

Brent Council

Auditor's Annual Report for the year ended 31 March 2024

22 January 2025



Contents



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction



Purpose of the Auditor's Annual Report

This report brings together a summary of all the work we have undertaken for the London Borough of Brent (the Council) during 2023-24 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements.

All local authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in the use of their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Responsibilities of the appointed auditor

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Value for money

We report our judgements on whether the Council has proper arrangements in place regarding arrangements under the three specified criteria:

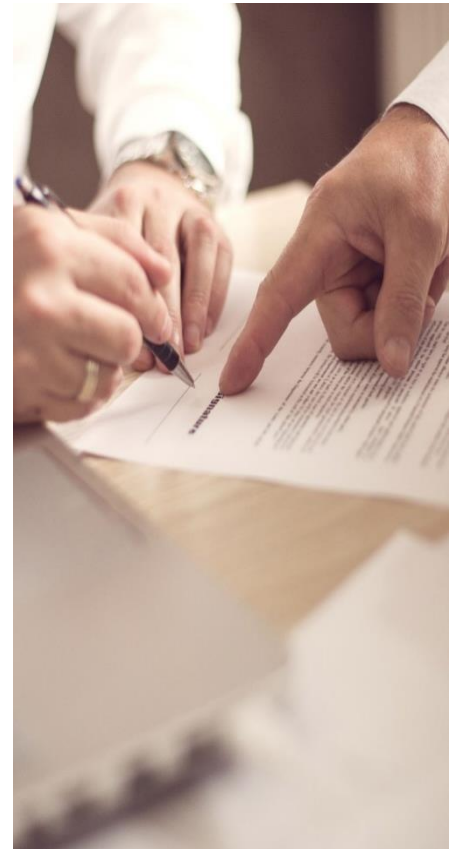
- financial sustainability
- governance
- improving economy, efficiency and effectiveness

The Value for Money auditor responsibilities are set out in Appendix B.

Auditor powers

Auditors of a local authority have a duty to consider whether there are any issues arising during their work that require the use of a range of auditor's powers.

These powers are set out on page 12 with a commentary on whether any of these powers have been used during this audit period.



Executive summary



Executive summary

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The NAO has consulted and updated the Code to align it to accounts backstop legislation. The new Code requires auditors to share a draft Auditors Annual Report ('the Report') with those charged with governance by a nationally set deadline each year (30 November) and for the audited body to publish the Report thereafter. This new requirements will be introduced from November 2025. As a firm, we are committed to reporting the results of our local audit work on as timely a basis as possible and are bringing forward our 2024 reporting in advance of the Code change. Our summary findings are set out below.



The audit of your financial statements is substantially complete. We plan to issue an unqualified audit opinion following the Audit & Standards Committee meeting on 24 February 2025. Our findings are set out in further detail on pages 10 to 11.



Financial sustainability

In 2023-24 the Council overspent against its budget by £13.5m. Latest forecasts for 2024-25 are that the overspend could be around £14m. The main area of challenge is in homelessness. The Medium-Term Financial Strategy was refreshed in July 2024 and shows a cumulative deficit of £30m to 2027-28. The Council needs to ensure that the 2025-26 budget is realistic, reflects likely demand in key services and is balanced without the need to draw further on reserves. This will require difficult decisions, but if these are not made the Council risks not being able to provide essential services. We have identified a significant weakness and raised a key recommendation on page eight.

In 2023-24 the Housing Revenue Account achieved a surplus of £2m, allowing the reserve balance to increase to £2.4m. The Council recognises that this remains a challenging position, especially as it is unable to control rent increases, which are set nationally.

The final 2023-24 capital programme budget of £224.1m, included housing and the Housing Revenue Account (HRA), was 95% delivered with £213m spending. The £11.2m underspend comprised £8.6m carried forward as slippage and £2.6m net underspend. There are explanations for each are of over / under spend and slippage, all of which are reasonable and appropriate.

Financial monitoring reports to Cabinet include an overview of the risks and challenges, noting that any overspend not dealt with in 2023-24 is likely to carry over into 2024-25, meaning further savings and impacting reserves. Reports summarise the key cost pressures including Children's and Adult Social Care packages and homelessness. Based on best practice, there is scope to more clearly demonstrate how revenue investments in services will support delivery of the Council's priority areas and we have made an improvement recommendation.



Governance

The Council has sound risk management arrangements. Internal Audit is effective and moving to a more cyclical rolling programme of work for 2024-25. This will allow greater flexibility within the Plan to respond to emerging risks. Internal Audit reported that the Council needs to improve its responsiveness to recommendations.

The Council has appropriate arrangements for budget setting. Starting the process early allows time for extensive internal and external engagement and scrutiny. However, this does mean that significant changes can occur between preparing the budget and the start of the financial year. The Council has seen this in 2024-25, with a significant overspend in temporary accommodation forecast early in the new finance year. This links to the key recommendation we make in regard to financial sustainability.

Executive summary

The Council needs to ensure that appropriate policies are published on its website and kept up to date. This is particularly important with procurement so that it is for organisations wishing to work with the Council to find the information they need. Additionally, with the New Procurement Act coming into effect in February 2025, maintaining updated procurement policies is vital to ensure compliance with the new regulations. We have made two improvement recommendations in this area.

The Council has reasonable Gifts and Hospitality arrangements in place. There is no evidence of improper conduct in this regard. However, it is important to consider the level of information in the public domain and how this could be interpreted. We have made an improvement recommendation that the Council provides more information for higher value items and also considers the appropriateness of Members accepting tickets to high profile sporting events.



Improving economy, efficiency and effectiveness

The Council publicly reports performance against Borough Plan priorities. This is good practice, but there is scope to further enhance reporting by including some operational key performance indicators against each service area. We have made an improvement recommendation that this could be completed as part of the review of the performance management framework. Performance reports show a mixed picture in key Directorates such as Children's Services, Adult Social Care and Housing, but this is being managed and is not currently cause for concern. In February 2023 Ofsted inspected the Council's Children's Services, rating them "Good". The Care Quality Commission (CQC) report published in August 2024, rated Adult Services as 'Requires Improvement', and an improvement plan is being developed with oversight by the Community Wellbeing Scrutiny Committee.

The Council recognises the importance of working in partnership but would benefit from stronger governance arrangements. We have made an improvement recommendation. We also recommended that, where it is necessary to waive normal procurement arrangements, this is regularly reported to Members. This is best practice we have seen elsewhere and helps to protect the Council against any allegations of inappropriate contract awards.



Pension Fund

The Council has appropriate arrangements for the effective governance and management of the pension fund. The Pension Board receives appropriate reports including an update on recent developments within the Local Government Pension Scheme (LGPS) regulatory environment and any recent consultations issued which would have a significant impact on the Fund; and pensions administration performance against Service Level Agreements. The Risk Register, with any changes or new risks clearly explained, is presented to each meeting, with the full risk register included as an appendix. This includes appropriate risks and detail on how they are being managed. There is a comprehensive training programme for Members. The Board also receives reports which set out investment performance and the funding position, including key assumptions and forecasts.

