



## Audit and Standards Advisory Committee

**Wednesday 29 July 2020 at 6.00 pm**

This will be held as an online virtual meeting.

Details on how to access the link in order to attend and view the meeting will be made available on link [here](#).

### Membership:

#### Members

David Ewart (Chair)

#### Substitute Members

#### Councillors:

Long (Vice-Chair)  
Donnelly-Jackson  
Hassan  
Naheerathan  
Nerva  
Kansagra

#### Councillors:

S Choudhary, Colacicco, Kabir, Lo and Perrin

#### Councillors:

Colwill and Maurice

#### Independent Members

Margaret Bruce

#### Independent Advisor

Vineeta Manchanda

**For further information contact:** Craig Player, Governance Officer  
Tel: 020 8937 2082; Email: [craig.player@brent.gov.uk](mailto:craig.player@brent.gov.uk)

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**The press and public are welcome to attend this as an online virtual meeting. The link to attend and view the meeting will be made available [here](#).**

### **Notes for Members - Declarations of Interest:**

If a Member is aware they have a Disclosable Pecuniary Interest\* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest\*\* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

### **\*Disclosable Pecuniary Interests:**

- (a) **Employment, etc.** - Any employment, office, trade, profession or vocation carried on for profit gain.
- (b) **Sponsorship** - Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.
- (c) **Contracts** - Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.
- (d) **Land** - Any beneficial interest in land which is within the council's area.
- (e) **Licences** - Any licence to occupy land in the council's area for a month or longer.
- (f) **Corporate tenancies** - Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.
- (g) **Securities** - Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

### **\*\*Personal Interests:**

The business relates to or affects:

- (a) Anybody of which you are a member or in a position of general control or management, and:
  - To which you are appointed by the council;
  - which exercises functions of a public nature;
  - which is directed is to charitable purposes;
  - whose principal purposes include the influence of public opinion or policy (including a political party or trade union).
- (b) The interests of a person from whom you have received gifts or hospitality of at least £50 as a member in the municipal year;

or

A decision in relation to that business might reasonably be regarded as affecting the well-being or financial position of:

- You yourself;
- a member of your family or your friend or any person with whom you have a close association or any person or body who is the subject of a registrable personal interest.

# Agenda

Introductions, if appropriate.

Item	Page
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<b>1</b>	<b>Apologies for absence and clarification of alternate members</b>	
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<b>2</b>	<b>Declarations of Interest</b>	
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Members are invited to declare at this stage of the meeting, the nature and existence of any relevant disclosable pecuniary or personal interests in the items on this agenda and to specify the item(s) to which they relate.

<b>3</b>	<b>Deputations (if any)</b>	
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To hear any deputations received from members of the public in accordance with Standing Order 67.

<b>4</b>	<b>Minutes of the previous meeting</b>	1 - 16
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To approve the minutes of the last meeting of the Committee held on 26 May 2020.

<b>5</b>	<b>Matters arising (if any)</b>	
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To consider any matters arising from the minutes of the previous meeting.

## Standards Items

<b>6</b>	<b>Complaints (Members Code of Conduct and Complaints)</b>	17 - 28
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This report informs Members of (a) recent complaints concerning breaches of the Member's Code of Conduct and in particular, the complaint upheld against Councillor Aslam Choudry; and (b) an update on the LGA draft Model Code of Conduct.

**Ward Affected:**  
All Wards

**Contact Officers:** Debra Norman  
Director of Legal, HR, Audit & Investigations  
Tel: 020 8937 1578  
Email: [Debra.Norman@brent.gov.uk](mailto:Debra.Norman@brent.gov.uk)

Biancia Robinson  
Senior Constitutional & Governance Lawyer  
Tel: 020 8937 1544  
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## Audit Items

### 7 Lessons Learnt from COVID19 Response 29 - 50

This report and accompanying Appendix brings to the attention of the Committee the response activity undertaken by the Council during the response phase of the COVID-19 pandemic as well as some of the lessons and learning as a consequence.

**Ward Affected:**  
All Wards

**Contact Officer:** Daryl Jooste  
Civil Contingencies Manager  
Tel: 0208 937 5415  
Email: [Daryl.Jooste@brent.gov.uk](mailto:Daryl.Jooste@brent.gov.uk)

### 8 Emergency Planning Response to COVID19 51 - 72

To provide the Committee with an update on the Urgent Decisions made since the last meeting.

**Ward Affected:**  
All Wards

**Contact Officer:** Chief Executive  
Tel: 0208 937 1007  
Email: [Chief.Executive@brent.gov.uk](mailto:Chief.Executive@brent.gov.uk)

### 9 Update on Final Statement of Accounts 73 - 76

This report provides an update on the progress made to date on the audit of the Council's 2019/20 Statement of Accounts.

**Ward Affected:**  
All Wards

**Contact Officers:** Daniel Omisore  
Deputy Director of Finance  
Tel: 020 8937 3057  
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Ben Ainsworth  
Head of Finance (Chief Accountant)  
Tel: 020 8937 1731  
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### 10 Treasury Management Outturn Report 2019/20 77 - 94

This report updates members on Treasury Management activity and confirms that the Council has complied with its Prudential Indicators for 2019/20.

**Ward Affected:**  
All Wards

**Contact Officer:** Amanda Healy  
Senior Finance Analyst  
Tel: 020 8937 5912  
Email: [amanda.healy@brent.gov.uk](mailto:amanda.healy@brent.gov.uk)

**11 Internal Audit Annual Report**

95 - 116

This report includes an opinion on the overall adequacy and effectiveness of the Council's internal controls and presents a summary of the Internal Audit work undertaken during the year.

**Ward Affected:**  
All Wards

**Contact Officer:** Michael Bradley  
Head of Audit & Investigations  
Email: [Michael.bradley@brent.gov.uk](mailto:Michael.bradley@brent.gov.uk)  
Tel: 020 8937 6526

**12 Counter Fraud Annual Report**

117 - 124

The report sets out a summary of the counter fraud activity for 2019/20 and the impact that COVID-19 arrangements have had on the service.

**Ward Affected:**  
All Wards

**Contact Officer:** Michael Bradley  
Head of Audit & Investigations  
Email: [Michael.bradley@brent.gov.uk](mailto:Michael.bradley@brent.gov.uk)  
Tel: 020 8937 6526

**13 External Audit Progress Report and Sector Update**

125 - 158

To receive a verbal update from Grant Thornton on progress in delivering their responsibilities as the Council's external auditors along with a summary of any emerging national issues and developments that may be relevant to Brent as a local authority.

