council was capturing all the key areas of risk. The background to that particular audit was that it had been initially cancelled	The audit needs assessment is being carried out and once completed, will be shared with the audit committee.	Head of Audit and Risk Management (Minesh Jani)	In progress
July 2025	In relation to the actions relating to property, these fell under Ms Taryn Eves, Corporate Director of Finance Resources. A fuller update would be provided on these actions at the next Committee. The action was referring to the assessment that was carried out last year. This action had been completed but an update on Procurement with a full written report would be submitted at the next Committee.	Quarterly update report presented to Audit Committee on 10 November 2025 providing an update against previous recommendations from internal audit reviews, compliance with the Procurement Act, the Procurement Modernisation Programme and the new Commissining Modernisation Programme. Annual updates can be reported to Committee if requested.	Director of Capital Projects & Property (Jonathan Kirby) Corporate Director of Finance Resources (Taryn Eves)	Completed
July 2025	A series of debts totalling £337 million outlined on page 132 of the agenda papers did not seem to outline if they were recoverable. A written response would be provided to the Committee.	The presentation of information in Local Authorities statement of accounts is prescribed by the code. The first column in the table is the gross debt (totalling £337m). It provides an analysis of money owed to the Council by other bodies as at 31 March 2025. Accounting standards requires us to recognize provisions for potential credit losses - this represents debt we estimate that cannot be recovered for various reasons. At year end, the Council considered the collectability of the debts and impaired the debt for the amounts it may not recover. These are shown in the next column before the net debt column. This assessment is carried out every year.	Head of Finance (Kaycee Ikegwu)	Completed
July 2025	In relation to recommendations that had not been implemented, what worked generally well was when the Audit Committee had sight of the key recommendations causing the limited or no	All priority 1 recommendations not implemented are captured as part of the Quarterly Assurance report.	Head of Audit and Risk (Minesh Jani)	Completed 31/10/2025

	assurance. The Audit Committee could then hold the officers to account on either the timeline or the lack of action. If it was not clear at each meeting what the key outstanding issues were, it would not be clear how effective the Committee would be in helping officers get to implementing improvements. It would be useful for the Committee to receive, at least, the priority one findings tabled at each meeting to see what the due dates were, what the progresses was and what the challenges were.			
July 2025	The Council did not have an overarching system to capture all of the procurement activities in the Council. In terms of maintaining evidence to show that proper contract management was taking place, each procurement was done contract by contract on an individual service basis. The Procurement service had not been able to establish a system for capturing these, so the level of assurance needed that contract management was working as well as it could not yet be confirmed. This had been picked up on the Annual Governance Statement. An update would be provided to the Committee.	Quarterly update report presented to Audit Committee on 10 November 2025 providing an update against previous recommendations from internal audit reviews, compliance with the Procurement Act, the Procurement Modernisation Programme and the new Commissining Modernisation Programme. Annual updates can be reported to Committee if requested.	Chief Procurement Officer (Barry Phelps)	Completed 10/11/2025
July 2025	Much like the savings risk and making sure that the Committee was appraised of where the Council was in managing the area of staff turnover. A paper would be brought to the Committee with an update.	Staff turnover and employment policies are within the remit of the General Purposes Committee, who receive a report with starters and leaver data, including reasons for leaving, at every meeting. These papers can be accessed online or would be available from Democratic Services.	Chief People Officer (Dan Paul)	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	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 will be put in place.	Kaycee Ikegwu / Taryn Eves	In progress

	paid, there 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.			
Nov 2025	Internal Audit: It was not known if the priority 1 recommendations due for implementation in October 2025 had been completed. A follow up for this would be done.	The quarterly assurance paper provides an update on the follow up completed to 30 November 2025.	Minesh Jani	Completed
Nov 2025	Internal Audit: All of the housing recommendations were tracked. There were live trackers that management updated and were monitored. Management reassurances were in place in terms of how the actions were being progressed within the reports. The actual formal follow-up would be timed when there were a few things to go back and look at. The last update on the priority 1 recommendation was that progress had been made and had partly implemented a number of developments. Everything was still on track for the October 2025 deadline. However, no formal independent verification had been made yet. The reports would be shared with the Housing Improvement Board as part of the improvement plan.	The Director of Housing confirmed the reports will be shared with the Housing Improvement Board as part of the improvement plan.	Minesh Jani	Completed
Nov 2025	Internal Audit: A list stating which recommendations had been implemented would be shared with the Committee.	The auditors are carrying out a refresh of the P1 recommendations that are outstanding and the status of these recommendations will be shared with the committee on a regular basis in the quarterly assurance report.	Minesh Jani	In Progress

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Report for: Audit Committee **–** 29 January 2026

Item number: 7

Title: Financial Assessments Audit – Update & Adult Social Care Income Collection

Report authorised by: Corporate Director for Adults, Housing and Health and Corporate Director of Finance and Resources

Lead Officer: Becky Cribb and Bev Winters

Ward(s) affected: All

Report for Key/Non Key Decision: Non Key Decision

1. Describe the issue under consideration

This report provides an update to Audit Committee on progress against the recommendations arising from the Internal Audit Review of Financial Assessments (FA) of Clients (final report issued December 2024), which concluded with a Limited Assurance opinion. It also sets out the current position in relation to Adult Social Care (ASC) income collection and debt recovery.

The report is intended to:

- Clarify the distinction between the historical position reflected in the audit findings and the current operational position;
- Highlight progress made both directly in response to audit recommendations and through the wider ASC Improvement Plan and associated governance arrangements; and
- Provide transparency on the remaining risks, dependencies and areas of continuing focus

The audit review was undertaken during 2024 and was largely based on testing of arrangements and case samples from periods prior to July 2024, including historic activity pre-dating the implementation of the council's new ASC case management and finance systems, LAS and ContrOCC. The findings therefore reflect a point in time assessment of controls, data quality, system functionality and management oversight.

The audit identified a number of areas where controls were not sufficiently mature or consistently applied at that time, including:

- inconsistent identification and follow-up of unpaid invoices, particularly lower-value debt
- limited routine reporting of financial assessment performance and debt to senior management
- system and data quality limitations across LAS, ContrOCC and SAP
- a backlog of clients without a completed financial assessment
- weaknesses in documentation, evidence retention and aspects of client engagement

A total of 23 recommendations were made, covering monitoring, reporting, policy, procedures and individual cases.

The service recognised the risks identified by auditors. However, it is important to note that many of the issues highlighted were already subject to active work at the time of the audit fieldwork and have since been progressed further through the ASC Improvement Plan and strengthened governance arrangements.

2. Cabinet Member Introduction

Not applicable.

3. Recommendations

The Audit Committee is asked to:

1. Note progress made against the Financial Assessment Audit recommendations, as summarised in this report.
2. Note the updated position on Adult Social Care income collection and debt.
3. Note the integration of audit actions within the ASC Improvement Plan and governance arrangements.

4. Reasons for decision

The Internal Audit review of Financial Assessments concluded with a Limited Assurance opinion and included a requirement for management to provide periodic updates to the Audit Committee. This report provides assurance on progress against the agreed recommendations and on the effectiveness of actions taken to address the risks identified at the time of the audit.

The report also enables the Committee to understand how audit-related actions are being delivered through the ASC Improvement Plan and existing governance arrangements, and to maintain oversight of the ongoing risks relating to financial assessments, income collection and debt recovery.

5. Background information

5.1 Overview of FA Audit findings and progress

The audit made 23 recommendations across four themes:

- Monitoring & Evaluation
- Reporting
- Policy & Procedures
- Individual Cases

Progress against audit recommendations is tracked centrally and summarised in Appendix 1. As at January 2026:

- 13 recommendations are complete
- 10 recommendations are in progress
- 0 recommendations have not started

While some recommendations remain in progress, this is largely due to:

- Dependencies on system configuration, data cleansing and corporate system interfaces;
- The planned refresh of policy documentation in 2026/27 to ensure compliance, consultation and legal robustness; and
- The complexity of a small number of high-value historic cases.

Monitoring & Evaluation – Progress Against Audit Findings

Significant progress has been made in strengthening monitoring and evaluation arrangements.

Completed actions include:

- Financial assessment metrics are now embedded within DASS Assurance Reports, providing regular senior management oversight;
- Performance data, including backlog levels, open assessments and reviews, is routinely reviewed through ASC performance call-overs; and
- Aged debt reporting is undertaken on a routine basis, with agreed escalation routes between ASC, Finance and Corporate Debt Management.

Actions in progress include:

- Data cleansing to resolve duplicate and “set to ignore” cases;
- Embedding a quarterly complaints learning cycle; and
- Establishing full visibility of the value associated with ignored and duplicate cases, dependent on completion of system cleansing.

These arrangements represent a substantial strengthening of operational oversight compared to the position identified at the time of the audit.

Reporting – Progress Against Audit Findings

The audit identified gaps in the availability and consistency of reporting to support assurance and management decision-making.

Completed actions include the development of routine reporting on:

- Clients receiving care without a completed financial assessment;
- The cost of care packages without an assessment; and
- Overdue and completed financial assessment reviews.

Actions in progress include:

- Completion of bespoke timeliness reporting, covering authorisation to client engagement and assessment completion; and
- Further dashboard enhancements, improving visibility at individual case level.

These improvements provide clearer and more consistent reporting lines through operational, senior management and audit governance structures.

Policy & Procedures – Progress Against Audit Findings

Progress has been made in strengthening the policy and procedural framework underpinning financial assessments and debt management.

- Regular ContrOCC training and refreshed operational guidance are now in place;
- A comprehensive Standard Operating Procedure (SOP) covering the end-to-end financial assessment and debt pathway is being finalised; and
- A full Charging Policy refresh is planned for 2026/27, including statutory consultation and an Equalities Impact Assessment.

This phased approach ensures procedural improvements are legally robust and embedded sustainably into business-as-usual practice.

Individual Cases – Progress Against Audit Findings

The audit identified **five high-priority individual cases** requiring enhanced oversight.

Of these:
- Three cases are now complete; and
- Two cases remain in progress, including the most complex case, which has reduced from £427,000 to £299,000 and is progressing through legal and appointeeship routes.

These remaining cases continue to be managed through appropriate legal, safeguarding and governance arrangements, reflecting improved escalation and control rather than unmanaged risk.

5.2 Income Collection – System and Operational Issues

Whilst the system generated reported income commitment, as at Period 9 (end of December), is £15.4m, the current forecast is £13.2m which reflects adjustments to reflect full charges made where financial assessments have been completed where financial information has not been provided, timing issues and system interface issues that need to be reconciled.

Actions underway:
- Reconciliation work between LAS and SAP.
- Band 21 client reassessments.
- Continued training and system fixes linked to ContrOCC and LAS.

Backlog of Financial Assessments
- In June 2024, 794 clients were receiving care without a financial assessment.
- As of January 2025, the backlog has reduced to 415 and work has commenced on 288 of the remaining cases.

5.3 ASC Debt Position

Overall ASC client debt

- In June 2024, outstanding debt was £10.7m but this has increased to £15.5m as at end of December 2025 (up from £15.3m in November). This increase reflects:
    - The completion of financial assessments for previously unassessed clients.
    - Complex high-value cases progressing through legal and safeguarding pathways.

Legal and high-risk cases

- 46 cases allocated to Legal, totalling £3.217m, compared with 12 cases (£876,000) last year - reflecting a significant increase in case complexity and escalation. Legal engagement is active on the highest value cases, including those identified in the previous internal audit.

Deceased accounts

- These will be referred to external solicitors for triage and recovery assessment.

Deferred Payment Agreements (DPAs)

- 3 active DPA accounts.
- 5 pending consideration.

Impact of new recovery capacity

- Two new debt recovery officers have recovered £337,000 of previously unworked debt due to historic resourcing gaps.

Aged debt

- New targeted exercise to recover historic debt from a cohort of 1,078 clients. Total aged debt is £13.335m, of which £1.4m has been recovered to date.

This demonstrates measurable progress but highlights the scale of remaining debt and the need for sustained focus.

The following priority actions will be progressed to consolidate improvements made to date and further reduce risk across financial assessments and income collection. These actions are underpinned by targeted investment in additional capacity across financial assessment and debt recovery functions.

- The proposed introduction of Variable Direct Debit which is a key preventative control to reduce future arrears and improve income certainty. This is expected to be in place by July 2026.
- Debt discussions and charging information will be brought forward to the earliest point in the care pathway, improving transparency for individuals and families and reducing the likelihood of future arrears. This will be reinforced through operational guidance and performance oversight.
- The planned establishment of Service Level Agreements (SLAs) across the Adult Social Care service, Finance and Legal teams to formalise expectations in relation to case hand-offs, escalation thresholds, response times and assurance responsibilities, strengthening end-to-end control over high-risk and high-value cases. These are due to go live in February 2026.
- The end-to-end Financial Assessment and Debt Statement of Practice will be finalised and embedded, supported by ongoing ContrOCC training. The Charging Policy refresh in 2026/27 will ensure statutory compliance, legal robustness and

transparency, including consultation and Equalities Impact Assessment. Due to be implemented from February/March 2026.

- Continued focus on data cleansing and system configuration will improve the reliability of reporting, including full visibility of duplicate and "set to ignore" cases and their associated values. These actions are critical enablers for sustained monitoring and assurance.

A significant proportion of the improvements referenced in this report are being delivered through the ASC Improvement Plan and its established governance arrangements. Audit actions will continue to be aligned to this framework to ensure clear ownership, avoid duplication, and secure sustainable business-as-usual practice rather than short-term compliance.

7. Carbon and Climate Change
Not applicable.

8. Statutory Officers' Comments

Finance
The actions set out support improved accuracy, completeness and timeliness of income collection, and mitigate the financial risks identified in the audit. No direct additional financial implications arise from this report.

Procurement
No procurement implications.

Legal & Governance
The work aligns with statutory responsibilities under the Care Act 2014 and supports improved governance and compliance in ASC.

Equalities
Any changes to policies (e.g., Charging Policy refresh 2026/27) will require an Equalities Impact Assessment.

Appendix 1 – Financial Assessments Audit Recommendations: Progress Update

Ref	Observation / Risk	Audit Recommendation	Priority	Management Response	Timescale / Responsibility	Delivery Progress
1.1	Incomplete monitoring of rejected and "set to ignore" financial assessment cases; data cleansing required.	Investigate rejected cases; monitor "set to ignore" assessments; undertake data cleanse; regular ContrOCC training.	High	Duplicate/ignored cases identified as data cleansing issues; cleansing underway; training embedded.	FA Team – ongoing into 2025/26	**In progress**
1.2	Open appointments not cleared; risk of inaccurate performance reporting.	Define and communicate process for clearing completed assessments; cleanse open appointments.	High	Process defined; open appointment clearance incorporates regular system checks; further cleansing required.	FA Team – 2025	**In progress**
2.1	Lack of overdue monitoring for assessments and reviews.	Build reports to monitor overdue financial assessments and annual reviews.	High	Overdue review reports implemented; integrated into monthly dashboards.	Performance Team – complete	**Complete**
2.2	No reporting of engagement timeliness.	Build timeliness report: package authorisation → FA request → FA start → completion.	High	Bespoke report under development.	Performance Team – 2025	**In progress**
2.3	Clients receiving care without FA, cost not tracked.	Report on number and cost of care packages without assessments.	High	Reports completed and embedded in dashboards.	FA/Performance Team – complete	**Complete**
2.4	Limited monitoring of FA team performance.	Incorporate FA performance into DASS Assurance reports.	High	Implemented quarterly as part of DASS framework.	FA Team – complete	**Complete**
3.1	Inconsistent documentation of Financial Assessment	Define requirements and complete monthly spot checks.	Medium	Requirements to be aligned with new SOP; interim checks in place.	FA Team – 2025	**In progress**

Ref	Observation / Risk	Audit Recommendation	Priority	Management Response	Timescale / Responsibility	Delivery Progress
	Forms and supporting evidence.					
3.2	Lack of clarity around requirement for signed declarations.	Ensure declaration signed or clearly document desktop approach when CIS data used.	Medium	Incorporated into policy rewrite for 2026/27.	FA Team – 2026/27	**In progress**
3.3	Charging Policy outdated; processes not standardised.	Refresh Fairer Contributions Policy, including timescales, roles, expectations, reviews, home visits.	Medium	Policy refresh planned as part of 2026/27 cycle, with legal advice on consultation.	FA Team/Legal – 2026/27	**In progress**
4.1	Lack of analysis of complaints to support learning.	Quarterly complaint analysis; use findings for training and performance improvement.	Medium	New complaints system in place (Infreemation) to support learning capture.	FA/Feedback Team – 2025	**In progress**
5.1	Unresolved high-value individual cases and insufficient escalation.	Continue escalation on high-risk debts; ensure SAP captures all outstanding amounts; follow legal processes.	High	Three cases completed; two ongoing with legal/appointeeship.	FA Team/Debt Management/Legal – ongoing	**In progress**
5.2	Long-standing debt not picked up due to SAP limitations (sub-£1k cases).	Improve identification of lower-value unpaid invoices.	High	Issue resolved; cases completed.	FA Team – complete	**Complete**
5.3	Weak escalation between FA and Debt Management.	Strengthen regular reporting and joint working.	Medium	Quarterly aged-debt reports now produced; debt escalations embedded.	Debt Management Team – complete	**Complete**

Report for:	Audit Committee 29 January 2026
Item number:	8
Title:	2024/25 Statement of Accounts – External Auditors Annual Report
Report authorised by:	Taryn Eves, Corporate Director of Finance & Resources (S151 Officer)
Lead Officers:	Kaycee Ikegwu, Head of Finance & Chief Accountant Taiwo Oyetade, Deputy Chief Accountant Kaycee.ikegwu@haringey.gov.uk 0208 489 5560
Ward(s) affected:	N/A
Report for Key/ Non Key Decision:	Non Key decision

1. Describe the issue under consideration

1.1. For those charged with Governance (the Audit Committee) to consider the statutory Annual Report from KPMG, which highlights their findings from the audit of the Council's statutory accounts, value for money and other relevant information.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

3.1. That the Committee consider the contents of this report and any further oral updates given at the meeting by KPMG.

3.2. That the committee notes the Audit Findings Report of the auditors, KPMG and the management responses in the KPMG action plan contained within the report.

3.3. That the Committee gives the Chair of the Committee and the Corporate Director of Finance & Resources (S151 Officer) authority to sign the letter of representation to the Auditor.

3.4. That the Committee delegates the approval of the Statement of Accounts 2024/25, subject to any final changes required by the

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conclusion of the audit, to the Chair and to the Corporate Director of Finance & Resources (S151 Officer).

4. Reason for Decision

4.1. Approval of the Council's accounts is a non-executive function fulfilled by the Audit Committee.

5. Other options considered

5.1. None.

6. Background information

6.1. The preparation and audit of the annual statement of accounts is a statutory requirement of the Accounts and Audit (England) Regulations 2015. The draft accounts must be prepared and certified by 31 May by the Chief Financial Officer that it represents a true and fair view of the financial position of the Council.

6.2. The statutory position is that by no later than 31st July each year the accounts must be audited, amended as required, considered by the appropriate committee responsible for audit and published. This deadline was revised to 27 February 2026 for 2024/25 Statement of accounts in accordance with the backstop arrangement.

6.3. The content of the Statement of Accounts is largely determined by statutory requirements and mandatory professional standards as set out within the "Code of Practice on Financial Reporting" published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The CIPFA Code of Practice is based on International Financial Reporting Standards (IFRS).

Statement of Accounts 2024/25

6.4. The Accounts show the financial position of the Council (the single entity accounts) and the "Group‟ which comprises the Council itself plus its share of any controlled Companies. The Council incorporates Homes for Haringey and Alexandra Park & Palace Charitable Trust within its Group Accounts. The following paragraphs give a brief overview of the statements to facilitate navigation of the document:

a) **The Narrative Report** provides commentary on the financial and nonfinancial performance of the Council, highlights most significant matters reported in the accounts as well as looking at future developments and challenges for the Council and key strategic risks. The narrative report is not formally part of the Statement of Accounts and is not therefore covered directly by the statutory requirements for an audit opinion.

b) **The Core Statements** comprising:

The Comprehensive Income and Expenditure (I&E) Statement shows the costs incurred and income received in respect of the services provided by the Council within the financial year. The I&E contains a number of „accounting‟ entries that are required to be made by the Code of Practice governing the presentation of the accounts: and as a result, it is different from the standard management accounts reported to Members through the year.

The Expenditure and Funding Analysis (EFA) shows:

- The income and expenditure chargeable to General Fund and HRA balances; and
- Adjustments required to prepare accounts on a generally accepted accounting basis.

The objective of the EFA is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. council tax, housing rents, business rates and central government grant) has been used in providing services in comparison to those resources consumed in accordance with generally accepted accounting practices. The EFA shows how the resources have been allocated for decision making purposes. The EFA is not a primary statement but has been included with the Core Statements to give prominence to this important note.

The Movement in Reserves Statement shows the money that the Council had in its reserves at the beginning of the financial year, and details the money coming in and out of those reserves resulting in the closing balance on 31 March 2025. It shows the movement in both useable and un-useable reserves including Earmarked Reserves.

The Balance Sheet lists the financial value of the assets and liabilities of the Council as at the end of March 2025.

The Cashflow Statement shows movement during the year based on cash transactions (rather than the accruals basis used in the CIES). As such, it explains how the Council's cash position has changed over the course of the year.

c) Notes to the Accounts

The Notes to the Accounts provide more detail behind the figures in the four main statements above and the EFA. The references on the statements direct the reader to the relevant note(s).

d) Subsidiary Statements

The **Housing Revenue Account (HRA)** is a separate ring-fenced account showing the expenditure and income relating to the management and maintenance of the Council's social housing stock.

The **Collection Fund** is a separate account detailing Council Tax collection (including those collected on behalf of the Greater London Authority) and National Non-Domestic Rates (NNDR) which, following implementation of the Business Rates Retention Scheme, are shared between the Council, the Government and the GLA.

e) The Pension Fund Accounts

The Pension Fund Accounts are separate from the rest of the Council's accounts and show the income (pension contributions and investment returns) and expenditure (pension payments and fund management costs) for the year together with the assets and liabilities of the Pension Fund as at 31st March 2025. The Fund is audited at the same time as the Council's main accounts but is subject to a separate audit opinion. The draft accounts will be considered by the Pensions Committee and Board at their meeting on 22 January 2026.

Also published with the Statement of the Accounts is the Annual Governance Statement (AGS). The AGS sets out the governance structure of the Council and, its key internal controls.

External Auditor's Year End Report

6.5. The purpose of the report is to detail KPMG's findings and matters arising during the audit of the financial statements. It will include key audit issues, value for money conclusions and an agreed management action plan.

6.6. Whilst the auditors have identified few amendments to the accounts, there are no areas of dispute between the Council and the auditors. The audit went well and presents opportunity for improvement in certain areas.

6.7. The Council will consider the points raised and, where agreed, prepare an action plan to bring about those improvements. Delivery of the action plan will be closely monitored, and progress reported to Audit Committee.

Next Steps

6.8. KPMG are required to give their opinion on the accounts by 27 February 2026. Any outstanding work on the audit and agreed changes to the accounts, including updating the AGS, need to be completed before then.

6.9. The Chief Financial Officer (S151 Officer) and the Chair of the Audit Committee are required to sign a letter of representation to acknowledge their responsibility for the fair presentation of the financial statements and as audit evidence on matters material to the financial statements. This will be done as soon as practical but before the 27 February 2026.

7. Contribution to Strategic Outcomes

7.1. None.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

8.1. As this report details a financial subject matter, finance comments are made throughout the content of this report.

Legal

8.2. The Statement of Accounts has been produced in accordance with the Accounts and Audit (England) Regulations 2015 and the Chartered Institute of Public Finance (CIPFA) Code of Practice, industry best practice principles and there are no areas of dispute between the Council and the auditors. Accordingly, there are no direct legal implications arising from the report.

Equalities

8.3. There are no equalities issues arising from this report.

9. Use of Appendices

Appendix 1 – Annual audit Report 2024/25 & ISA 260 report
Appendix 2 – Draft Statement of Accounts 2024/25

10. Local Government (Access to Information) Act 1985

10.1. Not applicable.

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KPMG

Auditor's Annual Report for Haringey London Borough Council

DRAFT

Year-ended 31 March 2025

—

29 January 2026

Contents

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Our audit report will be made solely to the members of Haringey London Borough Council (the 'Council'), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council as a body, for our audit work, for our auditor's report, for this Auditor's Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.

01

Executive Summary

Executive Summary

Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2024-25 audit of Haringey London Borough Council (the 'Council'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the 'Code of Audit Practice') and is required to be published by the Council alongside the annual report and accounts. This Auditor's Annual Report supersedes the draft version dated 10 November, because we are now in a position to issue our report in relation to the financial statements.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) ('ISAs (UK)') include the following:

Financial Statements - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Group and the Council and of its income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2024/25 ('the CIPFA Code').

Other information (such as the narrative report) - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Council.

Value for money - To report if we have identified any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.

Other powers - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements	We will issue a disclaimer of opinion on the Council's financial statements by 27 February 2026. This is because we have been unable to obtain sufficient appropriate audit evidence over the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the accounts ahead of the statutory backstop date of 27 February 2026. Further details are set out on page 7. We have provided further details of the key risks we identified and our response on pages 9-14. Additionally, we are the auditor of the Haringey Pension Fund. We will issue a qualified opinion on those financial statements as we have been unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date, including the valuation of investment assets with a carrying amount of £1,709,824,000 as at 31 March 2023.
Other information	Whilst in our opinion the content of the other information is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.
Value for money	We identified 5 significant weaknesses in respect of the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on pages 15-44.
Whole of Government Accounts	We are required to perform procedures and report to the National Audit Office in respect of the Council's consolidation return to HM Treasury in order to prepare the Whole of Government Accounts. As the National Audit Office has not yet informed us that we are not required to perform any further procedures, we are unable to confirm that we have concluded our work in this area.
Other powers	See overleaf.

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Executive Summary

There are several actions we can take as part of our wider powers under the Act:

Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public.

We have not issued a Public Interest Report this year.

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful.

We have not applied to the courts.

Recommendations

We can make recommendations to the Council. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however should the Council provide us with a response, we will include it within this report.

We have raised 3 new other recommendations relating to significant weaknesses in arrangements identified during 24/25. We have also followed up the 6 other recommendations raised in the prior year.

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.

Advisory notice

We may issue an advisory notice if we believe that the Council has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

We have not issued an advisory notice this year.

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council. Where we raise observations, we report these to management and the Audit Committee. The Council is not required to take any action to these however it is good practice to do so, and we have included any responses that the Council has given us.

02

Audit of the financial statements

Audit of the financial statements

Our responsibility is to conduct an audit of the financial statements in accordance with the Local Audit and Accountability Act 2014, Code of Audit Practice and ISAs (UK) and to issue an auditor's report.

However, due to the significance of the matters described below, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the Council's financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the council in accordance with, UK ethical requirements including the FRC Ethical Standard.

Our disclaimer of opinion on the Council's financial statements

We will issue a disclaimer of opinion on the Council's financial statements by the 27th February 2026. We therefore do not express an opinion on the financial statements. The reason for our disclaimer of opinion is as follows:

DISCLAIMER WORDING TO INSERT

Further information on our audit of the Council's financial statements is set out on page 9.

Audit of the financial statements

Our opinion on the financial statements of the pension fund

Additionally, we are the auditor of Haringey London Borough Council Pension Fund's financial statements. We will issue a qualified opinion on these financial statements on 27 February 2026 as we have been unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date, including the valuation of investment assets with a carrying amount of £1,709,824,000 as at 31 March 2023.

The full audit reports are included in the Council's Annual Report and Accounts for 2024/25 which can be obtained from the Council's website.

Audit of the financial statements

The tables below summarise the key financial statement audit risks that we identified as part of our risk assessment and how we responded to these through our audit. This work is still ongoing, and we provide the below commentary for information only, not to provide assurances over specific balances or to give an opinion at this stage.

Significant Risk: Management Override Of Controls

Risk Description	Findings
Professional standards require us to communicate the fraud risk from management override of controls as significant. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit.	• We found the design and implementation of management review controls in relation to journal entries and post-closing adjustments to be ineffective, which is in line with the control deficiency raised in the prior year. We note that this is a common finding in the public sector and is not unique to Haringey, given the large extra resource it would need to implement a control to the level that would meet the requirements of the auditing standards. Given that this deficiency remains for the current year and management have confirmed they are satisfied that the residual risk is low, we have not re-raised this deficiency as a recommendation in the current year. • We evaluated the selection and application of the Council's accounting policies and concluded that these were in line with the 24/25 CIPFA code. However, not all items relating to income or expenditure that fall below £20k are accrued or deferred in the accounts, that is, they are recorded in the period in which the cash is received or spent rather than the period to which the relevant goods or services relate. We have reported this in the prior year and given that management have accepted the residual risk we have not re-raised a recommendation in relation to this deficiency. • Our procedures have not identified any significant unusual transactions. • Through our work over related parties we are satisfied that the transactions disclosed in the accounts are accurate. However, we have identified that the design and implementation of controls linked to related parties are ineffective and have raised a control deficiency in this regard. We found: ➢ There was no central Register Of Interests (ROI) held for senior officers. ➢ Several instances where Declarations Of Interest (DOIs) were not completed during 24/25. ➢ The ROI did not accurately reflect all the information recorded within the individual DOIs made in year. ➢ The Council does not perform a completeness check against Companies House to confirm the accuracy of the DOIs, something which helped us to identify multiple potentially incomplete disclosures.

Audit of the financial statements

Significant Risk: Management Override Of Controls

Risk Description	Findings
Professional standards require us to communicate the fraud risk from management override of controls as significant. Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We have not identified any specific additional risks of management override relating to this audit.	• We encountered difficulties in extracting the Council's journals using our data & analytics team. Although we were able to complete this late in 2025, we did not complete our examination and testing of this population. • We found the design and implementation of controls in relation to the approval of significant related party transactions before they are entered into, to be ineffective. We have reported this in the prior year and given that management have accepted the residual risk we have not re-raised a recommendation in relation to this deficiency.

Audit of the financial statements

Significant Risk: Valuation Of Land & Buildings

Risk Description	Findings
The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value. A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer. The value of the council's Land & Buildings at 31 March 2025 was £2.9bn, with c.£1.9bn valued at Existing Use Value (EUV) & £942m at Direct Replacement Cost (DRC).	• We found the design and implementation of management review controls in relation to the underlying assumptions that drive the valuation to be ineffective, which is in line with the control deficiency raised in the prior year. Given that this remains for the current year and management have confirmed they continue to accept the residual risk, we have not re-raised this deficiency as a recommendation in the current year. • We have assessed the independence, objectivity & expertise of Wilks Head & Eve LLP (WHE), the valuers used to develop the valuation, with no issues noted. • We have confirmed the accuracy of the floor areas used in the valuation to supporting evidence with no issues noted. • We note that the Council's Land & Buildings were valued in two tranches by WHE due to their availability, which means that we identified highly material adjustments made to reflect the fair value of the Council's Land & Buildings due to the fact that the first draft of accounts was published before all of the assets had been valued. • Linked to the above, we have raised a control recommendation around the timeliness and accuracy of the valuation process, given both the delays and the valuation of several assets that the Council no longer owns, causing inefficiency in the process. *Council Dwellings - £1.7bn* • For the £1.7bn of Council Dwellings valued at EUV we have assessed the underlying assumptions of Indexation, Beacon Valuation & Social Housing Discount as neutral. However, we note for the Indexation assumption - which is required as WHE have indexed the full valuation performed as at 31 March 2024 - that WHE used national data rather than Haringey specific indices, which we recalculated to result in a £18.7m cautious valuation of Council Flats and a £16.3m optimistic valuation of Council Houses. Given that these net off to a low value compared to the overall asset base we have concluded that the overall judgements made are neutral, however we have identified a control recommendation for WHE to utilise Haringey-specific data in future valuations to provide a more accurate valuation.

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Audit of the financial statements

Significant Risk: Valuation Of Land & Buildings	
Risk Description	**Findings**
The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date. This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value. A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer. The value of the council's Land & Buildings at 31 March 2025 was £2.9bn, with c.£1.9bn valued at Existing Use Value (EUV) & £942m at Direct Replacement Cost (DRC).	*Council Dwellings - £1.7bn (cont.)* • *To test the accuracy of the underlying data and confirm that each property is assigned to the correct Beacon, we tested a sample of 60 properties to agree back to tenancy agreements or fire risk assessments. We were only able to confirm that the property type & number of bedrooms were correct on 57/60 of our sample, and of the remaining 3 items we identified errors in 2 and were unable to obtain any evidence for the final item. As a result, we are not satisfied that the allocation of properties to each Beacon is accurate and cannot conclude our work over Council Dwellings.* *Other Land & Buildings - £1.2bn* • For the £942m of Other Land & Buildings valued at DRC we have assessed the underlying assumptions of Obsolescence, Land Value, BCIS Indices & Location Factor as neutral. • We tested a sample of Other Land & Building properties to confirm that the assignment of property to each valuation category was accurate. Whilst we encountered some challenges and delays in obtaining this supporting evidence, ultimately there were no issues noted. • For the the £243m of Other Land & Buildings valued at EUV we have assessed the underlying assumptions of Cost Per Sqm and Yield Rates as neutral. *Other* • Given the specialist nature of the asset, our valuation specialist has reviewed WHE's valuation of Alexandra Palace and has concluded that the underlying assumptions used are reasonable and balanced. • We have successfully tied through the final WHE valuation reports to the final financial statements.

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Audit of the financial statements

Significant Risk: Completeness Of Expenditure	
Risk Description	**Findings**
Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered. The Council has a statutory duty to balance their annual budget. Where a Council does not meet its budget this creates pressure on the Council's usable reserves and this in term provides a pressure on the following year's budget. This is not a desirable outcome for management. We consider that this risk is focussed around the completeness of manual accruals (i.e. excluding those which are system-generated such as Goods Received Not Invoiced), with the council looking to push back expenditure to 2025-26 to mitigate financial pressures. This risk is further heightened by the need to meet an agreed outturn to ensure receipt of resilience funding.	• We have evaluated the design and implementation of controls for developing manual expenditure accruals, and as noted on page 9, we have identified a control deficiency in relation to the review of journals (and therefore the review of manual accruals). • We have inspected a sample of invoices of expenditure in the period after 31 March 2025 and are satisfied that the expenditure has been recognised in the correct accounting period. • We have inspected a sample of bank payments made in the period after 31 March 2025 and are satisfied that they are not indicative of any potential unrecorded liabilities. • We have compared the manual accruals recorded to an expected list of accruals based on our knowledge of the entity and Local Government sector and this has not identified any accruals omitted.

Audit of the financial statements

Significant Risk: Valuation Of Post Retirement Defined Benefit Obligation	
Risk Description	**Findings**
The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council. The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year-on-year movements. We have identified this in relation to the membership of the Local Government Pension Scheme. Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.	• We found the design and implementation of management review controls in relation to the review of the underlying assumptions to be ineffective, which is in line with the control deficiency raised in the prior year. Given that this remains for the current year and management continue to accept the residual risk, we have not re-raised this deficiency as a recommendation in the current year. • We evaluated the capability, competency and objectivity of the actuaries to confirm their qualifications and the basis for their work with no issues noted. Also, we performed inquiries of the LGPS actuaries and no unusual transactions were noted. • We considered the assumptions used in valuing the defined benefit obligation and concluded these to be balanced compared to our central actuarial benchmarks. • We evaluated the appropriateness of the accounting treatment of the surplus in accordance with IFRIC 14. This involved reviewing management's rationale and the supporting assessment provided by KPMG actuaries. Based on our review, we agree with management's conclusion and the application of the asset ceiling. Following this application, the overall position resulted in a deficit, rather than a surplus. • We have performed testing over key input data used in the Defined Benefit Obligation (DBO) valuation, including benefits paid and contributions. No material exceptions were noted, and the data was found to be materially accurate.

03

Value for Money

Value for Money

Introduction

We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or 'value for money' (VFM). We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the Code of Audit Practice:

- **Financial sustainability**: How the Council plans and manages its resources to ensure it can continue to deliver its services.
- **Governance:** How the Council ensures that it makes informed decisions and properly manages its risks.
- **Improving economy, efficiency and effectiveness:** How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Council's arrangements are operating effectively, or whether the Council has achieved value for money during the year.

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared 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.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money.

We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor's Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council.

Summary of findings

Our work in relation to value for money is complete.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	18	29	31
Identified risks of significant weakness?	Yes	No	Yes
Actual significant weakness identified?	Yes - 2	No	Yes - 3
2023-24 Findings	Two significant weaknesses identified	No significant weaknesses identified	Two significant weaknesses identified

We note that of the 3 weaknesses identified for improving economy, efficiency and effectiveness, 2 are consistent with our prior year findings, and 1 is a new weakness.

Additionally, one of our weaknesses around financial sustainability and budget setting has now been superseded and we have raised a new weakness in year.

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Value for Money

National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

Whilst the Government has indicated an intention to restore multi-year funding settlements, giving Councils greater certainty and ability to make longer-term investment decisions, the Government has also proposed linking grant funding to deprivation. Analysis by London Councils argues that London Boroughs will see the largest funding losses whilst also experiencing significant financial pressure. The Institute of Fiscal Studies has found that inner London boroughs are, in particular, set to lose substantial sums.

Education

Many schools are now the responsibility of academy trusts, however some schools are still controlled and overseen by the local Council. Dedicated funding is provided by central government to run schools, however due to cost pressures many Councils have overspent against their central government allocation, particularly in relation to “high needs” expenditure (i.e. to support students with special educational needs and disability (SEND)). Government guidance is awaited on childrens services reform and SEND, and some authorities are delaying transformation programmes until there is clarity on how services should evolve.

An accounting override exists meaning Councils do not need to recognise schools deficits as part of their reserves which, for some, avoids Councils becoming insolvent. This override was extended to March 2028. However, some have raised concerns that this extension only defers the problem, and the underlying unsustainability of education expenditure has not been resolved.

Housing

Landlords, including Councils, are required to take action to ensure homes are compliant with fire safety legislation and new regulations to improve building safety. These regulations have increased the costs faced by landlords, caused loss of income where properties were void for repairs, and increased the risk of regulatory action should improvements not be made. The Regulator of Social Housing has also raised frequent concerns regarding the ability of Councils to comply with their consumer standards, in particular around treating tenants fairly and ensuring homes are safe. This has increased the cost of compliance, whilst housing budgets remain under significant financial strain. At the same time, Councils are also experiencing significant financial pressure in temporary accommodation budgets, due to high demands on services and difficulty in obtaining suitable accommodation.

Local context

The London Borough of Haringey is home to circa 270,000 residents, and has challenges with high levels of income inequality, housing affordability and homelessness. For the purposes of government funding, Haringey is considered an outer London borough and receives less funding than an inner London borough even though deprivation levels are high.

Core funding for Haringey has decreased by £143 million in real terms since 2010, and as with many authorities, there are growing financial pressures due to increased demand and costs in adult social care, children’s social care, special education needs and temporary accommodation. This is a key driver of financial challenges, given that for 24/25 around 61% of the General Fund revenue budget was spent on Adult’s, Children’s and Temporary Accommodation services.

The Government’s Spending Review on 11 June 2025 showed funding for Local Government will increase by 3.1% over the next three years, which will be outstripped by inflation and not address increasing demand. Additionally, modelling produced by LG Futures in relation to the Government’s Fair Funding Review 2.0 indicates that the impact to Haringey may be a c.£30-40m loss of income.

The Council has relied upon Exceptional Financial Support (EFS) of £10m to deliver the agreed 2024/25 outturn and had applied for up to £37m for 2025/26. Given that the latest monthly monitoring shows there is a forecast overspend, this ask for 2025/26 has now been increased to £54m.

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Financial Sustainability

How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Council ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Council plans to bridge its funding gaps and identifies achievable savings;
- How the Council plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Council identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Financial Planning 2024/25

- The Council's approach to budget setting is guided by its Financial Regulations. For the 2024/25 fiscal year, planning began well ahead of time, starting with Budget Fortnight in June 2023. Executive directors were tasked with setting budgets for the service lines they manage, accounting for anticipated pressures within their directorate as well as required efficiencies. To ensure realism and deliverability of these budgets, directorates assessed cost pressures from a variety of sources, including policy changes, economic trends, contract information, and ongoing budget monitoring.
- For the 2024/25 financial year, directorates were specifically instructed to identify and outline efficiency schemes during Budget Fortnight, to help address the financial challenges of the Council. Our review of these submissions revealed that the level of detail provided varied across directorates, with some financial impacts not yet determined ahead of Budget Fortnight. We noted a significant weakness in the prior year in relation to the identification and monitoring of cost savings schemes, and although there has been clear improvement in the tracking of savings, we note gaps within the monitoring document in terms of the RAG ratings and details on the actions being undertaken and monitored to produce these savings. This is reflected within the worsening performance of the Council in relation to achieving its efficiency targets, which we discuss in more detail overleaf. We note that over half (£10.3m) of the identified savings sat within the Adults directorate.
- The outcomes from Budget Fortnight were incorporated into the draft budget presented to Cabinet in December 2023. At this stage, the identified budget gap on an overall General Fund Budget of £301.0m was £16.3m, which was £6.3m worse than the Medium-Term Financial Strategy (MTFS) agreed in March 2023. This budget also incorporated pressures of £25.5m – specifically Adult Social Care (£20.4m), Children's (£2.1m) and Temporary Accommodation (£3.0m) – and assumed efficiency savings of £15.6m (5.2% of expenditure).
- In line with the Council's constitution, the draft 2024/25 budget and MTFS then went to the Overview & Scrutiny Committee in January 2024. We have reviewed the minutes from the latter two January 2024 meetings of this committee and can see there was documented challenge of the budget and underlying assumptions from members. We have also inspected the recommendations made to Cabinet as a result, which were incorporated into the final decision-making process.
- In terms of wider engagement, we have viewed the Budget Consultation Report for 2024/25, detailing 654 public responses to questionnaires and the subsequent Council analysis of the responses. This demonstrates good engagement with the community and the people that will be impacted by any potential budget changes.

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Financial Sustainability

Financial Planning 2024/25 (cont.)

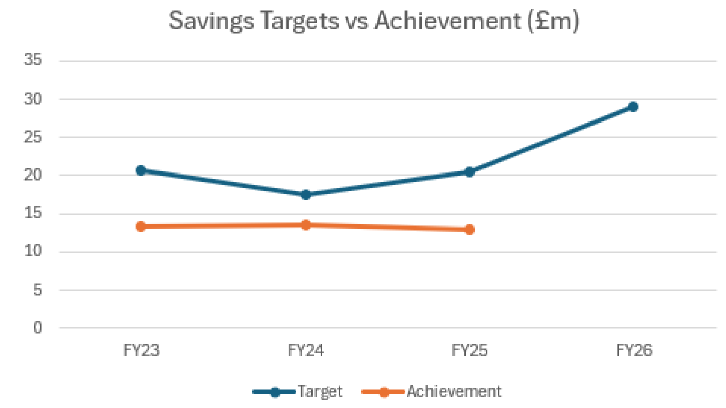
- On 1st February 2024, the final budget was recommended to Cabinet, in which the gap had now been closed by identifying further efficiency savings and various other actions totalling £10.4m since December 2023, as well as including a planned drawdown of £5.9m from the Strategic Budget Planning Reserves.
- The final budget, along with the MTFS, was reviewed by Cabinet on 6th February 2024 and subsequently recommended to Full Council, which gave its approval on 4th March 2024. This final budget contained a forecast £5.4m overspend on a £302.0m General Fund Budget – to be met by a Reserves drawdown - as well as assuming a savings programme for 2024/25 of £19.3m (6.4% of General Fund expenditure).

Financial Performance 2024/25

- The 2024/25 financial picture was challenging - by the time of the quarter 1 (Q1) financial update presented to Cabinet on 17th September 2024, the Council was already forecasting a £20m overspend, 6.6% of budget. This was primarily being driven by pressures in Adult Social Care (£9.8m), Children's (£4.2m) and Temporary Accommodation (£4.8m), as well as non-delivery of savings (£3.0m). These overspends are beyond what was already built into the budget for additional in-year pressures as referenced on Page 18.
- This forecast worsened to £37.2m (12.3% of budget) by the time of the quarter 2 (Q2) financial update, driven by Adult Social Care (£16.8m), Children's (£4.2m), Temporary Accommodation (£10.0m) and non-delivery of savings (£7.5m).
- Given the speed at which the 2024/25 budget deteriorated, we are not satisfied that the budget adequately incorporated all financial pressures and demands. The final year end outturn was a £37.8m overspend which, although an improvement given the trajectory from Q1 and Q2, represents a 12.5% overspend on the agreed General Fund budget.

Savings Schemes

- As part of its work for Budget Series in June 2023, the Council identified and costed a variety of savings schemes, which culminated in the Council approving the 2024/25 MTFS with a savings programme of £19.3m (6.4% of General Fund expenditure).
- The Q1 finance update to Cabinet detailed that the revised savings target was now £20.2m, however £6.0m of these were now amber or red RAG rated with the projected full year achievement only £17.1m. By Q2 this had worsened to £10.5m being amber or red rated with a projected outturn of £12.9m of savings, and by Q3 this was £10.3m and forecast achievement of £12.9m.
- The final position for 2024/25 was £12.9m (63%) of savings delivered of the again revised £20.4m target – a £7.5m shortfall. This is a decrease compared to the 23/24 savings schemes performance, which achieved £13.5m (77%) vs a £17.5m target. We have illustrated the achievement rate vs target over the previous 3 years within the graphic below, which demonstrates how much the Council will need to improve its performance in relation to delivery of savings in order to meet its 2025/26 target of £29.0m.



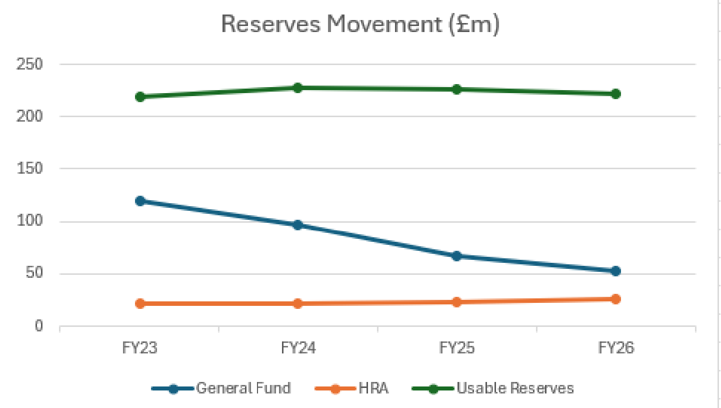
Financial Sustainability

Savings Schemes (cont.)

- We do not believe that the £19.3m efficiency savings planned were sufficiently realistic and supported by enough detail to allow successful implementation, given that £7.5m (38%) of these had been deemed red (Red-Amber-Green, or 'RAG') rated by Q2, with a further £3.0m amber rated.
- We note also that the 2024/25 budget and savings targets were also adjusted multiple times during the year, which leads to inconsistencies and lack of clarity in the reporting to Cabinet & Audit Committee and we have raised a recommendation in respect of this within the ISA260.

Final Outturn And Drivers Of Overspend

- By drawing on contingencies, unallocated reserves, and historic credit balances, the Council was able to make one-off contributions totalling £28m, reducing the final overspend to £10m. To close the accounts, the Council requested Exceptional Financial Support (EFS) from the Government to cover this gap.
- As a result of the drawdown on the General Fund Reserve, this balance now stands at £52.2m as of 31st March 2025 (£67.4m as of 31st March 2024). The decrease in General Fund Reserve is attributed to the drawdown of £15.2m to cover the General Fund overspend for 2024/25. We note that the overall usable reserves have stayed broadly consistent due to the increase in the capital receipts reserve.



Final Outturn And Drivers Of Overspend (cont.)

- The largest areas of overspend in year were Adult Social Care (£15.8m) and Housing Demand including Temporary Accommodation (£9.8m), which were on top of the already added £20.4m for Adult Social Care pressures and £3.0m for Temporary Accommodation. We have discussed these further as part of our work over achieving Efficiency, Economy & Effectiveness on pages 31-36.
- We have reviewed the CIPFA resilience index 2024, which is a comparative analytical tool that identifies trends in financial risks. This highlights that although Haringey has a favourable social care to overall expenditure ratio compared with its neighbours, this is worsening, and the Council has particularly low levels of reserves to be able to manage this position.

