



Auditor's Annual Report for Haringey London Borough Council

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Year-ended 31 March 2025

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10 November 2025

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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.

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 and other information	The Code of Audit Practice requires us to issue the Auditor's Annual Report no later than 30 November of each year. In order for us to comply with this requirement, we have issued this Auditor's Annual Report prior to the completion of our work in relation to the financial statements and other information. Consequently, we have not reached our conclusions in respect of these areas.
Value for money	Our work to assess the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources is underway. Further details of our findings to date are set out within our accompanying risk assessment document presented alongside this report, where we have identified 6 significant risks to achieving value for money. We will perform further work to ascertain if these risks give rise to significant weaknesses in arrangements.
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. Note that, as we are still performing our procedures in relation to the financial statements, we may choose to exercise our other powers in relation to the 2024-25 audit in the future.



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.

As at the date of this report, 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.

As at the date of this report, 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.

As at the date of this report, we have not raised any such recommendations.

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.

As at the date of this report, 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



KPMG provides an independent opinion on whether the Council's financial statements:

- Give a true and fair view of the financial position of the Group and the Council as at 31 March 2025 and of the Group's and the Council's income and expenditure for the year then ended; and
- Have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We conduct our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. We also fulfil our ethical responsibilities under and ensure we are independent of the Council in accordance with, UK ethical requirements including the FRC Ethical Standard. We are required to ensure that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Our audit opinion on the financial statements

We have not yet concluded our work over the financial statements audit; however, we include the following slides as a progress update on our work over the significant risk areas as identified within our audit plan.

Further information on our audit of the financial statements is set out overleaf. Although we have focussed this update on the areas related to our identified significant risks, we also note that there is still a large amount of work outstanding as at the date of this report in respect of other account balances & disclosures.

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 high 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 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. 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. • We have extracted the Council's journals using our data & analytics team and are in the process of analysing these to test specific entries meeting our high-risk criteria. • Our work over Related Parties is in progress – we are currently confirming that the Council has obtained a complete set of Declarations Of Interest and then checking these against Companies House for completeness. Once complete we will search the ledger for transactions with these related parties and ensure they have been appropriately disclosed. • 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

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).

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.
- 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 are not yet able to conclude our work on tying through the valuation & associated adjustments to the financial statements, as the latest valuation is yet to be fully reflected in the accounts.
- Linked to the above, we have raised a 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.

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 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.
- Our work over the underlying assignment of properties to each Beacon as part of the Council Dwellings valuation is ongoing. Whilst we have so far been able to complete 55/60 of our sample items, we have encountered numerous issues with record keeping and it has been challenging to corroborate this information.



Audit of the financial statements



Significant Risk: Valuation Of Land & Buildings

Risk Description

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).

Findings

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.
- Our testing of the underlying data to confirm the category of each asset within this balance is ongoing.
- Our work over the £243m of Other Land & Buildings valued at EUV is ongoing.

Other

- Our valuation specialist is reviewing WHE's valuation of Alexandra Palace given the specialist nature of this asset – this work is ongoing.

Audit of the financial statements



Significant Risk: Completeness Of Expenditure

Risk Description

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 turn 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.

Findings

- We have evaluated the design & implementation of controls for developing manual expenditure accruals, and as noted on Page 8, 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 & Local Government sector and this has not identified any accruals omitted.
- Our work over the journal entries posted that may decrease year end expenditure is ongoing.

Audit of the financial statements



Significant Risk: Valuation Of Post Retirement Defined Benefit Obligation

Risk Description

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.

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.
- 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.
- Our work over the disclosures in the accounts remains ongoing.

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’. 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, which we have included in the accompanying VFM Risk Assessment document presented at this committee. Our work is ongoing to assess the identified significant risks in order to allow us to conclude – in advance of the backstop date - on whether any of these gave rise to a significant weakness in arrangements during the financial year.

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 not complete. Matters set out here may change upon the completion of our work.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	We direct your attention to the accompanying VFM risk assessment document presented at this meeting, which includes our commentary.		
Identified risks of significant weakness?	Yes	No	Yes
Actual significant weakness identified?	TBC	TBC	TBC
2023-24 Findings	Two significant weaknesses identified	No significant weaknesses identified	Two significant weaknesses identified
Direction of travel	↔	↔	↔



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 increasing 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 close the 24/25 accounts and has applied for up to £37m for 25/26.



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