Report for:	Audit Committee - 23 July 2026
Item number:	14
Title:	Statutory recommendation in accordance with Schedule 7 of the Local Audit and Accountability Act 2014
Report authorised by:	Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)
Lead Officers:	Taryn Eves, Corporate Director of Finance and Resources (Section 151 Officer)
Ward(s) affected:	All

Report for Key/ Non-Key Decision: Non-Key Decision

1. Describe the issues under consideration

1.1 The purpose of this report is to update Audit Committee on a recent decision agreed by Full Council on 20July 2026 to accept a recent Statutory Recommendation and Non-Statutory Recommendations in accordance with Schedule 7 of the Local Audit and Accountability Act 2014 from the Council's external auditors, KPMG LLP. At the Full Council meeting, the Council's proposed response to its actions were considered and a subsequent amendment was accepted as set out in Section 6.

1.2 The Statutory Recommendation follows Schedule 7, Paragraph 2 (2) of the Act and makes it clear that a statutory recommendation can be made during or at the end of an audit and was received on 18 May 2026. This recommendation is being made with respect to the financial year 2025/26.

1.3 A copy of the original report to Full Council is attached at Appendix A, a copy of the letter received from KPMG LLP is attached at Appendix B to this report and the Council's proposed response to the recommendations is attached in Appendix C.

2. Cabinet Member Introduction

2.1 Not Applicable

3. Recommendations

Audit Committee is asked to note, that on 20 July 2026, Full Council

- Accepted the Statutory Recommendation and Non-Statutory Recommendations presented by KPMG LLP (Appendix B).
- Approved with amendment the actions in response to this Statutory Recommendation and Non-Statutory Recommendations as set out in Appendix C.
- Delegated the monitoring of the delivery of the actions through the regular reporting of the Annual Governance Statement Action Plan to Audit Committee.

4. Reasons for Decision

4.1 Schedule 7 of the Local Audit and Accountability Act 2014 requires that the Council must consider the Statutory and Non-Statutory Recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the authority (18 May 2026). It was subsequently agreed with KPMG LLP that the report and the Council's response could instead be considered at the next available Full Council meeting, that being 20 July 2026.

4.2 At that meeting the relevant authority must decide— (a)whether the report requires the authority to take any action or whether the recommendation is to be accepted, and (b)what, if any, action to take in response.

5. Alternative Options Considered

5.1 None

6 Background Information

6.1 The Audit Committee received the Auditor's Annual Report AAR Final Draft 16-01-26.pdf (AAR) for the year ended 31 March 2025 from the Council's external auditors, KPMG LLP at their meeting on 29 January 2026. Within that report, it included the following:

We note that we have not raised any statutory recommendations as part of this audit. However, in relation to the financial sustainability recommendation on page 25, we expect that we will consider it necessary to raise such a statutory recommendation in future, should the budget for 2026/27 be approved without an appropriate level of planned savings to address the Council's challenging financial position.

6.2 On 2 March 2026, the Council agreed its budget for 2026/27. This has resulted in KPMG LLP concluding that it is appropriate to use their powers to make a written Statutory Recommendation under Schedule 7 (Paragraph 2) of the Local Audit and Accountability Act 2014 and therefore, issued a Statutory Recommendation and two Non Statutory Recommendations to the Council which relates to the financial year 2025/26. Details are set out in Appendix B.

6.3 **Full Council agreed:**

- Recommendation 1 of the report - the Statutory Recommendation and Non-Statutory Recommendations as presented by KPMG LLP.
- Agreed Council actions in response to this Statutory Recommendation and Non Statutory Recommendations but with the following amendment - *that a cross-party Member Finance Recovery Board is established (subject to appropriate confidentiality requirements), chaired by the Chief Executive and that the Corporate Director of Finance and Resources will provide this Board with monthly savings reports detailing the progress on savings in the current year using the most recent available management information. The first of these reports will be delivered within a month of this response to the auditors being passed by Full Council and they will continue to be published until superseded by the arrangements being introduced in November.*

6.3 Full Council also agreed to delegate the monitoring of the delivery of the actions as set out in Appendix C to Audit Committee. The monitoring of these recommendations will be added to the Action Plan and undertaken through the regular reporting of the Annual Governance Statement to Audit Committee. External Audit will also report on progress of the Statutory and Non-Statutory Recommendations during the course of the following year’s audit.

7. Contribution to Strategic Outcome

7.1 The acceptance of the recommendations by Full Council is expected to improve the financial position and financial sustainability of the Council and enable the continued delivery of the Corporate Delivery Plan outcomes. Going forward, through the delivery of the actions set out in Appendix C and with the agreed amendment set out in Section 6, financial plans will be aligned to the Corporate Delivery Plan but priorities and outcomes must be delivered within a smaller financial envelope.