**Ward Affected:**  
All Wards

**Contact Officer:** Sophia Brown  
Senior Audit Manager, Grant Thornton  
Tel: 020 7728 3179  
Email: [Sophia.y.brown@uk.gt.com](mailto:Sophia.y.brown@uk.gt.com)

**14 Forward Plan**

159 - 160

To consider and note the Committee's Forward Plan.

**15 Any other urgent business**

Notice of items to be raised under this heading must be given in writing to the Head of Executive and Member Services or his representative before

the meeting in accordance with Standing Order 60.

**Date of the next meeting:            Tuesday 8 September 2020**



## **MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE** **Held as an online virtual meeting on Tuesday 26 May 2020 at 6.00 pm**

**PRESENT:** (in remote attendance) David Ewart (Chair) and Councillors S Choudhary, Hassan, Kabir, Long, Naheerathan, Nerva and Kansagra.

Independent Advisor: Vineeta Manchandra (in remote attendance)

Independent co-opted member: Margaret Bruce (in remote attendance)

**Also Present** (in remote attendance): Councillor McLennan (Deputy Leader and Cabinet Member for Resources (in remote attendance) and Martin Smith (Chair of First Wave Housing & i4B Boards) and Kier Hopley (Independent Person).

### **1. Welcome**

David Ewart (Chair) welcomed everyone in remote attendance to the virtual meeting of the Audit & Standards Advisory Committee. Before asking all those attending to introduce themselves, he reminded the Committee that he had been advised of both Robert Cawley's and Karen McArthur's intention to step down as independent co-opted members on the Committee, with effect from 27 May 2020.

Although both had given their apologies for the meeting, they had asked for their thanks to be passed on to everyone for the support received whilst undertaking this role. On behalf of the Committee, the Chair again took the opportunity to thank Robert and Karen for their support and interest whilst serving as co-opted members and to wish them well for the future.

### **2. Apologies for absence and clarification of alternate members**

The following apologies for absence were received:

- Councillor Choudry with Councillor Kabir attending as a substitute member.
- Councillor Donnelly-Jackson with Councillor Choudhary attending as a substitute member.
- Dr Rob Cawley & Karen McArthur (Independent co-opted Members).
- Nigel Shock, Independent representative.

### **3. Declarations of Interest**

The following declarations were noted:

- David Ewart (Chair) and Vineeta Manchanda (Independent Advisor) declared a personal interest as they knew Martin Smith (Chair of the First Wave Housing and i4B Boards) having previously worked with him at the London Borough of Ealing and NHS, respectively.

- Councillors Hassan and Kansagra advised they were still to undertake the mandatory audit training, with Councillor Nerva advising he had to undertake the training for scrutiny members.

#### 4. **Deputations**

None.

#### 5. **Minutes of the previous meetings**

The minutes of the meetings held on 11<sup>th</sup> March 2020 and 5<sup>th</sup> May 2020 were approved as accurate records.

#### 6. **Matters arising**

The following issues were raised in relation to the minutes from the meeting on 5 May 2020

##### **6.1 Emergency Planning response to Covid-19 (Min 5)**

Councillor Nerva raised the following issues:

- Given the emergency arrangements during this pandemic, whether arrangements had been made to provide regular updates on decisions taken under emergency powers.

The Chair responded that the plan was to receive a further update at the Committee meeting scheduled for July 2020.

- Whether the North West London NHS Trust had provided the Council with information about the disproportionate number of Black and Minority Ethnic (BAME) deaths within the borough.

Carolyn Downs (Chief Executive) confirmed that arrangements had been made which included coordinating work by the Assistant Chief Executive between the Scrutiny and Audit & Standards Advisory Committees. In addition, the Chief Executive advised that she had written to both the Chair and the Chief Executive of North West London NHS Trust jointly with the Leader of the Council in order to highlight this issue and was awaiting response.

#### 7. **Annual Standards Report (including quarterly update on gifts and hospitality)**

The Committee received the Monitoring Officer's Annual Report that provided an update on Member conduct issues and the work of the Audit and Standards Advisory Committee, the Audit and Standards Committee and the Monitoring Officer during 2019. Debra Norman (Director of Legal, HR, Audit and Investigations) in presenting the report gave an overview of the Committee's work since 2019 and drew Members' attention to the following points:

- The plans being developed to undertake a recruitment process during the course of the year in relation to the vacant co-opted member positions on the



Committee and also as the Independent Person current terms of offices came to an end.

- During 2019, two complaints had been received against a councillor for alleged breaches of the Code of Conduct. Neither of these had been upheld for the following reasons; first complaint - there was no evidence of any breach of the Member's Code of Conduct (Code); second complaint - it did not disclose any conduct which fell within the remit of the Code.
- The requirement on members to register gifts and hospitality received in an official capacity worth an estimated value of at least £50, including a series of gifts and hospitality from the same person that add up to an estimated value of at least £50 in a municipal year. Any gifts and hospitality registered by Members were published on the Council's website and open to inspection at the Civic Centre, with the latest update attached at appendix A to the report.
- Monitoring Officer Advice Notes (MOANs) continued to be issued to members. During 2019 three MOANs were issued. Appendix B to the report listed the MOANs issued since 2015, with copies available on the Member's internal SharePoint portal.
- The LGA were in the process of finalising the consultation questions for the draft Model Code of Conduct. These would be more closely aligned to the current version that the Council already had in place. Officers were awaiting the consultation questions and would keep the Committee informed as to how the consultation progressed.
- Mandatory training sessions for members continued to be provided annually. In addition, all other Members were invited to attend the sessions in accordance with the Members' Code of Conduct.

In the ensuing discussions, Members asked as to whether there existed a Code of Conduct for senior officers and how the level of confidence in the complaints system had been assessed and evaluated. Specific questions were asked about the timeline for recruitment of the co-opted members and Independent Persons, member training and whether the Council had a duty to protect members from abuse aimed at them on social media.

- Debra Norman (Director of Legal, HR, Audit & Investigations) confirmed that the Council had in place an officer code of conduct, underpinned by disciplinary procedures although constrained by legislative procedures. She continued that the Council promoted the members code of conduct complaints process on the corporate complaints page on its website. In view of the robust systems in place, there had been fewer complaints to date with no issues having been taken to the Audit & Standards Committee or Ombudsman's office for adjudication.
- The Council did not need to replace the retiring co-opted members now as one was sufficient on the Committee although arrangements would be made to ensure recruitment of new co-opted members and Independent Persons by next May, with the current office holders welcome to apply.