Executive summary



Overall summary of our Value for Money assessment of the Council's arrangements

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. A summary of our judgements are set out in the table below.

| Criteria | 2022-23 Auditor judgement on arrangements | 2023-24 Risk assessment | 2023-24 Auditor judgement on arrangements | Direction of travel |
|---|---|---|--|---------------------|
| Financial sustainability | A No significant weaknesses in arrangements identified, but five improvement recommendations made | The use of £13.5m of reserves to balance the revenue budget in 2023-24, ongoing financial pressures (particularly in regard to homelessness), forecast overspend of £14m in 2024-25, further forecast budget gaps of £16m in 2025-26 and £7m in each FY of 2026-27 and 2027-28, and the Future Funding Risk Reserve balance being only £10m at July 2024 represents a risk of significant weakness in financial sustainability. | R One significant weakness raised in respect of ensuring the Council does not continue its use of reserves to meet unplanned expenditure. One improvement recommendation made to support the Council in better evidencing how revenue investments in services will support delivery of its five Priorities. Two prior year improvement recommendations carried forward. | ↓ |
| Governance | A No significant weaknesses in arrangements identified, but three improvement recommendations made | No risk of significant weakness identified at the planning stage. | A No significant weaknesses in arrangements identified, but three improvement recommendations made to support the Council in ensuring up to date policies are on its website, updating its Procurement Strategy and strengthening public reporting of gifts and hospitality. | ↔ |
| Improving economy, efficiency and effectiveness | A No significant weaknesses in arrangements identified, but three improvement recommendations made | No risk of significant weakness identified at the planning stage. | A No significant weaknesses in arrangements identified, but three improvement recommendations made to support the Council in developing its partnership governance arrangements, enhancing transparency around tender waivers and public reporting of operational key performance indicators. | ↔ |

| | |
|---|---|
| G | No significant weaknesses in arrangements identified or improvement recommendation made. |
| A | No significant weaknesses in arrangements identified, but improvement recommendations made. |
| R | Significant weaknesses in arrangements identified and key recommendations made. |

Executive summary



Significant weakness identified in financial sustainability arrangements

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We reviewed the Council's arrangements to deliver financial sustainability and have concluded that there was a significant weakness in arrangements.

Short- and medium-term financial planning

In 2023-24, the Council faced financial pressures that resulted in an overspend of £13.5m. Looking ahead, the latest forecasts for 2024-25 suggest a potential overspend of £14.4m. While these figures indicate a cumulative impact of approximately £30m over two years, it is important to note that the Council has proactively managed these pressures through in year measures and through the strategic use of reserves. The Medium Term Financial Strategy (MTFS), which was refreshed in July 2024, outlines a cumulative deficit of £30m by 2027-28 of which a series of savings proposals have been agreed to manage this. Addressing this challenge is crucial to avoid a further call of £20m on Council reserves. As of March 31 2024 the Council's financial statements show a general fund balance of £20.2m and earmarked general fund reserves of £134.1m. While it is possible to utilise these reserves to meet the budgetary pressure, they would no longer be available for their intended use. Although some of these earmarked reserves could be utilised to balance the budget, it is important to remember that they are intended for specific purposes and can only be used once. The focus needs to remain on finding sustainable solutions that ensure the continued delivery of services without over-reliance on one-time sources of funding. The Council recognises the importance of taking decisive action to ensure that the budget for 2025-26 and future years accurately reflects the financial landscape and builds in appropriate costs. The quantum of savings proposals pose risk to the financial sustainability of the Council if they are not able to be achieved. The Council's work to date on the MTFS has identified the challenges ahead and saving levels needed for a sustainable future.

Based on the work undertaken and evidence reviewed, we recognise the significant risk in securing financial sustainability. We have therefore identified a significant weakness and raise the following recommendation

Key recommendation 1

The Council needs to urgently take the difficult decisions needed to ensure that a realistic budget can be set for 2025-26 and that this can be delivered without the need to further draw on reserves.



Opinion on the financial statements and use of auditor's powers



Opinion on the financial statements



Audit opinion on the financial statements

We plan to issue an unqualified opinion on the Council's financial statements following the Audit & Standards Committee meeting on 24 February 2025.

The full opinion is included in the Council's Annual Report for 2023-24, which can be obtained from the Council's website.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2024 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023-24;
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK);
- the Code of Audit Practice (2020) published by the National Audit Office; and
- applicable law.

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts in line with the national deadline.

All information and explanations requested from management were provided. We acknowledge that the finance team worked hard and helped us along the way. We held weekly meetings with the finance team. Despite good engagement, we did face several challenges to complete this audit in line with the original timeframe agreed with management. A high-level summary of issues faced includes:

- Significant delays in receiving PPE (other land & buildings and council dwellings) information;
- Incorrect information provided to audit in the areas of PPE impairment, gains on disposals, and full-time equivalent payroll change in circumstances causing delays and requiring audit work to be re-performed;
- Unexplained discrepancies in bank reconciliation statements.;
- Poor quality audit evidence to support sample testing; and
- Draft financial statements including numerous disclosure errors.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report, presented to the Council's Audit & Standards Committee on 4 February 2025. Requests for this Audit Findings Report should be directed to the Council.

Opinion on the pension fund statements



Audit opinion on the pension fund statements

We plan to issue an unqualified opinion on the Pension Fund's financial statements following the Audit & Standards Committee meeting on 24 February 2025.

Consistency report on the financial statements within the Pension Fund Annual Report

The Pension Fund is required to publish its Annual Report by 1 December 2024. We issue an auditor's consistency report which includes our opinion that the 2023-24 Brent Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited administering authority's Financial Statements.

Grant Thornton provides an independent opinion on whether the Pension Fund's financial statements:

- give a true and fair view of the financial position of the Pension Fund as at 31 March 2024 and of its expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK);
- the Code of Audit Practice (2020) published by the National Audit Office; and
- applicable law.

We are independent of the Pension Fund in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Pension Fund provided draft accounts in line with the national deadline.

Draft financial statements were of a reasonable standard and supported by detailed working papers.

Audit Findings Report

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report was presented to the Pension Fund's Audit & Standards Committee on 31 October 2024. Requests for this Audit Findings Report should be directed to the Pension Fund.

Use of auditor's powers

We bring the following matters to your attention:

2023-24

Statutory recommendations

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.

We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.

Public Interest Report

Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.

We did not issue a public interest report.

Application to the Court

Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.

We did not make an application to the Court.

Advisory notice

Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:

- is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure,
- is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or
- is about to enter an item of account, the entry of which is unlawful.

We did not issue any advisory notices.

Judicial review

Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.

We did not make an application for judicial review.

Value for Money Commentary on arrangements



The current local government landscape

It is within this context that we set out our commentary on the Council's value for money arrangements in 2023-24 and make recommendations where any significant weaknesses or improvement opportunities in arrangements have been identified.



National context

Local government in England remains a challenged sector. In recent years, generationally significant levels of inflation put pressure on councils' general fund revenue and capital expenditure. The associated cost of living crisis drove an increase in demand for council services such as social care and homelessness. At the same time, the crisis impacted adversely on key areas of council income that were needed to service the increase in demand, for example fees and charges and the collection rates for council tax, business rates and rents.

For Housing Revenue Accounts, inflation in recent years led to cost increases often outstripping rent rises. In the coming years, new legal duties on landlords are expected to increase costs further, without there necessarily being any additional funding to cover the new costs. At the same time, high construction prices are making it harder for councils to invest in the new accommodation which might have helped make savings in the revenue account, for example on temporary accommodation and homelessness. Housing Revenue Accounts are under further pressure due to regulatory challenges in housing quality in the light of national issues in respect of cladding and damp/mould issues.

