

Haringey London Borough Council

Report to the Audit Committee

**Value For Money Risk Assessment for the year
ended 31 March 2025**

10 November 2025

Value for money

Our value for money reporting requirements have been designed to follow the guidance in the Audit Code of Practice.

Our responsibility is to conclude on significant weaknesses in value for money arrangements.

The main output is a narrative on each of the three domains, summarising the work performed, any significant weaknesses and any recommendations for improvement.

We have set out the key methodology and reporting requirements on this slide and provided an overview of the process and reporting on the following page.

Risk assessment processes

Our responsibility is to assess whether there are any significant weaknesses in the Council's arrangements to secure value for money. Our risk assessment will consider whether there are any significant risks that the Council does not have appropriate arrangements in place.

In undertaking our risk assessment, we will be required to obtain an understanding of the key processes the Council has in place to ensure this, including financial management, risk management and partnership working arrangements. We will complete this through review of the Council's documentation in these areas and performing inquiries of management as well as reviewing reports, such as internal audit assessments.

Reporting

Our approach to value for money reporting aligns to the NAO guidance and includes:

- A summary of our commentary on the arrangements in place against each of the three value for money criteria, setting out our view of the arrangements in place compared to industry standards;
- A summary of any further work undertaken against identified significant risks and the findings from this work; and
- Recommendations raised as a result of any significant weaknesses identified and follow up of previous recommendations.

The Council will be required to publish the commentary on its website at the same time as publishing its annual report online.

Financial sustainability

How the body manages its resources to ensure it can continue to deliver its services.

Governance

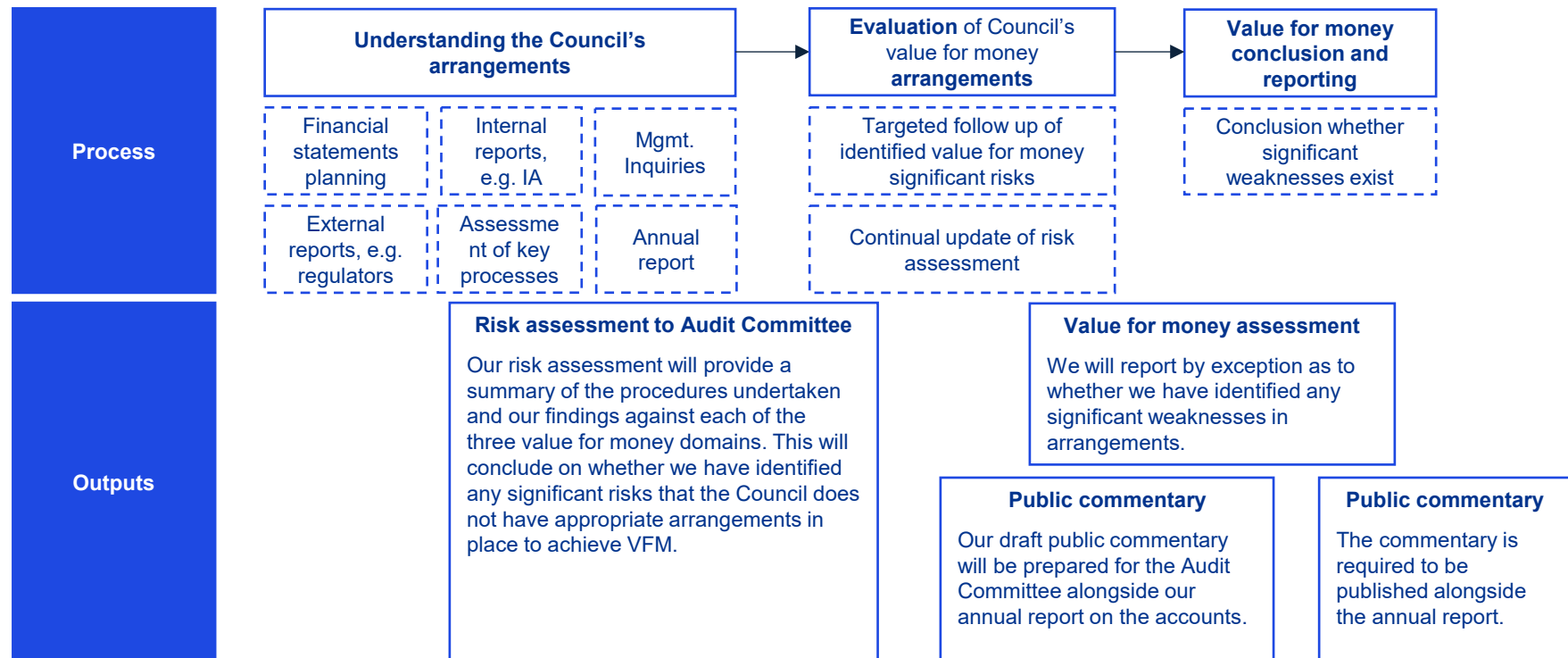
How the body ensures that it makes informed decisions and properly manages its risks.