Financial Planning 2025/26

- The Council has developed Finance Response & Recover plans with the aims 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, as well as addressing the longer-term factors that will enable greater financial resilience. However, the impact of the Financial Recovery Silver & Gold Groups has been somewhat limited, leading to them being replaced by the new Financial Recovery Board post year end.
- The Council has a 2025/26 savings plan of £29m, which will be challenging to achieve given the 63% & 77% savings achievements over the last 2 years on significantly lower targets of £20.4m and £17.5m, respectively. Additionally, a further £37 million in EFS had been sought to allow for a balanced budget in 2025/26 and there was an identified budget gap of over £70m for 2026/27.
- We note that as at Q2 2025/26 the Council is forecasting a £23.4m overspend. This includes an expected achievement of only 78% of its savings target, with £13.3m (45%) being amber or red RAG rated and only £5.3m delivered as at Q2. This reflects the challenging financial picture, particularly when combined with the need to repay EFS over the coming years. At current rates each £1m of EFS used will add £62,000 to revenue costs annually for the next 20 years, assuming that the principal is repaid at maturity.
- Given the above financial position and overspend, in January 2026 the Council increased the EFS request for 2025/26 to £54m, with a predicted £104m required for 2026/27.

Financial Sustainability

Financial Planning 2025/26 (cont.)

- The Government's Spending Review on 11th June 2025 showed that funding for Local Government will increase by 3.1% over the next three years, which will be outstripped by inflation and not address increasing demand, specifically across Adults, Children's and Temporary Accommodation.
- Additionally, we have reviewed modelling produced by LG Futures and London Councils which quantifies the impact of the Government's June 2025 consultation – Fair Funding Review 2.0 – to create a new Settlement Funding Assessment. This proposes combining several existing grants into one, such as the: Social Care Grant; Revenue Support Grant; Better Care Grant and the Temporary Accommodation element of the Homelessness Prevention Grant.
- The modelling has tested 8 different scenarios and shows that the impact to Haringey may be a c.£30-40m loss of income depending on the consultation, reflecting the importance of implementing transformative change to reduce the Council's cost base.

Financial Planning 2026/27

- The Council has taken a draft 2026/27 budget to Cabinet in November 2025, with anticipated new budget pressures of £30.1m – primarily relating to social care and temporary accommodation – and a requirement for at least £57m of EFS. However, this EFS request assumes that the 2025/26 budgeted position is delivered, including the agreed savings scheme of £29m, which as detailed on page 20 is only forecasting a 78% delivery, with 45% of overall schemes amber or red RAG rated. This position was therefore updated in January 2026, to a planned request of £105m.
- This 2026/27 budget incorporates another £21.9m of General Fund savings, which will once again be challenging to meet. The Council has also faced difficulties in identifying further savings, with the latest proposals only including an additional £6.9m for 2026/27 (included within the £21.9m above) and £1.5m for 2027/28. This underpins the significant financial challenges facing the Council in ensuring that it can find a route to financial sustainability over the medium to long term.

Risk Assessment Conclusion

- Given the low level of reserves held by the Council, the need for EFS in 24/25 to close the accounts, planned continued reliance on EFS for 25/26, the impact of the Spending Review and potential impact of the Fair Funding Review we do not believe that the Council has arrangements in place to ensure financial sustainability and have retained the 2 significant risks linked to Financial Sustainability that were raised in the 2023/24 Value For Money work. These are discussed in more details on pages 22 & 26.
- These risks relate to arrangements in place for financial response and recovery for future periods and how the Council aims to reduce reliance upon EFS to achieve a balanced position, as well as the actions taken to improve cost saving identification and delivery.

Key financial and performance metrics:	2024-25	2023-24
Planned surplus/(deficit), excluding HRA	Nil	Nil
Actual surplus/(deficit), excluding HRA	(£37.8m)	(£19.2m)
Planned HRA surplus/(deficit)	£8.6m	£8.2m
Actual HRA surplus/(deficit)	£5.0m	£5.5m
General Fund reserves	£52.2m	£67.4m
Gross debt compared to the capital financing requirement	0.73 : 1	0.68 : 1
Year-end borrowings	£973m	£829m
Year-end cash position	£23.2m	£36.5m

HRA: Housing Revenue Account, a ring-fenced fund relating to social housing

Gross debt compared to the capital financing requirement: Authorities are expected to have less debt than the capital financing requirement (i.e. a ratio of under 1 : 1) except in the short term, else borrowing levels may not be considered prudent.

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Significant Value for Money Risk

1 Cost setting & budgetary process

Risk that value for money arrangements may contain a significant weakness linked to financial sustainability

Significant Value for Money Risk

In line with the prior year work, 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).

Our response

We sought to understand the processes in place for financial response and recovery for future periods and ascertained how the Council aims to reduce reliance upon EFS to achieve a balanced position.

Our findings

Findings

- We are aware that the Council has developed Finance Response & Recovery Plans. These plans are being implemented through the Financial Recovery Silver & Gold Groups, the purpose of which is to ensure there is focussed decision making and clear accountability for implementation of measures to achieve financial sustainability.
- However, the impact of the Financial Recovery Silver & Gold Groups has been somewhat limited, leading to them being replaced by the new Financial Recovery Board post year end.
- We have reviewed the agendas and minutes of these meetings and can see that there is an increased focus on ensuring a strong regime of financial control in order to implement these plans.
- However, we can see from the Q1 2025/26 finance update presented to Cabinet in September 2025 that the Council is already forecasting an overspend of £34.1m, even after accounting for the £37m of EFS granted by MHCLG.
- Additionally, in January 2026 the Council increased the EFS request for 2025/26 to £54m, with a predicted £104m required for 2026/27.
- The speed at which the 25/26 budget has deteriorated confirms that this issue remains, and as such we have retained the significant weakness identified in the prior year for arrangements to secure value for money related to budget setting.

Conclusion

Based on the findings above we have determined that there is a significant weakness in arrangements relating to the cost setting and budgetary processes to achieve financial sustainability over the short to medium term.

This weakness is repeated from our prior year findings, and we discuss this in more detail on pages 23-25.

Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in the prior period relating to the cost setting & budgetary process:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date (Updated January 2026)	KPMG update as of 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 help predict external factors that influence budget setting and various scenario testing can address uncertainties.	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) • All reports which involved spending over £25,000 to be reviewed by the Section 151 Officer. (continued overleaf)	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 demands 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 recommendation on page 25 in relation to financial sustainability.

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Value for Money: Recommendations

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date (Updated January 2026)	KPMG update as of January 2026
1	See previous page.	• 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 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. **S151 Officer – July 2026**	See previous page.

Value for Money: Recommendations

The recommendations raised as a result of our work in respect of significant value for money weaknesses linked to Financial Sustainability in the current year are as follows:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
2	The Council has developed Finance Response & Recover plans with the aims 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 assumes 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 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.	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 when agreed. Quarterly reporting will also continue through the finance monitoring report to Cabinet and Overview and Scrutiny Committee. **S151 Officer – July 2026**

Significant Value for Money Risk

2 Identifying & monitoring cost saving schemes

Risk that value for money arrangements may contain a significant weakness linked to financial sustainability

Significant Value for Money Risk

In line with the prior year work, the Council does not have adequate processes in place to identify or monitor sufficient cost savings schemes to achieve the necessary reduction in expenditure to achieve a sustainable financial position. This is especially relevant given the reduced level of savings achieved in 24/25 compared to prior year.

Our response

We sought to understand the processes in place for identifying the cost saving schemes and how these are subsequently monitored throughout the year, as well as understanding actions taken to improve cost saving identification and delivery against the backdrop of the need to reduce the cost base to remove reliance on EFS.

Our findings

Findings

- Due to continued and increasing financial pressures, the council has increased the savings target for 2025/26 compared to prior years, having identified £29.4m of savings to be made. However, it has under delivered over the last 3 years vs target, with an average achievement of 68%.
- From inspection of the savings tracker, we note that although there have been some improvement from prior year in respect of monitoring savings, there remains gaps in the RAG ratings and associated commentary where appropriate delivery of savings is not occurring.
- This is reflected in the worsening performance of the Council in regard to its savings targets - we have reviewed the Q1 finance update presented to Cabinet and the Council already had £14.7m RAG rated as amber or red and was forecasting an overall achievement of only £20.2m.
- We have also reviewed the latest 2026/27 draft budget, showing that since the initial budget gap for 2026/27 of £44.1m identified in March 2025, the Council have only been able to identify a further £2.3m in additional savings to mitigate this, showing difficulty in identifying new savings schemes.
- We noted from a review of specific savings schemes that there is a lack of consistency across directorates, and the savings tracker only requires self certification of progress. The Council has struggled to implement cross cutting savings such as digital change, often resulting from a lack of resource from individual services. As such there is a lack of central accountability which has led to the poor historical delivery of targets.

Conclusion

Based on the findings above we have determined that there is a significant weakness in arrangements relating to the identification and monitoring of cost saving schemes.

This weakness is repeated from our prior year findings, and we discuss this in more detail on pages 19-21.

Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods relating to the identification and monitoring of cost saving schemes:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date (Updated January 2026)	KPMG update as of January 2026
3	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 £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.	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 in 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. 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. **S151 Officer – March 2026**	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 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.

Governance

How the Council ensures that it makes informed decisions and properly manages its risks.

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Governance Structure & Controls

- The Council have a detailed Constitution and Local Code Of Corporate Governance that outlines the terms of reference & key responsibilities for the Council's committees, as well as duties for key employees such as the Head of Paid Service, Chief Finance Officer and Monitoring Officer. The Monitoring Officer reports to the full Council or to the Executive if they consider that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission has given rise to maladministration. No such reports were made in 2024/25.
- These policies were both refreshed during 2024/25 and outline how 'key decisions' are to be made, with a clear definition of what constitutes a 'key decision'. The Council has a Forward Plan that lists all decisions that Cabinet will take and is published monthly on the website, covering a 4-month period.
- We have reviewed a key decision taken in year to approve the adoption of a new parking strategy, which is defined as a key decision due to its impact upon the local community. We have also reviewed the consultation undertaken with the local residents, showing strong key stakeholder engagement which was reflected within Cabinet's considerations as part of the approval process. We have confirmed that this decision was published on the website in line with the terms of the Constitution and received appropriate scrutiny and approval from members at the July 2024 Cabinet.
- The Council has a Code of Conduct in place, which was approved by the Staffing & Remuneration Committee in June 2019 and revised in March 2023. This outlines standards of behaviour for staff as well as providing guidance and references to other key policies such as Whistleblowing and Conflicts Of Interest. In addition to this, the employee Code Of Conduct is underpinned by the Council's Disciplinary Code, which sets out the process for dealing with breaches of the Code Of Conduct.
- The Council's Code of Conduct documents the responsibilities of Council employees and processes regarding conflicts of interest, gifts and hospitality.
- The Council also has an Anti Fraud, Bribery & Corruption Policy which was refreshed in October 2024. We have reviewed the Anti Fraud updates taken to the Audit Committee and the associated minutes, showing evidence of the Council reporting and acting against suspected fraud.
- The Council keeps up to date with legislative changes through Government-issued Letters and Guidance notes. These updates are circulated to the relevant departments responsible for ensuring compliance. Additionally, Legal Services communicate essential legal information to Council teams and provide training or access to training resources when needed.

Governance

Risk Management

- Although risk registers are not always held at a service level, there is sufficient representation from senior service staff at the directorate level (above service level) to enable risks to be captured on the directorate risk register. All directorates have a risk register.
- The Strategic Risk Register, reported through Audit Committee, provides the following information against each risk to enable informed decision making: current impact; current likelihood; current risk score; proximity; and mitigating actions.
- We have seen evidence that these risks & corresponding actions contain sufficient detail and are assigned to the most appropriate senior officer to allow thorough risk management to occur, and that the risk scores seem in line with the underlying information. However, the detail in meeting minutes does not fully reflect the level of discussion around risk that occurs in committee, which is in line with our prior year performance improvement observation raised.

Other

- The Council operates a purchase card scheme. We note that an August 2024 Internal Audit report found that there was inadequate oversight of usage within each directorate, a lack of analysis of how the cards are used and total expenditure for 2023/24 was £4.3m, an increase of 43% from the prior year.
- However, during 2024/25 there has been a full review of cardholders and financial limits as part of the wider financial recovery and ensuring that there is appropriate spend control, with a reduction in use of such cards featured in the Finance Response & Recovery plans and reported into the newly formed Procurement Board. This has resulted in a reduction from having 280 cards in use as at December 2024 to c.150 cards, with associated spend forecast to drop by 50% year-on-year.
- There is an emerging risk linked to the construction of the North London Waste Authority's (NLWA) new Energy Recovery Facility (ERF) being built to replace the existing incinerator. NLWA is the public body that serves the seven north London boroughs, and its primary statutory duty is to ensure the safe and hygienic disposal of household black bag waste on residents' behalf, as well as for treatment of household recycling
- Heat generated by the new incinerator is expected to power 127,000 homes, however persistent delays and increasing costs threaten to affect the viability of the project, as well as to increase the potential future levy for waste disposal charged to the Council. We are aware that the Council are actively attending meetings with NWLA and the other boroughs to monitor progress and will continue to assess this as part of the 2025/26 Value For Money work.

Risk Assessment Conclusion

Based on the risk assessment procedures performed we have not identified a significant risk associated with governance.

	2024-25	2023-24
Control deficiencies reported in the Annual Governance Statement	6	6
Head of Internal Audit Opinion	Reasonable Assurance	Reasonable Assurance
Care Quality Commission (CQC) rating	Requires Improvement*	No inspections in year

*We discuss this CQC rating in further detail as part of our commentary on Social Care on page 34.

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Improving economy, efficiency and effectiveness

How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Background

- As part of our work in the prior year we identified significant risks in arrangements to secure value for money in respect of Procurement, Commercial Property and Housing. We have made key inquiries with Heads Of Service as part of our work for 2024/25, which has identified that pressures and challenges remain within these areas to varying degrees. As such we have summarised our approach to these areas throughout the following slides, as well as documented the additional areas considered as part of our risk assessment.

Housing

- In January 2023, the Council referred itself to the Regulator of Social Housing because it identified a failure to meet statutory health and safety requirements for some Council owned homes. There has been significant work undertaken since then and although we initially identified a significant risk in the prior year, we felt that there were appropriate actions already in place such that these issues were being sufficiently addressed in the short to medium term.
- This conclusion is borne out in the data as of March 2025. There has been year on year improvement across a variety of metrics such as the percentage of properties with electrical inspections; valid gas safety certificates; water hygiene risk assessments; fire risk assessments and asbestos surveys. Additionally, we have seen the approval of new policies such as the: Asbestos Safety Policy; Electrical Safety Policy; Fire & Structural Safety Policy; Gas & Heating Safety Policy; Lift Safety Policy and Water Hygiene Policy. All of these demonstrate the improvements made to the arrangements for overseeing Housing safety and quality.
- This has culminated in the percentage of decent homes rising year-on-year to 80.7% (an increase from 68% as of the January 2023 regulator self-referral), with the Asset Management Team exceeding the targets set by the regulator in respect of decent homes.
- The Council's Housing Income Collection Policy and Housing Arrears Policy establish how the Housing team will collect housing rents and recover arrears, and the team have a target of a 97.5% collection rate for rent & service charges relating to General Needs and Supported Housing. For 2024/25 this target was exceeded, with a collection rate of 98.5%.
- We have also reviewed reporting of this performance into the Housing, Planning & Development Scrutiny Panel, showing sufficient oversight and monitoring of key metrics.

Improving economy, efficiency and effectiveness

Temporary Accommodation

- As the local housing authority, Haringey has a duty to provide accommodation for adults who qualify for homelessness assistance. There are three main types of Temporary Accommodation (TA) utilised: Private Sector Leases (PSLs), Nightly Paid Accommodation (NPAs) and B&B/Hotels. We have reviewed data pertaining to their cost & usage as part of the Council's Housing Demand Dashboard.
- The Council's first preference is to use PSLs as these are more stable for the residents and procured at a much lower cost. The average number of households placed in PSLs across 2024/25 was 388 at an average net cost per household of £210/month – a yearly total of £7.1m.
- NPAs are the most common form of TA utilised by the Council, with an average of 1,492 households placed in NPAs throughout 2024/25 at an average net cost of £824/month – a yearly total of £35.1m.
- The use of B&Bs and hotels is much less frequent, with an average of 172 households across 2024/25 at an average net cost of £2,330/month – a yearly total of £6.2m. However, we note that on average there were 68 households containing children or pregnant women who were in B&Bs for longer than 6 weeks, which contravenes section 17.38 of the Homelessness Order 2003. Given the prevalence of this issue across London due to accommodation shortages, we understand that the Council is in regular contact with the Ministry of Housing, Communities & Local Government (MHCLG) and there are no punitive sanctions or fines being considered.
- The £37.2m General Fund overspend in 2024/25 was partially a result of overspend on TA. This was caused primarily by an increase in the cost rate than an increase in usage - the amount of households in TA has increased by less than 3% year on year vs a 19% & 29% increase in the cost of NPAs and PSLs respectively. We note that the average cost of B&Bs has decreased during the year by 9%, however given the relatively low usage compared to NPAs and PSLs this has not offset increased costs. Additionally, due to the ability of landlords to command significantly higher returns from private rental vs PSLs, the amount of PSLs in place has dropped by 11% and has been offset by a 4% rise in NPAs and a 41% rise in B&Bs/Hotels. This change in the mix of accommodation as well as the hugely increased costs charged on a per night basis has resulted in a large overspend.
- We note that whilst there is an attempt to provide value for money through block booking accommodation in advance, this is not always possible due to resistance from the providers and competition from neighbouring Local Authorities for a limited number of available units.
- The Council does have a TA reduction plan in place, however given current demand (with new households presenting as homeless) and the limited options to place households into more permanent accommodation, this is proving challenging.
- A key part of reducing the number of households in TA is building new council homes, which allows the Council to control the supply & cost across the longer term. The Council has an approved Housing Strategy 2024-2029, which aims to build 3,000 Council homes by 2031, part of which will be used to alleviate pressures on the TA budget; however this will take time to have a meaningful effect.
- This delivery will be key in reducing pressures on TA. There is a chronic lack of Council Homes in the borough, with the average wait time for a household in TA of 18 months for a 1-bedroom property, 6.5 years for a 2-bedroom and 12 years for a 3-bedroom.
- Given the pressures faced within Temporary Accommodation which led to a large overspend in year, we have identified a significant risk to achieve value for money focussed on the Council's increased use of expensive, nightly paid accommodation and hotels/B&Bs.

Improving economy, efficiency and effectiveness

Commercial Property

- In our prior year work we identified a significant risk and corresponding weakness in relation to the lack of record keeping in relation to leases. This leaves the Council exposed to potential liabilities for unexpected maintenance or legal claims relating to health and safety, as well as missing out on vital income in the form of uprating rental values and collecting backdated payments. This remained the case during 2024/25 hence we continue to identify a significant risk linked to Commercial Property.
- As at the date of our risk assessment there were 349 leases that are holding over on rent, meaning that Council does not have these commercial tenants secured on long term leases to ensure a reliable revenue stream, increasing the risk of sudden voids. This figure is due to increase significantly over the next 2 years, highlighting that the renewal of leases to secure longer term income is a key priority.
- Additionally, there were 242 leases with an outstanding rent review, meaning that the Council is missing out on a potentially significant amount of income by ensuring that rents are increased in line with market conditions. The Council does not forecast potential rent increases from this review process into the budget setting for the service or within the financial statements, meaning that not all rents owed are included within these figures, as the team are not able to accurately forecast these pre-review.
- Due to resource constraints, the team were only able to complete 8 lease renewals and 2 rent reviews during 2024, however the renewals proved particularly fruitful with an average uplift of 21% applied and an average new lease period of 7 years, helping secure medium-term income.
- The Commercial Property team do not have a formal process in place for monitoring vacant properties. A spreadsheet has begun to be maintained post year-end, showing that the number of vacant properties is 33, with an average time empty of 1,767 days due to a wide variety of reasons.
- There is insufficient data held to allow the commercial property team to effectively monitor and forecast repairs, often having to manually review leases to confirm who is the responsible party for repairs when a request is made. Even when a repair is logged and ongoing issues are brought to the attention of the commercial team, they have no effective solution to record the information and often reliance is placed on knowledge held by members of the commercial property team.
- The Council does not have a formalised process and system solution for monitoring and chasing commercial property arrears. Due to ongoing issues with accounts incorrectly showing credit balances due to issues with payment allocations, it is a resource intensive exercise to ensure that accounts in arrears are appropriately identified, and action taken. The team are now focussing more resource on the largest 20 debtors which total circa £1.8m, however a more efficient and effective approach needs to be adopted.
- The commercial property has created a business case for a ‘Property Review’, which aims to consolidate and reset the baseline of the Council’s information in relation to its commercial property portfolio over a period of 24 months. This is key given the poor quality of underlying data, the conflicting information from different sources and the potentially significant amount of lost income in the coming years. However, it has not yet received sufficient time or resource to progress to a stage where it can begin to be implemented given the competing pressures across the Council for transformational change.
- We identified a performance improvement observation (PIO) that the Council quantifies the potential level of rental uplift achievable through conducting such a review, so that resource can then be allocated to this project and it can be evaluated sufficiently against other such projects via a cost-benefit analysis.

Improving economy, efficiency and effectiveness

Social Care

- The Council spent just over 30% of its General Fund outturn on Adult & Social Services in 2024/25. The MTFS included £20.4m to account for ongoing pressures within Adult Social Care but despite this, it accounted for the largest share of the 2024/25 overspend (£15.8m) as well as the largest share of the shortfall against the Council's efficiency target (£4.5m). This has been reflected within our regular meetings with senior officers throughout the financial year, with Adult Social Care being highlighted as an ongoing concern. The directorate had a £9.8m overspend forecast by Q1 vs the budget of £79m, reflecting how quickly these pressures were felt.
- We do note that this issue is not unique to Haringey – we have obtained a copy of the Spring 2025 Directors Of Adults Social Services (ADASS) Survey which highlights that 80% of Councils overspent on adult social care in 2024/25, totalling a £774m overspend vs budget, increasing from £586m in 2023/24 and representing the highest level in over a decade. However, at Haringey the 2024/25 overspend was £15.8m on a budget of £79.7m (19.8%) compared to the ADASS survey average of just 3.46% across the sector.
- We have reviewed management's monitoring dashboards covering the number of users and committed expenditure per week to track the drivers behind the forecast overspend appearing so quickly within 2024/25. This showed that the number of 18–64 year-olds in receipt of a care package increased from c.1,690 at the outset to 1,740 by Q1 and 1,800 by Q2. This was outstripped by the increases relating to those aged 65+, which rose from c.1,820 users to 1,970 by Q1 and 2,080 by Q2 – a 14% increase.
- This increase in volume was driven by an increase in the number of care package assessments being made, as a result of increased resource being committed to the service line ahead of external inspection. This therefore should have been better forecast into the service line's budget – for instance we have seen that there were 173 residential assessments in April 2024, which rose to 238 & 279 in July & August 2024, therefore causing a spike in the number of active packages and increased cost. This highlights the need to prudently forecast demand when setting budgets.

External Regulatory Findings

- The Care Quality Commission (CQC) inspected Haringey during 2024/25 and published its report in February 2025. This rated the Council as 'requires improvement', in how well it is meeting its responsibilities to ensure people have access to adult social care and support.
- The report did note some points of good practice, particularly around the demonstration of a commitment to transformation and improvements, as well as the introduction of a more local approach to make it easier for people to access care and support closer to home. This is reflected within the Council's Adult Social Care Strategy 2024-29 and in terms of benchmarking, data showed 92% of people supported were still at home after 91 days, which is better than the England average of 83.7%.
- However, it also referenced that people are waiting too long to have their care needs assessed and were frustrated with the communication around this. This ties into our findings from our key inquiries as well as the Financial Assessment Of Clients report published in December 2024 by Internal Audit, which noted a delay in performing financial assessment of clients in receipt of care packages. As of June 2024, there was a total of £10.7m outstanding debt and a backlog of 794 clients who had started receiving care, but no financial assessment had been made. This has the risk to lead to significant financial loss for the council.
- Given the overspend in year and the 'Requires Improvement' regulatory finding, we have identified a significant risk that the Council did not have adequate processes in place to ensure that Adult Social Care spend was sufficiently forecast and managed, or that financial contributions from patients were assessed and recovered in a timely manner.
- In response to the CQC findings, the Council is also implementing an Adult Social Care Improvement Project Plan. We have reviewed the aims and progress in enacting this plan as part of our additional procedures.

Improving economy, efficiency and effectiveness

Local Government & Social Care Ombudsman (LGSCO)

- We are aware that the LGSCO has issued a public report (Ref: 24 014 203) following an investigation into a complaint concerning Adult Social Care. The ombudsman upheld the complaint and found fault and injustice relating to delays in responding to safeguarding concerns and shortcomings in complaint handling.
- Within 2 weeks of receiving the LGSCO's report, the Council was required to give public notice by advertisements in newspapers stating that copies of the report will be available to inspect by the public for a period of three weeks (s.30 of the Government Act 1974), and the Council complied with this requirement.
- We have inspected the report which was published in August 2025 and noted that it found the Council at fault and made several recommendations – including for the Council to implement an action plan and take the report and subsequent plan through Cabinet. The Council has since produced an action plan and taken the details to the November 2025 Cabinet.
- A key detail of this report was that at the time of investigation, the Council had over 1,100 unread emails in the social care inbox, including over 500 police reports. This has significant potential consequences including reputational risks and issues of regulatory compliance, should the Council have been found to fail to take action on a case that was referred to them by the police.
- However, ultimately the period referred to is before 2024/25, and the Council has confirmed as part of the update to Cabinet that the historic practices that lead to this backlog have changed fundamentally since the events that gave rise to this case. The action plan notes that the Council no longer has a backlog of unread emails and all safeguarding concerns are triaged in a timely manner. Additionally, relevant staff have received training and complaint handling is being improved.

Procurement

- In 2023/24 we commented as part of our significant risk linked to procurement that the current systems did not have the functionality to produce meaningful or valuable monitoring data and there was limited oversight of contract management across the council, and this remains the case in 2024/25 hence we continue to identify a significant risk linked to Commercial Property.
- For instance, we have reviewed the February 2025 SAP contract monitoring document used by the procurement team and although this provides the start & end dates for contracts across the council, as well as target value & spend to date, it does not track run rate or overspend. We identified 924 instances of a contract showing £0 remaining; however, the contract end date was still to pass – with 164 of these contracts having an end date of 2026 and beyond. This implies these contracts are overspent based on the initial procurement value, however this is difficult to confirm using the data.
- The Procurement Act 2023 (PA 23) is an act of Parliament that came into force on 24th February 2025. The act seeks to overhaul public procurement law in the United Kingdom by simplifying processes and giving a greater share of public sector supply opportunities to small businesses. The PA23 covers the entire commercial lifecycle for letting and maintaining public contracts.
- Under the PA23, the Council is required to publicly share a pipeline of all contracts worth £2,000,000 or more that it plans to procure over the upcoming 18 months, at a minimum. This contract pipeline must be published within 56 days after 1 April each year and should be updated as soon as possible when circumstances change. From a Council perspective, there are transitional arrangements in place to ensure that compliance is met in the absence of the new procurement system solution.
- The Council has updated its Contract Standing Orders (CSOs) as of March 2025 to align these with the PA 23. This mandates that procurement is centralised above £25k (lowering the previous £160k threshold) and ensures there is Cabinet/Member approval prior to commencing procurement over £500k.

Improving economy, efficiency and effectiveness

Procurement (cont.)

- With the establishment of the Procurement Board in late 2024/25 which is chaired by the Corporate Director Of Finance & Resources, the Council has strengthened its oversight and reporting of procurement activities to ensure not only compliance with the Procurement Act 2023, but also better adherence to CSOs and the delivery of value for money in contracts. Until a new e-procurement system is implemented, this process will continue to depend on manual data collection.
- We have reviewed the agenda and minutes for the February 2025 meeting of the Procurement Board, which shows sufficient introductory work to get the Board off the ground, however this was the first meeting and so the Board and agenda were not fully developed during 2024/25.
- Haringey does not have a tender waiver register as such but the policy for waivers is clearly set out in the CSOs, and from our review of a tender published on the Council's website, the decision notice clearly set out the compliance with the CSOs and the reasons for the direct award, hence we are satisfied that this process is being appropriately followed.

Wider Commentary

- We note that we are not aware of any new material outsourcing in year, and in fact that Council maintains an Insourcing Policy to attempt to achieve increased value for money.
- We raised a significant risk in the prior year in relation to the high level of agency staff, however upon further review we found that this was generally cost neutral given the offset savings of not having to pay pension contributions – this remains the case in 2024/25. We are aware that the level of agency staff is lower amongst more senior roles, hence do not believe that this will significantly impact the Council's ability to deliver transformational change.

Risk Assessment Conclusion

Based on the risk assessment performed we identified significant risks associated with improving economy, efficiency and effectiveness, specifically:

- The Council does not have adequate processes in place to ensure that Social Care spend is sufficiently forecast and managed, or that financial contributions from patients are assessed and recovered in a timely manner.
- The Council utilises high levels of nightly accommodation as part of its response to significant pressures for Temporary Accommodation, resulting in an increased cost base and lack of stability for residents.

Based on the risk assessment procedures performed, we believe that the following significant risks raised in the prior year were still present during 2024/25:

- The Council does not have adequate procurement processes in place to enable it to achieve value for money in respect of contracts entered into for services received.
- There is a lack of oversight and processes in place for the effective management of the commercial property portfolio across areas such as leases, repairs and health & safety, which could impact the Council's return on investment.

Significant Value for Money Risk

3

Procurement

Risk that value for money arrangements may contain a significant weakness linked to economy, efficiency & effectiveness

Significant Value for Money Risk

In line with the prior year work, the Council does not have adequate procurement processes in place to enable it to achieve value for money in respect of contracts entered into for services received.

Our response

We have reviewed the changes made to manual processes given the delay in the implementation of the procurement system solution, in particular in response to the new Procurement Act 2023 (PA23) and whether these changes provide greater oversight & value for money.

Our findings

Findings

- In line with the prior year findings, the procurement arrangements in place throughout 2024/25 were not sufficient to ensure that value for money was achieved. This was reflected in the lack of central oversight of procurement activity below £160k, as well as the absence of any valuable monitoring data to ensure contract renewals or variations achieved value for money.
- However, we can see that significant progress is being made against the backdrop of a challenging wider financial picture and the absence of a new procurement system. The threshold to mandate procurement involvement has been lowered to £25k via a change in the Council's Standing Orders as at February 2025.
- The Council have implemented a new Procurement Board which continues to scrutinise activity, as well as receive more rich data which is produced manually by procurement – such as reporting on contracts with cumulative supplier spend over £25k or contract utilisation percentages.
- In response to PA23 the Council have improved their grip on procurement activity and now receive quarterly updates from all services in respect of their contract data.
- Whilst demonstrating improvements year on year, the changes made to Procurement processes still rely heavily on manual action rather than on supporting systems, with IT support being limited to databases such as the tracking of directorate contract data via Sharepoint and production of contract utilisation data via Microsoft Excel. The behavioural changes embedded (ensuring a stronger culture of oversight) as part of the manual processes required to implement the transformation required are a positive first step, however the Council must ensure that the implementation of a new procurement system is prioritised.

Conclusion

Based on the findings above we have determined that there remains a significant weakness in arrangements relating to procurement.

This weakness is repeated from our prior year findings, and we discuss this in more detail on pages 35 & 36.

Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Procurement:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date (Updated January 2026)	KPMG update as of January 2026
4	The Council does not have adequate procurement processes in place to enable it to achieve value for money in respect of contracts entered into. Strategic Procurement lacks oversight of service spending and relies on services to communicate savings and contract details after delivery. The current systems do not have the functionality to produce valuable monitoring data. The Council should ensure the implementation of the incoming new procurement system is prioritised. This will allow the team to have effective oversight on the monitoring of contracts. Relevant data should be discussed with senior members of staff to report performance and/or identify efficiencies.	The Council is fully compliant with the Procurement Act, albeit some of ensuring requirements are met relies on the manual publication of some notices until a digital solution is in place. Therefore, whilst demonstrating improvements year on year through the implementation of the Procurement Modernisation Programme – in particular the establishment of the Commissioning Board and strengthening processes in response to PA23 - the changes made within Procurement remain very manual in nature and lack the wider advantages that an automated system implementation would bring. Although manual at this stage, the Council has made good progress in compiling a complete contracts register to enable forward planning and reduce the number of extensions and waivers and ensure value for money is tested for all new procurements. However, the register is not complete and quality of data remains an issue. Procurement Officers are working closely with services improve data completion. The register, together with other procurement compliance data is monitored quarterly through the Commissioning Board, with issues escalated to relevant DMTs as required. The Council has updated the CSOs in February 2025 and the threshold for central procurement involvement has been lowered to £25,000. Work relating to the new e-procurement system has now been incorporated into the replacement of the corporate ERP (Enterprise Resource Planning) programme (currently SAP). This may bring together under a single system finance, HR and procurement activity. A full update on the Procurement Modernisation Programme and compliance with the Procurement Act was presented to Audit Committee on 10 November 2025 Audit Committee Update Report. (continued overleaf)	Whilst demonstrating improvements year on year – in particular the establishment of the Procurement Board and strengthening process in response to PA23 - the changes made within Procurement remain very manual in nature and lack the wider advantages that an automated system implementation would bring. For instance, the production of contract utilisation data is done manually each month via Microsoft Excel rather than having the functionality to automatically monitor richer information from a system using multiple data points. The behavioural changes required to implement the transformation required are a positive first step and there has been a concerted effort to improve processes, however the Council must ensure that the implementation of a new procurement system is prioritised. As such, this recommendation remains in progress and is not yet completed.

Value for Money: Recommendations

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date (Updated January 2026)	KPMG update as of January 2026
4	See previous page.	In September 2025. The Council launched the Commissioning Modernisation Programme. This builds on the progress through the Procurement Modernisation Plan but recognises that a more holistic approach is needed across the whole Commissioning Cycle – from commissioning to contract management. The programme is cross Council to deliver the improvements needed to ensure consistency, compliance, that all contracts are delivering good value for money and deliver the £9.2m of savings on contracts required over the next three years to support the Council's Medium Term Financial Strategy. There are two primary workstreams as summarised below. • Workstream 1 – Contracts Review Contract Savings – this incorporates a comprehensive review of the Councils contracts to identify whether savings can be realised through adopting a 4 C's approach (Cancel, Consolidate, Change, Create); Category Management – this incorporates a review of how we managed categories across the Council and will align with the revised Commissioning Strategies. Opportunities to work in collaboration with other local authorities and public sector organisations will be explored, to maximise the use of public funds and encourage new suppliers onto the market. • Workstream 2 – Commissioning and Practice. This programme focuses on introducing best practice within our commissioning activity and our workforce across the Council. This will be implemented through a corporate framework and tool kit for commissioning and a training and development plan for all relevant staff involved in all aspects of the stages of the Commissioning Cycle. It will look at service redesign and to ensure services commissioned are needs led and evidence based and delivered in the most cost effective and efficient way. All Commissioning activity over £160,000 across all services will be subject to review and challenge by a newly formed Commissioning Panel. This workstream will also enhance contract management, building on the work to date under the previous Procurement Modernisation Plan, ensuring that clearly defined key performance indicators (KPI's) are incorporated and reported on as part of the newly developed governance processes **S151 Officer – July 2026**	See previous page.

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Value for Money: Recommendations

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date (Updated January 2026)	KPMG update as of January 2026
5	The Council should ensure services do a stock-take of contracts held to ensure procurement have access to this information and any key responsibilities and renewal dates therein.	The Council has updated the CSOs in February 2025 and the threshold for central procurement involvement has been lowered to £25k. To facilitate this, the central procurement team now collate contract information from all directorates on a quarterly basis via Sharepoint – in the absence of a system to record the information – which allows significantly greater oversight of contract data. This data is then interrogated as part of the remit of the Commissioning Board.	The Council has updated the CSOs in February 2025 and the threshold for procurement involvement has been lowered to £25k. To facilitate this, the team now collate contract information from all directorates on a quarterly basis via Sharepoint – in the absence of a system to record the information – which allows significantly greater oversight of contract data. This data is then interrogated as part of the remit of the Procurement Board. As such we are satisfied that this recommendation has been addressed.

Significant Value for Money Risk

4 Commercial Property

Risk that value for money arrangements may contain a significant weakness linked to economy, efficiency & effectiveness

Significant Value for Money Risk

In line with the prior year work, there is a lack of oversight and processes in place for the effective management of the commercial property portfolio across areas such as leases, repairs and health & safety, which could impact the Council's return on investment.

Our response

We have considered the processes in place for the management of the Council's commercial leases, as well as seeking to understand how compliance and regulatory requirements are met around fire safety, repairs & maintenance and health & safety.

We have assessed if the council has adequate knowledge of its leases and the underlying terms such that it can effectively budget for any financial implications.

Our findings

Findings

- The Council's oversight of its lease responsibilities is limited due to insufficient record keeping and a lack of digitisation.
- This gap exposes the Council to various financial, legal, and operational risks. Inadequate oversight increases the likelihood of missing rental payments or failing to update rents and lease terms to reflect current market conditions.
- Additionally, these shortcomings may result in the Council not fulfilling its legal duties regarding property maintenance and health and safety compliance.
- The directorate has initiated a Property Review with the aim of creating a new baseline of data, however this remains challenging given the limited resource available. This is also reflected in the slow progress made to address the Council's large backlog in respect of overdue rent reviews and leases that are holding over.
- Ultimately, a system solution would provide significant improvements to the process and would allow the Commercial Property team to more efficiently chase arrears, perform rental uplifts and record information relating to repairs and legal responsibilities.

Conclusion

Based on the findings above and on page 33, we have determined that there is a significant weakness in arrangements relating to Commercial Property.

This weakness is repeated from our prior year findings.

Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Commercial Property:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date (Updated January 2026)	KPMG update as of January 2026
6	The Council needs full oversight of their responsibilities in relation to commercial leases. At Haringey there are ineffective processes in place for the management of the commercial property portfolio across areas such as leases, repairs and health & safety, which could impact the Council's return on investment. The Council should review all commercial property leases to ensure accurate and accounted for. Where gaps are identified, steps should be taken to address them.	This recommendation is accepted. The Council has developed and implemented the Strategic Asset Management Property Improvement Plan for managing its assets and progress is reported to Cabinet annually and regularly to Audit Committee as requested. Good progress has been made in addressing the backlog of rent and lease reviews during 2025/26 compared to the figures quoted for 2024/25 and income is £1m higher than that reported for the same period last year. However, progress is slower than anticipated and xx reviews remain outstanding and will need to be prioritised in 2026/27. Officers are currently considering the most effective way to increase the pace, including additional internal resources or securing support from a third party specialist. The Disposals Policy is now agreed by Cabinet and is subject to annual review and agreement of disposal of surplus assets in line with the agreed processes and governance arrangements. **Head of Resilience – April 2027**	The Commercial Property team were only able to complete 8 lease renewals and 2 rent reviews during 2024/25 - mainly due to resource & capacity restraints – leaving c.600 leases still to review. The Council is missing out on lost income, given that the renewals that were able to be completed proved particularly fruitful with an average uplift of 21% applied and an average new lease period of 7 years, helping secure medium-term income. As such, this recommendation remains in progress and is not yet completed.
7	The Council should consider investment in a system solution incorporating centralised document management with standardised checklists for identifying key terms of leases and automated tools to monitor important dates, such as the expiry of lease terms.	This recommendation is accepted and the Council has begun to prepare the business case for the introduction of a digital solution to replace the current manual record keeping. **Head of Resilience – April 2027**	The Council has begun to prepare the Property Review business case, however this is a longer term project and the implementation of a system solution remains a number of years away. As such, this recommendation remains in progress and is not yet completed.

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Significant Value for Money Risk

5 Temporary Accommodation

Risk that value for money arrangements may contain a significant weakness linked to economy, efficiency & effectiveness

Significant Value for Money Risk

The Council utilises high levels of nightly paid accommodation as part of its response to significant pressures for Temporary Accommodation, resulting in an inefficient and increased cost base and lack of stability for residents.

Our response

We have assessed the Council's strategy for reducing its cost base in this area, as well as the mix and cost of different accommodation types utilised by the Council. We have reviewed the underlying factors behind these such as local competition for accommodation and block booking to secure economies of scale.

Our findings

Findings

- The high use of expensive NPAs is ultimately the driver of the risk here, however we note from further benchmarking that Haringey has a similar percentage of NPAs utilised compared to other North London Boroughs.
- Nationally, the number of households in temporary accommodation rose 12% in the year to 31st March 2025, however Haringey's numbers remained virtually constant over this period, which indicates the work of the prevention team has been effective.
- These numbers have continued to fall post April 2025, in particular around usage of hotels, with the Council now forecasting to have 0 households in hotels by 2026.
- The service is currently forecasting full delivery of its savings programme, mainly due to the work done on the rent convergence workstream to increase the amount of Local Housing Allowance recouped by the Council.

Conclusion

Based on the findings we have not identified any significant weaknesses in arrangements in relation to Temporary Accommodation. Whilst the cost base has increased, a significant part of this has been the collapse of PSLs. This has created a spike in costs as the Authority has been forced to use more expensive solutions such as NPAs. We feel the Authority's response to this has had a positive impact in a short space of time.

Additionally, Haringey Council performs comparably when benchmarked on the cost of its NPAs against other London boroughs and has made significant steps to reduce the number of people housed in Temporary Accommodation.

As such, given that we consider the impact of the overspend as part of our financial sustainability work, we have not concluded that a significant weakness currently exists and will monitor developments as part of our 2025/26 VFM work.

Significant Value for Money Risk

6 Social Care

Risk that value for money arrangements may contain a significant weakness linked to economy, efficiency & effectiveness

Significant Value for Money Risk

The Council does not have adequate processes in place to ensure that Social Care spend is sufficiently forecast and managed, or that financial contributions from patients are assessed and recovered in a timely manner.

Our response

We have further understood the process for forecasting demand, inspected the Adult Social Care Improvement Plan to ensure the Council responds appropriately to the CQC findings and assessed the potential impact of the LGSCO report published in August 2025

We have understood how the Council works alongside the North London Integrated Care Board (ICB) to ensure cost sharing levels are appropriate in respect of Continuing Healthcare (CHC) packages.

Our findings

Findings

- We note that the relationship with the ICB continues to improve, with the 2024/25 Better Care Fund agreement now having been signed, and the discussions re the 2025/26 agreement are progressing.
- We have obtained a copy of the Adult Social Care Improvement Plan and the accompanying agenda item where the plan was presented to Cabinet in November 2025. The Improvement Plan aims to build on the progress made to date by providing a clear, phased approach to strengthening the Service and embedding sustainable improvement over the next 2-3 years.
- Although this plan appears to offer a thorough response to those areas of greatest concern, given it has just been published it is too soon for us to comment on its implementation, hence we will monitor this into our 25/26 VFM work.
- As at the Q1 2025/26 financial update presented to Cabinet, Adult Social Care is reporting an overspend of £7.6m for 2025/26 (which represents a 7.2% overspend against the net budget), which reflects that the service continues to struggle with accurate forecasting.
- This is exacerbated by issues within the service with the timeliness of financial assessments being made, to ensure that those who can afford to contribute towards their care do so.

Conclusion

Based on the findings above we have determined that there is a significant weakness in arrangements relating to Social Care.

We discuss this weakness and associated recommendation raised in more detail on page 44.

Value for Money: Recommendations

The recommendations raised as a result of our work in respect of significant value for money weaknesses linked to Social Care in the current year are as follows:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
8	Part of the weakness around overspend within the Adult & Social Services budget is already captured within our significant weaknesses linked to financial sustainability, and the difficulties in managing budgets within the tight financial constraints of the Council's overall financial position. However, this weakness is specifically linked to the poor forecasting of cost given the known planned increases in resource within the service. This additional resource was introduced in order to increase the number of Care Act assessments being undertaken, hence the associated overall cost could have been better anticipated within the financial forecast. As such, we recommend that management takes steps to ensure that a more prudent estimate of forecast activity is captured within the budget setting process for FY27, making appropriate use of expected care act assessment numbers.	The Council acknowledges this recommendation for 2024/25. Significant improvements have been made during 2025/26 to strengthen modelling and forecasting processes, resulting in a much closer alignment between budget assumptions and actual demand. While waiting lists will remain an inherent feature of adult social care due to the demand-led nature of the service, these factors have now been more explicitly and systematically factored into the budget-setting process through more detailed analysis of expected activity levels and associated cost drivers. Extensive work has been undertaken to estimate likely demand and price pressures for 2026/27, and an additional budget requirement has been included in the draft budget. The increased corporate contingency for 2026/27 provides further resilience to manage risks within these assumptions. Importantly, the Council continues to focus on improving forecasting and demand modelling as part of its ongoing improvement work and has commissioned external support to further enhance the robustness and accuracy of these processes. Our overspend position at P8 is £4.8m, as a 4.6% variance to budget; last year this was £16.1m at P8, a 20.5% variance. This shows a positive direction of travel and brings us much closer in line with the national overspend position.

Value for Money: Recommendations

The recommendations raised as a result of our work in respect of significant value for money weaknesses linked to Social Care in the current year are as follows:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
9	Additionally, as part of our VFM work we consider the outcome of external regulatory findings, and so the 'Requires Improvement' CQC inspection and the LGSCO report - alongside the difficultly that the service has with accurately forecasting demand - have led us to conclude that there is a significant weakness linked to Social Care. We are aware that the Council has produced an Adults Improvement Plan to address the findings of the CQC inspection and LGSCO report and recommend that this is progressed and monitored throughout 2025/26 to ensure that the necessary improvements are implemented. We also recommend that work continues to improve the speed with which the Council completes the financial assessment of clients, such that all those who are deemed eligible to contribute towards their care can do so in a timely manner.	This recommendation is accepted. The Adults Improvement Plan was agreed by Cabinet in November 2025 and progress monitored and reported through the Adults Improvement Board, which is a cross-party board chaired by the Chief Executive. In addition, there will be regular updates to both Cabinet and the Adult and Health Scrutiny Panel. The LGSCO wrote to the Chief Executive on 1st Dec and confirmed that the Council's response to the report was satisfactory and fully compliant with the requirements of section 31(2) of the Local Government Act 1974. The Ombudsman has recorded a compliance outcome of "Remedy satisfied on time", acknowledging that the Council took the required actions promptly and appropriately. An independent review of safeguarding is also underway and due to report back in Feb 2026. In terms of financial assessments, there is an improvement project underway through the Adults Financial Assessment and Debt Board. Progress has already been made in 2025/26 to clear the backlog of assessments, and a hybrid model will be retained in the short term of internal assessors and 3rd party external support to keep any delays in assessments small. In June 2024, there were 794 clients receiving care without a financial assessment and as of January 2025, the backlog is down to 415, and work has commenced on 288 of the cases. Through the same project, there is also an end-to-end process review underway across all services involved from adult social care to debt recovery to improve the timeliness and quality of the assessments once a care package has been agreed. A review of the Council's Charging Policy has been completed and will ensure that the policy is being applied correctly, and all eligible clients are contributing to their care where they can afford it. Finally, we have a new Management Team in post as of April 25 and have recruited a Deputy DASS (commenced in post January 26) and a Principal Social Worker (commencing in post late Feb 26) to strengthen leadership capacity, with a focus on performance, Social Work practice and associated financial oversight.