In January 2024, the UK government announced an additional £600 million for local government, but the Spring Budget for 2024 brought little in the way of any further support. Rising costs of delivering services, coupled with workforce shortages in key areas, supply chain fragility, and rising interest rates for servicing debt, brought a level of crisis to the local government sector perhaps never experienced before. Current warning signs of difficulty include:

- Seven councils issuing eleven section 114 notices between 2019 and 2023, compared with two councils issuing notices between 2001 and 2018, with an increasing number of other councils publicly warning of section 114 risk;
- Twenty councils being with government approval for exceptional financial support during 2024-25, totalling approximately £1.5 billion. Only six of these councils had previously issued a section 114 notice.; and
- The Local Government Association warning that councils in England face a funding gap of £4 billion over 2023-24 and 2024-25.

Local government is coming under an increased spotlight in terms of how the sector responds to the financial challenge it faces. Since the start of 2024, the UK government has emphasised the need for increased productivity rather than increased funding. New plans were announced by the Chancellor in March 2024 for public sector productivity to deliver up to £1.8 billion worth of benefits by 2029. Councils were subsequently asked to submit productivity plans, showing how they will improve service performance and reduce wasteful spend.

The July 2024 general election led to a change in government, and changes to government policy and legislation relating to the sector are emerging at the time of producing this report.

The current local government landscape



Local context

Brent is situated in north-west London, bordering the boroughs of Harrow to the northwest, Barnet to the north-east, Camden to the east, the City of Westminster to the south-east, the Royal Borough of Kensington and Chelsea, Hammersmith and Fulham to the west, and Ealing to the south. It covers an area of 4,325 hectares, about 22% of this is green space. Brent's major districts are Kilburn, Willesden, Wembley and Harlesden as well as Stonebridge, Kingsbury, Kensal Green and Queen's Park. The 2021 census counted 339,800 people resident in Brent making it London's fifth most populous borough. Brent is a densely populated borough, with an average of 7,859 people per square kilometre – the 14th highest population density in England and Wales, and the highest in outer-London.

Around 56% of the local population were born abroad, the largest percentage across England and Wales. The top five countries of birth in Brent (after the UK) were: India, Romania, Poland, Somalia and Pakistan. Around two thirds (65%) of residents were from Black, Asian and other minority ethnic groups – the second highest rate in England and Wales. The largest single ethnic group in Brent is the Indian population, comprising almost one in five residents (19%) – the fifth highest rate nationally. Brent also has a large white minority population, which includes those from Europe: over one in five Brent residents have EU nationality (22%) – the highest rate nationally.



Financial sustainability

| We considered how the Council: | Commentary on arrangements | Assessment |
|--|--|---|
| Ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them | <p>In 2023-24 the Council had a budget for service provision of £326.9m, spending £340.4m. The £13.5m overspend was supported through the use of reserves. The Council introduced spending controls which saved £4m. £11.2m of the overspend was in Resident Services due, primarily, to extremely high demand for the homelessness service. Budget variances for 2021-22 and 2022-23 were minimal. The overspend is driven by emerging pressures in homelessness and the Council does not have a track record of overspending.</p> <p>In February 2024 the Council agreed a budget for 2024-25 of £386.7m, which was balanced without the need to use reserves. The budget included £3.6m planned savings for 2024-25 and £4.4m in 2025-26 in addition to the £4.5m savings for 2024-25 agreed in February 2023. Assumptions used are clearly set out and reasonable. The budget included growth due to demographic changes (£5.6m), inflation (£6.4m), pay (£6.5m) and service charges (£14.2m), totalling £32.7m. The Council carried out appropriate analysis to understand pressures in each service area.</p> <p>The Quarter One 2024-25 finance report notes that the Council has a forecast year-end overspend of £10m, all of which sits in homelessness. The Quarter Two forecast is for a £14m overspend, after taking out additional savings of around £6m. Further savings are sought from Directorates. The Council recognised that the homelessness financial challenge is entrenched and that the 2025-26 budget will need to reflect the ongoing higher cost. Urgent action is needed to avoid a financial crisis in the medium-term, and the Council is reviewing difficult decisions, including reducing the amount spent on Council Tax Support. This financial challenge represents a significant risk for the Council, and we have made a key recommendation.</p> <p>The Medium-Term Financial Strategy (MTFS) was refreshed in July 2024 with updated assumptions and reflecting increasing demand in key services. In-year budget gaps of £16m in 2025-26; £7m in 2026-27 and £7m in 2027-28 are forecast. The Council is developing plans to address this.</p> <p>In our prior year report we made an improvement recommendation that the Council should undertake a cumulative Equality Impact Assessment covering the life of the MTFS. The Council plans to do this as part of the 2025-26 budget setting process. This recommendation is therefore carried forward.</p> | <div>Red</div> <div>Significant weakness in arrangements identified and key recommendation made</div> |

- G

No significant weaknesses in arrangements identified or improvement recommendation made.
- A

No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.



Financial sustainability

| We considered how the Council: | Commentary on arrangements | Assessment |
|--|---|--|
| Plans to bridge its funding gaps and identifies achievable savings | <p>The Council has robust arrangements for identifying savings to bridge forecast funding gaps. Internal Audit provided appropriate assurance in their 2022-23 review of the savings programme arrangements. The Quarter One 2024-25 finance report provides details on the MTFs savings delivery tracker for the year. This includes – department, project, category, description, value, risk rating, comments and mitigating actions. The overall savings target is £8m, with some schemes including less than £0.01m. The majority of schemes are rated "Green". Each year, the Council prepares a report setting out savings proposals for every scheme, including a description, saving planned, key consultation, key risks and mitigations and Equality Impact Screening. This is good practice. In-year finance reports include appropriate detail on delivery. The Council intends to address our prior year recommendation regarding worse-case scenario planning as part of the 2025-26 budget setting process. The 2022-23 recommendation is therefore carried forward.</p> | <p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation made</p> |
| Plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities | <p>The Council's Borough Plan 2023-27 sets out its five priority areas – Prosperity, Pride & Belonging; A Cleaner, Greener Future; Respect and Renewal in Brent; The Best Start in Life; and A Healthier Brent.</p> <p>The capital programme pipeline shows how projects are prioritised, including which of the Borough Plan objectives it supports, links to other plans and whether it helps to fulfil statutory objectives. This is good practice. However, there is no such analysis for the revenue budget or investment in services. Whilst the reasons for revenue investments in services are explained in the budget setting report, there is scope to further enhance the report by clarifying which priority is being supported. This was noted by the Budget Scrutiny Task Group who reported <i>"further work is still needed to better communicate to residents what the vision, mission, aims and priority protection areas of the upcoming budget are"</i>. We have made an improvement recommendation in this area.</p> <p>The Council clearly understands the cost drivers affecting the cost of service delivery, using benchmarking to support its analysis and understanding. The Council is looking to further develop its benchmarking and modelling, and is using external consultancies to support this. One of the challenges is obtaining accurate and reliable data sets to support meaningful comparison with other councils.</p> | <p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation made</p> |



Financial sustainability

We considered how the Council:

Commentary on arrangements

Assessment

Ensures 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

The Council has robust arrangements for linking its capital programme to its objectives. The 2024-25 budget setting report sets out the pipeline of capital projects, and how they link to the Council's objectives, including climate change. Projects include improving the energy efficiency of swimming pools; reducing carbon emissions from Council buildings in a number of ways; and developing Green Neighbourhoods. The report explains the process for prioritising and then overseeing capital projects. Bids are scored based on a number of criterion including – how the schemes meet key service objectives; whether it is essential to meet statutory responsibilities; and risk. This is good practice. In our prior year report we made an improvement recommendation that detailed costings for each planned action in the Climate Strategy should be prepared and compared to the cost of inaction. Costings and appraisals are conducted where appropriate. A methodology to assess the cost of inaction is ongoing. As the Council is actioning this point we have closed the recommendation.