- In addition to the mandatory training, the Council had organised training for members to ensure they were conversant in participating in virtual meetings.
- The Council's powers were restricted in dealing with abuse against a councillor on social media, although attention was drawn to new guidance issued by the Local Government Association (LGA).

In closing the discussion, the Chair thanked the Director for the comprehensive and positive report and responses.

The Committee **RESOLVED** that the Annual Standards Report (including quarterly update on gifts and hospitality) report be noted.

## 8. **Draft Statement of Accounts 2019/2020**

Daniel Omisore (Deputy Director of Finance) introduced the report that presented the Council's draft 2019/20 Statement of Accounts prior to its submission to external audit. He informed the Committee that ordinarily, the Director of Finance would be required by 31<sup>st</sup> May following the year-end, to sign and date the draft Statement of Accounts and confirm that they presented a true and fair view of the financial position as at the year ending 31 March. The final audited accounts would then be approved by the Council following external audit, by no later than 31 July of the same year.

The Deputy Director continued that in view of the recent coronavirus pandemic and the associated challenges facing Local Authorities and their finance teams, the Ministry for Housing, Communities & Local Government (MHCLG) had recently announced a relaxation of these deadlines. They had confirmed that applicable from 30 April (for Financial Year 2019-20 only) the draft accounts would need to be approved by 31 August 2020 and final, audited, accounts by 30 November 2020. Members heard that given that the successful remote working arrangements thus far implemented, the Council was aiming to work, as far as possible, to the normal timeframes. This approach would ensure finance staff were free to focus on the COVID-19 recovery, budget setting and the Medium Term Financial Plan (MTFP) later in the year. It was also felt this would help to alleviate resource pressure for auditors as it was expected that a number of Council audits might converge at the same time later in the year. He then summarised the draft accounts clarifying the key aspects of the balance sheet and the movement in reserve statement, as set out within the supplementary report.

Prior to member discussion, the Chair reminded members they were not required to adopt the draft accounts at this meeting. The Committee would consider the final draft set of accounts at their meeting in either July or September 2020. He then invited Sophia Brown and Paul Dossett representatives from Grant Thornton (external auditor) to provide an update.

Sophia Brown informed the Committee that there was nothing further to report, at this stage, as they anticipated commencing the audit around 15<sup>th</sup> June 2020 and would endeavour to complete by July 2020. She added that Grant Thornton had discussed the key points of the audit with the Director of Finance. Paul Dossett

cautioned that access to the Civic Centre could also influence the progress of the audit.

The Chair then thanked the Deputy Director for his initial presentation and invited comments from members with the following issues raised:

- (a) Members took note of the impact of Covid-19 on incomes including rent payments and sought assurances on how the council intended to address such sensitive issues. The Deputy Director responded that in addition to a wide range of support made available following the outbreak of the pandemic, a Debt Board had been set up to address issues including but not exclusive to rent collection, council tax and debt provisions. He advised it was more likely that the full impact would be felt on the 2020/2021 accounts rather than the current financial year.
- (b) In observing the potential impact of the Covid-19 pandemic on the council's finances, it was requested that a further financial update be received at the Committee meeting in July to enable members to monitor the spend in real time. Carolyn Downs (Chief Executive) explained that this was the largely responsibility of the Council's Resource and Public Realm Scrutiny Committee with work underway that would enable members of that Committee to assess the impact of Covid-19 and Medium Term Financial Plan, going forward.
- (c) Whilst welcoming the draft statement, Members went on to seek further clarification on the capital programme. The Deputy Director advised that for the financial year 2019/20 the Council spent £232m, which equated to 89% of the approved capital programme budget and was under spent to budget by £29.2m or 11%. In reference to Table 3 of the narrative report, the following were noted:
  - Corporate landlord underspend of £5.3m was due to delays in commercial and legal negotiations in regards to final loan terms to the United College Group for works on a new campus.
  - A minor overspend in Regeneration of £0.2m was caused by the Morland Gardens scheme incurring design fee and other costs earlier than originally planned which would be offset by the equivalent underspend on the St Raphael's Estate regeneration budget.
  - The Housing, Care and Investment underspend of £17m included difficulties in identifying and securing suitable street properties within the programme and delayed works.
  - Schools underspend of £1.2m due to slippage on a number of projects within the annual maintenance and schools expansion programmes now planned to be carried forward and completed in 2020/21.
  - South Kilburn underspend of £1.8m due delays in securing property acquisitions on William Dunbar and Saville, Crone Court and Austen House schemes.

- Public realm underspend of £3.8m due to a number of infrastructure improvement programmes, with a large proportion of this sum relating to planned footways works which were paused in March due to the pandemic outbreak.
- (d) The Deputy Director advised the Committee that the Council continued to review the capital programme to assess the financial and delivery implications of the current pandemic on the delivery of programmes and projects planned to be completed within the next financial year. With the exception of a few contractors that ceased working on site or reduced their site activities (but resumed from May onwards), most of the capital programmes and projects had been progressing albeit within the social distancing constraints. Other than some of the savings targets (linked to securing rental income) now being delayed, there were no other material impacts anticipated from the recent review undertaken.
- (e) In response to questions as to whether there were any outstanding recommendations from last year's external audit and whether the reserves set out in the report could be re-applied to other uses, the Deputy Director confirmed that the Council expected to resolve the recommendations and had already made significant progress in doing so. On reserves, he explained the current breakdown whilst noting that a large element was being held for statutory capital expenditure and as such could not be diverted to revenue purposes.
- (f) The external auditors advised that they would complete the audits for the subsidiaries before the Council's audit, subject to the appropriate health and safety measures in place to again access to the Civic Centre.

As there were no further issues raised, the Chair thanked the Director of Finance and his team of officers for the comprehensive report and the detail clarifications submitted. It was **RESOLVED**:

- (1) To note the draft Statement of Accounts for 2019/20 and approve its submission to external audit.
- (2) That once agreed, the s151 Officer authorise the circulation of the draft audit to all members with final approval to be undertaken at the Committee meeting scheduled in either July or September 2020.