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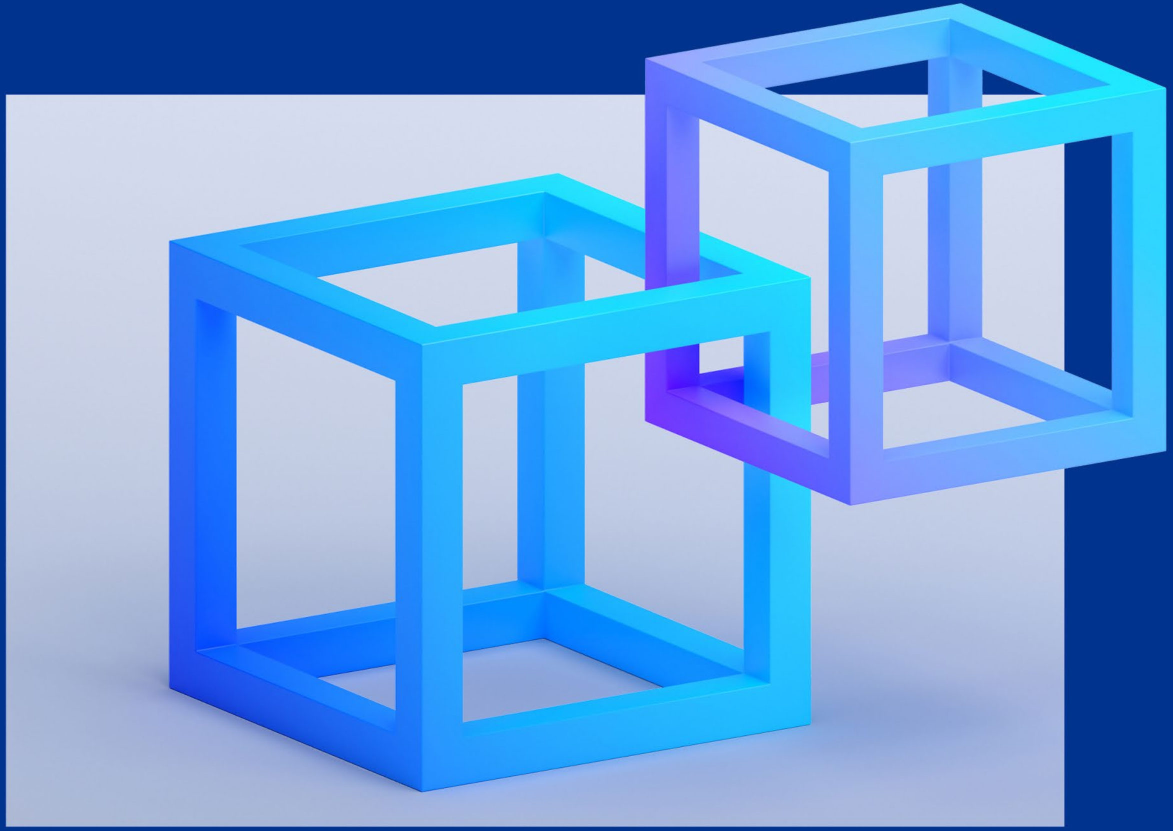
Haringey London Borough Council

DRAFT Year End Report to the Audit Committee



Year end report for the year ended 31 March 2025

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29 January 2026

Introduction

To the Audit Committee of Haringey London Borough Council

We are pleased to have the opportunity to meet with you on 29 January 2026 to discuss the findings and key issues arising from our audit of the consolidated financial statements of Haringey London Borough Council (**the 'Council'**) (and its subsidiaries (the 'Group'), as at and for the year ended 31 March 2025.

We are providing this report in advance of our meeting to enable you to consider our findings and hence enhance the quality of our discussions. This report should be read in conjunction with our audit plan and strategy report, presented on 22 July 2025. We will be pleased to elaborate on the matters covered in this report when we meet.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

We define 'audit quality' as being the outcome when:

- Audits are executed consistently, in line with the requirements and intent of applicable professional standards within a strong system of quality management; and,
- All of our related activities are undertaken in an environment of the utmost level of objectivity, independence, ethics and integrity.

We are committed to providing you with a high quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tim Cutler (Tim.Cutler@kpmg.co.uk) - the engagement lead to the Authority and the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited - who will try to resolve your complaint. If you are dissatisfied with the response, you can access KPMG's complaints process here: Complaints.

The engagement team

Subject to the approval of the statement of accounts, we expect to be in a position to sign our audit report on the approval of those statement of accounts and auditor's representation letter on 27 February 2026, provided that the outstanding matters noted on page 7 of this report are satisfactorily resolved.

There have been no significant changes to our audit plan. We draw your attention to the important notice on page 3 of this report, which explains:

- The purpose of this report
- Limitations on work performed
- Status of our audit and the implications of the statutory backstop.

Yours sincerely,

Tim Cutler

Partner

27 February 2026

Contents	Page

Important notice

This report is presented under the terms of our audit under Public Sector Audit Appointments (PSAA) contract.

The content of this report is based solely on the procedures necessary for our audit.

Purpose of this report

This Report has been prepared in connection with our audit of the consolidated financial statements of Haringey London Borough Council and its subsidiaries (the 'Group') for the year ended 31 March 2025.

This Report has been prepared for the Council's Audit Committee, a sub-group of those charged with governance, in order to communicate matters that are significant to the responsibility of those charged with oversight of the financial reporting process as required by ISAs (UK), and other matters coming to our attention during our audit work that we consider might be of interest, and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone (beyond that which we may have as auditors) for this Report, or for the opinions we have formed in respect of this Report.

This report summarises the key issues identified during our audit but does not repeat matters we have previously communicated to you by written communication.

Limitations on work performed

This Report is separate from our audit report and does not provide an additional opinion on the Group's financial statements, nor does it add to or extend or alter our duties and responsibilities as auditors.

We have not designed or performed procedures outside those required of us as auditors for the purpose of identifying or communicating any of the matters covered by this Report.

The matters reported are based on the knowledge gained as a result of being your auditors. We have not verified the accuracy or completeness of any such information other than in connection with and to the extent required for the purposes of our audit (to the extent it has been possible in the context of our disclaimer of opinion - see pages 4-6).

Status of our audit and the implications of the statutory backstop

Page 4 'The statutory backstop and rebuilding assurance' explains the impact of the statutory backstop and our resulting conclusion to issue a disclaimer opinion on the financial statements

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed. We have identified findings as reported in our report.

Our audit is not yet complete, and matters communicated in this report may change pending signature of our audit report. We will provide an oral update on the status. Page 7 'Our Audit Findings' outlines the outstanding matters in relation to the audit. Our conclusions will be discussed with you before our audit report is signed.

The statutory backstop and rebuilding assurance

Background

The Government has introduced measures to resolve the legacy local government financial reporting and audit backlog.

Last year, amendments were made to the Accounts and Audit Regulations and NAO's Code of Audit Practice which introduced the requirement for audit reports in respect of any open, incomplete audits up to the period ending 31 March 2023 to be published by 13 December 2024. It also introduced a statutory back stop date of 28 February 2025 for the 2023/24 audit. For the Authority this had the impact of 3 disclaimers of opinion issued by your predecessor auditor for 3 financial years up to and including 2022/23. We then issued a disclaimer of opinion for 2023/24 on 28 February 2025 to comply with the statutory backstop date for the reasons set out in our Basis of Disclaimer Opinion below.

Work has been ongoing in the sector to develop guidance to help support appropriate audit procedures for audits where further work is required to build back assurance. In addition to Local Audit Rest and Recovery Implementation Guidance (LARRIGs) that were published in 2024 by the NAO, further guidance has now been published by the NAO (LARRIG 06 - Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions e.g. reserves balances where a disclaimer has been previously issued).

We note the LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

The 2023/24 audit

In our *Basis of Disclaimer Opinion* section of our audit report in 2023/24 we reported*:*

The Accounts and Audit (Amendment) Regulations 2024 (the “Amendment Regulations”) require the Council to publish its financial statements and our opinion thereon for the year ended 31 March 2024 by 28 February 2025 (the “Backstop Date”).

We have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date.

These areas include, but were not limited to, the assessment of any impacts on the financial statements in respect of the outstanding objection and incidences of fraud, the carrying amount of property, plant and equipment, pension assets, the valuation of investment properties, disclosures of related party transactions, and the balance of, and movements in, usable and unusable reserves for the year ended 31 March 2024 in relation to both the Group and the Council.

In addition, we have been unable to obtain sufficient appropriate evidence over the disclosed comparative figures for the year ended 31 March 2023 due to the Backstop Date. Therefore, we were unable to determine whether any adjustments were necessary to the opening balances as at 1 April 2023 or whether there were any consequential effects on the Group’s and the Council’s income and expenditure for the year ended 31 March 2024.

Any adjustments from the above matters would have a consequential effect on the Group’s and the Council’s net assets and the split between usable reserves, including the Housing Revenue Account, and unusable reserves as at 31 March 2024 and 31 March 2023, the Collection Fund and on their income and expenditure and cash flows for the years then ended.

The 2024/25 audit

On Page 6, we set out what work we have been able and not been able to complete in respect of the 2024/25 financial statements as being able to audit the closing balance sheet is an essential element of rebuilding assurance.

We are yet to start our rebuilding assurance risk assessment. Once this is complete, we will report separately the findings. The reason we have not started our rebuilding assurance risk assessment is because of the:

- impending backstop date;
- as noted on page 6 we have not been able to complete the work on a number of balances related to 2024/25.

The statutory backstop and rebuilding assurance

Impact on our audit report on the financial statements

Given our work to rebuild assurance is not complete and due to the statutory backstop date of 27 February 2026, we have determined that there is insufficient time to obtain sufficient appropriate audit evidence over the split of useable and unusable reserves as at 31 March 2025 or 31 March 2024 ahead of the backstop, and, in our view, this is pervasive to the Council's and the Group's financial position as at 31 March 2025.

Further to this there are a number of areas of the financial statements where we have determined we will be unable to obtain sufficient appropriate audit evidence, as we will be unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date. These are detailed on page 6.

As a result of the pervasiveness of the above, we intend to issue a disclaimer of opinion on the financial statements as a whole.

Other matters

As required by the ISAs (UK) when we are disclaiming our audit opinion on the financial statements as a whole, our audit report will not report on other matters that we would usually report on, most notably the use of the going concern assumption in the preparation of the financial statements; the extent to which our audit was considered capable of detecting irregularities, including fraud; and whether there are material misstatements in the other information presented within the Statement of Accounts.

Although we are disclaiming our audit opinion we have, in this report, reported matters that have come to our attention and, where appropriate, we intend to include in our audit report.

Value for Money

The amendments to the Accounts and Audit Regulations do not impact on our responsibilities in relation to the Council's Value for Money arrangements, specifically we are responsible for reporting if we have identified any significant weaknesses in the arrangements that have been made by the Councill to secure economy, efficiency and effectiveness in its use of resources. We also provide a summary of our findings in the commentary in this report.

Page 24 provides a summary of our findings. Further details are also available in our Auditor's Annual Report for 2024/25.

The statutory backstop and rebuilding assurance

Work completed in 2024/25

Our audit plan, presented to you on 22 July 2025 set out our audit approach including our significant risks and other audit risks. We have updated our response to those significant risks in the pages overleaf, identifying the work we have and have not been able to complete.

Although we will be issuing a disclaimer of opinion, we have reported matters that have come to our attention during the audit and, where appropriate, we intend to include in our audit report. Our audit is not yet complete. The status below sets out the current status of our work. We will provide an oral update on the status. Our conclusions will be discussed with you before our audit report is signed.

Specifically in relation to 2024/25 we have completed our work on the following areas in addition to our planning and risk assessment work:

Significant risks

- Valuation of post retirement benefit obligations
- Expenditure recognition
- Valuation of Land & Buildings (specifically Other Land & Buildings)

Other areas

- Income
- Expenditure
- Loans & Borrowings
- Cash & Cash Equivalents
- Debtors & Creditors
- Investment Property

In terms of additional procedures over expenditure, we have also considered the impact of ISA600r and how this affects the treatment of schools' expenditure.

We have been unable to complete our work on a number of areas, including, but not limited to the following areas:

- Split of usable and unusable reserves for the year ended 31 March 2025;
- Opening balances
- Work associated with significant risks on: Valuation Of Land & Buildings (specifically Council Dwellings); Management Override Of Controls (specifically an inability to identify and test high risk journals)
- Other work areas: IFRS16; Housing Revenue Account.
- The disclosed comparative figures for the Group and Council's income and expenditure for the year ended 31 March 2024, and the comparative figures in the balance sheet as at 31 March 2024 as disclosed in the 'Basis of Disclaimer Opinion' section of our 2023/24 audit report (see page 4).

Significant challenges with progressing work

Matters which led to significant challenges in performing the audit included the following:

- *Delays in management & the wider service lines providing some of the required information such as sample requests and listings;*
- *Quality of transactions listings, specifically the high level of reversing entries within expenditure listings;*
- *Quality of audit evidence, specifically the level of supporting documentation for expenditure transactions resulting in a high number of challenges back to management.*

A failure to address these issues (along with the results of the rebuilding assurance risk assessment) will have a significant impact on the timescale to rebuild assurance or whether rebuilding assurance is possible under the current guidance.

We have considered the impact of these issues on our audit and have discussed fee variations with management. These are outlined on page 30.

We are working with management in advance of the 2025/26 audit to ensure these are addressed where possible.

Our audit findings

While we are disclaiming our audit opinion on the financial statements, we are still required to identify our audit findings based on the work performed.

Significant audit risks	Pages 9-19
Significant audit risks	**Our findings**
Valuation Of Land And Buildings	We have assessed the assumptions driving the valuation as neutral. However, we have not been able to confirm the accuracy of the information that underpins all the valuation, specifically the assignment of Council Dwellings to each Beacon. Linked to this, we have identified that the prior year control deficiency around inaccuracies in the Northgate data has not been remediated, see page 43 for further details.
Management Override Of Controls	Due to time constraints, we have not reached a conclusion over this significant risk as a result of issues with our work on Journals. We have concluded our work on Related Parties and identified a control deficiency as noted on page 13.
Valuation Of Post Retirement Benefit Obligations	The Local Government Pension Scheme (LGPS) actuarial assumptions adopted by the Council are considered to be balanced overall when compared to KPMG Central Rates.
Expenditure Recognition - Completeness	We have completed our work over this significant risk with no issues noted.

Uncorrected Audit Misstatements		
Understatement/ (overstatement)	**£m**	**%**
N/A – No uncorrected misstatements		

Number of Control deficiencies	Page 36-43
Significant control deficiencies	0
Other control deficiencies	4
Prior year control deficiencies remediated	8

Outstanding matters

Considering the disclaimed opinion being issued, our audit is substantially complete. We have referred to the matters over which we have not been able to conclude our work on Page 6. The following items are outstanding to finalise our audit:

- Finalisation of pensions testing
- Social Care Information testing
- HRA Income invoice testing
- Grant income testing
- Finalisation of KPMG forensics analysis of historical expenditure fraud
- Final disclosure checklists
- Management representation letter
- Finalise audit report and sign

Significant risks and Other audit risks

Key: # Significant financial statement audit risks

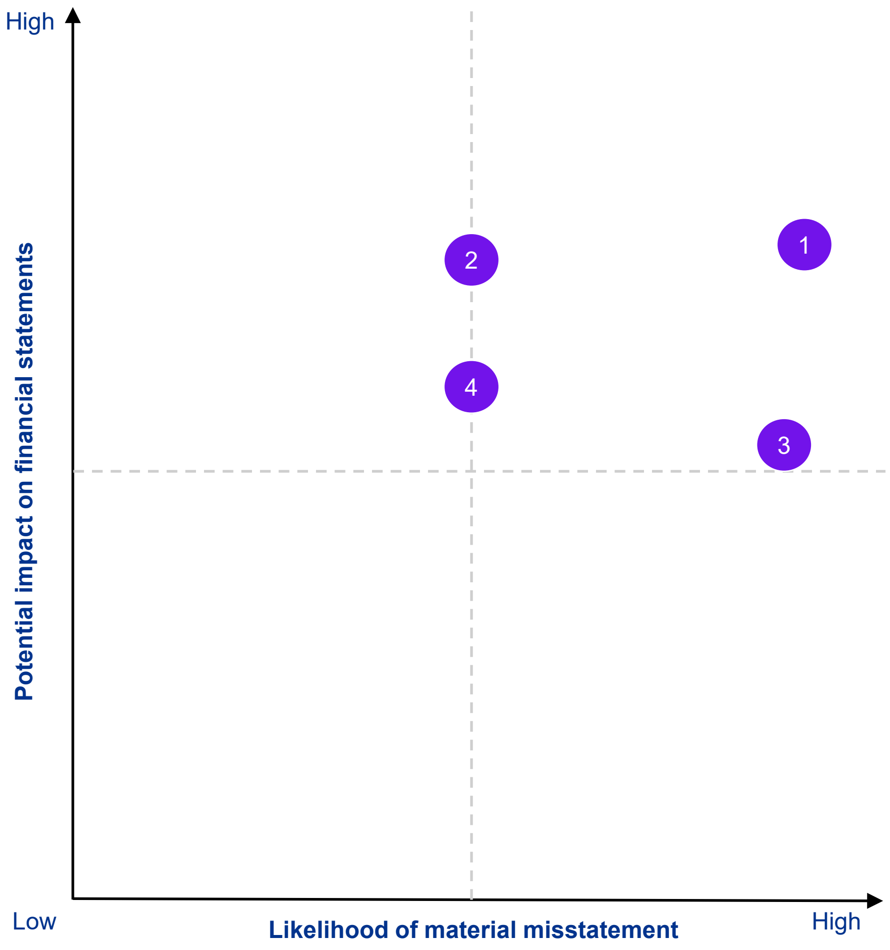
We discussed the significant risks which had the greatest impact on our audit with you when we were planning our audit.

Our risk assessment draws upon our historic knowledge of the business, the industry and the wider economic environment in which the Council operates.

We also use our regular meetings with senior management to update our understanding and take input from local audit teams and internal audit reports.

See the following slides for the cross-referenced risks identified on this slide.

Significant risks	
1.	Valuation of land and buildings
2.	Management Override Of Controls
3.	Valuation of post retirement benefit obligations
4.	Expenditure recognition



Audit risks and our audit approach

1 Valuation of land and buildings

The carrying amount of revalued Land & Buildings differs materially from the fair value

Cautious | Neutral | Optimistic

Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer.

In particular our significant risk is focussed upon the assumptions used to produce the valuation, such as BCIS Indices, Obsolescence, Cost Per Square Metre Of Gross Internal Area and Yield Rates.

The value of the council's Land & Buildings at 31 March 2025 was £2.9bn, with c.£1.9bn valued at Existing Use Value (EUV) & £942m at Direct Replacement Cost (DRC).

Key: Current year

Our response

We have performed the following procedures :

- We critically assessed the independence, objectivity and expertise of Wilks Head & Eve LLP, the valuers used in developing the valuation of the Council's properties at 31 March 2025;
- We inspected the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code.
- We compared the accuracy of the data provided to the valuers for the development of the valuation to underlying information;
- We agreed the calculations performed of the movements in value of land and buildings and verified that these have been accurately accounted for in line with the requirements of the CIPFA Code;

To directly address the significant risk around the underlying assumptions driving the valuation:

- We evaluated the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We challenged the appropriateness of the valuation of land and buildings including the key assumptions utilised such as BCIS Indices, Location Factor, Social Housing Discount, Cost Per Square Metre Of Gross Internal Area and Yield Rates;
- We utilised our own valuation specialists to review the valuation report prepared by the Council's valuers for Alexandra Palace, to confirm the appropriateness of the methodology utilised; and
- Disclosures: We considered the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

KPMG

Audit risks and our audit approach (cont.)

1 Valuation of land and buildings (cont.)

The carrying amount of revalued Land & Buildings differs materially from the fair value

Cautious | Neutral | Optimistic

Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date.

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A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer.

In particular our significant risk is focussed upon the assumptions used to produce the valuation, such as BCIS Indices, Obsolescence, Cost Per Square Metre Of Gross Internal Area and Yield Rates.

The value of the council's Land & Buildings at 31 March 2025 was £2.9bn, with c.£1.9bn valued at Existing Use Value (EUV) & £942m at Direct Replacement Cost (DRC).

Key: Current year

Our findings

- We found the design and implementation of management review controls in relation to the underlying assumptions that drive the valuation to be ineffective, which is in line with the control deficiency raised in the prior year. Given that this remains for the current year and management have confirmed they continue to accept the residual risk, we have not re-raised this deficiency as a recommendation in the current year. See page 40 for further details.
- We have assessed the independence, objectivity & expertise of Wilks Head & Eve LLP (WHE), the valuers used to develop the valuation, with no issues noted.
- We have confirmed the accuracy of the floor areas used in the valuation to supporting evidence with no issues noted.
- We noted that the Council's Land & Buildings were valued in two tranches by WHE due to their availability, which means that we identified material adjustments made to reflect the fair value of the Council's Land & Buildings due to the fact that the first draft of accounts was published before all of the assets had been valued.
- Linked to the above, we have noted an unremediated control recommendation around the timeliness & accuracy of the valuation process, given both the delays and the valuation of several assets that the Council no longer owns, causing inefficiency in the process. See further details on page 39.

Council Dwellings - £1.7bn

- To test the accuracy of the underlying data and confirm that each property is assigned to the correct Beacon, we tested a sample of 60 properties to agree back to tenancy agreements or fire risk assessments. We were only able to confirm that the property type & number of bedrooms were correct on 57/60 of our sample, and of the remaining 3 items we identified errors in 2 and were unable to obtain any evidence for the final item. As a result, we are not satisfied that the allocation of properties to each Beacon is accurate and cannot conclude our work over Council Dwellings.

Audit risks and our audit approach (cont.)

1 Valuation of land and buildings (cont.)

The carrying amount of revalued Land & Buildings differs materially from the fair value

Cautious | Neutral | Optimistic

Significant audit risk

The Code requires that where assets are subject to revaluation, their year end carrying value should reflect the appropriate current value at that date.

This creates a risk that the carrying value of assets not revalued in year differs materially from the year end current value.

A further risk is presented for those assets that are revalued in the year, which involves significant judgement and estimation on behalf of the engaged valuer.

In particular our significant risk is focussed upon the assumptions used to produce the valuation, such as BCIS Indices, Obsolescence, Cost Per Square Metre Of Gross Internal Area and Yield Rates.

The value of the council's Land & Buildings at 31 March 2025 was £2.9bn, with c.£1.9bn valued at Existing Use Value (EUV) & £942m at Direct Replacement Cost (DRC).

Key: **Current year**

Our findings

- For the £1.7bn of Council Dwellings valued at EUV-SH we have assessed the underlying assumptions of Indexation, Beacon Valuation & Social Housing Discount as neutral. However, we note for the Indexation assumption - which is required as WHE have indexed the full valuation performed as at 31 March 2024 - that WHE used national data rather than Haringey specific indices, which we recalculated to result in a £18.7m cautious valuation of Council Flats and a £16.3m optimistic valuation of Council Houses. Given that these net off to a low value compared to the overall asset base we have concluded that the overall balance is neutral, however we have identified a control recommendation for WHE to utilise Haringey specific data in future valuations to provide a more accurate valuation. See page 37 for further details.

Other Land & Buildings - £1.2bn

- For the £941m of Other Land & Buildings valued at DRC we have assessed the underlying assumptions of Obsolescence, Land Value, BCIS Indices & Location Factor as neutral.
- For the £244m of Other Land & Buildings valued at EUV we have concluded that the assumptions of cost per square metre and yield rate are neutral.
- We tested a sample of Other Land & Building properties to confirm that the assignment of property to each valuation category was accurate. Whilst we encountered some challenges and delays in obtaining this supporting evidence, ultimately there were no issues noted.

Other

- Our valuation specialist has reviewed the WHE report in relation to Alexandra Palace and is satisfied that the methodology and underlying assumptions used are reasonable and balanced.

KPMG

Audit risks and our audit approach (cont.)

2 Management override of controls[(a)]

Fraud risk related to unpredictable way management override of controls may occur

Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit, however we are aware that the journals approval control does not meet the auditing standards threshold required to be deemed as effective, as reported in the previous period.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Our response

Our audit methodology incorporates the risk of management override as a default significant risk.

- Assessed accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias.
- Evaluated the selection and application of accounting policies.
- In line with our methodology, evaluated the design and implementation of controls over journal entries and post closing adjustments.
- Assessed the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates.
- Assessed the business rationale and the appropriateness of the accounting for significant transactions that are outside the Council's normal course of business or are otherwise unusual.
- We planned to analyse all journals through the year using data and analytics and focus our testing on those with a higher risk, such as journals with unusual double entries to cash, revenue and expenditure. However, due to initial delays in extracting the information from Haringey's ledger and then issues with mapping the chart of accounts due to the large numbers of profit centres & account code combinations, we have not been able to conclude our work on journals.

Audit risks and our audit approach (cont.)

2 Management override of controls(cont.)[a]

Fraud risk related to unpredictable way management override of controls may occur

Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit, however we are aware that the journals approval control does not meet the auditing standards threshold required to be deemed as effective, as reported in the previous period.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Our findings

- We found the design and implementation of management review controls in relation to journal entries and post-closing adjustments to be ineffective, which is in line with the control deficiency raised in the prior year. We note that this is a common finding in the public sector and is not unique to Haringey, given the large extra resource it would need to implement a control to the level that would meet the requirements of the auditing standards. Given that this deficiency remains for the current year and management have confirmed they are satisfied that the residual risk is low, we have not re-raised this deficiency as a recommendation in the current year. See page 38 for further details.
- We evaluated the selection and application of the Council's accounting policies and concluded that these were in line with the 24/25 CIPFA code. However, not all items relating to income or expenditure that fall below £20k are appropriately accrued or deferred in the accounts, that is, they are recorded in the period in which the cash is received or spent rather than the period to which the goods or services are related. We have reported this in the prior year and given that management have accepted the residual risk we have not re-raised a recommendation in relation to this deficiency. See page 41 for further details.
- Our procedures have not identified any significant unusual transactions.
- We have completed our work over related parties and are satisfied that the disclosure within the financial statements is complete and accurate.

Audit risks and our audit approach (cont.)

2 Management override of controls(cont.)[a]

Fraud risk related to unpredictable way management override of controls may occur

Significant audit risk

- Professional standards require us to communicate the fraud risk from management override of controls as significant.
- Management is in a unique position to perpetrate fraud because of their ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.
- We have not identified any specific additional risks of management override relating to this audit, however we are aware that the journals approval control does not meet the auditing standards threshold required to be deemed as effective, as reported in the previous period.

Note: (a) Significant risk that professional standards require us to assess in all cases.

Our findings

- However, we have identified control deficiencies in relation to the wider process for capturing related parties. For instance, we identified several instances of senior staff not having completed declarations within the required timeframe. Additionally, we identified multiple instances of nondisclosure of interests for both members & officers via a cross reference against Companies House, albeit there were no transactions with these entities to include in the year end financial statements disclosure. We recommend that management implements such checks as part of the process. We also noted that there is no central Register Of Interests held for senior staff, which increases the risk that related party transactions could be entered into unknowingly. Further detail re our recommendations is on page 36.
- We found the design and implementation of controls in relation to the approval of significant related party transactions before they are entered into, to be ineffective. We have reported this in the prior year and given that management have accepted the residual risk we have not re-raised a recommendation in relation to this deficiency. See page 42 for further details.

Audit risks and our audit approach (cont.)

3 Valuation of post retirement benefit obligations

An inappropriate amount is estimated and recorded for the defined benefit obligation

Cautious Neutral Optimistic

Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the [Council]'s pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the membership of the Local Government Pension Scheme.
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

Our response

We have performed the following procedures :

- Understood the processes the Council have in place to set the assumptions used in the valuation;
- Evaluated the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Performed inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agreed the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluated the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenged, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirmed that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Considered the adequacy of the Council's disclosures in respect of the sensitivity of the surplus to these assumptions;
- Where applicable, assessed the level of surplus that should be recognised by the entity..

Key:
Prior year Current year

Audit risks and our audit approach (cont.)

3 Valuation of post retirement benefit obligations (cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation

Cautious Neutral Optimistic

Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the [Council]'s pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the membership of the Local Government Pension Scheme.
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

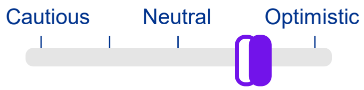
Our findings

- We found the design and implementation of management review controls in relation to the review of the underlying assumptions to be ineffective, which is in line with the control deficiency raised in the prior year. Given that this remains for the current year and management continue to accept the residual risk, we have not re-raised this deficiency as a recommendation in the current year. See page 39 for further details.
- We evaluated the capability, competency and objectivity of the actuaries to confirm their qualifications and the basis for their work with no issues noted. Also, we performed inquiries of the LGPS actuaries and no unusual transactions were noted.
- We considered the assumptions used in valuing the defined benefit obligation and concluded these to be balanced compared to our central actuarial benchmarks.
- We evaluated the appropriateness of the accounting treatment of the surplus in accordance with IFRIC 14. This involved reviewing management's rationale and the supporting assessment provided by KPMG actuaries. Based on our review, we agree with management's conclusion and the application of the asset ceiling. Following this application, the overall position resulted in a deficit, rather than a surplus.
- We have performed testing over key input data used in the Defined Benefit Obligation (DBO) valuation, including benefits paid and contributions. No material exceptions were noted, and the data was found to be materially accurate.

Key:
Prior year Current year

3 Valuation of post retirement benefit obligations (cont.)

An inappropriate amount is estimated and recorded for the defined benefit obligation



Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the [Council]'s pension liability could have a significant effect on the financial position of the Council.
- The effect of these matters is that, as part of our risk assessment, we determined that post retirement benefits obligation has a high degree of estimation uncertainty. The financial statements disclose the assumptions used by the Council in completing the year end valuation of the pension deficit and the year on year movements.
- We have identified this in relation to the membership of the Local Government Pension Scheme.
- Also, recent changes to market conditions have meant that more councils are finding themselves moving into surplus in their Local Government Pension Scheme (or surpluses have grown and have become material). The requirements of the accounting standards on recognition of these surplus are complicated and requires actuarial involvement.

Our findings

- We identified a disclosure misstatement in relation to the asset ceiling calculations, the scheme surplus and information relating to the ongoing Virgin Media Ltd vs NTL Trustees Limited legal case – see page 35 for further details.

Conclusion

We are satisfied we have been able to address this audit risk. The judgements reached in determining the valuation are considered to be balanced.

Key:
Prior year Current year

Audit risks and our audit approach (cont.)

4 Fraud risk from expenditure recognition

Liabilities and related expenses for purchases of goods or services are not completely identified and recorded

Significant audit risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

The Council has a statutory duty to balance their annual budget. Where a Council does not meet its budget this creates pressure on the Council's usable reserves and this in term provides a pressure on the following year's budget. This is not a desirable outcome for management.

We consider that this risk is focussed around the completeness of manual accruals (i.e. excluding those which are system-generated such as Goods Received Not Invoiced), with the council looking to push back expenditure to 2025-26 to mitigate financial pressures. This risk is further heightened by the need to meet an agreed outturn to ensure receipt of resilience funding.

Our response

We have performed the following procedures in order to respond to the significant risk identified:

- We evaluated the design and implementation of controls for developing manual expenditure accruals at the end of the year to verify that they have been completely recorded;
- We inspected a sample of invoices of expenditure and payments from the bank, in the period after 31 March 2025, to determine whether expenditure has been recognised in the correct accounting period and whether accruals are complete;
- We have compared the manual accruals recorded to an expected list of accruals based on our knowledge of the entity and Local Government sector to determine whether accruals are complete.

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Audit risks and our audit approach (cont.)

4 Fraud risk from expenditure recognition (cont.)

Liabilities and related expenses for purchases of goods or services are not completely identified and recorded

Significant audit risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting may arise from the manipulation of expenditure recognition is required to be considered.

The Council has a statutory duty to balance their annual budget. Where a Council does not meet its budget this creates pressure on the Council's usable reserves and this in term provides a pressure on the following year's budget. This is not a desirable outcome for management.

We consider that this risk is focussed around the completeness of manual accruals (i.e. excluding those which are system-generated such as Goods Received Not Invoiced), with the council looking to push back expenditure to 2025-26 to mitigate financial pressures. This risk is further heightened by the need to meet an agreed outturn to ensure receipt of resilience funding.

Our findings

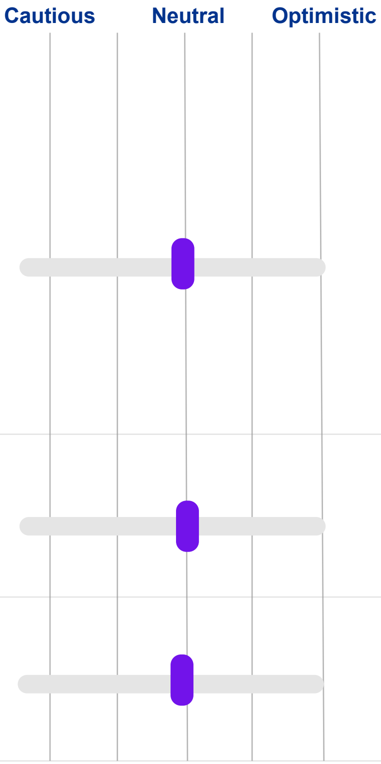
- We have evaluated the design & implementation of controls for developing manual expenditure accruals, and as noted on page 13, we have identified a control deficiency in relation to the review of journals (and therefore the review of manual accruals), which is in line with the control deficiency raised in the prior year. Given that this remains for the current year and management have confirmed they continue to accept the residual risk, we have not re-raised this deficiency as a recommendation in the current year. See page 38 for further details.
- We have inspected a sample of invoices of expenditure in the period after 31 March 2025 and are satisfied that the expenditure has been recognised in the correct accounting period.
- We have inspected a sample of bank payments made in the period after 31 March 2025 are satisfied that they are not indicative of any potential unrecorded liabilities.
- We have compared the manual accruals recorded to an expected list of accruals based on our knowledge of the entity & Local Government sector and this has not identified any accruals omitted.

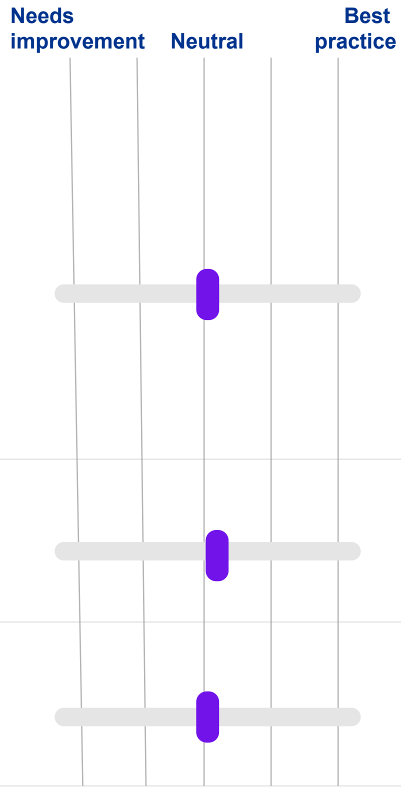
Note: (a) Significant risk that professional standards require us to assess in all cases.

Key accounting estimates overview

Our view of management judgement

Our views on management judgments with respect to accounting estimates are based solely on the work performed in the context of our audit of the financial statements as a whole. We express no assurance on individual financial statement captions.





Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
Council Dwellings – EUV		1,724.4	105.2		We have assessed the underlying assumptions of Indexation, Beacon Valuation & Social Housing Discount as neutral. However, we note for the Indexation assumption - which is required as WHE have indexed the full valuation performed as at 31 March 2024 - that WHE used national data rather than Haringey specific indices, which we recalculated to result in a £18.7m cautious valuation of Council Flats and a £16.3m optimistic valuation of Council Houses. Given that these net off to a low value compared to the overall asset base we have concluded that the overall balance is neutral, however we have identified a control recommendation for WHE to utilise Haringey specific data in future valuations to provide a more accurate valuation. However, although we have assessed the estimate as neutral, we have not been able to conclude on the Council Dwellings balance due to underlying issues with the data, see page 10 for further details.
Land & Buildings - DRC		941.2	22.1		We have assessed the underlying assumptions of Obsolescence, Land Value, BCIS Indices & Location Factor as neutral.
Land & Buildings - EUV		243.8	2.4		We have concluded that the assumptions of cost per square metre and yield rate are neutral.

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Key accounting estimates overview (cont.)

Asset/liability class	Our view of management judgement	Balance (£m)	YoY change (£m)	Our view of disclosure of judgements & estimates	Further comments
	Cautious / Neutral / Optimistic			Needs improvement / Neutral / Best practice	
Investment Property		108.1	(6.8)		We have assessed the underlying assumptions of expected rental value and yield rates as neutral.
Valuation Of LGPS Liabilities		(1,452)	(208)		No issues identified from our testing, the assumptions used by the actuaries were within KPMG reasonable range.
Valuation of LGPS Assets including effect of asset ceiling		1,798	49		No issues identified from our testing, the assumptions used by the actuaries were within KPMG reasonable range. We deemed that the disclosures on the asset ceiling approach should be enhanced by explaining the methodology and rationale applied, addressing surplus approach considerations, and ensuring compliance with relevant standards. See page 35 for further details of this corrected misstatement.

Key:

Current year

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Other matters

Narrative report

As Audit Committee members you confirm that you consider that the Narrative Report, including the Annual Governance Statement, and financial statements taken as a whole are fair, balanced and understandable and provides the information necessary for regulators and other stakeholders to assess the Council's performance, model and strategy.

Our responsibility is to read the other information, which comprises the information included in the Statement of Accounts other than the financial statements and our auditor's report thereon and, in doing so, consider whether, based on our financial statements audit work, the other information is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matters leading to our disclaimer of opinion, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.

Whole of Government Accounts

As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack.

We are yet to receive instructions from NAO regarding WGA.

Independence and Objectivity

ISA 260 also requires us to make an annual declaration that we are in a position of sufficient independence and objectivity to act as your auditors, which we completed at planning, and no further work or matters have arisen since then.

Audit Fees

Our scale fee for the 2024/25 audit, as set by PSAA is £532,530 plus VAT (£499,339 in 2023/24)

We are also the auditor for Haringey Pension Fund. While our fees are reported separately for that engagement, for 2024/25 this is £87,612.

See page 30 for details and status of fee variations.

We have also completed non-audit work at the Council during the year and have included in the appendix confirmation of safeguards that have been put in place to preserve our independence.

01

Value for money

Value for Money

We are required under the Audit Code of Practice to confirm whether we have identified any significant weaknesses in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources.

In discharging these responsibilities, we include a statement within the opinion on your accounts to confirm whether we have identified any significant weaknesses. We also prepare a commentary on your arrangements that is included within our Auditor's Annual Report, which is required to be published on your website alongside your annual report and accounts.

Commentary on arrangements

We have prepared our Auditor's Annual Report and a copy of the report is included within the papers for the Committee alongside this report. The report is required to be published on your website alongside the publication of the annual report and accounts.

Response to risks of significant weaknesses in arrangements to secure value for money

As noted on the right, we have identified 6 risks of a significant weakness in the Council's arrangements to secure value for money. Within our Auditor's Annual Report, we have set out our response to those risks.

Within our Auditor's Annual Report, we have set out recommendations in response to those significant risks.

Summary of findings

We have set out in the table below the outcomes from our procedures against each of the domains of value for money:

Domain	Risk assessment	Summary of arrangements
Financial sustainability	2 significant risks identified	2 significant weaknesses identified
Governance	No significant risks identified	No significant weaknesses identified
Improving economy, efficiency and effectiveness	4 significant risks identified	3 significant weaknesses identified

Further detail is set out in our Auditor's Annual Report.

Performance improvement observations

As part of our work we have identified 2 Performance Improvement Observations, which are suggestions for improvement but not responses to identified significant weaknesses – see page 25. We have subsequently followed up on the Performance Improvement Observations made in the prior year, see page 26.

Value for Money: Performance improvement observations

The performance improvement observations raised as a result of our work in respect of identified or potential significant value for money risks in the current year are as follows:

Priority rating for observations		
❶ **Priority one:** Observations linked to issues where, if not rectified, these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	② **Priority two:** Observations linked to issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately, but the weakness remains in the system.	③ **Priority three:** Observations linked to issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	②	**Lack Of Clarity In Assessing Budget vs Actual Performance In Finance Updates** We have noted from our review of the quarterly finance updates to Cabinet during 24/25 that there is consistent revision of the initial budget and savings targets agreed by the Full Council in March 2024. This reduces transparency and the ability of members to assess in year performance vs initially agreed budgets. We recommend that reporting is enhanced so as to include the initial forecasted expenditure & savings, alongside any virements approved by committee.	This recommendation is accepted and for both revenue and capital monitoring reports, from Q3 of 2025/26 will include for both revenue and capital budgets, the original budget, any virements agreed each quarter and then the latest budget for which monitoring is against. As per reporting at the moment, the rationale for each virement made every quarter will be included in detail of the appendix of each quarterly report. Chief Accountant – December 2025
2	②	**Assessing The Potential Income From A Commercial Property Review** Our risk assessment work over Commercial Property has identified that there is a significant amount of lost income through overdue rent reviews and properties which have leases holding over. The Council has not yet been able to quantify this lost income to effectively assess the cost/benefit of performing the Property Review. We recommend that work is done to understand the additional income that could be achieved through this review, such that resource can then be appropriately allocated.	This recommendation is accepted. Over the last 12 months, good progress has been made in collecting data on the Council's commercial property portfolio, including on leases and the rent roll. Work is underway to work through the portfolio to carry out overdue rent and lease reviews and to date an additional £500,000 has been identified from the reviews to date. However, there remains a large backlog and this will remain a priority until complete. Additional time limited capacity is being considered to expedite these reviews because it is recognised that there are missed income opportunities which are even more crucial given the Council's financial position. Work is also underway to consider a digital solution for the maintenance of commercial property data and the management of the portfolio since much of these records are held and managed manually at this stage. Chief Accountant – April 2026

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Value for Money: Performance improvement observations

Below we have set out our findings from following up performance improvement observations raised in prior periods:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of January 2026
1	3	**Policy Updates** It is important to keep governance policies regularly updated to adapt to changing regulatory & legal environments as well as to continuously improve. We have identified several key policies that were significantly past review date, such as: •Anti fraud policy (2022) •Code Of Governance (2019) (Since updated in May 2024) We also identified there is no Business Continuity Plan. In order to ensure that there is an effective governance process in place across the Council and its committees, we recommend that all policies are regularly refreshed and updated, with a central register maintained for review dates to track compliance.	The anti fraud policy has been refreshed and was approved by the Audit Committee in October 2024. The Local Code of Corporate Governance was also refreshed and approved by the Full Council in July 2024. Due to the number and range of policies across all Council functions, responsibility for maintaining Council policies rests with key officers. We will capture key governance policies and use the existing annual review of our governance arrangements to maintain our governance policies. Head of Internal Audit – March 2025	The Council's Anti Fraud and Corruption Strategy was reviewed and refreshed and presented to the Audit Committee for endorsement at its meeting in October 2024 . The Council's Local Code of Corporate Governance has also been reviewed and updated and was approved by the Full Council in July 2024. The Council's has been refreshing its entire Business Continuity Plans and will complete this activity in this financial year. As such we are satisfied that this recommendation has been implemented.
2	2	**Risk Register Discussion** It is important that risk registers are appropriately discussed and challenged so the Council is fully aware of the environment it operates in and can proactively respond to any issues. Current minutes of meetings do not fully reflect this is the case – albeit we have attended Audit Committee meetings where officers ask pertinent questions relating to risk. Through inquiry we learned that the Council moved towards a more actions based approach to minute taking. We recommend the Council reassess this to ensure accurate accounts of discussions held are available for public consumption.	The Council records all its Audit Committee meetings in full and the recordings are available online for viewing on the Council's website. The minutes are not verbatim, they capture the decisions made following any discussion on risks. The level of detail captured in the minutes will be reviewed to consider highlighting key matters raised from the discussion of Council risks. Head of Internal Audit – February 2025	The Audit Committee continues to receive regular updates on the Council's Corporate risks and the Committee Clerk seeks to capture the discussions as fully as possible. The Council continues to publish the meeting in its entirety for transparency. We have reviewed minutes & videos of subsequent meetings and are satisfied with the Council's record keeping in relation to these minutes. As such we are satisfied that this recommendation has been implemented.

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Value for Money: Performance improvement observations

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of January 2026
3	2	**Agency Staff Usage** The Council utilises significant levels of agency staff, resulting in a risk of increased spend and lack of continuity across various services. Through inquiry we were made aware the Council struggles to hire to permanent full-time positions. We recommend the Councils reviews its workforce strategy to ascertain if it is suitable attract people with the right skills and values.	The anti fraud policy has been refreshed and was approved by the Audit Committee in October 2024. The Local Code of Corporate Governance was also refreshed and approved by the Full Council in July 2024. Due to the number and range of policies across all Council functions, responsibility for maintaining Council policies rests with key officers. We will capture key governance policies and use the existing annual review of our governance arrangements to maintain our governance policies. Head of Internal Audit – March 2025	The Council, through concerted management action, has substantially reduced the use of agency workers from c.£45m spend per annum to c.£28m spend per annum at current run rates. The permanent staff establishment has seen a commensurate increase. As such we are satisfied that this recommendation has been implemented.
4	3	**Time To Hire Metrics** We recommend the Council monitors 'time to hire' metrics to identify bottlenecks in the recruitment process.	The Council will consider scope of including this indicator into future monitoring. S151 Officer – March 2026	The Council has taken the deliberate decision to slow recruitment in order to achieve financial savings. This therefore indicates that the Council is actively increasing time to hire in some case as a means to protect budgets, which then reflects improved monitoring of such statistics. As such we are satisfied that this recommendation has been implemented.
5	2	**Equal Value Risk** We recommend the council incorporates the concept of Equal Value within its risk management framework to ensure the issues are escalated quickly where appropriate and the actions and assurances that have been developed in responding to previous Equal Value claims can be shared effectively and quickly where similar issues were to arise in the future	Management accepts this recommendation S151 Officer	A risk over equal value claims has been assessed and captured for regular review. As such we are satisfied that this recommendation has been implemented.

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KPMG

Appendix

Contents

Required communications

Type		Response
Our draft management representation letter	OK	We have not requested any specific representations in addition to those areas normally covered by our standard representation letter for the year ended 31 March 2025.
Adjusted audit differences	OK	There were 2 adjusted audit differences with a deficit impact of £28.8m. See page 34.
Unadjusted audit differences	OK	There are no unadjusted audit differences.
Related parties	x	We have identified a control deficiency linked to Related Parties, as set out on Page 36.
Other matters warranting attention by the Audit Committee	OK	There were no matters to report arising from the audit that, in our professional judgment, are significant to the oversight of the financial reporting process.
Control deficiencies	OK	We communicated to management in writing all deficiencies in internal control over financial reporting of a lesser magnitude than significant deficiencies identified during the audit that had not previously been communicated in writing.
Actual or suspected fraud, noncompliance with laws or regulations or illegal acts	OK	We are aware of a historical fraud linked to Housing; however, we have reviewed the work undertaken by management and are satisfied that the accounts do not contain a material risk of misstatement due to fraud. There was no new actual or suspected fraud involving group or component management, employees with significant roles in group-wide internal control, or where fraud results in a material misstatement in the financial statements identified during the audit.
Issue a report in the public interest	OK	We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have not identified any such matters.

Type		Response
Significant difficulties	x	As discussed on Page 6, we encountered various difficulties linked to the availability and quality of audit evidence.
Modifications to auditor's report	x	Our audit opinion will be disclaimed. Further details of this draft opinion will be provided in due course.
Disagreements with management or scope limitations	OK	The engagement team had no disagreements with management, and no scope limitations were imposed by management during the audit.
Other information	OK	No material inconsistencies were identified related to other information in the statement of accounts.
Breaches of independence	OK	No matters to report. The engagement team and others in the firm, as appropriate have complied with relevant ethical requirements regarding independence.
Accounting practices	x	Over the course of our audit, we have evaluated the appropriateness of the Group's accounting policies, accounting estimates and financial statement disclosures. As detailed on pages 4-6, there are several areas over which we have not been able to complete our work.
Significant matters discussed or subject to correspondence with management	OK	There were no significant matters arising from this audit.
Certify the audit as complete	x	We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above. The following work is outstanding to allow us to certify the audit: Prior year certificate; Whole of Government Accounts; and confirmation from the National Audit Office that all assurances required for their opinion on Whole of Government Accounts have been received
Provide a statement to the NAO on your consolidation schedule	OK	As required by the National Audit Office (NAO) we carry out specified procedures on the Whole of Government Accounts (WGA) consolidation pack. We are yet to receive instructions from NAO regarding WGA.

Fees

Audit fee

Our fees for the year ending 31 March 2025 are set out in the PSAA Scale Fees communication and are shown below.