The final 2023-24 capital programme budget of £224.1m, included housing and the Housing Revenue Account (HRA), was 95% delivered with £213m spending. The £11.2m underspend comprised £8.6m carried forward as slippage and £2.6m net underspend. There are explanations for each are of over / under spend and slippage, all of which are reasonable and appropriate.

The Council has an ambitious capital programme. For 2024-25 the programme is £318.3m; 2025-26 is £335.5m; the plan then tails off sharply with £90.5m in 2026-27 and £46.1m in 2027-28. The total programme from 2023-24 to 2027-28 is £1,011.2m, of which £637.8m is funded through prudential borrowing. Minimum Revenue Provision (MRP) will be £24.3m in 2027-28, by which time the 2024-25 budget setting report shows that financing costs will be £59.3m, representing 14.2% of net revenue. The capital programme recognises that it is ultimately more cost effective to maintain property regularly. Officers recognise that it is highly unlikely the capital programme will be delivered as planned. This means that capital expenditure and associated financing costs will be lower. Officers recognise that slippage is likely with multi-year projects which will likely result in lower capital expenditure and associated financing costs will be lower in the short term.

Green

No significant weaknesses in arrangements identified or improvement recommendation made



Financial sustainability

We considered how the Council:

Commentary on arrangements

Assessment

Identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Financial monitoring reports to Cabinet include an overview of the risks and challenges, noting that any overspend not dealt with in 2023-24 is likely to carry over into 2024-25, meaning further savings are required, with impact on reserves. Reports summarise the key cost pressures including Children's and Adult Social Care packages and homelessness. A £13m overspend was forecast despite the introduction of spending controls and Budget Assurance Panel. Actions taken to contain expenditure are set out.

For each Directorate there is a detailed report which includes "risks and uncertainties". For Adult Social Care these are primarily demographic and inflationary pressures. For Children's Services, recruitment and retention of skilled and experienced social workers and the volatility of placement costs are key risks. For temporary accommodation the increase in demand and reduction in supply are key risks.

The strategic risk register includes a general risk "Financial Resilience and Sustainability" as well as specific risks which are consistent with those included in finance reports – cost of living crisis; High Needs Block (Dedicated Schools Grant); lack of affordable accommodation; and an increase in the use of temporary accommodation. For each risk there is summary, update, score, controls and mitigating actions and an action plan.

Green

No significant weaknesses in arrangements identified or improvement recommendation made



Financial sustainability

Financial sustainability areas for improvement

Revenue investments in services – linking to Brough Plan Priorities

The Council demonstrates good practice by clearly showing how potential capital projects will support delivery of its Priorities or statutory requirements. Whilst the reasons for revenue investments in service areas are explained, for example, increasing demand or inflationary pressures, there is scope to more clearly demonstrate how these will support delivery of the Priority areas. This particularly the case where improvements are being made to service delivery.

Improvement recommendation 1: To further enhance budget setting reporting the Council should demonstrate how revenue investments in services will support delivery of its five Borough Plan Priorities.

Ongoing prior year recommendations

Our prior year report raised two financial sustainability improvement recommendations:

1. "The Council should undertake a cumulative Equality Impact Assessment (EIA) covering the impacts assessed across the full life of the MTFS and establish review dates for all EIAs to monitor the actual impacts and adjust actions accordingly". Management responded "This will be dealt with as part of the 2025-26 budget setting process. The final budget for 2025-26 will be presented to Cabinet in February 2025, where the cumulative EIA is presented". Our recommendation is therefore carried forward.
2. "The Council should set out options for how it would plan to address any budget shortfall arising from its worst-case scenario planning. It would also benefit from specifying whether savings achieved are recurrent v non-recurrent savings in its plans and reporting". Officers advised "This will be dealt with as part of the 2025-26 budget setting process. The draft budget for 2025-26 will be presented to Cabinet in November 2024, where a range of budget options will be presented". Our recommendation is therefore carried forward.

Area of focus – Dedicated Schools Grant

2023-24 saw a £0.6m underspend on Dedicated Schools Grant (DSG), and the overall DSG deficit has reduced from £13.8m to £13.2m. Actions to ensure financial stability include ceasing Education Health Care Plans (EHCPs) where appropriate, developing alternative provision and increasing the amount of special provision. In 2023-24 the cost avoidance achieved was £2.6m. At quarter one of 2024-25 the Council forecasts that the DSG, including the High Needs Block, will breakeven. The Council is part of the Department for Education (DfE) programme "Delivering Better Value" and has received a £1m grant covering 2023-24 and 2024-25 to deliver actions in the Management Plan. The Plan includes reasonable assumptions with the number of EHCPs increasing from 3,430 in 2023-24 to 4,085 in 2027, and an additional 427 school places. The Council processes 83% of EHCP requests within the national target of 20 weeks, which is well above the national average of 50%, and there is no backlog. Governance arrangements include quarterly reporting to Corporate Management Team, Cabinet, the Schools Forum and DfE. Therefore, arrangements are appropriate.



Governance

We considered how the Council:

Commentary on arrangements

Assessment

Monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council's updated Risk Management Strategy aligns with corporate objectives and has been effectively implemented, with ongoing improvements to the risk management framework. The addition of a risk appetite statement and the inclusion of climate-related risks into the Strategic Risk Register reflect the Council's commitment to effective risk management. Improvement areas were identified for further enhancement of risk management, and the Council completed recommendations to review and update the strategic risk register and incorporate action plans. These actions demonstrate a commitment to effective risk management and strategic alignment.

The Head of Internal Audit Opinion for 2023-24, was one of "Reasonable Assurance". The Annual Internal Audit Plan was adjusted during the year to address emerging risks, with a focus on completion rates, risk categorisation of findings, and implementation of audit actions. The new Internal Audit Charter and Strategy for 2024-2027 align with global standards and emphasise flexibility in audit planning and delivery. Follow-up reviews showed a decline in the rate of implementation of agreed actions, prompting a need for improvement, particularly at the operational level. The Internal Audit function has identified the need for improvement in implementing audit actions and increased oversight of overdue actions in 2024-25. We recognise that the Council Internal Audit function is moving to a cyclical rolling programme for 2024-25, and this something we see at increasing numbers of councils.

