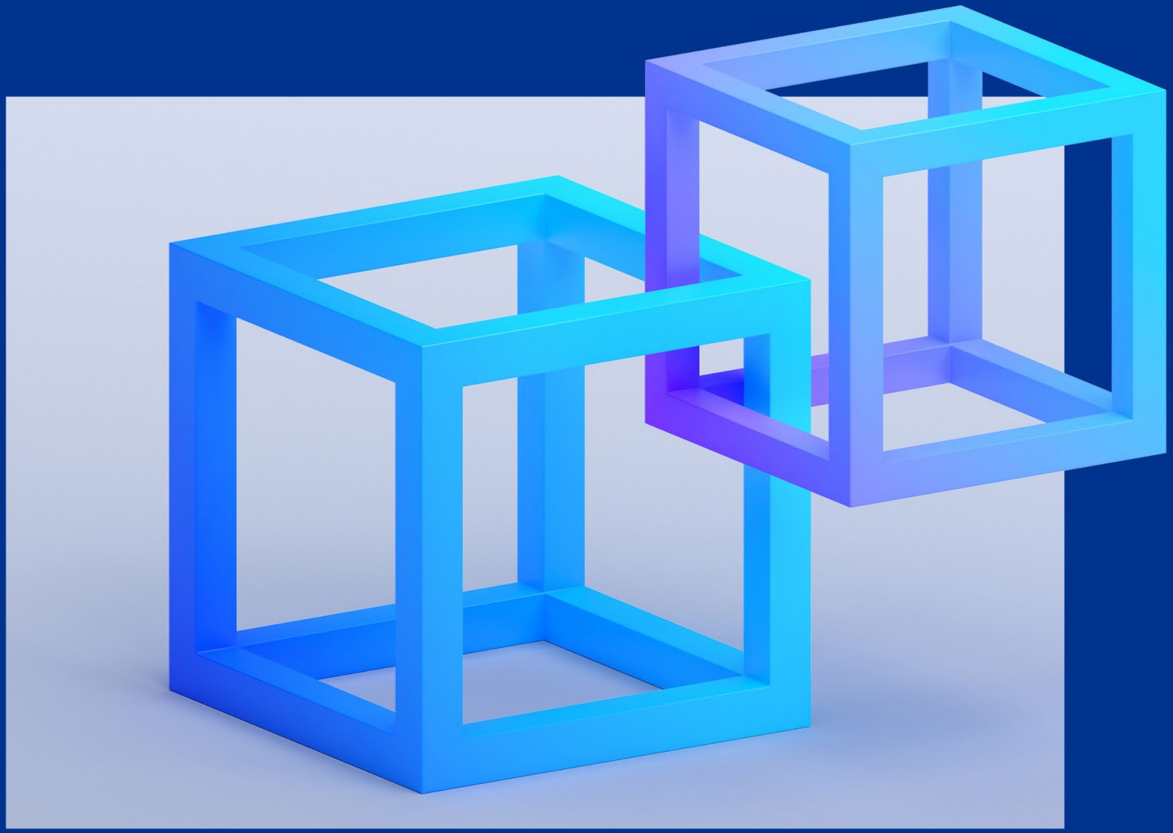
Haringey London Borough Council

Report to the Audit Committee



External Audit plan and strategy for the year ending 31 March 2026

—

23 July 2026

Introduction

To the Audit Committee of Haringey London Borough Council

We are pleased to have the opportunity to meet with you on 23 July 2026 to discuss our audit of the consolidated financial statements of Haringey London Borough Council, as at and for the year ending 31 March 2026.

This report provides the Audit Committee with an opportunity to review our planned audit approach and scope for the 2025/26 audit. The audit is governed by the provisions of the Local Audit and Accountability Act 2014 and is carried out in compliance with the NAO's 2024 Code of Audit Practice, auditing standards and other professional requirements.

This report outlines our risk assessment and planned audit approach. Our planning activities are still ongoing, and we will communicate any significant changes to the planned audit approach subsequently.

We provide this report to you in advance of the meeting to allow you sufficient time to consider the key matters and formulate your questions.

The engagement team

Tim Cutler, FCA, is the engagement partner on the audit. He has 29 years of experience in Public Sector audits.

Tim Cutler shall lead the engagement and is responsible for the audit opinion.

Other key members of the engagement team include Chris Paisley (Director), Josh Parkinson (Manager) and Richard Yang (Assistant Manager) with 15, 7, and 5 years of experience, respectively.

Yours sincerely,

Tim Cutler

Partner – KPMG LLP

23 July 2026

Restrictions on distribution

This report is intended solely for the information of those charged with governance of the Haringey London Borough Council and the report is provided on the basis that it should not be distributed to other parties; that it will not be quoted or referred to, in whole or in part, without our prior written consent; and that we accept no responsibility to any third party in relation to it.

How we deliver audit quality

Audit quality is at the core of everything we do at KPMG and we believe that it is not just about reaching the right opinion, but how we reach that opinion. We consider risks to the quality of our audit in our engagement risk assessment and planning discussions.

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

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

We depend on well-planned timing of our audit work to avoid compromising the quality of the audit. This is also heavily dependent on receiving information from management and those charged with governance in a timely manner.

We aim to complete all audit work no later than 2 days before audit signing. As you are aware, we will not issue our audit opinion until we have completed all relevant procedures, including audit documentation.

We are committed to providing you with a high-quality service. If you have any concerns or are dissatisfied with any part of KPMG's work, in the first instance you should contact Tim Cutler (tim.cutler@kpmg.co.uk), the engagement lead to the Authority and the national lead partner for all of KPMG's work under our contract with Public Sector Audit Appointments Limited, who will try to resolve your complaint. After this, if you are still dissatisfied with how your complaint has been handled you can raise your complaint as per the following process Complaints.

Rebuilding assurance

Background

The Government introduced measures to resolve the legacy local government financial reporting and audit backlog. In 2024, amendments were made to the Accounts and Audit Regulations and NAO's Code of Audit Practice which introduced the requirement for audit reports in respect of any open, incomplete audits up to the period ending 31 March 2023 to be published by 13 December 2024. It also introduced a statutory back stop date of 28 February 2025 and 27 February 2026 for the 2023/24 and 2024/25 audits, respectively.

Guidance has been developed to help support appropriate audit procedures for audits where further work is required to build back assurance. In addition to Local Audit Rest and Recovery Implementation Guidance (LARRIGs) that were published in 2024 by the NAO. Further guidance has now been published by the NAO LARRIG 06 - Special considerations for rebuilding assurance for specified balances following backstop-related disclaimed audit opinions (e.g., reserves balances where a disclaimer has been previously issued). We note the LARRIGs are prepared and published with the endorsement of the Financial Reporting Council (FRC) and are intended to support the reset and recovery of local audit in England.

For Haringey London Borough Council, this had the impact of a disclaimer of opinion issued by your predecessor auditor for 3 financial years up to and including 2022/23. We then issued a disclaimer of opinion for 2023/24 on 28 February 2025 to comply with the statutory backstop date as reported to you previously. For the 2024/25 audit we issued a disclaimed opinion on 26 February 2026.

The 2025/26 audit

As part of the 2025/26 audit, we are in the process of completing by 31 July 2026 our rebuilding assurance risk assessment which includes:

- Inquiries, with regard to changes to Haringey London Borough Council during the disclaimed period.
- Reconciling the planned movement in reserves from budget setting, in year monitoring and outrun reports and documenting our understanding if planned usage and changes in reserves over the disclaimed period.
- Considering the disclaimed period and associated reporting including the statement of accounts, Annual Government Statements, findings from the disclaimed period audits and from the section 151 officer in their assessment that the financial statements present a true and fair view.
- Considering the processes over capital additions/disposals and HRA classification.
- A balance sheet financial statement caption by caption assessment of the movement over the disclaimed period overlayed with findings from other risk assessment procedures to determine the appropriate testing strategy to remove the risk of material misstatement in line with the LARRIGs.

As a result of the risk assessment, we have designed an appropriate response to address the risks identified and the audit year we will complete the work. This is set out on page 43 of this report.

We have included an appendix for those areas where we could not obtain sufficient audit evidence during the 2024/25 audit and also set out the key elements of the MHCLG capacity assessment requested by MHCLG. We note this includes a categorisation of your audit as requested by MHCLG. The categories identified by MHCLG are:

A - audits expected to be relatively straightforward and able to sustain an ISA-compliant approach without significant difficulty.

B - audits that are in theory capable of supporting an ISA-compliant approach, but where significant operational difficulties are likely

C - the audited entity has adequate systems to provide the necessary evidence in principle, but practical constraints mean that ISA-compliant build-back is unlikely by the end of 2027/28

D – major systemic problems with financial management, governance or accounting systems.

Fees

We note our fees for this work are expected to be in region of:

- Risk assessment - £36,792
- Substantive work – est. £100k

We note our fees are subject to fee assumptions on page 43, and that the fee for the risk assessment work is estimated at this stage based upon the work completed to date and the volume of wok required for KPMG to reach a point where we can accurately report the build back position to MHCLG. We also note our fees will be subject to the PSAA fee variation process and PSAA approval. MHCLG has announced grant funding for this work.

Overview of planned scope including materiality

Our materiality levels

We determined materiality for the consolidated financial statements at a level which could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. We used a benchmark of expenditure which we consider to be appropriate given the sector in which the entity operates, its ownership and financing structure, and the focus of users.

We considered qualitative factors such as stability of legislation and lack of shareholders when determining materiality for the financial statements as a whole.

We have assessed a higher level of aggregation risk due to factors such as the in-year departure the Deputy Chief Accountant who was heavily involved with the financial reporting process, the history of misstatements identified (though corrected), and the control deficiencies raised.

To respond to aggregation risk from individually immaterial misstatements, we design our procedures to detect misstatements at a lower level (65%) of materiality driven by our expectations of increased level of undetected or uncorrected misstatements in the period. We also adjust this level further downwards for items that may be of specific interest to users for qualitative reasons.

We will report misstatements to the audit committee including:

- Corrected and uncorrected audit misstatements above £1.075m (lowered due to the higher aggregation risk)
- Errors and omissions in disclosure (Corrected and uncorrected) and the effect that they, individually and in aggregate, may have on our opinion.
- Other misstatements we include due to the nature of the item.

Control environment

The impact of the group control environment on our audit is reflected in our planned audit procedures. Our planned audit procedures reflect findings raised in the previous year and management's response to those findings.

Group Materiality

	Group
Materiality for the consolidated financial statements as a whole	**£27.0m** (1.99% of expenditure vs 2024/25: £26.4m, 1.99% of expenditure)
Performance Materiality	**£17.5m** (2024/25: £17.1m)
Misstatements reported to the audit committee	**£1.08m** (2024/25: £1.32m)

Council Materiality

£26.4m

1.99% of Expenditure
(2024/25: £25.9m)

Overview of planned scope including materiality (cont.)

Timing of our audit and communications

We will maintain communication led by the engagement partner and manager throughout the audit. We set out below the form, timing and general content of our planned communications:

- Kick-off meeting with management in April 2026 where we present our audit plan outlining our audit approach and discuss management's progress in key areas
- Audit committee meeting in July 2026 where we present our final audit plan
- Regular status meetings with management throughout the year where we communicate progress on the audit plan, any misstatements, control deficiencies and significant issues
- Audit committee meeting in November 2026 where we present our draft annual auditor's report which will include our VFM commentary
- Closing meeting with management in December 2026 where we discuss the auditor's report and any outstanding deliverables
- Audit committee meeting in late 2026/January 2027 where we communicate audit misstatements and significant control deficiencies
- Biannual private meetings can also be arranged with the Committee chair if there is interest.

