

Report for: Audit Committee – 3 November 2026

Item number: 14

Title: KPMG LLP Statutory and Non Statutory Recommendations – Update on Progress - October 2026

Report authorised by : Taryn Eves, Corporate Director of Finance and Resources

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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** N/A

1. Describe the issue under consideration

- 1.1 On 20 July 2026, Council agreed the management responses to the Statutory and Non Statutory recommendations issued by KPMG LLP on 18 May 2026. Council also agreed that Audit Committee is responsible for monitoring and providing assurance that adequate progress is being made.
- 1.2 This report is the first update since the full Council meeting in July 2026 and an update is set out in full in Appendix 1.

2. Cabinet Member Introduction

- 2.1 Not applicable.

3. Recommendations

- 3.1 The Audit Committee is asked to note the progress against the Statutory and Non Statutory recommendations issued by KPMG and as set out in Appendix 1.

4. Reasons for decision

- 4.1 Schedule 7 of the Local Audit and Accountability Act 2014 requires that the Council must consider the Statutory and Non-Statutory Recommendation at a meeting held before the end of the period of one month beginning with the day on which it was sent to the authority (18 May 2026). It was subsequently agreed with KPMG LLP that the report and the Council's response could instead be considered at the next available Full Council meeting, that being 20 July 2026. At that meeting the relevant authority must decide— (a) whether the report requires the authority to take any action or whether the recommendation is to be accepted, and (b) what, if any, action to take in response.
- 4.2 At the Council meeting on 20 July 2026, Council agreed that (a) the report required the authority to take action and that the recommendations were accepted, and (b) agreed the Council's response.
- 4.3 Council also agreed delegation of the monitoring of these actions to the Audit Committee, reporting through the Annual Governance Statement Action Plan. This is the first update to Audit Committee and as a separate agenda item.

Future updates will be reported through the half yearly updates on the Annual Governance Statement.

5. Alternative options considered

- 5.1 Not applicable. Full Council in agreeing to accept the Statutory and Non-Statutory recommendations from KPMG on 20 July 2026, agreed, that progress would be reported regularly to Audit Committee, no other options have been considered.

6. Background Information

- 6.1 As well as giving an opinion on the financial statements and assessing the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources, KPMG LLP have additional powers and duties under the Local Audit and Accountability Act 2014. KPMG LLP concluded that it was appropriate to use their powers to make a written Statutory Recommendation and two Non-Statutory Recommendations under Schedule 7 (Paragraph 2) of the Local Audit and Accountability Act 2014.
- 6.2 The recommendations were received in writing on 18 May 2026 and were made owing to the concerns of 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 and Local Government and its impact on financial sustainability. The recommendation was made with respect to the financial year 2025/26.
- 6.3 At the Council meeting on 20 July 2026, Council agreed that (a) the report required the authority to take action and that the recommendations were accepted, and (b) agreed the Council's response subject to the following amendment:

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

- 6.4 A link to the written recommendations received from KPMG LLP and the Council's response is included in the 'background papers' section at the end of this report. The purpose of this report is to present an update on progress.

Contribution to the Corporate Delivery Plan and High level Strategic Outcomes?

- 7.1 The Council's Financial Resilience Plan is the basis for responding and improving its financial position over the next three years. The Financial Resilience Plan focuses on key priority service areas, mainly those where spending is high and there is the greatest opportunity to transform and re-design services and deliver savings through cost reductions or increased income. All other services not covered by the priority areas have prepared a Value for Money Action Plan with proposals to reduce spend and increase

income that align Haringey's spending with statistical neighbours and cost avoidance measures to limit year on year increases in additional budget required to fund pressures over the next three years. The outcome of this work over the summer will be presented to Cabinet on 10 November and will include opportunities identified by officers to close the budget gap over the next three years within the context of delivering on the priorities in the Corporate Delivery Plan that will be presented as part of the same agenda to Cabinet.

- 7.2 The Corporate Delivery Plan will be presented to Cabinet in November 2026 and has been prepared based on what can be delivered within existing resources.

8. Carbon and Climate Change

- 8.1 There are no direct Carbon implications arising from this report.

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Legal and Governance, Equalities)

9.1 Finance and Procurement

Finance

The actions agreed by Council on 20 July 2026 are expected to increase the level of savings agreed by the Council for 2027/28 onwards, improve delivery of these savings and reduce future reliance on Exceptional Financial Support. These outcomes together are expected to improve the financial sustainability of the Council.

Delegation of the monitoring of these actions is to the Audit Committee, and this is the first report. Subsequent updates will be included in the Annual Governance Statement.

Progress against these recommendations are set out in Appendix 1 and as part of the 2027/28 budget planning process over the summer, a review of all service and corporate assumptions have been updated, as well as opportunities identified by officers that can reduce spend and increase income to close next year's estimated budget gap of £37.7m and reduce the reliance on EFS.

Procurement

Strategic Procurement has been consulted on the contents of this report. The recommendations, the Council's response and this update do not give rise to any immediate procurement implications requiring a procurement decision.

However, Procurement and Commissioning has been identified as a priority area within the Council's Financial Resilience Plan and will contribute to the delivery of future savings, service transformation and value for money initiatives. Any resulting procurement, commissioning or contract management activity will be undertaken in accordance with the Procurement Act 2023, the Council's Contract Standing Orders and the Council's established governance arrangements.

- 9.2 **Director of Legal & Governance – Fiona Alderman, Director of Legal and Governance.**

Under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014 (the Act), a local auditor may make a written recommendation to a “relevant authority” during or at the end of an audit, and any such recommendation must be sent to the Secretary of State. The Act defines a relevant authority as including “A London borough council”. The basis for a recommendation to be issued is where the auditor considers that it would be in the public interest for it to raise an issue discovered during the audit, so that the authority can consider it or bring it to the attention of the public. If a recommendation is made, then an obligation is placed on the authority under the Act to consider it at a meeting “held before the end of the period of one month beginning with the day on which it was sent to the authority”.

The Act stipulates that the body which is to consider the recommendation is Full Council, and that the function cannot be delegated further. The Act requires the authority to give notice of the meeting in a prescribed format and location “before the beginning of the period of 8 days ending with the day of the meeting”. Confirmation is given that notice was published on the Council’s website on 10 July 2026 and the report considered by Full Council on 20th July 2026.

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

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

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

9.3 Equality

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

- tackle discrimination and victimisation of persons that share the characteristics protected under S4 of the Act. These include the characteristics of age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex (formerly gender) and sexual orientation;
- advance equality of opportunity between people who share those protected characteristics and people who do not;
- foster good relations between people who share those characteristics and people who do not.

There are no direct equality implications arising out of this report.

10. Use of Appendices

Appendix 1 – Update on the Council's response to the Statutory Recommendation and Non-Statutory Recommendations in accordance with Schedule 7, Paragraph 2 of the Local Audit and Accountability Act 2014.

11. Background Information

Council 20 July 2026 - Letter received from KPMG detailing Statutory and Non Statutory Recommendations - [Letter to.pdf](#)

Council 20 July 2026 – Council's response - [APPENDIX B Final.pdf](#)

Council July 2026 – Amendment subsequently agreed by Council - [Item 9. amendment.pdf](#)