Our work confirmed the Council has adequate arrangements in place in respect of the prevention and detection of fraud.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

Approaches and carries out its annual budget setting process

The Council has sound budget setting arrangements. This includes meetings between Cabinet and the Corporate Management Team to consider key issues; development of proposals by Officers and Lead Members within the context of the Borough Plan; consideration by Cabinet in November; publication of savings proposals for consultation; consideration by scrutiny committees; public meetings; consideration of feedback; and equality impact assessments. There were five public events; online consultation; consultation with small business organisations; a newsletter sent to businesses in Brent; and engagement with the voluntary sector, including through a newsletter. The Budget Scrutiny Task Group Review also plays a key role – appropriate Lead Members, Portfolio Holders, and key Directors attended and the sessions covered the key areas, including deep dives and detailed scrutiny of proposed savings.

The budget setting process starts early, with a 2025-26 draft budget presented 12 November 2024. This provides time for engagement and consultation but means significant changes can occur before the start of the financial year. In the financial sustainability section of this report we made a key recommendation regarding unplanned use of reserves to meet expenditure, which particularly relates to the homelessness budget.

Green

No significant weaknesses in arrangements identified or improvement recommendation made



Governance

We considered how the Council:

Commentary on arrangements

Assessment

| | | |
|--|--|--|
| <p>Ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships</p> | <p>Finance reports to Cabinet are clear and highlight the key issues. For each Directorate there is a detailed report which includes "Risks and uncertainties" as well any mitigating actions. The 2023-24 Outturn Report clearly states that £13.5m of reserves were used to achieve breakeven. This is consistent with the position reported at Quarters Two and Three of 2023-24.</p> | <p>Green</p> <p>No significant weaknesses in arrangements identified or improvement recommendation made</p> |
| <p>Ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee</p> | <p>The Council has taken proactive steps to manage the workload of committees by arranging additional meetings and pre-agenda planning meetings. The Council also identified the need for improved training for Members. Cabinet papers and minutes show that reports provide essential information for decision-making and confirm clear identification of agenda items requiring a decision, with no evidence of unlawful decision-making or significant financial risk. The Council has three Overview and Scrutiny Committees responsible for scrutinising Cabinet and has a documented Call-In protocol for calling-in decisions, promoting transparency and accountability. The Audit & Standards Committee and the Audit & Standards Advisory Committees both play crucial roles in ensuring good governance, with plans for improved Member training and an annual review of the Member Development Programme.</p> | <p>Green</p> <p>No significant weaknesses in arrangements identified or improvement recommendation made</p> |

Governance

| We considered how the Council: | Commentary on arrangements | Assessment |
|---|---|---|
| <p>Monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour and where it procures and commissions services.</p> | <p>In 2023-24 the Council reported one data breach that did not need to be escalated to the Information Commissioner's Office. Six Members' Code of Conduct complaints were received, with no breaches upheld. Cyber security arrangements were reviewed, identifying high and medium-risk recommendations. All Members completed mandatory training as required, with regular updates on training completion reported. The Member Development Programme undergoes an annual review.</p> <p>Complaints are monitored through a Complaints Risk Management System, with regular reporting to senior management and relevant committees. An annual report on complaints is produced, reviewed, and discussed at Corporate Management Team, Cabinet, and Scrutiny meetings, and subsequently published on the Council's website. However, key policies such as the Procurement Strategy and Social Value Ethical Procurement policy were found to be out of date on the Council's website. It is important that organisations wishing to do business with the Council can easily access the latest relevant policies. We have raised two improvement recommendations.</p> <p>Adequate arrangements are in place for recording Members' Gifts and Hospitality. However, the Council should consider strengthening these further by enhancing the Gifts and Hospitality Register to include more information for 'exceptional items' to ensure transparency and ensure that Members are fully informed about the gifts received. This will provide members of the public with full information, avoiding the need for Freedom of Information requests. We have made an improvement recommendation.</p> | <p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendations made</p> |



Governance

Governance areas for improvement

Out of date policies

Key policies such as the Procurement Strategy and Social Value Ethical Procurement policy were found to be out of date on the Council's website. Outdated policies can leave the Council at risk and may not address new principles or guidance. It is also important that organisations wishing to do business with the Council can easily access the latest relevant policies. With the New Procurement Act taking effect in February 2025, it is crucial to update procurement policies for compliance.

Improvement recommendation 2: The Council should ensure that out of date policies are removed from the Council's website and replaced with current policies if available.

Procurement Strategy

The refresh of the Procurement Strategy 2020-2023 is not complete, it is awaiting revision to align with the Borough Plan. The process has begun but delayed due to an internal restructure and staffing changes.

Improvement recommendation 3: The Council should prioritise the revision of the Procurement Strategy in line with the Borough Plan, taking into account the recent restructure and the new Director's focus on community wealth building and social value.

As part of the review, the Council should ensure that arrangements to meet the requirements of the new Procurement Act 2023 are outlined as part of the refresh of its Procurement Strategy. This will help align the strategy with the latest legislative developments and the Council's current priorities.

Gifts & hospitality

Exceptional gifts and hospitality items are discussed at Audit and Standards Advisory Committee. However, the Gifts and Hospitality register does not contain the detail behind those high value items. Our further enquiries indicate that there is a sound rationale behind the gifts and their acceptance. However, not fully reporting this publicly raises the risk of Freedom of Information requests or of members of the public drawing inaccurate conclusions regarding Member conduct.

We also suggest that the Council documents why it is acceptable for Members to make use of football tickets themselves, rather than, for example, donating them to worthy local causes or charities. It is important to manage public perception of Member conduct.

Improvement recommendation 4: The Council should enhance its Gifts and Hospitality register to include additional information for 'exceptional items' to ensure transparency. This will provide a clear and comprehensive overview, ensuring that members of the public are fully informed about the gifts received.



Improving economy, efficiency and effectiveness

| We considered how the Council: | Commentary on arrangements | Assessment |
|--|---|--|
| Uses financial and performance information to assess performance to identify areas for improvement | <p>The Council's Corporate Performance Report is organised by Borough Plan themes, which is good practice. However, it lacks specific key Directorate key performance indicators (KPIs). Operational level KPIs are collected and reported internally, including to Portfolio Holders and informal Cabinet. Best practice would be for a suite of appropriate operational KPIs, covering all key service areas, to be publicly reported. We have made an improvement recommendation. The Council is currently reviewing its performance management framework and developing a balanced scorecard approach for 2024-25. It is also working on a data catalogue to ensure consistent data quality assessment and validation processes across the organisation.</p> <p>The Quarter Four 2023-24 performance report highlighted mixed results in housing-related KPIs, with challenges in meeting targets for affordable homes, council homes, and multiple occupancy licensing. Internal Audit also identified issues in regard to fire risk assessments and supporting documentation. The Council is addressing the issues raised. Children's Services faced challenges in youth inspections and care participation, whilst Adult Social Care faced difficulties in completing Care Act assessments and new birth visits within specified timeframes. However, positive outcomes were achieved in the reablement service and structured treatment for adults. There are no significant performance related issues to highlight.</p> | <p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation made</p> |
| Evaluates the services it provides to assess performance and identify areas for improvement | <p>Council complaints, Ombudsman findings, and compensation payments are reported to Cabinet. The Council's annual performance indicates that 88% of complaints were upheld, which is consistent with the Council's peer group. The Local Government Ombudsman annual report did not raise concerns.</p> <p>In February 2023 Ofsted inspected the Council's Children's Services, rating them as "Good", with an action plan addressing recommendations, which has been completed. However, the Care Quality Commission (CQC) report, published in August 2024, rated Adult Services as 'Requires Improvement', and an improvement plan is being developed with oversight by the Community Wellbeing Scrutiny Committee. The report recognised the Council is making 'significant improvements' and having 'focused leaders'. The report also noted that adult safeguarding is 'working effectively in Brent'. Additionally, the report highlighted strengths in areas such as care and support planning, organisation, and financial assessments. The report acknowledged that the Council had made significant improvements and was undergoing a wide-scale transformation of services, with some areas further along the journey than others. Five out of nine assessment domains were rated as requiring improvement, while four domains were rated good.</p> | <p>Green</p> <p>No significant weaknesses in arrangements identified or improvement recommendation made</p> |