Using the work of others and areas requiring specialised skill

We outline below where, in our planned audit response to audit risks, we expect to use the work of others such as Internal Audit or require specialised skill/knowledge to perform planned audit procedures and evaluate results.

Others	Extent of planned involvement or use of work
Internal Audit	We do not plan to rely on the work performed by internal audit as part of our external audit
KPMG IT audit Team	We will be utilising our IT team to gain an understanding of the key financial systems and processes within the council.
KPMG Pensions Centre of Excellence (PCoE)	We will be utilising our PCoE team to perform work over the LGPS assets & liabilities within the council's accounts.
KPMG Revaluation Team (REVCoE)	We will be utilising our REVCoE team to perform work over the annual revaluation of the council's Land & Buildings, specifically Alexandra Palace.
KPMG Data & Analytics (D&A) Team	We will be utilising our D&A Team to assist with the extraction of journals at year-end.

Significant risks, Higher assessed risks and Other audit risks

Our risk assessment draws upon our understanding of the applicable financial reporting framework, knowledge of the business, the industry and the wider economic environment in which Haringey London Borough Council operates.

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

Significant risks	
1.	Valuation of land and buildings
2.	Management override of controls
3.	Valuation of post retirement benefit obligation

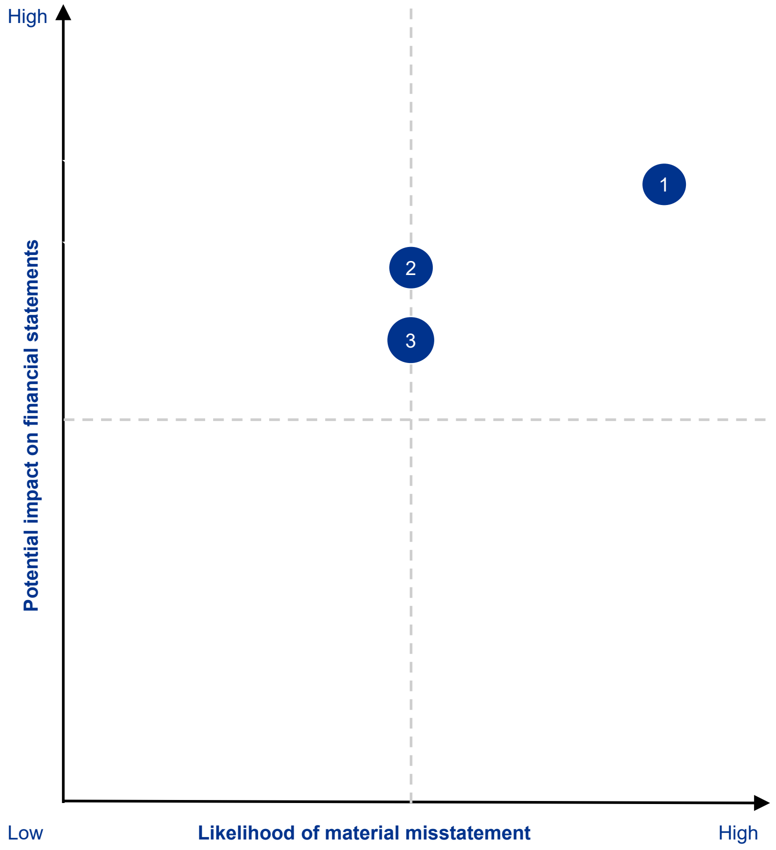
Due to the current levels of uncertainty with regards to the wider geopolitical environment impacting the local government sector and the pressures this could present to the Council's financial position, there is an increased likelihood of significant risks emerging throughout the audit cycle that are not identified (or in existence) at the time we planned our audit. Where such items are identified we will amend our audit approach accordingly and communicate this to the Audit Committee.

Value for money

We are required to provide commentary on the arrangements in place for ensuring Value for Money is achieved at the Council and report on this via our Auditor's Annual Report. This will be published on the Council's website and will include a commentary on our view of the appropriateness of the Council's arrangements against each of the three specified domains of Value for Money: financial sustainability; governance; and improving economy, efficiency and effectiveness.

We have outlined the results of our risk assessment procedures on pages 15 -41.

Key: # Significant financial statement audit risks



Audit risks and our audit approach

1 Valuation of land and buildings

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

Significant audit risk

The Code of Practice on Local Authority Accounting in the UK 2025/26 (‘the Code’) has introduced changes to asset revaluation. The Code requires revaluations for each class of PPE are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five-year cycle and indexation in the intervening years.

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

A further risk is presented for those assets that are revalued in year as valuations are inherently judgmental and there is a risk of error that the assumptions are not appropriate or correctly applied.

We note that the Council undertook a full revaluation exercise of all assets in 24/25, we have assurance over the Opening Balances aside from the Council Dwellings.

Planned response

We will perform the following procedures over all Land & Buildings designed to specifically address the significant risk:

- We will critically assess the independence, objectivity and expertise of Wilks Head & Eve, the Council’s appointed valuers;
- We will inspect the instructions issued to the valuers for the valuation of land and buildings to verify they are appropriate to produce a valuation consistent with the requirements of the CIPFA Code;
- We will compare the accuracy of the data provided to the valuers for the development of the valuation to underlying information. Given known issues in the prior year with the reliability of information regarding Beacon properties which prevented our conclusion over Council Dwellings in 24/25, we will have a specific focus on this area during the audit;
- We will evaluate the design and implementation of controls in place for management to review the valuation and the appropriateness of assumptions used;
- We will agree the calculations performed of the movements in value of land and buildings and verify that these have been accurately accounted for in line with the requirements of the CIPFA Code; and
- Disclosures: We will consider the adequacy of the disclosures concerning the key judgements and degree of estimation involved in arriving at the valuation.

Audit risks and our audit approach (cont.)

1 Valuation of land and buildings (cont.)

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

Significant audit risk

The Code of Practice on Local Authority Accounting in the UK 2025/26 ('the Code') has introduced changes to asset revaluation. The Code requires revaluations for each class of PPE are undertaken using one of the following:

- A quinquennial revaluation, supplemented by annual indexation in intervening years.
- A rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the intervening four years.

The Authority has adopted a rolling revaluation model which sees all land and buildings revalued over a five-year cycle and indexation in the intervening years.

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

A further risk is presented for those assets that are revalued in year as valuations are inherently judgmental and there is a risk of error that the assumptions are not appropriate or correctly applied.

We note that the Council undertook a full revaluation exercise of all assets in 24/25, we have assurance over the Opening Balances aside from the Council Dwellings.

Planned response

We will perform the following procedures designed to specifically address the significant risk associated with the assets revalued in year:

- We will challenge the appropriateness of the valuation of land and buildings; including any material movements from the previous revaluations. We will challenge key assumptions within the valuation as part of our judgement; and
- We will utilise our own valuation specialists to review the Alexandra Palace valuation prepared by the Council's valuers to confirm the appropriateness of the methodology utilised.

We will perform the following procedures specifically to address the significant risk associated with the assets subject to annual indexation in the intervening four years to the rolling revaluation:

- We will challenge the appropriateness of the indices used and agree the indexations applied back to relevant indices data (e.g., BCIS Average Price Index or House Price Index)

Audit risks and our audit approach (cont.)

2 Management override of controls(a)

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

Significant audit risk

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

Planned response

- Our audit methodology incorporates the risk of management override as a default significant risk;
- Assess accounting estimates for biases by evaluating whether judgements and decisions in making accounting estimates, even if individually reasonable, indicate a possible bias;
- Evaluate the selection and application of accounting policies;
- In line with our methodology, evaluate the design and implementation of controls over journal entries and post closing adjustments;
- Assess the appropriateness of changes compared to the prior year to the methods and underlying assumptions used to prepare accounting estimates;
- Assess the business rationale and the appropriateness of the accounting for significant transactions that are outside the council's normal course of business or are otherwise unusual;
- Make inquiries of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
- Identify journal entries and other adjustments with characteristics that indicate that they may be inappropriate or unauthorised and therefore may have been used to manipulate the financial statements (which we refer to as 'high-risk journals and other adjustments') We will do this using KPMG Clara Journal Entry Analysis and perform procedures to test the appropriateness of these entries and adjustments.

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

Audit risks and our audit approach (cont.)

3 Valuation of post retirement benefit obligations (Local Government Pension Scheme)

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

Significant audit risk

- The valuation of the post retirement benefit obligations involves the selection of appropriate actuarial assumptions, most notably the discount rate applied to the scheme liabilities, inflation rates and mortality rates. The selection of these assumptions is inherently subjective and small changes in the assumptions and estimates used to value the Council's pension liability could have a significant effect on the financial position of the Council.
- The actuary will take account of the results of the new Triennial Valuation as at 31 March 2025 for accounting at 31 March 2026. This means re-basing their estimate models to allow for actual experience since 2022, which could result in corrections to the defined benefit obligation and asset valuations this year. It also updates the contributions payable, which could have an impact on the assessment of the asset ceiling applying to 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.
- 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.

Planned response

We will perform the following procedures:

- Understand the processes the Council have in place to set the assumptions used in the valuation;
- Evaluate the competency, objectivity of the actuaries to confirm their qualifications and the basis for their calculations;
- Perform inquiries of the accounting actuaries to assess the methodology and key assumptions made, including actual figures where estimates have been used by the actuaries, such as the rate of return on pension fund assets;
- Agree the data provided by the audited entity to the Scheme Administrator for use within the calculation of the scheme valuation;
- Evaluate the design and implementation of controls in place for the Council to determine the appropriateness of the assumptions used by the actuaries in valuing the liability;
- Challenge, with the support of our own actuarial specialists, the key assumptions applied, being the discount rate, inflation rate and mortality/life expectancy against externally derived data;
- Confirm that the accounting treatment and entries applied by the Group are in line with IFRS and the CIPFA Code of Practice;
- Consider the adequacy of the Council's disclosures in light of the updated information and change of contributions following the completion of the funding valuation, and assess the sensitivity of the deficit or surplus to the assumptions made;
- Where applicable, assess the level of surplus that should be recognised by the entity; and
- Assess the impact of a new triennial valuation model and/or any special events, where applicable.

Audit risks and our audit approach (cont.)

Expenditure – rebuttal of Significant Risk

Practice Note 10 states that the risk of material misstatement due to fraudulent financial reporting from the manipulation of expenditure recognition is required to be considered. Having considered the risk factors relevant to the Council and the nature of expenditure within the Council, we have determined that a significant risk relating to expenditure recognition is not required.

The Council has faced budgetary pressures in previous years and have had to rely on Exceptional Finance Support (EFS) from the Ministry of Housing, Communities, & Local Government (MHCLG) to set a balanced budget for 25/26. Furthermore, the Council has faced difficulties in delivering this budget, with a forecasted overspend of £19m as at Q3, subsequently improved to £14m as at Month 11. This would suggest a heightened incentive for management to manipulate expenditure to reach the required financial position. We consider the manipulation of manual accruals to be the main opportunity for management to do so.