## 9. **To review performance of i4B Holdings Ltd**

This report provided the Audit and Standards Advisory Committee with an update on i4B Holdings Ltd's (i4B) recent performance, audit arrangements, and risk register. Martin Smith (Chair of i4B) introduced the report and drew the Committee's attention to the following aspects of i4B performance:

- As of April 2020, 254 Brent families, including 623 children had been housed in i4B properties, the breakdown for which had been set out within Table 1 of the report. The benefits envisaged in the business model were now flowing through in a regular way.

- In view of the prevailing housing market conditions, i4B had adapted its purchasing priorities to fit in with its business model.
- The purchase of the Quintain block for key workers, completed on 20<sup>th</sup> February 2020 that would provide 153 units of 1 and 2 bedroom apartments for key workers and would be let at 65% of market rate plus service charge. He considered that this would be a significant asset, enhancing the Council's ability to recruit and retain key workers within the Borough.
- Because of Covid-19, the building contractor, Wates, had served a notice on Quintain stating that practical completion of the Quintain block project (due in October 2020) had been delayed. The construction project was progressing, albeit at a slower rate and i4B was awaiting further information from Quintain about the length of the delay. He added that the delay was not likely to be critical to the company's business model and drew Members' attention to the risk register as set out within the report.

The Chair thanked Martin Smith for his presentation and invited comments from Members with the following issues raised:

- (a) Members sought further detail about the company's performance figures for 2019/20 (budget against actual). Martin Smith clarified that the spend on maintenance resulted mainly because i4B were buying properties which required refurbishment to a higher standard. The company (i4B) achieved a reduction in insurance fees through partnership arrangement with the Council in purchasing insurance cover, resulting in economies of scale. The increased loss for the year to budget resulted from interest cost and finance charges for the Quintain block for key workers, which totalled over £800k and had not been included in the original budget.
- (b) In response to questions about the company's operating losses and future prospects, Martin Smith stated that the financial modelling covered a 30-year period. The operating losses at early years were in line with expectation but over time and with fixed interest rates and stable flow of rental income, i4B would move into surplus and if property prices should rise, the company's balance sheet would improve accordingly.
- (c) Members heard that i4B was not as susceptible to interest rate movements as the interest on loans from the Council was fixed. Martin Smith added, however, that in the current circumstances it was difficult to predict the path of interest rates.
- (d) In response to questions about the choice of business name and rationale for the councillor representation on the i4B Board, Martin Smith stated that the choice of name was to give the company a minor commercial advantage in not being directly associated with any other large organisation. Carolyn Downs (Chief Executive) advised that the decision to include a non-Executive member on the Board had been taken in order to avoid any conflict of interest with also serving as a member of Cabinet, given the Councils' role as shareholder.

- (e) Members considered the report to be encouraging but sought assurances on the agility of i4B to react to business opportunities and asked about the valuation of i4B's property portfolio. Martin Smith stated that i4B had a dynamic business model with due diligence in place that allowed the company to react to opportunities as they arose. He added that the company revalued its property portfolio annually as a normal commercial arrangement.
- (f) With reference to the Quintain block property, a member sought the definition of a Key Worker in this context. The Chief Executive clarified that the council had adopted the legal definition of a key worker but had applied additional criteria in order to reflect local needs and build in appropriate flexibility.

As no further issues were raised, the Chair thanked Martin Smith and the Chief Executive for the responses and updates provided. It was **RESOLVED** that the Committee note the following:

- (1) The current performance of i4B and update to their risk register.
- (2) The update on recent i4B audits, and progress towards implementing previous audit recommendations.
- (3) The impact of Covid-19 on i4B's operations and business objectives.

#### 10. **To review performance of First Wave Housing Ltd**

This report provided the Audit and Standards Advisory Committee with an update on First Wave Housing Limited's (FWH) business plan, recent performance, risk register, and audit arrangements. Martin Smith (Chair of FWH) provided the key highlights of the FWH report as follows:

- FWH's primary purpose was to manage, maintain, and improve its stock of 329 properties and to contribute to Brent's Housing Strategy by providing good quality, affordable, secure, and well managed homes to Brent residents. It currently had 329 tenanted properties: 89 at social rent, 25 at intermediate rent, and 45 at PRS/market rent and had 170 Settled Homes, which were a form of temporary accommodation, let on assured short hold tenancies, with rent levels slightly below LHA rates.
- The performance of FWH, measured against the Company's Key Performance Indicators was reported to the Board monthly. The annual rent roll was £4.2m.
- As of March 2020, the year to date (YTD) cumulative performance outturn for rent collection was 98.96% against an annual target of 98.5%. YTD rent income collection for August 2019 was 97.29%. Total loss for the year had come in as £120k. Previous in-year projections were in line with this loss for the year.
- On performance, there was a variance of circa £750k to the original budget driven mainly by repair costs but the main reason for the scale of the variance related to the original budget set and calculation of costs. Costs for 2019/20 costs were in line with those for 2018/19.

- A benchmarking exercise undertaken in February 2020 demonstrated that FWH's operating costs were in line with other providers of similar size and found that FWH had a strong performance in operating margin, placing it within the upper quartile in all peer groups.
- For minor voids, FWH's target was 21 days. For major voids, FWH's target was 76 days. The YTD performance as of March 2020 for voids was as follows:
  - General Market Rent (Minor Void) – 35.9 days.
  - Settled Homes (Minor Void) – 33.65 days.
  - Settled Homes (Major Void) – 94.2 days.

The YTD performance for major voids had increased notably as a result of works being delayed on one Settled Home property, which had been caused by a roof leak within a block managed by a registered provider. Once remedied, the void works commenced and the property was let in 34 days.

- While not a priority, FWH retained the ability to purchase new build accommodation, through working with the Council and on the open market, using a proportion of the loan facilities of up to £110.5m agreed by the Cabinet to be made available to i4B Holdings and FWH. As opportunities developed, FWH would continuously review its financial model and potential grant funding opportunities to ensure schemes secured optimum value for Brent.

