



Auditor's Annual Report for Haringey London Borough Council

DRAFT

Year-ended 31 March 2026

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3 November 2026

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Our audit report is made solely to the members of Haringey London Borough Council (the 'Council'), as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose.

To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than Council and the members of Council, as a body, for our audit work, for our auditor's report, for this Auditor's Annual Report, or for the opinions we have formed.

External auditors do not act as a substitute for the Council's own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.



01

Executive Summary

Executive Summary



Purpose of the Auditor's Annual Report

This Auditor's Annual Report provides a summary of the findings and key issues arising from our 2025-26 audit of Haringey London Borough Council (the 'Council'). This report has been prepared in line with the requirements set out in the Code of Audit Practice published by the National Audit Office (the 'Code of Audit Practice') and is required to be published by the Council alongside the annual report and accounts.

Our responsibilities

The statutory responsibilities and powers of appointed auditors are set out in the Local Audit and Accountability Act 2014 (the Act). Our responsibilities under the Act, the Code of Audit Practice and International Standards on Auditing (UK) ('ISAs (UK)') include the following:



Financial Statements - To provide an opinion as to whether the financial statements give a true and fair view of the financial position of the Group and the Council and of its income and expenditure during the year and have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 2025/26 ('the CIPFA Code').



Other information (such as the narrative report) - To consider, whether based on our audit work, the other information in the Statement of Accounts is materially misstated or inconsistent with the financial statements or our audit knowledge of the Council.



Value for money - To report if we have identified any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources. We are also required to provide a summary of our findings in the commentary in this report.



Other powers - We may exercise other powers we have under the Act. These include issuing a Public Interest Report, issuing statutory recommendations, issuing an Advisory Notice, applying for a judicial review, or applying to the courts to have an item of expenditure declared unlawful.

In addition to the above, we respond to any valid objections received from electors.

Findings

We have set out below a summary of the conclusions that we provided in respect of our responsibilities.

Financial statements	We will issue a disclaimer of opinion on the Council's financial statements by 29 January 2027. This is because we have been unable to obtain sufficient appropriate audit evidence over the financial statements. Further details on this will be set out in the final Auditors' Annual Report. We have provided further details of the key risks we identified and our response on page 7. Additionally, we are the auditor of the Haringey Pension Fund financial statements. Subject to outstanding procedures we expect to issue an unmodified opinion on those financial statements.
Other information	Whilst in our opinion the content of the other information is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.
Value for money	To date we have identified 4 significant weaknesses in respect of the arrangements the Council has put in place to secure economy, efficiency, and effectiveness in the use of its resources. Further details are set out on page 7.
Whole of Government Accounts	We are required to perform procedures and report to the National Audit Office in respect of the Council's consolidation return to HM Treasury in order to prepare the Whole of Government Accounts. As the National Audit Office has not yet informed us that we are not required to perform any further procedures, we are unable to confirm that we have concluded our work in this area.
Other powers	See overleaf.

Executive Summary



There are several actions we can take as part of our wider powers under the Act:

Public interest reports

We may issue a Public Interest Report if we believe there are matters that should be brought to the attention of the public.

If we issue a Public Interest Report, the Council is required to consider it and to bring it to the attention of the public.

As at the date of this report, we have not issued a Public Interest Report this year.

Judicial review/Declaration by the courts

We may apply to the courts for a judicial review in relation to an action the Council is taking. We may also apply to the courts for a declaration that an item of expenditure the Council has incurred is unlawful.

As at the date of this report, we have not applied to the courts.

Recommendations

We can make recommendations to the Council. These fall into two categories:

1. We can make a statutory recommendation under Schedule 7 of the Act. If we do this, the Council must consider the matter at a general meeting and notify us of the action it intends to take (if any). We also send a copy of this recommendation to the relevant Secretary of State.
2. We can also make other recommendations. If we do this, the Council does not need to take any action, however, should the Council provide us with a response, we will include it within this report.

As at the date of this report, we have made 1 recommendation under Schedule 7 of the Act, alongside 2 non-statutory recommendations. These related to the approval of a financial budget without an appropriate level of planned savings to address the Council's challenging financial position. We have escalated the previous Value for Money recommendations with this statutory recommendation for greater visibility and clarity on management's progress and actions to address our findings. For further details see page 22.

Advisory notice

We may issue an advisory notice if we believe that the Council has, or is about to, incur an unlawful item of expenditure or has, or is about to, take a course of action which may result in a significant loss or deficiency.

If we issue an advisory notice, the Council is required to stop the course of action for 21 days, consider the notice at a general meeting, and then notify us of the action it intends to take and why.

As at the date of this report, we have not issued an advisory notice this year.

In addition to these powers, we can make performance improvement observations to make helpful suggestions to the Council. Where we raise observations, we report these to management and the Audit Committee. The Council is not required to take any action to these; however it is good practice to do so, and we have included any responses that the Council has given us.

02

Value for Money

Value for Money

Introduction

We are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources or ‘value for money’. We consider whether there are sufficient arrangements in place for the Council for the following criteria, as defined by the Code of Audit Practice:



Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services.



Governance: How the Council ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

We do not act as a substitute for the Council’s own responsibility for putting in place proper arrangements to ensure that public business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. We are also not required to consider whether all aspects of the Council’s arrangements are operating effectively, or whether the Council has achieved value for money during the year.

Approach

We undertake risk assessment procedures in order to assess whether there are any risks that value for money is not being achieved. This is prepared by considering the findings from other regulators and auditors, records from the organisation and performing procedures to assess the design of key systems at the organisation that give assurance over value for money.

Where a significant risk is identified we perform further procedures in order to consider whether there are significant weaknesses in the processes in place to achieve value for money. We are required to report a summary of the work undertaken and the conclusions reached against each of the aforementioned reporting criteria in this Auditor’s Annual Report. We do this as part of our commentary on VFM arrangements over the following pages.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council.

Summary of findings

Our work in relation to value for money is substantially complete, however matters set out here may change upon the completion of our work, should any further information come to our attention. In particular, we have noted on pages 32 & 48 that there are imminent Housing Regulator & CQC reports and we reserve the right to raise associated significant weaknesses linked to these.

	Financial sustainability	Governance	Improving economy, efficiency and effectiveness
Commentary page reference	9	28	32
Identified risks of significant weakness?	Yes - 2	No	Yes - 4
Actual significant weakness identified?	Yes - 2	No	Yes - 2
2025-26 Findings	2 significant weaknesses identified	No significant weaknesses identified	4 significant risks identified, which currently translate into 2 significant weaknesses

We note that the 4 weaknesses identified are all consistent with our prior year findings. We have not currently raised significant weaknesses over any new areas during the 2025/26 Value for Money work.



Value for Money

National context

We use issues affecting Councils nationally to set the scene for our work. We assess if the issues below apply to this Council.

Financial performance

Over recent years, Councils have been expected to do more with less. Central government grants have been reduced, and the nature of central government support has become more uncertain in timing and amount. This has caused Councils to cut services and change the way that services are delivered in order to remain financially viable.

Whilst the Government has indicated an intention to restore multi-year funding settlements, giving Councils greater certainty and ability to make longer-term investment decisions, the Government has also proposed linking grant funding to deprivation. Analysis by London Councils argues that London Boroughs will see the largest funding losses whilst also experiencing significant financial pressure. The Institute of Fiscal Studies has found that inner London boroughs are, in particular, set to lose substantial sums.

Education

Many schools are now the responsibility of academy trusts, however some schools are still controlled and overseen by the local Council. Dedicated funding is provided by central government to run schools, however due to cost pressures many Councils have overspent against their central government allocation, particularly in relation to “high needs” expenditure (i.e. to support students with special educational needs and disability (SEND)). Government guidance is awaited on childrens services reform and SEND, and some authorities are delaying transformation programmes until there is clarity on how services should evolve.

An accounting override exists meaning Councils do not need to recognise schools deficits as part of their reserves which, for some, avoids Councils becoming insolvent. This override was extended to March 2028. However, some have raised concerns that this extension only defers the problem, and the underlying unsustainability of education expenditure has not been resolved.

Housing

Landlords, including Councils, are required to take action to ensure homes are compliant with fire safety legislation and new regulations to improve building safety. These regulations have increased the costs faced by landlords, caused loss of income where properties were void for repairs, and increased the risk of regulatory action should improvements not be made. The Regulator of Social Housing has also raised frequent concerns regarding the ability of Councils to comply with their consumer standards, in particular around treating tenants fairly and ensuring homes are safe. This has increased the cost of compliance, whilst housing budgets remain under significant financial strain. At the same time, Councils are also experiencing significant financial pressure in temporary accommodation budgets, due to high demands on services and difficulty in obtaining suitable accommodation.

Local context

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.

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).



Financial Sustainability



How the Council plans and manages its resources to ensure it can continue to deliver its services.

We have considered the following in our work:

- How the Council ensures that it identifies all the financial pressures that are relevant to its short and medium-term plans and builds these into them;
- How the Council plans to bridge its funding gaps and identifies achievable savings;
- How the Council plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities;
- How the Council ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system; and
- How the Council identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans.

Financial Planning 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.
- 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 11. 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 (GF) 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.

Financial Sustainability

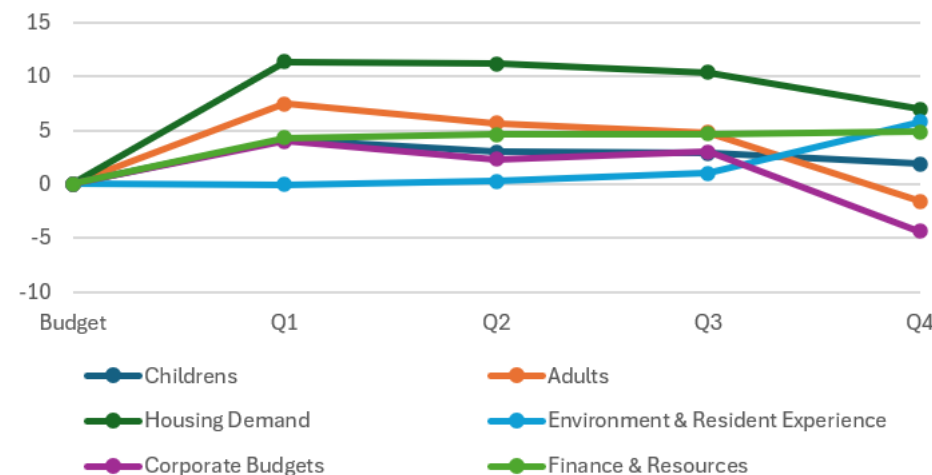
Financial Planning 2025/26 (cont.)

- 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 consideration given by the Council to the impact on the wider borough and the implications of the financial decisions undertaken.
- 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 who will be affected by any potential budget changes.
- On 11 February 2025, the final budget was recommended to and 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 £83,000 to revenue costs annually for the next 20 years.

Financial Performance 2025/26

- The 2025/26 financial performance was 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.
- This forecast improved to a predicted £23.4m overspend by Q2, £19.4m at Q3 and a significantly improved position of a £3.6m overspend as of the year end. This change has been primarily driven by improvements within the corporately held budgets (£7.4m) & Adults (£6.4m). We can see the performance of the six largest budget areas below, which illustrates the large variations each quarter throughout the year, in particular at Q1 and Q4, and shows the volatility within the monitoring process.

Forecast Over/(Under)spend by Directorate (£m)



Financial Sustainability



Financial Performance 2025/26 (cont.)

- We are aware that on 23 February 2026 the Council received approval from MHCLG to increase its reliance upon EFS to £54m for the 2025/26 financial year should it require, however ultimately the final drawdown of EFS was £40.6m, due to the improved financial position from Q3 to Q4 and aided by an unplanned drawdown from earmarked reserves as detailed on page 12. This represented a £3.6m increase from the £37m of EFS agreed per the approved 2025/26 budget at the outset of the year.
- Given the speed at which the 2025/26 budget deteriorated, we are not satisfied that the budget adequately incorporated all financial pressures and demands. Additionally, although the year end position has improved from the initial Q1, 2 & 3 forecasts, the large swings in forecast delivery each quarter within both the individual services and the corporate budgets do not indicate a stable cost management environment. As such, in line with the prior year work we have determined that there is a **significant risk** within the Council's arrangements relating to the cost setting and budgetary processes to achieve financial sustainability over the short to medium term.