However, the Council had manual expenditure accruals of £55m in 24/25, compared to a £26m materiality for 25/26. It would, therefore, require a high percentage of accruals being omitted for any misstatement to be material. Since many of the accruals in 24/25 were relatively low in value (only 7 being individually above £1m), this would involve a large quantity of manual accruals needing to be manipulated. Our work in 24/25, designed to address the previously identified significant risk over expenditure recognition, did not identify any issues – which supports our assessment to rebut the fraudulent expenditure risk in 25/26.

Furthermore, MHCLG has approved an additional Exceptional Finance Support (EFS) allocation of £17m (to £54m) to the Council in February 2026 to meet the budget shortfall, which helps alleviate the pressure for Management to deliver a balanced budget in year. The Council is also forecasting a substantial budget shortfall for 26/27 which required an agreed £84m EFS allocation in 26/27 with MHCLG to reach a balanced position. Hence, we consider there to be a much greater incentive for Management to ensure the balanced budget is delivered in 26/27 and thus, reduces the incentive to delay the recognition of 25/26 expenditure to 26/27 through the manipulation of manual accruals. However, we note that due to the limited value of these manual accruals, there is also limited opportunity for management to manipulate the existence of expenditure in 25/26.

Therefore, the financial position of the Council (whilst under pressure) is not indicative of a position that would provide a high opportunity or pressure to manipulate expenditure recognition, and the nature of expenditure has not identified any specific risk factors.

Audit risks and our audit approach (cont.)

Revenue – Rebuttal of Significant Risk

Professional standards require us to presume, unless rebutted, that the fraud risk from revenue recognition is a significant risk. Due to the nature of the revenue within the sector we have rebutted this significant risk. We have set out the rationale for the rebuttal of key types of income in the table below.

Description of Income	Nature of Income	Rationale for Rebuttal
Council tax	This is the income received from local residents paid in accordance with an annual bill based on the banding of the property concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of properties in the area and the fixed price that is approved annually based on a band D property: it is highly unlikely for this balance to be subject to fraudulent financial manipulation.
Business rates	Revenue received from local businesses paid in accordance with an annual demand based on the rateable value of the business concerned.	The income is highly predictable and is broadly known at the beginning of the year, due to the number of businesses in the area and the fixed amount that is approved annually: it is highly unlikely for this balance to be subject to fraudulent financial manipulation.
Fees and charges	Revenue recognised from receipt of fixed fee services, in line with the fees and charges schedules agreed and approved annually.	The income stream represents high volume, low value sales, with simple recognition. Fees and charges values are agreed annually. We do not deem there to be any incentive or opportunity to manipulate the income.
Grant income	Predictable income receipted primarily from central government, including for housing benefits.	Grant income at a local authority typically involves a small number of high value items and an immaterial residual population. These high value items frequently have simple recognition criteria and can be traced easily to third party documentation, most often from central government source data. There is limited incentive or opportunity to manipulate these figures.

Mandatory communications - additional reporting

Going concern

We will assess the risk relating to management's judgement on the use (or otherwise) of the going concern basis and the adequacy of related disclosures, including any possible material uncertainty. Under NAO guidance, including Practice Note 10 - a local authority's financial statements shall be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganization) do not negate the presumption of going concern. However, financial sustainability is a core area of focus for our Value for Money responsibilities.

Additional reporting

Your audit is undertaken to comply with the Local Audit and Accountability Act 2014 which gives the NAO the responsibility to prepare an Audit Code (the Code), which places responsibilities in addition to those derived from audit standards on us. We also have responsibilities which come specifically from acting as a component auditor to the NAO. In considering these matters at the planning stage we indicate whether:

Work is completed throughout our audit and we can confirm the matters are progressing satisfactorily (OK)	We have identified issues that we may need to report	Work is completed at a later stage of our audit so we have nothing to report

We have summarised the status of all these various requirements at the time of planning our audit below and will update you as our work progresses:

Type	Status	Response
Our declaration of independence	OK	No matters to report. The engagement team and others in the firm, as appropriate, have complied with relevant ethical requirements regarding independence.
Issue a report in the public interest	-	We are required to consider if we should issue a public interest report on any matters which come to our attention during the audit. We have issued a statutory recommendation to the Council linked to the identification & monitoring of cost saving schemes.
Provide a statement to the NAO on your consolidation schedule		This "Whole of Government Accounts" requirement is fulfilled when we complete any work required of us by the NAO.
Provide a summary of risks of significant weakness in arrangements to provide value for money		We are required to report significant weaknesses in arrangements. This work is to be completed at a later stage.
Certify the audit as complete		We are required to certify the audit as complete when we have fulfilled all of our responsibilities relating to the accounts and use of resources as well as those other matters highlighted above.

KPMG

Document Classification: KPMG Public

Mandatory communications

Type	Statements
Management's responsibilities (and, where appropriate, those charged with governance)	Prepare financial statements in accordance with the applicable financial reporting framework that are free from material misstatement, whether due to fraud or error. Provide the auditor with access to all information relevant to the preparation of the financial statements, additional information requested and unrestricted access to persons within the entity.
Auditor's responsibilities	Our responsibilities set out through the NAO Code (communicated to you by the PSAA) and can be also found on their website, which include our responsibilities to form and express an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.
Auditor's responsibilities – Fraud	This report communicates how we plan to identify, assess and obtain sufficient appropriate evidence regarding the risks of material misstatement of the financial statements due to fraud and to implement appropriate responses to fraud or suspected fraud identified during the audit.
Auditor's responsibilities – Other information	Our responsibilities are communicated to you by the PSAA and can be also found on their website, which communicates our responsibilities with respect to other information in documents containing audited financial statements. We will report to you on material inconsistencies and misstatements in other information.
Independence	Our independence confirmation at page 52 discloses matters relating to our independence and objectivity including any relationships that may bear on the firm's independence and the integrity and objectivity of the audit engagement partner and audit staff.

Haringey London Borough Council

Value for money risk assessment

Our approach

Year ended 31 March 2026

23 July 2026

Value for money

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

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

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

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

Risk assessment processes

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

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

Reporting

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

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

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

Financial sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

Value for money

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

Process

Understanding the Council's arrangements → **Evaluation of Council's value for money arrangements** → **Value for money conclusion and reporting**

Understanding the Council's arrangements:
- Financial statements planning
- Internal reports, e.g. IA
- Mgmt. Inquiries
- External reports, e.g. regulators
- Assessment of key processes
- Annual report

Evaluation of Council's value for money arrangements:
- Targeted follow up of identified value for money significant risks
- Continual update of risk assessment

Value for money conclusion and reporting:
- Conclusion whether significant weaknesses exist

Outputs

Risk assessment to Audit Committee

Our risk assessment will provide a summary of the procedures undertaken and our findings against each of the three value for money domains. This will conclude on whether we have identified any significant risks that the Council does not have appropriate arrangements in place to achieve VFM.

Value for money assessment

We will report by exception as to whether we have identified any significant weaknesses in arrangements.

Public commentary

Our public commentary will be prepared for the Audit Committee alongside our annual report on the accounts.

Public commentary

The commentary is required to be published alongside the annual report.

Summary of risk assessment

Summary of risk assessment

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

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

Domain	Significant risk identified?
Financial Sustainability	Significant risks identified
Governance	No significant risks identified
Improving Economy, Efficiency And Effectiveness	Significant risks identified

We have retained the 5 significant risks linked to the 5 significant weaknesses identified during the 2024/25 audit. These relate to: Budget Setting; Cost Saving Schemes; Procurement; Commercial Property & Adult Social Care.

We have considered our prior year findings and the progress made by the Council linked to Housing & Temporary Accommodation and have not identified any significant risks around this area.

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

Response to significant risk

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

RISK1 **Description of risk**	**In line with the prior year work, due to the challenging financial position at the Council, there is a risk that the Council does not have in place adequate arrangements in respect of cost setting and budgetary processes to achieve financial sustainability. This is key to the short to medium term plan to reduce reliance on Exceptional Financial Support (EFS).**
Procedures to be performed	We will understand the processes in place for financial response and recovery for future periods and ascertain how the Council aims to reduce reliance upon EFS to achieve a balanced position.

RISK2 **Description of risk**	**In line with the prior year work, the Council does not have adequate processes in place to identify or monitor sufficient cost savings schemes to achieve the necessary reduction in expenditure to achieve a sustainable financial position. This is especially relevant given the reducing achievement rate of savings delivered in successive years.**
Procedures to be performed	We will seek 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.

Summary of risk assessment

Response to significant risk (continued)

RISK3 **Description of risk**	**In line with the prior year work, the Council does not have adequate procurement processes in place to enable it to achieve value for money in respect of contracts entered into for services received.**
Procedures to be performed	Given the delay in the implementation of the procurement system solution, we will monitor the continued changes made to manual processes to allow the Council to comply with the new Procurement Act 2023 (PA23) and ensure engagement across all Council directorates, and whether these changes provide greater oversight & value for money.

RISK4 **Description of risk**	**In line with the prior year work, there is a lack of oversight and processes in place for the effective management of the commercial property portfolio across areas such as leases, repairs and health & safety, which could impact the Council's return on investment.**
Procedures to be performed	We will consider the manual processes in place for the management of the Council's commercial leases in the absence of the implementation of a system solution, as well as seeking to understand how compliance and regulatory requirements are met around fire safety, repairs & maintenance and health & safety. We will assess if the Council has adequate knowledge of its leases and the underlying terms such that it can effectively budget for any financial implications.

RISK5 **Description of risk**	**In line with the prior year work, the Council does not have adequate processes in place to ensure that Social Care spend is sufficiently forecast and managed in light of the 'Requires Improvement' CQC findings, or that financial contributions from patients are assessed and recovered in a timely manner.**
Procedures to be performed	We will further understand the process for forecasting demand and inspect the ongoing updates as part of the implementation of the Adult Social Care Improvement Plan, to ensure that the Council responds appropriately to the CQC findings.

Value for money arrangements

Financial sustainability

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

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment

Wider Context

- With a population of approximately 270,000, the London Borough of Haringey faces significant challenges, including income inequality, difficulties with housing affordability, and homelessness. Although Haringey is classified as an outer London borough for government funding purposes, it receives less financial support than inner London boroughs, despite experiencing high levels of deprivation.
- Since 2010, Haringey's core funding has declined by £143 million in real terms, and, like many other local authorities, the borough is grappling with mounting financial pressures caused by rising demand and escalating costs in Adult Social Care, Children's Social Care, and Temporary Accommodation, which alone has risen in cost by over 50% during the previous year due to wider economic factors. These areas are the primary contributors to Haringey's financial difficulties, given that 67% of the General Fund revenue budget for 2025/26 was allocated to Adult's, Children's, and Temporary Accommodation services.
- The Government's Spending Review on 11 June 2025 announced that Local Government funding will rise by 3.1% over the next three years, with a provisional settlement for the Council of £25.3m for 2025/26 - 2027/28. However, this increase will be surpassed by inflation and will not sufficiently address the growing demand for services. Furthermore, analysis by LG Futures, related to the Government's Fair Funding Review 2.0, suggests that Haringey could face an estimated cumulative loss of income of £30-40 million over the medium to long-term depending upon the outcome of the consultation. The Council's ability to raise extra income from Council Tax is also reduced by the fact that the average banding in the borough is band C.
- Due to a deterioration in financial position over a number of years, the Council is no longer able to set a balanced budget without the use of Exceptional Financial Support (EFS) from the Ministry of Housing, Communities & Local Government (MHCLG). We discuss this in further detail across pages 21-25.