The Chair thanked Martin Smith for the in-depth update of FWH performance and invited comments and questions from Members. The following issues were raised and responses submitted were noted:

- (a) In response to specific questions about the rising Service Level Agreement (SLA) and other costs and whether FWH would replace properties it had sold, Martin Smith reiterated that the benchmarking exercise in February 2020 showed that FWH's operating costs were in line with other providers of similar size and found that FWH had a strong performance in operating margin, placing it within the upper quartile in all peer groups.
- (b) Members raised a query on the operating loss regarding the variance of circa £750k to the original budget. Martin Smith informed the Committee that the actual costs were higher because of poor housing stock condition that required good maintenance, the process of untangling costs from Brent Housing Partnership and payment of leasehold charges to landlords. He reiterated that financial performance was being reported to the Board each month. Carolyn Downs (Chief Executive) added that matters of concern could also be reported to the Community & Wellbeing scrutiny Committee.
- (c) In response to questions about the impact of falling property values on the finances of the FWH and therefore the Council, Martin Smith assured Members that FWH's rental income was well insulated. He added that subject to any radical and detrimental change to the benefit regime, FWH did not envisage such problems.

The Chair thanked Martin and the Chief Executive for the comprehensive report and updates as there were no further issues raised and it was **RESOLVED** that the Committee note the following:

- (1) The update on FWH performance and risk register.
- (2) The update on recent FWH audits.
- (3) The impact of Covid-19 on FWH's operations and business objectives.

## 11. Internal Audit Progress Report

This report provided an update on progress against the Internal Audit Plan for the period 1 January 2020 to 30 April 2020. Michael Bradley (Head of Audit and Investigations) introduced the report during which the Committee noted the following points:

- During this period, Internal Audit completed 10 audit reviews and advisory pieces of work, issued a further seven draft reports which were awaiting management responses, completed 14 follow up reviews, completed two school audits and completed grant claim certifications for the Troubled Families Programme. Details of the key findings were set out in Appendix A of the report and details of the audits currently in progress were set out in Appendix B of the report. To ensure that agreed management actions in respect of significant risks were implemented, officers had also carried out follow-up reviews.
- A further seven audits were nearing completion or in progress. Due to the ongoing Coronavirus situation, a number of this year's audits had had to be postponed and would be rescheduled in 2020/21. Planning work had also now commenced on a number of audits from the 2020/21 Audit Plan.
- For each audit where controls had been analysed and a report agreed with management, an assurance opinion was given. This grading mechanism provided an indication of the level of confidence in the controls in operation and the extent to which they were being applied. For 2019/20 this grading system would be no longer used and an indication of the level of confidence was now gained by examining the number of issues raised and their associated risk level.
- During the period, 14 follow up reviews were completed (as detailed within Appendix C of the report). A further 11 were currently in progress. Of the 14 completed, four had high-risk actions that had not been implemented or only partially implemented. These would be followed up to ensure they have been satisfactorily implemented. 119 management actions had been reviewed in total.
- Management had provided positive feedback on individual audits completed on areas including usefulness of the audit, quality of the report and usefulness of any recommendations made. Of the five questionnaires that had been



returned during this period. 97.5% of scores were either very satisfied or satisfied.

The Chair thanked Michael Bradley for the update and invited comments from the Members during which the following were noted;

- (a) Members raised specific questions about the impact of Covid-19 on the finances of the Council when there was no income flow from for example, parking facilities. Furthermore, the ability of the audit team to complete its work whilst service areas such as highways, older persons pathway and Spot Purchasing, Residential and Nursing Care were all marked “fieldwork in progress”. Michael Bradley responded that the Audit and Investigation unit had, since the report was written, completed some of the audits that were in progress. In addition, the remote working protocol including some face-to-face activity, where appropriate, had enabled the unit to function with minimal impact. In 2020/21, the unit would scrutinise any ongoing impact and devise mitigation plans, going forward.
- (b) Members asked the Head of Audit and Investigations to elaborate and provide further updates on the following audit areas that had high risk findings: IT Access and Identity Management (access to applications); Staff Benefits (Effective and regular management reporting and reconciliations of staff beneficial loans, loan policy and central record of loans issued) and First Wave Housing (rent collection KPI). Michael Bradley informed Members that the council had in place a process for managing staff loans and with positive responses from service teams, and that no irregularities had been identified. He added that control measures were in place in respect of the findings that were categorised as medium and undertook to circulate further updates to members.
- (c) Specific questions were asked about how the team was scrutinising the impact of the changes and support measures put in place as a result of the Covid-19 pandemic and comments were also sought on the pension fund investments in passive trackers. Michel Bradley responded that the team was providing assurance via initial spot check testing on grant payments to businesses. He undertook to share updates on passive trackers with members.

As no further issues were raised, the Chair once again thanked the Head of Audit and Investigations and his team of officers for the comprehensive report and the updates provided. It was **RESOLVED**:

- (1) To note the internal audit progress report for the quarter.
- (2) That the Head of Audit and Investigations share further updates noted in the above discussions.

## 12. **Counter Fraud Progress Report**

Michael Bradley (Head of Audit and Investigations) introduced this report that set out the activities of the counter fraud function in Q4. The Committee noted the following overview provided:

- Internal fraud typically had the fewest but more complex referrals from a variety of sources in any period. In reference to the table in the report, he gave a summary of the case types as set out within the report but added that due to confidentiality, it was inappropriate to provide additional details within the report. Members heard that the cases involved misuse of IT, conflict of interest, recruitment irregularities, breach of financial / other regulations and bribery or corruption.
- The recovery of social housing properties by the Counter Fraud team remained a high priority fraud risk for the Council with the average value of each recovered tenancy being around £93,000. Five housing cases, with a notional value of £465,000, were recorded as a result of fraud / irregularity in Q4. The total number of fraudulent housing cases concluded in 2019/20 was 19, (27 in 2018/19).
- The following statistical information was also noted;
  - An average of 40 recoveries had been made over the last three years.
  - Referrals had declined over the last two years.
  - Of the 34 referrals logged during Q4, nine were from Housing Management teams.
  - Total referrals logged this year were 176, compared to last year's total of 151, and a further 24 referrals were received in Q4 that needed to be processed.
  - There were currently 92 live housing investigations.
  - The successful on-street Blue Badge operation with the Parking Enforcement in the Willesden area.
- Arising from the Council's response to the Covid-19 pandemic, some interim amendments to processes and controls in services had been put in place that were being delivered in a controlled manner with appropriate advice to managers regarding the risk of error and fraud. Officers were analysing the reasons for an increase in fraud referrals and dealing with individual caseloads.