Entity	2024/25 (£)	*2023/24 (£'000)*
Scale fee as set by PSAA	532,530	499,329
Refund For Work Not Completed	-	(49,933)
Standard Fee Variations*	81,647	99,936
Disclaimed Opinion Fee Variation	5,081	5,800
TOTAL	**619,258**	**555,132**

*The standard fee variations are made up of the following variations for 2023/24:

- ISA315r - £17,364
- VFM significant risk work - £31,734
- Financial Statements additional work – 50,838

For 2024/25 this is comprised of:

- ISA600r – £2,871
- Internal Expert work (Forensics) - £5,400
- VFM significant risk work – £47,146
- Financial Statements additional work – £26,230

We are also the auditor for Haringey Pension Fund. While our fees are reported separately for that engagement, for 2024/25 this is £87,612.

We are in the process of agreeing fee variations with PSAA and will report the final outcome of these at a later date.

Billing arrangements

Fees have been billed in accordance with the milestone completion phasing that has been communicated by the PSAA.

Confirmation of Independence

We confirm that, in our professional judgement, KPMG LLP is independent within the meaning of regulatory and professional requirements and that the objectivity of the Partner and audit staff is not impaired.

To the Audit and Risk Committee members

Assessment of our objectivity and independence as auditor of Haringey London Borough Council

Professional ethical standards require us to provide to you at the planning stage of the audit a written disclosure of relationships (including the provision of non-audit services) that bear on KPMG LLP's objectivity and independence, the threats to KPMG LLP's independence that these create, any safeguards that have been put in place and why they address such threats, together with any other information necessary to enable KPMG LLP's objectivity and independence to be assessed.

This letter is intended to comply with this requirement and facilitate a subsequent discussion with you on audit independence and addresses:

- General procedures to safeguard independence and objectivity;
- Independence and objectivity considerations relating to the provision of non-audit services; and
- Independence and objectivity considerations relating to other matters.

General procedures to safeguard independence and objectivity

KPMG LLP is committed to being and being seen to be independent. As part of our ethics and independence policies, all KPMG LLP partners/directors and staff annually confirm their compliance with our ethics and independence policies and procedures including in particular that they have no prohibited shareholdings. Our ethics and independence policies and procedures are fully consistent with the requirements of the FRC Ethical Standard. As a result we have underlying safeguards in place to maintain independence through:

- Instilling professional values.
- Communications.
- Internal accountability.
- Risk management.
- Independent reviews.

The conclusion of the audit engagement partner as to our compliance with the FRC Ethical Standard in relation to this audit engagement and that the safeguards we have applied are appropriate and adequate is subject to review by an engagement quality control reviewer, who is a partner not otherwise involved in your affairs.

We are satisfied that our general procedures support our independence and objectivity.

Independence and objectivity considerations relating to the provision of non-audit services

Summary of non-audit services

Facts and matters related to the provision of non-audit services and the safeguards put in place that bear upon our independence and objectivity, are set out on the table overleaf.

Confirmation of Independence (cont.)

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services Delivered in the year ended 31 March 2025 £000	Value of Services Committed but not yet delivered £000
1	Housing Benefit Grant Certification	Self Review	• The engagement contract makes clear that we will not perform any management functions. • The work performed is not relied on within the audit file. • The work does not involve judgement and are statements of fact based on agreed upon procedures.	Fixed	£24,950	£2,350 per additional workbook, however it is unknown how many workbooks at this stage
2	Teachers Pensions Audit	Self Review	• The engagement contract makes clear that we will not perform any management functions. • The work performed is not relied on within the audit file. • The work does not involve judgement and are statements of fact based on agreed upon procedures.	Fixed	£7,000	N/A
3	Pooling Of Housing Capital Receipts	Self Review	• The engagement contract makes clear that we will not perform any management functions. • The work performed is not relied on within the audit file. • The work does not involve judgement and are statements of fact based on agreed upon procedures.	Fixed	£7,230	N/A

Confirmation of Independence (cont.)

Summary of fees

We have considered the fees charged by us to the Group and its affiliates for professional services provided by us during the reporting period.

Fee ratio

The ratio of non-audit fees to audit fees for the year is anticipated to be 0.06 : 1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2024/25
	£'000
Total audit fees	619.3
Other Assurance Services	39.2
Total Fees	**571.7**

We are also the auditor for Haringey Pension Fund. While our fees are reported separately for that engagement, for 2024/25 this is £87,612.

Application of the FRC Ethical Standard 2019

Your previous auditors will have communicated to you the effect of the application of the FRC Ethical Standard 2019. That standard became effective for the first period commencing on or after 15 March 2020, except for the restrictions on non-audit and additional services that became effective immediately at that date, subject to grandfathering provisions.

AGN 01 states that when the auditor provides non-audit services, the total fees for such services to the audited entity and its controlled entities in any one year should not exceed 70% of the total fee for all audit work carried out in respect of the audited entity and its controlled entities for that year.

We confirm that as at 15 March 2020 we were not providing any non-audit or additional services that required to be grandfathered.

Independence and objectivity considerations relating to other matters

There are no other matters that, in our professional judgment, bear on our independence which need to be disclosed to the Audit and Risk Committee.

Confirmation of audit independence

We confirm that as of the date of this letter, in our professional judgment, KPMG LLP is independent within the meaning of regulatory and professional requirements and the objectivity of the partner and audit staff is not impaired.

This report is intended solely for the information of the Audit and Risk Committee of the Group and should not be used for any other purposes.

We would be very happy to discuss the matters identified above (or any other matters relating to our objectivity and independence) should you wish to do so.

Yours faithfully

KPMG LLP

Audit misstatements

Given we are disclaiming our audit opinion as described on pages 4-6 there may be other audit misstatements our audit procedures would have identified if we completed our audit procedures as initially planned.

Under UK auditing standards (ISA (UK) 260) we are required to provide the Audit Committee with a summary of corrected & uncorrected audit differences (including disclosure misstatements) identified during the course of our audit, other than those which are 'clearly trivial', which are not reflected in the financial statements. In line with ISA (UK) 450 we request that you correct uncorrected misstatements. However, they will have no effect on the opinion in our auditor's report, individually or in aggregate. As communicated previously with the Audit Committee, details of all adjustments greater than £1,295K are shown below. We note that there are no unadjusted audit differences, and all of the below misstatements have been corrected:

Corrected audit misstatements (£'000s)

No.	Detail	CIES Dr/(cr) £m	SOFP Dr/(cr) £m	Comments
1	Dr Loss In Fair Value Of Investment Property	5.9	-	Due to a formula error in WHE's calculations, one Investment Property was incorrectly valued at £6.5m as opposed to £628k, giving rise to an impairment of £5.9m.
	Cr Investment Property		(5.9)	
2	Cr Revaluation Reserve		(3.3)	The valuation of the Council's Property, Plant & Equipment (PPE) and Investment Property was completed in two tranches due to limitations on WHE's availability, as well as some incomplete information provided by the Council. As such this is a material adjustment to reflect the fully updated valuation across PPE and Investment Property.
	Dr Impairment	17.4		
	Dr Gain On Disposal Of Assets	1.5		
	Cr PPE Cost		(24.5)	
	Dr PPE Accumulated Depreciation		8.9	
	Cr Investment Property		(4.0)	
	Dr Loss In Fair Value Of Investment Property	4.0		
Total		**28.8**	**(28.8)**	

Disclosure misstatements

	Disclosure	
1	Various Disclosures	We noted around 200 minor rounding and inconsistency errors as part of our casting procedures. Material errors have been updated within the final version of the accounts.

Audit misstatements (cont.)

Disclosure misstatements		
No.	**Disclosure**	
2	MRP Disclosure	We noted that MRP has doubled from £15,531k in 2023/24 to £31,103k in 2024/25. Whilst not required by the CIPFA Code, it would aid a user's understanding of the accounts to include a disclosure in the Narrative Report or the financial statements which explains the change in MRP policy given the significant impact on the MRP charge. As such we did not believe that management had provided sufficient detail within the accounts to explain the change in policy, hence have requested that the note is updated. This has now been included within the final version of the accounts.
3	Financial Instruments	The first version of this disclosure lacked the lack of inclusion of short-term trade receivables held at amortised cost. This is nil for 24/25 but should be £115,841k, hence the disclosure is misstated. Additionally, the £3,408k of impairment losses on financial assets was incorrectly displayed as occurring on financial liabilities. This has now been corrected within the final version of the accounts.
4	CIES Recategorisation	The Single Entity CIES disclosed that "From 1st April 2024/25, the Revenues & Benefits Service moved from Culture, Strategy & Engagement to Environment & Residence Directorate". The resulting movements in Gross Expenditure and Gross Income are material, although the movement in Net Expenditure is not material, reflecting the nature of the funding for the Revenues and Benefits Service. However, the comparative numbers had not been restated. This has now been corrected within the final version of the accounts.
5	Leases – Right Of Use Assets	The disclosure note for ROU assets was presented net, when this exemption applies only to infrastructure assets. This disclosure therefore didn't comply with the CIPFA code or the Regulations. Additionally, the initial figures included in the disclosure were effectively a best guess at a point in time, due to resource constraints at the Council during the drafting of the accounts. As such the initial draft numbers were not correct. This has now been corrected within the final version of the accounts.
6	Pension Schemes	The disclosures in relation to pension schemes lacked a reconciliation of the asset ceiling calculations, as well as inclusion of an accounting policy in relation to the approach taken to the scheme surplus. Additionally, information relating to the ongoing Virgin Media Ltd vs NTL Trustees Limited legal case was not disclosed. These have now been corrected within the final version of the accounts.
7	Officers Remuneration & Termination Benefits	Due to a formula error, a 23/24 exit package value was incorrectly included in the total compensation for loss of office paid in 24/25. Additionally, we identified several banding errors within the officers' remuneration table. These have now been corrected within the final version of the accounts.
8	Related Parties	We noted minor disclosure errors in this note relating to the number of members and senior officers with personal interests in charitable organisations. This has now been corrected within the final version of the accounts.
9	Long Term Debtors	Unlike short term debtors - which is disclosed by Gross Debtor, Expected/Incurred Credit Loss, and Net Debtor - the Council has only disclosed the net debtor position for its long-term debtors. This omits a c£45m debt to Alexandra Palace and Park Charitable Trust (APPCT) that is fully provided for. As per 5.2.4.2 of the CIPFA Code 24/25, authorities shall disclose "an analysis of the assets that are individually determined to be impaired as at the reporting date". This has now been corrected within the final version of the accounts.
10	Short Term Creditors – Receipts In Advance	We have identified an issue with the recording of income during 24/25 that relates to 25/26, in that it is reversed out to the Deferred Income caption rather than Contract Liabilities. A narrative description has now been added to the note to clarify the change.

Control Deficiencies

Although we are disclaiming our audit opinion we have reported recommendations as a result of our work in the current year are as follows:

Priority rating for recommendations		
❶ **Priority one:** issues that are fundamental and material to your system of internal control. We believe that these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.	② **Priority two:** issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately but the weakness remains in the system.	③ **Priority three:** issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	②	**Related Parties Process** We have noted from our walkthrough of the Related Parties process and through testing of the year end note in the financial statements that: • There is no Register of Interests (ROI) held to collate the Declarations of Interest (DOI) for senior officers. • There are several instances in year where people have not completed and returned their DOIs during the 24/25 period, which increases the risk of an incomplete ROI and related party transactions being entered into unknowingly. • There are several instances where the information in the DOIs does not match correctly with the information in the ROI. Any potential error in the transfer of information from the DOIs to the ROI increases the risk of related party transactions being entered into unknowingly. • There are instances of non-disclosure or incorrect disclosure that we have identified via a check against Companies House for each person who has completed a DOI. We recommend that management improves the governance around the related parties process to ensure that the above issues are remedied, including creating a ROI for senior officers as well as performing a Companies House check for completeness.	Recommendation accepted. We will be implementing these as part of our 2025/26 closing process. A register of interest will be held for both members and senior officers to collate all the DOI we receive. This will be regularly reviewed, updated and monitoring going forward. Chief Accountant – June 2026

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Control Deficiencies (cont.)

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
2	2	**Debtors Gross Balances Write Off** Through our work over Debtors and the associated Expected Credit Loss (ECL), we are aware that the Council holds high levels of gross historical ECL and gross debtor on the balance sheet, which inflates the gross position of both balances. Whilst this does not impact the overall net position of the debtors, we recommend that this should be cleared down where the debt is of such an age that it is not realistically recoverable. Currently the Council has £337m of gross debtors and £173m of gross ECL, however a high proportion of this £173m is significantly aged and 100% provided for.	The recommendation is accepted. We will be reviewing all debt as part of the on-going debt review and action write off debts deemed irrecoverable. Chief Accountant – June 2026
3	2	**Beacon Valuation Indexation** As part of the valuation of the Beacons used in the valuation of Council Dwellings, the valuer (Wilks Head & Eve) indexed the 23/24 valuations using UK wide data obtained from the House Price Index. However, when using Haringey specific data from the house price index, this changes the valuation of flats & houses by amounts over our performance materiality, however these ultimately net off such that our assessment of the overall valuation is neutral as per our commentary on page 20. We recommend that in future the data specific to Haringey is utilised to ensure that the valuation produced is more accurate.	There are different applicable models which might contribute to differences between the indices. As stated by external auditors, the values for the model used ultimately net off. We will speak to WHE about using Haringey specific model instead of London region. This will involve valuation timing taking into consideration the publication of Haringey specific data – which takes longer. Chief Accountant – June 2026
4	2	**Quality Of Transaction Listings** We note from our work over various areas of the accounts - particularly income & expenditure and debtors & creditors - that there are a very high number of transactions that comprise each balance, with the result being a significant netting off of high gross balances of debits and credits with any given account caption. As such, this makes identifying reversing entries challenging and has resulted in additional testing and resource being allocated to thoroughly risk assess and understand these populations. We recommend that management ensure staff have sufficient training to efficiently process transactions & reversals in the ledger, as well as potentially alter their accounting process to improve the audit trail of transactions.	The recommendation is noted. We will review these transactions as part of our closure process review and identify the volume and drivers. Measures will be put in place to improve the process, including eliminating contras before sending the transactions listing to review. Chief Accountant – June 2026

Control Deficiencies (cont.)

We have also followed up the recommendations from the previous years audit, in summary:

Total number of recommendations	Number of recommendations implemented	Number outstanding (repeated below):
10	2	8

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Current Status (January 2026)
1	❶	**Journals Review Control** Journal controls are now subject to enhanced scrutiny by auditors and must comply with a series of prescriptive criteria in order to be considered effective. Criteria include: • documentation requirements for the objective being tested • consideration of the data and its reliability • the expected precision and allowable deviations present in the control • the consistency of application • the predictability of inputs, the criteria for investigation / follow up and the outcome of such follow ups. We note that whilst management were able to evidence what they deem to be an effective review process, the journal control does not meet these strict criteria and the threshold set as per the auditing standards. We recommend management fully document the journals review process. As set out above, this should include clearly defined criteria for selection of journals, confirmation that each journal selected has been reviewed along with the supporting documentation and that the posting is accurate and appropriate, and formal documentation of the review conclusions.	This recommendation is accepted by management and an additional step within our journal review process will be put in place to ensure that this criteria is met. Chief Accountant – June 2025	We found the design and implementation of management review controls in relation to journal entries and post-closing adjustments to continue to be ineffective, in line with the control deficiency raised in the prior year. We note that this is a common finding in the public sector and is not unique to Haringey, given the large extra resource it would need to implement a control to the level that would meet the high requirements of the auditing standards. Management have confirmed they are satisfied that the residual risk is low as a result of the process that they already have in place for the review of journals. As such we are not satisfied that this recommendation has been implemented.

Control Deficiencies (cont.)

#	Risk	Management Response/Officer/Due Date	Current Status (January 2026)
2 ❶	**Timeliness & Accuracy Of The Valuation Process** We noted that the information provided to the valuer was incomplete, resulting in the valuer being unable to provide a value for circa £50m of assets that were in use at year end. In respect of Investment Property, the valuer was not informed of all in-year rent increases. As such, the valuations undertaken did not reflect the correct rental values. The council's calculation using the value of these rental increases from its leasing model resulted in an initial value of £16.5m that was disclosed in the accounts. Upon further inspection by WHE, they assigned a value of £15.7m to these properties, giving a variance of £760k, below AMPT – hence this has not been included in our reporting as a misstatement. As such, the information in relation to the 23/24 valuation was not fully provided to WHE until after the publication of the accounts. We also found that several properties valued on an EUV-SH basis were assigned the incorrect Beacon when compared to the underlying data held by the Council, resulting in an incorrect value being attributed to the properties. There is a wider risk of error here in terms of the completeness and accuracy of the data. We recommend that management engages with the valuation process earlier in the cycle and that the process is finalised before the publication of the accounts. We also recommend a review of the Council's properties to ensure that they are appropriately categorised as per the information sent to the valuer.	We acknowledge that the updated rent increases were not reflected in the information provided to the valuers. This has been discussed with the Property Service who will ensure that this additional check is in place and ensure that this is done before information is sent to the valuers. As stated in the findings, we made a prudent estimate that ensured that the accounts was not materially misstated. We recognise that from the sample chosen, one hostel was classified as a beacon hostel, and the other classified as beacon - a one-bedroom bedsit. Management will therefore review our records to ensure that the beacon categories are consistent. Notwithstanding this discrepancy, the valuation for both properties was correct. Chief Accountant – October 2025	We note that the Council's Land & Buildings were valued in two tranches by WHE due to their availability, which led to delays in tying through the valuation & there were material adjustments to the draft financial statements to reflect the full 24/25 valuation. Additionally, several assets were valued by WHE that the Council no longer owns, causing inefficiencies in the process for the Council to manually remove these. As such we are not satisfied that this recommendation has been implemented.
3 ❷	**Management Review Of Actuarial Assumptions** Management review the assumptions and methodologies used in the calculation of the IAS 19 report. This includes inputs to testing such as cash flow, membership data and asset balances. This is based on their understanding of the pension scheme, the accounting standard and the business process and circumstances. However, we identified that there is no criteria or threshold developed for investigation/identification of outliers for pension assumptions. Therefore, it does not allow for an objective criteria to perform their review on and therefore it is ineffective. We recommend that management engages a third-party independent expert to review and analyse the assumptions made by the actuaries.	The valuation of pension assets/ liabilities is a complex exercise involving a high level of subjectivity using a number of assumptions. For this reason, the council is currently utilising the services of a highly rated independent actuary to carry out the valuation. Management will discuss this recommendation with the actuary and also engage with other councils to find out how they intend to deal with this challenge. Chief Accountant – October 2025	We found the design and implementation of management review controls in relation to the review of the assumptions that underpin the actuarial valuation to continue to be ineffective, in line with the control deficiency raised in the prior year. We note that this is a common finding in the public sector and is not unique to Haringey, given the extra cost needed to engage a second actuary. Management have confirmed they are satisfied that the residual risk is low. As such we are not satisfied that this recommendation has been implemented.

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Control Deficiencies (cont.)

#	Risk	Management Response/Officer/Due Date	Current Status (January 2026)
4 ②	**Management Review Of Valuation Assumptions** In line with International Standards on Auditing (ISA), auditors are required to assess the design and implementation of controls where there is a significant audit risk. In the case of the valuation of land and buildings, we seek reliance on management's review and challenge of the assumptions and approach adopted in the asset valuation at year end, as a control. Upon receipt of the valuation report, management should perform a formal, documented review of the assumptions and approach taken to ensure it is applicable to the Council and reflects its asset base.	The Chief Accountant's Team is working with the Property Services to incorporate additional steps within our review processes including a formal documented review of the valuer's assumptions and approach. Chief Accountant – April 2025	We found the design and implementation of management review controls in relation to the review of the assumptions that underpin the property valuation to continue to be ineffective, in line with the control deficiency raised in the prior year. We note that this is a common finding in the public sector and is not unique to Haringey, given the extra cost needed to engage a second valuer. Management have confirmed they are satisfied that the residual risk is low. As such we are not satisfied that this recommendation has been implemented.
5 ②	**Finance Oversight Of Capital Additions** Through risk assessment procedures and discussion with individuals at the entity, it was noted that the finance team do not full oversight of the master plan of all ongoing capital projects to be able to monitor the completion of projects. We also identified several projects during the mid year risk assessment which had been completed and needed to be recategorised. The risk from the above is that capital spend is incorrectly held in assets under construction, rather than transferred into additions, where depreciation would begin. We recommend that the finance team be more involved within the capital process and have enhanced oversight of projects and their completion to ensure that spend is appropriately categorised.	There is a process in place to monitor capital projects and capture AUC completions. However, in some cases, due to the closeness of the completion date to the year-end, this completion was not recorded in time. The plan will be closely monitored and procedures reviewed to ensure newly created assets are appropriately categorised at year-end. In addition, the Council is undergoing a review of its capital programme governance and monitoring, and this recommendation will be overseen by the Strategic Capital Board. Chief Accountant – April 2025	Through our testing in 2024/25 we have completed our work over capital additions and identified no errors. As such we are satisfied that this recommendation has been implemented.

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Control Deficiencies (cont.)

#	Risk		Management Response/Officer/Due Date	Current Status (January 2026)
6	2	**Completion & Timeliness Of Bank Reconciliations** As part of our review of the Council's bank reconciliations, we noted that there were thousands of transactions totalling to a material value that were unreconciled, with these transactions dating back several months, with a few items even several years old. This occurred as the Council did not keep up to date in reconciling the daily 'sweep' of cash within SAP, causing large unreconciled balances to offset across various bank accounts. We also noted that the preparation and review of these bank reconciliations was often completed a significant amount of time after month end. We recommend that management brings these reconciliations up to date and improves the month end process to ensure that all reconciliations are prepared and reviewed in a timely manner.	In 2023/24, there was delay in reconciling some of these accounts at year end. However, the reconciliations were completed at a later date and this had no material impact the council's balances at year end. Management will reinforce the monthly review the bank reconciliation statements through monitoring on a monthly basis. Treasury & Banking Team - April 2025	We have inspected the March 2025 Bank Reconciliations performed for all 8 of the Council's bank accounts and identified considerable gaps between month-end and when the bank reconciliations were prepared and reviewed. All reconciliations were prepared on 29/04/2025 - which is almost a month later – and they were all reviewed either on or after 20/05/2025 (the latest being 11/06/2025). As such we are not satisfied that this recommendation has been implemented.
7	2	**De Minimis Accruals Threshold** Any items relating to income or expenditure that fall below £20,000 are not accrued or deferred in the accounts, that is, they are recorded in the period in which the cash is received or spent rather than the period to which they relate i.e. on a cash basis. The risk here is we cannot confidently conclude how many transactions this has been applied to and the value of the impact - albeit they would be unlikely to reach the materiality threshold. We recommend that the £20k threshold is removed and the accounts are appropriately prepared on a full accruals basis.	Even though the policy states that it is £20k, in practice, managers have the discretion to post amounts below this threshold. The accruals process includes checking after year-end payments and receipts in each service area with a view of accruing where the sum of small amounts add up to material totals. Any charges not accrued would impact on the services' ability to spend in the following year. A review of previous year accruals confirms that amounts far below this threshold were accrued at year-end. Chief Accountant – April 2025	The Council continue to inconsistently accrue for transactions when the value is below £20k, which we identified within our expenditure testing. As such we are not satisfied that this recommendation has been implemented.

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Control Deficiencies (cont.)

#	Risk		Management Response/Officer/Due Date	Current Status (January 2026)
8	2	**Approval Of Significant Related Party Transactions** Auditing standards require us to obtain an understanding of related party processes and controls that: • identify all related parties, relationships and transactions • authorise and approve significant related party transactions and arrangements; and • account for and disclose all related party relationships and transactions in the financial statements. We are satisfied management have a process in place to identify related parties and related party transactions retrospectively through receipt of declarations of interest (DoI), and then an exercise is carried out whereby finance search all ledgers to identify transactions with said related parties at the period end. The process and control in place to collate and ensure receipt of DoIs from individuals is a proportionate control to have in place. However, there is no formal, documented control in place to authorise or approve significant related party transactions before they are entered into. Many of the related party transactions are through the normal course of business, however audited entities are required to have identified controls in place to formally authorise significant transactions. We recommend management establish a control to authorise significant related party transactions.	These related parties are local partner organisations mostly voluntary which facilitate the council's responsibilities for service provision e.g. supporting education improvement in schools, organising resident empowerment programmes, etc. The same controls, approvals, authorisation, and monitoring of third party transactions apply to related party transactions. Management will review the implication of this recommendation and engage with the external auditors on this. Chief Accountant – April 2025	Due to limitations within the procurement & ledger systems, it is still not possible to ensure that significant related party transactions are approved before they are entered into without a large-scale manual process – which has not been implemented. As such we are not satisfied that this recommendation has been implemented.
9	2	IFRS16 Impact Not Calculated The Council plans to implement the new lease accounting standard, IFRS 16, effective April 1, 2024. A review of the IFRS 16 pre-transition disclosures in the draft financial statements revealed that management has only included qualitative disclosures, without providing quantitative impact information. According to IAS 8, the disclosure should include a discussion of the estimated impact the introduction of new standards will have on the financial statements. If a reasonable estimate cannot be made due to data limitations, this fact should be disclosed. While the lack of quantitative disclosures in the 2023-24 financial statements is not considered an omission, given the standard's effective date of April 1, 2024, it is expected that management should be well advanced in their quantitative impact assessment for the 2024-25 financial statements. There is a risk that delaying this assessment could lead to errors, insufficient review time, and potentially material misstatements. We recommend that management ensure that the quantitative impact assessment is scheduled and completed promptly, allowing sufficient time for review and challenge before posting transition adjustments.	The implementation of IFRS 16 comes into force as of 1st April 2024. Work has commenced and is on track to report the quantitative disclosures in the 2024/25 accounts Chief Accountant – July 2025	KPMG were not provided with the IFRS16 workings until November 2025, 5 months after the publication of the draft accounts. Our recommendation was linked to the timely compilation of this disclosure and the associated workings to reduce the risk of errors. However, since this has now been provided, we do not have any further recommendation to make and no further action due, hence we are satisfied that this recommendation has been implemented.

Control Deficiencies (cont.)

#	Risk		Management Response/Officer/Due Date	Current Status (January 2026)
10	2	**Northgate Data Inconsistencies** As part of our work over HRA & valuation we identified several inconsistencies over the Northgate data. When requesting listings relating to HRA income from Northgate, the listings did not reconcile to the general ledger due to Northgate being a live system. This resulted in individual listings requested through a Northgate specialist at a point in time. When these were provided, they could only be done so in PDF format, leading to additional delays. Through our testing of the social housing valuation, it was identified that the Council could not provide supporting evidence to confirm the archetype of older properties listed in Northgate. The initial evidence has not been retained over the years and systems used. We recommend that the Council produces and retains the Northgate listings as at year end to ensure that the supporting listings match the figures within the accounts.	This recommendation is accepted. The Excel reports provided as part of the audit working papers did not reconcile to the general ledger at 31 March 2024. The subsequent PDF reports provided reconciled with the general ledger. Management will ensure that for the 2024/25 accounts, the working paper is produced on 31 March 2025 and to provide a snap short in time because Northgate is a 'live' system. Northgate is the record system for our property attributes e.g. 4 Bedroom House. The tenancy agreement derives information from Northgate. New tenancy agreements would include the property attributes. Older tenancy agreements (e.g. 1970s), may not include property attributes. If there is a discrepancy , it would be noticed on sign up (showing the tenant around), and Northgate and the tenancy agreement would be amended accordingly. Chief Accountant – March 2025	We have continued to encounter difficulties with agreeing the Beacons used for Council Dwellings to the underlying information held by the Council. However, we have not identified the same issues with reconciling HRA transaction listings as in the prior year. As such this recommendation is partially implemented but remains outstanding.

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FRC's areas of focus

The FRC released their Annual Review of Corporate Reporting 2023/24 ('the Review') in September 2024 having already issued three thematic reviews during the year.

The Review and thematics identify where the FRC believes companies can improve their reporting. These slides give a high level summary of the key topics covered. We encourage management and those charged with governance to read further on those areas which are significant to their entity.

Key expectations for 2024/25 annual reports

Overview

The Review identifies that the quality of reporting across FTSE 350 companies has been maintained this year, but there is a widening gap in standards between FTSE 350 and non-FTSE 350 companies. This is noticeable in the FRC's top two focus areas, 'Impairment of assets' and 'Cash Flow Statements'.

'Provisions and contingencies' has fallen out of the top ten issues for the first time in over five years. This issue is replaced by 'Taskforce for Climate-related Financial Disclosures (TCFD) and climate-related narrative reporting'.

The FRC re-iterates that companies should apply careful judgement to tell a consistent and coherent story whilst ensuring the annual report is clear, concise and Council/Authority-specific.

Pre-issuance checks and restatements

The FRC expects companies to have in place a sufficiently robust self-review process to identify common technical compliance issues. The FRC continues to be frustrated by the increasing level of restatements affecting the presentation of primary statements. This indicates that thorough, 'step-back' reviews are not happening in all cases.

Risks and uncertainties

Geopolitical tensions continue and low growth remains a concern in many economies, particularly with respect to going concern, impairment and recognition/recoverability of tax assets and liabilities. The FRC continue to push for enhanced disclosures of risks and uncertainties. Disclosures should be sufficient to allow users to understand the position taken in the financial statements, and how this position has been impacted by the wider risks and uncertainties discussed elsewhere in the annual report.

Financial reporting framework

The FRC reminds preparers to consider the overarching requirements of the UK financial reporting framework in determining the information to be presented. In particular the requirements for a true and fair view, along with a fair, balanced, and comprehensive review of the Council/Authority's development, position, performance, and future prospects.

The FRC does not expect companies to provide information that is not relevant and material to users, and companies should exercise judgement in determining what information to include.

Companies should also consider including disclosures beyond the specific requirements of the accounting standards where this is necessary to enable users to understand the impact of particular transactions or other events and conditions on the entities financial position, performance and cash flows.

FRC's areas of focus (cont.)

Impairment of assets

Impairment remains a key topic of concern, exacerbated in the current year by an increase in restatements of parent Council/Authority investments in subsidiaries.

Disclosures should provide adequate information about key inputs and assumptions, which should be consistent with events, operations and risks noted elsewhere in the annual report and be supported by a reasonably possible sensitivity analysis as required.

Forecasts should reflect the asset in it's current condition when using a value in use approach and should not extend beyond five years without explanation.

Preparers should consider whether there is an indicator of impairment in the parent when its net assets exceed the group's market capitalisation. They should also consider how intercompany loans are factored into these impairment assessments.

Cash flow statements

Cash flow statements remain the most common cause of prior year restatements.

Companies must carefully consider the classification of cash flows and whether cash and cash equivalents meet the definitions and criteria in the standard. The FRC encourage a clear disclosure of the rationale for the treatment of cash flows for key transactions.

Cash flow netting is a frequent cause of restatements and this was highlighted in the 'Offsetting in the financial statements' thematic.

Preparers should ensure the descriptions and amounts of cash flows are consistent with those reported elsewhere and that non-cash transactions are excluded but reported elsewhere if material.

Climate

This is a top-ten issue for the first time this year, following the implementation of TCFD.

Companies should clearly state the extent of compliance with TCFD, the reasons for any non-compliance and the steps and timeframe for remedying that non-compliance. Where a Council/Authority is also applying the CIPFA Climate-related Financial Disclosures, these are mandatory and cannot be 'explained', further the required location in the annual report differs.

Companies are reminded of the importance of focusing only on material climate-related information. Disclosures should be concise and Council/Authority specific and provide sufficient detail without obscuring material information.

It is also important that there is consistency within the annual report, and that material climate related matters are addressed within the financial statements.

Financial instruments

The number of queries on this topic remains high, with Expected Credit Loss (ECL) provisions being a common topic outside of the FTSE 350 and for non-financial and parent companies.

Disclosures on ECL provisions should explain the significant assumptions applied, including concentrations of risk where material. These disclosures should be consistent with circumstances described elsewhere in the annual report.

Council/Authority should ensure sufficient explanation is provided of material financial instruments, including Council/Authority -specific accounting policies.

Lastly, the FRC reminds companies that cash and overdraft balances should be offset only when the qualifying criteria have been met.

Judgements and estimates

Disclosures over judgements and estimates are improving, however these remain vital to allow users to understand the position taken by the Council/Authority. This is particularly important during periods of economic and geopolitical uncertainty.

These disclosures should describe the significant judgements and uncertainties with sufficient, appropriate detail and in simple language.

Estimation uncertainty with a significant risk of a material adjustment within one year should be distinguished from other estimates.

Further, sensitivities and the range of possible outcomes should be provided to allow users to understand the significant judgements and estimates.

FRC's areas of focus (cont.)

Revenue

Disclosures should be specific and, for each material revenue stream, give details of the timing and basis of revenue recognition, and the methodology applied. Where this results in a significant judgement, this should be clear.

Presentation

Disclosures should be consistent with information elsewhere in the annual report and cover Council/Authority - specific material accounting policy information.

A thorough review should be performed for common non-compliance areas of IAS 1.

Income taxes

Evidence supporting the recognition of deferred tax assets should be disclosed in sufficient detail and be consistent with information reported elsewhere in the annual report.

The effect of Pillar Two income taxes should be disclosed where applicable.

Strategic report

The strategic report must be 'fair, balanced and comprehensive'. Including covering all aspects of performance, economic uncertainty and significant movements in the primary statements.

Companies should ensure they comply with all the statutory requirements for making distributions and repurchasing shares.

Fair value measurement

Explanations of the valuation techniques and assumptions used should be clear and specific to the Council/Authority.

Significant unobservable inputs should be quantified and the sensitivity of the fair value to reasonably possible changes in these inputs should provide meaningful information to readers.

Thematic reviews

The FRC has issued three thematic reviews this year: 'Reporting by the UK's largest private companies' (see below), 'Offsetting in the financial statements', and 'IFRS 17 Insurance contracts –Disclosures in the first year of application'. The FRC have also performed Retail sector research (see below).

UK's largest private companies

The quality of reporting by these entities was found to be mixed, particularly in explaining complex or judgemental matters. The FRC would expect a critical review of the draft annual report to consider:

- internal consistency
- whether the report as a whole is clear, concise, and understandable; notably with respect to the strategic report
- whether it omits immaterial information, or
- whether additional information is necessary for the users understanding particularly with respect to revenue, judgments and estimates and provisions

Retail sector focus

Retail is a priority sector for the FRC and the research considered issues of particular relevance to the sector including:

- Impairment testing and the impact of online sales and related infrastructure
- Alternative performance measures including like for like (LFL) and adjusted e.g. pre-IFRS 16 measures
- Leased property and the disclosure of lease term judgements, particularly for expired leases.
- Supplier income arrangements and the clarity of accounting policies and significant judgements around measurement and presentation of these.

2024/25 review priorities

The FRC has indicated that its 2024/25 reviews will focus on the following sectors which are considered by the FRC to be higher risk by virtue of economic or other pressures:

- Industrial metals and mining
- Construction and materials
- Food producers
- Retail
- Gas, water and multi-utilities
- Financial Services

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KPMG's Audit quality framework

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion.

To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

Responsibility for quality starts at the top through our governance structures as the UK Board is supported by the Audit Oversight (and Risk) Committee, and accountability is reinforced through the complete chain of command in all our teams.

Commitment to continuous improvement

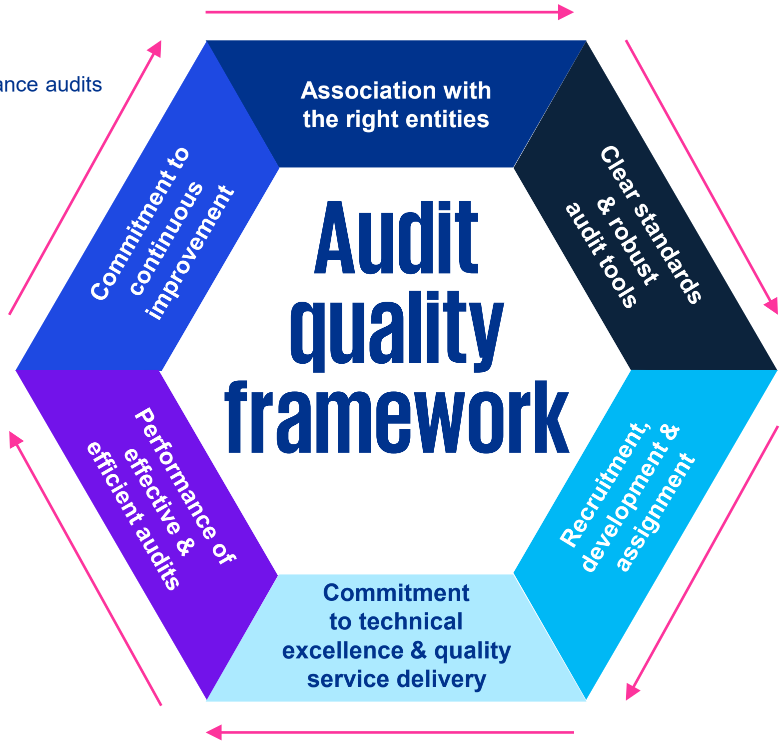
- Comprehensive effective monitoring processes
- Significant investment in technology to achieve consistency and enhance audits
- Obtain feedback from key stakeholders
- Evaluate and appropriately respond to feedback and findings

Performance of effective & efficient audits

- Professional judgement and scepticism
- Direction, supervision and review
- Ongoing mentoring and on the job coaching, including the second line of defence model
- Critical assessment of audit evidence
- Appropriately supported and documented conclusions
- Insightful, open and honest two way communications

Commitment to technical excellence & quality service delivery

- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights



Association with the right entities

- Select clients within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

Clear standards & robust audit tools

- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

Recruitment, development & assignment of appropriately qualified personnel

- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members employed KPMG specialists and specific team members

kpmg.com/uk

Report for: Audit Committee – 29th January 2026

Item number: 9

Title: Draft Treasury Management Strategy Statement 2026/27

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

Lead Officer: Sam Masters, Head of Finance – Banking and Treasury
sam.masters@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: Non key decision

1. Describe the issue under consideration

1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

1.2. The CIPFA Code requires the Committee responsible for monitoring treasury management activities to formulate the Treasury Management Strategy Statement (TMSS). The TMSS is then subject to scrutiny before being approved by Full Council 2nd March 2026.

1.3. This report presents this Committee with the updated TMSS for 2026/27, subject to its scrutiny at the Overview and Scrutiny Committee at its meeting on 19th January 2026, and subject to consultation with the lead Cabinet Member for Finance and Corporate Services

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

The Audit Committee is recommended:

3.1. To consider and comment on the proposed updated Treasury Management Strategy Statement for 2026/27 and to recommend it to Full Council for approval.

3.2. Delegate to the Section 151 officer in consultation with the Chair of Audit Committee, authority to agree any updates to the Treasury Management Strategy Statement for 2026/27 before Full Council for approval.

3.3. To note that the Overview and Scrutiny Committee (at its meeting on 19th January 2026) and the Cabinet Member for Finance and Corporate Services have been consulted in the preparation of the Treasury Management Strategy Statement.

4. Reason for Decision

4.1. The CIPFA Code requires all local authorities to agree a Treasury Management Strategy annually in advance of the new financial year.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. The Council's treasury management activity is underpinned by CIPFA's Treasury Management in Public Services: Code of Practice (the CIPFA Code), which requires all local authorities to produce annually a Treasury Management Strategy Statement.

6.2. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

6.3. The following sections provide a summary of the proposed treasury strategy for the financial year 2026/2027.

Economic Background

6.4. The impact on the UK from the government's Autumn Budget is likely to be one of the major influences on the Authority's treasury management strategy for 2026/27. Other influences will include lower short-term interest rates alongside higher medium and longer term rates, modest economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and ongoing geopolitical issues.

6.5. The Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 3.75% in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage

6.6. CPI inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.

6.7. Further details on the economic outlook over the medium term can be found in section 2 and Annex A of Appendix 1 this report.

Haringey Council's Local Context

6.8. The Treasury Management Strategy Statement sets out a five-year position throughout the report, which better aligns with the Council's medium term financial strategy.

6.9. The Council's capital plans are set out in the Council's Capital Strategy for 2026–2036 and the Capital Programme 2026-2031, which forms part of the main budget report to be presented to Cabinet on the 10th February.

6.10. The Council's underlying need to borrow for capital purposes, referred to as the Capital Financing Requirement (CFR) is also set out in section 3 of Appendix 1 to this report. The Council has an increasing CFR driven by its overall capital programme. As a result, additional borrowing will be required in the upcoming years to finance both the General Fund and the Housing Revenue Account's (HRA) capital programmes.

6.11. Appendix 1 (Table 2) shows a total borrowing requirement of £415m is required to finance the Council's core capital programme plan and EFS requirement in 2026/27. There is a revenue impact of the recommended borrowing strategy referred to as Capital Financing Costs, covering both interest costs and the Minimum Revenue Provision (MRP). The Minimum Revenue Provision (MRP) is when the Council has to make an annual contribution from revenue and is required to ensure that the Council pays down debt in a prudent manner. Annex C sets out the Council's MRP statement for 2026/27.

6.12. The Council's financial position is challenging. Efforts to reduce costs and identify additional savings continues but Haringey has made an application to the Ministry for Housing, Communities and Local Government for Exceptional Financial Support (EFS) to be made available if it is required during 2026/27. The outcome of the application will not be confirmed until end of February 2026

6.13. EFS is a necessary response to the Council's financial circumstances and if required, support will be provided through an agreement by Government that the Council can capitalise part of its day to day running costs. In practice this means that the Council has permission to either borrow or use capital receipts from the sale of assets to fund day-to-day expenditure.

6.14. An update on the Council's financial position will be presented to Overview and Scrutiny Committee on 29 January 2026 before the Cabinet consider the final draft budget on 10 February 2026. For planning purposes, this draft TMSS has been prepared on the basis that up to £100m may be required through a capitalisation directive that allows borrowing for some day to day services will be required. This assumption will remain under review over the next few weeks with the expectation that any EFS required to balance the budget will be minimised. Any update will be reflected in the updated TMSS to Audit Committee on 29 January 2026 and the final TMSS presented to

Cabinet on 10 February 2026. Therefore, the figures in this TMSS are subject to change over the next few weeks.

6.15. Full details will also be set out in the Chief Finance Officer's Section 25 Statement of the 2026/27 Budget and Medium Term Financial Strategy report going to Cabinet on 10 February 2026. Support through EFS is not a long term sustainable financial strategy and work will continue through 2026/27 to reduce the amount of EFS drawdown and reduce the need for any EFS from 2027/28 onwards.

Borrowing Strategy

6.16. The Council's primary objective when borrowing, is to strike an appropriate balance between securing low interest costs and achieving cost certainty over the period for which funds are required.

6.17. The Council's borrowing decisions are not based on any single outcome for interest rates, and it intends to maintain a balanced portfolio of short and long-term borrowing.

6.18. Further details on the Council's borrowing strategy including the available sources of borrowing can be found in section 4 of Appendix 1 to this report.

Treasury Investment Strategy

6.19. In accordance with the CIPFA Code and government guidance, the Council aims to strike an appropriate balance between risk and return, when making treasury investments. The aim is to prioritise the security and liquidity of its investments before seeking the optimum rate of return or yield.

6.20. Further details on the Council's treasury investment strategy including the proposed counterparties, investment limits and treasury risk assessment approach can be found in section 5 of Appendix 1 to this report.

Treasury Management Prudential Indicators

6.21. The Council measures and manages its exposures to treasury management risks using several indicators that are set when the Treasury Management Strategy is approved in advance of the new financial year.

6.22. A detailed assessment of the proposed treasury management prudential indicators for the next financial year can be found in section 6 of Appendix 1 to this report.

7. Contribution to Strategic Outcomes

7.1. None

8. Carbon and Climate Change

8.1. Not applicable

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

9.1. Finance Comments are included throughout the report.

Head of Legal Services & Deputy Monitoring Officer [Haydee Nunes De Souza]

9.2. The Head of Legal Services has been consulted on the content of this report which is consistent with legislation governing the financial affairs of the Council. In particular, the Council must comply with the requirements of the Local Government Act 2003 ("the 2003 Act"), the Local Authorities (Capital Financing & Accounting – England) Regulations 2003 and the CIPFA Treasury Management code.

9.3. The prudential capital finance system relies on the provisions of Part 1 of the 2003 Act. Under this system, local authorities can borrow funds for capital investment as long as the borrowing remains within prudent limits. Section 1 of the 2003 Act allows the council to borrow for any purpose related to its functions or the prudent management of its financial affairs, provided it does not breach the affordable borrowing limit determined in accordance with section 3(1) of the 2003 Act.

9.4. The government has agreed to provide a number of local authorities with support via the Exceptional Financial Support framework, following requests from these councils for assistance to manage financial pressures that they considered unmanageable. The support is provided on an exceptional basis, and on the condition that each local authority is subject to an external assurance review.

9.5. Part 4, Rules of Procedure Section I – Financial Regulations, of the council's constitution provides that the Overview and Scrutiny Committee will scrutinise the draft Treasury Management Strategy Statement annually, before its adoption by Full Council.

9.6. The Treasury Management Strategy is part of the Council's Policy Framework. As such, approval of the Treasury Management Strategy is reserved to Full Council.

Equalities

There are no equalities issues arising from this report.

10. Use of Appendices

10.1. Appendix 1 – Draft Treasury Management Strategy Statement 2026/27

11. Background Papers

11.1. None

London Borough of Haringey
Treasury Management Strategy Statement 2026/27

1. Introduction

1.1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risks are therefore central to the Council's prudent financial management.

1.2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice 2021 Edition* (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the *Local Government Act 2003* to have regard to the CIPFA Code.

2. External Context – provided by the Council's appointed treasury advisor, Arlingclose

Economic background

2.1. The impact on the UK from the government's Autumn Budget is likely to be one of the major influences on the Authority's treasury management strategy for 2026/27. Other influences will include lower short-term interest rates alongside higher medium- and longer-term rates, modest economic growth, together with ongoing uncertainties around the global economy, stock market sentiment, and ongoing geopolitical issues.

2.2. The Bank of England's Monetary Policy Committee (MPC) cut Bank Rate to 3.75% in December 2025, as expected. The vote to cut was 5-4, with the minority instead favouring holding rates at 4.0%. Those members wanting a cut judged that disinflation was established while those preferring to hold Bank Rate argued that inflation risks remained sufficiently material to leave rates untouched at this stage.

2.3. Figures from the Office for National Statistics showed that the UK economy expanded by 0.1% in the third quarter of the calendar year, this was unrevised from the initial estimate. The most recent Monetary Policy Report (November) projected modest economic growth, with GDP expected to rise by 0.2% in the final calendar quarter of 2025. Annual growth is forecast to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. The view of modest economic growth going forward was echoed by the Office for Budget Responsibility in its Economic and fiscal outlook published in line with the Autumn Statement which revised down its estimate of annual real GDP to around 1.5% on average between 2025 and 2030.

2.4. CPI inflation was 3.2% in November 2025, down from 3.6% in the previous month and below the 3.5% expected. Core CPI eased to 3.2% from 3.4%, contrary to forecasts of remaining at 3.6%. Looking forward, the MPC continues to expect inflation to fall to around 3% in calendar Q1 2026, before steadily returning to the 2% target by late 2026 or early 2027.

2.5. The labour market continues to ease with rising unemployment, falling vacancies and flat inactivity. In the three months to October 2025, the unemployment rate increased to 5.1%, higher than the level previously expected by the BoE, while the employment rate slipped to 74.9%. Pay growth for the same period eased modestly, with total earnings (including bonuses) growth at 4.7% and while regular pay was 4.6%.

2.6. The US Federal Reserve also continued to cut rates, including reducing the target range for the Federal Funds Rate by 0.25% at its December 2025 meeting, to 3.50%-3.75%, in line with expectations. The minutes of the meeting noted that most Fed policymakers judged that further rate cuts would be likely in 2026 if inflation continues to ease, however they were still divided in their assessment of the risks between inflation and unemployment.

2.7. The European Central Bank (ECB) kept its key interest rates unchanged in December for a fourth consecutive meeting, maintaining the deposit rate at 2.0% and the main refinancing rate at 2.15%. The ECB maintained that future policy decisions will remain data-dependent, that inflation is close to its 2% target and that the euro area economy continues to expand despite a challenging global environment, including heightened geopolitical risks and trade tensions

Credit outlook

2.8. Credit outlook: Credit Default Swap (CDS) prices, which spiked in April 2025 following President Trump's 'Liberation Day' tariff announcements, have since trended lower, returning to levels broadly consistent with their 2024 averages. Although CDS prices rose modestly during October and November, the overall credit outlook remains stable, and credit conditions are expected to remain close to the range seen over the past two years.