Financial Planning 2025/26

- The Council's budget-setting process is anchored in its Financial Regulations. For the 2025/26 financial year, preparations commenced early, kicking off with Budget Fortnight in June 2024. During this period, executive directors were responsible for developing budgets for the service lines under their remit, considering both anticipated pressures within their directorate and any required efficiency measures.

Value for money arrangements

Financial Sustainability

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

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment (continued)

- To ensure these budgets were both realistic and achievable, directorates conducted assessments of cost pressures, drawing on a range of sources such as policy changes, economic trends, contractual obligations, and ongoing budget monitoring activities.
- Ahead of this process, directorates were also tasked with identifying and clearly defining efficiency schemes as part of Budget Fortnight, a focused effort to confront the Council's ongoing financial pressures. Our review of these submissions showed that the degree of detail varied considerably between directorates, with some unable to specify the full financial implications prior to the end of Budget Fortnight.
- Across the previous two years we have raised a significant risk & associated weakness linked to the identification and monitoring of cost savings schemes, and whilst there has been progress in tracking these savings, gaps remain - particularly with the lack of underlying detail and in the consistent application of red-amber-green (RAG) ratings.
- This lack of robust monitoring is mirrored in the Council's declining performance against its efficiency targets, an issue addressed on page 23. We note that almost half of the identified savings within the approved 2025/26 draft budget —amounting to approximately £13.4 million— were intended to be achieved through cross-cutting measures spanning multiple directorates, which are more challenging to identify and deliver due to their nature.
- The outcomes from Budget Fortnight were incorporated into the draft budget presented to Cabinet in November 2024. At this stage, the budget gap identified by management on the General Fund Budget of £310m was £32.1m, which was £18.1m worse than the Medium-Term Financial Strategy (MTFS) agreed in March 2024. This budget also incorporated new pressures of £39.6m (and £75.2m over the next 5 years) – specifically Adult Social Care (£15.1m), Children's (£5.8m) and Temporary Accommodation (£10.7m) being the largest 3 elements. This is over and above the £10.4m of budget pressures included for 2025/26 within the MTFS agreed in the prior year.
- In line with the Council's constitution, the draft 2025/26 budget and MTFS then went to the Overview & Scrutiny Committee in November 2024, for which we have reviewed the committee minutes and can see there is documented challenge from members of the budget and underlying assumptions. We have also inspected the recommendations made to Cabinet as a result of this process, which included 27 detailed recommendations and further information requested by the panel, covering a wide range of areas from insourcing to assessing the impact of savings upon marginal communities. This demonstrates the considerations given by the Council to the impact on the wider borough and the implications of the financial decisions undertaken.

Value for money arrangements

Financial Sustainability

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

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment (continued)

- In terms of wider engagement, we have viewed the Budget Consultation Report for 2025/26, detailing 169 public responses to questionnaires and the subsequent Council analysis of the responses captured within the cabinet minutes approving the budget. This demonstrates good engagement with the community and the people that will be impacted by any potential budget changes.
- On 11 February 2025, the final budget was recommended to & approved by Cabinet, in which the gap had now been partially closed by identifying further efficiency savings of £3.3m and various other actions since November 2024, as well as incorporating £12.5m for the provisional Local Government Finance Settlement. The final budget, along with the MTFS, was subsequently recommended to Full Council, which gave its approval on 3 March 2025. This final General Fund budget was £314.3m and contained a forecast £37m gap between income and expenditure, to be met by the Exceptional Financial Support (EFS) application which was submitted to the Ministry of Housing, Communities & Local Government (MHCLG) on 14 December 2024 and subsequently approved on 20 February 2025.
- We note that the Council also relied upon EFS of £10m to deliver the agreed 2024/25 outturn, giving a cumulative planned total of up to £47m of EFS at this stage. 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.

Financial Performance 2025/26

- The 2025/26 financial performance has been challenging - by the time of the quarter 1 (Q1) financial update presented to Cabinet on 16 September 2025, the Council was already forecasting a £34.1m overspend, over 10% of the agreed budget, with a total forecast spend of £348.4m. This was primarily being driven by pressures in Temporary Accommodation (£11.4m), Adult Social Care (£7.4m), as well as non-delivery of savings (£9.2m). These overspends are beyond what was already built into the budget for additional in-year pressures as referenced on page 21.
- Although this forecast improved to a predicted £23.4m overspend as at Q2 and £19m as at Q3, this still remains a significant budget gap, and on 23 February 2026 the Council received approval from MHCLG to increase its reliance upon EFS to £54m for the 2025/26 financial year to cover this shortfall.

Value for money arrangements

Financial Sustainability

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

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment (continued)

Savings Schemes

- The final 2025/26 budget agreed by Council on 3 March 2025 included a savings programme of £29.5m, which will be challenging to meet given the declining achievement rate year on year (63% & 77% of savings over the last two years) on significantly lower targets of £20.4m and £17.5m respectively.
- The savings schemes agreed for the year included several Council wide initiatives known as 'cross-cutting' schemes, which totalled £13.4m and were noted as to be allocated to individual services before 1 April 2025, however throughout the year there has remained savings to a value of £5.7m unallocated.
- As detailed on page 22, the financial shortfall of £34.1m as at Q1 was partially driven by a forecast non-delivery of savings of £9.2m. As at the Q1 financial update the Council had already RAG rated £14.8m (50%) of planned savings as amber or red rated and was projecting non-delivery of £5.2m (91%) of the £5.7m unallocated cross-cutting savings that had been targeted. We have further illustrated the Q2 and Q3 positions below, which highlights the volatility of the forecast overall delivery throughout the year. This also demonstrates that the Council was forecasting achievement of some of the amber RAG rated savings throughout the year.

Savings Schemes	Budget	Q1	Q2	Q3
Forecast Overall Delivery	£29.5m	£20.2m	£23.0m	£16.3m
Amber/Red RAG Rated	-	£14.8m	£13.3m	£13.0m

- Given the speed of deterioration of the savings programme, the large fluctuations in forecast delivery from budget and then throughout the year, as well as the challenges in delivering cross-cutting, transformational efficiencies, **we have identified a significant risk** associated with identification & delivery of savings.

Value for money arrangements

Financial Sustainability

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

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment (continued)

Risks To Financial Sustainability

- As a result of the drawdown on the General Fund Reserve during 2024/25, this reserve stood at £52.3m as of 31 March 2025 (£67.4m as of 31 March 2024) - this has maintained at £52.3m to 31 March 2026, which has only been possible due to the receipt of EFS . The decrease in 2024/25 was 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. The Council's external borrowing is also at a record high, with loans of £1.2bn as at 31 March 2026 (£981.3m as of 31 March 2025), alongside a large ongoing capital programme which it intends to finance with new borrowing, all of which are contributing to higher levels of interest payable.
- We have reviewed the CIPFA resilience index 2025, which is a comparative analytical tool that identifies trends in financial risks. Although this is based upon 2024/25 data it provides strong indicators of financial pressures. For instance, Haringey has a particularly high score in terms of the lack of reserves, reduction in reserves, interest payable per net expenditure and gross debt, as well as a worsening score for its social care to overall expenditure ratio. All of these are to be considered in conjunction with our determining a significant risk linked to both Financial Sustainability and Adult Social Care (see page 19).
- There is an emerging risk – which has now been assigned a top score of 25 on the Risk Register - 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 across the seven boroughs, 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. The 2025/26 budget included a £11.3m levy (£10.1m in 2024/25), and we are aware through review of the 2026/27 budget process – as discussed on pages 20 & 21 – that this has increased again year on year by 7.1%, to £12.1m. The NLWA medium term forecast indicates a 14.3% increase in the levy for 2027/28 to £13.5m. However, the forecast operational start for the new ERF remains unclear, with delays across multiple areas. There therefore remains significant uncertainties over how the actual costs will align to the current forecasts included with the MTFS. We are aware that the Council are actively attending meetings with NWLA and the other boroughs to monitor progress and we will continue to assess this as part of the 2025/26 Value For Money work.

Value for money arrangements

Financial Sustainability

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

- The processes for setting the 2025/26 financial plan to ensure that it is achievable and based on realistic assumptions;
- How the 2025/26 efficiency plan was developed and monitoring of delivery against the requirements;
- Processes for ensuring consistency between the financial plan set for 2025/26 and the workforce and operational plans;
- The process for assessing risks to financial sustainability;
- Processes in place for managing identified financial sustainability risks; and;
- Performance for the year to date against the financial plan.

Summary of risk assessment (continued)

Financial Planning 2026/27

- The Council has developed Finance Response & Recover plans with the aims of reducing short to medium term expenditure, to remove the reliance upon EFS 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 in year.
- On 2 March 2026, the full Council approved the 2026/27 budget alongside the 2026/31 MTFS, which included a General Fund budget of £353.0m and identified a shortfall of £84m between planned income and expenditure. This will be met once again by EFS, which was approved by MHCLG on 23 February 2026 up to £84m for 2026/27.
- This budgeted shortfall of £84m also assumes delivery of £23.2m of savings proposals, which would be greater than any gross delivery in the previous 3 financial years. Of this £23.2m, only £8.3m are new schemes identified as part of this budgetary process that were not already approved in previous years. This shows the challenges not only in meeting the 2026/27 financial position but also highlights the low level of new savings identified & approved when compared with the significant budget gap currently being filled with EFS.

Risk assessment conclusion

Given the low level of reserves held by the Council, the need for increased EFS in 2025/26 to close the accounts (which was also revised in year from £37m to £54m) and planned continued reliance on EFS for 2026/27, 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 & 2024/25 Value For Money work. As detailed on page 18, these 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 against the backdrop of the need to reduce the cost base.

We will also continue to monitor the emerging financial risk in relation to the NLWA and the possibility that this may represent a significant risk of weakness in value for money arrangements.

Value for money arrangements

Governance

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

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment

Identifying, Monitoring & Managing Risk

- The Council's risk management arrangements are underpinned by its Risk Management Strategy, which aids decision making in pursuit of the Council's strategic objectives. The Council uses Risk Registers to enable strategic, corporate and operational risk information to be documented, managed, monitored, reviewed and updated. Risk Registers require the likelihood of the risk occurring, and the impact on the organisation, to be quantified. All employees are jointly responsible for identifying, assessing, measuring, reporting and escalating significant risks associated with their functions or activities which feed into directorate and strategic risks.
- We have reviewed the presentation of various iterations of the Corporate Risk Register (CRR) being presented to the Audit Committee throughout the year, demonstrating appropriate committee oversight of risk. The CRR is published alongside the Risk Register guidance, which allows members to fully assess and understand the process of risk identification & monitoring.
- We have seen evidence that these identified risks and associated mitigating actions contain sufficient detail and are appropriately assigned to a Senior Responsible Owner (SRO). Additionally, through review of the CRR at different points in the year we have been able to see evidence of new risks being considered – such as the emergence of the risk related to the North London Waste Authority incinerator which was added to the CRR in November 2025 and assigned a top score of 25, as referenced earlier on page 24. We also noted that risks relating to building control reforms and housing regulatory compliance changed risk scores between the September & November 2025 CRRs, evidencing the active challenge & management of risk by the committee.
- The Council has a Corporate Delivery Plan (CDP) 2024-26 which sets out the plans for making the borough a better place, with operational objectives and Key Performance Indicators (KPIs). For example, it identifies 'Resident Experience And Enabling Success' as an area and has a planned activity of improving resident experience. This has an assigned SRO and a deadline included, as well as key metrics to measure progress, such as the percentage of Council services delivered right first time, and the percentage of all transactions completed via self service. The Council reports on the progress of the CDP to Cabinet in the form of performance updates, for which we have reviewed the relevant committee agenda items throughout the year and confirmed that the papers included detailed appendices on the Council's progress against plan and the assigned metrics. The associated committee minutes show comprehensive engagement with operational performance and demonstrate that the reporting is in an appropriate format.