The Chair having thanked the Head of Audit and Investigation invited comments and questions from Members with the following issues raised:

- (a) Members observed that because of the Covid-19 pandemic there could be frequent use of ID scans with all of the attendant problems, some of which were detailed in the report. Referencing the report, the Head of Audit and Investigations highlighted the importance of adequate identity scanners, particularly for recruitment, and he anticipated the introduction of new scanners as soon as circumstances allowed. He was looking into the risk of email scans verification. Work currently in progress, would be reported to Committee when it was completed.
- (b) In response to questions about whether the team had an arrangement in place to authenticate documents with the Home Office and the DVLA, the Head of Audit and Investigations confirmed that the ID scanner would be able to check and authenticate documents with statutory bodies.

In the absence of further issues, the Chair once again expressed thanks to the Head of Audit and Investigations for the progress report and the responses.

The Committee **RESOLVED** to note the counter fraud work for the fourth quarter 2019/20.

### 13. **External Audit Plan Update - Audit scope & additional work 2019/20**

The Committee welcomed Sophia Brown and Paul Dossett (Grant Thornton external auditors) to the meeting to provide an update to the planned scope and timing of the statutory audit of the London Borough of Brent ('the Authority') and London Borough of Brent Pension Fund ('the Fund'). The Committee noted the following updates:

- In addition to the audit risks communicated to those charged with governance in the Audit Plan on 11 March 2020, recent events had led the external auditors to update the planning risk assessment and reconsider the audit and value for money (VfM) approach to reflect the unprecedented global response to the Covid-19 pandemic. Aware that the uncertainties and the significance of the situation would present additional burden on staff, Grant Thornton aimed to work with the Council to ensure up to date communication and flexibility where possible, in the audit procedures.
- Although the financial deadline had been extended to 31 August 2020 for the preparation of the financial statements and 30 November 2020 for audited financial statements, Grant Thornton would liaise with management to agree appropriate timescales.
- In order to fulfil their responsibilities under International Auditing Standards (ISAs UK) Grant Thornton had revisited the planning risk assessment. Furthermore, Grant Thornton advised they may need to consider implementing changes to the procedures planned and reported in the Audit Plan to reflect current restrictions to working practices, such as the application of technology to allow remote working.
- Grant Thornton had identified a new significant financial statement risk relating to Covid-19 in the Council and the Pension Fund and had set out the reason for risk identification and the key aspects of the proposed response, as described within the report and the Audit Scope letter (the addendum). The materiality levels reviewed did not identify any changes to their materiality assessment.
- Grant Thornton had updated the Value for Money (VfM) risk assessment to document their understanding of the Council's arrangements to ensure critical business continuity in the current environment. Grant Thornton had not identified any new VfM risks in relation to Covid-19 but had enhanced the financial sustainability VfM significant risk to reflect the impact of Covid-19 on the Council's 2020/21 budget and beyond.

The Chair thanked Sophia Brown and Paul Dossett for the update and invited comments and questions from the Committee with the following being noted:

- (a) Clarification was sought on the method of valuation of the pension fund, aware that the impact of Covid-19 would have affected only one month of the audit and whether there could be a further review of the auditor's fees. The external auditors explained that the valuation involved the combined work of expert valuers, Council officers and actuaries. The auditors did not anticipate changes to the fees set out within the audit scope letter attached as an addendum to the report, although the impact of Covid-19 would affect the audit opinion.

With no further issues raised, the Chair once again thanked Sophia and Paul Dossett (Grant Thornton) for their attendance and the updates and it was **RESOLVED** to note the external audit plan, scope and additional work.

14. **Review of the use of the Regulation of Investigatory Powers Act (RIPA) Powers**

The Committee received a report that provided details on the outcome of the inspection undertaken by the Investigatory Powers Commissioner's Office (IPCO) in March 2020. The IPCO had responsibility for reviewing the use of investigatory powers by public authorities and other intelligence and law enforcement agencies and monitored how these powers were used, ensuring that investigations are conducted in accordance with the law. Bianca Robinson (Senior Constitutional and Governance Lawyer) presented the report and drew Members attention to the following:

- The Regulation of Investigatory Powers Act 2000 (RIPA) gave the Council significant powers in order to investigate serious matters and offences. The powers enabled the Council to use covert surveillance, covert human intelligence sources (CHIS) and the acquisition of service use or subscriber information in relation to communications data in a manner, which was compatible with Article 8 of the European Convention on Human Rights.
- Any directed surveillance that the Council may wish to undertake must comply with various strict criteria including approval of the application by a Magistrate.
- The Council was periodically inspected (approximately every 2-3 years) by the Investigatory Powers Commissioner's Office (IPCO). Arising from the last inspection that took place in November 2016, the Inspector made two recommended suggestions. These were addressed and reported to the Committee meeting in March 2018.
- The Inspector undertook his phone desk top inspection in March 2020 and was pleased to note that the inspection had found similarly good levels of continued compliance with no recommendations made. The Inspector noted the regular updating of the Council's RIPA policy document; a robust application process for the use of social media investigations; and clear processes to comply with conditions when external agencies required the use of CCTV.

- In accordance with the assurances confirmed by The Investigatory Powers Commissioner, officers would continue to ensure that the integrity of the Council's processes and governance procedures were maintained to ensure that the high standards of compliance with the Act and relevant codes of practice continued.
- Members noted that the operation of the process, set by legislation, would continue to be tracked, monitored and documented.

As there were no further issues raised, the Chair thanked the Senior Constitutional and Governance Lawyer and in welcoming the report, the Committee **RESOLVED** to note the positive outcome of the 2020 IPCO inspection into the council's use of RIPA as set out in the Inspector's letter, attached as Appendix A to the report.

15. **Audit & Standards Advisory Committee - Forward Plan 2020/21**

The Chair drew Members' attention to the Committee's forward plan and work programme for 2020/21 as set out in the agenda pack. In welcoming the work programme, the Committee **RESOLVED** to note the forward plan and work programme for 2020/.


16. **Any other urgent business**

None.

The meeting closed at 8.35 pm

David Ewart  
Chair

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 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 29 July 2020
	<b>Report from:</b> <b>Director of Legal, HR, Audit &amp; Investigations</b>
<b>Code of Conduct and Complaints</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not applicable
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	One 1) Appendix A – Decision Notice (05.06.2020)
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	(1) Debra Norman, Director of Legal, HR, Audit & Investigations (ext. 1578) (2) Bianca Robinson, Senior Constitutional & Governance Lawyer (ext. 1544)

## 1.0 Purpose of the Report

- 1.1 This report informs Members of (a) recent complaints concerning breaches of the Member's Code of Conduct and in particular, the complaint upheld against Councillor Aslam Choudry; and (b) an update on the LGA draft Model Code of Conduct.