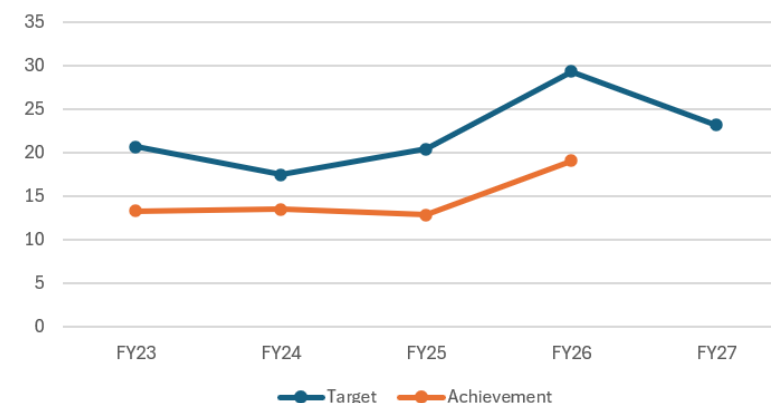
Savings Schemes

- The final 2025/26 budget agreed by Council on 3 March 2025 included a savings programme of £29.3m, which was 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.
- 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, which has been driven by issues in achieving Council wide accountability. We have further illustrated the savings positions here, 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	Q4
Forecast Overall Delivery	£29.5m	£20.2m	£23.0m	£16.3m	£19.1m
Amber/Red RAG Rated	-	£14.8m	£13.3m	£13.0m	-

- The savings schemes agreed for the year included several Council wide initiatives known as cross-cutting schemes, which totalled £13.4m and were intended to be allocated to individual services before 1 April 2025, however throughout the year savings totalling £5.7m remained unallocated.
- The final position for 2025/26 was £19.1m (65%) of savings delivered against the £29.3m target – a £10.2m shortfall. This is in line with the 2024/25 savings scheme performance rate, which achieved £12.9m (63%) vs a £20.4m target, albeit we note positive progress in respect of the gross value of savings delivered, which has increased by almost 50% year on year. We have illustrated the achievement rate vs target over the previous 4 years within the graphic below, which demonstrates that the Council will need to improve its performance in relation to delivery of savings to meet its 2026/27 savings target of £23.2m.
- We also note that the £23.2m is a reduction from the 2025/26 target, despite the worsening overall financial health of the Council. This links to the statutory recommendation raised by KPMG in May 2026 as discussed on page 22, which highlighted the Council's difficulties in setting & delivering a comprehensive savings plan to address the deteriorating financial position.

Savings Targets vs Achievement (£m)

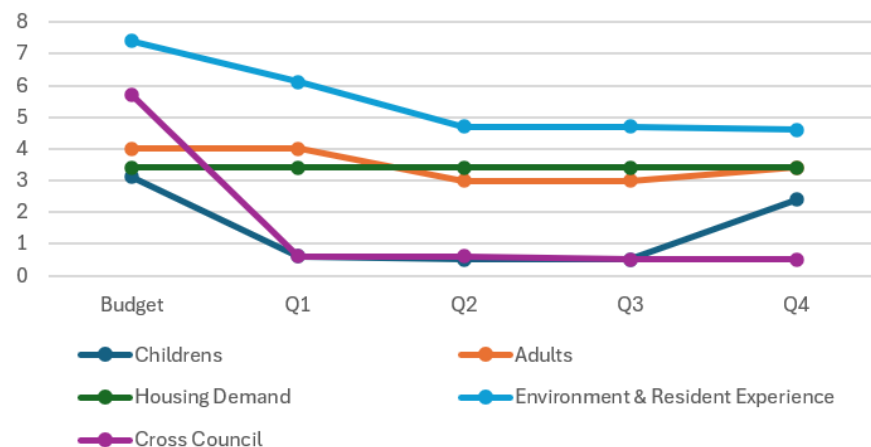


Financial Sustainability

Savings Schemes (cont.)

- We have further broken down the savings scheme performance within the directorates with the five largest targets, which includes the cross-Council savings. In a similar manner to the graph on page 10 showing the overall financial position each quarter, this demonstrates the volatility each quarter within the measurement of forecast savings to be delivered.

Forecast Savings Delivery By Directorate (£m)

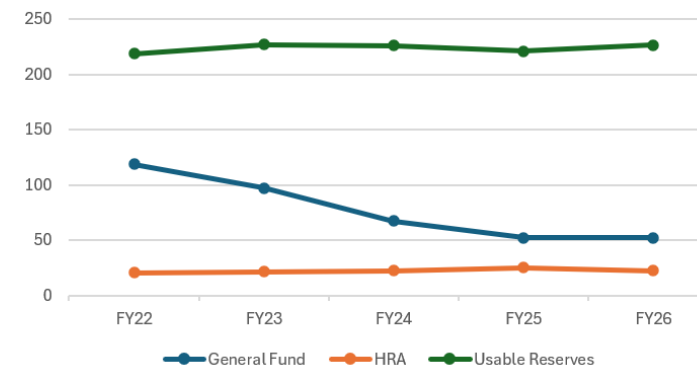


- It should be noted that although the Environment & Resident Experience directorate had a savings shortfall of £2.8m, the service also delivered additional savings of £5.8m not included within the initial agreed budget (which is therefore not reflected above), primarily due to changes in the Council Tax Reduction Scheme and a reduction in Housing Benefit accommodation costs.
- Overall, we do not believe that the £29.3m efficiency savings planned were sufficiently realistic and supported by enough detail to allow successful implementation, given that £9.6m (33%) of these had been RAG rated as Red by Q1, with a further £5.2m (18%) Amber rated. This, combined with the low final achievement rate of 65%, has led us to identify a **significant risk** linked to the identification and monitoring of savings schemes.

Final Outturn And Risks To Financial Sustainability

- By utilising various one-off mitigations within the directorates, releasing £1.4m of unallocated grant reserves as well as an unplanned drawdown of £10.1m from the General Fund earmarked reserves, the Council was able to reduce additional reliance upon EFS to £3.6m, giving a total EFS utilisation of £40.6m for 2025/26. However, the Council was able to protect its General Fund un-earmarked reserve of £15.2m - albeit this is less than 5% of the Council's annual budget - and the overall General Fund reserve remains consistent year on year despite the unplanned drawdown.

Reserves Movement (£m)



- Due to improvements in the financial performance of the Adults directorate during 2025/26 – delivering a £1.5m surplus on budget - the largest areas of overspend in year have evolved since 2024/25. These are now Housing Demand including Temporary Accommodation (£7.0m), Finance & Resources (£4.7m, primarily linked to strategic property overspend) and then Children's (£1.7m). In particular, the overspend for Temporary Accommodation is on top of the already added £10.7m for cost pressures within the 2025/26 budget. We have discussed these further as part of our work over achieving Efficiency, Economy & Effectiveness on pages 32-40.

Financial Sustainability



Final Outturn And Risks To Financial Sustainability (cont.)

- The Council's external borrowing is at a record high, with loans of £1.2bn as of 31 March 2026 (£993m as of 31 March 2025), alongside a large ongoing capital programme which it intends to finance with new borrowing, all of which is 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 Financial Sustainability.
- 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 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 uncertainty over how the actual costs will align to the current forecasts included with the MTFS. We are aware that the Council is actively attending meetings with NLWA and the other boroughs to monitor progress and we will continue to assess this as part of the 2026/27 Value For Money work.

Financial Planning 2026/27

- The 2025 Fair Funding Review and the three-year Local Government Finance Settlement, published on 11 June 2025, gives Haringey Council a settlement 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. 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.
- The Council has developed Finance Response & Recover plans with the aims of reducing short to medium term expenditure, removing 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 during 2025/26.
- 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 £84.3m between planned income and expenditure. This will be met once again by EFS, which was approved by MHCLG on 23 February 2026 up to £84.3m for 2026/27. At current rates each £1m of EFS used will add £83,000 to revenue costs annually for the next 20 years, assuming that the principal is repaid at maturity.
- This budgeted shortfall of £84.3m also assumes delivery of £23.2m of savings proposals, which would be greater than any gross delivery in the previous four financial years. Of this £23.2m, only £8.3m related to 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, which links to the statutory recommendation raised by KPMG in May 2026.

Financial Sustainability



Financial Planning 2026/27 (cont.)

- We note that as at Q1 2026/27 the Council is forecasting a full-year overspend of £21.7m, which is after accounting for £84.3m of EFS, giving a cumulative budget shortfall without EFS of £106.0m. The number of schools in deficit also continues to rise, with a forecast full-year cumulative deficit of £7.7m as at Q1 vs a full-year cumulative deficit of £4.1m for 2025/26.
- This overspend also includes an expected achievement of only 77% of the savings target, with £4.9m of the target being forecast as non-deliverable, of which £4.0m represents cross-cutting savings. This is a recurring theme from our 2025/26 findings and illustrates why KPMG raised a statutory recommendation in-year linked to the non-delivery of savings, as detailed on page 21.
- The above performance to date in 2026/27 reflects the challenging financial picture, particularly when combined with the need to repay EFS over the coming years. As discussed on the previous page, at current rates each £1m of EFS used will add £83,000 to revenue costs annually, giving an annual cost of £8.8m if the cumulative budget shortfall of £106.0m is accurate.

Risk Assessment Conclusion

- Given the low level of reserves held by the Council, the need for EFS in 2025/26 to close the accounts, and the planned continued reliance on significant levels of EFS for 2026/27, we do not believe that the Council had arrangements in place to ensure financial sustainability and have retained the 2 significant weaknesses linked to Financial Sustainability that were raised in the 2024/25 Value For Money work. These are discussed in more detail **in conjunction with the statutory recommendations raised** on pages 22 & 23.
- These risks relate to arrangements in place for financial response and recovery for future periods and how the Council aims to reduce reliance upon EFS to achieve a balanced position, as well as the actions taken to improve cost saving identification and delivery.

Key financial and performance metrics:	2024/25	2025/26
Planned surplus/(deficit), excluding HRA	Nil	Nil
Actual surplus/(deficit), excluding HRA	(£37.8m)	(£15.5m)
Planned HRA surplus/(deficit)	£8.6m	Nil
Actual HRA surplus/(deficit)	£5.0m	(£4.3m)
General Fund reserves*	£52.2m	£52.3m
Gross debt compared to the capital financing requirement	0.70 : 1	0.78 : 1
Year-end borrowings	£993m	£1,226m
Year-end cash position	£23.2m	£116.1m

HRA: Housing Revenue Account, a ring-fenced fund relating to social housing

Gross debt compared to the capital financing requirement: Authorities are expected to have less debt than the capital financing requirement (i.e. a ratio of under 1 : 1) except in the short term, else borrowing levels may not be considered prudent.

It should be noted that the increase in the cash position is primarily due to timing differences in payments & receipts rather than a positive change in respect of the Council's financial health.

**Note that General Fund reserves are unaudited balances due to the disclaimer of audit reports since FY21*

Significant Value for Money Risk



1

Cost setting & budgetary process

Risk that value for money arrangements may contain a significant weakness linked to financial sustainability

Significant Value for Money Risk

In line with the prior year work, due to the challenging financial position at the Council, there is a risk that the Council does not have in place adequate arrangements in respect of cost setting and budgetary processes to achieve financial sustainability. This is key to the short to medium term plan to reduce reliance on Exceptional Financial Support (EFS).

Our response

We sought to understand the processes in place for financial response and recovery for future periods and ascertained how the Council aims to reduce reliance upon EFS to achieve a balanced position.