2.9. While lower interest rates may weigh on banks' profitability, strong capital positions, easing inflation, steady economic growth, low unemployment, and reduced borrowing costs for households and businesses all support a favourable outlook for the creditworthiness of institutions on (the authority's treasury management advisor) Arlingclose's counterparty list. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.

Interest rate forecast (18th December 2025)

2.10. Arlingclose, the Authority's treasury management adviser, currently forecasts that the Bank of England's Monetary Policy Committee will continue to reduce Bank Rate in 2026, reaching around 3.25%. This forecast reflects amendments made following The Autumn Budget and an assessment of the fiscal measures and their market implications, and following the BoE MPC meeting held on 18th December.

2.11. Long-term gilt yields, and therefore interest rates payable on long-term borrowing, are expected to remain broadly stable on average, though with continued volatility, and to end the forecast period marginally lower than current levels. Yields are likely to stay higher than in the pre-quantitative tightening era, reflecting ongoing balance sheet reduction and elevated bond issuance. Short-term fluctuations are expected to persist in response to economic data releases and geopolitical developments.

2.12. A more detailed economic and interest rate forecast provided by Arlingclose is included in this document as Annex A.

2.13. For the purpose of setting the budget, it has been assumed that new treasury investments will be made at an average rate of 3.5%, and that new long-term loans will be borrowed at an average rate of 5%.

3. Local Context

Capital Expenditure and Financing

The Council's capital plans and Exceptional Financial Support are the main factors driving its borrowing requirements. These plans are set out in the Council's Capital Strategy for 2026–2036 and the Capital Programme 2026-2031, which forms part of the main budget report and has been taken into account in preparing this report. Table 1 below summarises the Council's planned capital expenditure, including both previously approved schemes and those proposed for approval as part of the 2026/27 Budget and Medium-Term Financial Strategy (MTFS).

Table 1: Capital Expenditure

	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Actual	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m	£m
General Fund Account (GF)	80	143	202	139	63	46	8
Housing Revenue Account (HRA)	160	282	389	534	405	344	280
Exceptional Financial Support (EFS)	10	54	100	100	100	100	100
Total	**250**	**479**	**691**	**774**	**567**	**490**	**388**

3.1 Regulatory and professional guidance requires that elected members understand the scale and nature of any commercial activity in the context of the Council's overall financial position. The capital expenditure figures in Table 1 confirms that no such commercial activity is included in the future programme.

3.2 The programme excludes other long-term liabilities—such as Private Finance Initiative (PFI) commitments and leasing arrangements—which already incorporate borrowing instruments.

3.3 Subject to approval by the MHCLG, the Exceptional Financial Support (EFS) arrangements (see Sections 3.19–3.24) will permit certain revenue expenditure items (day to day running costs) to be treated as capital and funded by Capital Receipts and borrowing.

3.4 Table 2 sets out the proposed funding for the capital programme covering 2026/27 to 2030/31. Any shortfall in available resources will create a borrowing requirement.

Table 2: Capital Financing

	31.3.25	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Actual	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m	£m
General Fund							
Borrowing	46.0	109	131	44	25	18	8
Borrowing - EFS	10.0	54	100	100	100	100	100
Borrowing - Self-Funding (see para 8.3)	2.8	0	0	0	0	0	0
Capital Receipts	0.0	0	0	0	0	0	0
Capital Grants from Central Government Departments	13.9	17	20	16	8	7	0
Capital Funding from GLA ,TfL & Other LA's	9.6	5	7	27	27	19	0
Revenue Contribution to Capital Outlay (RCCO)	0.3	0	1	4	1	1	0
Usable Capital Reserves	0.8	2	0	0	0	0	0
Land appropriation	0.0	0	0	2	0	0	0
Community Infrastructure Levy	2.9	6	2	2	2	2	0
Grants & Contribs from Non-departmental Public Bodies	0.0	3	0	4	0	0	0
S106/Developer Contributions	3.5	0	40	40	0	0	0
TOTAL GENERAL FUND (GF) FINANCING	**89.9**	**197**	**302**	**239**	**163**	**146**	**108**
Housing Revenue Account (HRA)							
Capital Grants	20.9	146	223	75	93	51	42
Major Repairs Reserve	22.6	23	25	26	28	29	30
Revenue contributions	4.4	0	0	3	1	3	4
RTB Capital Receipts	9.8	11	10	8	8	5	5
Leaseholder Contributions to Major Works	8.3	7	7	7	7	8	7
Other Subsidy	0.0	0	7	11	18	22	24
Market Sales Receipts	4.7	0	0	7	7	0	0
Borrowing	89.5	95	117	396	243	225	167
TOTAL HRA FINANCING	**160.1**	**282**	**389**	**534**	**405**	**344**	**280**
TOTAL CAPITAL FINANCING	**250.0**	**479**	**691**	**774**	**567**	**490**	**388**

3.5 The Council’s Capital Strategy and programme are subject to rigorous scrutiny and challenge to ensure that all capital plans are both affordable and prudent. While Table 1 illustrates the five-year impact of the capital programme, each scheme is assessed in its entirety, recognising that some projects extend beyond a five-year timeframe. The Capital Delivery Framework, included in Section 10 of the Capital

Strategy for 2026–2036, outlines a structured lifecycle for the development and delivery of capital projects and programmes—from initial business case formulation through to implementation and closure. It incorporates HM Treasury's Green Book Five Case Model across a Gateway process and assess project deliverability. The framework also embeds CIPFA principles to ensure that all investment decisions are strategically aligned, financially sustainable, and focused on delivering measurable outcomes.

3.6 On 31 December 2025, the Council held £1,141.9m of borrowing and £73.2m of treasury investments. This is set out further in detail at Annex B. Forecast changes in these sums are shown in the balance sheet analysis in Table 3 below.

Table 3: Balance Sheet Summary and Forecast (Capital Financing Requirement)

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m	31.3.31 Forecast £m
General Fund CFR	782	854	951	970	972	966	951
EFS CFR	10	64	166	271	379	489	603
HRA CFR	627	722	839	1,235	1,478	1,703	1,871
Total CFR	**1,419**	**1,640**	**1,956**	**2,476**	**2,829**	**3,159**	**3,425**
Less: Other debt liabilities*	-59	-34	-16	-12	-9	-7	-5
Loans CFR	**1,360**	**1,605**	**1,940**	**2,464**	**2,820**	**3,152**	**3,420**
Less: Balance sheet Resources (Internal borrowing)	-394	-387	-387	-390	-393	-396	-396
CFR Funded by External Borrowing	**966.5**	**1,218.0**	**1,552.5**	**2,074.0**	**2,426.3**	**2,756.0**	**3,023.7**
Breakdown of External Borrowing:							
Existing borrowing**	981.3	1,115	1,033	973	893	833	773
New borrowing to be raised		38	353	830	1,154	1,433	1,647
New Borrowing to be raised for EFS		64	166	271	379	489	603

* leases and PFI liabilities that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing

3.7 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). The Council's current approach is to keep borrowing and investments below their underlying levels—a practice commonly referred to as internal borrowing.

3.8 Under CIPFA's Prudential Code for Capital Finance in Local Authorities, the Council's total debt should remain below its highest forecast CFR over the next three years. As shown in Table 3, the Council expects to remain compliant with this recommendation throughout the Medium-Term Financial Strategy (MTFS) period.

3.9 The Council's capital expenditure outlined in Table 1, shows a total expenditure of £691m, with a borrowing requirement of £348m (Table 2) required to finance the Council's core capital programme plan and EFS in 2026/27. There is a revenue impact of the recommended borrowing strategy referred to as Capital Financing Costs, covering both interest costs and the Minimum Revenue Provision (MRP). The Minimum Revenue Provision (MRP) is when the Council has to make an annual contribution from revenue and is required to ensure that the Council pays down debt in a prudent manner. Annex C sets out the Council's MRP statement for 2026/27. The es timated MRP over the MTFS period is set out in Table 4:

Table 4: Estimated MRP 2025/26 to 2030/31

	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m	31.3.31 Forecast £m
General Fund MRP	16	17	19	20	20	21
EFS MRP	0.3	2	5	8	11	14
PFI/Leases	21	17	4	4	3	3
Total MRP	**37**	**36**	**29**	**31**	**34**	**38**

3.10 The Council's underlying need to borrow to finance its capital programme is measured by the capital financing requirement (CFR). This increases when new debt financed capital expenditure is incurred and reduces when MRP is made. Table 3 (above) shows the estimated CFR over the MTFS period.

Loans to third parties

3.11 Within the proposed 2026/27 capital programme there is a loan to Alexander Palace & Park Charitable Trust for the refurbishment of the Panaroma Room of £3.5m. In addition, there will be a loan to Alexander Palace & Park Charitable Trust for the purchase of a new lighting grid (the Motherlode) for £1.5m. These loans are crucial to maintain the attractiveness of the Trust as an events venue and their financial sustainability.

3.12 Should the Council wish to make loans to other third parties it would only do so if the business case is approved. Such loans will only be considered when all of the criteria are satisfied:

3.13 The loan is towards expenditure which would, if incurred by the Council, be capital expenditure;

- The purposes for which the loan is given is consistent with the Council's priorities in the Corporate Delivery Plan;
- Due diligence is carried out that confirms the Council can legally make the loan and there is a clear assessment of the risk of loss over the loan term;
- A formal loan agreement is put in place which stipulates the loan amount, period, repayment terms and loan rate - this will be set at a level that seeks to mitigate any perceived risks of loan loss and takes appropriate account of any regulatory requirements relating subsidy.

Reporting Requirements

3.13 In line with CIPFA's current *Treasury Management Code* and *Prudential Code* (20 December 2021), the Council receives and approves the following reports, which incorporate a range of strategies, policies, and both estimated and actual figures:

- **Quarterly Treasury Management Update Reports** – including the Mid-Year Update, which provides progress updates on the capital position, revises Prudential Indicators where necessary, and advises whether any policy changes are required.
- **Annual Treasury Management Report –** a retrospective review detailing actual prudential, capital, and treasury management indicators, and comparing actual treasury operations against original estimates.
- **Treasury Management Strategy** – setting out prudential capital and treasury management indicators alongside the Council's treasury strategy (this report).

3.14 The Council adheres to these Codes of Practice and reporting requirements when it prepares the Treasury Management Strategy Statement and related reports during the financial year, reporting to Audit Committee, Overview and Scrutiny Committee, Cabinet and Full Council as required during the reporting cycle.

Training

3.15 The Treasury Management Code requires that a designated Council officer (the "responsible officer") ensures members with treasury management responsibilities receive appropriate and sufficient training. This requirement is particularly important for members involved in scrutiny. In addition, the Code stipulates that all organisations must maintain a formal and comprehensive knowledge and skills framework or training policy. This policy should support the effective acquisition and retention of treasury management expertise for all individuals involved in management, delivery, governance, and decision-making.

3.16 Training is provided to all Members involved in monitoring treasury management performance. Members of the Overview and Scrutiny Committee and the Audit Committee receive dedicated Treasury Management training to support their annual review, scrutiny, and approval of the Treasury Management Strategy Statement as part of the budget planning process. The Council will regularly assess whether both treasury management staff and Members possess the necessary knowledge and skills to fulfil their roles and will ensure these competencies are maintained and kept up to date.

Treasury management advisors

3.17 The Council recognises the benefits of engaging external providers of treasury management services to access specialist expertise and resources. Haringey currently retains the services of **Arlingclose Ltd**, which provides comprehensive advice and support across a wide range of areas, including

- Strategy development and implementation
- Regulatory compliance and reporting
- Investment guidance and counterparty credit assessments
- Economic outlook and financial market analysis
- Interest rate forecasting
- Debt management and funding options
- Training for Members and officers
- Technical accounting support

3.18 Treasury management decisions remain the responsibility of the Council and are informed, though not solely determined, by the latest advice from external advisors. The Council will continue to ensure that it does not place undue reliance on the services of its treasury advisors, maintaining independent judgment and accountability in all decision-making.

Exceptional Financial Support

3.19 The Council's financial position is challenging. Efforts to reduce costs, deliver existing savings over the MTFS period and identify additional savings continues however as part of budget planning, and in line with the latest update on the Medium Term Financial Position presented to Cabinet in November, an application to the Ministry for Housing, Communities and Local Government for Exceptional Financial Support (EFS) for 2026/27 will be required to ensure that in line with statutory duties, a legally balanced budget can be set.

3.20 If approved for 2026/27, this will enable the Council—through Government agreement—to capitalise a portion of its day-to-day running costs. In practice, this means the Council has permission to either borrow or use capital receipts from asset sales to fund revenue expenditure.

3.21 Borrowing these amounts may be required if it represents better value than applying capital receipts. The associated borrowing costs have been incorporated into the Treasury Management budget from 2026/27 onwards.

An update on the 2026/27 Provisional Local Government Finance Settlement will be presented to Overview and Scrutiny Committee on 19 January 2026 and will be incorporated into the draft 2026/27 budget that is presented to Cabinet on 10 February 2026. For planning purposes, this draft TMSS has been prepared on the basis that up to £100m of EFS may be required and through a capitalisation directive, that allows borrowing for some day to day services. The outcome of the Council's application will not be known until February 2026 after the final Local Government Finance Settlement 2026/27 is published. The expectation is that any EFS required to balance the budget will be minimised.

3.22 This draft TMSS will be updated to reflect the final EFS requirement with the final TMSS presented to Full Council on 2 March 2026 for approval. Full details will also be set out in the Chief Finance Officer's Section 25 Statement of the 2026/27 Budget and Medium-Term Financial Strategy report to Cabinet on 10 February 2026.

3.23 Support through EFS is not a long term sustainable financial strategy and work will continue through 2026/27 to reduce the amount of EFS in future years.

3.24 Taking into account the proposed capital programme and the EFS requirement, the Council's Capital Financing Requirement (CFR) is projected to increase, while treasury investments remain minimal. Consequently, there is an anticipated new borrowing requirement of up to £2,148m over the forecast period 2026/27 to 2030/31 (see Table 3). Table 5 provides a breakdown of the forecast borrowing position at each financial year-end, covering both the General Fund and the Housing Revenue Account (HRA) capital programmes.

Table 5: Year-end Borrowing Position Summary

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m	31.3.31 Forecast £m
General Fund borrowing	459.8	588	623	745	816	862	896
EFS borrowing	10.0	64	166	271	379	489	603
HRA borrowing	511.4	566	763	1,058	1,231	1,404	1,524
Total borrowing	**981.3**	**1,218**	**1,552**	**2,074**	**2,426**	**2,756**	**3,024**

Liability Benchmark

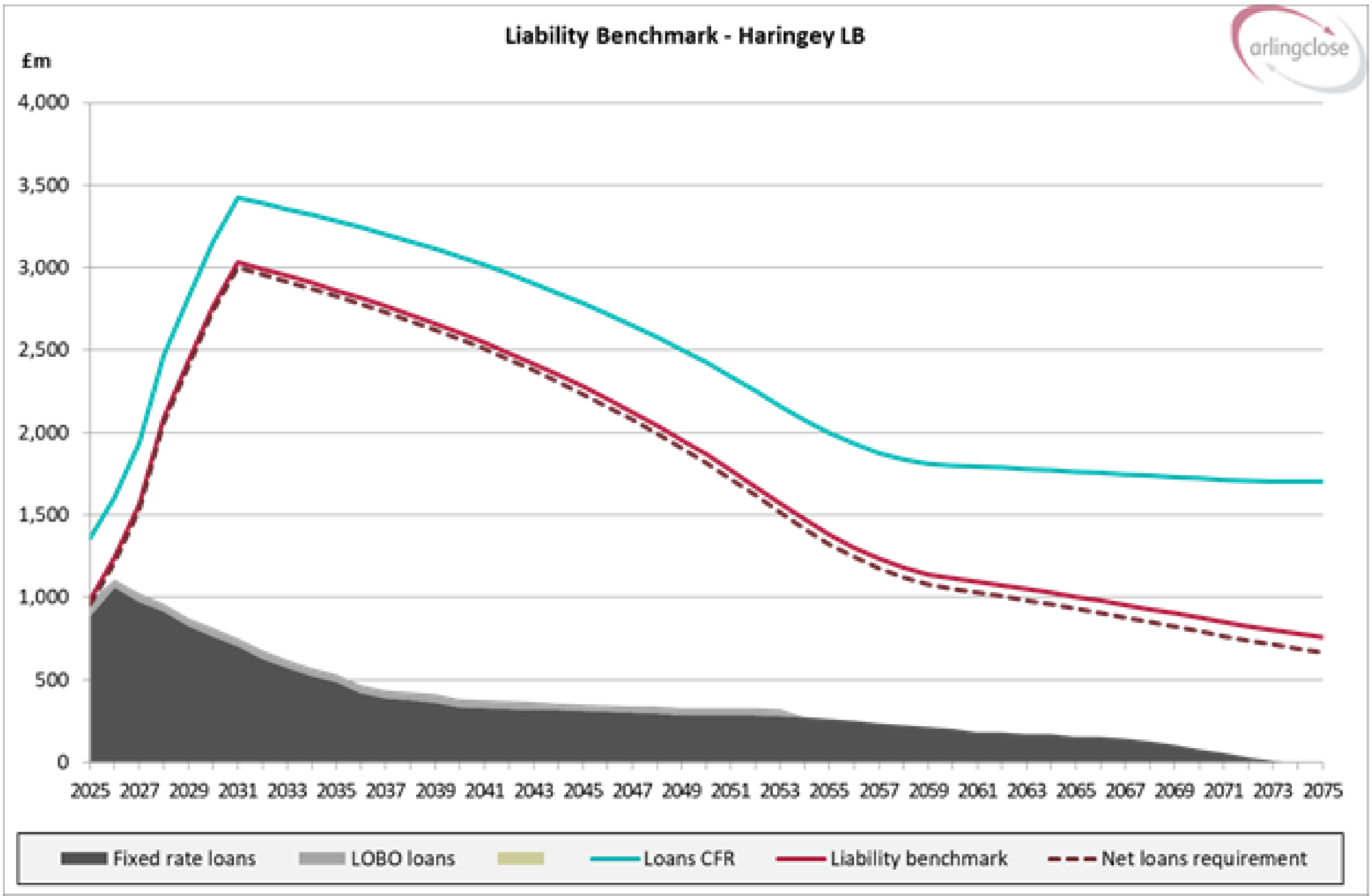
3.25 The liability benchmark has been calculated to compare the Council's actual borrowing position against an alternative low-risk strategy. This benchmark represents the optimal borrowing level that minimises risk. It assumes the same borrowing forecasts as shown in Table 3, but that cash and investment balances are kept to a minimum of £30 million at each year-end. This will drive best practice and to ensure liquidity while reducing credit risk.

3.26 The liability benchmark is a key tool for determining whether the Council is likely to be a long-term borrower or a long-term investor. This insight is critical for shaping the Council's strategic focus and decision-making. The benchmark itself represents an estimate of the cumulative external borrowing required to fund the Council's current capital and revenue plans, while maintaining treasury investments at the minimum level necessary to manage day-to-day cash flow.

Table 6: Prudential Indicator – Liability Benchmark

	31.3.25 Actual £m	31.3.26 Estimate £m	31.3.27 Forecast £m	31.3.28 Forecast £m	31.3.29 Forecast £m	31.3.30 Forecast £m	31.3.31 Forecast £m
Loans CFR	1,360.4	1,605	1,940	2,464	2,820	3,152	3,420
Less: Balance Sheet resources	-394	-387	-387	-390	-393	-396	-396
Net loans requirement	**966.5**	**1,218**	**1,552**	**2,074**	**2,426**	**2,756**	**3,024**
Plus: Liquidity allowance	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Liability Benchmark	**996**	**1,248**	**1,582**	**2,104**	**2,456**	**2,786**	**3,054**

3.27 The long-term liability benchmark assumes the same capital expenditure funded by borrowing as reflected in the CFR, with Minimum Revenue Provision (MRP) on new capital expenditure has an average 28-year asset life. However, each group of assets is calculated separately and the asset life ranges from 7-50. It also assumes income, expenditure, and reserves increase annually. The chart below illustrates this benchmark alongside the maturity profile of the Council's existing borrowing.



4 Borrowing Strategy

4.1 As at 31 December 2025, the Council held £1,141.9m in loans as part of its strategy to fund previous years' capital programmes. The balance sheet forecast in Table 3 indicates that the Council expects to increase its borrowing by up to £621m by the end of 2026/27 (1st Jan 2026 – 31st Mar 2027). In addition, the Council may borrow further sums to pre-fund future borrowing requirements, provided this remains within the authorised borrowing limit set out in the Capital Strategy and would be financially beneficial.

4.2 Borrowing can take the form of internal or external borrowing. Internal borrowing is a temporary measure where the Council uses its own cash reserves—held for other purposes—to defer the need for external borrowing. If these cash balances were not used for internal borrowing, they would instead be invested in accordance with the Treasury Management Strategy, generating a return for the Council. When deciding whether to use cash balances rather than external borrowing, there needs to be consideration of the cost of borrowing against the level of lost investment return.

Objectives

4.3 The Council's primary objective when borrowing is to achieve an appropriately low-risk balance between securing low interest costs and ensuring certainty of those costs over the period funds are required. Maintaining flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

Strategy

4.4 The Council's borrowing strategy continues to prioritise affordability without compromising the long-term stability of its debt portfolio. The scale of the capital programme and the need to diversify the debt portfolio to minimise refinancing risk means that some long-term borrowing will be required during

2026/27. Accordingly, the Council's strategy is to meet its borrowing requirement during the financial year through a balanced mix of short-term and long-term borrowing.

4.5 The Council aims to maintain a balance between short-term borrowing—offering the potential to refinance at a lower cost if interest rates fall—and long-term fixed-rate debt, which provides certainty and protection should interest rates rise.

4.6 In recent years, the Council has sourced all its long-term borrowing from the Public Works Loan Board (PWLB). However, it will continue to explore alternative sources, including banks, pension funds, and other local authorities, and may consider issuing bonds or similar instruments to reduce interest costs and avoid over-reliance on a single funding source, in line with the CIPFA Code.

4.7 The Council has faced challenges in securing borrowing from other sources due to being perceived as higher risk compared to other authorities. PWLB loans remain available provided local authorities do not engage in purchasing investment assets primarily for yield. The Council has not undertaken such activity in the past and does not intend to and therefore retain access to PWLB funding.

4.8 The Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

4.9 In addition, the Council may utilise short-term borrowing to manage unexpected cash flow shortfalls.

4.10 The Council's Medium-Term Financial Strategy includes provision for a Capitalisation Direction from Government. If approved, this would allow the Council to either borrow or use capital receipts from asset sales to fund day-to-day expenditure. It is for the Council to determine at year-end which capital resources—such as capital receipts or borrowing—will be allocated for this purpose. It is assumed in the TMSS that borrowing will be at PWLB rates included in Appendix A and MRP will be required using the asset life method with a proxy 'asset life' of 20 years.

Sources of Borrowing

4.11 The approved sources of long-term and short-term borrowing are:

- HM Treasury's PWLB lending facility (formerly the Public Works Loan Board)
- UK Infrastructure Bank Ltd
- any institution approved for investments (see below)
- any other bank or building society authorised to operate in the UK
- any other UK public sector body
- UK public and private sector pension funds (except Haringey Pension Fund and the London Collective Investment Vehicle)
- capital market bond investors
- retail investors via a regulated peer-to-peer platform
- UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

Other Sources of Debt Finance

4.12 In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire Purchase
- Private Finance Initiative
- Sale and Lease Back

- Similar asset based finance

Municipal Bonds Agency

4.13 The UK Municipal Bonds Agency, established in 2014 by the Local Government Association, provides an alternative to the PWLB by issuing bonds on the capital markets and lending the proceeds to local authorities. This source of finance is more complex than PWLB borrowing for two reasons:

- Borrowing authorities must provide bond investors with a guarantee to repay their investment if the Agency is unable to do so.
- There is a lead time of several months between committing to borrow and confirming the interest rate payable.

4.14 There are currently no plans to borrow from the Municipal Bonds Agency during 2026/27. Any future decision to do so will be subject to a separate report to the Audit Committee.

LOBOs

4.15 The Council currently holds £50 million in LOBO (Lender's Option Borrower's Option) loans. The next option date on these loans is not until 2027/28 under which the lender can propose an interest rate increase at specified dates. Following such a proposal, the Council has the option to either accept the new rate or repay the loan at no additional cost. Given that interest rates remain elevated, there is a reasonable possibility that lenders may seek to exercise their options. If this occurs, the Council intends to repay the LOBO loans to mitigate refinancing risk in future years.

4.16 When loans are repaid prematurely, a premium is typically payable to the lender to compensate for interest forgone at the contractual rate when prevailing market rates are lower. If early repayment was considered, to refinance LOBOs, the Council would need to borrow both the original principal and the premium payable. However, this approach can be advantageous where interest savings over the life of the replacement loan exceed the premium costs. Replacing LOBOs that include a lender option to increase rates with fixed-rate debt would also reduce refinancing and interest rate risk.

4.17 Any decision to repay a LOBO loan will be made by the Section 151 Officer in consultation with the Lead Cabinet Member for Finance and Corporate Services, in accordance with Haringey's Constitution.

Short-term and Variable Rate Loans

4.18 These loans expose the Council to potential increases in short-term interest rates. To manage this risk, they are governed by the interest rate exposure limits set out in the treasury management indicators in this report. Where appropriate, the Council may use financial derivatives to reduce volatility and provide greater certainty over borrowing costs.

Debt Rescheduling

4.19 The Public Works Loan Board (PWLB) permits authorities to repay loans before their maturity date, applying either a premium or a discount based on a formula linked to current interest rates. Other lenders may also agree to negotiate early redemption terms. The Council may take advantage of these opportunities to replace existing loans with new ones or to repay loans without replacement, where this is expected to deliver overall cost savings or reduce financial risk. In the current interest rate environment, more favourable debt rescheduling options could emerge compared to previous years.

Borrowing Limits

4.20 The Council's total borrowing limits are set out in Table 6 below.

4.21 The **Authorised Limit** represents the statutory maximum level of external borrowing, calculated on a gross basis (i.e., without offsetting investments), as required under Section 3(1) of the Local Government Act 2003. This limit, referred to in legislation as the Affordable Limit, is set to include borrowing and other long-term liabilities such as finance leases, which are identified separately. It is based on a prudent estimate of the most likely scenario, with additional headroom to accommodate unexpected cash flow movements without breaching the statutory limit.

4.22 The **Operational Boundary** is directly linked to the Council's estimates of the Capital Financing Requirement (CFR) and anticipated cash flow needs. It is calculated using the same prudent assumptions as the Authorised Limit, reflecting the most likely scenario rather than the worst case. However, unlike the Authorised Limit, it does not include additional headroom for unexpected cash movements. Both the Operational Boundary and the Authorised Limit apply at the overall total level.

4.23 The Chief Finance Officer has delegated authority, within the overall limit for any given year, to adjust the separately agreed limits for borrowing and other long-term liabilities. Such decisions will be informed by financial option appraisals and best value considerations. Any changes between these limits will be reported to Audit Committee.

Table 7: Borrowing Limits

	2025/26 Limit £m	2026/27 Limit £m	2027/28 Limit £m	2028/29 Limit £m	2029/30 Limit £m	2030/31 Limit £m
Authorised limit - borrowing	1,410	1,642	1,979	2,651	3,047	3,665
Authorised limit - PFI & Leases	66	56	49	43	36	29
Authorised limit - total external debt	**1,476**	**1,698**	**2,028**	**2,693**	**3,083**	**3,694**
Operational boundary - borrowing	1,360	1,592	1,929	2,451	2,797	3,115
Operational boundary - PFI & Leases	60	51	45	39	33	26
Operational boundary - total external debt	**1,420**	**1,643**	**1,973**	**2,489**	**2,829**	**3,141**

Table 8: Ratio of General Fund Gross Financing Costs to Net Revenue Stream

	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m
General Fund						
MRP	37.4	36.0	28.6	31.5	33.7	37.7
Interest	20	26	32	36	39	40
Total Financing Costs	**57.8**	**62.3**	**60.7**	**67.4**	**72.4**	**78.2**
Net Revenue Stream	**291**	**348**	**370**	**385**	**399**	**408**
Financing Cost to NRS	**20%**	**18%**	**16%**	**18%**	**18%**	**19%**

Table 9: Ratio of Gross Financing Costs to HRA rents

	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m
Housing Revenue Account						
Interest	20	31	47	56	64	71
Dwellings Rent	104	130	140	150	162	173
Financing Cost to NRS	**20%**	**24%**	**33%**	**37%**	**40%**	**41%**

4.24 In October 2025, Cabinet approved the development and incorporation of a Limited Liability Partnership to support the purchase and lease of residential accommodation and the initiation of a market exercise to access to long term institutional finance. If Cabinet take a decision to proceed, the Council may fund the initial acquisition and renovation costs prior to the Council leasing the properties to the Haringey Limited Liability Partnership (HLLP). The Council will recoup both the acquisition, renovation costs (and the carry costs) through the premium that it will receive at the point of entering the lease with the HLLP but there could be short term borrowing required.

5 Treasury Investment Strategy

5.1 The treasury investment strategy is unchanged from that set out in the approved 2025/26 TMSS. The Council holds invested funds consisting of income received in advance of expenditure, together with balances and reserves. Treasury investment balances are expected to be at similar levels in the coming year as they have been in 2025/26.

Objectives

5.2 In accordance with the CIPFA Code, the Council is required to invest its treasury funds prudently, prioritising the security and liquidity of investments before seeking the highest possible return. The Council's objective is to maintain an appropriate balance between risk and return, minimising the risk of loss from defaults while avoiding unduly low investment income. For funds expected to be invested for more than one year, the Council aims to achieve a total return at least equal to the prevailing rate of inflation, thereby preserving the spending power of the invested sum. In addition, the Council is committed to being a responsible investor and will take environmental, social, and governance (ESG) factors into account when making investment decisions (see Section 5.4).

Strategy

5.3 As indicated by the liability benchmark, the Council expects to remain a long-term borrower. Consequently, new treasury investments will primarily be made to manage day-to-day cash flows using short-term, low-risk instruments. The Council will continue its policy of utilising highly creditworthy and highly liquid investments, such as deposits with the Debt Management Office (DMO), AAA-rated money market funds, and other entities on the Council's approved counterparty list.

ESG policy

5.4 Environmental, social, and governance (ESG) factors are increasingly influencing global investment decisions. When selecting banks and funds, the Council will prioritise institutions that are signatories to the UN Principles for Responsible Banking and funds managed by organisations that adhere to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance, and/or the UK Stewardship Code.

Business Models

5.5 Under IFRS 9, the accounting treatment for certain investments depends on the Council's "business model" for managing them. The Council's approach is to derive value from its treasury investments by collecting contractual cash flows. Therefore, where the other qualifying criteria are met, these investments will continue to be accounted for at amortised cost.

Approved Counterparties

5.6 The Council may invest its surplus funds with any of the counterparty types in Table 10, subject to the limits shown.

Table 10: Treasury Investment Counterparties and Limits

Sector	Time Limit	Counter-party Limit	Sector Limit
The UK Government	50 years	Unlimited	n/a
Money Market Funds	n/a	£10m	Unlimited
Local authorities & other government entities	25 years	£5m	Unlimited
Banks (secured)*	2 years	£5m	Unlimited
Banks (unsecured)*	13 months	£5m	Unlimited
Building societies (unsecured)*	13 months	£5m	£20m
Registered providers (unsecured)*	5 years	£5m	£20m
Strategic Pooled Funds	n/a	£5m	Unlimited
Real Estate Investment Trusts	n/a	£5m	Unlimited

Minimum Credit Rating

5.7 Treasury investments in the sectors marked with an asterisk will only be made with entities whose lowest published long-term credit rating is at least A–. Where available, the credit rating specific to the investment or investment class will be used; otherwise, the counterparty's credit rating will apply. However, investment decisions are never based solely on credit ratings—other relevant factors, including external advice, will always be considered.

Government

5.8 The Council may invest in loans, bonds, and bills issued or guaranteed by national governments, regional and local authorities, and multilateral development banks. These investments are not subject to bail-in and generally carry a lower risk of insolvency, though they are not entirely risk-free. Investments with the UK Government are considered to have zero credit risk due to its ability to create additional currency and may therefore be made in unlimited amounts for terms of up to 50 years.

Bank Secured Investments

5.9 Bank secured investments are backed by the borrower's assets, which helps limit potential losses in the event of insolvency. The amount and quality of this security will be a key consideration in investment decisions. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where no specific credit rating exists for the investment, but the collateral has a rating, the higher of the collateral rating and the counterparty rating will be applied. The combined total of secured and unsecured investments with any single counterparty will not exceed the cash limit for secured investments.

Banks and Building Societies (unsecured)

5.10 The Council may invest in accounts, deposits, certificates of deposit, and senior unsecured bonds with banks and building societies, excluding multilateral development banks. These investments carry the risk of credit loss through bail-in if the regulator determines that the institution is failing or likely to fail. Arrangements relating to operational bank accounts are outlined below.

Registered Providers (unsecured)

5.11 The Council may invest in loans, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed.

Money Market Funds

5.12 Money market funds are pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over banks of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a small fee. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times.

Strategic Pooled Funds

5.13 Strategic pooled funds include bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Since these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

Real Estate Investment Trusts (REITs)

5.14 REITs are publicly traded companies that invest mainly in real estate and pay most of their rental income to investors in a similar manner to pooled property funds. As with pooled property funds, REITs offer enhanced returns over the longer term,but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties.

Operational Bank Accounts

5.15 The Council may incur operational exposures, for example through current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in, and balances will therefore be kept below £10m per bank. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Authority maintaining operational continuity.

Risk Assessment and Credit Ratings

5.16 Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Where an entity has its credit rating downgraded so that it fails to meet the approved investment criteria then:

- no new investments will be made,
- any existing investments that can be recalled or sold at no cost will be, and
- full consideration will be given to the recall or sale of all other existing investments with the affected counterparty.

5.17 Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch") so that it may fall below the approved rating criteria, then only investments that can be withdrawn on the next working day will be made with that organisation until the outcome of the review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

Other Information on the Security of Investments

5.18 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

Reputational aspects

5.19 The Council acknowledges that investing with certain counterparties, although financially secure, may subject it to criticism, whether valid or not, that could impact its public reputation. This risk will be considered when making investment decisions.

5.20 When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2008, 2020 and 2022, this is not generally reflected in credit ratings but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available to invest the Council's cash balances, then the surplus will be deposited with the UK Government, or with other local authorities. This will cause investment returns to fall but will protect the principal sum invested.

Investment Limits

5.21 The Council's revenue reserves available to cover investment losses are forecast to be £30 million on 31st March 2026 and £30 million on 31 March 2027. In order that no more than 100% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government) will be £10 million. A group of entities under the same ownership will be treated as a single organisation for limit purposes.

5.22 Limits are also placed on fund managers, investments in brokers' nominee accounts and foreign countries as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country since the risk is diversified over many countries.

Table 11: Additional Investment Limits

	Cash Limit
Any single organisation, except the UK Central Government	£10m each
UK Central Government	Unlimited
Any group of organisations under the same ownership	£10m per group
Any group of pooled funds under the same management	£10m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker
Foreign countries	£10m per country
Registered providers and registered social landlords	£10m in total
Unsecured investments with building societies	£10m in total
Loans to unrated corporates	£10m in total
Money market funds*	£50m in total
Real Estate Investment Trusts	£10m in total

* These limits apply for both Haringey Council and Haringey Pension Fund, so the limit for Money Market Funds is £10m per MMF and £50m aggregate limit for the Council, and £50m for the Pension Fund.

Liquidity Management

5.23 The Council uses purpose-built cash flow forecasting software to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast.

6 Treasury Management Prudential Indicators

6.1 The Council measures and manages its exposures to treasury management risks using the following indicators which largely remain unchanged in 2026/27 TMSS from previous years.

Security

6.2 The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	Target
Portfolio average credit rating	Above A, score of 6 or lower

Liquidity

6.3 The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling 3-month period, without additional borrowing.

Liquidity Risk Indicator	Target
Total cash available within 3 months	£30m

Interest rate exposures

6.4 This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Interest Rate Risk Indicator	Target
Upper limit on one-year revenue impact of a 1% rise in interest rates	£2m
Upper limit on one-year revenue impact of a 1% fall in interest rates	£2m

6.5 The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates

Maturity structure of borrowing

6.6 This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing are shown on the following page:

Refinancing Rate Risk Indicator	Upper Limit	Lower Limit
Under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	50%	0%
10 years and above	100%	0%

6.7 Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

Total short-term borrowing

6.8 In recent years, the Council has used short term borrowing (under 1 year in duration) from other local authorities to meet short-term liquidity requirements. Short term borrowing can also be raised from other counterparties such as banks. This approach offers increased flexibility for cash flow management by the Council and can serve as an alternative to borrowing from PWLB over a longer term. More recently this source has proved to be more expensive form of borrowing and the amount of temporary borrowing undertaken has decreased.

6.9 Short-term borrowing exposes the Council to refinancing risk. This is the risk that interest rates may rise quickly over a short period of time, resulting in significantly higher rates when the loans mature. In such cases, there is a risk that the new replacement borrowing would need to be taken at higher interest rates compared to the maturing loans.

6.10 Bearing this in mind, the Council has set a limit on the total amount of short-term borrowing that has no associated protection against interest rate rises, as a proportion of all borrowing.

Short term borrowing	Target
Upper limit on short-term borrowing that exposes the Council to interest rate rises as a percentage of total borrowing	20%

Long-term treasury management investments

6.11 The purpose of this indicator is to control the Council’s exposure to the risk of incurring losses by seeking early repayment of its investments. The prudential limits on the long-term treasury management investments are detailed below. This has been increased from £5m to £20m from 2026/27 to reflect the potential principal to be invested beyond year end.

Price Risk Indicator	2026/27	2027/28	2028/29
Limit on principal invested beyond year end	£20m	£20m	£20m

7 <u>Related Matters</u>

7.1 The CIPFA Code requires the Council to include the following in its treasury management strategy.

Financial Derivatives.

7.2 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (e.g., interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g., LOBO loans and callable deposits). The general power of competence in section 1 of the *Localism Act 2011* removes much of the uncertainty over local authorities’ use of standalone financial derivatives (i.e., those that are not embedded into a loan or investment).

7.3 The Council will only use standalone financial derivatives (such as swaps, forwards, futures, and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be considered when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they present will be managed in line with the overall treasury risk management strategy.

7.4 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria, assessed using the appropriate credit rating for derivative exposures. An allowance for credit risk will be included to count against the counterparty credit limit and the relevant foreign country limit.

7.5 In line with the CIPFA Code, the Council will seek external advice and will consider that advice before entering into financial derivatives to ensure that it fully understands the implications.

Housing Revenue Account

7.6 On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. Since then, new long-term loans borrowed are assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g., premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured each month and interest transferred between the General Fund and HRA at the Authority's average interest rate on investments, adjusted for credit risk.

Markets in Financial Instruments Directive

7.7 The Council has opted up to professional client status with its providers of financial services, including advisers, banks, brokers and fund managers, allowing it access to a greater range of services but without the greater regulatory protections afforded to individuals and small companies. Given the size and range of the Council's treasury management activities, the Corporate Director of Finance and Resources (S151 Officer) considers this to be the most appropriate status.

8 <u>Financial Implications</u>

8.1 The budget for investment income in 2026/27 is £1.05m based on an average investment portfolio of £30 million at an interest rate of 3.5%.

8.2 The budget for total debt interest paid in 2026/27 is detailed in Table 12 below for both the General Fund and HRA. If the actual levels of investments and borrowing, or the actual interest rates, differ from those forecasted, the performance against the budget will be correspondingly different. This will be reported through the quarterly Treasury Management report to Audit Committee and in the finance quarterly monitoring report to Cabinet.

8.3 As debt on the General Fund needs to be repaid, the Council is required by statute to set aside from its revenue account an annual amount sufficient to repay its borrowing. This is known as the minimum revenue provision (MRP). In line with guidance, MRP does not need to be paid on HRA borrowing and the Council currently uses this flexibility. However given the level of borrowing this will remain under review each year. Table 12 sets out the revenue budgets in both the General Fund and HRA for both interest costs on borrowing and minimum revenue provision (MRP) charges. The concept of self-financing schemes and the assumed savings are no longer within the TMSS. The interest and MRP budgets reflect the costs of financing the scheme and associated savings are accounted for in the Council's service revenue budgets.

8.4 The Department for Levelling Up, Housing and Communities (DLUHC) now Ministry of Housing, Communities and Local Government (MHCLG), issued statutory guidance (updated 2018) on determining a prudent level of MRP. The Council's MRP Policy Statement for 2026/27 is included in Annex C.

Table 12: Revenue budget for interest costs and MRP

	31.3.26	31.3.27	31.3.28	31.3.29	31.3.30	31.3.31
	Estimate	Forecast	Forecast	Forecast	Forecast	Forecast
	£m	£m	£m	£m	£m	£m
General Fund MRP	16	17	19	20	20	21
EFS MRP	0.3	2	5	8	11	14
Total Loans MRP	**17**	**19**	**24**	**28**	**31**	**35**
General Fund Interest	**20**	**26**	**32**	**36**	**39**	**40**
EFS Interest	3	8	14	19	24	30
Total Capital Financing Costs	**40**	**54**	**70**	**83**	**94**	**106**
HRA Interest Costs	20	31	47	56	64	71
PFI/Lease MRP	**20.8**	**16.8**	**4.5**	**3.6**	**2.6**	**2.6**
Total Council Revenue Impact	**81**	**102**	**121**	**142**	**161**	**179**

9 Other Options Considered

9.1 The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Corporate Director of Finance and Resources (S151 Officer), having consulted the Cabinet Member for Finance and Corporate Services, believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial and risk management implications, are as follows.

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Annex A – Arlingclose Economic & Interest Rate Forecast – December 2025

-

Underlying assumptions:

- As expected, the Monetary Policy Committee (MPC) reduced Bank Rate at 3.75% in December, although, with a 6-3 voting split and obvious concerns about economic growth, presented a much more dovish stance than had been expected given recent inflationary data.

- The Budget measures remain a concern for policymakers, for both growth and inflation. Additional government spending will boost demand in a constrained supply environment, while pushing up direct costs for employers. The short to medium-term inflationary effects will promote caution amongst policymakers.

- UK GDP recovered well in H1 2024 from technical recession, but underlying growth has petered out as the year has progressed. While government spending should boost GDP growth in 2025, private sector activity appears to be waning, partly due to Budget measures.

- Private sector wage growth and services inflation remain elevated; wage growth picked up sharply in October. The increase in employers' NICs, minimum and public sector wage levels could have wide ranging impacts on private sector employment demand and costs, but the near-term impact will likely be inflationary as these additional costs get passed to consumers.

- CPI inflation rates have risen due to higher energy prices and less favourable base effects. The current CPI rate of 2.6% could rise further in Q1 2026. The Bank of England (BoE) estimates the CPI rate at 2.7% by year end 2025 and to remain over 2% target in 2026.

- The MPC re-emphasised that monetary policy will be eased gradually. Despite recent inflation-related data moving upwards or surprising to the upside, the minutes suggested a significant minority of policymakers are at least as worried about the flatlining UK economy.

- US government bond yields have risen following strong US data and uncertainty about the effects of Donald Trump's policies on the US economy, particularly in terms of inflation and monetary policy. The Federal Reserve pared back its expectations for rate cuts in light of these issues. Higher US yields are also pushing up UK gilt yields, a relationship that will be maintained unless monetary policy in the UK and US diverges.

Forecast:

- In line with our forecast, Bank Rate was cut to 3.75% in December.
- The MPC will reduce Bank Rate in a gradual manner. We see a rate cut in February 2026, followed by a cut alongside every Monetary Policy Report publication, to a low of 3.75%.
- Long-term gilt yields have risen to reflect both UK and US economic, monetary and fiscal policy expectations, and increases in bond supply. Volatility will remain elevated as the market digests incoming data for clues around the impact of policy changes.

- This uncertainty may also necessitate more frequent changes to our forecast than has been the case recently.

- The risks around the forecasts lie to the upside over the next 12 months but are broadly balanced in the medium term.

Interest Rate Forecast:

The table below shows the most recent interest rate forecast provided by Arlingclose.

	Current	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28
Official Bank Rate													
Upside risk	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Central Case	4.00	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75	3.75
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
3-month money market rate													
Upside risk	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.50	0.50	0.50	0.50	0.50
Central Case	3.90	3.80	3.75	3.80	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85	3.85
Downside risk	0.00	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00
5yr gilt yield													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	3.94	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Downside risk	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-1.00	-1.05	-1.10	-1.10	-1.10	-1.10
10yr gilt yield													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.47	4.45	4.45	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40	4.40
Downside risk	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-1.00	-1.05	-1.10	-1.10	-1.10	-1.10
20yr gilt yield													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	5.13	5.10	5.10	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Downside risk	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95
50yr gilt yield													
Upside risk	0.00	0.50	0.55	0.60	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.70
Central Case	4.73	4.70	4.75	4.65	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70	4.70
Downside risk	0.00	-0.55	-0.60	-0.70	-0.80	-0.90	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95	-0.95

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

Annex B – Existing Investment & Debt Portfolio Position - December 2025

	Actual portfolio £m	Average rate %
External borrowing:		
Public Works Loan Board	1,064.9	3.47%
LOBO loans from banks	50.0	4.75%
Local authorities	27.0	4.24%
Total external borrowing	**1,141.9**	**4.15%**
Treasury investments:		
The UK Government (DMADF)	23.0	3.70%
Money market funds	50.0	3.92%
Total treasury investments	**73.0**	**3.81%**

Annex C - Minimum Revenue Provision Statement 2026/27

Where the Authority funds capital expenditure with debt, it must put aside resources to repay that debt in later years. The amount charged to the revenue budget for the repayment of debt is known as Minimum Revenue Provision (MRP), although there has been no statutory minimum since 2008. The Local Government Act 2003 requires the Authority to have regard to the Ministry of Housing, Communities and Local Government's Guidance on Minimum Revenue Provision (the MHCLG Guidance) most recently issued in April 2024.

The broad aim of the MHCLG Guidance is to ensure that capital expenditure is financed over a period that is aligned with that over which the capital expenditure provides benefits. The MHCLG Guidance requires the Authority to approve an Annual MRP Statement each year and provides a number of options for calculating a prudent amount of MRP but does not preclude the use of other appropriate methods, which is what this policy allows for.

The following statement incorporates options recommended in the Guidance, as well as well as locally determined prudent methods:

MRP is calculated by reference to the capital financing requirement (CFR) which is the total amount of past capital expenditure that has yet to be permanently financed, noting that debt must be repaid and therefore can only be a temporary form of funding.

The CFR is calculated from the Authority's balance sheet in accordance with the Chartered Institute of Public Finance and Accountancy's Prudential Code for Capital Expenditure in Local Authorities, 2021 edition.

For capital expenditure incurred before 1st April 2008, MRP will be determined using the annuity basis and an average asset life of 33 years.

For capital expenditure incurred after 31st March 2008, MRP will be determined by charging the expenditure over the expected useful life of the relevant asset as the principal repayment on an annuity equal to the average relevant PWLB rate for the year of expenditure, starting in the year after the asset becomes operational. MRP on purchases of freehold land will be charged over 50 years. MRP on expenditure not related to fixed assets but which has been capitalised by regulation or direction will be charged over up to 20 years.

For assets acquired by lease, MRP will be determined as being equal to the element of the rent or charge that goes to write down the balance sheet liability.

For assets acquired under the Private Finance Initiative, MRP will be made over the asset life on the annuity basis.

Where former operating leases have been brought onto the balance sheet due to the adoption of the IFRS 16 Leases accounting standard, and the asset values have been adjusted for accruals, prepayments, premiums and/or incentives, then the MRP charges will be adjusted so that the overall charge for MRP over the life of the lease reflects the value of the right-of-use asset recognised on transition rather than the liability.