Improving economy, efficiency and effectiveness

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

Value for money

Approach we take to completing our work to form and report our conclusion:



Summary of risk assessment

Summary of risk assessment

As set out in our methodology we have evaluated the design of controls in place for a number of the Council's systems, reviewed reports from external organisations and internal audit and performed inquiries of management. These procedures are consistent with prior year.

Based on these procedures the table below summarises our assessment of whether there is a significant risk that appropriate arrangements are not in place to achieve value for money at the Council for each of the relevant domains:

Domain	Significant risk identified?
Financial sustainability	Significant risks identified
Governance	No significant risks identified
Improving economy, efficiency and effectiveness	Significant risks identified

We have identified 2 new significant risks associated with Improving economy, efficiency and effectiveness, linked to Temporary Accommodation and Social Care. We have also retained the significant risks linked to the 4 significant weaknesses from 2023/24, and will follow up the associated recommendations as part of our 2024/25 work.

We have raised 2 new high priority performance improvement observations (PIOs) relating to the need for improved clarity of reporting to Cabinet around the actual in year performance vs the initial Medium Term Financial Strategy (MTFS), as well as the need to undertake an exercise to understand the value of potential income increases from a commercial property review. Further details of these PIOs are on page 26.

We will report to the committee any identified significant weaknesses at a later date, as well as follow up on prior year identified weaknesses and PIOs.



Response to significant risk

The table below sets out the details of the risks that have been identified and the procedures we intend to perform in order to respond to the risks. We will report on our conclusion from these procedures as part of our year end report to the Audit Committee:

RISK1	
Description of 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).
Procedures to be performed	We will understand the processes in place for financial response and recovery for future periods and ascertain how the Council aims to reduce reliance upon EFS to achieve a balanced position.
RISK2	
Description of 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.
Procedures to be performed	We will further understand the process 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.

Summary of risk assessment

Response to significant risk (continued)

RISK3	
Description of 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.
Procedures to be performed	We will understand 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.

RISK4	
Description of 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.
Procedures to be performed	We will consider 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 will assess if the council has adequate knowledge of its leases and the underlying terms such that it can effectively budget for any financial implications

RISK5	
Description of 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.
Procedures to be performed	We will assess 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 will understand the underlying factors behind these such as local competition for accommodation and block booking to secure economies of scale.
RISK6	
Description of 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.
Procedures to be performed	We will understand the process for the financial assessment of clients, as well as for engaging with North London Integrated Care Board (ICB) to ensure cost sharing levels are appropriate in respect of Continuing Healthcare (CHC) packages.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

Wider 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 - Haringey is ranked as the 4th most deprived borough in London as measured by the IMD score 2019. Haringey also faces increasing demand for adult social care services due to its aging population and the prevalence of long-term health conditions.
- Core funding for Haringey has decreased by circa £140m 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 around 60% of the General Fund revenue budget each year is spent on Adult's, Children's and Temporary Accommodation services.
- Local authorities have been campaigning for government to provide fairer funding and longer-term settlements. As part of the response, the government has called on councils with budget shortfalls to use their reserves to fill the gap and have commissioned the Fair Funding Review 2.0, which we discuss in further detail on page 11. For Haringey, this is a difficult position financially due to the low level of General Fund Reserves at the outset of 24/25 – at circa £67.4m, a decrease from £97.2m at the start of 23/24.

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.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
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Summary of risk assessment (continued)

- 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 on page 9.
- 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 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 Medium-Term Financial Strategy (MTFS) then went to the Overview & Scrutiny Committee in January 2024. We have reviewed the minutes from the latter two January 2024 meetings and can see there is documented challenge from members of the budget and underlying assumptions, and we have also inspected the recommendations made to Cabinet as a result of this process which were incorporated into the final decision-making process.
- In terms of wider engagement, we have also viewed the Budget Consultation Report for 2024/25, detailing 654 public responses to questionnaires and the Council's analysis of the responses, showing good engagement with the community and the people that will be impacted by budget changes.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
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Summary of risk assessment (continued)

- 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, 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

- By 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 – with this 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 7.
- This forecast worsened by the time of the Quarter 2 financial update to £37.2m (12.3% of budget), 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.

Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

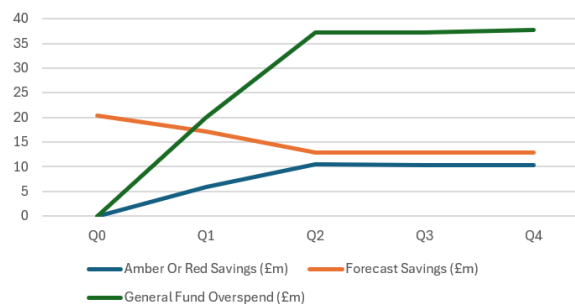
- The processes for setting the 2024/25 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2024/25 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
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Summary of risk assessment (continued)

Savings Schemes

- As part of its work for Budget Series in June 2023, the Council identified and costed a variety of savings schemes, and this culminated in the Council approving the 2024/25 MTFS with a savings programme of £19.3m (6.4% of expenditure).
- The Q1 finance update to Audit Committee 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 below the correlation of non-delivery of savings with the overspend in year, which also show how far off track the savings schemes were by Q1 and Q2, such that this was not recoverable in the second half of the year.