Our findings

- The Council has developed Finance Response & Recovery Plans which are being implemented through the Financial Recovery Board. The purpose of which is to ensure there is focussed decision making and clear accountability for implementation of measures to achieve financial sustainability.
- We have reviewed the agendas and minutes of these meetings and can see that there is an increased focus on ensuring a strong regime of financial control in order to implement these plans, such as introducing spend control panels for all non-essential expenditure over £1,000;
- For 2026/27 onwards, the Finance Recovery & Response Plans are being replaced with a Financial Sustainability plan, setting out the Council's 3-year approach to addressing the financial situation and recognising that this cannot be solved by focussing only on a single financial year.
- All services are in the process of compiling & submitting Value For Money action plans, to improve the Council wide culture around financial hygiene & discipline.

- However, we can see from the Q1 2026/27 finance update presented to Cabinet in September 2026 that the Council is already forecasting an overspend of £21.7m, even after accounting for the £84.3m of EFS granted by MHCLG.
- The speed at which the 2026/27 budget has deteriorated confirms that this issue remains, and as such we have retained the significant weakness identified in the prior year for arrangements to secure value for money related to budget setting.

Conclusion

Based on the findings above we have determined that there is a significant weakness in arrangements relating to the cost setting and budgetary processes to achieve financial sustainability over the short to medium term.

This weakness and recommendation is repeated from our prior year findings, and we discuss this in more detail on pages 16-17.

We note that for the purposes of consolidating management's response and actions into addressing these findings, we have escalated this recommendation with our formal statutory recommendation raised under schedule 7, paragraph 2 of the Local Audit and Accountability Act – see page 22 for further details.

Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in the prior period relating to the cost setting & budgetary process:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
1	The Council has developed Finance Response & Recovery plans with the aims of reducing short to medium term expenditure to remove the reliance upon EFS for 2025/26 and avoid the need for it in 2026/27. However, the financial outlook for 2025/26 is extremely challenging, with an overspend of £23.4m as at Q2. In January 2026 the Council increased the EFS request for 2025/26 to £54m to address this overspend, which consists of the £37m that has already been agreed in principle in February 2025 and an additional £17m to fund the current forecast overspend. Additionally, there is a predicted £104m of EFS required for 2026/27. However, these EFS requests assume that the 2025/26 agreed savings schemes of £29m are delivered, which as detailed on page 20 is only forecasting a 78% delivery, with 45% of overall schemes amber or red RAG rated. It is crucial that the Council can accurately forecast demand to budgets such that the appropriate actions can be taken to mitigate these pressures, however we have noted through our work over Adult Social Care, as well as through our work over Temporary Accommodation, that there were large overspends in these areas driven by a combination of increased demand and price respectively. (continued overleaf)	These recommendations are accepted. Please see reference to the Management Response to the previous recommendation during 2023/24 in relation to the improvements in forecasting that have already been put in place and the implementation of the recovery plans. It is acknowledged that for adult social care and temporary accommodation the in year overspend during 2025/26 means that the assumptions for setting the 2025/26 budget were not accurate, despite an additional £31m built in for adult social and £12m for temporary accommodation. Strengthened estimating of pressures have been put in place for 2026/27, which includes scenario planning and an estimate for risk but also using the period 8 forecast in 2025/26 as a basis rather than period 6 as in previous years. It is accepted that the Council's track record on the delivery of savings is not as strong as it needs to be and this is the current priority for the Finance Recovery Board. A new monitoring and reporting process for savings was put in place for 2025/26 that not only reports progress against the financial delivery of the savings but also the changes needed to deliver the savings. This avoids alternative opportunities being used as mitigations at a time when the Council must deliver on the original savings and also the alternative opportunities. The Finance Recovery Team have also stress tested the delivery of the savings that are planned to provide more assurance on the delivery but also to raise any concerns with the Finance Recovery Board and SLT if further actions are required. The Financial Recovery Board meets fortnightly to consider progress against savings and other actions in the plan and will continue to monitor progress of the revised resilience plan when agreed. Quarterly reporting will also continue through the finance monitoring report to Cabinet and Overview and Scrutiny Committee. S151 Officer – July 2026	The Council set a balanced budget for 2025/26, but this was predicated upon receipt of £37m of Exceptional Financial Support (EFS) from central government, and this request was increased to £40.6m due to in year overspend. Due to the challenging financial position at the Council, and increasing demands on resources, there continues to be a risk that the Council does not have in place adequate arrangements in respect of its cost setting and budgetary processes to achieve financial sustainability. Although we can see that there have been improvements made to the process in terms of much earlier engagement with the budgeting process across the Council and more challenge of initial budgets, these difficulties are still being felt within the 2026/27 position, with a forecast full year overspend of £21.7m as at Q1. This is despite the Council having relied upon £84.3m of EFS to set a balanced budget for 2026/27. The cost of continuing to rely upon EFS is significant and increasing - at current rates each £1m of EFS used will add £83,000 to revenue costs annually for the next 20 years. Given that the financial position of the Council has continued to worsen, we believe that this weakness remains unaddressed from the prior year and is repeated for 2025/26.



Value for Money: Recommendations

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
1	The Council must continue to robustly monitor and implement the recovery plans through the newly formed Financial Recovery Board and also continue to improve and challenge the budget setting process to ensure that all financial pressures can be incorporated. We note that although we have raised this Value For Money recommendation, we have not raised any statutory recommendations as part of this audit. However, the cost of continuing to rely upon EFS is significant - at current rates each £1m of EFS used will add £83,000 to revenue costs annually for the next 20 years. As such, we expect that we will consider it necessary to raise such a statutory recommendation in future, should the budget for 2026/27 be approved without an appropriate level of planned savings to address the Council's challenging financial position.	UPDATE – S151 Officer November 2026 These recommendations are accepted. In 2025/26, the Council finished the year with an overspend of £40.6m which required Exceptional Financial Support from Government and broadly in line with the level of EFS anticipated when the budget was set in March 2025. Forecasts in the year (£23.4m as Quarter 2) anticipated that could be higher as reported by KPMG but use of unused corporate contingency and improvement in service forecasts improved the position. The drivers of the overspend were largely related to children's services, temporary accommodation and commercial property income shortfall. The position on adult social care improved but largely as a result of contingency set aside for inflation not being fully utilised. The overspend was a combination of pressures on the base budget but also the ongoing non delivery of cross cutting savings – which continues to be a challenge. It is also acknowledged that forecasting of end of year position was not as strong in 2025/26 causing the swing in the position at year end. This has been strengthened for 2026/27 with greater use of scenario planning, use of the narrative to be transparent about risks the services are carrying that could affect the year end position and a more forensic review of the overspends to identify where use of corporate contingency is justified in year for unexpected spend. The budget for 2026/27 was agreed in March 2026. Strengthened estimation of pressures was put in place which includes scenario planning and an estimate for risk but also using the period 8 forecast as a basis rather than period 6 as in previous years. An additional £45.3m was added to service budgets and £42.4m to corporate budgets but setting a balanced budget was only possible with £84m of EFS and therefore shows a deteriorating position. The Quarter 1 forecast shows a £21.7m overspend but at this stage could be mitigated through the £23.5m corporate contingency that was set aside for managing risk. Work on Quarter 2 is underway and will be presented to Cabinet in December. The 2027/28 financial planning process is underway and through the work over the summer to refine pressures going into next year, there is a £37.7m budget gap (in addition to the £84m EFS requirement in 2026/27) which will be reported to Cabinet on 10 November 2026. New savings and income proposals that have been identified by officers will be listed in the report and these will be launched for consultation and engagement – the feedback will be taken into account as part of preparing the full draft budget presented to Cabinet in February 2027. It is accepted that the Council's track record on the delivery of savings is not as strong as it needs to be and an update in the actions being taken is set out against the next recommendation and is monitored through the Finance Recovery Board and cross-party Member Finance Recovery Board, which will meet for the first time on 28 October.	We also note that since the date of this initial recommendation, we have now raised a statutory recommendation to the Council in May 2026, in respect of the low level of new savings identified and approved when compared with the significant budget gap currently being filled with EFS. This was presented to Full Council in the meeting of 20 July 2026. As discussed on page 22, we note that for the purposes of consolidating management's response and actions into addressing these findings, we have escalated this recommendation with our formal statutory recommendation raised under schedule 7, paragraph 2 of the Local Audit and Accountability Act.

Significant Value for Money Risk



2

Identifying & monitoring cost saving schemes

Risk that value for money arrangements may contain a significant weakness linked to financial sustainability

Significant Value for Money Risk

In line with the prior year work, the Council does not have adequate processes in place to identify or monitor sufficient cost savings schemes to achieve the necessary reduction in expenditure to achieve a sustainable financial position. This is especially relevant given the low rate of savings achieved in 2025/26 and the low target identified for 2026/27 against the backdrop of the wider financial difficulties of the Council.

Our response

We sought to understand the processes in place for identifying the cost saving schemes and how these are subsequently monitored throughout the year, as well as understanding actions taken to improve cost saving identification and delivery against the backdrop of the need to reduce the cost base to remove reliance on EFS.

Our findings

- In response to continued and increasing financial pressures, the Council has identified a savings target for 2026/27 beyond anything it has previously achieved - £23.2m – which is also below the 2025/26 target despite the worsening financial position. It has under delivered over the last 4 years vs target, with an average achievement of 68%. Additionally, although this target surpasses previous gross delivery in any given year, it is insufficient to help bridge the gap currently filled by EFS.
- From inspection of the savings tracker, we note that although there have been some improvements from prior year in respect of monitoring savings, there remains gaps in the RAG ratings and associated commentary where appropriate delivery of savings is not occurring.
- This is reflected in the worsening performance of the Council in regard to its savings targets - we have reviewed the Q1 finance update presented to Cabinet and the Council already had £4.9m of savings forecast as undeliverable, which includes £4.0m of cross-cutting savings. This is despite the reduction in the savings target from 2025/26.

- We noted from a review of specific savings schemes that there is a lack of consistency across directorates, and the savings tracker only requires self certification of progress. The Council has struggled to implement cross-cutting savings such as digital change, often resulting from a lack of resource from individual services. As such there is a lack of central accountability which has led to the poor historical delivery of targets.

Conclusion

Based on the findings above we have determined that there is a significant weakness in arrangements relating to the identification and monitoring of cost saving schemes.

This weakness & recommendation is repeated from our prior year findings, and we discuss this in more detail on pages 19 - 21.

We note that for the purposes of consolidating management's response and actions into addressing these findings, we have escalated this recommendation with our formal statutory recommendation raised under schedule 7, paragraph 2 of the Local Audit and Accountability Act – see page 22 for further details.

Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods relating to the identification and monitoring of cost saving schemes:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
2	Due to the challenging financial position at the Council, and increasing demands on resources, there is a risk that the Council does not have in place adequate arrangements in respect of its identification and monitoring of savings schemes to achieve financial sustainability over the short to medium term. The Council is exposed to a risk of significant financial loss as a result of inadequate management arrangements. Due to ongoing budgetary pressures, the Council must increase the savings target for future years, however it has under delivered in 2023/24 with £13.5m (77%) of the £17.5m target achieved. We recommend the Council works to change the culture across services to one where the financial implications of decisions are given as prominent a focus as the quality of service. The Council should then make the process of both identification and monitoring of savings more robust by ensuring early engagement with stakeholders and encouraging the full use of tools available – in particular in-year monitoring documents.	The Council accepts this recommendation, and the development and monitoring of savings will be improved during 2025/26. A number of actions are already underway or planned, including: Identifying Savings • Publish a Medium-Term Financial Strategy (including a Capital Strategy) in July of each year to set the foundations for the forthcoming year, including the latest savings that are required. • Start the next financial planning process before the start of the forthcoming financial year. • Review structure and timeliness of budget week to ensure that budget ideas are generated earlier in the process and options for balancing the budget are known by July and there is an earlier focus on delivery plan being in place before the start of the financial year. • Move to a medium-term approach to financial planning such that budget ideas focus on ongoing efficiencies as well as more significant transformation and service redesign that may deliver benefits in the longer-term. Monitoring • Review and re-prioritisation of Category A projects that will have an overall change framework, resource and programme governance to track delivery and benefits. • Improved monitoring through a tracker for all savings planned for 2025/26 and to be monitored and reported monthly and quarterly to Cabinet. This will include a RAG rating but also include the strengthening of the explanations for any non achievement, action plan and mitigations. (continued overleaf)	The financial position of the Council remains challenging, with continued inflationary pressures on expenditure and potential funding reform negatively impacting available resource. The Council has a 2026/27 savings plan of £23.2m, which will be challenging to achieve given the under delivery over the last 4 years vs target, with an average achievement of 68%. The Council must ensure that all available potential savings schemes are robustly identified and presented to members, such that there is the opportunity to enact reductions in expenditure. Additionally, the process for monitoring delivery needs to be more robust and there should be greater accountability of service lines for shortfalls in savings. The 2026/27 budget incorporates £23.2m of savings, however given the large financial gap and reliance upon EFS, these savings may need to come in the form of assessing the level and quality of service provided in relation to statutory responsibilities – given that 80% of the service budget is spent on social care and temporary accommodation. As such, this recommendation remains in progress and is not yet completed.