Asset Lives
Investment in assets generates a future flow of benefits. The overall length of those benefits (asset lives) varies for each asset type. Within the MRP policy, these asset lives are used:

	Years
Lighting Infrastructure	50
Highways Structures	50
Roads and Pavements, Street Signage, Public Realm	30
Acquisition of Property	40
Operational Property - extensive refurbishment	40
Operational Property - non extensive refurbishment	30
Parks Asset Management	20
External Equipment (e.g. park equipment, cycle hangers)	10
Waste Vehicles (Large)	8
CCTV Cameras	5
Waste Vehicles (small/medium)	4
Non waste vehicles	5
IT	7

Capital loans
For capital expenditure on loans to third parties which were made primarily for financial return rather than direct service purposes, MRP will be charged in accordance with the policy for the assets funded by the loan, including where appropriate, delaying MRP until the year after the assets become operational. This MRP charge will be reduced by the value any repayments of loan principal received during in the year, with the capital receipts so arising applied to finance the expenditure instead.

For capital expenditure on loans to third parties which were made primarily for service purposes, the Authority will make nil MRP except as detailed below for expected credit losses. Instead, the Authority will apply the capital receipts arising from the repayments of the loan principal to finance the expenditure in the year they are received.

For capital loans made on or after 7th May 2024 where an expected credit loss is recognised during the year, the MRP charge in respect of the loan will be no lower than the loss recognised.

Where expected credit losses are reversed, for example on the eventual repayment of the loan, this will be treated as an overpayment.

For capital loans made before 7th May 2024 and for loans where expected credit losses are not applicable, where a shortfall in capital receipts is anticipated, MRP will be charged to cover that shortfall over the remaining life of the assets funded by the loan.

Housing Revenue Account
No MRP will be charged in respect of assets held within the Housing Revenue Account but depreciation on those assets will be charged instead in line with regulations.

Based on the Authority’s latest estimate of its CFR on 31st March 2026, the General Fund budget for MRP has been set as follows:

	31.03.2026 Estimated CFR £'m	2026/27 Estimated MRP £'m
Capital expenditure before 01.04.2008	161.5	2.2
Supported capital expenditure after 31.03.2008	0.0	0.0
Unsupported capital expenditure after 31.03.2008	637.7	14.7
Leases and Private Finance Initiative	48.6	16.7
Transferred debt	0	0
Capital loans to third parties	6.0	0.3
Voluntary overpayment (or use of prior year overpayments)	n/a	n/a
EFS	64	1.9
Total General Fund	917.8	35.9
Assets in the Housing Revenue Account	722.0	0
HRA subsidy reform payment	0	0
Total Housing Revenue Account	722.0	
Total	1,639.8	19.5

Overpayments

In earlier years, the Authority has not made voluntary overpayments of MRP that are available to reduce the revenue charges in later years.

Capital receipts

Proceeds from the sale of capital assets are classed as capital receipts and are typically used to finance new capital expenditure. Where the Authority decides instead to use capital receipts to repay debt and hence reduce the CFR, the calculation of MRP will be adjusted as follows:

- Capital receipts arising on the repayment of principal on capital loans to third parties will be used to lower the MRP charge in respect of the same loans in the year of receipt, if any.
- Capital receipts arising on the repayment of principal on finance lease receivables will be used to lower the MRP charge in respect of the acquisition of the asset subject to the lease in the year of receipt, if any.
- Capital receipts arising from other assets which form an identified part of the Authority's MRP calculations will be used to reduce the MRP charge in respect of the same assets over their remaining useful lives, starting in the year after the receipt is applied.
- Any other capital receipts applied to repay debt will be used to reduce MRP in [10] equal instalments starting in the year after receipt is applied. 10 years is used because this matches the period over which discounts on the early repayment of borrowing are credited to revenue

Capitalisation Direction

The current financial position of the Council continues to be very serious. The Council will be submitting a an EFS request to government The outcome will not be known until late February 2026 when an in-principle decision is expected. If agreed, then MHCLG will issue a capitalisation direction. This does not involve any new money. Instead, the Council will be allowed to capitalise its deficits on its revenue budget. The direction allows Councils to repay the EFS over a period up to 20 years. The proposed capital programme includes up to £100m of EFS in 2026/27, This policy is effective from 1/4/26.

Report for: Audit Committee – 29th January 2026

Item number: 10

Title: Treasury Management Qtr2 Report 2025/26

Report authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy S151 Officer)

Lead Officer: Sam Masters, Head of Finance – Treasury and Banking
Sam.Masters@Haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: N/A

1. Describe the issue under consideration

1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve treasury management reports on a semi-annual and annual basis.

1.2. The Council's Treasury Management Strategy for 2025/26 was approved at a full Council meeting on 3rd March 2025. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

1.3. This report provides an update to the Audit Committee on the Council's treasury management activities and performance for the six months ending 30th September 2025, in accordance with the CIPFA Code.

2. Cabinet Member Introduction

2.1. Not applicable.

3. Recommendations

The Audit Committee is requested:

3.1. To note the treasury management activity undertaken during the financial year to 30th September 2025 and the performance achieved which is attached as Appendix 1 to this report.

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

4. Reason for Decision

4.1. Not applicable.

5. Other options considered

5.1. Not applicable.

6. Background information

6.1. The Council's treasury management activity is underpinned by CIPFA's Treasury Management in Public Services: Code of Practice (the CIPFA Code), which requires local authorities to produce annually, Prudential Indicators and a Treasury Management Strategy Statement.

6.2. CIPFA has defined Treasury management as: "The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

6.3. The CIPFA Code recommends that members are informed of treasury management activities at least twice a year. Following an amendment to the Council's constitution in 2023, it was determined that the reviewing and monitoring of treasury policy, strategy and activity is delegated to the Audit Committee. This Committee receives quarterly treasury management update reports, including a mid-year and annual report.

6.4. However, overall responsibility for treasury management remains with full Council, and the Council approved the Treasury Management Strategy Statement and set the Prudential Indicators for 2025/26 on 3rd March 2025.

6.5. Government guidance on local authority treasury management states that local authorities should consider the following factors in the order they are stated:

Security → Liquidity → Yield

6.6. The Treasury Management Strategy reflects these factors and is explicit that the priority for the Council is the security of its funds. However, no treasury activity is without risk and the effective identification and management of risk are integral to the Council's treasury management activities.

Economic Background

6.7. The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

6.8. From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year which hit its highest level for almost 30 years.

6.9. The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.

Table 1: BoE Base Rate – Quarterly Movement

	Dec-24	Mar-25	Jun-25	Sep-25	Current Rate
BoE Bank Rate	4.75%	4.50%	4.25%	4.00%	4.00%

Borrowing Activity

6.10. As outlined in the treasury strategy, the Council's primary objective when borrowing is to strike an appropriately low-risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising longer-term stability of the debt portfolio.

6.11. After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the Qtr2 period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.

6.12. The table below shows the movement in rates offered across the various PWLB maturities for the 12 months to 30th September 2025. The rates shown includes the 0.20% certainty discount rate offered by the PWLB to qualifying authorities.

PWLB Maturity	Dec-24 %	Mar-25 %	Jun-25 %	Sept-25 %
10 year	5.43	5.42	5.27	5.53
20 year	5.86	5.91	5.88	6.14
50 year	5.68	5.67	5.71	5.98

6.13. As part of its strategy for funding previous and current years' capital programmes, the Council held £1,043.8m in loans on 30th September 2025. The Council has a significant capital programme which will largely be financed by new borrowing in the upcoming years. The Council plans to maintain a balanced portfolio of short and long-term borrowing.

6.14. Further details on the borrowing activity of the Council over the period can be found in section 4 of Appendix 1 to this report.

Treasury Investment Activity

6.15. In accordance with the CIPFA Code and government guidance, the Council aims to strike an appropriate balance between risk and return, when making treasury investments. The aim is to prioritise the security and liquidity of its investments before seeking the optimum rate of return or yield.

6.16. Throughout the quarter the Council's investment balances ranged between £13.6m million and £93.3m due to timing differences between income and expenditure, ending at £40.7m on 30th September 2025.

6.17. Overnight deposit rates for the Debt Management Account Deposit Facility ranged between 3.95-4.45%. Money Market Fund rates ranged between 4.02–4.54%

6.18. The following table shows how the Council's current Treasury investments compare with other local authorities.

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Ave. Maturity (Days)	Rate of Return
31.03.2025	4.95	A+	100%	1	4.52%
30.09.2025	4.52	A+	74%	1	4.05%
Similar Local Authorities	4.53	A+	75%	10	4.23%
All Local Authorities	4.38	AA-	62%	11	4.20%

Further details on the Council's treasury investment activity over the period can be found in section 5 of Appendix 1 to this report.

Treasury Management Prudential Indicators

6.19. The Council measures and manages its exposures to treasury management risks using several indicators that are set when the Treasury Management Strategy is approved in advance of the new financial year.

6.20. The Chief Finance Officer reports that all treasury management activities carried out during the year were fully compliant with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

6.21. A detailed assessment of the Council's compliance with the agreed upon Treasury Management Indicators can be found in section 8 and 9 of Appendix 1 to this report.

7. Contribution to Strategic Outcomes

7.1. Not applicable.

8. Carbon and Climate Change

8.1. Not applicable.

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

Finance and Procurement

9.1. Finance comments are included throughout the attached report.

Director of Legal and Governance [Haydee Nunes de Souza, Head of Legal Service]

9.2. The Head of Legal Services has been consulted on the content of this report which is consistent with legislation governing the financial affairs of the Council. In particular, the Council must comply with the requirements of the

Local Government Act 2003, the Local Authorities (Capital Financing & Accounting – England) Regulations 2003 and the CIPFA Treasury Management code.

9.3. In considering the report Members must take into account the expert financial advice available to it and any further oral advice given at the meeting of the Committee

9.4. Equalities

9.5. There are no equalities issues arising from this report.

10. Use of Appendices

10.1. Appendix 1 – Treasury Management Update Report – Qtr2 2025/26

11. Background Papers

11.1. None

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Appendix 1 - Treasury Management Update Report – Q2 2025/26

1. Introduction

1.1. The Council has adopted the Chartered Institute of Public Finance and Accountancy's *Treasury Management in the Public Services: Code of Practice* (the CIPFA Code) which requires the Council to approve, as a minimum, treasury management semi-annual and annual reports.

1.2. This report includes the requirement in the 2021 Code, Mandatory from 1st April 2023, of reporting the treasury management prudential indicators.

1.3. The Council's treasury management strategy for 2025/26 was approved at a full Council meeting on 3rd March 2025. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

2. External Context (provided by the Council's treasury management advisor, Arlingclose)

Economic background

2.1. The first quarter was dominated by the fallout from the US trade tariffs and their impact on equity and bond markets. The second quarter, still rife with uncertainty, saw equity markets making gains and a divergence in US and UK government bond yields, which had been moving relatively closely together.

2.2. From late June, amid a UK backdrop of economic uncertainty, concerns around the government's fiscal position and speculation around the Autumn Budget, yields on medium and longer term gilts pushed higher, including the 30-year duration gilt which hit its highest level for almost 30 years.

2.3. UK headline annual consumer price inflation (CPI) increased over the period, rising from 2.6% in March to 3.8% in August, still well above the Bank of England's 2% target. Core inflation also rose, from 3.4% to 3.6% over the same period, albeit the August reading was down from 3.8% the previous month. Services inflation also fell from July to August, to 4.7% from 5.0%.

2.4. The UK economy expanded by 0.7% in the first quarter of the calendar year and by 0.3% in the second quarter. In the final version of the Q2 2025 GDP report, annual growth was revised upwards to 1.4% y/y. However, monthly figures showed zero growth in July, in line with expectations, indicating a sluggish start to Q3.

2.5. Labour market data continued to soften throughout the period, with the unemployment rate rising and earnings growth easing, but probably not to an extent that would make the more hawkish MPC members comfortable with further rate cuts. In addition, the employment rate rose while the economic inactivity rate and number of vacancies fell.

2.6. The BoE's Monetary Policy Committee (MPC) cut Bank Rate from 4.5% to 4.25% in May and to 4.0% in August after an unprecedented second round of voting. The final 5-4 vote was for a 25bps cut, with the minority wanting no change. In September, seven MPC members voted to hold rates while two preferred a 25bps cut. The Committee's views still differ on whether the upside risks from inflation expectations and wage setting outweigh downside risks from weaker demand and growth.

Table 1: BoE Base Rate – Quarterly Movement

	Dec-24	Mar-25	Jun-25	Sep-25	Current Rate
BoE Bank Rate	4.75%	4.50%	4.25%	4.00%	4.00%

2.7. The August BoE Monetary Policy Report highlighted that after peaking in Q3 2025, inflation is projected to fall back to target by mid-2027, helped by increasing spare capacity in the economy and the ongoing effects from past tighter policy rates. GDP is expected to remain weak in the near-term while over the medium term outlook will be influenced by domestic and global developments.

2.8. Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would be cut further as the BoE focused on weak GDP growth more than higher inflation. One more cut is currently expected during 2025/26, taking Bank Rate to 3.75%. The risks to the forecast are balanced in the near-term but weighted to the downside further out as weak consumer sentiment and business confidence and investment continue to constrain growth. There is also considerable uncertainty around the autumn Budget and the impact this will have on the outlook.

2.9. Against a backdrop of uncertain US trade policy and pressure from President Trump, the US Federal Reserve held interest rates steady for most of the period, before cutting the Fed Funds Rate to 4.00%-4.25% in September. Fed policymakers also published their new economic projections at the same time. These pointed to a 0.50% lower Fed Funds Rate by the end of 2025 and 0.25% lower in 2026, alongside GDP growth of 1.6% in 2025, inflation of 3%, and an unemployment rate of 4.5%.

2.10. The European Central Bank cut rates in June, reducing its main refinancing rate from 2.25% to 2.0%, before keeping it on hold through to the end of the period. New ECB projections predicted inflation averaging 2.1% in 2025, before falling below target in 2026, alongside improving GDP growth, for which the risks are deemed more balanced and the disinflationary process over.

Financial Markets

2.11. After the sharp declines seen early in the period, sentiment in financial markets improved, but risky assets have generally remained volatile. Early in the period bond yields fell, but ongoing uncertainty, particularly in the UK, has seen medium and longer yields rise with bond investors requiring an increasingly higher return against the perceived elevated risk of UK plc. Since the sell-off in April, equity markets have gained back the previous declines, with investors continuing to remain bullish in the face of ongoing uncertainty.

2.12. Over the period, the 10-year UK benchmark gilt yield started at 4.65% and ended at 4.70%. However, these six months saw significant volatility with the 10-year yield hitting a low of 4.45% and a high of 4.82%. It was a broadly similar picture for the 20-year gilt which started at 5.18% and ended at 5.39% with a low and high of 5.10% and 5.55% respectively. The Sterling Overnight Rate (SONIA) averaged 4.19% over the six months to 30th September.

2.13. The table below shows the movement of the major benchmark over the four quarters to 30th September 2025.

Table 2: Gilt Yields at the End of Each Quater

Benchmark Gilt Yield	Dec-24	Mar-25	Jun-25	Sep-25
5 year	4.35%	4.28%	3.95%	3.89%
10 year	4.57%	4.68%	4.49%	4.70%
20 year	5.08%	5.21%	5.16%	5.39%

Credit review

2.14. Arlingclose maintained its recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

2.15. Early in the period, Fitch upgraded NatWest Group and related entities to AA- from A+ and placed Clydesdale Bank's long-term A- rating on Rating Watch Positive. While Moody's downgraded the long term rating on the United States sovereign to Aa1 in May and also affirmed OP Corporate's rating at Aa3.

2.16. Then in the second quarter, Fitch upgraded Clydesdale Bank and also HSBC, downgraded Lancashire CC and Close Brothers while Moody's upgraded Transport for London, Allied Irish Banks, Bank of Ireland and Toronto-Dominion Bank.

2.17. After spiking in early April following the US trade tariff announcements, UK credit default swap prices have since generally trended downwards and ended the period at levels broadly in line with those in the first quarter of the calendar year and throughout most of 2024.

2.18. European banks' CDS prices has followed a fairly similar pattern to the UK, as have Singaporean and Australian lenders while Canadian bank CDS prices remain modestly elevated compared to earlier in 2025 and in 2024.

2.19. Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

2.20. Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

3. Local Context

3.1. On 30th September 2025, the Council had net borrowing of £1,003.0m arising from its revenue and capital income and expenditure. The Capital Financing Requirement (CFR) measures the underlying need to borrow for capital purposes. A breakdown of the CFR is summarised in Table 3.

3.2. **Table 3: Balance Sheet Summary**

	31.03.25 Actual £m
General Fund CFR	704.5
HRA CFR	626.8
Total CFR[1]	**1,331.3**
Less: Other debt liabilities[2]	(73.3)
Borrowing CFR - comprised of:	**1,258.0**
External borrowing	981.3
Internal borrowing	276.8

[1]subject to audit
[2]finance leases, PFI liabilities and transferred debt that form part of the Council's total debt

3.3. The Council continued to pursue its long-standing strategy of keeping borrowing and investments below their underlying levels, also known as internal borrowing. This approach aims to manage both interest rate risk and refinancing risk. The objective is to minimise interest costs and provide flexibility when deciding whether the Council should take on new borrowing from external sources.

3.4. The treasury management position on 30th September 2025 and the change over the six-month period is shown in Table 4.

Table 4: Treasury Management Summary

Type of Borrowing/Investment	31.03.25 Balance £m	Movement £m	30.09.25 Balance £m	30.09.25 Weighted Av. Rate %
Long-term borrowing	906.3	115.5	1,021.8	3.64%
Short-term borrowing	75.0	(53.0)	22.0	4.45%
Total borrowing	**981.3**	**62.5**	**1,043.8**	**3.66%**
Short-term investment	0.0	0.0	0.0	0.00%
Cash and cash equivalents	13.6	27.1	40.7	4.05%
Total investments	**13.6**	**27.1**	**40.7**	**4.05%**
Net borrowing	**967.6**	**35.4**	**1,003.0**	

4. Borrowing Activity

4.1. CIPFA's 2021 Prudential Code emphasises that local authorities should not borrow to invest primarily for financial returns. Local authorities should not make any investment or spending decision that increases the capital financing requirement, resulting in new borrowing, unless such decisions are directly and primarily related to the functions of the local authority. Local authorities are no longer permitted to secure PWLB loans for purchasing investment assets primarily for yield unless the loans are for refinancing purposes.

4.2. The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in the future.

Borrowing Strategy During the Period

4.3. As outlined in the treasury strategy, the Council's primary objective when borrowing has been to strike an appropriate risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

4.4. After substantial rises in interest rates since 2021 central banks have now begun to reduce their policy rates, albeit slowly. Gilt yields however have increased over the Qtr2 period amid concerns about inflation, the UK government's fiscal position and general economic uncertainty.

4.5. The PWLB certainty rate for 10-year maturity loans was 5.38% at the beginning of the period and 5.53% at the end. The lowest available 10-year maturity certainty rate was 5.17% and the highest was 5.62%. Rates for 20-year maturity loans ranged from 5.71% to 6.30% during the period, and 50-year maturity loans from 5.46% to 6.14%. The cost of short-term borrowing from other local authorities has been similar to Base Rate during the period at 4.0% to 4.5%.

4.6. Table 5 shows the movement in rates offered across the various Public Works Loan Board (PWLB) maturities on 30th September 2025. The rates shown include the 0.20% certainty discount rate offered by the PWLB to qualifying authorities.

Table 5: PWLB Rates

PWLB Maturity	Dec-24 %	Mar-25 %	Jun-25 %	Sept-25 %

10-year	5.43	5.42	5.27	5.53
20-year	5.86	5.91	5.88	6.14
50-year	5.68	5.67	5.71	5.98

4.7. On 15 June 2023, a new HRA PWLB rate was made available to qualifying authorities. This rate offers a further 0.40% discount to the currently available certainty rate, 0.60% in total. The Autumn Budget 2024 confirmed the rate would now be available until March 2026. The discounted rate is to support local authorities borrowing for the Housing Revenue Account (HRA) and refinancing existing HRA loans. It provides an opportunity for the Council to undertake additional HRA-related borrowing and replace any maturing HRA loans during this period.

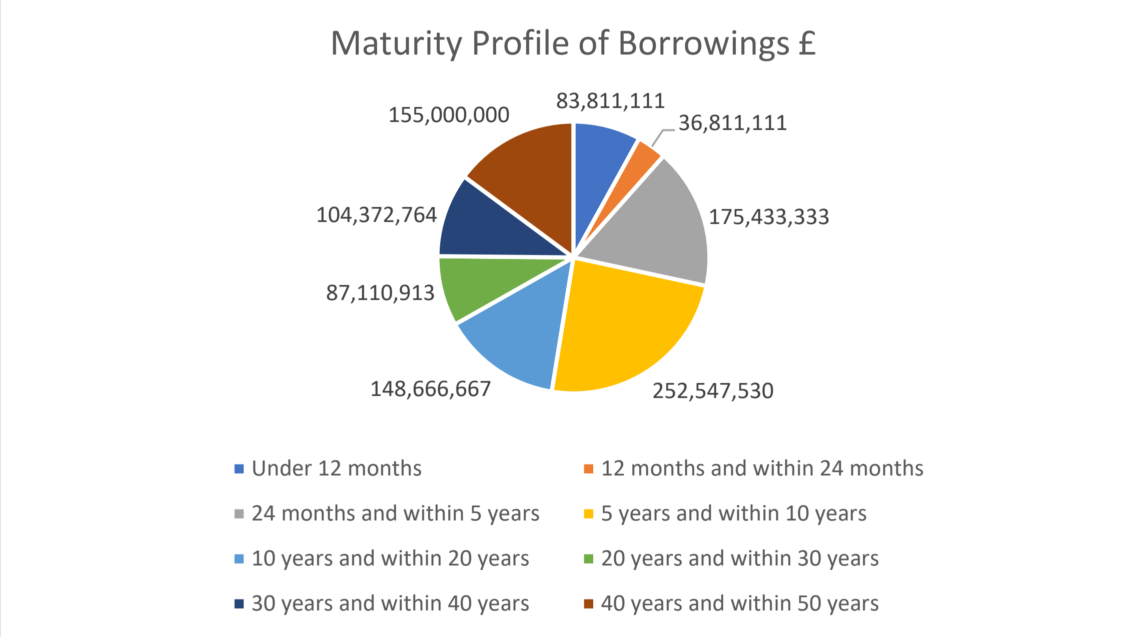
4.8. As part of its strategy for funding previous and current years' capital programmes, the Council held £1,043.8m in loans on 30th September 2025, an increase of £62.5m compared to 31st March 2025. The outstanding loans on 30th September are summarised in Table 6.

4.9. **Table 6: Borrowing Position**

Type of Borrowing	**31.03.25 Balance £m**	**Net Movement £m**	**30.09.25 Balance £m**	**30.09.25 Weighted Ave. Rate %**	**30.09.25 Weighted Ave. Maturity years**
Public Works Loan Board	806.3	165.5	971.8	3.58%	16.3
Banks (LOBO)	100.0	(50.0)	50.0	4.75%	25.5
Local authorities	75.0	(53.0)	22.0	4.45%	19.3
Total borrowing	**981.3**	**62.5**	**1,043.8**	**3.66%**	**18.3**

4.10. The Council has a significant capital programme that extends into the foreseeable future. A large proportion of this program will need to be financed by borrowing. This borrowing will be undertaken by the Council during the current and upcoming years. The Council's borrowing decisions are not based on any single outcome for interest rates, and it maintains a balanced portfolio of short and long-term borrowing.

4.11. The maturity profile of the Council's borrowings on 30th September 2025 is shown in the chart below.



LOBO Loans

4.12. On 30th September 2025, the Council held £50m of LOBO loans (Lender's Options Borrower's Options), where the lender has the option to propose an increase in the interest rate at set dates, following which the Authority has the option to either accept the new rate or to repay the loan at no additional cost.

4.13. The Council continues to engage with treasury management advisors, Arlingclose, to assess the likelihood of the options being exercised. If the option is exercised, the Council plans to repay the loan at no additional cost. In doing so, the Council will use any available cash or borrow from other local authorities or the PWLB to repay the LOBO loans.

Table 6: LOBO Position on 30th September 2025

Lender Name	End Date	Original Principal £'m	Interest rate	LOBO Frequency Yr	Next Call Date
FMS Wertman	10/04/2053	20.0	4.75%	0.5	10/04/2026
FMS Wertman	10/04/2053	20.0	4.75%	0.5	10/04/2026
Dexia Credit Local	10/04/2043	10.0	4.75%	0.5	10/04/2026
Total borrowing		**50.0**			

5. Treasury Investment Activity

5.1. The CIPFA Treasury Management Code defines treasury management investments as those arising from an organisation's cash flows or treasury risk management activities. These investments represent balances that need to be invested until the cash is required for business operations.

5.2. The Council holds invested funds, which represent income received in advance of expenditure, as well as balances and reserves. Throughout the period, the Council's investment balances ranged between £13.6m and £98.5m due to timing differences between income and expenditure. The investment position on 30th September 2025 is shown in Table 7.

Table 7: Treasury Investment Position

Type of Investment	31.03.25 Balance £m	Net Movement £m	30.09.25 Balance £m	30.09.25 Weighted Ave. Rate %	30.09.25 Weighted Ave. Maturity
Debt Management Office	0.0	10.7	10.7	3.95%	1
Money market funds	13.6	16.4	30.0	4.08%	1
Total investments	**13.6**	**27.1**	**40.7**	**4.05%**	**1 days**

5.3. Both the CIPFA Code and government guidance require the Council to invest its funds prudently, taking into account the security and liquidity of its treasury investments before seeking the optimum rate of return or yield. The Council aims to strike an appropriate balance between risk and return when making treasury investments, while minimising the risk of incurring losses from defaults and receiving unsuitably low investment income.

5.4. Over the course of the period, the Debt Management Account Deposit Facility's (DMADF) overnight deposit rates ranged between 3.95% and 4.45%. The Money Market rates ranged between 4.02% and 4.54%.

5.5. The progression of risk and return metrics are shown in the extracts from Arlingclose's quarterly investment benchmarking in Table 8.

Table 8: Investment Benchmarking – Treasury investments managed in-house

	Credit Score	Credit Rating	Bail-in Exposure	Weighted Ave. Maturity (Days)	Rate of Return
31.03.2025	4.95	A+	100%	1	4.52%
30.09.2025	4.52	A+	74%	1	4.05%
Similar Local Authorities	4.53	A+	75%	10	4.23%
All Local Authorities	4.38	AA-	62%	11	4.20%

Scoring:
AAA = highest credit quality = 1; D = lowest credit quality = 26
Aim = A- or higher credit rating, with a score of 7 or lower, to reflect current investment approach with main focus on security

6. Treasury Performance

6.1. The Council measures the financial performance of its treasury management activities in terms of its impact on revenue budget as shown in Table 9 below.

6.2. Interest costs have been lower budget over the period as we see a lower than anticipated spend across both the HRA and GF capital programmes. The Council has achieved higher than expected income generation due to larger cash balances however, as rates start to reduce, we will see a corresponding reduction in investment income.

Table 9: Treasury Performance

Borrowing costs	Actual to date £m	Budget to date £m	Annual Budget £m	Over/(under) £m
General Fund borrowing costs	5.7	9.6	19.2	(3.9)
HRA borrowing costs	7.6	12.8	25.5	(5.2)
Total borrowing costs	**13.3**	**22.35**	**44.7**	**(9.1)**

Treasury investment income	**(2.1)**	**(1.0)**	**(2.0)**	**(1.1)**

7. Non-Treasury Investments

7.1. The definition of investments in CIPFA's revised 2021 Treasury Management Code includes all the financial assets of the local authority, as well as other non-financial assets that the local authority holds primarily for financial return. Investments that do not meet the definition of treasury management investments (i.e. management of surplus cash) are categorised as either for service purposes or (made explicitly to further service objectives) or for commercial purposes (made primarily for financial return).

7.2. The Investment Guidance, issued by the Ministry of Housing, Communities and Local Government (MHCLG)) and Welsh Government, broadens the definition of investments to include all assets held partially or wholly for financial return.

8. Compliance

8.1. The Corporate Director of Finance and Resources reports that all treasury management activities carried out during the period complied fully with the principles in the Treasury Management Code and the Council's approved Treasury Management Strategy with the exception of lease as detailed below

8.2. Compliance with the authorised limit and operational boundary for external debt is demonstrated in table 10 below.

Table 10: Debt Limits

	30.09.25 Actual £m	**2025/26 Operational Boundary £m**	**2025/26 Authorised Limit £m**	**Complied?**
Borrowing	981.3	1,673.1	1,723.1	Yes
PFI and Finance Leases	73.3	12.7	13.9	No
Total debt	**907.7**	**1,685.8**	**1,737.0**	**Yes**

8.3. Although not classed as borrowing, the Council's PFI balances and finance leases have increased as a result of the reporting changes brought in by IFRS16. Unfortunately, the boundary and limit for 2025/26 were set before the impact on the adoption was known. The boundary and limit for PFI and Leases will be revised upwards for 2026/27's TMSS.

8.4. The operational boundary is a management tool for in-year monitoring. Therefore, it is not significant if the operational boundary is breached on occasion due to variations in cash flow, and this is not considered a compliance failure. However, the council's debt remained well below this limit throughout the period.

9. Treasury Management Indicators

9.1. As required by the 2021 CIPFA Treasury Management Code, the Council monitors and measures the following treasury management prudential indicators.

Security

9.2. The Council has adopted a voluntary measure to assess its exposure to credit risk by monitoring the value-weighted average credit score of its investment portfolio. To calculate this score, a value is assigned to each investment based on its credit rating (AAA=1, AA+=2, etc.), and the arithmetic average is taken, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

	30.09.25 Actual	2025/26 Target	Complied?
Portfolio average credit score	A+, 4.52	Above A, 6.0 or lower	Yes

Liquidity

9.3. The Council has adopted a voluntary measure to monitor its exposure to liquidity risk. This is done by tracking the amount of cash available to meet unexpected payments over a rolling three-month period, without borrowing additional funds.

	30.09.25 Actual	2025/26 Target	Complied?
Total cash available within 3 months	£40.7m	£30.0m	Yes

Interest Rate Exposures

9.4. This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interests was:

	30.09.25 Actual	2025/26 Target	Complied?
Upper limit on one-year revenue impact of a 1% rise in interest rates	£1.3m	£2m	Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	£1.2m	£2m	Yes

9.5. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at new market rates.

9.6. For context, the changes in PWLB interest rates during the period were:

	31.03.25 %	30.09.25 %
Bank Rate	4.50	4.00
1-year PWLB certainty rate, maturity loans	4.82	4.58
5-year PWLB certainty rate, maturity loans	4.97	4.95
10-year PWLB certainty rate, maturity loans	5.42	5.53
20-year PWLB certainty rate, maturity loans	5.91	6.14
50-year PWLB certainty rate, maturity loans	5.67	5.98

Maturity Structure of Borrowing

9.7. This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	30.09.25 Actual	Upper Limit	Lower Limit	Complied?
Under 12 months	8.0%	50%	0%	Yes
12 months and within 24 months	3.5%	40%	0%	Yes
24 months and within 5 years	16.8%	40%	0%	Yes
5 years and within 10 years	24.2%	40%	0%	Yes
10 years and within 20 years	14.2%	40%	0%	Yes

20 years and within 30 years	8.3%	40%	0%	Yes
30 years and within 40 years	10.0%	50%	0%	Yes
40 years and within 50 years	14.9%	50%	0%	Yes
50 years and above	0.0%	40%	0%	Yes

9.8. Time periods start on the first day of each financial year. The maturity date of borrowing is the earliest date on which the lender can demand repayment.

9.9. In the past, the Council has extensively used short-term borrowing (less than 1 year in duration) from other local authorities as an alternative to longer-term borrowing from the PWLB. This was due to lower interest rates at the time, resulting in revenue savings.

9.10. However, short-term borrowing exposes the Council to refinancing risk. This is the risk that rates will rise quickly over a short period of time and will be at significantly higher rates when loans mature and new borrowing is required. With this in mind, the Council has set a limit on the total amount of short-term local authority borrowing as a proportion of all borrowing.

	30.09.25 Actual	2025/26 Limit	Complied?
Upper limit on short-term borrowing from other local authorities as a percentage of total borrowing	2.11%	20%	Yes

Principal Sums Invested for Periods Longer than a year

9.11. The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

	2025/26	2026/27	2027/28
Actual principal invested beyond year end	nil	nil	nil
Limit on principal invested beyond year end	£5m	£5m	£5m
Complied?	**Yes**	**Yes**	**Yes**

Report for: Audit Committee – 29 January 2026

Item number: 11

Title: Internal Audit Progress Report

Report authorised by : Director of Finance

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
Email: minesh.jani@haringey.gov.uk

Ward(s) affected: N/A

Report for Key/ Non Key Decision: N/A

1. Describe the issue under consideration

1.1 This report details the work undertaken by Internal Audit in the period 1 September to 31 December 2025 and focuses on progress on internal audit coverage relative to the approved internal audit plan, including the number of audit reports issued and finalised – work undertaken by the external provider (Forvis Mazars).

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Audit Committee is recommended to note the audit coverage and follow up work completed.

4. Reasons for decision

4.1 The Audit Committee is responsible for monitoring the completion of the annual internal audit plan and the implementation of agreed recommendations as part of its Terms of Reference.

4.2 In order to facilitate this, progress reports are provided on a regular basis for review and consideration by the Audit Committee on the work undertaken by the Internal Audit Service in completing the annual audit plan. Where further action is required or recommended, this is highlighted with appropriate recommendations for the Audit Committee.

5. Alternative options considered

5.1 Not applicable.

6. Background information

6.1 The information in this report has been compiled from information held within Audit & Risk Management and from records held by Forvis Mazars.

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

7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key Priority areas.

8. Carbon and Climate Change

8.1 There are no direct Carbon implications arising from this report.

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

9.1 Finance and Procurement

Finance

There are no direct financial implications arising from this report. The work completed by Forvis Mazars is part of the framework contract which was awarded to the London Borough of Croydon to 31 March 2026, in accordance with EU regulations. The costs of this contract are contained and managed within the Audit and Risk Management revenue budget. The maintenance of a strong internal audit function and a proactive and reaction fraud investigation team is a key element of the Council's system of Governance.

Procurement

Strategic Procurement note the contents of this report and have been consulted on the relevant audits where required. Actions arising related to procurement and the letting of contracts are contained within the relevant audit reports and will be actioned accordingly.

9.2 **Director of Legal & Governance – Haydee Nunes De Souza, Head of Legal Services**

The Assistant Director of Legal and Governance has been consulted in the preparation of this report and advises that there are no direct legal implications arising from the report.

9.3 Equality

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

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil

partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- 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.

As contracted providers of Haringey Council, the internal audit contractor is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010. Ensuring that the Council has effective internal audit and assurance arrangements in place will also assist the Council to use its available resources more effectively.

10. Use of Appendices
Appendix A – Forvis Mazars Progress Report – Internal Audit

11. Background Information
None

12. Performance Management Information

12.1 Although there are no national or Best Value Performance Indicators, local performance targets have been agreed for Audit and Risk Management. Table 1 below shows the targets for each key area monitored and gives a breakdown between the quarterly and cumulative performance.

Table 1 – Performance Indicators

Ref.	Performance Indicator	1 Sep 25 – 31 Dec 25	Year to date	Year end Target
1	Internal Audit work (Forvis Mazars) – Days Completed vs. Planned programme	31%	47%	95%
2	Priority 1 recommendations implemented at follow up	Note 1 *	Note 1 *	95%

* Note 1. The status of recommendations is discussed in detail at section 13.3 below.

13. Internal Audit work – Forvis Mazars

13.1 The activity of Forvis Mazars for the first period of 2025/26 is detailed at Appendix A. Forvis Mazars planned to deliver 332 days of the annual audit plan (710 days) during the period (to 31 Dec 2025) and delivered 332 days audit work during this period. There has been some change to the audit plan to reflect the changing priorities within the Council.

13.2 Members of the Audit Committee receive detailed summaries of internal audits where a final report has been issued, to allow members to consider audit findings in a timely manner. Appendix A provides a list of all final reports which have been issued since the last meeting of the committee. Since its committee meeting in November, four internal audit reports have been issued. The audit areas and the level of assurance are detailed below at para 13.4.

13.3 Status of Priority 1 Recommendations

The table below sets out a summary of the priority 1 recommendations raised from the work of internal audit and their status. The summary provides a position statement of the recommendations as at as at 31 December 2025.

Status of Recommendations	**Priority 1 Recommendations status**					
	FY21	**FY22**	**FY23**	**FY24**	**FY25**	**Total**
Recommendations Outstanding (1/4/2025)	4	3	5	7	32	51
Recommendations Implemented	4	1	2	3	14	24
Recommendations outstanding (31/8/2025)	0	2	3	4	18	28
Recommendations outstanding (31/12/2025)	0	0	2	3	15	20

From the table, most priority 1 recommendations raised to the FY24 have been implemented. Of the nine priority 1 recommendations not implemented as at 31 August 2025, a further five have since been implemented leaving five recommendations remaining to be implemented. The recommendations outstanding for the period to FY24 relate to the following areas: -

- FY23: The two priority 1 recommendations outstanding relate to the Management of Stocks and Stores within the Housing Service and within Digital and Change Service in respect of Cyber resilience; and

- FY24: The three priority 1 recommendations outstanding relate the Council’s use of the Council’s Dynamic Purchasing System (DPS); Complaints Management and the Payroll (SAP).

The majority of recommendations due for implementations were raised in the last financial year (32) and the expectation is that these recommendations will be implemented over this financial year.

13.4 **Significant issues arising in Quarter 2**

In this period, there were two final internal audit reports that were assigned a "Limited" level of assurance. A further two areas were assigned "Adequate" assurance. The nature of the service and key residual risks arising from review are noted below.

Managing Housing Benefit Overpayments– "Limited" Assurance

The objective of this audit was to assess the design and effectiveness of the control framework for managing housing benefit overpayments. Effective management over the collection of housing benefit overpayments will mitigate the following strategic risks:

- FR0001 – unable to set a balanced budget for 2025/26 and beyond.
- FIN0005 – cash flow - not being able to make timely payments.

Housing benefit overpayments arises when there is a change of circumstances or entitlement for the claimant. The Benefits team receive an update from the Department for Work and Pensions, and HMRC, or through the claimant. The Benefits team update the entitlement and create an overpayment calculation within the benefit management system, iWorld. The team works towards a seven working day target to complete the calculation, from the day the information is receive.

As at May 2025 the total HB overpayment debt was £35.6 million, this included both invoiced debt and existing claimant debt. The invoiced debt element of this was £19.7m. The proportion of overpayments received from the DWP is determined by a number of factors. Where a local authority fails to collect housing benefit overpayments, there can be significant financial impact on the local authority as the housing benefit administration is financially significant. The Housing Benefit Overpayment Debt team is working towards a £15 million target balance for the invoiced debt.

The audit noted that the target Housing Benefit Overpayment balance was not being met. In the auditor's opinion, a root causes there a lack of clear prioritisation of debt levels and focus on action to clear debts.

The auditors raised three recommendations; one "priority 1", one "priority 2" and one "priority 3". The priority 1 recommendation is due for implementation by end of January 2026.

Management and use of Contract Waivers – "Limited" Assurance

The objective of this audit was to assess the controls, compliance and processes in place for the management and utilisation of contract waivers following the introduction of the new process in April 2025. The Council spends approximately £550 – £600 million annually through procurement activities, with a strategic focus on community wealth building and value for money. Contract waivers are a critical mechanism within this framework, allowing exceptions to standard procurement procedures under defined circumstances.

The audit raised the following findings:-

- Inconsistencies in application due to the new contract waivers process being introduced in April 2025. The audit identified weaknesses over the approval for waiving procurement procedures;
- With the CSOs introduced in April 2025 and the Procurement Board established in February 2025, monitoring and reporting needed strengthening;
- The Procurement Code of Practice had not been updated to reflect the changes introduced in the Contract Standing Orders, leading to misalignment and confusion about procedures and delegation;
- Gaps in data entry and overall tracker completeness was noted on the waiver tracker. As the tracker was newly established at the time of the audit, processes and responsibilities are still being embedded.

The auditors raised six recommendations; two “priority 1”, two “priority 2” and two “priority 3”. The priority 1 recommendation is due for implementation by end of January 2026.

Fire Risk Assessments (FRAs) – “Adequate” Assurance

The objective of this audit was to assess the design and effectiveness of the control framework for managing Fire Risk Assessments. The Council’s corporate risk register has identified fire risk assessments as one of the areas of risk in the Council meeting its full regulatory compliance within Housing.

Fire Risk Assessments (FRAs) are a statutory requirement for social housing providers and form a critical part of the landlord health and safety responsibilities. The FRA programme covers communal areas across LBH’s housing stock and is designed to identify fire hazards, assess risk levels, and ensure appropriate remedial actions are taken. The programme is governed by LBH’s Fire and Structural Safety Policy (May 2025), which outlines a risk-based approach to scheduling assessments, with higher-risk buildings requiring more frequent reviews.

The FRA programme is managed through the C365 compliance management system, which was introduced in November 2024. C365 is intended to automate the scheduling of assessments, extract remedial actions from uploaded FRA documents, and provide a centralised platform for tracking compliance. Contractors are expected to upload completed FRAs directly into the system, and fire safety compliance staff overseeing the programme’s integrity and performance. The review considered communal areas within the social housing stock managed by the Council, Haringey Community Based Society and Homes for Haringey properties.

The audit identified the following areas for improvement: -

- Formally executed contracts were not in place at the time of the audit; and
- Make all relevant contracts accessible to the fire safety team and contract managers, so that staff responsible for monitoring performance are fully aware of the agreed terms and can hold contractors accountable.

The auditors raised three recommendations; one “priority 2” and two priority 3. There was no priority 1 recommendation.

Sickness Absence Management – “Adequate” Assurance

The objective of this audit was to establish the controls and processes in place for managing short- and long-term sickness given the significant impact it can have on business operations. The audit reviewed income streams from the following areas:

- Policies, procedures and training;
- Sickness absence record keeping, access to sickness records and monitoring; and
- Management information.

The audit considered the following risks:

- There is a lack of centralised system preventing a better control environment to manage sickness absences;
- A central accessible location to store sickness related documents is not available on the current version of SAP; and
- Responsibility for signing up to the training sits with line managers as opposed to HR.

The audit noted that whilst there were good practices in place, such as long-term sickness cases being referred promptly to Occupational Health, sickness data was reported to the Directorate Management Team monthly and key details of sickness absences were recorded in SAP.

The auditors noted Human Resources service’s comments over its level of resource to ensure the organisation complied with corporate HR policies and the limitations of the current SAP system to support this activity. The auditors recommended improvements in respect of the following areas:

- Develop a training video on the Council’s sickness absence policy/process and mandate all newly appointed line managers to view this. Moreover, to monitor viewing of the training and where individuals have not done so, follow this up with their Line Manager;
- The HR team should receive and store return to work forms for individuals with high levels of absences or a random sample of 10% each month to retain oversight of what has been completed and what has not. Where HR have not received the form, the line managers should be chased.

The auditors raised five recommendations; two “priority 2” and three “priority 3”. The most significant recommendations are due for implementation following the implementation of a new ERP system and the administrative recommendations will be implemented by the end of this financial year.

LONDON BOROUGH OF HARINGEY
Audit Committee – January 2026
Forvis Mazars Internal Audit Progress Report

Date Prepared: December 2025

Strictly private and confidential

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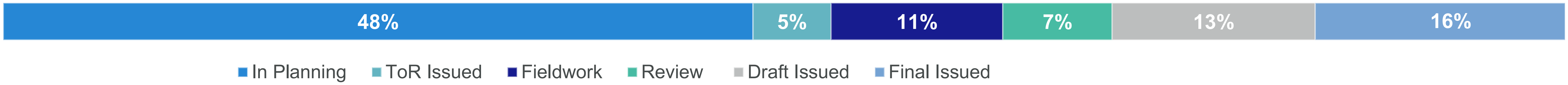
Contents

Appendices

01. Snapshot of Internal Audit Activity

Below is a snapshot of the current position of the delivery of the 2025/26 Internal Audit Plan



Audit Committee decision needed

Note the progress being reported and consider final reports included separately in the paper pack.

RAG status of delivery of plan to timetable — **On Track**

Key updates

Fieldwork for all reviews included in the 2024/25 Internal Audit Plan was completed by **31 March 2025**. However, management responses to the draft reports for Disrepair and Birchtree remain outstanding.

Throughout our work, we have identified early warning signs and common themes, which are summarised in **Section 02.** These include recurring issues around contract management / procurement, debt recovery and second line strength.

The **2025/26 Plan** is progressing as expected, with the Managing Housing Benefits Overpayments, Management and Use of Contract Waivers, and Fire Risk Assessment (FRAs) IAs finalised since the previous progress report. An overview of the 2025/26 Internal Audit Plans is provided in **Section 03.**

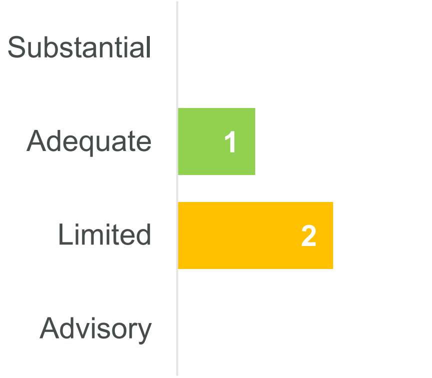
Performance against agreed Key Performance Indicators (KPIs) is reported in **Section 05.**

Finally, **Section 06** includes our thought leadership pieces, covering pertinent topics such as cybersecurity and the Regulator of Social Housing's (RSH) annual sector risk profile.

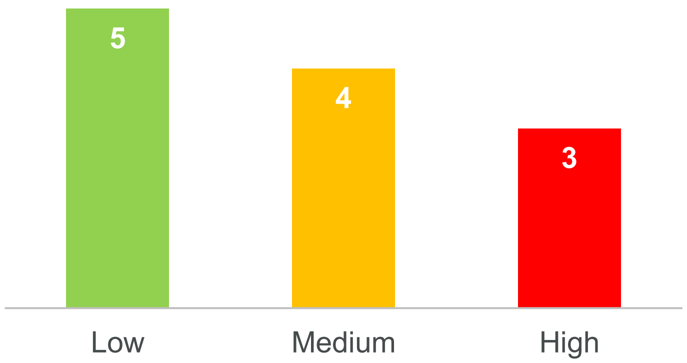
A summary of the latest reports issued, and their key findings is also included at the end of this document (**Appendix A1**).

We meet with the Head of Internal Audit and Deputy Head of Internal Audit on a weekly basis, with the last meeting held in person on **18 December 2025**.

Assurance opinions in reporting period



Recommendations in reporting period



02. Early warning and common themes

In this section we highlight any early warning signs and common themes arising from our work.

It is important to highlight to Members and Senior Management any issues identified through our fieldwork and in draft reports, as these may be relevant to the overall assurance position. The Audit Committee should note that these matters may change as further information becomes available. The findings below have not yet been subject to full management agreement. Our comments are based on draft findings and further evidence, including management comments, may change our view.

We draw attention to two key matters:

- **Contract management and procurement** continue to expose the Council to increased risk. This includes limitations in systems, governance, and operational support from the Strategic Procurement team. This is a consistent issue raised across a significant number of IA reports issued, including the **Fire Risk Assessments** report where it was found that signed contracts were not in place for the key fire safety contractor.
- **Debt recovery** and receipt of all income due is an emerging issue, as noted in the **Council Tax and HB Overpayment** IA reports. There are systemic challenges in debt recovery processes. This highlights the need for a strategic, coordinated approach to address long-standing arrears.
- We are seeing the impact of second line functions not being strong enough, for example in relation to the delivery of savings, controls are established for first line (departmental / directorate level) but the checks and assurance that is expected from second line functions is not robustly delivered. This may be due to a focus on core, operational responsibilities rather than risk management and assurance activities.

03. Overview of Internal Audit Plan 2025/26

The table below lists the status of all reviews within the 2025/26 Plan that have a status of draft terms of reference (ToR) issued or beyond.