Value for money arrangements

Governance

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

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment (continued)

Governance Structures & Key Decisions

- The Council have a detailed Constitution that was refreshed twice in year and last updated March 2026. This outlines the terms of references for its Committees and the appropriate escalation routes, as well as clearly defining how decisions are taken. The Constitution lists the responsibilities of the full Council, Overview & Scrutiny Committee and the Cabinet, the latter of which is responsible for any key decisions made in year.
- In respect of key decisions, to ensure transparency, these are published on the website each month in the form of a 4-month Forward Plan, listing all the decisions that Cabinet will take. We have reviewed a key decision made in year to approve the acquisition of 76 Council homes and 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 September 2025 Cabinet meeting. Additionally, the decision was considered against the Council's Acquisitions & Disposal Policy, and received the appropriate input from the Finance, Procurement & Legal Directorates.
- The Council approved and adopted a Local Code Of Corporate Governance in July 2024, which remains in place for 2025/26. This is consistent with the principles of the latest CIPFA / SOLACE Framework Delivering Good Governance in Local Government guidance. The code sets out the governance structure of the Council and the key responsibilities of the committees and 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 maladministration. No such reports were made in 2025/26.
- There is an Employee Code Of Conduct in place, refreshed in year in September 2025, which is underpinned by the Council's Disciplinary Code and must be followed by all employees. This outlines standards of behaviour for staff as well as providing guidance and references to other key policies such as Conflicts of Interest and Whistleblowing, the latter of which was also refreshed in year, in January 2026.

Value for money arrangements

Governance

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

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment (continued)

Fraud And Compliance With Laws & Regulations

- The Council has an Anti Fraud, Bribery & Corruption Policy which was refreshed in October 2024 and remains in place for 2025/26.This policy sets out how fraudulent and illegal acts are monitored and responded to, with all allegations referred internally to the Head of Audit and Risk Management in line with the Council's financial regulations. We have also reviewed the Anti Fraud Updates taken throughout the year to the Audit Committee and inspected the associated minutes, which show evidence of the Council reporting and acting against suspected fraud.
- We have made inquiries with the Director of Legal & Governance and are satisfied that the Council remains informed of changes in legislation by receiving Government-issued letters and guidance notes, which are then distributed to the relevant departments tasked with maintaining compliance. Legal Services relay legal updates to Council teams and arrange training or provide access to training materials whenever necessary.
- The Council has reviewed and updated its Damp & Mould Policy in January 2026, having first brought in such a policy in 2023 in response to the future introduction of Awaab's law and the new timescales to respond to complaints of damp and mould. We have reviewed the Damp & Mould update presented to the Housing Development & Scrutiny panel in March 2026, which details that as of 17 February 2026, there is a total of 886 damp and mould cases open on the case management system, with 629 of these were referrals since Awaab’s Law launched on 27 October 2025, with new KPIs and targets due to be established for management reporting in 26/27.

Other

- We are aware that the Council is looking to explore the possibility of funding affordable housing through long term institutional finance and took a paper to the October 2025 Cabinet meeting to request approval for the proposal to acquire housing via the development & incorporation of a Limited Liability Partnership (LLP), which will select a suitable funder to provide financing. This is driven by the fact that there are currently around 2,700 households in Temporary Accommodation, many of whom are living in unsuitable homes for their needs, and the Council is currently estimating that it will spend c.£41m on Temporary Accommodation in 2025/26.

Value for money arrangements

Governance

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

- Processes for the identification, monitoring and management of risk;
- The design of the governance structures in place at the Council;
- Controls in place to prevent and detect fraud;
- The review and approval of the 2025/26 financial plan by the Council, including how financial risks were communicated;
- How compliance with laws and regulations is monitored;
- Processes in place to monitor officer compliance with expected standards of behaviour, including recording of interests, gifts and hospitality; and
- How the Council ensures decisions receive appropriate scrutiny.

Summary of risk assessment (continued)

- We are also aware that there are ongoing negotiations with Lendlease due to delays in the construction of the High Road West scheme in North Tottenham and have reviewed the February 2026 update to Cabinet stating that Lendlease have entered into a conditional agreement with the Crown Estate to deliver its UK development projects.
- For both of these emerging issues we will continue to monitor any new governance arrangements in place as part of our ongoing Value For Money work and will report back any findings as part of our Auditor’s Annual Report (AAR).

Risk assessment conclusion

Based on the risk assessment procedures performed we have not currently identified a significant risk associated with governance. Our risk assessment is an iterative process, and this conclusion may change before issuing our final reporting.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment

Background

- As part of our work in the prior years, we identified significant risks in arrangements to secure value for money in respect of Procurement, Commercial Property, Social Care, Housing and Temporary Accommodation. We have made key inquiries with Heads Of Service as part of our work for 2025/26, 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 reviewing the overall arrangements in place.

Procurement

- In 2023/24 & 2024/25 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. We have found this to be the case in 2025/26 and have **continued to identify a significant risk** as per the below assessment.
- We have reviewed the June 2025 SAP contract utilisation data produced by the procurement team and note significant improvements in the level and quality of information being monitored, albeit this is being done on a manual basis by spreadsheet in the absence of a system solution. We also noted that this data is heavily reliant upon input & engagement from all the wider service lines within the Council, which can be challenging to capture.
- However, challenges remain in how to proactively address the issues identified by the underlying data. For instance, in the June 2025 monitoring document we identified 50 instances of a contract showing £0 remaining when comparing awarded contract spend to actual spend, however the contract end date was still to pass – with 6 of these contracts having an end date of 2027 and beyond. This implies that these contracts are overspent based on the initial procurement value. We also noted 196 contracts where the average monthly run rate is above that initially budgeted as part of the contract award, suggesting these contracts may overrun.
- The Procurement Act 2023 (PA23) is an act of Parliament that came into force on 24 February 2025, so was in place from the outset of 2025/26. 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, and it covers the entire commercial lifecycle for letting and maintaining public contracts.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

- 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. We have reviewed the Council's publication of the contract pipeline during 2025/26 to confirm that it was in compliance with this requirement.
- The Council has updated its Contract Standing Orders (CSOs) as of March 2025 to align these with the PA23. 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. There has also been a comprehensive training programme for the Procurement function to ensure that they are able to effectively implement the requirements of PA23, with rigid monitoring to ensure full training completion rates.
- The Council established the Procurement Board in late 2024/25, which was chaired by the Corporate Director Of Finance & Resources, with the aim of strengthening its oversight and reporting of procurement activities to ensure not only compliance with PA23 but also ensure better adherence to the CSOs and the delivery of value for money in contracts.
- As part of the ongoing implementation of the wider Procurement Modernisation Programme (PMP) over the last few years, management identified that the Procurement Board was not achieving the required impact to deliver meaningful transformation. As such, as of January 2026, a new Commissioning Board was established to replace the Procurement Board. The aim is for this Board to provide oversight on the entire commissioning and commercial lifecycle to improve the corporate grip on contract spend, improved planning, monitoring of procurement compliance and greater corporate oversight of managing contracts, to be followed shortly after by the new Commissioning Panel, which will support its activities.
- We have reviewed a copy of the March 2026 Commissioning Board agenda and the associated presentation to the members, which demonstrates the increased focus and scrutiny that the procurement function is receiving. The Commissioning Board maintains an action log with assigned deadlines and SROs, to ensure that any identified issues are followed up in a timely manner.
- As part of the PMP, the Council is also undertaking an exercise of Contract Classification, to categorise contracts into Bronze, Silver & Gold based upon both financial value and business criticality. This categorisation will then drive the level of scrutiny & contract management required, to ensure a level of proportionality and efficient resource management.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

- The Commissioning Board is actively monitoring a number of KPIs, helping to improve the level of central oversight of procurement across the Council, for instance: lowest & highest performing contracts in terms of the amount of Social Value delivered; committed & delivered Social Value by directorate; overall number and value of contracts agreed; and instances of multiple low value contract awards to the same supplier.
- This has helped to flag several potential areas of follow up where the Council is not achieving value for money. For instance, in respect of low value contracts there were 67 suppliers that received 5 or more contract awards below £9,999.99, showing a concentration of repeat business among a small group of vendors, rather than large aggregated contracts to achieve greater value for money. This analysis revealed that there were 812 contracts accounting for only £4.1m of spend, the largest of which was one vendor with 49 separate contracts totalling £86,000. Although this demonstrates the improved monitoring and tracking of KPIs, this does suggest that there are significant measures still to be taken to change underlying directorate habits to enable Council wide transformational change.
- 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.
- We are aware that the Council is looking to replace its existing 20-year-old financial ledger (SAP ECC) system, with support ending on 31 December 2027. We have reviewed the presentations in January 2026 to the Enterprise Resource Planning (ERP) Programme Board and to the ERP Strategic Options & Business Case Working Group, as well as the subsequent granting of an initial budget of £1.9m for the discovery phase, as approved by Cabinet on 19 March 2026. As part of our work in reviewing this project scoping, we are aware that the implementation of a new e-procurement system has been absorbed into the ERP replacement project. The future implementation of this project to bring about a system solution for Procurement forms the basis of the response to the significant weakness identified as part of our FY24 and FY25 audits.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

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, including failing to complete a significant number of remedial fire safety actions and having c.5000 homes not meeting the Decent Homes Standard. There has been significant work undertaken since, and we have reviewed in year performance updates of KPIs using external benchmarking from HouseMark, to the Housing, Planning & Development Scrutiny Panel.
- This has shown 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 since 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.
- We also note that the percentage of decent homes has risen to 80.7% at the outset of the year (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. This culminated in the Council receiving confirmation on 1 December 2025 from the Regulator Of Social Housing that the regulatory notice has now been lifted.
- Despite the lifting of the notice, the Council is continuing to target improvements over its KPIs and has an approved Housing Asset Management Strategy, as well as a commitment to the Regulator to achieve 100% decency across Council homes by 2028.
- 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 98.0% collection rate for rent & service charges relating to General Needs and Supported Housing. As of January 2026, this collection rate for 2025/26 has been exceeded, with a collection rate of 98.5%.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

- In 2017 the Council entered into a Development Agreement with Lendlease to deliver the High Road West Scheme in north Tottenham. This is a large scheme aiming to provide 546 new Council homes as well as leisure facilities, retail and green spaces; however, delivery is currently stalled. Given the size of the scheme, effective delivery is critical to allow the Council to meet its ambitious targets to deliver 3,000 new Council homes by 2031 as part of its Housing Strategy 2024-2029.
- We are aware that Lendlease have announced that they have entered into a conditional agreement to create a joint venture partnership with the Crown Estate to deliver its UK development projects. If a viable route is found, and subject to a future decision by Cabinet, then the Scheme may be delivered by that partnership. The negotiations with Lendlease on these matters are ongoing and we will continue to monitor any future arrangements as part of our Value For Money work.