Value for Money: Recommendations

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
2	See previous page.	• A review of previously discounted ideas that could yield sustainable savings and efficiencies in future years. • More focus on aspects of cross-cutting savings and efficiencies. In the past, and in-year, the Council has largely focussed on service-focused savings leaving a void in the corporate infrastructure to deliver across service teams and directorates. • Savings to be categorised through an efficiency and transformation lens, using categories such as service reduction, prevention, demand avoidance and management reduction, efficiency and productivity, growth and productivity. • Reporting through new emergency governance framework. S151 Officer – September 2025 UPDATE – November 2026 S151 Officer These recommendations are accepted. <u>Identifying Savings</u> Improvements were put in place for developing the 2026/27 budget and now the 2027/28 financial planning process that commenced in June 2026 and with Member engagement starting from June 2026. In 2025/26, £29.3m of savings were set to be delivered at the start of the year. For 2026/27, £23.2m of savings are set to be delivered – savings of this level are not insignificant and for 2026/27, given the lower than expected level of delivery in the previous year, officers took the decision that it was important to focus on the delivery of the already approved savings before putting forward significant new savings. The 2027/28 Financial Planning commenced in June 2026 to review all of the assumptions for spending and income pressures and new savings opportunities in line with the Council's new Financial Resilience Plan. A full outline of the approach is set out in the Medium-Term Financial Strategy Update and draft 2027/28 budget proposals that will be presented to Cabinet on 10 November and published online.	As discussed on page 18, we note that for the purposes of consolidating management's response and actions into addressing these findings, we have escalated this recommendation with our formal statutory recommendation raised under schedule 7, paragraph 2 of the Local Audit and Accountability Act.



Value for Money: Recommendations

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
2	See previous page.	The process to identify new opportunities used a range of tools, including benchmarking of performance and spend against other authorities, ideas from previous years and a review of all savings proposals put forward by other authorities over recent years. The expectation was for all options to be presented to Members and this has been achieved to some extent with those that will be included in the report to Cabinet in November, but the further work between now and January will continue to explore additional opportunities to contribute towards next year's gap. The work expected to commence with a transformation delivery partner will focus on longer term sustainable and much more transformational service re-design to deliver from 2028/29 onwards in improving the Council's position. <u>Savings Monitoring</u> For 2026/27, delivery of service specific savings has improved but delivery of the cross cutting remains a challenge. Monthly monitoring of all existing savings in 2026/27 continues to be in place and reported to CLT. This tracks not only the delivery of financial savings but also of the changes required to deliver the savings. All Corporate Directors are, required to sign off their monthly forecasts, held accountable for any non-delivery and challenged on any actions needed for non-delivery. The last quarterly update to Cabinet was in September Agenda for Cabinet on Tuesday, 15th September, 2026, 6.30 pm Haringey Council and show that service specific savings are largely on track but challenges continue with the 'cross cutting' savings - albeit some progress has been made for the delivery of the Commissioning Modernisation Programme and Enabling Services as reported in the Quarter 1 report to Cabinet in September. In relation to the Service Modernisation Programme, this is going through a re-set process to challenge existing business cases and prioritise resources to customer services, housing and adult social care since these are the areas prioritised for service improvement and also financial benefit. The next update will be the Quarter 2 report to Cabinet in December. The first meeting of the cross party Member Finance Recovery Board will be on the 28 October.	See previous page.



Statutory Recommendation



Background

- As well as our responsibilities to give an opinion on the financial statements and assess the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, we have additional powers and duties under Part 5 of the Local Audit and Accountability Act ("the Act"). These include powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.
- We have previously concluded that it was appropriate for us to use our powers to make a written recommendation under Schedule 7, Paragraph 2 of the Act due to the Council's financial position (including the significant decrease in the level of reserves), the continuing need for exceptional financial support from the Ministry of Housing, Communities & Local Government and their impact on financial sustainability.
- Having raised significant weaknesses under our Value for Money responsibilities in each of the financial years 2023/24 and 2024/25, the continued deterioration in the Council's financial position, the increased recurrent reliance on exceptional financial support and widening budget gap led to us deeming it appropriate to escalate these concerns via a statutory written recommendation. This was issued to the Council on 18 May 2026 and has been formally responded to through the Full Council meeting on 20 July 2026.
- This recommendation is driven by the lack of action on our previous recommendations as set out on pages 16-17 & 19-21. As such we deem it appropriate to escalate these recommendations with the new statutory recommendation, to enable clearer oversight of outstanding actions. We have therefore set out the wording of KPMG's statutory recommendation overleaf, and this is accompanied by a formal response from management on progress to date.

Statutory Recommendation



#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	Section 39 of AGN 03 identifies both “Unidentified savings/funding gaps in financial planning that would substantially threaten the delivery of the plan” and “Persistent failure to meet savings plans or financial targets” as illustrative significant weaknesses in arrangements for securing economy, efficiency and effectiveness in the use of resources or ‘value for money’ (VFM), in line with Section 20(1)(c) of the Act. Due to the challenging financial position at the Council, and increasing demands on resources, there is a risk that the Council does not have in place adequate arrangements in respect of its identification and monitoring of savings schemes to achieve financial sustainability over the short to medium term. The Council is exposed to a risk of significant financial loss as a result of inadequate arrangements. As such, the Council must increase its savings targets for future years and deliver savings in line with these targets. A wider range of transformational savings must be identified and implemented to allow the Council to bridge the financial gap and reduce its reliance on EFS. This is vital given that the continued use of EFS poses significant long-term financial challenges for the Council; at current rates, each £1m of EFS increases by approximately £83,000 the revenue costs to the Council each year for 20 years, assuming the amount borrowed is repaid at maturity. This figure is according to the Council’s own projections contained within the ‘2025/26 Finance Update – Q1’ presented to Cabinet on 16 September 2025.	These recommendations are accepted. An update on the progress against the Council’s response to the statutory and non statutory recommendation is included separately on the agenda to Audit Committee on 3 November 2026. The Financial Resilience Plan was developed and agreed in the summer and has been the basis for the financial planning work over the last few months and the development of new savings and income proposals to contribute towards reducing the budget gap for 2027/28 onwards. These officer proposals align with the eight priority areas in the plan and also the VFM action plans that were prepared by other services and will be presented in the report to Cabinet on 10 November to recommend agreement to go out to consultation and engagement in advance of the draft budget being presented to Cabinet in February 2027. Over the remainder of the calendar year, officers will complete all of the due diligence on the new proposals as well as existing savings; to aim assurance on delivery and accuracy of estimated financial benefit and to ensure that the draft budget presented to Cabinet in February 2027 is robust and realistic. Addressing the budget gap for next year will continue and ongoing identification of additional proposals. These are largely expected to be changes that do not require consultation and engagement. Officers are in discussion with external experts to commission a fully integrated transformation delivery partner who will work with the Council across its services (initial focus on demand led services) to identify longer term transformational changes and re-design services that will improve the longer term sustainability of the Council. Any opportunities identified are expected to deliver financial benefit from 2028/29 and updates will be provided through quarterly monitoring reports and the next update to the MTFS reported to Cabinet in February 2027. Any previously approved savings that are at risk will require alternative mitigations to be identified unless there is evidence of changes in circumstances that indicate it can no longer be delivered as planned. These must be exceptional because any write off of existing savings increases the budget gap for next year.

Statutory Recommendation



#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	See previous page.	Monthly monitoring of all existing savings in 2026/27 continues to be in place and reported to CLT. This tracks not only the delivery of financial savings but also of the changes required to deliver the savings. All Corporate Directors are, required to sign off their monthly forecasts, held accountable for any non-delivery and challenged on any actions needed for non-delivery. The last quarterly update to Cabinet was in September Agenda for Cabinet on Tuesday, 15th September, 2026, 6.30 pm Haringey Council and show that service specific savings are largely on track but challenges continue with the 'cross cutting' savings - albeit some progress has been made for the delivery of the Commissioning Modernisation Programme and Enabling Services as reported in the Quarter 1 report to Cabinet in September. In relation to the Service Modernisation Programme, this is going through a re-set process to challenge existing business cases and prioritise resources to customer services, housing and adult social care since these are the areas prioritised for service improvement and also financial benefit. The next update will be the Quarter 2 report to Cabinet in December. The first meeting of the cross party Member Finance Recovery Board will be on the 28 October. Spending controls continue to be in place to review and make decisions on all non essential spend over £1,000 and all recruitment not agreed to be exempt. A review of the effectiveness of the controls is also underway to ensure that financial benefit aligns with resource input and the Section 151 Officer will be agreeing revised arrangements with FRB at its next meeting. S151 Officer – November 2026

Statutory Recommendation



#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
2	Further to the Section 7 recommendation above, we also make the following enabling, non-statutory recommendations: We recommend the Council works to change the culture across directorates to one where the financial implications of decisions are given as prominent a focus as the quality of service. Whilst the Council did begin to identify a number of cross-cutting initiatives in 2025/26, the delivery of these have been the worst performing area of the savings plans to date. We recommend that the Council should demonstrate a commitment from the Cabinet and officers to increase the level of savings being delivered and to make the process of both identification and monitoring of savings more robust. This can be achieved by ensuring earlier engagement with stakeholders and encouraging the full use of tools available, including those that enable more effective in-year monitoring. Importantly, these improvements should be enabled by an enhancement in organisational capacity, including building central project management capability, to effectively oversee and assist services to drive delivery.	These recommendations are accepted. An update on the progress against the Council's response to the statutory is also included separately on the agenda to Audit Committee on 3 November 2026. The Section 151 Officer (or her delegate) continues to review all decision reports that incur spend over £25,000 to ensure that the spend is required and that there is sufficient budget provision. Work is still required to fully embed the action to ensure that reports are written in a manner that the financial impact of the decision is a prominent feature of the report and all Cabinet Member introductions reference the financial impact of the decision. Work is underway to develop a performance and finance dashboard that will be available on a refreshed page of the website that all can access and also be used in future 'Town Hall' style meetings planned by the Leader over the coming months as part of the budget conversations with residents following Cabinet on 10 November. <u>2027/28 Financial Planning</u> Although the financial planning process is an all year-round activity, planning for 2027/28 formally commenced in June. Work over the summer has included: - Review of all service specific assumptions for increased demand and price. - Review of all corporate budget assumptions, such as interest rates, inflation, levies. - This work has resulted in a revised but more realistic budget gap for 2027/28 of £37.7m. - Using the Financial Resilience Plan as the basis, identifying new savings and income proposals to contribute towards closing the gap. - Review of the capital programme as detailed above. All of this work will be presented in a single report to Cabinet on 10 November that will ask Cabinet to launch a consultation and engagement exercise on the proposals that have been identified by officers. This exercise will run until 4 January, and further details will be set out in the report. The outcome of the consultation will be considered in drafting the 2027/28 draft budget to Cabinet in February 2027 and for recommending to Full Council on 1 March 2027.

