

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.

This appendix sets out the full details of the Council’s response to the recommendations received from KPMG LLP which were agreed by Council on 20 July 2026 and the latest progress update.

Council Response	Update - November 2026
The Council has developed a three-year Financial Resilience Plan which recognises that addressing the financial challenges in Haringey cannot be resolved in a single year. 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. The areas are as follows: • Adult Social Care • Procurement and Commissioning • Housing • Income generation and income collection • Customer Services • Reductions in Senior Management roles • Reduction in capital programme • Council Tax A Delivery Plan will be developed for each of these priority areas with the expected outcome of reducing spend and/or increasing income and a level of performance that aligns Haringey’s spending with statistical neighbours. This will also include cost avoidance measures to limit the year on year increase in additional budget required to fund pressures while maintaining appropriate quality standards within services to meet its statutory duties. All other services not covered by the priority areas above will be required to produce a Value for Money Action Plan with proposals to reduce spend and increase income that align Haringey’s spending with statistical neighbours and cost	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 gain 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

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avoidance measures to limit year on year increases in additional budget required to fund pressures over the next three years. The savings / income / cost avoidance proposals for the listed priority areas and the VFM Action Plans are expected to reduce the budget gap in future years and the reliance on EFS. The full details will be presented as a bundle of the proposed savings, together with the detailed delivery plans as part of the Medium-Term Financial Strategy to Cabinet in November 2026 and will be subject to the Council's decision-making process. Where opportunities identified can be delivered in year, immediate decisions will be taken to realise reductions in year and reduce the forecast £84m in year reliance on EFS. Monthly monitoring of the agreed savings will be through the Finance Recovery Board which is chaired by the Chief Executive and includes independent external sector experts for scrutiny and challenge with action taken against non-delivery. Progress will be reported externally to Cabinet and Overview and Scrutiny Committee through the quarterly finance reports and to Audit Committee as part of updates on the Annual Governance Statement. All Member briefings by the Section 151 Officer will take place during the year to update on the latest financial position as part of the usual budget setting cycle. Spending controls already in place will continue and a clear Section 151 Officer approval process will be introduced for any department to spend beyond its cash limits, to ensure that there is a clear and agreed funding strategy agreed if spending is deemed essential.	must be exceptional because any write off of existing savings increases the budget gap for next year. 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. An update will be provided verbally at Audit Committee since these papers are published before that meeting took place. At that meeting, the Terms of Reference will be agreed and they will consider the latest forecast delivery of the savings. The Section 151 Officer has been engaging with Cabinet and Opposition groups throughout the financial planning cycle to date and an All Member Briefing is planned for 29 October in advance of the full Cabinet papers being published on 2 November 2026. 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 recent internal audit review has identified some areas of non compliance with the controls which has been reported to Finance Recovery

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	Board and action is being taken to address and re-enforce compliance. Consequences through the HR disciplinary process will now be put in place where there is persistent evidence of non compliance. 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.
Accountable Officer – Corporate Director for Finance and Resources (Section 151 Officer)	

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All decisions already include statutory finance comments and all decisions over £25,000 require Section 151 sign off to confirm that the spending is essential and the budget provision is available. Going forward, the Section 151 Officer will review how reports are written and presented, including those at Cabinet to ensure 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 (From September 2026). In 2026/27, the Commissioning Panel will continue to review and challenge all new commissions for services (funded by revenue) through a formal gateway approval process over £160,000 but this threshold is expected to reduce to £25,000 during 2026/27 (by March 2027). The panel which consists of a panel of commissioning experts who scrutinise requests to ensure there is a clear evidence base for need, quality of service is in line with other authorities, all options are considered, including proposals to reduce spend. In 2026/27, the new governance on capital spending will continue to be embedded. All schemes in the programme will be subject to review and those not in flight or can be paused will be considered for removal from the capital programme. No scheme will be included in the capital programme without having been subject to the new capital governance and an approved	Sign off and Detail of Decision Reports 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. This is largely because of the urgency of reports when they come to the Section 151 and limited time to request changes before the decision is required. This will be addressed going forward and guidance to report authors and those preparing the finance comments to encourage more forward planning so that reports come to the inbox sooner. Commissioning Modernisation Programme The Commissioning Panel has been fully established since the beginning of the year and created as part of the Commissioning Modernisation Programme as a mechanism to challenge all commissions over £160,000 (approx. £323m each year) to ensure that needs of the commission are appropriately evidenced, that a full options appraisal of how to meet outcomes has been completed, opportunities to reduce costs by 5% have been considered and that routes to market have been challenged and agreed with Strategic Procurement. All of these are aimed to provide assurance on value for money. In-year MTFs savings on third-party spend across children and adult services total £3,289.580 to date. The Commissioning Panel has reviewed 86 contracts with a combined revenue value of £354m and capital value of