## 2.0 Recommendations

- 2.1 That the Committee note the contents of the report.

### 3.0 Detail

#### Complaint against Cllr Aslam Choudry

- 3.1 In early May 2020, the Monitoring Officer (Director of Legal, HR, Audit and Investigations) received three Member Code of Conduct (the Code) complaints regarding Councillor Aslam Choudry.
- 3.2 The details of the complaint, Cllrs Aslam's response to the allegations, consideration of the Code and the rationale of the Monitoring Officer's decision, is set out in the attached Decision Notice (Appendix A). In summary:
- 1) the three complaints were considered together, as they all arose from the same WhatsApp post by Cllr Choudry.
  - 2) Cllr Choudry shared on the Dudden Hill Mutual Aid Group WhatsApp group a link to a video clip of a discussion that took place on the Real Face television channel.
  - 3) following complaints by members of the group, Cllr Choudry removed the post and posted an apology stating it was sent by mistake.
  - 4) in accordance with the Members Code of Conduct Complaints Procedure and following consultation with the Independent Person the Monitoring Officer found that Cllr Choudry breached:
    - a. paragraphs 4 (high standards),
    - b. 5 (seven principles of conduct in public life) and
    - c. 12 (conduct ... in a manner which could reasonably be regarded as bringing your office or the council into disrepute)of the Members Code of Conduct in uploading the Link to the Dudden Hill WhatsApp Group.
- 3.3 By way of sanctions it was recommended that:
- 1) Cllr. Choudry to be requested to:
    - a. attend council training on the appropriate use of social media (noting that Cllr Choudry had already stated publicly he will be attending training on anti-Semitism);
    - b. provide a written apology to be placed on the council's website.
  - 2) the council's Labour Group to be invited to consider whether it is appropriate that Cllr Choudry retain his position on the Council's Audit and Standards Committee and Advisory Committee;
  - 3) the decision notice be published on the council's website for 6 months and reported to the Audit & Standards Advisory Committee.
- 3.4 Cllr Choudry did not exercise his right to request a review. The Monitoring Officer's decision is final. His apology, together with a further copy of the decisions notice, Code and the Member's Code of Conduct complaints



procedure can be found on the council's website:  
<https://www.brent.gov.uk/your-council/complaints/make-a-complaint-about-a-councillor/>.

### Complaints against other Members

- 3.5 The Monitoring Officer has determined two additional complaints against Members for breaches of the Code, as follows:
- 3.6 The first complainant made various allegations of improper conduct, but refrained from identifying which parts of the Code were alleged to have been breached. The complaint was not upheld on the basis that it did not “disclose a sufficiently serious potential breach of the Code to merit further consideration”. It did not progress beyond the initial assessment stage.
- 3.7 The second complainant alleged six breaches of the Code<sup>1</sup>, namely: para 6, para 8, para 9, para 10, para 12, para 15, para 16. The complaint was not upheld on the grounds that there had been no breach of the Code. The Cllr apologised for their poor choice of words in a pressured situation. The Monitoring Officer did consider the value of mediation and/or training but formed the view the circumstances did not require it. The Cllr was also reminded that in contentious situation like the matter complained off, it is important to reflect in a balanced and even handed way the advice provided by council officers.
- 3.8 In line with:
- 1) paragraph 1.10 of Members Code of Conduct Complaints Procedures, this Committee is required to review the handling of complaints, reviews and decisions made with a view to identifying trends or any improvements in the procedure and application which may be desirable; and
  - 2) Annex 1, para 1.3 an annual review at the Committee of the Assessment Criteria is required to be undertaken.
- 3.9 At its next meeting officers will provide the Committee a report addressing para 1.10 and Annex 1, para 1.3 of the Members Code of Conduct Complaints Procedures for its consideration.

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<sup>1</sup> para 6 (treating others with respect);

para 8 (must not bully);

para 9 (must not intimidate or attempt to intimidate any person);

para 10 (not do anything which compromises or is likely to compromise the impartiality of those who work for, or on behalf of, the Council);

para 12 (must not conduct yourself in manner which could reasonably be regarded as bringing your office or the Council into disrepute);

para 15 (must not use or attempt to use your position as a member improperly...);

para 16 (when using or authorising the use by others of the resources of the Council; (a) Act in accordance with the council's reasonable requirements).

## Local Government Association (LGA) Draft Model Code of Conduct Update

- 3.10 The Committee is reminded that pursuant to the Localism Act 2011, the Council is under a statutory duty to promote and maintain high standards of conduct amongst their elected and co-opted members, and to adopt a code governing members. Brent's Member's Code of Conduct is set out in Part five of the Constitution.
- 3.11 The Committee will recall from its last meeting that the LGA are undertaking a consultation on a new Model Member Code to be recommended by the LGA. The draft Model Member Code is described as designed to aid members in all tiers of local government exemplify the behaviours and high standards that anyone would expect from a person holding public office. Equally, it articulates behaviour which falls below the standards that would be expected of council members. It is designed to help set a framework for public and councillor interaction, emphasising the importance of civility and that councillors should be protected from bullying, intimidation and abuse.
- 3.12 The LGA have now issued the consultation questionnaire which runs for 10 weeks from Monday 8 June until Monday 17 August.
- 3.13 The proposed updated LGA Model Member Code of Conduct incorporates the recommendations from the Committee on Standard's in Public Life's recommendations on Local Government Ethical Standards and the representation from its membership.
- 3.14 This consultation addresses key areas that the LGA would like a view on to help finalise the Code.
- 3.15 The committee is reminded that the draft Model Code of Conduct is very different to the old Model version, but it is much more closely aligned to the current version the council already has in place. It does not however include some provisions covered in Brent's existing Code, for example, concerning behaviour which:
- May cause the equalities legislation to be breached by the council;
  - Is intimidation of witnesses;
  - Relates to non-attendance of training.
- 3.16 The committee will be kept informed as to how the consultation progresses and in particular will be updated on anything that comes forward in the consultation that looks like it could usefully be adopted into Brent's own Code.

### **4.0 Financial Implications**

- 4.1 There are no financial implications arising out of this report.

### **5.0 Legal Implications**

- 5.1 Pursuant to the Localism Act 2011, the Council has to have arrangements in place to deal with any allegations of failure to comply with the code of conduct

and must appoint an Independent Person whose views are sought and taken into account by the council before it makes its decision on an allegation that it has decided to investigate.