Overspend vs Savings Scheme Performance



Value for money arrangements

Financial sustainability

In assessing whether there was a significant risk of financial sustainability we reviewed:

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Summary of risk assessment (continued)

- We do not believe that the £19.3m efficiency savings planned were sufficiently realistic and supported by achievable goals, given that £7.5m (38%) of these had been deemed red RAG rated by quarter 2 (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 high priority recommendation in respect of this.

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 £28 million, reducing the final overspend to £10 million. 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.
- 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 page 16.
- 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.

Value for money arrangements

Financial sustainability

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- Performance for the year to date against the financial plan.

Summary of risk assessment (continued)

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.
- 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 has been sought to allow for a balanced budget in 2025/26 and there is currently a predicted budget gap of over £70m for 2026/27.
- However, we note as at Q1 2025/26 that the Council is forecasting a £30.1m overspend, as well as an expected achievement of only 69% of its savings target, with £14.8m (over 50% of the target) being amber or red RAG rated. This reflects the challenging financial picture, particularly when combined with the need to repay EFS over the coming years.
- 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, 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 individual scenarios and shows that the impact to Haringey may be a circa £30-40m loss of income depending on the outcome of this consultation, reflecting the importance of implementing transformative change to reduce its cost base.

Value for money arrangements

Financial sustainability

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- Processes for ensuring consistency between the financial plan set for 2024/25 and the workforce and operational plans;
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- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

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.

As detailed on page 4, these relate to arrangements in place for financial response and recovery for future periods and ascertain 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 against the backdrop of the need to reduce the cost base to remove reliance on EFS.

Value for money arrangements

Governance

In assessing whether there was a significant risk relating to governance we reviewed:

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment

Governance Structure & Controls

- The Council have a detailed Constitution and Local Code Of Corporate Governance that outline 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 as '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 community. We have also reviewed the consultation undertaken with the local community 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.

Value for money arrangements

Governance

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- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment (continued)

- 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.
- The Council's Code of Conduct documents the responsibilities of Council employees and processes regarding conflicts of interest, gifts and hospitality.

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 office to allow thorough risk management to occur, and 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.

Value for money arrangements

Governance

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- Controls in place to prevent and detect fraud;
- The review and approval of the 2024/25 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment (continued)

- 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.

Risk Assessment Conclusion

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

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment

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.

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 Council's commitment to improving the safety and quality of residents' accommodation.
- 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.

Value for money arrangements

Improving economy, efficiency and effectiveness

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- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment

- 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.

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.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

- The processes in place for assessing the level of value for money being achieved and where there are opportunities for these to be improved;
- The development of efficiency plans and how the implementation of these is monitored;
- How the performance of services is monitored and actions identified in response to areas of poor performance;
- How the Council has engaged with partners in development of the organisation and system wide plans and arrangements;
- The engagement with wider partnerships and how the performance of those partnerships is monitored and reported; and
- The monitoring of outsourced services to verify that they are delivering expected standards.

Summary of risk assessment (continued)

- 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. 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 increasing use of expensive, nightly paid accommodation and hotels/B&Bs.

Value for money arrangements

Improving economy, efficiency and effectiveness

In assessing whether there was a significant risk relating to improving economy, efficiency and effectiveness we reviewed:

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Summary of risk assessment (continued)

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. Our work to date suggests that this remained the case during 2024/25 and up to the date of this report, hence we continue to identify a significant risk linked to Commercial Property.
- As at the date of this risk assessment there are 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 are 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.

Value for money arrangements

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Summary of risk assessment (continued)

- 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 team is in the process of creating a business case for a 'Property Review', which would aim 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 recommend 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.

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Summary of risk assessment (continued)

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 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 jumped 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 is 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.

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.

Value for money arrangements

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Summary of risk assessment (continued)

External Regulatory Findings

- 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 does not have adequate processes in place to ensure that Adult Social Care spend is sufficiently forecast and managed, or that financial contributions from patients are 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 will review the aims and progress of enacting this plan as part of our additional procedures.

Value for money arrangements

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Summary of risk assessment (continued)

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 24/25.
- 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.

Value for money arrangements

Improving economy, efficiency and effectiveness

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Summary of risk assessment (continued)

- 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.

Value for money arrangements

Improving economy, efficiency and effectiveness

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Risk Assessment Conclusion

Based on the risk assessment performed we have 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 are 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.

We will perform further procedures in response to these risks and provide our conclusions at a later date.

Performance improvement observations

The performance improvement observations raised as a result of our risk assessment procedures are included below. Note that we will update this further within our Auditor's Annual Report:

Priority rating for observations			
1	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	1	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.

Performance improvement observations (cont.)

#	Risk	Issue, Impact and Recommendation	Management Response / Officer / Due Date
2	①	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.



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