Statutory Recommendation



#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
2	See previous page.	The process to identify new opportunities has used a range of tools, including benchmarking of performance and spend against other authorities, ideas from previous years and a review of all savings proposals put forward by other authorities over recent years. The expectation was to be for all options to be presented to Members and this has been achieved to some extent with those that will be included in the report to Cabinet in November, but the further work between now and January will continue to explore additional opportunities to contribute towards next year's gap. The work expected to commence with a transformation delivery partner will focus on longer term sustainable and much more transformational service re-design to deliver from 2028/29 onwards in improving the Council's position. <u>Delivery of Savings</u> An update on savings delivery assurance is provided in a previous recommendation. Progress is monitored monthly through Finance Recovery Board and from 28 October the cross-party Member Finance Recovery Board. Quarterly reporting to Cabinet, Overview and Scrutiny Committee and Scrutiny panels continues. <u>Delivery Capacity</u> The Council recognises that to deliver the scale of savings and transformational change and service re-design needed and at the pace needed to improve its financial sustainability, additional capacity and skills will be required. The Council's delivery arrangements can come in many different ways: - Internal capacity and skills. - External expertise commissioned on an ad hoc basis. - Partnership arrangements with a lead consultancy. <u>Internal Capacity and Skills</u> Following a restructure within Finance and Resources, the two Programme Management Functions within the Directorate have consolidated which creates a stronger central oversight function that supports management grip and greater join up and coherence. The prioritisation of the capacity within this corporate team will be determined by the Finance Recovery Board and prioritised to the projects and programmes that have the greatest return on investment.

Statutory Recommendation



#	Issue, Impact and Recommendation	Management Response/Officer/Due Date
2	See previous page.	<u>External Expertise</u> It is recognised that the Council does not have all the necessary skills and expertise internally and therefore on occasions there may be a requirement to commission externally. Any request for external expertise will be subject to a full business case agreed by the Corporate Director of Finance and Resources. <u>Lead Consultancy Partnership Arrangements</u> Some services may require such a significant transformation and service re-design that it is better value for money to enter into a more formal partnership arrangement with a consultancy firm that brings the service expertise, capacity and skills that are needed over the duration of the Financial Resilience Plan. Any request for external expertise will be subject to a full business case agreed by the Corporate Director of Finance and Resources. Section 151 Officer – November 2026

Governance



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

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

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. 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.

Governance



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

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process – see page 9 for further details within the Financial Sustainability section of this report;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

Governance Structures & Key Decisions

- The Council has 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 at 313 The Roundway. We have confirmed that this decision was published on the website in line with the terms of the Constitution and received appropriate scrutiny and approval from members at the 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.
- In March 2026, the Cabinet approved the contract award for recycling & waste collection services over the period April 2027 – April 2035, to a value of £230.4m. As agreed by Cabinet in October 2024, this contract was procured through a Competitive Dialogue procedure in accordance with the Public Contract Regulations 2015, rather than through a Competitive Flexible Procedure under the Procurement Act 2023. Following consultation with the Greater London Authority (GLA), a contract notice was published online in February 2025, after which time the process to find a third-party contractor progressed as per below.
- We have reviewed the key stages of the procurement, namely: Selection Questionnaires; Invitation To Submit Detailed Solutions (ISDS) and Invitation To Submit Final Tenders (ISFT). Our inspection of the Council's evaluation of the two submitted ISDSs & ISFTs demonstrated thorough appraisal of each bid, including a subsequent moderation meeting, with a clear framework for scoring against a wide range of criteria.
- The Council approved and adopted a Local Code Of Corporate Governance in July 2024, which remained 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, refreshed in September 2025, which is underpinned by the 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.

Governance



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

We have considered the following in our work:

- how the Council monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud;
- how the Council approaches and carries out its annual budget setting process - see page 9 for further details within the Financial Sustainability section of this report;
- how the Council ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed, including in relation to significant partnerships;
- how the Council ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency; and
- how the Council monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of management or Board members' behaviour.

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 distributed to the relevant departments tasked with compliance. Legal Services relay legal updates to Council teams and arrange training or provide access to training materials whenever necessary. However, we do note that the Council's response times in relation to Subject Access Requests (SARs) and Freedom Of Information requests (FOIs) have declined, with only 56% of SARs responded to on time and 64% of FOIs.
- 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 detailed that as of 17 February 2026, there was a total of 886 damp and mould cases open on the case management system, with 629 of these being referrals made since Awaab's Law came into force on 27 October 2025, with new KPIs and targets to be established for management reporting in 2026/27.
- We have subsequently reviewed the latest Damp & Mould internal reporting as of June 2026 and note gaps in compliance. The dashboard shows that there were 1,397 referrals received, comprising 957 Potential Significant Hazards, 130 Potential Emergency Hazards, and 310 cases deemed Out of Scope. The law requires that the Council investigate any potential emergency hazards within 24 hours and significant hazards within 10 working days, however this is only happening in 71% & 82% of cases respectively. The Council is also required to undertake relevant safety work within 5 days of the investigation concluding that there is a significant hazard, however this is only happening in 68% of cases.
- These represent potential legal, media and financial risks for the Council, and the service must ensure that sufficient resource is allocated to improving these statistics. This is especially important given that the Government plan to extend regulations from 30 November 2026 to include hazards where they present a significant risk of harm - for instance excess cold and fire or electrical hazards - which will mean increased resource is needed to meet these requirements. As such, we have raised a **Performance Improvement Observation** linked to the improvement of the Council's responsiveness in relation to these metrics – see page 52 for further details.

Governance



Other

- 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 spent £38m on Temporary Accommodation in 2025/26. Although the Council had initially identified a preferred funder, this has not progressed further, and the project is now under internal review. We will continue to monitor any changes during our 2026/27 VFM work.
 - We are 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. 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.
 - In the interim period, in February 2026 the Council and Lendlease agreed to remove Phase 1A from the development agreement to enable the Council to directly deliver Phase 1A and to accelerate the building of new Council homes for residents. The delivery of this element of the estate has now been awarded to a new contractor as of July 2026, to progress the development of 61 Council dwellings.
 - The Council and Lendlease are continuing to work in partnership to deliver the remainder of the Scheme. However, the negotiations with Lendlease on these matters remain ongoing as at the date of this report, and we will continue to monitor any future arrangements as part of our Value For Money work in future years.
- Risk Assessment Conclusion**
- Based on the risk assessment procedures performed we have not identified a significant risk associated with governance.

	2025-26	2024-25
Control deficiencies reported in the Annual Governance Statement	6	6
Head of Internal Audit Opinion	Reasonable Assurance	Reasonable Assurance
Care Quality Commission (CQC) rating	No inspections in year	Requires Improvement*

*We discuss this CQC rating in further detail as part of our commentary on Social Care on page 35.

Improving economy, efficiency and effectiveness



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

We have considered the following in our work:

- how financial and performance information has been used to assess performance to identify areas for improvement;
- how the Council evaluates the services it provides to assess performance and identify areas for improvement;
- how the Council ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives; and
- where the Council commissions or procures services, how it assesses whether it is realising the expected benefits.

Background

- As part of our work in the prior years, we have identified significant risks in arrangements to securing value for money in respect of Procurement, Commercial Property, Housing, Temporary Accommodation & Adult Social Care. 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. Given the large nature of these areas and the issues identified in previous years, we have summarised our approach to these throughout the following slides, as well as documented any additional areas considered as part of our risk assessment.

Housing

- In January 2023, the Council referred itself to the Regulator of Social Housing because it identified a failure to meet statutory health and safety requirements for some Council owned homes, including failing to complete a significant number of remedial fire safety actions and having c.5,000 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 84% at the end of 2025/26 (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. **We are also aware that the Council has been subject to an inspection from the Housing Regulator in August 2026 and we will consider these results before finalising our reporting over VFM. Given our discussions with management to date, we believe that these findings may represent a significant risk to achieving value for money.**
- 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. The 2025/26 performance exceeds the target, with a collection rate of 99.0%, increasing from 98.5% in 2024/25.

Improving economy, efficiency and effectiveness



Housing (cont.)

- The final Housing Revenue Account (HRA) outturn for 2025/26 is an overspend of £4.3m, a deterioration of £6.1m since Q3. This required an unplanned drawdown from the HRA reserve, which leaves the reserve balance at £15.9m, below the £20m target.
- The largest driver of the final position was under recovery of planned income due to higher than planned levels of void properties – the total net under recovery for the year was £6.9m. The Council has revised its 1% void rate target to 2% in the face of significant challenges to manage voids. The final 2025/26 void rate was 2.7%, which has since risen to 3.05% as of June 2026, representing 482 void properties within the General Needs & Social Housing stock.
- To address this, the Council is assessing the outcomes of the Neighbourhood Moves Scheme in addition to reviewing the voids end-to-end process in full, including analysis of the varying processes across all types of voids and teams involved in the process. We have raised a **Performance Improvement Observation** related to voids, see page 53 for further detail.

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 at any point in time. 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, and have followed this up post year end with review of the June 2026 reporting.
- The Council's preference is to use PSLs as these are more stable for residents and procured at a much lower cost, followed by NPAs. However, during 2025/26 the average number of households placed in PSLs was 248, reduced from 343 in 2024/25, 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 an average of 1,952 households placed in NPAs during 2025/26 - compared to an average of 1,557 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 2025/26, and the service has made significant efforts as part of the Hotel Exit Programme. As of February 2026, the Council is no longer utilising any hotels/B&Bs for families in TA. This represents an important milestone from both a financial savings perspective, as well as resident experience & welfare.
- As we can see from page 10, a key driver of the overspend in 2025/26 has been TA. This has continued post year end, with the service reporting a £2.9m overspend as at Q1 2026/27. 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.
- From inspection of the June 2026 data we can see that the volume of people in NPAs has actually increased to 2,109, however the overall cost of £1.7m represents a net cost of roughly £28 per night per unit, showing that the drivers now are both cost increase and demand. The Council already undertakes a large volume of work to address increasing demand and performs above the London average for the percentage of duties owed where homelessness was prevented according to benchmarking from the Homelessness Case Level Information Collection (H-CLIC).
- 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 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 £7.0m as at year-end. This has been achieved through a variety of measures such as property acquisitions, rent convergence and investing in longer-term leases – all of which mean that the service has achieved full delivery of its savings programme of £4.0m, however these have been offset by overspends in other areas.
- 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.

Improving economy, efficiency and effectiveness



Temporary Accommodation (cont.)

- As referenced on page 33, the number of void properties across the Council has increased in 2025/26 - properties 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 17 months for a 1-bedroom property, 6.6 years for a 2-bedroom and 11.5 years for a 3-bedroom. The Council has drafted a Voids Management policy, to be considered by Cabinet later in 2026.
- Based on our 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 to address these issues in the short to medium term, with the primary driver of overspend linked to market factors.

Commercial Property

- In our 2023/24 and 2024/25 work we identified a significant risk and corresponding weakness in relation to the lack of record keeping for commercial 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 continued to identify a significant risk linked to Commercial Property.
- As at the end of 2025/26 there were 348 leases that are holding over on rent, meaning that the Council did not have these commercial tenants secured on long-term leases to ensure a reliable revenue stream, increasing the risk of sudden voids. This figure will increase significantly over the next 12-24 months, highlighting that the renewal of leases to secure longer-term income is a key priority.
- 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 not 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 service does not have a formal approach to assessing KPIs or benchmarking in relation to its percentage return on the value of the Investment Properties held. This creates a risk that the Council retains properties which generate a poor rate of return rather than looking to re-invest these funds in higher performing assets to help contribute to the Council's challenging financial position.
- The Commercial Property team monitor vacant properties via Excel in the absence of a system solution. This showed that the number of vacant properties as of March 2026 was 40, with an average time empty of over 6 years due to a wide variety of reasons, such as the property requiring significant amounts of repairs or being occupied by squatters.
- 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 reliance is often placed on knowledge held by members of the commercial property team.