Temporary Accommodation

- As the local housing authority, Haringey has a duty to provide accommodation for adults who qualify for homelessness assistance, which it does for an average of c.2,700 households. There are three main types of Temporary Accommodation (TA): 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, inspecting several iterations of the dashboard throughout the financial year, up to January 2026.
- The Council's first preference is to use PSLs as these are more stable for the residents and procured at a much lower cost, followed by NPAs. However, as of January 2026 the number of households placed in PSLs was 265, reduced from an average of 343 across 2025/26, due to difficulties in attracting and retaining long term landlords in a competitive commercial environment.
- NPAs are the most common form of TA utilised, with 1,821 households placed in NPAs as of January 2026 - compared to an average of 1,492 households throughout 2024/25 – at an average net monthly cost of c.£1.5m throughout 2025/26, roughly £30 per night per unit.
- The use of B&Bs and hotels declined throughout 2024/25, however last year there was still an average of 172 households in such accommodation at an average net cost of £2,330/month per unit. The service has made significant efforts as part of the Hotel Exit Programme and as of February 2026 is no longer utilising any hotels/B&Bs for TA. This represents an important milestone from both a financial savings perspective, and resident experience & welfare.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

- As detailed on page 22, a key driver of the overspend to date in 2025/26 has been TA. From our review of both the Council's own Housing Demand Dashboard data and wider benchmarking, we are aware that this is primarily driven by an increase in cost rate rather than demand. In fact, the number of households in TA within the borough has remained consistent over several years – with a marginal fall throughout 2025/26 – against a backdrop of increasing numbers of households in TA nationally and across London.
- The change in the mix of accommodation from PSL and B&Bs to NPAs has brought increased financial challenges, given that the average cost of NPAs has increased by 18% throughout the year, against a budget of 10%. However, the Council has been able to reduce the financial overspend from a forecast £11.4m as at Q1 to £8.8m as at year-end. This has been achieved throughout a variety of measures such as property acquisitions, rent convergence and investing in longer term leases – all of which mean that the service is currently forecasting full delivery of its savings programme (£3.4m).
- The Council is developing a Temporary Accommodation Strategy with the aim of building upon the large body of work undertaken to date. Increasing the supply of homes to allow residents to exit TA through new build and acquisitions is a key factor in managing the financial pressures of the TA budget, which emphasises the critical nature of the Council's plan to deliver 3,000 new Council homes by 2031.
- As of December 2025, there were 631 void properties across the Council, which could otherwise be used to support households into more permanent and sustainable accommodation. This is against the backdrop of a chronic lack of Council Homes in the borough - with the average wait time for a household in TA of 19 months for a 1-bedroom property, 6.6 years for a 2-bedroom and over 12 years for a 3-bedroom. The Council has now drafted a Voids Management policy, to be considered by cabinet later in 2026.
- Based on our initial risk assessment work, **we have not identified a significant risk** in achieving value for money in relation to Temporary Accommodation. Whilst the cost base for Haringey in respect of Temporary Accommodation has increased significantly, and there is a large overspend despite additional pressure built into the budget for 2025/26, there is a large portfolio of work already being undertaken – and beginning to take effect - to address these issues in the short to medium term.
- Additionally, Haringey Council performs well 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. Ultimately the overspend within the service is already reflected within the identified significant risk linked to cost setting & budget monitoring.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

- We are aware that the Council is looking to explore the possibility of funding affordable housing through long term institutional finance. A paper was presented at the October 2025 Cabinet, with the report requesting approval to acquire housing via the development & incorporation of an LLP, which will select a suitable funder to provide financing. The Council estimates that this will save £9,000/year for every household moved out of TA. Whilst this has not yet progressed beyond initial scoping, we will continue to monitor any developments to assess for any potential Value For Money impacts.

Social Care

- The Council is forecast to spend just over 30% of its General Fund outturn on Adult & Social Services in 2025/26. The MTFS had £30.9m incorporated within it to account for ongoing pressures within Adult Social Care but despite this, as at Q1 it accounted for the second largest share of the budget overspend (£7.5m). This represents a 7% overspend on a £105m budget, showing how quickly pressures were felt within the service. 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.
- By Q2 this position had somewhat improved, with an overspend of £4.7m, albeit with an additional £1m non-delivery of savings, giving a total £5.7m shortfall. As at Q3 this improved again by £831k, with a current position of a £3.9m overspend and £918k non delivery of savings (£4.8m overall shortfall). This suggests that although the initial budget may not have captured all the known pressures, that the service reacted positively in-year to bring the overspend under control.
- The issue of critical pressures within Adult Social Care is not specific to Haringey Council. We have obtained a copy of the Autumn 2025 Directors Of Adults Social Services (ADASS) Survey which highlights that 80% of Councils are forecast to overspend on Adult Social Care in 2025/26, totalling a £623m overspend vs budget, increasing from £564m in 2024/25 and representing the highest level in over a decade. As detailed above, the forecast overspend as at Q3 was £4.8m on a budget of £105.5m (4.5%), slightly higher than the ADASS survey average of just 3% across the sector. However, this is a significant improvement from the 24/25 final position, which had an overspend of £15.8m (19%) on a budget of £79.7m.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

- We have inspected the Adult Social Care monitoring dashboards used by management to track the number of users & committed expenditure throughout the year. These reflect the consistent inflationary pressures felt within the service, as well as the increasing numbers of users over the last several years – the numbers of older adults have increased by 34% and younger adults have increased by 30% between 1 April 2019 and 31 July 2025.
- During 2025/26, the number of adults aged 18-64 in receipt of a care package continues to increase – 1,933 as at Q3 vs 1,907 at Q2 and 1,791 at the outset. However, the current number of adults aged 65+ in receipt of a care package has stabilised – with 2,038 as at Q3 vs 2,059 at Q2. As per the Local Government Association data, both cohorts are supported by Haringey Council in higher numbers than other London boroughs (as per the below table), suggesting that structural population & health factors are a key driver of increased and sustained cost. This table illustrates the percentage of the borough's population being supported in long term care during 2024/25. Overall spending will also be impacted by deprivation levels, with Haringey ranking 26th among all English single-tier and county Councils and above the London average on the deprivation index.

Cohort	Haringey	London Average	Difference
Adults age 18+	2.13%	1.82%	+17%
Working age adults (18-64)	1.09%	0.86%	+27%
Older Adults (65+)	8.39%	7.43%	+13%

External Regulatory Findings – Adult Social Care

- The Care Quality Commission (CQC) inspected Haringey during 2024/25 and published its report in February 2025. This rated the Council as 'requires improvement', in how well it is meeting its responsibilities to ensure people have access to Adult Social Care and support.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

- The 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 the 2024/25 Value For Money work around the financial assessment of clients. We have reviewed progress made in this area and as of January 2026 the backlog has reduced from 794 (June 2024) to 415, and work has commenced on 288 of the remaining cases, showing significant progress in reducing financial risk to the Council. However, the overall debt position has now increased from £10.7m in July 2024 to £15.5m as of December 2025, driven by the increased number of assessments made. To combat the increasing debt, the Council is looking to implement several measures over the short to medium term, such as income collection via a variable direct debit and a refresh of the Charging Policy to improve transparency and fairness.
- We are also aware that the Local Government & Social Care Ombudsman (LGSCO) has issued a public report (Ref: 24 014 203) in August 2025 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 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.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

- However, ultimately the period referred to is before 2025/26, 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.
- In response to the CQC findings, the Council is also implementing an Adult Social Care Improvement Plan, aiming to build on the progress made to date with 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 close to year-end, it is too soon for us to comment on its implementation.
- Given the overspend in year, how quickly the financial position deteriorated 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.

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 2025/26; hence we continue to identify a **significant risk linked to Commercial Property.**
- As at the date of our risk assessment there were 348 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 12 months, highlighting that the renewal of leases to secure longer-term income is a key priority.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

- Additionally, there were 263 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 21 lease renewals and 11 rent reviews during 2025/26 (though this is a marked increase from 2024/25 of 8 renewals & 2 reviews). This is a source of missed opportunity for the Council as the renewals proved particularly fruitful with an average rental uplift of 64% and an average new lease period of 12 years, securing medium-term income.
- The Commercial Property monitor vacant properties via Excel spreadsheet in the absence of a system solution. This shows that the number of vacant properties is 40, with an average time empty of over 6 years 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 now total circa £2.5m – increased from £1.8m a year ago - 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.

Value for money arrangements

Improving Economy, Efficiency And Effectiveness

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

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

Summary of risk assessment (continued)

Other

- The Council's Childrens' services were inspected by Ofsted in March 2026, with the final report giving the Council an Outstanding rating. In particular, the report highlighted strong leadership, exceptional social work practice and a culture where children's voices shape decision making at every level.
- 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.

Risk assessment conclusion

Based on the risk assessment procedures performed, we believe that the following significant risks raised in the prior year are still present during 2025/26:

- 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.
- The Council does not have adequate processes in place to ensure that Social Care spend is sufficiently forecast and managed in light of the 'Requires Improvement' CQC findings, or that financial contributions from patients are assessed and recovered in a timely manner.

We will perform further procedures in response to these risks and provide our conclusions as part of our Auditor's Annual Report.

Appendix

Rebuilding assurance: Risk assessments results

LARRIG 06 sets out guidance to auditors of English local authorities in circumstances where the auditor's opinion on the prior year financial statements has been disclaimed because of backstop arrangements included in the Accounts and Audit (Amendment) Regulations 2024, specifically its purpose is to assist auditors in the process of rebuilding assurance for specific classes of transactions, account balances and disclosures which warrant special consideration beyond the general principles set out in LARRIG 05.

Specifically, we have completed the following risk assessment procedures:

- Entity and process level risk assessment procedures;
- Review of Statements of Accounts from disclaimed years;
- Review of committee minutes from disclaimed years as well as media review from internal & external sources;
- An assessment of the revenue budget setting and monitoring, including reserves, and capital during the disclaimed period; and
- Inquiries, with regards to changes to the Authority during the disclaimed period.

The risk assessment has identified risks of material misstatement we need to complete procedures to address the risk of material misstatement. The table below identified the risks of material misstatements, the procedures to address the risks and the likely audit year we will complete the work.