Review	Audit Sponsor	Status	Start Date	Date Finalised	Audit Committee	Assurance Level	Total	High	Medium	Low
Use of Business Intelligence Reports	Director of Finance	Final Report	May 2025	July 2025	November 2025	**Limited**	3	1	1	1
Managing Housing Benefit Overpayments	Delivery Director Tackling Inequality (interim)	Final Report	May 2025	December 2025	January 2026	**Limited**	3	1	1	1
Virtual Schools	Director of Children's Services	Final Report	June 2025	September 2025	November 2025	**Limited**	11	1	5	5
Compliance with Cost Management Measures (Spend Controls)	Director of Finance	Draft Report	June 2025							
Management and Use of Contract Waivers	Director of Finance	Final Report	July 2025	November 2025	January 2025	**Limited**	6	2	2	2
Bankline	Director of Finance	Draft Report	August 2025							
Street Light Contract Management	Director of Environment and Resident Experience	Draft Report	August 2025							
Corporate Arrangements for Commissioning	Director of Adult's Social Services Director of Children's Social Services	Fieldwork	September 2025*							
Governance over Delivery of Savings	Director of Finance	Draft Report	September 2025							
Council Tax Billing, Collection and Administration	Delivery Director Tackling Inequality (interim)	Draft Report	September 2025							
Management of Leisure Services	Director of Environment and Resident Experience	Draft Report	September 2025							

All draft reports in this table are outstanding, and responses have been chased from management.

* Delivery of this review was split across several months from the start date, expected completion date is December 2025.

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03. Overview of Internal Audit Plan 2025/26 (continued)

Review	Audit Sponsor	Status	Start Date	Date Finalised	Audit Committee	Assurance Level	Total	High	Medium	Low
Fire Risk Assessments (FRAs)	Operational Director – Hsg & Build Safety	Final Report	September 2025	November 2025	January 2026	**Adequate**	3	0	1	2
Efficient and Effective use of Temporary Accommodation	Operational Director – Hsg & Build Safety	Review	September 2025							
SEN Transport	Director of Children's Services	Fieldwork	October 2025							
HCBS – Contract Management	Operational Director – Hsg & Build Safety	Draft Report	November 2025							
IT Audit Needs Assessment	Director of Finance and Resources	Review	November 2025							
HCBS – Property Management	Operational Director – Hsg & Build Safety	Fieldwork	November 2025							
Digital Transformation Assurance – Residence Connect Project	Director of Finance and Resources	Fieldwork	November 2025							
Business Rates Billing, Collection and Administration	Director of Resident and Engagement	Fieldwork	November 2025							
Management of Garages	Director of Finance and Resources	Fieldwork	December 2025							
Review of Parking Operations (PCN and Pay and Display)	Director of Resident and Engagement	Draft ToR	December 2025							
Cybersecurity – Insider Threat Risk Management	Director of Finance and Resources	Draft ToR	January 2026							
						Total	**25**	**5**	**9**	**11**

All draft reports in this table are outstanding, and responses have been chased from management.

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04. Overview of Internal Audit Plan 2024/25

The table below lists the status of all reviews within the 2024/25 Plan that were finalised in 2025/26.

Review	Audit Sponsor	Status	Start Date	Date Finalised	Audit Committee	Assurance Level	Total	High	Medium	Low
Cyber Governance and Risk Management	Chief Digital and Innovation Officer	Final	February 2025	June 2025	November 2025	Adequate	3	0	3	0
Regulatory and Enforcement Services	Director of Environment	Final	February 2025	June 2025	November 2025	Adequate	7	0	2	5
Arrangements for Monitoring Contracts within Housing Services	Director of Housing	Final	February 2025	July 2025	November 2025	Limited	7	1	4	2
Management, Monitoring and Collection of Income	Director of Finance	Final	September 2024	June 2025	November 2025	Limited	5	3	2	0
Management of Green Haringey	Director of Environment and Experience	Final	November 2025	June 2025	November 2025	Limited	7	1	6	0
Responsive Repairs	Director of Housing	Final	January 2025	May 2025	November 2025	Limited	7	1	6	0
Lettings Fact Finding	Head of Audit and Risk Management	Final	July 2024	May 2025	November 2025	N/A	N/A	N/A	N/A	N/A
Birchtree	Director of Culture, Strategy and Engagement	Draft Report	August 2024							
Sickness Management	Chief People Officer	Draft Report	March 2025	December 2025	January 2026	Adequate	5	0	2	3
Disrepairs	Director of Housing	Draft Report	March 2025							
Noel Park Pods Fact Finding	Head of Audit and Risk Management	Final Report	May 2025	December 2025	January 2026	N/A	N/A	N/A	N/A	N/A
						Total	**36**	**6**	**23**	**7**

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05. Key Performance Indicators

A summary of the internal audit reporting performance timescales for 2025/26 is included below.

Measure	Target	Current Average
Draft report issued within 15 working days from debrief meeting / last evidence received	15 working days	**18 days***
Management responses received within 10 working days from draft report	10 working days	**26 days**
Final report issued within 5 working days of management responses	5 working days	**3 days**
Satisfaction survey results – overall audit satisfaction *(n.b. surveys are only issued to schools)*	All surveys to be 'Good' or 'Very Good'	**N/A – two issued none received**

* Number of days slightly above target due to the sudden long-term absence of the lead Assistant Manager responsible for operational delivery of plan. Capacity was restored quickly and handovers took place, however the sudden absence did have a short-term impact on timeliness.

06. Thought Leadership – Navigating cyber risks: How LAs can build resilience against emerging threats

The recent cyber-attack on local authorities in November 2025 serves as a stark reminder of the evolving threats facing the public sector. As cyber risks grow in scale and sophistication, councils must adopt robust cybersecurity practices to safeguard essential services and sensitive data.

Key Cyber Risks Facing Local Authorities

Third Party Vulnerabilities:
Many councils rely on shared IT services or external suppliers. A breach in one area can quickly escalate, disrupting services across multiple authorities. Therefore, supply chain security is no longer optional, but it's essential.

Ransomware and phishing attacks:
Local authorities are prime targets for ransomware and phishing campaigns. These attacks can lead to service outages, data breaches, and significant financial losses.

Regulatory Compliance:
The Cyber Security and Resilience Bill (2025) requires councils to demonstrate resilience and report incidents promptly. Whilst the Bill is still progressing, aligning with its principles now will help future-proof your organisation.

Legacy Infrastructure:
Outdated systems are often harder to patch, lack modern security controls, and can serve as easy entry points for attackers. Many local authorities still rely on older technology that may no longer be supported by vendors, increasing exposure to exploits. While cloud adoption grows, many critical services and data still reside on-premises. Poorly secured on-premises systems can become a single point of failure.

Why cyber security matters for local authorities?

Local authorities manage critical services - from housing and social care to education and public safety. A successful cyber-attack can disrupt these services, compromise citizen data and erode public trust. With the Cyber Security and Resilience Bill (2025) introducing stricter requirements for incident reporting and resilience planning, now is the time to strengthen your cyber posture.

Best practices to mitigate risks:

- Modernise legacy systems;
- Incident response planning;
- Staff training and awareness
- Multi-Factor authentication (MFA);
- Patch Management;
- Data backup and recovery; and
- Collaboration with peers

For full explanations, please read the full article here.

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Read full article here

06. Thought Leadership: Regulator of Social Housing - Annual Sector Risk Profile

In November 2025, the Regulator of Social Housing (RSH) published its annual sector risk profile. Local authorities with housing stock should be mindful of the findings, and consider these as part of their risk identification/benchmarking and risk management arrangements.

In particular, the RSH highlights the importance of governance. In this respect, the RSH's requirements apply to private registered providers only, though the report notes the relevance of these principles to Local Authorities, such as in relation to councillors' oversight of consumer standards, risk management, and comprehensive data used to make strategic decisions about tenant services and repairs.

Some risk area highlights reflect new/evolving risks (e.g. the phased extensions of Awaab's Law) while others reflect longstanding, and still significant, areas of risk and control. We have highlighted this report for the Councils' awareness and for consideration in the course of continuous risk management.

Click here for the full article

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A1. Latest Reports Issued – Summary of Findings 2025/26

Since our last update, we have issued our final report relating to our review of **Managing Housing Benefit Overpayments** from the 2025/26 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Audit Objective: To assess the design and effectiveness of the control framework for managing housing benefit overpayments at the Council.

Why the Audit is in your 2025/26 Plan	**Your Strategic Risk**
It is an area of high financial exposure for the Council.	FR0001 – unable to set a balanced budget for 2025/26 and beyond. FIN0005 – cash flow, running out of cash/not being able to make payments.

Summary of our opinion

Limited Assurance See Appendix A1 for definitions			
		X	

Priority 1 (High)	1
Priority 2 (Medium)	1
Priority 3 (Low)	1

Actions agreed by you	**100%**
Priority 1 completion	31/01/2026
Overall completion	31/01/2026

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Summary of findings

Examples of good practice

- ✓ Sample of 15 overpayments found that claimants were notified of the overpayment via letter.
- ✓ Management was informed of invoiced debt performance monthly.

Highest Priority Findings

- There was no clear prioritisation of debt, and the target Housing Benefit Overpayment balance was not being met.

Key root causes

- A lack of clear prioritisation of debt levels and focus on action to clear debts.

A1. Latest Reports Issued – Summary of Findings 2025/26 (continued)

Since our last update, we have issued our final report relating to our review of **Management and use of Contract Waivers** from the 2025/26 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Audit Objective: To assess the controls and processes in place for managing and using contract waivers.

Why the Audit is in your 2025/26 Plan	Your Strategic Risk
To assess the controls, compliance and processes in place for the management and utilisation of contract waivers following the introduction of the new process in April 2025.	Failure to comply with procurement regulations due to inappropriate waiver use which results in legal penalties.

Summary of our opinion

Limited Assurance
See Appendix A1 for definitions

		X	

Priority 1 (High)	2
Priority 2 (Medium)	2
Priority 3 (Low)	2

Actions agreed by you	**100%**
Priority 1 completion	31/01/2026
Overall completion	31/01/2026

Summary of findings

Examples of good practice

- ✓ We confirmed that the Strategic Procurement team held monthly drop-in sessions for Council staff to support the transition to the new Contract Standing Orders.
- ✓ The CSOs outlined the scheme of delegation, specifying the required approvals from the Director, Cabinet, or CPO, depending on the contract value.

Highest Priority Findings

- Weakness in waiver request governance and record-keeping.
- Lack of formal monitoring and reporting of waiver activity.

Key root causes

- Inconsistencies in application due to the new contract waivers process being introduced in April 2025.
- With the CSOs introduced in April 2025 and the Procurement Board established in February 2025, monitoring and reporting have been overlooked.

A1. Latest Reports Issued – Summary of Findings 2025/26 (continued)

Since our last update, we have issued our final report relating to our review of **Fire Risk Assessments (FRAs)** from the 2025/26 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Audit Objective: To assess the design and effectiveness of the control framework for managing housing benefit overpayments at the Council.

Why the Audit is in your 2025/26 Plan	Your Strategic Risk
Key landlord health and safety risk area with regulatory focus and tenant safety implications. A new system, C365, is used to schedule inspections.	CORP005 - Failure to meet Housing / Achieve full regulatory compliance for Council Housing Stock standards.

Summary of our opinion

Adequate Assurance
See Appendix A1 for definitions

	x		

Priority 1 (High)	-
Priority 2 (Medium)	1
Priority 3 (Low)	2

Actions agreed by you	**100%**
Priority 2 completion	28/02/2026
Overall completion	31/03/2026

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Summary of findings

Examples of good practice

- ✓ Through a review of dates listed in the FRA programme data, there were no overdue properties at the time of the audit.
- ✓ Monthly KPI reports are presented at Building Safety Compliance (BSC) Board meetings, including FRA completion rates and a breakdown of overdue remedial actions by priority level.
- ✓ Monthly reconciliations between the asset management report and the FRA programme were completed between June and August 2025.

Highest Priority Findings

- Signed contract not in place with the key fire safety contractor responsible for completion of FRAs. Other contracts in place with contractors responsible for completion of remedial actions are not accessible to Fire Safety team.

Key root causes

- Delays with legal progressing the contract process with FFT (the FRA contractor).
- Contracts in place with contractors responsible for completion of remedials and FRAs are not currently accessible to relevant staff, meaning it is unclear what service standards have been agreed.

A1. Latest Reports Issued – Summary of Findings 2024/25

Since our last update, we have issued our final report relating to our review of **Sickness Absence Management** from the 2024/25 Plan. A summary of our most significant findings and the root cause(s) of issues is included below.

Audit Objective: To establish the controls and processes in place for managing short- and long-term sickness.

Why the Audit is in your 2025/26 Plan

To review the controls and processes in place for managing short- and long-term sickness absences given the significant impact it can have on business operations.

Your Strategic Risk

Inappropriate or unauthorised use of sickness payment which results in substantial financial costs for the Council.

Summary of our opinion

Adequate Assurance
See Appendix A1 for definitions

	x		

Priority 1 (High)	-
Priority 2 (Medium)	2
Priority 3 (Low)	3

Actions agreed by you	**60%**
Priority 1 completion	N/A
Overall completion	2029

Summary of findings

Examples of good practice

- ✓ From our sample of five long-term sickness cases, the two applicable cases were referred to Occupational Health within two weeks of becoming a long-term sickness case.
- ✓ Sickness data was reported to the Directorate Management Team monthly.
- ✓ Key details of sickness absences were recorded in SAP for our sample of ten sickness absences e.g. start and end dates, sickness reasoning on SAP.

Highest Priority Findings

- Sickness Absence Policy training was not mandatory for recently promoted line managers and some line managers had not attended the relevant training.
- Return to work forms were not completed on the employees first day back and were not stored in a central location.

Key root causes

- Responsibility for signing up to the training sits with line managers as opposed to HR.
- No process to monitor return to work meetings/form completion dates.
- No central accessible location to store sickness related documents.
- There is a lack of centralised system preventing a better control environment to manage sickness absences.

Contact

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Statement of Responsibility

We take responsibility to London Borough of Haringey for this report which is prepared on the basis of the limitations set out below.

The responsibility for designing and maintaining a sound system of internal control and the prevention and detection of fraud and other irregularities rests with management, with internal audit providing a service to management to enable them to achieve this objective. Specifically, we assess the adequacy and effectiveness of the system of internal control arrangements implemented by management and perform sample testing on those controls in the period under review with a view to providing an opinion on the extent to which risks in this area are managed.

We plan our work in order to ensure that we have a reasonable expectation of detecting significant control weaknesses. However, our procedures alone should not be relied upon to identify all strengths and weaknesses in internal controls, nor relied upon to identify any circumstances of fraud or irregularity. Even sound systems of internal control can only provide reasonable and not absolute assurance and may not be proof against collusive fraud.

The matters raised in this report are only those which came to our attention during the course of our work and are not necessarily a comprehensive statement of all the weaknesses that exist or all improvements that might be made. Recommendations for improvements should be assessed by you for their full impact before they are implemented. The performance of our work is not and should not be taken as a substitute for management's responsibilities for the application of sound management practices.

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Report for: Audit Committee 29th January 2026

Item number: 12

Title: Anti – Fraud, Bribery and Corruption Progress Report Quarter Three 2025/26

Report authorised by: Taryn Eves – Director of Finance

Lead Officer: Minesh Jani – Head of Audit & Risk Management
Minesh.Jani@Haringey.gov.uk
07817 617839

Ward(s) affected: N/a

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

1. Describe the issue under consideration

This report details the work undertaken by the in-house resources in the Audit and Risk team and communicates a third quarter update on completion of the work plan for 2025/26.

2. Cabinet Member Introduction

Not Applicable.

3. Recommendations

The Audit Committee is recommended to note the activities of the team during quarter three of 2025/26.

4. Reasons for decision

The Audit Committee is responsible for monitoring the effectiveness of the policies on Anti-Fraud, Bribery and Corruption and receiving assurance with regard the Council's internal control environment and mechanisms for managing fraud risk. To facilitate this, progress reports are provided on a quarterly basis for review and consideration by the Audit Committee with regards Anti-Fraud, Bribery & Corruption.

5. Alternative options considered

Not Applicable.

6. Background information

The information in this report has been compiled from performance data held by Audit & Risk Management.

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

The Audit & Risk team makes a significant contribution through its pro-active work in ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all strategic priority outcomes.

8. Carbon and Climate Change

There are no direct financial implications arising from this report.

9. Statutory Officers comments on behalf of Director of Finance & Resource and Director of Legal and Governance.

Corporate Director: Alex Altman - Business Partner Finance

There are no direct financial implications arising from this report.

Procurement

There are no direct contract and/or procurement implications arising from this report.

Director for Legal & Governance: Michael Alexander Gordon – Principal Lawyer

This report was prepared pursuant to and in accordance with section 151 of the Local Government Act 1972 and section 6 of The Accounts and Audit (Amendment)(England) Regulations 2006. The Council's Head of Legal and Governance has been consulted in the preparation of this report, and in noting the progress made with delivering the Audit Plan, and the activities undertaken in relation to risk management and anti-fraud, advises that there are no direct legal implications arising out of the report.

Equality

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

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- 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.

The Audit & Risk team is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010 and this is built into the team's operational procedures. Ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

10. Use of Appendices

Not Applicable

11. Background papers

Not Applicable

12. Introduction

12.1 This report covers the period from 6 October 2025 to 2 January 2026 and summarises the work of the Audit & Risk Service in relation to anti-fraud, bribery and corruption.

12.2 The work of the team is driven by the Council's Anti-Fraud, Bribery & Corruption Strategy which was reviewed in September 2024. The Strategy is supported by a risk assessment and operational work plan, which is annually reviewed and the outcomes communicated to Committee as part of the quarter one report.

12.3 The Fraud structure within the Audit & Risk Service consists of a Head and Deputy Head of Audit & Risk who has operational line management responsibility for six investigator posts filled by circa equivalent to five FTEs as two team members are part time/flexibly retired.

12.4 Fraud risk is considered when scoping all audit assignments, undertaken by Forvis Mazars, and where there is a high inherent risk of fraud in the system and process additional focus is included in the scope. The in-house resource investigates issues that arise, or other risk areas identified in the strategic audit planning. The results of all this work as well as intelligence from referrals feeds into our assessment of fraud risk in the council.

12.5 Annually the governance of the organisation is reviewed, and this informs the Annual Governance Statement, which was presented to Members in July. This review considers the system of internal control which helps to inform our overall risk assessment. The Annual Report and Head of Internal Audit Opinion outlines weaknesses in internal control. There are several areas of the council where our first and second line of defence control are not robust enough to prevent and detect fraud.

13. Risk Assessment 2025/26

13.1 There have been no changes to our fraud risk assessment in quarter three.

14. Anti-Fraud & Corruption Work Plan for 2025/26

14.1 The team's work plan this year includes proactive work relating to the areas outlined below, updates as at end of quarter three are included:

- **Temporary Accommodation** – our role in the proactive project to identify fraud has now ceased however the fraud case data is reported in 15.14.
- **National Fraud Initiative (NFI)** – details later in this report 15.16.
- **Hidden Assets in Financial Assessments** this was a project agreed in 2023/24 – some work was undertaken, and this work was put on hold, whilst management tackled control issues which were barriers to successful data driven fraud work. The improvement work streams continue to be monitored. This will be a project that recommences in 2026.

- **Fraudulent payment of PCNs** – there are high numbers of PCNs paid using stolen card details which causes significant resource wastage for the council and could indicate organised crime in the Borough. Audit work to initially analyse this and put in more robust governance took place in quarter three. This needs to be completed before any fraud resources can be allocated proactively on investigating, however the fraud team do deal with reactive referrals and data protection requests from banks and would support the services if any referrals for fraud were generated in this area.
- **Procurement** due to the fraudulent activity identified in 2023/24. A fraud risk analysis of all 2024/25 spend has been commissioned from Mazars to determine if other similar frauds have occurred and satisfy again the request from External Audit. Our work to analyse the outcomes is on-going but to date has noted none, however there was some non- compliance or poor practice that increases fraud risk in the Council, and we are working with Strategic Procurement on these and will report concerns to the Procurement and Purchasing Compliance Board.
- **Squatting** – due to the criminality involved in Squatting and the links to the proactive and reactive housing fraud work we do, re legal occupation, we continue to link with management from an audit and risk perspective with regards the threat of squatting in the Borough. We continue to look for indicators of internal corruption in this risk area as new cases of squatting are identified. There is limited capacity available to work on squatting and most of the identified offences occurring fall outside of the jurisdiction of the fraud team.
- **Death List** – the team continue to monitor the council's use of death list information through the insights gained from case investigation and the outcomes of NFI data matching. Significant improvements have been made in recent years but there is still a clear indication that some services are not ceasing services in timely fashion either due to process error or potential fraud. Currently the NFI and some targeted internal data matching enable the risks to be mitigated in this area. This will remain an area of focus in 2026.

15. ANTI-FRAUD ACTIVITY

15.1 The team undertakes a wide range of anti-fraud activity and has two performance indicators to monitor its work relating to tenancy fraud and the right to buy fraud. After a downturn in outcomes because of the impact covid had on Housing and legal processes the performance of the team in the last three years has return to pre covid levels of performance.

15.2 Financial values are assigned to these outcomes based on the discounts not given and the estimated value of providing temporary accommodation to a family. The Audit Commission, when in existence, valued the recovery of a tenancy, which has previously been fraudulently occupied, at an annual value of £18,000, as noted above this related to average Temporary Accommodation (TA) costs. This figure was then revised to £42,000 by a network of housing and fraud bodies and was at the time supported by the Cabinet Office. Most recently the Cabinet Office has valued a property recovery at £78,300.

15.3 Table 2 - Local Performance measures – anti-fraud activity

Performance Indicator	Q3	YTD	Annual Measure
Properties Recovered	**45**	**73**	**50**
Right to Buys prevented	**13**	**48**	**80**

15.4 Tenancy Fraud – Council properties

15.5 The Corporate Anti-Fraud Team works with Housing colleagues to target and investigate housing and tenancy fraud. Housing continues to fund 0.6FTE of Tenancy Fraud Officer co-located part time within the Corporate Anti-Fraud Team, however this post in the main undertakes proactive fraud prevention checks for housing. There are plans to do cross team proactive tenancy fraud campaigns and use data matching however this work will not be completed until the Housing Improvement Programme has improved systems, process, and technology across Housing services is embedded and the Tenancy Management restructure is complete. It is hoped these process and control improvements, the additional resources in housing planned will enable more robust proactive work to be completed, which will help to not only detect fraud but also deter it, in future. In quarter three the backlog of housing cases not allocated in the team and conversations about next year's work plan are exploring how we can provide extra resources for reactive and proactive work in the housing directorate. An additional temporary Housing Investigator resource has been approved for quarter four to help clear the backlog of housing cases.

15.6 The Corporate Anti-Fraud Team works with the Housing team to identify the most effective use of fraud prevention and detection resources across teams to enable a joined-up approach to be taken, especially where cases of multiple fraud are identified e.g., both tenancy fraud and right to buy fraud. Circa half the live cases were generated from proactive work by the team: attending gas safety’s; data matching or proactive fraud work the other half mainly from internal officer referral, tenancy officers, and small number from members or residents. The team undertake reviews of applications for Grant of Tenancy, Succession and Mutual Exchange and provide assurance to management who have to approve these applications. This year five applications have been denied as a result of this work. Of the 399 open fraud investigations 235 currently sit with other teams for action and 164 are live investigations with the fraud team. The team have no live housing fraud prosecutions currently but there are four cases where prosecution is the central objective of the investigation plan. Data cleansing work planned in quarter three was only part completed; this will need to be completed by year end.

15.7 Table 3 - Tenancy Fraud Activity and Outcomes

Opening Caseload	**433**	
New Referrals received	46	
Total		
Properties Recovered		**45**
Case Closed – no fraud/no recovery action possible		35
Total		(-)
Ongoing Investigations		**399**

15.8 Right-to-buy (RTB) applications

15.9 As of end of quarter three, there were 493 ongoing applications with 65 under investigation as part of the money laundering stage of the process. During the quarter, 13 RTB applications were withdrawn, timed out, or refused either: following review by the Corporate Anti-Fraud Team or due to failing to fully engage with the money laundering stage of the processes. The applicants are served reminders, by legal, regarding timescales and the Corporate Anti-Fraud Team work flexibly with applicants and their solicitors to gather the required evidence to satisfy the money laundering regulations. 119 new applications were received in this period; 35 ongoing applications remain in process awaiting re-valuation of the property value. 13 applications ceased for reasons other than the Corporate Anti-Fraud Team's direct intervention and 18 properties were sold.

15.10 Blue Badge Fraud

15.11 To date there have been 326 cases accepted as part of the fraud prevention project. Outcomes from cases to date:

- 90 closed, no further action.
- Six prosecutions.
- Three cases with legal.
- 68 cautions administered.
- 157 live cases – two at interview under caution stage.

15.12 The project has proven to be successful and achieved the deterrent factor desired to try to support Parking in reducing this fraud in the Borough. Capacity is hindering the outcomes of this work however there is an agreed project to automate the process, and it is hoped by 2026/27 this will be embedded. Having had a strategy of focusing the finite resources on the worst offenders and prosecuting them, in quarter three our emphasis has shifted to apply low level sanctions on a larger number of cases. The improved processes should enable the resources to achieve both objectives in future years.

15.13 The following is the notional cost to the public purse used in prosecution cases Blue Badge fraud is significant and, by claiming exemption from the congestion charge, a blue badge holder saves £2,500 per year. They may also avoid having to pay for a resident's parking permit, at £50 - £250 a year. If the motorist avoids paying hourly on-street parking charges of £3 per hour for 40 hours a week, this adds up to a further £6,000 a year (this could be even higher if commuting to central London). Fraudulent misuse could be costing local government (TfL and the boroughs) £5,000 - £10,000 a year per badge, in addition to the extreme inconvenience for disabled motorists and passengers.

15.14 Temporary Accommodation

15.15 The proactive project with Housing Demand has led to 15 referrals into the team. Six have been closed; four frauds confirmed, and five cases remain live. Our proactive involvement in the project has ceased but referrals will be accepted as part of business-as-usual processes.

15.16 National Fraud Initiative

15.17 During this quarter the data sets for Direct Payments and Residential Placements were uploaded to the NFI portal. Social Care data has been excluded from the NFI data matching for a number of years, so this is a positive support for local authorities in this risk area. The results were received shortly before the end of the quarter and will be worked on in quarter four.

15.18 As noted above in the report the team continue to prioritise the death list related data matches due to the risk of fraud and the additional resource coming into the team in the period will enable fraud cases identified in NFI to be progressed.

15.19 In 2026 there will be quarterly payroll and agency worker matches within NFI to continue to work to protect the public sector from polygamous workers.

15.20 At the end of quarter three there were minimal outcomes captured in the portal to report but work continues and further updates will be provided later in 2026 to the committee when more match reports are closed.

15.21 Void Properties project 2023/24 update

15.22 As at end December 2025, six cases remain open. One case was closed in quarter three, three cases are now with legal and 3 with housing for action. Overall, 24 properties have been recovered, following the proactive data work of the team. The recoveries generated by this project are not included within the tenancy fraud performance. The team will repeat this data matching project again in 2026/27 and ensure the cases with legal progress into legal cases or are closed as appropriate before year end.

15.23 No Recourse to Public Funds (NRPF)

15.24 In quarter three, 15 referrals have been received and responded to by the Corporate Anti-Fraud Team. The role of the Corporate Anti-Fraud Team is to provide a financial status position for the NRPF team to include in their overall Children and Family Assessment. The average cost of NRPF support per family (accommodation and subsistence for a two-child household) is around £20,000 pa.

15.25 Ad hoc requests

15.26 The team deal day to day with many ad hoc requests from management for advice and guidance. They also respond to data protection information requests from other teams and public sector organisations. In quarter three a new corporate system has been implemented to respond to these requests. As some contacts i.e. from the police can require urgent responses, all officers need to be able to respond, the whole team has been trained and commenced using the new system in December.

15.27 Internal Employee Investigations (excluding dual working)

15.28 The Audit & Risk team are responsible to investigating all allegations of fraud, corruption, and financial irregularity against employees.
At the start of quarter three the team had five live employee cases. One was completed and passed into the disciplinary process in the quarter. The other four remain open. Three are criminal cases, one at the stage where the prosecution file is being passed to legal services. The other two the team are preparing for Interviews Under Caution; one is an ex-employee. The fifth case is still in progress but at the reporting stage.

15.29 The Audit and Risk service work closely with officers from HR and the service area involved to ensure that the appropriate investigation, following a referral, is completed as quickly as possible. The cases are prioritised according to risk to the council and severity of the allegations. For all cases there is consideration of root causes and where weaknesses in our control environment have contributed or enabled fraud, corruption, or other breaches of code of conduct and other rules and procedures to occur. These audit observations are highlighted to management.

15.30 Dual Employment Cases / Agency Worker cases

15.31 In recent years there have been high numbers of these cases across the public sector. The NFI has developed data matching to help identify individuals with multiple employment contracts. These cases are all referred to the fraud team either from external sources, management, or Employee Relations Team so that preliminary fraud checks and assessment can be

undertaken and fraud powers deployed. The team work closely with other organisations on these cases where there is criminality found a prosecution case will be led by the authority who has experienced and can evidence the greatest financial loss.

15.32 At the start of quarter, thee we have one live ex-agency worker dual employment case which, is being led by another authority. One ex— employee case open, where we are leading.

15.33 Prior reports have communicated that in January 2025 the NFI highlighted eight new cases and a further eight had been received up to the end of September, these have all been investigated by the team, and appropriate action taken, there are also two cases from 2024/25 that remain open, none are being pursued further by the team however we do continue to support the police or other fraud teams who are pursuing a prosecution where applicable and outcomes will be reported in future reports.

15.34 In quarters three there have been two new dual worker cases. The team has completed all evidence gathering required re both cases one employee was dismissed and the other case has been passed to HR to consider disciplinary action.

15.35 Whistleblowing Referrals

15.36 The Head of Audit and Risk Management maintains a record of referrals made using the Council's Whistleblowing Policy. At the start of quarter three the team had seven open referrals, four have closed in the period resulting in disciplinary and management actions (2) and No case to Answer (2), the other three remain open, two are being investigated by the team and one by management.

15.37 Seven new whistleblower allegations have been accepted since October, under the policy; all require investigation by audit.

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Report for:	Audit Committee 29th January 2026
Item number:	13
Title:	Annual Governance Statement 2024/25 Update Report
Report authorised by:	Taryn Eves – Director of Finance and Resources
Lead Officer:	Minesh Jani – Head of Audit & Risk Management Minesh.Jani@Haringey.gov.uk 07817 617839
Ward(s) affected:	N/a
Report for Key/ Non-Key Decision:	N/a

1. Describe the issue under consideration

To update the Committee and provide assurance on the progress to address the significant governance issues identified within the 2024/25 Annual Governance Statement (AGS).

2. Cabinet Member Introduction

Not Applicable.

3. Recommendations

The Audit Committee is recommended to note the progress reported.

4. Reasons for decision

The Audit Committee's terms of reference include a review the Council's corporate governance arrangements against the good governance framework, including the ethical framework, and consider the local code of governance as well as –

- To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances, including the head of internal audit's annual opinion.
- To consider whether the annual evaluation for the AGS fairly concludes that governance arrangements are fit for purpose, supporting the achievement of the authority's objectives.

The Audit Committee is responsible for approving the Draft Annual Governance Statement (AGS).

5. Alternative options considered

Not Applicable.

6. Background information

The Council is required, by the Accounts and Audit Regulations 2015 to annually review the organisations governance arrangements and to produce an Annual Governance Statement (AGS) for publication as part of the Council's annual statement of accounts. The AGS documents and reports on the Council's governance framework as a whole, identifying any actions required as well as presenting any significant governance issues relating to the financial year.

Prior to its final approval, the Council needs to demonstrate that the AGS has been reviewed and agreed by senior management across the authority and an appropriate member body. The AGS was therefore presented to the Audit Committee in July 2025. In prior years the committee requested that going forward an update be presented to them, in year, with regards progress on the action plan to ensure that action plans were progressing.

The information in this report has been compiled from information provided by the issue and action owners, other reports and follow up activity by Forvis Mazars and the In-house team in Audit & Risk Management.

There were six significant issues identified for 2024/25; relating to Finance, Commercial Property, Statutory Compliance in Housing, Contracts and Procurement, Information Governance and Workforce Strategy, Appendix 1 contains an update with regards each.

The Head of Audit & Risk Management has reported to Statutory Officers group in year re the actions taken and is satisfied with the progress noted regarding all actions at the time of the follow up. The action plan will continue to be tracked as part of the preparations for producing the 2025/26 Annual Governance Statement, planning for this work commenced in December 2025.

7. Contribution to the Corporate Delivery Plan 2024-2026 High level Strategic outcomes'?

The work to strengthen the governance framework in the council makes a contribution to all strategic priority outcomes, as good governance is central to effective organisational health.

8. Carbon and Climate Change

There are no carbon or climate change considerations arising directly from this report.

9. Statutory Officers comments on behalf of Director of Finance & Resource and Director of Legal and Governance.

Corporate Director: Alex Altman - Business Partner Finance

There are no direct financial implications arising from this report.

Procurement

There are no direct contract and/or procurement implications arising from this report.

Director for Legal & Governance: Haydee Nunes De Souza - Head of Legal Services

The Council's Head of Legal and Governance has been consulted in the preparation of this report, and advises that there are no direct legal implications arising out of the report.

Equality

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

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation.
- 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.

The Audit & Risk team is required to demonstrate a strong commitment to equality and fairness in their actions and work practices, and adherence to the Equality Act 2010 and this is built into the team's operational procedures. Ensuring that the Council has effective counter-fraud arrangements in place will assist the Council to use its available resources more effectively.

10. Use of Appendices

Appendix 1 – Annual Governance Statement 2024/25 Follow Up Table

11. Background papers

2024/25 Annual Governance Statement – final (amended) version July 2025

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Appendix 1 - Annual Governance Statement 2024/25 – In-year update

The table below is an extract of the 2024/25 Annual Governance Statement, amended to present an updated position with regards each of the significant issues included in the statement.

Issue, Owner and Due Date	Action (from 2024/25 Approved AGS)	Update / Progress (as at December 2025)
We need to ensure we deliver savings identified in our Medium-Term Financial Strategy (MTFS) to manage within our financial means and embed change in following transformation of our services, including schools. (This may need to be strengthen depending upon the financial outturn / future financial projections).	The Council's financial position continues to be extremely challenging. The outturn position for 2024/25 was a £38m overspend on services, predominantly social care and temporary accommodation. Although this has been partly offset by one off use of reserves and historic balances, £20.4m of savings were expected to be delivered in year, only 63% was delivered. Of the non-delivered savings, £440k has been written out in future years as non-deliverable, the remaining is expected to be delivered in full in 2025/26. In total, £30m of savings are expected to be delivered in 2025/26 and although contingency has increased to protect against the non-delivery of some, it will not be sufficient if non delivery percentage remains at a similar level. A strengthened process has been established for the monitoring and reporting of savings which will track bot the financial savings and progress with the changes to deliver the savings. Monitoring is in place monthly to enable corrective action to be	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. 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;

Corporate Director of Finance and Resources 31/3/2026	taken early in the year for any non-delivery and is reported to Silver and Gold through the Council's emergency response arrangements. During budget series in April, the focus was on the delivery of existing savings, with all of Leadership Network working together on the development and implementation of delivery plans, with a particular focus on cross cutting savings. During 2024, a strengthened medium term and annual budget setting process was established which has set some good foundations and planning is well underway for 2026/27 budget planning. This includes: • Review of financial pressures. This has initially focussed on 2026/27 but also across the 5 years of the MTFS using the 2024/25 outturn and period 2 forecast for 2025/26 as the basis and strengthening the use of scenario planning to consider risks and uncertainties to give a more realistic view of risks with the estimates. • A review of other assumptions, including inflation and pay to provide a more realistic financial position across the next five years. • Regular review of all assumptions will continue through until December 2025 as new information comes to light, up to the point of publication.	• 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 nonessential 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) ➢ 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,

	• Review of the Capital Programme with the expectation of a reduced capital programme over the medium term, reducing the rate at which debt is increasing. • New capital programme governance arrangements are now in place which includes a new gateway process for ensuring that no capital scheme progresses without a clear business case that has been approved. • A refreshed Budget Series took place in April, May and June 2025, with a focus on ensuring existing savings are on track for delivery and identifying new savings and income opportunities to balance the budget for 2026/27. These are being considered in a structured way through four lenses (efficiency, commercialism, prevention and prioritisation) to ensure that every £ spent is delivering on the outcomes in the CDP and prioritisation is in line with smaller funding envelope and keeping any ongoing reliance on EFS to a minimum. • Review of 'committed' reserves, of which those which are uncommitted are exceptionally low given the level of risk faced by the authority. This has focussed on £22m of balances within the Services Reserve and Grants Reserve to identify any transfer into the Budget Planning Reserve. The first phase identified £2.9m	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. 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 be increased to £25m to recognise the uncertainty in demand led services. Budget Fortnight took place for the 2024/25 budget planning process. 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.

	to contribute to reducing the overspend position in 2024/25 and a furthermore forensic review will be undertaken in quarter 1 of 2025/26. The MTFS assumes replenishing reserves over the medium term and an annual contribution of £3m has been assumed from 2026/27 onwards. An ‘emergency response’ has been put in place across the organisation in line with GOLD and Silver arrangements and overseeing the delivery of the Financial Recovery Plan developed by the Section 151 Officer. Progress is reported to internally and quarterly though the finance report to Cabinet and OSC. All non-essential spend must now be approved by the Spend Control Panel and the Recruitment Panel must approve all new recruitment. It is likely that tighter controls will be put in place from quarter 2 of 2025/26. The controls are also expected to improve purchasing compliance in line with the Council’s policies and processes. A redesigned Corporate Project Management Office supports delivery of the Category A projects, and a recent review of the criteria has led to a new set of projects being supported and which are linked to the delivery of savings. During 2023/24 the financial position with regards the Local Authority Schools in the Borough has become an increased area of financial risk to the Council. Full details are published in the 2024/25 outturn report and the number of schools with a	During 2024/25 the financial position with regards the Local Authority Schools in the Borough has become an increased area of financial risk to the Council. Additional capacity has been agreed within the schools finance team to support those schools in deficit and close working with the Council and schools to develop and implement Deficit Recovery Plans. The Safety Valve Programme is performing well and working towards alleviating the deficit on the high needs block of the schools budget by 2028 but the number of children with EHCPs and cost of placements continues to increase, and the Council awaits the reforms to SEND to be published by the Government in 2026. As significant proportion of the audit plan for 2025/26 has been focused on this corporate risk area and outcomes will be shared with Audit Committee as part of the routine cycle of reporting. In January 2026 KPMG will present their Annual Report to the Audit Committee and Value for Money Report. This report contains recommendations relating to financial sustainability, procurement, commercial property and adult social care. These have been accepted by management and full responses are provided in the separate report on the agenda and will be tracked as part of the AGS.

	deficit has increased to 33. The Council continues to work with schools in deficit on the recovery plans, including staffing restructures. The financial partnership between the Council and the Health Sector is an area of focus in light of the changes to ICBs being implemented by Government. The exact impact is not yet known but does pose a financial risk in terms of joint funding arrangements through the BCF. THE 2024/25 VFM risk assessment by KPMG is published elsewhere on the agenda and the Council will respond to any recommendations when the full report is presented to Audit Committee later in the year.	
We need to continue to embed the planned improvements across strategic and operational Asset Management which include fully embedding robust management of our operational and Commercial Properties	The council's adopted Strategic Asset Management and Property Improvement Plan (SAMPIP) 2023-28 contains 10 Action plans, based on the SAMPIP objectives. Action plan progress and activity is monitored regularly at Capital Projects and Property (CPP) Heads of Service meetings and Senior Management Team meetings. Progress is then taken through our property governance process on a monthly basis. The Corporate Landlord Model was implemented from 1 April 2025, including the transfer of	The Council's disposal policy, taken to cabinet in June 2025 and associated list, identified sites that were surplus to the Council's requirements, following their assessment through the council property review process, which is contained within the SAMPIP. These robust processes highlight a continued improvement in the management of our strategic and operational properties. Progress against this disposal list is managed through the Council's Disposal Board, and we are on target to make £2m of capital receipts within the 2025/26 financial year. We have an agreed scope for an internal audit by Mazars on the disposal programme scheduled for quarter four.

because audit work continues to conclude that systems and controls are inadequate. Corporate Director of Finance and Resources 31/3/2026	budgets and staffing resources. However, it is likely to require the remainder of the year for this to be fully implemented. This is a key step in bringing hard and soft facilities management service back together and ensuring all operational, strategic and commercial property sits in one area. Cabinet in June 2025 agreed the Council's Disposals Policy and an internal Disposals Board, chaired by the Corporate Director of Finance and Resources is in place to oversee the implementation of the policy. Internal Audit resources are allocated to monitor and report independently on progress. An annual update of the progress against the SAMPIP action plans is taken to cabinet. The last update was in May 2025. As part of the above annual reporting, the SAMPIP is also reviewed at Directorate and corporate audit committees throughout the year. Good progress has been made on reviewing the Council's commercial property portfolio gaining a more holistic view of the properties and lease arrangements which has significantly improved performance, including increased income levels.	Good progress continues on the SAMPIP, as highlighted by four of the ten original objectives of the SAMPIP being closed out and delivered, and the remaining six being progressed against the action plan. Our next key milestone is June 2026 for the next annual report to Cabinet on the SAMPIP and operational asset reviews being completed. Income from the commercial portfolio is over £1m higher than the same period last year with full delivery of the improvement plan remaining a priority for the Directorate and will continue through 2026/27 in line with the SAMPIP framework and the Disposals Strategy that was agreed by Cabinet in June 2025.

