Auditor's Annual Report for Haringey London Borough Council

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Year-ended 31 March 2025

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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.

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.

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.

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.

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.

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.

Financial Sustainability

Financial Planning 2024/25 (cont.)

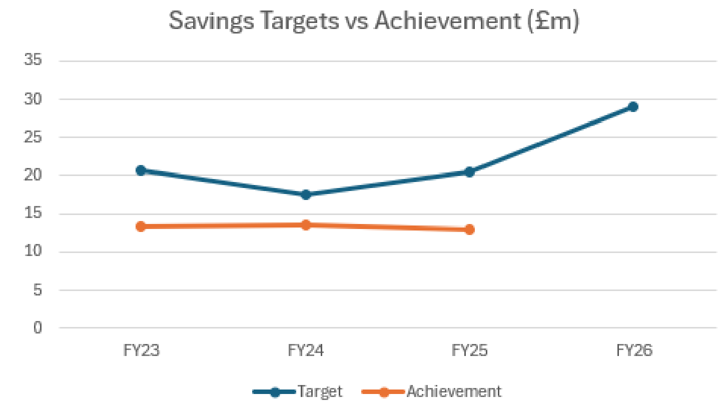
- On 1st February 2024, the final budget was recommended to Cabinet, in which the gap had now been closed by identifying further efficiency savings and various other actions totalling £10.4m since December 2023, as well as including a planned drawdown of £5.9m from the Strategic Budget Planning Reserves.
- 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.



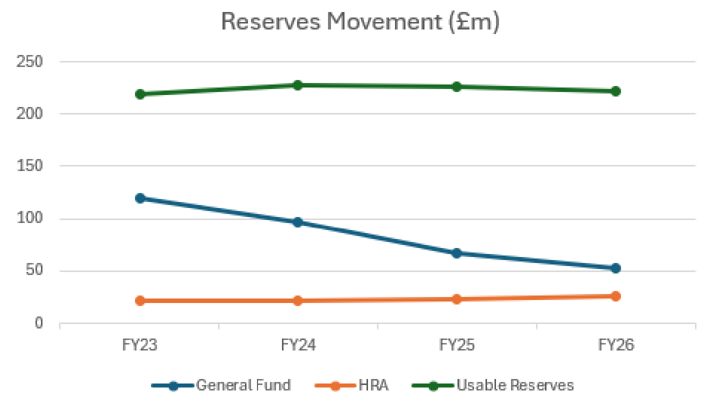
Financial Sustainability

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.

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.

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.

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.

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.

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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