Improving economy, efficiency and effectiveness

We considered how the Council:

Commentary on arrangements

Assessment

Evaluates the services it provides to assess performance and identify areas for improvement (continued)

The Council is dedicated to addressing the climate and ecological emergency, a key priority for the administration as outlined in the 'Cleaner, Greener Future' theme within the Borough Plan (2023-2027)¹. This involves commitments to establish a climate-friendly and sustainable borough and to prioritise sustainability in the growth of the local economy. Supporting the Borough Plan commitments, Brent's Climate Strategy and associated Climate Programme represent one of the most extensive initiatives within the Council. The Strategy's primary objectives are to strive for carbon neutrality by 2030 and to position Brent as one of the greenest, most biodiverse, and climate-resilient boroughs in London, fostering improved connectivity to nature for residents.

Green

No significant weaknesses in arrangements identified or improvement recommendation made

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

The Council's Strategy and Partnerships service supports various statutory and non-statutory local partnership arrangements, ensuring stakeholder engagement and good governance. The Council has embedded equity, diversity, and human rights considerations in its processes and approved an Equity, Diversity, and Inclusion strategy. It also adopted a Black Community Action Plan in 2020, which is currently under review.

The Council intends to refresh its engagement methods with partners through a new community engagement framework in 2024. The Council currently manages partnerships within individual departments, with the Multi-Agency Migration Coordination Group overseeing financial implications and value for money outcomes from partnerships. However, it is unclear if the Council has a formal partnerships governance policy. We have updated our prior year recommendation to support the Council in developing a partnership register to provide an accurate overview of partnerships and implementing a structured approach for entering into new partnerships and governing existing ones.

The Council's ASAC receives reports on i4B and First Wave Housing's (FWH) progress in delivering their 2023-24 business plan and outlining the upcoming 2024-25 plan. The reports also cover the Council's oversight of governance and performance, aligning with CIPFA's guidelines. Bi-annual reports provide details on governance arrangements and present the annual business plan and accounts. Moving forward, the Community & Wellbeing Scrutiny Committee will assess operational performance.

Amber

No significant weaknesses in arrangements identified, but improvement recommendation made



Improving economy, efficiency and effectiveness

| We considered how the Council: | Commentary on arrangements | Assessment |
|---|---|--|
| Commissions or procures services, assessing whether it is realising the expected benefits | <p>The Council has made changes to its waiver review process, conducting reviews quarterly instead of annually. However, waivers are not reported publicly, and we have made an improvement recommendation that this would enhance arrangements. An internal audit highlighted areas for improvement in procurement, such as ensuring value for money and robust supplier selection.</p> <p>The Council has established arrangements for overseeing key contracts and reporting outcomes annually. The Council has comprehensive oversight and reporting mechanisms in place for i4B Holdings Ltd, ensuring that its progress and risk management are subject to regular review and scrutiny by relevant committees and stakeholders.</p> | <p>Amber</p> <p>No significant weaknesses in arrangements identified, but improvement recommendation made</p> |



Improving economy, efficiency and effectiveness

3Es areas for improvement

Partnership governance

In our prior year report we raised an improvement recommendation that “*The Council should review how it measures and monitors the success and value for money achieved from partnership working initiatives*”. This was not addressed and we have updated the recommendation.

Improvement recommendation 5: The Council should consider enhancing its partnership governance arrangements by:

- Developing a partnership register to provide a more complete overview of partnerships. For each partnership, this could include: aims and objectives; expected outcomes; links to the Council’s strategic objectives; commitment of resources; governance arrangements (terms of reference /service level agreement); financial reporting arrangements; and performance monitoring arrangements. The register should be reviewed on a regular basis to ensure it remains up-to-date.
- Implementing a partnership governance policy, providing information on: what partnership working is; how to enter into and set up a new partnership; how to maintain governance and monitoring arrangements for existing partnerships; and how to exit from a partnership.

Public reporting of procurement waivers

The Council’s waiver information shows that, for the period January 2022 to July 2023, there were 92 waivers, totalling £10.7m. Of these, 45 were over £0.1m, and totalled £8m. The highest individual waiver was £0.7m. Our review of ASAC papers indicates that when the Council needs to raise a waiver for procurement purposes, these are not reported. Best practice would be to transparently document and report instances where a waiver for procurement rules or procedures is necessary on a quarterly basis. This can include providing detailed justifications for the waiver, outlining the specific circumstances that led to the need for the waiver, and ensuring that the decision-making process is clearly documented and approved by the

appropriate senior officers. Additionally, it is important to ensure that waivers are reported in a timely manner and that they are subject to appropriate oversight and review to maintain transparency and accountability in the procurement process.

Improvement recommendation 6: To enhance transparency, the Council should consider reporting waivers to a public committee on a quarterly basis. This should include the value of the waiver and justification.

Reporting of key performance indicators

The Council is developing its public performance reporting. Including more Directorate level operational metrics will support Members and service users in determining how well the Council is performing in key areas. This can also help to focus on areas requiring improvement. The Council should retain the current indicators which support delivery of the Borough Plan.

Improvement recommendation 7: As part of the ongoing review of its performance management framework and the implementation of a balanced scorecard approach for 2024-25, the Council should ensure that specific Directorate KPIs are included in the Corporate Performance Report and reported publicly. This will enhance provide Members and service users of a better understanding of how the Council is performing in key service areas.



**Value for Money recommendations
raised in 2023-24**

Recommendations raised in 2023-24

Explanations of the different types of recommendations which can be made are summarised in Appendix B.

| Recommendation | Type of recommendation | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|--|------------------------|--------------------------|--|---|---|
| Key recommendation The Council needs to urgently take the difficult decisions needed to ensure that a realistic budget can be set for 2025-26 and that this can be delivered without the need to further draw on reserves. | Key | Financial sustainability | Review of finance reports in 2023-24 and 2024-25 indicates that the Council is drawing heavily on reserves to manage unplanned expenditure. This is not sustainable. | Failure to set realistic budgets which can be delivered without the need to use reserves raises a significant risk that, in the medium-term, the Council will be unable to provide essential services without external financial support. | Actions: As a result of the significant overspend experienced in 2023/24 and forecast for 2024/25, the Council has put forward £16m of new savings proposals for 2025/26 in order to contain the pressures being experienced in the provision of homelessness services and temporary accommodation. Responsible Officer: Rav Jassar Executive Lead: Minesh Patel Due date: February 2025 |
| Improvement recommendation 1 To further enhance budget setting reporting the Council should demonstrate how revenue investments in services will support delivery of its five Borough Plan Priorities. | Improvement | Financial sustainability | The Council has good arrangements in place to link capital expenditure to its priority areas. This should be extended to revenue investment in services. | This will provide additional clarity on why investments or disinvestments in services are required and ensure that scarce resources are used effectively. | Actions: This will be addressed as part of the budget setting process, incorporating the Borough Plan which will set out a new delivery plan from 2025/26. Responsible Officer: Rav Jassar Executive Lead: Minesh Patel Due date: February 2026 |
| Improvement recommendation 2 The Council should ensure that out of date policies are removed from the Council's website and replaced with current policies if available. | Improvement | Governance | Key policies such as the Procurement Strategy and Social Value Ethical Procurement policy were found to be out of date on the Council's website. | Outdated policies can leave the Council at risk and may not address new principles or guidance. It is also important that organisations wishing to do business with the Council can easily access the latest relevant policies. | Actions: This is in process with an anticipated update/ completion planned Q1 2025 for both the Procurement Strategy and the Social Value Ethical Policy. Responsible Officer: Rajesh Shori Executive Lead: Rachel Crossley Due date: 31 March 2025 |