	The Council has begun to prepare the business case for the introduction of a digital solution to replace the current manual record keeping. In January 2026 KPMG will present their Annual Report for 2024/25 to the Audit Committee. This report contained two recommendations that have been accepted by management with regards this governance issue, specifically relating to Council Leases. The recommendations relate to: • Reviewing all Leases. • Implementing technology to enable effective monitoring. These actions are accepted and management responses are provided within the report will be tracked as part of the AGS.	
Following our self-referral to regulator we continue with our Housing Improvement Programme to deliver improvements in the delivery of our housing service and implement recommendations to address weaknesses in	The issue was identified in 2022/23, with the Housing Improvement Programme (HIP) continuing from this time. The Housing Improvement Programme was classified as a Category 'AA' project, so monitoring and reporting went to Corporate Leadership Team via the Corporate Project Office in addition to local oversight within Housing Services. Of the 213 actions included within this programme, 81% are complete with progress ongoing. A mock inspection of the housing service was carried out by HQN in September/October 2024 against the new Consumer Standards set by the Regulator of Social Housing, which included the	There has been good progress against the action plan developed in response to the mock inspection with monitoring by the Housing Improvement Board continuing to date to ensure oversight. HQN have since been commissioned to carry out an assessment of the actions within the plan against their recommendations from the mock inspection and the evidence against completed actions to provide assurance. Their findings following their assessment in October 2025 have indicated that we have a robust framework in place to identify, implement and monitor actions to meet the HQN recommendations and that significant, positive progress has been made in

our management systems, including Health and Safety risks in Council owned residential properties that deliver improvements to housing for tenants and meets the requirements of the Social Housing Regulator including safe housing. Corporate Director of Adults, Housing and Health 31/3/2026	Safety and Quality Standard. An action plan was developed in response to identified areas of improvement which is reported to the Member Housing Improvement Board six weekly, with the action plan having been overseen by this Board since March 2025. We continue to closely monitor and scrutinise performance and progress through our internal governance arrangements, and through six weekly performance reporting to the Member-led Housing Improvement Board. The Building Safety Strategy for 2024-28 was approved by Cabinet in July 2024. This strategy details how the Council ensures that buildings within the scope of the Building Safety Act 2022 were effectively managed and safe. The Building Safety Strategy was part of the Housing Improvement Plan, tackling repairs, fireproofing, insulation, security and other renovations and went beyond what is required by the government. The Building Safety Strategy was created with residents and residents' involvement in future decisions remains a core objective. The Council's Housing Annual Compliance Statement was presented to Cabinet on 17 September 2024 which included a summary of the results of the Council's auditors Mazars' audit of the service's reporting against the 'big six' compliance indicators - gas, electric, fire safety, asbestos, legionella and lifts – carried out in May 2024, together with an update on implementation	delivering the improvements identified by HQN. Since June 2025, 83% of the 213 actions included within the Housing Improvement Programme are now complete showing steady progress. Our improvement progress and performance across Housing Services continues to be regularly overseen by a variety of boards and panels, such as the Housing, Planning and Development Scrutiny Panel, the Housing Improvement Board, internal Housing governance boards, and our Resident Voice Board. The Council has continued to provide externally assured updates on compliance, where the Council's latest Housing Annual Compliance Statement was presented to Cabinet on 11 November 2025 which included a summary of the results of the Council's auditors Mazars' audit of the service's reporting against the 'big six' compliance indicators - gas, electric, fire safety, asbestos, legionella and lifts for March 2025 data. This continues to provide Cabinet and council tenants and leaseholders with the assurance and confidence that the Housing Service's arrangements for monitoring the 'big six' compliance areas are robust and are subject to ongoing review and improvement. The data continues to show consistently good performance against the 'big six' health and safety indicators. Work to deliver the Building Safety Strategy 2024-28 continues and a review of the Strategy is to

	of the new compliance data system which will result in a complete move away from spreadsheet management of these compliance areas, by the end of 2024. The purpose of the report was to provide Cabinet and council tenants and leaseholders with the assurance and confidence that the Housing Service's arrangements for monitoring the 'big six' compliance areas are robust and are subject to ongoing review and improvement. As of June 2025, all of the 'big six' modules are now set up on the new compliance system, with full inspection programme information uploaded. All FRA actions have been integrated into the system, removing the use of spreadsheet to manage actions, and we will also look to implement additional modules for other compliance areas. The data shows consistently good performance against the 'big six' health and safety indicators for each of the last three months and we anticipate that we will continue to maintain and build on this position assisted by the embedding of the new compliance data system across all compliance areas. The service has exceeded the target of 700 homes to be made decent by 31 March 2025 with the Regulator, where 791 homes have been made decent for 2024/25. This has meant the	commence in 2026 in line with our strategy review commitments. Our Building Safety Managers are allocated specific buildings for them to ensure safe standards are maintained and we are also continuing to collate and submit safety cases for each high-rise building upon request by the Building Safety Regulator. In addition, the Building Safety Managers are a key point of contact for our residents, and they work to ensure our residents understand how they can be involved in decision making about the safety of their homes. This is a vital part of how we engage with our residents as set out in our Building Specific Resident Engagement Strategies. To enhance resident information regarding safety and in line with Regulatory requirements we are installing Building Safety Specific notice boards in high-rise buildings which will provide key information, updates, and advice for residents. We are also developing a permit to work system for the buildings to ensure that on-going repairs and maintenance activities do not undermine or deteriorate the fire and structural safety systems within the buildings. The procurement of four new Partnering Contracts to deliver £560m work over 10.5 years has been completed, with the revised Contract Award report approved in October 2025, subject to Section 20 consultation, which was completed in December 2025 with final approval in January 2026. This is following original approval by Cabinet in June 2025. Following

	percentage of homes meeting the decent homes standard has increased to 80.7% from 78.4% in 2023/24. To achieve this target, mitigating actions included planned internal, Fire Door Replacement and Electrical Works, and a programme of validation surveys. We completed our 3-year stock condition survey in May 2024 with 75% of the stock surveyed. The procurement of four new Partnering Contracts to deliver £560m work over 10.5 years has been completed, with the Contract Award report being approved by Cabinet on 17 June 2025. This is a key factor to support the achievement of 100% decency by 2028 in line the asset management strategy agreed by Cabinet in 2023. Our performance across Housing Services and specific service areas and improvements are also overseen by the Housing, Planning and Development Scrutiny Panel. Audit Committee periodically request updates and assurances from the Director of Housing Services, relating to risk and control due to historic limited assurance audit reports. Internal Audit resources have been allocated in 2025/26 to provide independent assurance to Senior Leaders and Members as part of the 2025/26 Audit Plan.	mobilisation, go live is expected in April 2026. This is a key factor to support the achievement of 100% decency by 2028 in line the asset management strategy agreed by Cabinet in 2023. Following our self-referral to the Regulator and delivering against the Housing Improvement Programme and the Housing Inspection Action Plan, Housing Services is in a much-improved position and is able to provide assurance to Council tenants and leaseholders. Due to the sustained improvement, the Council recently requested the removal of the Regulatory Notice. The Regulator of Social Housing has since confirmed they have lifted the Regulatory Notice as of 17 December 2025 recognising the improvements that have been delivered and the requirements that have been met. On this basis there is no longer a significant governance issue and performance, and compliance will continue to be monitored through the corporate risk register and existing governance structures as outlined in this update.
Due to the high levels of FOI,	Following the ICO Audit in June 2024, the Information Governance team have been working	Performance continues to be discussed and monitored at the Cross Council Information

SARs that are not completed in time and feedback from Ombudsman we need to continue to strengthen our information governance arrangements. Corporate Director Culture Strategy Communities 31/3/2026	on delivery of the detailed Action Plan to address the ICO's recommendations. Most actions have been completed; a small number are still in progress. The ICO will be doing a desktop review of progress in July 2025 but will not do a full re-audit. Development work will continue after the Action Plan is completed, as we also use the ICO's accountability tracker which goes beyond the focus of the 2024 audit. Specifically in relation to information rights requests (which were not covered in the Audit), a new system was introduced in April 2025. When this has been fully implemented, it should give us greater visibility of cases, more granular reporting and improved case management. Alongside the new system, we are reviewing the way that cases are assigned and the support and guidance we provide to colleagues.	Governance Board the role of which was strengthened in 2025/26. Performance reports are presented to the Corporate Leadership Team quarterly. Any feedback from the Ombudsman is also discussed with Senior Management and actions tracked. The ICO did a return visit in June to review action plan implementation and they were satisfied with progress and have closed the audit. Phase 2 implementation of the new system (Infreemation) for managing information rights requests went live on 1 December 2025 and services now have direct access to case manage their assigned requests. The feedback from the services has been generally very positive. The focus for Q4 will be on improving reporting from the system.
The range of skills and experience required to fulfil our duties has become increasingly challenging over	We have a workforce strategy which principally was created to deal with this risk. The main action in the current municipal year is for Directors and Corporate Directors to complete workforce action plans for their areas which outline their workforce needs across the spectrum in terms of, for example, recruitment, retention and learning and development. These needs need to be framed in	Workforce Strategy Action Plan is in delivery. A small number of Directorate Workforce Action Plans have been completed. Work on this has now been paused to allow Directors to focus on the immediate financial crisis. Human Resources are delivering sessions to Heads of Service on people management, restructures and making financial savings in order to support the immediate drive to reduce spending.

time, particularly within some professions. The Council needs to have a high-performing workforce that delivers great services by attracting, developing, and retaining talent that delivers quality public services whilst making the best possible use of public money. Corporate Director Culture Strategy Communities 31/3/2026	the context of future service delivery and the finances available. A corporate template has been developed and tested, and resources made available to support all Directors and Corporate Directors with this important task. On a more day to day level, we have core HR policies available to support managers and leaders in managing their existing workforce and recruiting new employees, including flexibility on recruitment of current agency workers into directly employed posts and arrangements to pay market supplements where it can be objectively justified.	Focussed work is taking place with Directorate Management Teams on key HR areas such as managing and reducing the cost of sickness, performance management and accuracy of establishment data. Mandatory and Leadership training has now been insourced and feedback is positive. Agency spend has decreased substantially and there has been an increase in the permanent workforce. Regular updates are presented to the General Purposes Committee. There has been considerable focus on reducing agency spend. There is a process for Statutory Officers to consider approving market supplements in areas where this is necessary, affordable and appropriate in the context of the wider workforce.
The Council has recognised weaknesses with regards procurement and contract	The Council has reviewed its procurement operating model, and the new staffing structure is in place to facilitate all contract re-tenders above £25k to be managed by the Strategic Procurement Team. This new operating model and new processes will continue to be embedded	The Council has strengthened its procurement and commissioning framework to ensure compliance, mitigate fraud risk, and deliver value for money. A revised operating model and staffing structure now require all contract re-tenders above £25k to be managed by the Strategic Procurement Team.

management arrangements. Corporate Director of Finance and Resources 31/3/2026	during 2025 and is anticipated to mitigate potential non-compliance and fraud. The revised CSO's are now in place and were agreed by full Council. Savings of £9m are expected on contracts over the next three years and a new Procurement and Commissioning Programme is now in place which has four workstreams: • Review of large value contracts • Review of all contracts due for re-tender • Review of off contract spend. • Establishing category management for contracts The programme will cover the full commissioning, procurement and contract management cycle, recognising that improvements are required in all areas. Delivery is being managed through a separate governance board, with progress being reported through to Procurement Board. Procurement Board are also responsible for overseeing all new re-tenders and improving procurement and contract compliance. The Council is compliant with the requirements of the new Procurement Act, but some processes are currently manual, and an e-procurement system is not yet in place – options are being considered.	**Compliance and Governance** • **Contract Standing Orders** have been updated to align with the Procurement Act 2023 and enhance oversight of procurement and contract management. Full Council approved these changes. • Governance improvements include: ➢ **Spend Control Panel** for all expenditure above £1,000. ➢ Transition from the Procurement Board to a **Commissioning Board**, responsible for: ▪ Monitoring commissioning modernisation programme implementation. ▪ Reviewing procurements over £500k. ▪ Escalating issues from commissioning panel and procurement. ▪ Ensuring compliance across commissioning, procurement, and contract management. ➢ Introduction of a Commissioning Panel to review procurements above £160k (to be extended to £25k+), ensuring alignment with commissioning and procurement strategies and essential needs. ➢ **Commissioning Modernisation Programme**

	Regular updates are provided to Audit Committee relating to risk and control due to historic limited assurance audit reports and this will continue during 2025/26. Work has begun on implementing new category strategies to deliver better value for money. Revised procedures, training and communication is ongoing. Delays in the implementation of the e-procurement solution will have an impact on the implementation of some controls until such time as the technology is fully in place. The 2024/25 VFM risk assessment by KPMG is published elsewhere on the agenda and the Council will respond to any recommendations when the full report is presented to Audit Committee later in the year.	Endorsed by the Corporate Leadership Team, the programme comprises two workstreams: ➢ **Contract Reviews –** Led by the Chief Procurement Officer, focusing on targeted reviews and refreshed category strategies to deliver £9m savings over three years. ➢ **Commissioning & Practice** – Led by the AD Commissioning & Programmes, embedding best practice through five sub-workstreams: ▪ Digital and data analytics. ▪ Commissioning framework, policies, and tools. ▪ Procurement pipeline review. ▪ Contract management and quality assurance toolkit. ▪ Service redesign based on needs analysis. A comprehensive training programme supports these initiatives. **Technology and Risk** The Council remains compliant with the Procurement Act 2023. However, notification processes remain manual pending implementation of a new e-procurement solution via the ERP programme. Delays in technology rollout may temporarily impact some controls. Regular updates on procurement risk and control are provided to Audit Committee, reflecting historic limited

		assurance findings. Work continues on new category strategies, revised procurement procedures, and an updated contract management toolkit aligned with government best practice. **Internal Audit** Audit work re contracts and procurement has been included in the 2025/26 audit plan and outcomes will be reported to members via the routine reporting cycle. **External Assurance** The 2025/26 Value for Money (VFM) risk assessment by KPMG is published separately. The Council will respond to recommendations when presented to Audit Committee later in the year.

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Report for: Audit Committee – 29 January 2026

Item number: 14

Title: Risk Management updated - Corporate Risk Register

Report authorised by : Taryn Eves, Corporate Director of Finance and Resources

Lead Officer: Minesh Jani, Head of Audit and Risk Management
Tel: 020 8489 5973
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Ward(s) affected: N/A

Report for Key/ Non Key Decision: N/A

1. Describe the issue under consideration

1.1 The Audit Committee is responsible for providing assurance about the adequacy of the Council's Risk Management Framework and Policy and monitoring the effectiveness of systems for the management of risk across the Council and compliance with them as part of its Terms of Reference.

1.2 Under its terms of reference, the Committee is also required to note the Council's Corporate Risk Register and be satisfied appropriate mitigating actions are being completed in a timely manner.

2. Cabinet Member Introduction

2.1 Not applicable.

3. Recommendations

3.1 The Audit Committee is asked to note the Corporate Risk Register as at 30 November 2025, attached at Appendix A.

4. Reasons for decision

4.1 The Corporate Risk Management Policy and Strategy sets out the assurance framework of the Council; how risk management fits with other management and operational functions; and the roles and responsibilities of members and officers in the risk management process. The Audit Committee is responsible for reviewing and approving the Risk Management Policy as part of its Terms of Reference and the committee approved the Policy in October 2024. The Committee also receives regular updates on the Council's Corporate Risk Register and the accompanying guidance (attached at Appendix B).

5. Alternative options considered

5.1 Not applicable. The requirement to have a corporate risk management policy and strategy is recommended best practice and forms part of the overall assurance framework of the Council. Further, the identification of risks as part of a risk management process is considered essential as part of a good governance framework.

6. Background information

6.1 The Corporate Risk Management Policy and Strategy has been reviewed to incorporate changes to the Council's approach, to ensure it is fit for purpose for the future and meets current good practice requirements.

6.2 The full corporate risk register is attached at Appendix A. The Corporate Leadership Team last reviewed and discussed the risk register on 11 December 2025. In addition, the Leadership team welcomed a presentation from Zurich on the industry best practice in respect of risk management. The Corporate Leadership Team was engaging and presentation led to a good discussion and deep dives into a number of corporate risks. The leadership team have agreed to review the risk register taking note of the presentation for the next cycle of reporting. The profile of the Council's residual risk is shown in the table below.

I M P A C T

Catastrophic (5)			**6,8,16**	**2, 9, 12, 15**	**1,14,10**
Severe (4)		**4**	**5,11,13**	**5**	
Material (3)			**3**		
Minor (2)					
Negligible (1)					
	Rare (1)	Unlikely (2)	Possible (3)	Probable (4)	Almost Certain (5)

L I K E L I H O O D

6.3 The most significant "Red" risks and changes to the corporate risk register are as follows:

Risk 1 - Reduce the reliance on Exceptional Financial Support over the medium term changed from "Maintaining and strengthen financial viability/balance across MTFP including failure to deliver identified savings" – this risk remains at the highest level and any failure to implement mitigating actions likely to result in the risk becoming an issue. The risk has been comprehensively updated, including for recent corporate actions requiring further checks over spend. CLT action to develop an assurance map of triggers and consequences is in progress.

Risk 14 - Increase in North London Waste Authority (NLWA) Levy - The replacement of the NLWA Energy from Waste (EfW) facility (expected 2026) could lead to an increase in the NLWA waste disposal/ treatment levy (and any delays could increase the anticipated levy uplift further), resulting in increased financial pressure on the council. This is a new risk to the corporate risk register recognised at the last CLT for inclusion on the corporate risk register.

Risk 10 – Building Control. This is a risk added to the Corporate risk register in September 2025, the risk has increased slightly from “20” to “25” highlighting mitigations to improve Council’s exposure has not been possible.

Risk 15 - The UK Emissions Trading Scheme (UK ETS) is one of the UK’s decarbonisation policy instruments. The resulting government regulation of this policy will impact on the Council's statutory disposal point (Edmonton Energy from Waste (ERF) in terms of financial/operating set up may adversely affect cost of waste disposal. This is a new risk and is linked to risk 14 highlighted above.

Risk 2 - Non-delivery of transformational change due to lack of corporate change functions. Though the risk profile remains at the same level as previously reported, the delivery of planned savings remains extremely challenging. A recent internal audit report has given a low level of assurance in this area.

Risk 9 - Failure to prepare for the impact associated with climate change, including air quality and pollution, extreme weather (e.g. flooding, heat). This risk remains as previously reported.

Risk 12 - Unable to attract and retain scarce skills or those in high demand. The Council does not have the appropriate skills, capacity and capabilities in place and/or recruited to deliver the Corporate Delivery Plan effectively. This risk remains unchanged and CLT may wish to consider how this risk can be mitigated further.

6.4 The most significant “Amber” risks but should they occur, they could be catastrophic for the authority: -

Risk 6 - Serious Cyber Security Incident leading to all or multiple council systems shutdown and/or council unable to undertake business and/or significant ICO fine & reputational damage due to data breach, malware outbreak, phishing or ransomware attack. The Impact is “5” and Likelihood is “3”. This risk remains unchanged since the last report.

Risk 8 - Adequate processes are not in place to safeguard vulnerable children and adults within the borough who were or should have been in receipt of services, either from the council or a partner agency. The Impact is “5” and Likelihood is “3”. This risk remains unchanged since the last report.

Risk 15 - Election Risk. This is a new risk for CLT to consider and recognising the risks associated with the management of local election in May ‘26.

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Risk 4 - Potential health and safety incident affecting employees or member of the public. The Impact is “5” and Likelihood is “3”.

Risk 3 - Impact of significant external economic factors, affecting service delivery, the local economy, employment opportunities and cost of living for residents. This risk is out of date and needs updating.

Risk 5 - Failure to meet Housing / Achieve full regulatory compliance for Council Housing Stock standards. This risk has been reduced from “15” to “12” with a slight reduction in the likelihood assessment.

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

7.1 The internal audit work makes a significant contribution to ensuring the adequacy and effectiveness of internal control throughout the Council, which covers all key priority areas.

8. Carbon and Climate Change

8.1 There are no direct Carbon implications arising from this report.

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

9.1 Finance and Procurement

Finance

There are no direct financial implications arising out of this report as the work associated with updating and monitoring the Council’s corporate risk approach is included within service areas’ revenue budgets.

The risks included in the corporate risk register could have significant financial implications for the Council if they were to materialise. Regular review and monitoring of existing and emerging risks helps to mitigate any potential financial implications.

Procurement

Strategic Procurement note the contents of this report and have been consulted on the relevant audits where required.
Actions arising related to procurement and the letting of contracts are contained within the relevant audit reports and will be actioned accordingly.

9.2 **Director of Legal & Governance – Haydee Nunes De Souza, Head of Legal Services**

Approval of the Corporate Risk Management Policy is a matter for Audit Committee, whose terms of reference and statement of purpose provide –

The Committee’s purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. Its role in ensuring *there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.*

The Committee has oversight of both internal and external audit, together with the financial and governance reports, helping to ensure there are adequate arrangements in place for both internal challenge and public accountability.

Accordingly, there are no legal reasons why Audit Committee should not approve the recommendations in this report.

9.3 Equality

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

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- 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.

There are no direct equality implications arising out of this report.

10. Use of Appendices

Appendix A – Corporate Risk Register as at 30 November 2025
Appendix B – Risk Management Guidance

11. Background Information

None

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Appendix A

CORPORATE RISK REGISTER

Latest Review - 30/11/2025

No.	Risk Event Description	Risk Owner	Current Impact	Current Likelihood	Current Risk Score	Proximity	Mitigating Actions In Place	Future Impact	Future Likelihood	Future Risk Score	Action Owner(s)	Future Actions / Update	Date
1	**Reduce the reliance on Exceptional Financial Support over the medium term**	CLT Corporate Director of Finance and Resources	5	5	25	Short and Medium term	The Council's financial position is challenging and necessary action has taken place to protect its long term financial sustainability and reduce reliance on Exceptional Financial Support. During 2024/25 this has included: • Establishing a set of budget and financial planning principles. • An open and transparent relationship across the organisation, including with CLT and Members for organisational ownership of the financial position. • Review of financial pressures increasing the use of data and evidence to forecast pressures, scenario planning and a more realistic view of risks with the estimates. • Review of all current and proposed savings to test their validity and assurance on delivery. • Improvement in forecasting and a focus on delivery of savings. • Review of other assumptions, including inflation and pay to provide a more realistic financial position across the next five years. • Regular review of all assumptions through the annual budget setting process as new information comes to light, up to the point of publication. • Review of the Capital Programme which is undertaken annually as part of the budget process and its governance. This includes the newly established Strategic Capital Board to oversee the development, monitoring and reporting of the whole programme and improve the decision making of all schemes • A move towards medium term financial planning and starting the process earlier by delivering Budget Series 2025 over the course of 3 months (April to June). This was a two-day Budget Sessions each month with a focus on increasing awareness and accountability of Leadership Network and time over the Budget Series for identifying budget proposals and delivery plans for 2026/27 and beyond. Focus is now on providing assurance on the existing savings for 2025/26. New budget proposals have been presented to Cabinet in November for consultation to commence. The Draft 2026-27 Budget Proposals and 2026-2031 Medium Term Financial Strategy Report can be found agenda Document for Cabinet, 11/11/2025 18:30 Ongoing review of the other assumptions underpinning the MTFS and associated budget gaps. This includes regular review of future demand and price pressures, external factors and influences to ensure a realistic budget gap is known and level of savings required. Leadership Team has been asked to: Focus on the delivery of existing savings and getting our internal processes and procedures in place. Develop and implement clear plans for the delivery of the £21.9m of new savings to be delivered next year (of which £7m are new). Continue to focus on getting the basics right and to identify efficiencies and management actions:	5	5	25	CLT Corporate Director of Finance and Resources	**Future actions:** Future actions: Finance Regulations have been reviewed and updated. Presented and endorsed at Standards Committee and approved by Full Council. Communication and engagement with all budget holders will be undertaken to ensure all officers are aware of their responsibilities and accountabilities Continue to Lobby and engage Government through various channels on the root causes of demand pressures and future funding feeding into the Final Local Government Finance Settlement. This includes through consultation responses, various professional networks and MPs. Continuous engagement with MHCLG to discuss latest financial position and potential EFS requirement for 2025/26, 2026/27 and beyond. Government review expected Nov to March - we will need to demonstrate we are delivering. For 2027/28 - Internal officer planning for 2027/28 to commence shortly in preparation for new administration – planning to put forward further budget proposals to reduce expenditure and generate income in Summer / Autumn 2026. CLT will develop a suite of proposals for the new administration to consider.	31/3/2025 and on-wards
1					25		1. Procurement and contracts 2.Improving end to end processes 3.Reducing agency spend. 4.Improving collection of all income due to us. 5. Identify grant funded services - risk where grant ceases in 2026/27, assumption that service stops. Regular review of 'committed' reserves and other historic balances to identify any which can be transferred to manage risks and uncertainties. A full financial response and recovery plan has been developed and overseen by the Chief Executive and Corporate Director of Finance and Resources which has established an organisation emergency response to the financial position. The emergency response has been in place since April and has been reviewed after 6 months. Updated arrangements consists of: - Financial Recovery Board , a single board - bi-weekly meeting of Corporate Directors and Directors chaired by the CEX to provide accountability and assurance in respect of progress against the delivery of the plan and the savings -Financial Recovery Cabinet Group continues to meet 6-weekly, chaired by the Leader to ensure clear political oversight of the emergency procedures. From October 2025, the S151 Officer has further enhanced spending controls: A short term freeze on all new non-essential agency requests. Recruitment Panel continues to be in place and meet fortnightly, chaired by the Section 151 officer. All agency and permanent recruitment for non-essential posts (previously only agency) are subject to approval. Only non-essential posts where there is evidence of a link to savings or income generation are approved. Tighter controls through the Spend Control Panel (SCP). All spend over £1,000 (for all payment channels) must be submitted for approval by the director or the SCP. Spend Control Panel remains in place, meets twice weekly. Only essential spend can be agreed by SCP. The SCP will consider all non-essential spend and is more likely to reject these; there will be no appeals process. Directors will need to keep a record of decisions relating to payments they've approved that are deemed to not require SCP consideration, as these decisions are subject to review. Previous Cabinet decisions will be taken account of. This includes spend on Purchasing Card, Internal Payments Requests, one-time vendors, variations to contracts and all other purchase orders. This panel is chaired by an independent previous Section 151 Officer on behalf of the Corporate Director of Finance and Resources. Exceptions to this process are, the delivery of core statutory services, emergency planning or critical response arrangements, appointment of legal counsel, where approved by the Monitoring Officer, Coroners' services, health and safety matters where the risk must be addressed. Panel have rejected £1m of spend that would otherwise be made. Internal audit review of the controls has been completed and implementation of any recommendations will be a priority. All purchase card limits will be reduced to £1,000. Monthly spend limit of £5,000 now introduced. All non-essential purchases over £1,000 must			25		Controls on system to stop payments not agreed through SCP – internal audit review has shown areas of non-compliance i.e. spending through purchase cards. Further review of purchase cards to reduce the number of card holders to essential only. A couple of cards without the £1000 limit will be available for emergency situations that may arise. Review of £9.6m of Services Reserve and £10.4m of Grants Unapplied Reserves underway. Section 151 Officer has now attended all DMTs Any balances remaining within these two reserves will require a completed statement of need and use will continue to be monitored and considered annually if circumstances have changed and balances can be released. Any uncommitted balances will be utilised to fund the forecast overspend in 2025/26 and reduce the requirement for EFS.	
14	Increase in NLWA levy - The replacement of the NLWA Energy from Waste (EfW) facility (expected 2026) could lead to an increase in the NLWA waste disposal/ treatment levy (and any delays could increase the anticipated levy uplift further), resulting in increased financial pressure on the council.	Joint risk with NLWA and NLWA Boroughs Corporate Director ERE and Corporate Director Finance	5	5	25	Medium/long term	This is a joint risk with NLWA and partner boroughs which is both operational and financial. Haringey continues engagement with regional/national sector bodies and NLWA through cross-borough/NLWA meetings: - Dir of Envt (monthly) - Dir of Finance (monthly) - Briefings provided to NLWA members prior to formal NLWA meetings (5x per year). - NLWA Member Recycling Working Group (4-5x per year) - NLWA Member Finance Working Group (2-3x per year) - NLWA/Borough officer meetings prior to formal NLWA meetings (5x per year)	5	5	25	Joint risk with NLWA and NLWA Boroughs Corporate Director ERE and Corporate Director Finance	Meetings as set out in the mitigating actions continue with progress reports provided by NLWA accordingly	18.11.25

14	The contingency that has been allocated to fund project exposure is insufficient due to cost escalations and design/programme uncertainty New (NLHPP) assets could prove more expensive to replace, operate and maintain than planned, affecting the Authority's long-term finances Borrowing to fund NLHPP might not be managed to obtain the best terms	Joint risk with NLWA and NLWA Boroughs Corporate Director ERE and Corporate Director Finance	5	5	25	Medium/long term		5	5	25			
10	**Building Control reforms** • Newly-regulated profession to perform certain statutory functions • High levels of retirement across the country, major shortage of qualified staff nationally • Currently 3 qualified permanent staff, out of structure of 11 posts (vacancy of 73%) (as of July 2025). 1 senior officer left in July 2025. • Agency staff rates reaching extreme levels e.g. £95/hr, not sustainable • Risk of not being able to recruit & retain staff • Risk not meeting statutory requirements • Risk of failing audit inspection by the Building Safety Regulator (BSR)	Rob Krzyszowski	5	5	25	Immediate, short & medium term	• Staff achieved relevant qualifications and registration with BSR • Restructure completed in Spring 2025 following staff consultation, followed by advertising of all updated posts • Recruitment Team published videos and rolling adverts. Do targeted recruitment/headhunting as part of recruitment campaign • 2x LABC Trainees (funded externally) now qualified and appointed into permanent post. 1x further LABC Trainee starting January 2026 • Workforce Plan 'Trailblazer' being drafted, presentation to Corporate Director July 2025 • Training some staff in Structural Engineering Team to support 24/7 dangerous structures emergency planning rota cover • Briefings for senior management e.g. Cabinet Member, CEO, Corp Directors of E&RE, F&R, CSC, Chief People Officer, Leadership Network (re Grenfell Tower disaster) • Convened London Directors of Planning & Building Control meeting June 2025. • Met with London HR Directors meeting. Now meeting regularly with London Councils HR Director to launch London-wide survey, recruitment campaign, possible agency rate cap, possible lobbying • External support: Completed options workshop with independent consultant with north London Boroughs of Enfield and Waltham Forest • Met with Chair and Managing Director of Hertfordshire Building Control to explore options • Quarterly Building Control performance is reported to Strategic Planning Committee – next one February 2026	5	4	20	Rob Krzyszowski Denis Ioannou	Respond to upcoming MHCLG consultation referred to in letter from MHCLG/HSE/BSR in October 2025: "We also recognise that more needs to be done to support building control authorities to have sustainable levels of capacity and the ability to attract, train and retain building inspectors… we want to assure you that we are continuing with further reforms that will assist Local Authorities directly. This includes a consultation on LA fees and charges reform, which will be launched shortly, aimed at making LA building control financially and operationally sustainable, and the forthcoming report from the Building Control Independent Panel on the future of building control... We are also working with LABC to understand how we might enable further new staff to be recruited and trained as RBIs, as we have done in recent years" • Recruitment Team to work with Matrix to get more agencies with wider talent pool to work with Haringey for short term agency staff solution • HR to review out of hours / on call arrangements for HC contract staff • Potential London CEO meeting • Proposed increased fees through corporate Fees & Charges	Jul-25
10 (Cont)	• Risk to safety & emergency critical work of the Council • Risk of not fulfilling 24/7 emergency planning / dangerous structures call out rota e.g. devastating fires, vehicles colliding into buildings etc • Risk of not coordinating Safety Advisory Group (SAG), signing off Building Safety Certificates & fulfilling Safety at Sports Grounds Act statutory obligations for major events with strategic partners e.g. Tottenham Hotspur Football Club Stadium events (crowds up to 65,000 people), Alexandra Palace events, Finsbury Park events • Risk of not providing advice to blue light emergency services including London Fire Brigade, Metropolitan Police for major events to support public safety • Risk of delayed Building Control approvals for Council corporate projects e.g. Civic Centre, Council Homebuilding programme • Risk of increased complaints and Ombudsman cases • Reputational and political risk **MHCLG Building Control Independent Panel Problem Statement July 2025** "particularly concerned about evidence suggesting that building control bodies in local authorities... are struggling to recruit, This is particularly challenging for local authorities... Local authorities are at a disadvantage compared to the private sector when paying staff, as a combination of centrally and locally set rules and regulations prevent them from paying staff comparable	Rob Krzyszowski	5	5	25	Immediate, short & medium term		5	4	20	Rob Krzyszowski Denis Ioannou		Jul-25
15	The UK Emissions Trading Scheme (UK ETS) is one of the UK's decarbonisation policy instruments. The resulting government regulation of this policy will impact on the Council's statutory disposal point (Edmonton Energy from Waste (ERF) in terms of financia/operating set up may adversely affect cost of waste disposal, or NLWA and partner boroughs fails to implement legislation in a way which maximises effectiveness and value for money	Joint risk with NLWA and NLWA Boroughs Corporate Director ERE and Corporate Director Finance	5	4	20	Medium/Long Term	This is a joint risk with NLWA and partner boroughs which is both operational and financial. Haringey continues engagement with regional/national sector bodies and NLWA through cross-borough/NLWA meetings: - Dir of Envt (monthly) - Dir of Finance (monthly) - Briefings provided to NLWA members prior to formal NLWA meetings (5x per year). - NLWA Member Recycling Working Group (4-5x per year) - NLWA Member Finance Working Group (2-3x per year) - NLWA/Borough officer meetings prior to formal NLWA meetings (5x per year).	5	4	20	Corporate Director ERE and Corporate Director Finance	This is a joint risk with NLWA and partner boroughs. Engagement with regional/national sector bodies and NLWA through cross-borough/NLWA meetings: - Dir of Envt (monthly) - Dir of Finance (monthly) - Briefings provided to NLWA members prior to formal NLWA meetings (5x per year). - NLWA Member Recycling Working Group (4-5x per year) - NLWA Member Finance Working Group (2-3x per year) - NLWA/Borough officer meetings prior to formal NLWA meetings (5x per year).	

2	**Non-delivery of transformational change due to lack of corporate change functions**	All	5	4	20	Short and Medium term	• Revised list of Cat A projects agreed with CDG, CLT and Members in May 2025. • Category A projects report to Change Delivery Group (monthly) and CLT (quarterly) as part of performance monitoring • Category A projects include a range of initiatives, some of which deliver Change (e.g. Civic Centre / new ways of working, London Borough of Culture etc), and others delivering savings. • Corporate change function delivers just under half of the current Cat A projects, with the remainder being directly delivered and managed by services. • Current funding for the change expires in Mar 26. A proposal to consider future funding arrangements has been developed for Corp Director F&R to consider.	4	4	16	Chief Digital & Innovation Officer	• A decision has been taken by CLT to 'step down' the Change Delivery group from the end of November. • From Dec 25 onwards, reporting of Cat A projects up to senior leadership/CLT will move to a quarterly basis. • DMTs and directorates will be responsible for providing monthly assurance across Cat A project progress, risks and issues for those Cat A projects where these do not have their own existing project governance (which occurs monthly). • Due to the uncertainty over funding, the team are continuing to experience staff turnover with a senior member now leaving (in addition to 3 others since July 26). • Confirmation on future funding is actively being sought here but until this has been confirmed, it will not be possible to put in place a sustained course of remedial action to reduce overall risk.	Jan-26
9	**Failure to prepare for the impact associated with climate change, including air quality and pollution, extreme weather (e.g. flooding, heat).**	Corporate Director Env & Resident Exp	5	4	20	Medium term	Responding to the Climate Emergency is one of the council's corporate priorities and is monitored through the Corporate Delivery Plan (CDP). Mitigations include producing long-term strategies and plans to reduce the risk and consequences of climate change in the borough. A range of strategies and policies exist detailing the Council's approach to mitigate against the impact of Climate Change, such as the Local Plan, the Haringey Climate Change Action Plan (A Route Map for a Net Zero Carbon Haringey), Pollution Control - Contaminated Land, the Flood Risk Management Strategy, Parks & Green Spaces Strategy and the Affordable Energy Strategy.	5	4	20	Programme Director Wellbeing & Climate Project delivery for climate related items in the CDP is owned by teams across the council	1) Joint work with Public Health on a Climate Adaptation and Resilience Plan - coming to Cabinet in Dec 25. 2) Engagement with the community through the Haringey Climate Partnership, facilitating local climate action. 3) Develop a Risk Map and Action Plan (set out within CDP) for the Council and the Borough. 4) Integrating in the London Council's Resilience Toolkit including: * Building on Heatwave JSNA. * Highways Flood Maps. * Emergency Planning Response. * Community outreach on adaptation measures. * Building in community resilience to events. 5) New Wellbeing & Climate Corporate Board established to give governance and oversight 6) Restructure complete to bring a whole-council response to the climate emergency, with resources	31-Dec-25
12	**Unable to attract and retain scarce skills or those in high demand. The Council does not have the appropriate skills, capacity and capabilities in place and/or recruited to deliver the Corporate Delivery Plan effectively.**	Corporate Director Culture Strategy Comm	5	4	20	Short and Medium term	New Workforce Development Strategy 2024 has been approved and launched in September 2024. Review of the use of Agency Workers use is ongoing and there is an accelerated recruitment protocol in place. Restructures and Focused Recruitment Campaigns - high volumes across directorates and recruitment campaigns arranged as required. Template and workshops designed to assist Directors in formulating workforce action plans New approach to Manager training has been designed and the pilot has launched in September 2024, which will inform future activity. Human Resources reviewed additional employee benefits New purchasing annual leave scheme launched in April 2025	5	3	15	Chief People Officer	Directorate workforce plans are being developed, this will include specific retention and recruitment plans to ensure suitable resourcing and succession planning.	December 2025 Ongoing
16	**Election Risk:** Venue loss, Key staff unavailability, IT failure / cyber-attack, Process errors (inexperienced staff/candidates), Delay in replacing Monday.com, Political unrest / public distrust, Public discontent / mistrust of public bodies, Team fatigue / capacity.	Electoral Registration Officer Deputy Electoral Registration Officer	5	3	15		Identify and make contingency venue list; regular checks; backup agreements; request reciprocal arrangements with neighbouring boroughs Cross-training; backup staff identified; key election projects allocated to election team members IT disaster recovery plan; regular backups; cyber training Candidates & agents: early contact, production of details Haringey bespoke guidance in addition to EC guidance, offer remote / pre-submission checks of nomination papers; publication of NOE early resulting in extended period for nominations Training; checklists; supervision; process reviews Revised Planner, Lists, MS Project, MS Planner Premium over nine months. Decision has been taken to move the team to MS Planner Premium and to roll out the election programme plan on a mix of Planner and Premium Planner Communications plan; stakeholder engagement; monitoring Regular check-ins; workload monitoring; support from org; review funding availability with a view to getting additional support	5	2	10	Electoral Registration Officer Deputy Electoral Registration Officer	Review venue contracts quarterly Accelerate recruitment; maintain staff pool Complete cyber review; test recovery plan Schedule refresher training Significant amount of time has been spent on during our "fallow" year resulting in a number of projects being delayed / cancelled. The proposed new system is still not in place and this is now having a major impact on our election 2026 plans and the ability to monitor them Update comms plan before campaign period Recruit to fill gaps; review workloads	31/12/2025
6	**Serious Cyber Security Incident leading to all or multiple council systems shutdown and/or council unable to undertake business and/or significant ICO fine & reputational damage due to data breach, malware outbreak, phishing or ransomware attack.**	Chief Information Officer & Corporate Director of Finance and Resources	5	3	15	Short and Medium term	Digital architecture reviewed and key controls established. Systems we manage are all backed up so we can revert to a clean version - albeit with some loss of work/updates (however sometime infection is also on the backups due to "sleeper" viruses). Regular internal audits to seek independent assurance Technical solutions for firewall , firmware/soft/ware/hardware solutions are in place. Mandatory training for all staff on Cyber Security Awareness (but not mandatory). Staff Awareness on cyber security via regular posts by Digital Compliance Manager. Pentest Partners procured to provide technical expertise in the management / control of a cyber event. Cyber-Security in My Learning is Mandatory. (Likelihood has increased with nation-state linked adversaries.)	5	3	15	Corporate Director of Finance and Resources / SIRO / Director Digital and Change	We can put in place controls, testing and all the security measures we can to reduce the likelihood we will be subject to a major attack, but the risk and impact will never go away. As a government body we will always be a target for attack and the threat vector is changing constantly. We will however: - Clarify the process and procedures for when a major incident occurs. - Continue to raise awareness in the organisation. - Continue to migrate data and platforms to the cloud - Seek independent assurance from internal audit - Explore backups for our data held in Microsoft, (OneDrive, SharePoint, Teams etc) - We are only available to monitor events during office hours via our SIEM and Microsoft /Palo Alto admin pages. We need to replace our SIEM (expires December 2025 & not fit for purpose) to improve our detection of "odd" events and as far as possible automate reactions, such as texting an on-call employee. - Improve our knowledge and approach to Zero-Day vulnerabilities linked to systems we use are very likely to be exploited and could be undetectable, until the hacker does something deliberate or accidental that is visible to us.. - Security Team conduct Phishing simulations – a proportion of staff fall for them each time. Unfortunately many are repeat-susceptible and the percentage seems to have plateaued. Will look at the next stage of comms and training to improve this. - Develop an AI policy that takes into account emerging AI platforms and our security.	31/03/2025

8	**Adequate processes are not in place to safeguard vulnerable children and adults within the borough who were or should have been in receipt of services, either from the council or a partner agency.**	Corporate Director of Children's Services Corporate Director Adults Housing Health	5	3	**15**	Medium Term	A developed quality assurance system is constantly reviewed Quality Assurance Framework in place Performance monitoring on national KPI's every quarter with good outcomes Strong Learning framework in place from deaths of service users with good involvement of family members or representatives Strong focus on early intervention and safeguarding prevention Arrangements in place to mitigate the risk of death or serious injury to a child arising from abuse or neglect, in addition to those covered above, include caseload monitoring, quality assurance activity including case audit, maintaining low levels of vacancies for social workers. Multi-Agency-Safeguarding-Hub, Local Safeguarding Children Partnership (LSCP) Annual Report; Child Protection Report; Quality Assurance team in Adults, reviewing contracted services and council services. Adults and Children safeguarding - Mandatory safeguarding training for all staff. Positive assurances from external inspections of Children's Services. **Adults -** The CQC rated Safeguarding as 'Good'. They highlighted the recent changes made to pathways to improve the experience not meeting s.42(2) thresholds. The role of the Safeguarding Adults Board was highlighted for its positive partnership approach to strategic safeguarding across the borough. of residents including increased response times. Strong practice in 'Making Safeguarding Personal', positive support for practitioners through training and workshops, good multi-agency working and preventative interventions for those residents Positive assurances from external inspections of Children's Services.	5	2	**10**	Corporate Director of Children's Services Corporate Director Adults Housing Health	ADULTS Adults - A robust adults board is in situ and will continue to provide assurance for multi-agency management. Multi-agency systems and pathways are in place to ensure that clear provision and support is provided where necessary. Policies, procedures and training matrix, demonstrate high levels of efficiencies in this area. Additionally, our newly implemented ASC Improvement Board and associated governance will support continuous improvement in this area. CHILDRENS Ensure thresholds clearly understood by all professionals. Opportunities provided for shared learning through audits and training events/conferences. Ongoing training opportunities provided to frontline staff via children's academy and other external offers. Regular supervision is provided to staff to ensure all work is reviewed by managers on at least a monthly basis. Ensure competent and timely completion of assessments, conferences and reviews completed in line with statutory guidelines. Checked Monthly Ensure all performance remains at least in line with national and statistical neighbours through benchmarking activity. To be checked weekly, monthly or annually depending on the indicator. Regular audits are undertaken as part of our quality assurance framework. This gives an additional lens on practice and allows strengths to be noted and areas for improvement to be considered and addressed by managers. Advise and check that maintained schools have risk assessments in place, covering all safety matters that pertain to children, young people and staff.	31/3/25
5	**Failure to meet Housing / Achieve full regulatory compliance for Council Housing Stock standards**	Corporate Director Adults Housing Health	4	3	**12**	Short and Medium term	Housing improvement Plan in place as agreed by Cabinet April 23 in place and delivery overseen by housing improvement Board Agreed a target to achieve housing decency by March 2028 with the Regulator and exceeded our interim target of 1000 homes made decent for 23/24 We also achieved our target of developing a new Housing Asset Management Strategy, agreed by Cabinet December 2023, including £627m of investment in the stock over the next 10 years. This will be delivered through 4 new partnering contracts We have procured and are implementing a new compliance management system that will remove the manual data handling, manipulation and human error risks associated with using spreadsheets of complex data management. The system is expected to be fully operational by the end of December 2024 to manage the main 6 compliance areas of Gas, Fire, Water, Electric, Asbestos & Lift safety. The Housing Quality Network has been commissioned to carry out a mock Housing inspection of Housing Service's compliance with the Regulator's consumer standards, to assist with action planning and preparation for housing inspection in Autumn 2024 A project team has been established to assist with action planning and preparation for inspection. Project leads are Programme Manager (HSBS) & Transformation Portfolio Manager (Housing) Cross-cutting Senior Management steering group with representation from across the Council established from July 24 to oversee preparation for inspection and action planning, to meet 6 weekly. The Repairs Board oversees a number of workstreams in the Housing Improvement Plan to improve the repairs service to residents.	3	2	**6**	Corporate Director Adults Housing Health & Housing and Operational Director - Housing & Building Safety	We have made 791 homes decent in 2024/25, exceeding the target of 700. Mitigating actions to achieve target include planned internal works, Fire Door Replacement and Electrical Works and a programme of validation surveys. We completed our 3-year Stock Condition Survey in May 2024 with 75% of the stock surveyed. The procurement of four new Partnering Contracts to deliver £560m work over 10.5 years has been completed with the revised Contract Award was approved in October 2025, subject to Section 20 consultation, which is due to be completed in December 2025. This is following original approval by Cabinet in June 2025. Following mobilisation, go live is expected in April 2026. This is a key factor to support the achievement of 100% decency by 2028 in line with the asset management strategy agreed by cabinet in 2023. All 'Big 6' (FRA, EICR, LGSR, Asbestos, WRA and LOLER) modules are set up on the new compliance system, with full inspection programme information uploaded. Actions are being picked up from inspection documents and being managed through C365. KPI dashboards have been developed and are being tested and will be used from December (reporting on November data). Manual reconciliations currently taking place between the programmes and NEC, and further scoping work is required to map out the best process for automating reconciliation between the two systems. We are continuing to develop mobile forms for Communal Fire Door inspections and monthly Building Inspections. The Asbestos Register is currently in development and is expected to be complete by the end of November 2025.	
5 (Cont)					**12**					**6**		The HQN mock inspection of the housing service took place Sept/October 2024. Action plan developed in response to identified areas of improvement which is reported to the Member Housing Improvement Board six weekly, with the action plan having been overseen by the board since March 2025. HQN have recently been commissioned to carry out an assessment of the actions within the plan against their recommendations from the mock inspection and the evidence against completed actions to provide assurance. Their findings following their first assessment have indicated there we have a robust framework in place to identify, implement and monitor actions to meet the HQN recommendations and that significant, positive progress has been made in delivering the improvements identified by HQN. Additional work to enhance reporting on smoke detectors and Carbon Monoxide detectors as part of the primary compliance KPIs is commencing Changes to the Repairs Management structure have been implemented with permanent Team managers now appointed. A high-level review of the Housing Repairs service delivery model was undertaken in March 2025, with a report recommending an options appraisal of delivery models approved by Cabinet in July 2025. This initiative is to reduce costs, improve efficiency, and achieve better value for money. A timescale of 6-months was agreed when the report was agreed. A costed proposal for the next phase has been received and is being evaluated to determine next steps. Work is continuing on procurement of a supply chain for the short and longer-term to support out in-house delivery and ensure future repairs are delivered in line with policy commitments and improve both jobs completed in target time and customer satisfaction. A Damp and Mould CRM system to provide better reporting and understanding of all cases that have damp and mould is being developed and implemented which will also ensure we are compliant with the new Regulations under Awaab's Law. The Awaab's Law processes in the damp and mould CRM system have been designed and launched and a Power BI reporting dashboard developed specifically on Awaab's Law cases. Progress and performance on the system, the reporting, and the early caseload is reported to the Repairs Board on a monthly basis.	Dec 2025
11	**Failure to instigate arrangements for the proper management of Council property (including commercial and administrative buildings).**	Corporate Director Finance and Resources	4	3	**12**	Medium term	The council's adopted Strategic Asset Management and Property Improvement Plan (SAMPIP) 2023-28 contains focused Action plans, based on the SAMPIP objectives. Action plan progress and activity is monitored regularly at Capital Projects and Property (CPP) Heads of Service meetings and Senior Management Team meetings. Appropriate governance is now established . Progress is then taken through our property governance process on a monthly basis. Reporting on statutory compliance is provided quarterly. The transformational nature of this work means the Corporate Property Model, which is fundamental to the implementation of the action plans; is part of the councils change programme, reported monthly and to Corporate Leadership Team on a quarterly basis. Internal Audit resources are allocated to monitor and report independently on progress. An annual update of the progress against the SAMPIP action plans is taken to cabinet. As part of the above annual reporting, the SAMPIP is also reviewed at Directorate and corporate audit committees throughout the year.	4	2	**8**	Director for Capital Projects & Property	Implement the Property Improvement Plan. Review actions in the improvement plan and determine whether updates required.	31/12/2026

13	**Integrated delivery models for local health & care services does not deliver**	Corporate Director Adults Housing Health	4	3	12	Medium term	The CQC inspection rated Partnership and Communities as 'Good'. The report highlighted strong collaboration with various partners, including the Integrated Care Board (ICB), Health services, and the Voluntary, Community, and Social Enterprise (VCSE) sector. There were clear structures and roles within the Haringey Borough Partnership (HBP) and Health and Wellbeing Board support shared objectives and strategic alignment. Teams like the Integrated Reablement team and Multi-Agency Care and Coordination Team (MACCT) work closely with health partners to provide coordinated care, reduce hospital admissions, and support independence. The local authority engages with the VCSE sector to understand and meet local needs, supporting grassroots organisations and involving them in decision-making processes. Integrated Services within Neighbourhoods will be a key component of our phase 2 development of Localities, aligned to the Independence and Early Intervention Team .	3	2	6	Director - Adult Social Care	Ongoing regular communication and engagement with ICB, health services, and the Voluntary, Community, and Social Enterprise (VCSE) sector to align goals and expectations. This is of particular significance as the NCL ICB undergoes its merger with NWL ICB. Involvement in the development of Neighbourhoods as one of the integrator organisations for Haringey along with Whittington Health and Haringey GP federation. Clearer pathways and processes under development to ensure continuous learning opportunities related to integrated care practices and system navigation. Additionally, our ASC Improvement Board, Borough Based Partnership, and Health and Wellbeing Board are overseeing and supporting continuous improvement in this area.	31/12/2025
3	**Impact of significant external economic factors, affecting service delivery, the local economy, employment opportunities and cost of living for residents.**	All	3	3	9	Long term	The main concerns are rising cost of living, recovery of the economy from Covid-19, and the overall economic environment, particularly inflation and interest rates increases. Steps taken so far are: Establishment of a Cost of Living Support to provide advice, support and access to services to residents (https://www.haringey.gov.uk/community/here-help-financial-support-residents?utm_source=Media&utm_medium=Press%20release&utm_campaign=Financial%20Support%20Helpline%20HtH); • Connected Communities is a programme designed to improve access to council and voluntary support in Haringey • Close monitoring of inflationary pressures and the impact on contracts and services; • Continued monitoring of impacts on construction costs and supply chain • Review of Business Continuity Plans; • Work across services on plans to support the local economic recovery, which includes a focus on supporting local business and employment; • considering the impact of demand led services in to the medium and longer term from Covid-19 and changing economic conditions; • Identify inequalities within the borough that have been exposed through Covid-19, and who will be most impacted by the rising cost of living and to address these as part of the Recovery Framework. • Continuous monitoring of the economic environment, including through our Treasury advisors, Arlingclose, other advisors and through professional networks.	3	3	9	Corporate Director of Finance, Chief Executive and CLT		on-going
4	**Potential health and safety incident affecting employees or member of the public.**	Corporate Director Culture Strategy Communication CLT	4	2	8	Short & Medium term	Health and Safety policy in place, and a comprehensive set of risk-based procedures. Arrangements also in place services to carry out risk assessments and assess risk exposure for staff. All reported incidents are reported and the H&S team monitor the incidents. A corporate Health, Safety and Wellbeing Board in place to receive reports from directorate Health, Safety and Well Being Boards every quarter and receive information from the Health and Safety team. The H&S team also carry out a programme of audits and inspections, and provide action plans to drive improvement.	4	2	8	Corporate Director Culture Strategy Communication CLT	Development and approval of a new Corporate H&S Strategy.	31/03/2026

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Guidance

Appendix **B**

This document has been developed as a generic template for all risks managed within Haringey Council.
It should be adopted by the risk owners.

Definitions

A **Risk** is 'uncertainty of outcome'. Something that may happen and could throw the programme off track.
An **Issue** is 'a concern that cannot be avoided'. Something that has happened or are current situations that are a cause for concern now.
A **Threat** is 'a factor which could lead to a risk being identified'.

Risk likelihood

Probability	Definition	Score	Likelihood percentage
Almost Certain	Is almost certain to occur	5	95%
High	Is likely to occur	4	75%
Medium	Is as likely as not to occur	3	50%
Low	May occur	2	25%
Very Low	Unlikely to occur	1	5%

Definitions of risk impact classifications

Impact	Impact on cost	Impact on quality	Impact on time	Impact on savings realistion	Score
Catastrophic	Increased costs threaten viability of the project.	Project outcomes effectively unusable.	Delay jeopardises viability of the project.	>20% project cashable savings at risk	5
Major	Requires significant additional	Failure to meet the needs of a	Failure to meet key deadlines in	15%-20% project cashable	4
Moderate	Requires significant additional	Significant elements of scope or	Delay affects key stakeholders	10%-15% project cashable	3
Minor	Requires some additional funding	Failure to include certain 'nice to	Slight slippage against key	5%-10% project cashable savings	2
Insignificant	Variations manageable within	Slight reduction in quality/ scope	Slight slippage against internal	< 5% project cashable savings at	1

Risk Scoring and Matrix for RAG Status

		Probability				
		Very Low	Low	Medium	High	Almost Certain
Impact	Catastrophic	5	10	15	20	25
	Major	4	8	12	16	20
	Moderate	3	6	9	12	15
	Minor	2	4	6	8	10
	Insignificant	1	2	3	4	5

Proximity Rating. You should assess the proximity of

Immediate – within 1 month
Short term – within 2 - 5 months
Medium term – within 6 -12 months
Long term – greater than 12 months

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