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business case by Strategic Capital Board. Ongoing monitoring of business case assumptions and delivery of retained schemes will be through the capital governance framework (By March 2027). All other spend over £1,000 will continue to be subject to the Spend Control Panel process. Directors will continue to have discretion over determining if spend is essential and therefore not subject to panel decision but in 2026/27, these decisions will be subject to sample checks to ensure that essential criteria is met (From September 2026). The Cabinet have been briefed on the financial position, and this will continue through the financial planning process in developing the draft budget for 2027/28 onwards in a smaller financial envelope. All Member briefings by the Section 151 Officer will take place during the year to update on the latest financial position as part of the usual budget setting cycle. Externally, through officers and Members the Council is committed to be open and transparent about its financial challenges and the steps as set out in this response to bring the budget back into balance, the options considered, choices made and the reasons why. These external communications will commence from September 2026 and will be formally reported through the MTFS and draft budget proposals published for Cabinet in November 2026. The Council acknowledges that its delivery of savings must improve. A new tighter monitoring and reporting process is in place for 2026/27 and all existing savings and new savings identified through the Financial Resilience Plan will have an identified Corporate Director and Director lead that will be held accountable for delivery and managed through the Finance Recovery Board (From July 2026).	£118.5m, with forecast revenue savings of £1,479,030. The Recruitment Project has delivered a further £1,103,954 in spend avoidance. Taken together, the programme has delivered <u>£5,872.564</u> of financial benefit to date in 2026/27. Capital Programme The annual review of the capital programme has taken place over the last few months. To provide greater clarity and to ensure that the Council is not budgeting for borrowing not yet confirmed as required, new categorisations have been introduced into the planning stage this year – pre pipeline, pipeline, inflight and contingency. The result of this categorisation and process change means that the funded capital programme considered by Cabinet in February 2027 and subsequently presented to Full Council on 1 March 2027 for approval will only include projects that are deemed ‘inflight’ or ‘contingency’. Work to date has been on: - • Confirming schemes that will have completed at the end of 2026/27 and therefore will not feature in next year’s programme. • Confirming schemes that no longer align with priorities in the Corporate Delivery Plan and can be re-prioritised. • Review of schemes that need to be retained in the programme to review the business case, delivery plan and profile of spend. Where a delivery plan cannot be evidenced but delivery is expected, these will be removed as named schemes in the programme and reflected within the contingency allocation with approval through the capital governance process in year. External Engagement -The Council continues to be open and transparent internally and externally regarding its financial position. Internally this includes regular updates to staff and members. Externally, the Leader and Cabinet Member for Finance have communicated through social media with residents, updates to all of the borough’s MPs and GLA, letters to Ministers and the Leader has convened the Leader’s and Chief Executive’s of the 35 EFS authorities to discuss the position and joint lobbying to Government regarding the punitive measures of EFS and it not being a sustainable solution. The Section 151 Officer engages regularly with MHCLG and will shortly commence discussions on next year’s EFS requirement based on the latest

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	position and a recently completed financial resilience review by CIPFA and its recommendations will be published along with the Council’s response when available. 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. Other An update on spend controls, delivery of savings and communication and engagement with Members is provided above against the statutory recommendation above.
Accountable Officer – Corporate Director for Finance and Resources (Section 151 Officer)	