Recommendations raised in 2023-24

| Recommendation | Type of recommendation | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|---|------------------------|-------------------|--|--|--|
| <p>Improvement recommendation 3</p> <p>The Council should prioritise the revision of the Procurement Strategy in line with the Borough Plan, taking into account the recent restructure and the new Director's focus on community wealth building and social value.</p> <p>As part of the review, the Council should ensure that arrangements to meet the requirements of the new Procurement Act 2023 are outlined as part of the refresh of its Procurement Strategy. This will help align the strategy with the latest legislative developments and the Council's current priorities.</p> | Improvement | Governance | Procurement Strategy | The Procurement Strategy should support the Council in achieving its objectives and ensure compliance with latest legislation. | <p>Actions: This is in process with an anticipated update/ completion planned Q1 2025 for both the Procurement Strategy and the Social Value Ethical Policy.</p> <p>Responsible Officer: Rajesh Shori</p> <p>Executive Lead: Rachel Crossley</p> <p>Due date: 31 March 2025</p> |
| <p>Improvement recommendation 4</p> <p>The Council should enhance its Gifts and Hospitality register to include additional information for 'exceptional items' to ensure transparency. This will provide a clear and comprehensive overview, ensuring that members of the public are fully informed about the gifts received.</p> | Improvement | Governance | Review of the Gifts & Hospitality Register and Policy. | It is important to manage the public perception of Member conduct. | <p>Actions: The Corporate Director of Law & Governance will prepare a report to the Council's Constitutional Working Group concerning potential amendment to the Gifts & Hospitality requirements in the Brent Members Code of Conduct.</p> <p>Responsible Officer: Marsha Henry</p> <p>Executive Lead: Debra Norman</p> <p>Due date: May 2025</p> |

Recommendations raised in 2023-24

| Recommendation | Type of recommendation | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|--|------------------------|---|--|---|--|
| <p>Improvement recommendation 5</p> <p>The Council should consider enhancing its partnership governance arrangements by:</p> <ul style="list-style-type: none"> • Developing a partnership register to provide a more complete overview of partnerships. For each partnership, this could include: aims and objectives; expected outcomes; links to the Council's strategic objectives; commitment of resources; governance arrangements (terms of reference /service level agreement); financial reporting arrangements; and performance monitoring arrangements. The register should be reviewed on a regular basis to ensure it remains up-to-date. • Implementing a partnership governance policy, providing information on: what partnership working is; how to enter into and set up a new partnership; how to maintain governance and monitoring arrangements for existing partnerships; and how to exit from a partnership. | Improvement | Improving economy, efficiency and effectiveness | Review of documentation relating to partnership working. | The Council recognises the importance of working with partners. To ensure this maximises the benefit to all parties it is important to have appropriate governance and oversight arrangements in place. | <p>Actions: These actions will be taken forward by the Strategic Commissioning, Capacity Building and Engagement department, liaising closely with other Council departments so there is a holistic and proportionate approach to partnership governance that reflects the breadth of key partnerships council wide. Also, the Community Engagement Framework will be refreshed and its use embedded across services in 2025 as part of the wider Strategic Change Programme, with support from the newly established Commissioning Community of Practice.</p> <p>Responsible Officer: Rhodri Rowlands</p> <p>Executive Lead: Rachel Crossley</p> <p>Due date: TBC</p> |

Recommendations raised in 2023-24

| Recommendation | Type of recommendation | Criteria impacted | Evidence | Impact or possible future impact | Actions agreed by Management |
|---|------------------------|---|---|---|--|
| Improvement recommendation 6 To enhance transparency, the Council should consider reporting waivers to a public committee on a quarterly basis. This should include the value of the waiver and justification. | Improvement | Improving economy, efficiency and effectiveness | Review of Committee reports. | Public reporting of waivers, with oversight by Members, can help to protect the Council from allegations of inappropriate procurement practices. | Actions: The rationale and justification to undertake a waiver and the agreement to award the waiver are agreed by a Chief Officer and should pass Legal and Procurement on their approval journey. As part of an existing Internal Audit action all waivers are reported to the Commissioning and Procurement Board on a quarterly basis and further consideration will be given as to an appropriate public committee to report to. Responsible Officer: Rajesh Shori Executive Lead: Minesh Patel Due date: 31 March 2025 |
| Improvement recommendation 7 As part of the ongoing review of its performance management framework and the implementation of a balanced scorecard approach for 2024-25, the Council should ensure that specific Directorate KPIs are included in the Corporate Performance Report and reported publicly. This will enhance provide Members and service users of a better understanding of how the Council is performing in key service areas. | Improvement | Improving economy, efficiency and effectiveness | Review of performance reports and discussions with Directors. | The Council is developing its public performance reporting. Including more Directorate level operational metrics will support Members and service users in determining how well the Council is performing in key areas. This can also help to focus on areas requiring improvement. | Actions: We will address this through engagement activity with Lead Members and Directors, including via the quarterly standing Performance item at their 1-1s, where we will review which of their existing directorate-specific KPIs are most appropriate for external publication (i.e. which most closely align with and help measure borough plan priorities) as well as discuss proposals for any new or revised KPIs for inclusion in both their balanced scorecards and external reporting. Responsible Officer: Sadie East Executive Lead: Peter Gadsdon Due date: 31 March 2025 |

Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

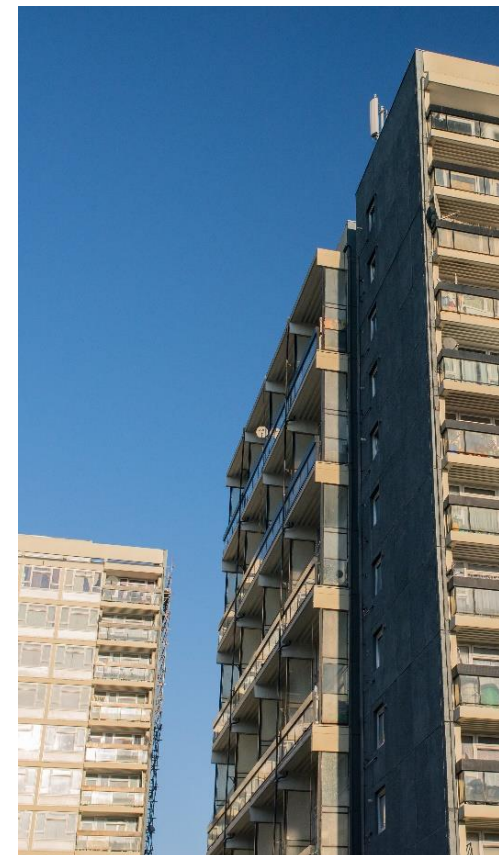
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:


Value for Money auditor responsibilities



Value for Money arrangements work


All local authorities are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The audited body’s responsibilities are set out in Appendix A. Local authorities report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the audited body has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice (‘the Code’), requires us to assess arrangements under three areas:




Financial sustainability

Arrangements for ensuring the audited body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the audited body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the audited body makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the audited body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

2023-24 is the fourth year of the Code, and we undertake and report the work in three phases as set out in the Code.