#	Risk of material misstatement identified	Procedures to address the risk of material misstatement	Audit year we have planned the procedures
1	Expenses for purchases of goods or services are not accurately recorded or have not occurred	The General Fund balance was £99.5m as of 1 April 2020, increasing to £132.2m as of 31 March 2021 and has subsequently fallen to £67.4m as of 31 March 2024. During this period there has been no substantive work over expenditure, so KPMG will perform substantive procedures to address this risk, in which a sample of expenditure from these years will be agreed to supporting evidence. We note that we were unable to obtain assurance over Social Care expenditure in 2023/24 due to issues with gaining supporting evidence to underpin the historical Social Care system, which was migrated away from in year. As such, issues with providing this evidence for the disclaimed period would need to be resolved.	2027/28
2	Income is recognised for arrangements that: - Do not meet the definition of a contract; or - Do not exist	As above, there have been material movements within the General Fund balance over the disclaimed period. The nature of the Council's income streams are of a more straightforward nature that expenditure, due to the routine & predictable nature of items such as government grant income, council tax and business rates income. As such KPMG will perform analytical procedures over income received in the disclaimed period.	2027/28
3	The revaluation adjustments in relation to Property, Plant and Equipment (PPE) are not appropriately identified or classified or are not accurately recorded	The Revaluation Reserve was £788m as of 1 April 2020, which increased to £1,287m as of 31 March 2024, in which period there was no substantive work over the valuation adjustments. KPMG will perform substantive testing over the reserves movements resulting from external Property Plant & Equipment valuation reports during the 2020/21 – 2023/24 period. We also note significant issues with the reliability of the underlying information that drives the valuation of Council Dwellings – namely the Beacon assignments. The Council have not been able to satisfactorily evidence the archetype of each property within the fixed asset register. Additionally, we will need to perform substantive testing over Additions & Disposals within this period.	2027/28

Rebuilding assurance: Risk assessments results (cont.)

#	Risk of material misstatement identified	Procedures to address the risk of material misstatement	Audit year we have planned the procedures
4	Grants within the Capital Receipts Reserve do not exist or have not been recorded accurately.	The Capital Receipts Reserve has increased from £37.9m as of 1 April 2020 to £74.4m as of 31 March 2024. KPMG will test a sample of Capital Grants received during the disclaimed period back to sufficient supporting evidence in the way of grant agreement and cash receipt.	2026/27
5	Grants within the Capital Grants Unapplied Accounts do not exist or have not been recorded accurately.	The Capital Grants Unapplied Reserve has increased from £47.8m as of 1 April 2020 to £62.1m as of 31 March 2024. KPMG will test a sample of Capital Grants received during the disclaimed period and confirm the consistency of the use of the grant to Capital Expenditure (consistency with the Capital Financing Requirement (CFR)).	2026/27
6	Risk Of Fraud	We identified a historical fraud that occurred during 2023/24 linked to Housing. The conditions that allowed this fraud to occur were present in the disclaimed periods; hence KPMG will perform significant risk assessment work to stratify the transaction listings and identify potential indicators of fraudulent activity, such that we can be satisfied that the risk of a material misstatement due to fraud in the disclaimed period is sufficiently low. This work will require thorough management investigation, in a similar manner to the work conducted over the 2024/25 expenditure to allow KPMG to conclude over the risk of fraud in that year.	2027/28
7	Management Override Of Controls - Journals	The risk of management override of controls is a mandatory significant risk on every audit. KPMG were unable to obtain assurance over journals during 2023/24 or 2024/25 due to issues in extracting & analysing the data in a timely manner. There was also no work performed over journals during the disclaimed period. KPMG will extract the journals data for these periods and assess the potential risk of fraud to the wider financial statements, as well as ensuring completeness of the populations.	2027/28

We note that the above risk assessment has identified a large body of work which must be completed in order to build back assurance, which will require significant input & engagement from management over a prolonged period of time. This may provide additional challenges to the Council given the age of the transactions and the turnover of key finance staff involved in the compilation of the accounts and supporting workpapers.

Although we have provided an estimated timeframe for completing this work as per the table above, this substantive work will be predicated on the following assumptions: ensuring that high quality working papers, reconciliations and listings are made available; supporting evidence for transactions within the disclaimed period is available and is of a high quality, with supporting rationale available; and the successful resolution of issues that have prevented KPMG concluding our work within 2023/24 and 2024/25 such as the Social Care system migration, analysis of potential fraudulent activity as a result of the historical housing fraud and the extraction of journals data.

MHCLG – Capacity assessment template

We have included below and overleaf key elements of the capacity assessment as requested by MHCLG (Categories as per page 3).

Expected timing of build-back work

Audit area	Audit for the year ending 31 March						Unable to rebuild	
	2025	2026	2027	2028	2029	Later	Cat C	Cat D
Risk assessment		X						
Statutory reserves				X				
Property assets			X					
Working balances							X	
Other audit work – Journals, Historical Fraud							X	

Expected audit opinions

Audit area	Audit for the year ending 31 March						Unable to rebuild	
	2025	2026	2027	2028	2029	Later	Cat C	Cat D
Audit opinion 1 Transfer to qualified opinion							X	
Transfer to unmodified opinion							X	

Whilst we note above that some elements of the build back work may be possible to be completed within the required timeframe, there remains significant technical and practical constraints in place as detailed on pages 47 & 48. The transfer to a qualified opinion implies that the lack of audited reserves is not pervasive, which KPMG do not believe is the case given the wider financial context that the Council finds itself in and the ongoing challenges it faces.

MHCLG – Capacity assessment template

Overall assessment

The categories below are those MHCLG has described and requested for categorisation.

Audits that **are capable** of supporting an ISA-compliant approach to return to an unmodified opinion within the build-back period (up to and including audit year 2027/28):

A - audits expected to be relatively straightforward and able to sustain an ISA-compliant approach without significant difficulty.

B - audits that are in theory capable of supporting an ISA-compliant approach, but where significant operational difficulties are likely, e.g. inability to obtain some key records or evidence of the operation of some key controls, or where the audited body needs to re-establish the internal mechanisms to support the audit process.

- Difficulty obtaining evidence such as key documents, evidence of operation of key controls, or explanations of historic transactions
- Complex arrangements such as subsidiaries, joint ventures or specialised assets
- Scale of the audit work required, e.g. due to number of years outstanding
- Constraints on auditor's capacity.

Audits that are **not capable** of supporting an ISA-compliant approach by the end of the build-back period (up to and including audit year 2027/28)

C - the audited entity has adequate systems to provide the necessary evidence in principle, but practical constraints mean that ISA-compliant build-back is unlikely by the end of 2027/28. Practical constraints may relate to accessibility of evidence, organisational capacity, or the scale and complexity of the audit.

D – major systemic problems with financial management, governance or accounting systems. There are pervasive weaknesses in systems of financial reporting and internal control such that the auditor judges the conditions do not exist for an ISA-compliant audit to be completed in the foreseeable future.

We have categorised your audit as **Category C**. Please see further details overleaf.

MHCLG – Capacity assessment template

Reasons for assessment

The main reasons for our assessment as **Category C** against the MHCLG categories are:

Significant technical challenges, in particular:

- Statutory reserves: As set out on pages 43 & 44, in order to rebuild assurance over reserves, KPMG will be required to perform substantive testing where there has been significant movements during the disclaimed period. In the case of Haringey London Borough Council, this will involve substantive testing of Income & Expenditure, the year-on-year valuation of Land & Buildings, and the receipt and application of grants received.

  During the 2023/24 audit, KPMG noted issues in obtaining evidence relating to the legacy Social Care system that was transitioned away from during the year. We would require supporting evidence relating to the transactions using this system during the disclaimed period.

- Asset valuation: The Council has been unable to provide supporting evidence to confirm the reliability of the Beacons assigned to each property within the Council Dwellings category of Property, Plant & Equipment. This gives rise to the risk that dwellings are incorrectly valued by the third-party valuer, as they rely upon receipt of accurate property information. The Council will need to undertake an exercise to be assured over the reliability and accuracy of this information and be able to provide supporting evidence outside of its digital record keeping system, Northgate.

- Historical Fraud: During the 2023/24 audit we became aware of an instance of fraud within the Housing directorate. The conditions that allowed this fraud to occur were also present during the disclaimed period, and so we will require management to undertake risk assessment over this period to ascertain the likelihood of the same fraudulent activity having occurred. KPMG will also involve its specialist Forensics team to investigate and assess this work.

Capacity of the audited body to support the audit process, e.g. in terms of:

- Timeliness and quality of supporting transaction listings;
- Working papers and availability of other audit evidence, in particular in relation to historical transactions where the key officers involved may no longer be with the organisation; and
- Capacity of finance team, given the existing pressures to complete the audit of the 2025/26 financial statements before the backstop date.

Further detail on these issues is set out overleaf.

Rebuilding assurance - issues from the 2024/25 audit

In the table below we add additional commentary for those areas which meant we could not obtain sufficient and appropriate audit evidence during the 2024/25 audit, outlining the key areas for improvement and next steps to facilitate a full audit for next year.

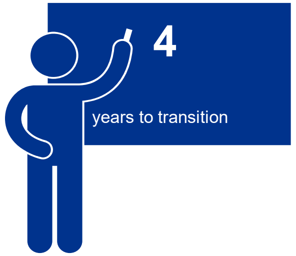
#	Item of account	Key drivers of lack of assurance	Recommended next steps
1	Delays in Response to Audit Requests	There were several delays from Management or other relevant officers in providing the required information such as underlying listings to sample from or evidence for samples selected. Requests were sometimes concentrated to one or few officers which increased pressure for them to provide timely responses. There were also requests assigned to officers who were not the most suitable for providing responses.	We have had communications with Management to improve the process for making audit requests and monitoring the progress of responses. The discussions also involved considerations to the most appropriate officers to respond to requests, including the audit team having more direct communications with the service area/officers gathering the evidence, rather than allowing this process to be concentrated with a few contacts in the finance team.
2	Quality of Transaction Listings	We faced issues with several crucial transaction listings provided by Management. This included listings which were not appropriately sanitised and contained contra-transactions, increasing the level of work required to gain assurance. Another issue regarding listing quality was the lack of clarity regarding the nature of the transactions, for instance we were unable to effectively separate manual journals from invoiced transactions, which bear different risks and audit approaches.	We have communicated with Management on the procedures we intend to perform as well as the purpose of these procedures. From this we have discussed the type of transaction listings we require from Management to help us achieve the objectives and will be actively working with Management to help improve sampling efficiency.
3	Quality of Audit Evidence	Some of the audit evidence provided by management was not sufficient or appropriate for the purposes of our testing. Some examples of this was evidence that lacked the clarity needed for the audit team to accept or an internally produced document would be provided which was not appropriate audit evidence. Most often, this would result in the audit team rejecting the evidence and more time invested by officers and the audit team in gathering and reviewing evidence, reducing efficiency. However, this has also resulted in us being unable to conclude over the valuation of Council Dwellings (part of our significant risk) due to the doubts over the reliability of Beacon data provided by Management to the valuers.	Like above, we will be engaging with Management and any other relevant officers to understand the evidence that can be provided, and where applicable, tailoring our procedures. We will also be working with Management to resolve any issues encountered for procedures performed in the prior year audit. We will continue to discuss Management’s approach regarding the reliability of Beacon data.

Audit team and rotation

Your audit team has been drawn from our specialist local government audit department and is led by key members of staff who will be supported by auditors and specialists as necessary to complete our work. We also ensure that we consider rotation of your audit partner and firm.

	Tim Cutler is the partner responsible for our audit. He will lead our audit work, attend the Audit Committee and be responsible for the opinions that we issue.		Christopher Paisley is the director responsible for supporting the audit partner in leading the audit, with a specific focus on the Value for Money work.
	Josh Parkinson is the Manager responsible for our audit. He will co-ordinate our audit work, attend the Audit Committee and ensure we are co-ordinated across our accounts and Value For Money work.		Richard Yang is the Assistant Manager responsible for our audit. He will be responsible for our on-site fieldwork and complete work on more complex sections of the audit.