Improving economy, efficiency and effectiveness



Commercial Property (cont.)

- 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 problems with payment allocations, it is a resource intensive exercise to ensure that accounts in arrears are appropriately identified, and action taken. The team focus most resource on the largest 20 debtors, which as of 31 March 2026 totalled circa £2.5m – increased from £1.8m a year ago - however a more efficient and effective approach needs to be adopted. Additionally, due to limitations of the service's software, all rental demands are sent via post, causing delays & inefficiencies in the process.
- The Commercial Property team are looking to take a more proactive approach to the largest arrears via the Debt Recovery Board, and in several instances are taking formal legal action against the debtor. There has therefore been an increased volume of requests to write off historical debt, in order to better reflect the likely level of recovery of these balances.
- The lack of oversight of leases is impacting this process, as there have been instances where the Council is unable to enforce backdated rent increases or arrears due to a lack of a formal documented rental agreement.
- The Commercial Property service 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.

Social Care

- The Council spent 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 represented a 7% overspend on a £105m budget at this stage, 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. This is reflected within the year end position as highlighted on page 10, which showed a final position of a £1.5m surplus alongside an 86% delivery of its savings target, well above the Council wide average.
- 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 Adult Social Services (ADASS) Survey which highlights that 80% of Councils were 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 fact that the final position is an in-year surplus shows the significant work undertaken by the service to improve financial performance, despite the wider national trends. This is also a significant improvement from the 2024/25 final position - an overspend of £15.8m (19%) on a budget of £79.7m.
- We have inspected the Adult Social Care monitoring dashboards used by management to track the number of users and 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 33%, and younger adults have increased by 35% between 1 April 2019 and 31 March 2026.

Improving economy, efficiency and effectiveness



Social Care (cont.)

- During 2025/26, the number of adults aged 18-64 in receipt of a care package continued to increase – 1,949 at year end vs 1,791 at the outset. However, the number of adults aged 65+ in receipt of a care package stabilised – with 2,046 at year end vs 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 (the latest comparable dataset). 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.
- 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 the backlog has reduced from 794 (June 2024) to 415 (January 2026), to the current position of 217 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 aware that the Local Government & Social Care Ombudsman (LGSCO) 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 two 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 Local 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 finding of the 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.

Improving economy, efficiency and effectiveness



External Regulatory Findings – Adult Social Care (cont.)

- 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 led to this backlog have fundamentally changed 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 has been 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 two to three 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, we have followed this up as part of our additional procedures on page 48.
- Given the forecast overspend in year as at the time of our risk assessment, how quickly the financial position deteriorated and the 'Requires Improvement' regulatory finding, we identified a significant risk linked to Adults. Specifically, that the Council did not have adequate processes in place to ensure that Adult Social Care spend was sufficiently forecast and managed, that financial contributions from patients were not assessed and recovered in a timely manner and that the Council must adequately respond to the regulator via the Social Care Action Plan.

Procurement

- In 2023/24 and 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.
- 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.
- 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.
- However, 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. The Board will be supported by the new Commissioning Panel, which will review & challenge all commissioning activity above £160,000.
- 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.

Improving economy, efficiency and effectiveness



Procurement (cont.)

- Given its infancy during 2025/26, we have also reviewed the impact of the Commissioning Panel post year end and note from inspection of the August 2026 action log & minutes that there is significantly greater scrutiny and oversight being placed upon procurement decisions, including requests for further data for the contract to proceed through the panel's 'gateways'.
- From its inception in January 2026 – July 2026 the Commissioning Panel has received 78 submissions to review, demonstrating the increased scrutiny provided. These reviews have achieved a cost avoidance of c. £1.2m.
- As part of the PMP, the Council has undertaken an exercise of Contract Classification, to categorise all new contracts from September 2026 into Bronze, Silver & Gold based upon both financial value and business criticality. This categorisation will then drive the level of scrutiny & contract management, to ensure a level of proportionality and efficient resource management.
- The Council has also established the Commissioning Modernisation Programme (CMP) in November 2025, with the aim of modernising how the Council commissions third-party services and to deliver a savings target of £16.2m – 5% of the Council's c.£320m in-scope third-party spend. The programme is overseen by the Commissioning Board and supported by a monthly Strategic Operational Group, with delivery through two workstreams: Commissioning & Practice and Service Re-design.
- 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.
- The Council has initiated a procurement effectiveness review, which will encompass a wide range of areas with the aim of service re-design to ensure greater procurement involvement in achieving value for money rather than being solely process driven. We will continue to monitor any output from this as part of our final reporting.
- We have noted issues in previous years with the Council's contract registers and the analysis of this data. 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.
 - 196 contracts where the average monthly run rate is above that initially budgeted as part of the contract award, suggesting these contracts may overrun.

Improving economy, efficiency and effectiveness



Procurement (cont.)

- We subsequently reviewed data throughout the year and tracked this through after year end, and our review of the June 2026 contract utilisation data continued to raise similar issues. We focussed on the contracts above £100k in total value and this identified:
 - 7 contracts due to expire after 2026 where the full contract value has already been spent
 - 27 contracts due to expire after 2026 where the monthly run rate suggests the contract will overrun. These 27 contracts have an average monthly run rate of £4.0m vs the contract award of only £1.8m/month.
- Due to inconsistencies within the data across various sources, it is unclear whether these findings will materialise into actual overspend, however the current monitoring data suggests that this may be the case and raises questions around the integrity of the underlying data.
- In June 2026 the Commissioning Modernisation Programme (CMP) completed an interim baselining exercise, cross-referencing three independent sources – the SAP spend return, the consolidated contract register and the Commissioning Panel pipeline – into a single validated view, with each directorate reviewing and confirming its position. A parallel whole-register spend analysis was carried out by the Government Commercial Agency. However, this review identified several key challenges in line with our previous findings, such as:
 - Over 20 services are operating on interim or expired contracts.
 - Numerous gaps and inconsistencies across contract registers, including instances of live contracts that don't appear on the contracts register or other sources.
 - In 2027/28 there will be 85 contracts for renewal with a cumulative value of £167.3m.
 - Capacity constraints across directorates are causing bottlenecks, for example as of August 2026 there were 35 contracts awaiting Commissioning Panel submission within the Adults directorate.
- We have raised a Performance Improvement Observation linked to the contract utilisation data as per page 53.

- 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.
- Given all of the above issues within the service, we have continued to raise a significant risk linked to procurement, and have considered this further on page 41.

SAP Replacement

- As part of our discussions with Procurement and the wider heads of service, 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. The aim of the Council is to award the contract to a new supplier in January 2027, with a planned go-live date of mid 2028.
- 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.
- We have subsequently reviewed Cabinet's July 2026 approval of the business case, with approval given to begin the procurement process in line with the CSOs. We also note that an exemption was given for meeting the minimum Social Value weighting requirement, and the Council instead specified several mandatory Social Value commitments that would form contractual obligations for the successful supplier.
- As part of our work in reviewing this project scoping, we are aware that the implementation of a new e-procurement system had initially been absorbed into the ERP replacement project. However, following further review the ERP Programme Board has established that none of the existing providers could offer the required functionality for Dynamic Purchasing, hence a separate procurement solution will need to be implemented alongside this.
- We have reviewed further monthly updates to the ERP Programme Board, with the papers containing sufficient detail to demonstrate the significant resource being allocated to ensure the success of the ERP replacement project, and that risks are being identified and managed.

Improving economy, efficiency and effectiveness



SAP Replacement (cont.)

- Given the over reliance upon manual spreadsheets and offline processes across the Council's directorates, the successful implementation of this project is key to the Council's future aims to modernise services and achieve greater value for money.
- As such, we will continue to monitor the delivery of this project within our 2026/27 VFM work.

Wider Commentary

- 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, the Council maintains an Insourcing Policy to attempt to achieve increased value for money. However, we note that this has not been reviewed since 2019 and, given the wider issues in improving economy efficiency and effectiveness raised in our reporting, we have raised a **performance improvement observation** linked to ensuring that the policy remains up to date and is providing value for money – see page 54 for further details.

Risk Assessment Conclusion

Based on the risk assessment performed we identified four significant risks associated with improving economy, efficiency and effectiveness - all of which are repeated from the prior year - specifically:

- 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, that financial contributions from patients are assessed and recovered in a timely manner and that the Council must adequately respond to the CQC findings.
- The Council does have not adequate processes in place to effectively manage its Housing portfolio. The Council has been subject to an inspection from the Housing Regulator in August 2026 and from our discussions with management to date, we believe that these findings may represent a significant risk to achieving value for money. As such we will update this risk with further detail in our final Auditors' Annual Report.

We have performed additional procedures over these significant risks on pages 41-51 to ascertain whether these translated into significant weakness in arrangements to secure value for money during 2025/26.

Significant Value for Money Risk



3

Procurement

Risk that value for money arrangements may contain a significant weakness linked to economy, efficiency & effectiveness

Significant Value for Money Risk

In line with the prior year work, the Council does not have adequate procurement processes in place to enable it to achieve value for money in respect of contracts entered into for services received.

Our response

We have understood the changes made to manual processes given the delay in the implementation of the procurement system solution, in particular to assess how the Council leverages financial analysis to improve contract performance, and whether these changes provide greater oversight & value for money.

Our findings

- In line with the prior year findings, the procurement arrangements in place throughout 2025/26 were not sufficient to ensure that value for money was achieved.
- However, we can see that progress is being made against the backdrop of a challenging wider financial picture and the absence of a new procurement system.
- The Council has implemented a new Commissioning Board, which is supported by a Commissioning Panel, and has achieved c.£1.2m of cost avoidance to date. The level of scrutiny upon contract awards over £160k through this panel is significant, which has enhanced the Council's ability to achieve value for money.
- However, the contract utilisation data indicates a large number of overspent contracts, as well as contracts with a significantly higher average run rate than that per the expected average based upon the contract value. We have raised a Performance Improvement Observation linked to this on page 53.
- An internal activity to create a baseline for contract register data has highlighted issues with the accuracy of the data, as well as identified that there are a high number of contracts for renewal in the coming 18 months which may cause capacity issues. There are already capacity constraints causing bottlenecks across various services in terms of timely submission to the Commissioning Panel.
- Whilst demonstrating improvements year on year, the changes made to Procurement processes still rely heavily on manual action rather than on supporting systems, with IT support being limited to databases such as the tracking of directorate contract data via SharePoint and production of contract utilisation data via Microsoft Excel.
- The behavioural changes embedded (ensuring a stronger culture of oversight) as part of the manual processes required to implement the transformation required are a positive first step, however the Council must ensure that the implementation of a new procurement system is prioritised.

Conclusion

Based on the findings above we have determined that there remains a significant weakness in arrangements relating to procurement.

This weakness is repeated from our prior year findings, and we discuss this in more detail on pages 42 - 44.

Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Procurement:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
3	The Council does not have adequate procurement processes in place to enable it to achieve value for money in respect of contracts entered into. Strategic Procurement lacks oversight of service spending and relies on services to communicate savings and contract details after delivery. The current systems do not have the functionality to produce valuable monitoring data. The Council should ensure the implementation of the incoming new procurement system is prioritised. This will allow the team to have effective oversight on the monitoring of contracts. Relevant data should be discussed with senior members of staff to report performance and/or identify efficiencies.	This recommendation is accepted, and implementation of a new Procurement system is planned but review currently underway to ensure successful implementation across the organisation and support the Procurement Modernisation Plan to improve procurement processes, improve compliance and ensure all contracts offer value for money. This includes: • Review of scope of the current planned system, ensuring that the system meets all the requirements of the Procurement Act 2023 (PA). • Review of implementation plan, including timescales and budget. This includes a review of the programme to date to identify lessons learnt and make the changes to ensure successful implementation for the remainder of the programme. The new system will not be in place for February 2025 and therefore alternative manual processes are being developed to ensure compliance with PA. • Strengthened governance of the implementation progress has been put in place with SRO as the Director of Finance and for which the Programme Board includes all key stakeholders who enable the delivery. • Communications and engagement plan with services to ensure implementation at the point of organisational readiness. It is recognised that the implementation of a new system supports the Procurement Modernisation Plan. Therefore, although a key factor, its implementation alone will not lead to the improvements needed in Procurement practice and compliance which will require a series of other actions which are currently in progress (See Management Response on next page). S151 Officer – September 2025	Whilst demonstrating improvements year on year – in particular the establishment of the Commissioning Board & Panel – which has been able to achieve c.£1.2m of cost avoidance to date - the changes made within Procurement remain very manual in nature and lack the wider advantages that an automated system implementation would bring. For instance, the production of contract utilisation data is done manually via Microsoft Excel rather than having the functionality to automatically monitor richer information from a system using multiple data points. There also remains issues with the confidence in the accuracy of the underlying data. The behavioural changes required to implement the transformation required are a positive first step and there has been a concerted effort to improve processes, however the Council must ensure that the implementation of a new procurement system is prioritised. As such, this recommendation remains in progress and is not yet completed.



Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Procurement:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
3	See previous page.	UPDATE – November 2026 S151 Officer This recommendation is accepted. The implementation of a new Procurement system (“Source to Contract” solution) is planned and up until recently had been within scope of the new ERP (SAP replacement programme). However, following market engagement with potential ERP providers, it has been determined that a single ERP will not fulfil all the requirements of procurement and contract management required under the Procurement Act 2023. This has now been de-scoped and plans to procure a separate system are underway. A report is planned for Cabinet in December 2026 to agree to go to tender with implementation to start in the Spring. The “Source to Contract” solution will help manage compliance and mitigate risk, maintain auditable supply and contract management processes and, identify procure to pay process violations by alignment with sourcing and contracts activity. The solution will also provide a centralised repository for contracts in order to have visibility of contractual commitments, mitigate risk, manage renewal cycles and monitor savings realisation. The Commissioning Modernisation Programme is now well established. The programme seeks to ensure that commissioning decisions are informed by evidence, aligned to corporate priorities and focused on delivering improved outcomes for residents. It promotes earlier planning, improved understanding of market conditions and stronger integration between service areas and commercial functions. There is £323m of spend within the scope of the programme and clear oversight of these contracts is now in place and work will continue until there is full sight of all contracts and a complete contracts register and pipeline in place, supported by a new system. In addition, a deep dive into procurement is now underway through the Procurement Effectiveness Review. This will consider a number of areas, including: Strategy & Organisation; Business Engagement and Commercial Effectiveness; Sourcing Processes, Category and Supplier Management; Purchase to Pay; People & Skills; Measurement, Policies, Controls and Compliance; Systems, Data and Metrics.	See previous page.



Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Procurement:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
3	See previous page.	The Strategic Procurement function is adopting new objectives as part of a new delivery model and several improvements have already been delivered during the reporting period, including; - Enhanced procurement governance arrangements - Improved forward planning and pipeline visibility - Introduction of a Contract Management Framework - Development of standardised contract management templates and tools - Increased training and support for commissioners, contract managers and procurement professionals - Improved transparency and reporting arrangements - Continued developments in response to the requirements of the Procurement Act 2023. The Council recognises that commercial maturity is an ongoing journey and will continue to prioritise capability development, governance and continuous improvement.	See previous page.



Significant Value for Money Risk



4

Commercial Property

Risk that value for money arrangements may contain a significant weakness linked to economy, efficiency & effectiveness

Significant Value for Money Risk

In line with the prior year work, there is a lack of oversight and processes in place for the effective management of the commercial property portfolio across areas such as leases, repairs and health & safety, which could impact the Council's return on investment.

Our response

We have considered the processes in place for the management of the Council's commercial leases, as well as seeking to understand how compliance and regulatory requirements are met around fire safety, repairs & maintenance and health & safety.

We have assessed if the Council has adequate knowledge of its leases and the underlying terms such that it can effectively budget for any financial implications.

Our findings

- The Council's oversight of its lease responsibilities is limited due to insufficient record keeping and a lack of digitisation.
- This gap exposes the Council to various financial, legal, and operational risks. Inadequate oversight increases the likelihood of missing rental payments or failing to update rents and lease terms to reflect current market conditions. There have also been instances of the Council being unable to enforce rental arrears due to a lack of a signed agreement.
- Additionally, these shortcomings may result in the Council not fulfilling its legal duties regarding property maintenance and health and safety compliance.
- The directorate has initiated a Property Review with the aim of creating a new baseline of data, however this remains challenging given the limited resource available. This is also reflected in the slow progress made to address the Council's large backlog in respect of overdue rent reviews and leases that are holding over.

- The level of debt outstanding within the directorate continues to rise and remains challenging to address, given issues with the quality of the underlying data and the resource constraints in the team.
- Ultimately, a system solution would provide significant improvements to the process and would allow the Commercial Property team to more efficiently chase arrears, perform rental uplifts and record information relating to repairs and legal responsibilities.

Conclusion

Based on the findings above and on pages 34 & 35, we have determined that there is a significant weakness in arrangements relating to Commercial Property.

This weakness is repeated from our prior year findings – see pages 46 & 47 for further details.

Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Commercial Property:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
4	The Council needs full oversight of their responsibilities in relation to commercial leases. At Haringey there are ineffective processes in place for the management of the commercial property portfolio across areas such as leases, repairs and health & safety, which could impact the Council's return on investment. The Council should review all commercial property leases to ensure accurate and accounted for. Where gaps are identified, steps should be taken to address them.	These weaknesses have been highlighted in the Commercial Property audit and broadly accepted. We have strengthened the Commercial Property team and are in a better position to reactively manage the portfolio, the weakness is with data and systems. The intention is to fully review all property records held by LBH and implement and store data in an improved Property Management system which will enable us to store lease information digitally, and act on it in accordance with lease terms and obligations. This will also allow for better financial control over transactions and debt management. Ahead of that, we are systematically working through our leases, actioning lease events, and identifying and managing any onerous conditions. There are limitations in how we can record and store this data which is why a digital solution is much needed. This includes ensuring safety and repairing obligations are clarified between landlord and tenant, fulfilling our statutory obligations and achieving best consideration. Head of Resilience – April 2027 UPDATE November 2026 S151 Officer These recommendations are accepted. The council adopted its first Strategic Asset Management and Property Improvement Plan (SAMPIP) in 2023, which identified a 5 year improvement programme. Officers recognised that the scale of the issues, identified in a senior officer requested Mazars audit in 2022; would take 5 years to improve and rectify. We are still on this journey and have implemented many new process and systems that have resulted in Green audit reviews. These weaknesses have been highlighted in a previous audit of Commercial Property audit and broadly accepted. Improvements have been made over the last 12/18 months, on a risk based approach to tackling the multiple issues and the work continues as part of that 5 year programme running the 2028. We have further strengthened the Commercial Property team (agreeing additional capacity) to expediate the pace of the improvements required to review the back log of leases and rents and is now ringfenced for the work required on commercial leases. The Corporate Director and Director are also exploring options for how more of the work required can be outsourced to an external organisation.	The Commercial Property team were only able to complete 21 lease renewals and 11 rent reviews during 2025/26, mainly due to resource & capacity restraints. Although this is a marked increase from 2024/25 of 8 renewals & 2 reviews, this still leaves c.600 leases still to review. 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. As such, this recommendation remains in progress and is not yet completed, with the estimated completion date of April 2027 proving increasingly unlikely given the scale of the challenge.



Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Commercial Property:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
4	See previous page.	There is a weakness with data and systems. Data cleansing remains ongoing but relies on manual spreadsheets. A business case is in development to procure a new system but in the interim, opportunities to better utilise the existing system (Civica) are being explored. The intention is to fully review all property records held by LBH and implement and store data in an improved system which will enable us to store lease information digitally, and act on it in accordance with lease terms and obligations. This will also allow for better financial control over transactions and debt management.	See previous page.
5	The Council should consider investment in a system solution incorporating centralised document management with standardised checklists for identifying key terms of leases and automated tools to monitor important dates, such as the expiry of lease terms.	The Council recognises its shortcomings in not having an effective property data solution. We are actively working on this, as set out in the Council's Strategic Asset Management and Property Improvement Plan. We have identified the scope of a property review programme, completed soft market testing of suitable Property Management software, and are now working to develop the business case to gain approval for this investment. Head of Resilience – April 2027 UPDATE November 2026 S151 Officer These recommendations are accepted. The Council recognises its shortcomings in not having an effective property data solution. We are actively working on this as set out above and as set out in the Council's Strategic Asset Management and Property Improvement Plan. We have identified the scope of a property review programme, completed soft market testing of suitable Property Management software, and are now working to develop the business case to gain approval for this investment.	The Council has begun to prepare the Property Review business case, however this is a longer-term project and the implementation of a system solution remains a number of years away. As such, this recommendation remains in progress and is not yet completed.



Significant Value for Money Risk



5

Social Care

Risk that value for money arrangements may contain a significant weakness linked to economy, efficiency & effectiveness

Significant Value for Money Risk

The Council does not have adequate processes in place to ensure that Social Care spend is sufficiently forecast and managed, or that financial contributions from patients are assessed and recovered in a timely manner.

Our response

We have further understood the process for forecasting demand, inspected the Adult Social Care Improvement Plan to ensure the Council responds appropriately to the CQC findings and assessed the potential impact of the LGSCO report published in August 2025.

Our findings

- We note that the service has delivered an in-year surplus of £1.5m despite forecasting a £7.5m overspend as at Q1, as well as achieving delivery of 86% of its savings target.
- We have obtained a copy of the Adult Social Care Improvement Plan and the accompanying agenda item where the plan was presented to Cabinet in November 2025. The Improvement Plan aims to build on the progress made to date by providing a clear, phased approach to strengthening the Service and embedding sustainable improvement over the next 2-3 years.
- We have reviewed the minutes of the Adult Social Care Programme Board from November 2025 to date and have seen evidence of regular monitoring of key KPIs that form part of the Improvement Plan, demonstrating that active progress is being made.
- We have also reviewed an update in October 2026 to the Adults Health & Scrutiny Panel which outlines the progress made against the areas identified by CQC as well as the impact achieved to date.

- However, despite the Council's progress in implementing the action plan which would potentially address our prior year recommendation, we are aware that the CQC performed a follow up inspection in September 2026. The results of this report may be published before our Auditors' Annual Report is finalised and so we reserve the right to continue to raise a significant weakness linked to Adult Social Care.
- As at the Q1 2025/26 financial update presented to Cabinet, Adult Social Care is reporting an overspend of £700k (vs £7.6m for Q1 2025/26). This is a significant change in overspend year on year and suggests improvements have been made in forecasting methods.
- Additionally, large progress has been made to reduce the financial assessment backlog by 80% from June 2024 to date.

Conclusion

Based on the findings above we have not yet determined whether there is not a significant weakness in arrangements relating to Adult Social Care, due to the imminent CQC follow up report.

When we conclude, we will discuss our response to the prior year recommendation in more detail on pages 49 - 51.

Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Social Care:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
6	Part of the weakness around overspend within the Adult & Social Services budget is already captured within our significant weaknesses linked to financial sustainability, and the difficulties in managing budgets within the tight financial constraints of the Council's overall financial position. However, this weakness is specifically linked to the poor forecasting of cost given the known planned increases in resource within the service. This additional resource was introduced in order to increase the number of Care Act assessments being undertaken; hence the associated overall cost could have been better anticipated within the financial forecast. As such, we recommend that management takes steps to ensure that a more prudent estimate of forecast activity is captured within the budget setting process for FY27, making appropriate use of expected care act assessment numbers.	The Council acknowledges this recommendation for 2024/25. Significant improvements have been made during 2025/26 to strengthen modelling and forecasting processes, resulting in a much closer alignment between budget assumptions and actual demand. While waiting lists will remain an inherent feature of adult social care due to the demand-led nature of the service, these factors have now been more explicitly and systematically factored into the budget-setting process through more detailed analysis of expected activity levels and associated cost drivers. Extensive work has been undertaken to estimate likely demand and price pressures for 2026/27, and an additional budget requirement has been included in the draft budget. The increased corporate contingency for 2026/27 provides further resilience to manage risks within these assumptions. Importantly, the Council continues to focus on improving forecasting and demand modelling as part of its ongoing improvement work and has commissioned external support to further enhance the robustness and accuracy of these processes. Our overspend position at P8 is £4.8m, as a 4.6% variance to budget; last year this was £16.1m at P8, a 20.5% variance. This shows a positive direction of travel and brings us much closer in line with the national overspend position.	We have seen significant progress in reducing the financial assessment backlog, which has reduced by 80% from June 2024 to date, showing improved processes and that appropriate resource has been allocated. The service reported a surplus for 2025/26 despite an in year forecast deficit at Q1 of £7.4m, showing significant improvements in financial performance. Additionally, the Q1 2026/27 position is a significantly smaller deficit than in prior years, showing that the issue of historically poor forecasting is no longer impacting financial performance. As such, we are satisfied that this recommendation has been successfully implemented.



Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Social Care:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
7	Additionally, as part of our VFM work we consider the outcome of external regulatory findings, and so the 'Requires Improvement' CQC inspection and the LGSCO report - alongside the difficulty that the service has with accurately forecasting demand - have led us to conclude that there is a significant weakness linked to Social Care. We are aware that the Council has produced an Adults Improvement Plan to address the findings of the CQC inspection and LGSCO report and recommend that this is progressed and monitored throughout 2025/26 to ensure that the necessary improvements are implemented. We also recommend that work continues to improve the speed with which the Council completes the financial assessment of clients, such that all those who are deemed eligible to contribute towards their care can do so in a timely manner.	This recommendation is accepted. The Adults Improvement Plan was agreed by Cabinet in November 2025 and progress monitored and reported through the Adults Improvement Board, which is a cross-party board chaired by the Chief Executive. In addition, there will be regular updates to both Cabinet and the Adult and Health Scrutiny Panel. The LGSCO wrote to the Chief Executive on 1st Dec and confirmed that the Council's response to the report was satisfactory and fully compliant with the requirements of section 31(2) of the Local Government Act 1974. The Ombudsman has recorded a compliance outcome of "Remedy satisfied on time", acknowledging that the Council took the required actions promptly and appropriately. An independent review of safeguarding is also underway and due to report back in Feb 2026. In terms of financial assessments, there is an improvement project underway through the Adults Financial Assessment and Debt Board. Progress has already been made in 2025/26 to clear the backlog of assessments, and a hybrid model will be retained in the short term of internal assessors and 3rd party external support to keep any delays in assessments small. In June 2024, there were 794 clients receiving care without a financial assessment and as of January 2026, the backlog is down to 415, and work has commenced on 288 of the cases. Through the same project, there is also an end-to-end process review underway across all services involved from adult social care to debt recovery to improve the timeliness and quality of the assessments once a care package has been agreed. (continued overleaf)	We have seen evidence of the Council tracking & implementing its Adult Social Care Improvement Plan through the Adults Social Care Improvement Board, taking appropriate steps to address the CQC findings. However, we are aware that the CQC performed a follow up inspection in September 2026. The results of this report may be published before our Auditors' Annual Report is finalised and so we reserve the right to continue to raise a significant weakness linked to Adult Social Care depending on their updated findings.



Value for Money: Recommendations

Below we have set out our findings from following up recommendations raised in respect of significant weaknesses identified in prior periods in relation to Social Care:

#	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
7	See previous page.	A review of the Council's Charging Policy has been completed and will ensure that the policy is being applied correctly, and all eligible clients are contributing to their care where they can afford it. Finally, we have a new Management Team in post as of April 25 and have recruited a Deputy DASS (commenced in post January 26) and a Principal Social Worker (commencing in post late Feb 26) to strengthen leadership capacity, with a focus on performance, Social Work practice and associated financial oversight.	See previous page.



Value for Money: Performance improvement observations



The performance improvement observations raised as a result of our work in respect of identified or potential significant value for money risks in the current year are as follows:

Priority rating for observations

- 1** **Priority one:** Observations linked to issues where, if not rectified, these issues might mean that you do not meet a system objective or reduce (mitigate) a risk.
- 2** **Priority two:** Observations linked to issues that have an important effect on internal controls but do not need immediate action. You may still meet a system objective in full or in part or reduce (mitigate) a risk adequately, but the weakness remains in the system.
- 3** **Priority three:** Observations linked to issues that would, if corrected, improve the internal control in general but are not vital to the overall system. These are generally issues of best practice that we feel would benefit you if you introduced them.

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
1	1	The Council is not currently complying with the requirements of Awaab's Law, which was introduced in October 2025. We noted from our review of the latest damp & mould internal reporting that there are gaps in compliance. The law requires that the Council investigate any potential emergency hazards within 24 hours and significant hazards within 10 working days, however this is only happening in 71% and 82% of cases respectively. The Council is also required to undertake relevant safety work within 5 days of the investigation concluding that there is a significant hazard, however this is only happening in 68% of cases. These represent potential legal, reputational and financial risks for the Council, and the service must ensure that sufficient resource is allocated to improving these statistics into 2026/27. This is especially important given that the Government plan to extend regulations from 30 November 2026 to include hazards where they present a significant risk of harm - for instance excess cold and fire or electrical hazards - which will mean increased resource is needed to meet these requirements. We recommend that the Council ensures that the service has sufficient resource to be able to deliver in line with its statutory duties, to mitigate the risk of action from the Regulator Of Social Housing.	TBC – Management response to be confirmed before the final January 2027 paper.

Value for Money: Performance improvement observations



#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
2	2	The final HRA outturn for 2025/26 is an overspend of £4.3m. The largest driver of this was under-recovery of planned income due to higher than planned levels of void properties – the total net under recovery for the year was £6.9m. The Council has revised its 1% void rate target to 2% in the face of significant challenges to manage voids. The final 2025/26 void rate was 2.7%, which has since risen to 3.05% as of June 2026, representing 482 void properties within the General Needs and Social Housing stock. We recommend that the Council undertakes a thorough review to understand the root causes of this increase in voids and creates an action plan to help address these issues.	These recommendations are accepted. When the HRA business plan was agreed in March 2025, it was set based on 1% void rate. However, the Council does acknowledge that this was based on improvements in timeliness and works capacity that did not materialise as planned. This trend did continue into quarter 1 of 2026/27 but there is now an improvement plan to increase void turnaround and process management. Additional senior management oversight to work across housing and additional contractor capacity to substantially increase the number of voids brought back into use each month will have an impact from September 2026. Improved efficiency will reduce void periods and therefore income loss. As part of the 2027/28 HRA business planning process, a review of all budget assumptions is underway and in light of the improvement plan and the timing of the improvements to ensure that the % set for voids is realistic and achievable.
3	2	The Council's contract utilisation spreadsheet that is used to inform discussions at the Commissioning Board must represent the most accurate view of the Council's contracts. The data analysed suggests a high number of contracts are overspent, but this could partially be driven by incorrect data and inconsistencies between different datasets. We recommend that the Council undertakes a data review & cleansing exercise to ensure a single source of truth in respect of its contract register, to enable more meaningful analysis of the underlying data. Where there are instances of high run rate vs budget, action should be taken to ensure that this does not present a financial risk to the Council.	This recommendation is accepted. A significant amount of work has been undertaken over the last 12 months as part of the Commissioning Modernisation Programme to improve the data and develop a complete contracts register. However, the council has struggled to develop a "single source of truth" for all contracts activity due to a disparate number of systems supporting Source to Contract activity. Further, there is limited integration of systems which means there is an over reliance on manual interventions - no single system provides a complete and authoritative view of contractual activity. There is a dependency on 'Legacy systems' and the data distributed across a range of systems managing key activity. It has been agreed that a single 'Source to Contract' solution is required to standardise our approach to sourcing and contract management activity and improve contract visibility, reporting capability and supplier information management across the procurement lifecycle. A report requesting permission to go out to tender is expected to be presented to Cabinet in December 2026 for implementation to commence in the Spring. In advance of the implementation process for the new "Source to Contract" solution and to support data migration, contracts data is being reviewed and refreshed. In addition, a new Contracts Management Framework is being launched which will require all contracts to be classified and for a Contracts Manager to be identified to manage the contract and a data requirements.

Value for Money: Performance improvement observations



#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date
4	2	The Council maintains an insourcing policy, through which it aims to achieve improved value for money, as opposed to outsourcing functions of Council activity. However, we note that this policy has not been reviewed since 2019 and given the wider issues in improving economy efficiency and effectiveness raised in our reporting and the slow progress made in implementing change, we recommend that the Council reviews this policy to ascertain if this policy still represents value for money.	This recommendation is accepted and the policy developed in 2019 will be reviewed during 2026/27. However, it should be noted that through the Commissioning Panel (established through the Commissioning Programme), a full options appraisal of all delivery options must be completed and evidenced to determine that which provides best VFM and requests to commission are not agreed to proceed without this evidence.

Value for Money: Performance improvement observations



Below we have set out our findings from following up performance improvement observations raised in prior periods:

#	Risk	Issue, Impact and Recommendation	Management Response/Officer/Due Date	Update as of November 2026
1	2	Lack Of Clarity In Assessing Budget vs Actual Performance In Finance Updates We have noted from our review of the quarterly finance updates to Cabinet during 2024/25 that there is consistent revision of the initial budget and savings targets agreed by the Full Council in March 2024. This reduces transparency and the ability of members to assess in year performance vs initially agreed budgets. We recommend that reporting is enhanced so as to include the initial forecasted expenditure& savings, alongside any virements approved by committee.	This recommendation is accepted and for both revenue and capital monitoring reports, from Q3 of 2025/26 will include for both revenue and capital budgets, the original budget, any virements agreed each quarter and then the latest budget for which monitoring is against. As per reporting at the moment, the rationale for each virement made every quarter will be included in detail of the appendix of each quarterly report. Chief Accountant – December 2025	We have inspected the finance update reports from Q3 2025/26 onwards as part of our follow up, and can see the additional financial detail included to provide the reader with greater clarity. As such we are satisfied that this recommendation has been implemented.
2	2	Assessing The Potential Income From A Commercial Property Review Our risk assessment work over Commercial Property has identified that there is a significant amount of lost income through overdue rent reviews and properties which have leases holding over. The Council has not yet been able to quantify this lost income to effectively assess the cost/benefit of performing the Property Review. We recommend that work is done to understand the additional income that could be achieved through this review, such that resource can then be appropriately allocated.	This recommendation is accepted. Over the last 12 months, good progress has been made in collecting data on the Council's commercial property portfolio, including on leases and the rent roll. Work is underway to work through the portfolio to carry out overdue rent and lease reviews and to date an additional £500,000 has been identified from the reviews to date. However, there remains a large backlog and this will remain a priority until complete. Additional time limited capacity is being considered to expedite these reviews because it is recognised that there are missed income opportunities which are even more crucial given the Council's financial position. Work is also underway to consider a digital solution for the maintenance of commercial property data and the management of the portfolio since much of these records are held and managed manually at this stage. Chief Accountant – January 2026 UPDATE November 2026 S151 Officer The Council has an improvement plan in place and progress has been made. In 2025/26, income collected was over £1m higher than in previous years and to date in 2026/27, income collected is ~£700,000 higher than the same period last year. However, it is accepted that there remains a high backlog of lease and rent reviews and additional capacity is already being put in place to expedite the pace and this will be ring fenced to addressing this backlog.	As detailed on page 45, we have continued to raise a significant weakness linked to Commercial Property and note that there remains a high number of lease reviews outstanding. There also remains no clear assessment of the value of potential lost income as a result of these reviews, should the work be undertaken. We are therefore not satisfied that this recommendation has been implemented.



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