8. Carbon and Climate Change

8.1 There are no direct implications on the Carbon and Climate Change agenda included in this report.

9. Statutory Officer Comments

Finance

9.1 The Statutory Recommendation and Non-Statutory Recommendations and the actions by the Council is expected to increase the level of savings agreed by the Council for 2027/28 onwards, improve delivery of these savings and reduce future reliance on Exceptional Financial Support. These outcomes together are expected to improve the financial sustainability of the Council.

9.2 Delegation of the monitoring of these actions to the Audit Committee means the actions will be added to the Annual Governance Statement Action Plan and monitored through the regular reporting of the Action Plan to Audit Committee.

9.3 External audit will also report on progress of the Statutory and Non-Statutory Recommendations during the course of the following year’s audit.

Strategic Procurement

9.4 Strategic Procurement were consulted on the contents of the report to Full Council. The recommendations and Council responses do not give rise to any immediate procurement implications requiring a procurement decision. However, Procurement and Commissioning has been identified as a priority area within the Council's Financial Resilience Plan and may contribute to the delivery of future savings, service transformation and value for money initiatives. Any resulting procurement, commissioning or contract management activity will be undertaken in accordance with the Procurement Act 2023, the Council's Contract Standing Orders and the Council's established governance arrangements.

Director of Legal and Governance

9.5 Under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 (the Act), a local auditor may make a written recommendation to a “relevant authority” during or at the end of an audit, and any such recommendation must be sent to the Secretary of State. The Act defines a relevant authority as including “A London borough council”.

9.6 The basis for a recommendation to be issued is where the auditor considers that it would be in the public interest for it to raise an issue discovered during the audit, so that the authority can consider it or bring it to the attention of the public.

9.7 If a recommendation is made, then an obligation is placed on the authority under the Act to consider it at a meeting “held before the end of the period of one month beginning with the day on which it was sent to the authority”.

9.8 The Act stipulates that the body which is to consider the recommendation is Full Council, and that the function cannot be delegated further.

9.9 The Act requires the authority to give notice of the meeting in a prescribed format and location “before the beginning of the period of 8 days ending with the day of the meeting”. Confirmation is given that notice was published on the Council’s website on 10 July 2026.

9.10 The Act also requires the authority to provide a copy of the recommendation to all Members on a non-exempt basis as part of the meeting agenda papers.

9.11 At the meeting the Act stipulates that the authority must make a decision on the following two issues:

- “Whether the report requires the authority to take any action or whether the recommendation is to be accepted, and
- What, if any, action to take in response to the recommendation”

9.12 Once a decision is made, there is a twofold requirement under the Act for the authority to “As soon as is practicable” thereafter:

- Notify the auditor of what it is, and
- Publish on the website / such other prominent place where it will come to the attention of the public, a notice which contains as summary of the decision as approved by the auditor.

9.13 Confirmation is given that the Council’s Audit Committee does have the Constitutional power to monitor progress being made to implement the Council’s response to the recommendations by virtue of its following Terms of Reference:

To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.

To consider the external auditor’s report to those charged with governance on issues arising from the audit of the accounts.

Equality

9.14 The Council has a public sector equality duty under the Equalities Act (2010) to have due regard to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act
- Advance equality of opportunity between people who share those protected characteristics and people who do not
- Foster good relations between people who share those characteristics and people who do not.

9.16 The three parts of the duty applies to the following protected characteristics: age, disability, gender reassignment, pregnancy/maternity, race, religion/faith, sex and sexual orientation. Marriage and civil partnership status applies to the first part of the duty. Although it is not enforced in legislation as a protected characteristic, Haringey Council treats socioeconomic status as a local protected characteristic.

9.17 The financial sustainability measures through the Statutory Recommendation and Non-Statutory Recommendations and the Council's response may have differential and potentially disproportionate impacts on residents and staff with protected characteristics.

9.18 The potential cumulative equalities impact of proposals within the Financial Resilience Plan and associated Delivery Plan will continue to be considered as individual proposals are developed. Any cumulative impact on residents will also be assessed through the Council's annual budget-setting process, including the preparation of a cumulative Equality Impact Assessment.

10. Use of Appendices

Appendix A – Copy of the report to Full Council.

Appendix B – Letter received from KPMG LLP - Statutory Recommendation AND Non Statutory Recommendations in accordance with Schedule 7 of the Local Audit and Accountability Act 2014.

Appendix C – The Council's response to the Statutory Recommendation and Non Statutory Recommendations in accordance with Schedule 7 of the Local Audit and Accountability Act 2014.

11. Background Documents

11.1 None.