To comply with professional standard we need to ensure that you appropriately rotate your external audit partner. There are no other members of your team which we will need to consider this requirement for:



This will be the partner’s third year as your engagement lead. They are required to rotate every five years, extendable to seven with PSAA approval.

Audit cycle & timetable

Our schedule February 2026 – January 2027

Key:
- Timing of AC communications
- Key events

We have worked with management to generate our understanding of the processes and controls in place at the Council in its preparation of the Statement of Accounts.

We have agreed with management an audit cycle and timetable that reflects our aim to sign our audit report by January 2027, as per the backstop date.

Planning meeting with management for key audit issues
March 2026

Commence year end planning including tax, IT and other specialists
February 2026

Audit strategy discussions based on debrief of audit
February 2027

Approval of Group accounts by AC
January 2027

Finalisation of group accounts
January 2027

Audit plan discussion and approval
July 2026

Final fieldwork
July - November 2026

Clearance meetings
December 2026

Fees

Audit fee

The audit fees for the year ended 31 March 2026 are set out below:

	2025/26 (£'000)	*2024/25 (£'000)*
Scale fees as set by PSAA	555.2	*532.5*
Agreed PY fee variations	-	*93.9*
Agreed current year fee variations **	TBC	-
Build back fee variation *	TBC	
TOTAL	**555.2**	***626.5***

* See page 3 for more information on rebuilding assurance

** We note we are expecting fee variations for the following areas in 2025/26 and will advise of the level as work progresses:

- LGPS Triennial valuation TBC
- VFM Significant Risks TBC
- Issuing of a statutory recommendation TBC
- Final resolution of an objection to the 2023/24 accounts (£5,306)

Fee variations are subject to PSAA approval.

Billing arrangements

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

Basis of fee information

Our fees are subject to the following assumptions:

- The Council's audit evidence files are completed to an appropriate standard (we will liaise with you separately on this);
- statutory accounts are presented to us for audit subject to audit and tax adjustments;
- Supporting schedules to figures in the accounts are supplied;
- The Council's audit evidence files are completed to an appropriate standard (we will liaise with management separately on this);
- A trial balance together with reconciled control accounts are presented to us;
- All deadlines agreed with us are met;
- We find no weaknesses in controls that cause us to significantly extend procedures beyond those planned;
- Management will be available to us as necessary throughout the audit process; and
- There will be no changes in deadlines or reporting requirements.
- There are no VFM significant risks

We will provide a list of schedules to be prepared by management stating the due dates together with pro-formas as necessary.

Our ability to deliver the services outlined to the agreed timetable and fee will depend on these schedules being available on the due dates in the agreed form and content.

Any variations to the above plan will be subject to the PSAA fee variation process.

Confirmation of Independence

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

To the Audit Committee members

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

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

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

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

General procedures to safeguard independence and objectivity

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

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

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

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

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

Summary of non-audit services

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

Confirmation of Independence

Disclosure	Description of scope of services	Principal threats to Independence	Safeguards Applied	Basis of fee	Value of Services relating to the year ended 31 March 2026
1	Housing benefit grant certification	None identified	• The engagement contract makes clear that we will not perform any management functions. • The work is performed after the audit is completed and the work is not relied on within the audit file. • Our work does not involve judgement and are statements of fact based on agreed upon procedures.	Fixed	£26k
2	Teachers' Pensions audit	None identified	• The engagement contract makes clear that we will not perform any management functions. • The work is performed after the audit is completed and the work is not relied on within the audit file. • Our work does not involve judgement and are statements of fact based on agreed upon procedures.	Fixed	£8k
3	Pooling of Housing Capital Receipts	None identified	• The engagement contract makes clear that we will not perform any management functions. • The work is performed after the audit is completed and the work is not relied on within the audit file. • Our work does not involve judgement and are statements of fact based on agreed upon procedures.	Fixed	£8k

Confirmation of Independence (cont.)

Summary of fees

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

Fee ratio

The ratio of non-audit fees to audit fees for the year is 0.08:1. We do not consider that the total non-audit fees create a self-interest threat since the absolute level of fees is not significant to our firm as a whole.

	2025/26
	£'000
Scale fees	555.2
Other Assurance Services	42.0
Total Fees	**597.2**

Independence and objectivity considerations relating to other matters

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

Confirmation of audit independence

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

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

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

Yours faithfully

KPMG LLP

How we will Collaborate with KPMG Clara collaboration (KCc)

What is KPMG Clara for Haringey London Borough Council?

- Your gateway into the audit - a dynamic, tailored homepage with real time alerts
- Prepared by management ("PBM") functionality, providing an intuitive user interface for Haringey London Borough Council to securely provide KPMG with the required information and to track the status of KPMG's requests.

Additional features to be deployed through the course of the audit:

- A dedicated and user-friendly space to easily share and collaborate on documents
- Access to the results of our digital audit procedures, through interactive data visualisation and dashboards.

What have we achieved so far?

- KCc approved for use by Haringey London Borough Council
- Access for Haringey London Borough Council's users setup through single sign-on
- Guidance to Haringey London Borough Council users on the functionalities.
- Provided support to Haringey London Borough Council users on technical queries.
- Use of PBM functionality for the across multiple audit phases and other reporting (i.e., VFM)

KPMG's Audit quality framework

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

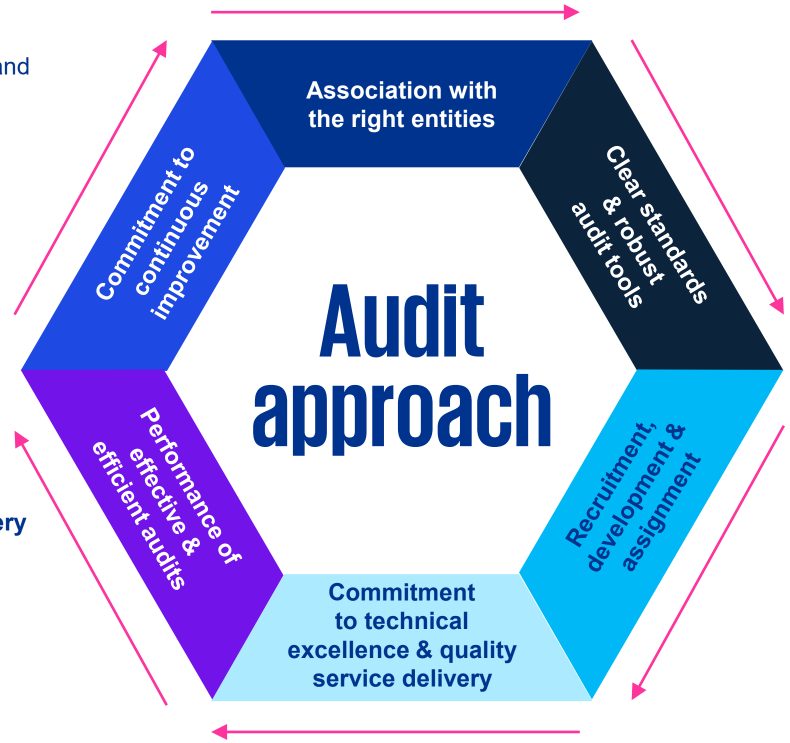
To ensure that every partner and employee concentrates on the fundamental skills and behaviours required to deliver an appropriate and independent opinion, we have developed our global Audit Quality Framework.

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

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

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

Commitment to technical excellence & quality service delivery
- Technical training and support
- Accreditation and licensing
- Access to specialist networks
- Consultation processes
- Business understanding and industry knowledge
- Capacity to deliver valued insights

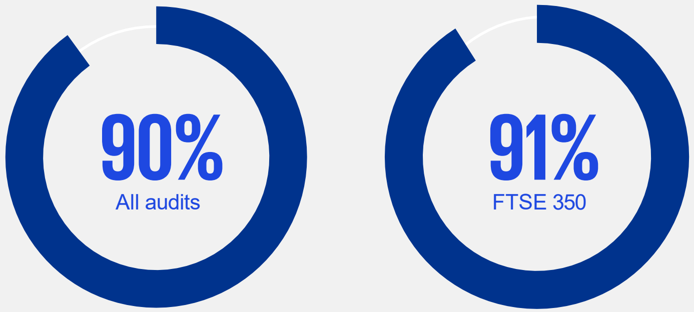


Association with the right entities
- Select entities within risk tolerance
- Manage audit responses to risk
- Robust client and engagement acceptance and continuance processes
- Client portfolio management

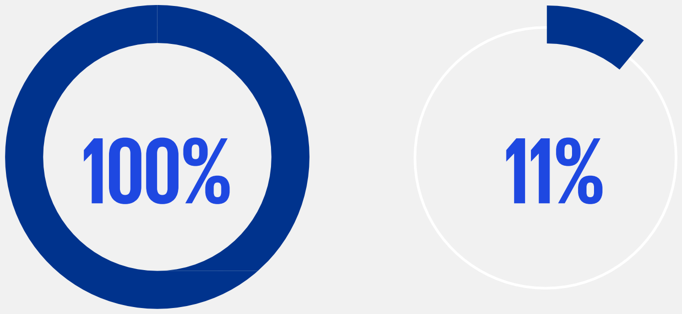
Clear standards & robust audit tools
- KPMG Audit and Risk Management Manuals
- Audit technology tools, templates and guidance
- KPMG Clara incorporating monitoring capabilities at engagement level
- Independence policies

Recruitment, development & assignment of appropriately qualified personnel
- Recruitment, promotion, retention
- Development of core competencies, skills and personal qualities
- Recognition and reward for quality work
- Capacity and resource management
- Assignment of team members and specialists

2025 AQR results



Percentage of our audits rated ‘good’ or ‘limited improvements required’ by AQR.



KPMG audits rated ‘good’ or ‘limited improvements required’ by QAD.

Proportion of AQR scope audit engagements reviewed.

The FRC published reports on the findings of AQR and QAD 2023/24 inspection of KPMG and the other tier 1 firms (which largely covered years ending between August 2023 and March 2024) on 15 July 2025

Key findings	Our response	Good practice identified
Estimates “Improve the quality and consistency of the audit of estimates in the valuation of investments and provisions.”	A targeted programme to support engagements which have estimates with certain characteristics has been initiated. Alongside this, we continue to invest in our training and culture programmes to reinforce the behaviours expected, including consistent application of a critical thinking mindset and the extent of evidence expected.	At an engagement level areas of good practices were identified including: • Risk assessment and planning including bribery & corruption, climate and provisions; • Audit of provisions; • Audit of impairment • Use of specialists; • Group audit oversight; and • Stand-back assessment. Good practices were identified in various areas at the firm level including identification of SOQM deficiencies, component auditors compliance with the ethical standards, the continued roll out of the Ethics Programme and the development and use of new technology.
Consolidation and other journals “Improve the quality of the audit of consolidation and other journals.”	Enhanced guidance and continuation of a centrally led process designed to challenge the journals approach at an engagement level, together with additional targeted training are helping us to reduce the recurrence of findings in this area.	

The Audit Quality Review (AQR) team of the Financial Reporting Council (FRC) undertakes independent inspections of the overall quality of the audit work of those UK audit firms that audit listed and other major public interest entities. The AQR inspections involve a number of file reviews at each firm visited. The result of these file reviews are summarised into three main categories as follows:

- Good or limited improvements required;
- Improvements required;
- Significant improvements required

kpmg.com/uk