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Work has commenced on the 2027/28 financial planning process alongside the development of the Council’s new Corporate Delivery Plan. All members through the Member induction process have been briefed on the Council’s financial position and more detailed updates have been provided to Cabinet to highlight the challenge we must address through the Council’s Financial Resilience Plan as set out in the response to the Statutory Recommendation above. All Member briefings by the Section 151 Officer will take place during the year to update on the latest financial position as part of the usual budget setting cycle. The full details will be presented as a bundle of proposed savings, together with the detailed delivery plans as part of the Medium-Term Financial Strategy to Cabinet in November 2026 and will be subject to the Council’s decision-making process (November 2026).	2027/28 Financial Planning 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.

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The Council is committed to consider any early decisions on spending reductions that can be taken in year (mid year budget proposals) that will have an immediate impact on improving the Council's financial position and this may include undertaking consultation of changes in policy as soon as feasible possible to ensure full year impact of any changes in 2027/28 (From September 2026). Given the Council's current political structure and No Overall Control, All Members will continue to be regularly briefed on the financial position. Support and engagement will be in place with oppositions groups in the development of any alternative budget they put forward (From June 2026). Identification of savings options will use 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 (November 2026). As detailed in our response to Recommendation 1, the Council acknowledges that its delivery of savings must improve. A new tighter monitoring and reporting process is in place for 2026/27, and all existing savings and new savings identified through the Financial Resilience Plan will have an identified Corporate Director and Director lead that will be held accountable for delivery and managed through the Finance Recovery Board.(From July 2026) Progress will be externally reported through Cabinet and Overview and Scrutiny Committee and to Audit Committee through the update on the Corporate Risk Register and the Annual Governance Statement (From September 2026). The Council acknowledges that delivering the level of changes and savings needed through its Financial Resilience Plan will	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 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. Although this process has not identified any specific opportunities to take early decisions on (mid year budget proposals) the Council continues to have in place tight spending and recruitment controls as detailed above to mitigate against the in year overspend of £21.7m that was reported to Cabinet in Quarter 1. Member Engagement As highlighted above, The Section 151 Officer has been engaging with Cabinet and Opposition groups throughout the financial planning cycle to date and an All Member Briefing is planned for 29 October in advance of the full Cabinet papers being published on 2 November 2026. A further All Member Briefing will also be scheduled in January in advance of the draft report being presented to Cabinet in February 2027. Delivery of Savings An update on savings delivery assurance is provided above against the earlier statutory 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. Delivery Capacity The Council recognises that to deliver the scale of savings and transformational change and service re-design needed and at the pace

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require capacity and expertise dedicated to delivery. Therefore, the Council's transformation efforts and capacity will be concentrated on the areas where we can have maximum impact and also where there is the highest priority need for improvement and re-design that will lead to savings. Any funding of additional capacity and skills will need to be agreed through the Section 151 Officer and the £2.5m set aside in the 2026/27 budget through the Flexible Use of Capital Receipt. The Council's change and project support capacity will be aligned with the priorities set out in the Financial Resilience Plan (From July 2026).	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. <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. The Corporate Director of Finance and Resources will set aside a sum of capital receipts over the next three years that can be utilised to support the deliver of the transformation and service re-design that will be required to deliver the Financial Resilience Plan. In addition, the Council has been

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	successful at securing £4.79m from MHCLG in transformation funding that can be utilised. Both allocations of funding will be held corporately and managed by the Corporate Director of Finance and Corporate Services. Any request to access this funding will be subject to approval of a full business case that provides evidence of clear financial benefits. Requests will be prioritised according to financial return and outcomes for residents and a criteria for prioritisation will be established before the end of December 2026. Compared to previous years, a more stringent process will be in place for the monitoring the financial benefits from this investment and will be evidenced through the delivery of cost reductions or income generation. If the agreed investment is not resulting in the financial benefits, lead officers will be provided with a window of opportunity to address the issue but if improvements do not materialise in a timely manner, financial resources and/or staffing capacity will be removed and re-prioritised.
Accountable Officer – Corporate Director for Finance and Resources (Section 151 Officer)	