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the audited body’s arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period

| Information which informs our risk assessment | |
|---|---|
| Cumulative knowledge and experience of the audited body | Annual Governance Statement and the Head of Internal Audit annual opinion |
| Interviews and discussions with key stakeholders | The work of inspectorates and other regulatory bodies |
| Progress with implementing recommendations | Key documents provided by the audited body |
| Findings from our opinion audit | Our knowledge of the sector as a whole |

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor’s professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations. A range of different recommendations can be raised by the audited body’s auditors as follows:

- **Statutory recommendations** – actions which should be taken where significant weaknesses are identified with arrangements. These are made under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014 and require discussion at full council (or equivalent) and a public response.
- **Key recommendations** – actions which should be taken by the audited body where significant weaknesses are identified within arrangements.
- **Improvement recommendations** – actions which should improve arrangements in place but are not a result of identifying significant weaknesses in the audited body’s arrangements.

Appendix C:

Follow-up of previous recommendations

| Recommendation | Type of recommendation | Date raised | Progress to date | Addressed? | Further action? |
|---|------------------------|--------------|---|------------|---------------------------------------|
| 2022-23 Improvement recommendation 1 The Council should set out options for how it would plan to address any budget shortfall arising from its worst-case scenario planning. It would also benefit from specifying whether savings achieved are recurrent v non-recurrent savings in its plans and reporting. | Improvement | October 2023 | The Council has advised - "This will be dealt with as part of the 2025-26 budget setting process. The draft budget for 2025-26 will be presented to Cabinet in November 2024, where a range of budget options will be presented." | No | Implement the original recommendation |
| 2022-23 Improvement recommendation 2 The Council's MTFS should cover the full period of the Borough Plan i.e. until 2026-27. | Improvement | October 2023 | The Medium-Term Financial Outlook presented to Cabinet in July 2024 covers the period to 2027-28. The recommendation has therefore been addressed and is closed. | Yes | No |
| 2022-23 Improvement recommendation 3 The Council should undertake a cumulative Equality Impact Assessment (EIAs) covering the impacts assessed across the full life of the MTFS and establish review dates for all EIAs to monitor the actual impacts and adjust actions accordingly. | Improvement | October 2023 | The Council has advised - "This will be dealt with as part of the 2025-26 budget setting process. The final budget for 2025-26 will be presented to Cabinet in February 2025, where the cumulative EIA is presented." | No | Implement the original recommendation |

Appendix C:

Follow-up of previous recommendations

| Recommendation | Type of recommendation | Date raised | Progress to date | Addressed? | Further action? |
|--|------------------------|--------------|--|------------|-----------------|
| <p>2022-23 Improvement recommendation 4</p> <p>The Council should specify detailed costings for each planned action in its Climate Strategy and compare these to the costs of not taking those actions.</p> | Improvement | October 2023 | <p>The Council has advised - "Detailed costings and financial appraisals are undertaken on all actions related to the Climate Strategy, where necessary. The development of the methodology that would enable an assessment of the local costs of inaction is ongoing". We note from the Budget Setting report that as part of its consideration of the draft 2024-25 budget, the Budget Scrutiny Task Group recommended to Cabinet that "...the Council adopt a 'green budget' which clearly outlines the climate and environmental implications of each proposal". The Group would like to see greater alignment between the budget and the borough plan. The report sets out pipeline capital projects, and how they link to the Council's objectives, including climate change. Projects include improving the energy efficiency of swimming pools; reduce carbon emissions from Council buildings in a number of ways and developing Green Neighbourhoods. The level of detail included is appropriate and the Council is taking action on the cost of inaction aspect. The recommendation is therefore closed.</p> | Yes | No |
| <p>2022-23 Improvement recommendation 5</p> <p>The Council should review how demand forecasts and future costs are estimated to identify any lessons to be learned for setting future budgets.</p> | Improvement | October 2023 | <p>The Council has responded "As part of the 2025-26 budget setting process financial modelling on the Council's major cost drivers (placements for children and adults, homelessness) has been undertaken". This is clear from review of the budget setting report. The recommendation is therefore closed.</p> | Yes | No |

Appendix C:

Follow-up of previous recommendations

| Recommendation | Type of recommendation | Date raised | Progress to date | Addressed? | Further action? |
|---|------------------------|--------------|---|------------|-----------------|
| 2022-23 Improvement recommendation 6 The Council should consider how it can improve its Council Climate Plan Score for Measuring and setting Emissions Targets. | Improvement | October 2023 | The Council has prepared, and will be publishing, a Climate Data Dashboard, which will be presented to the Cabinet in October 2024. We have therefore closed the recommendation. | Yes | No |
| 2022-23 Improvement recommendation 7 The Council should develop a plan for how it will address the second line' gaps in control, which includes the monitoring, reporting and challenge over 'first line' controls. | Improvement | October 2023 | This has been addressed in the Annual Governance Statement 2023-24 and the Internal Audit Annual Report 2023-24. The Council has made several improvements to its monitoring, reporting, and oversight of first-line controls at a corporate level, as highlighted by Internal Audit. These enhancements include the implementation of a new performance management framework and balanced scorecard at both corporate and directorate levels, as well as the expansion of the Brent Assurance Board's scope to review key risk areas on a quarterly basis. | Yes | No |
| 2022-23 Improvement recommendation 8 The Council should review the strategic risk register to assess if risks to its Climate Strategy are adequately addressed. | Improvement | October 2023 | The Strategic Risk Register now includes two strategic risks relating to climate. | Yes | No |

Appendix C:

Follow-up of previous recommendations

| Recommendation | Type of recommendation | Date raised | Progress to date | Addressed? | Further action? |
|---|------------------------|--------------|---|------------|--|
| 2022-23 Improvement recommendation 9 The Council should review how it measures and monitors the success and value for money achieved from partnership working initiatives. | Improvement | October 2023 | Partnerships are currently managed by individual departments. | Partially | We have raised a new 2023-24 improvement recommendation to replace this recommendation |
| 2022-23 Improvement recommendation 10 The Council should agree a process by which the strategic risk register is updated to reflect actions and issues arising from the monitoring of performance and financial data. | Improvement | October 2023 | Action plans now form part of each risk within the strategic risk register. | Yes | No |
| 2022-23 Improvement recommendation 11 The Council should review how it measures and monitors the success of the new 'Gateway 4' procurement process. | Improvement | October 2023 | The Gateway 4 process has been updated to streamline the information required and also change its requirement to create more challenge when contracts are up to renewal or extension to encourage more thought on how efficiencies can be made. | Yes | No |