- 5.2 The Council, individual Members and co-opted Members are required to promote and maintain high standards of conduct in accordance with s27 of the Localism Act 2011. Any alleged breached of the Code must be considered in accordance with the Council's Member Code of Conduct Procedure.

## **6.0 Equality Implications**

- 6.1 The equality implications arising out of this report are addressed within Appendix A.

## **7.0 Consultation with Ward Members and Stakeholders**

- 7.1 Not applicable.

## **8.0 Human Resources/Property Implications (if appropriate)**

- 8.1 Not applicable.

<p><b><u>Report sign off:</u></b></p>
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<p>Director of Legal, HR, Audit &amp; Investigations</p>
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## **MONITORING OFFICER DECISION NOTICE**

### **Brent Members' Code of Conduct**

#### **Complaint about the conduct of Councillor Aslam Choudry**

##### **The Complaints**

Three complaints about the conduct of Cllr Aslam Choudry have been considered under the council's procedure for considering complaints that the Members Code of Conduct has been breached. The complaints were received from Mr. Di Netimah, Mr. Joel Davidson and Mr Richard Geldart. The three complaints have been considered together, as they all arise from the same WhatsApp post by Cllr Choudry on a mutual aid Covid -19 WhatsApp group.

Between them the complaints allege the post breached the following provisions of the Code:

*Para 3* - It is your responsibility to ensure that you are familiar with, and comply with, this Code.

*Para 4* - You must maintain a high standard of conduct.

*Para 5* - In particular, you must comply with the seven principles of conduct in public life set out in *Appendix 1*. In particular:

- Integrity: You should not place yourself in situations where your integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour;
- Leadership: You should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

*Para 7* - You must not do anything which may cause the Council to breach any of the duties under the Equality Act 2010. <sup>1</sup>

<sup>1</sup> The Council has adopted the IHRA definition of anti-Semitism

*Para 12* - you must not conduct yourself in manner which could reasonably be regarded as bringing your office or the Council into disrepute.

##### **The facts**

On 1<sup>st</sup> May 2020 at 12:12 Cllr Choudry shared on the Dudden Hill Mutual Aid Group WhatsApp group (the WhatsApp group) a link to a video clip of a discussion that took place on the Real Face television channel (the Link). Cllr Choudry has acknowledged that this was an "abhorrent anti-Semitic link".

Cllr Choudry removed the post shortly afterwards, having been requested by other members of the group to do so, and at 12:18 posted on the group an apology stating it was sent by mistake. The post had at that time been seen by at least some members of the WhatsApp group.

Also on the same day, Cllr Choudry posted an apology on his Facebook page acknowledging that the content of the video clip was "untrue", "racist and unacceptable and extremely offensive". He apologised for the hurt and offence caused and said he would be seeking to undertake training on anti-Semitism.

On 1 May 2020, an article appeared in the Jewish Chronicle referring to the WhatsApp group post and the clip, as well as to Cllr Choudry's apology and statement that posting the Link

had been a mistake. The article also referred to a Facebook post previously shared by Cllr Choudry (in 2016) for which he had apologised for and explained as a mistake at that time. On 4 May 2020, an article appeared in the Brent & Kilburn Times containing similar information and details of comments made by the councillor to the paper, together with some comments made by local residents, including one that "I'm shocked and appalled...I really thought our local councillors were better than this". A further article appeared in the Jewish Chronicle on 4 May referring to the article in the Brent & Kilburn Times.

### **Cllr Choudry's response**

Cllr Choudry provided a written response to the complaint received on 21 May 2020.

Cllr. Choudry first explained how the post to the WhatsApp group came about, in summary:

- He was a member of the Dudden Hill Mutual Aid Group, which he helped to set up with Cllr. Hirani to help the constituents of Dudden Hill relating to COVID-19, on his **personal iPhone**.
- He was also a member of the Alperton Mutual Aid Group on his **council iPhone**.
- He received the Link on his **personal iPhone**.
- He noticed there was some useful and practical advice on the Alperton Mutual Aid Group which he wished to share with his Dudden Hill Mutual Aid colleagues concerning how best to liaise services.
- He inadvertently shared the Link from his **personal iPhone** to the Dudden Hill Mutual Aid Group rather than sharing the Alperton Mutual Aid Group information.
- He has certain eyesight related issues, which had not helped.

He stated he "absolutely and unequivocally" had not intended to share the Link to the Mutual Aid Group and removed the post from the WhatsApp group as soon as the group "Admin" brought it to his attention, and subsequently removed himself from the WhatsApp group and the Alperton Mutual Aid Group.

In terms of the video itself, he stated:

- He was not aware of the full contents of the video clip at the point he shared it to the WhatsApp group, only opening it when his attention was drawn to the post by the group "Admin".
- He does not share the views stated in the video clip, and
- As a councillor is "truly proud that we at Brent have adopted motions against all forms of hate, the IHRA definition of anti-Semitism and Islamophobia" and referred to his personal contribution in relevant debate in the chamber.

Cllr Choudry acknowledged that he had fallen below expected standards of behavior, in particular stating:

- He had "fallen short by unknowingly sharing the wrong link".
- His action had "caused hurt and harm to so many people".
- "I understand that I cannot undo the harm that my carelessness has caused".
- "I appreciate faith will not easily be restored".

Cllr Choudry commented on his record in respect of community and councillor work, including:

- That he has "no prejudice against any faith, or individual view points" and "always acted to stop any form of discrimination."
- That his "commitment to work with the Dudden Hill Mutual Aid Group irrespective of faith" is demonstrated by his close working with Cllr. Hirani and "Admin" people

concerned with the group, emphasising the need to work closely with the Council in “handling the cash with absolute care and transparency” and to “help the residents of Dudden Hill regardless of any other factors”.

- That in his long career working both overseas and in the UK he had never been accused of being biased or prejudiced, while managing many people of different backgrounds and faith.
- He referred to his community work as a councillor and in the voluntary sector and referred to his “total commitment to work with communities irrespective of their belief, religion, race and gender”.
- He referred to his position as Chair of the Audit and Standards Committee and stated that under no circumstances would he “think about sharing a message of this nature in my capacity as a Councillor - a prominent position in the public domain.”
- He refers to his activities as Mayor of Brent including money raising and events involving faith groups of different nationalities and to working alongside different communities. He refers to an occasion when anti-Semitic graffiti appeared in his Ward and he was involved in ensuring its prompt removal. He also referred to his role on the Standing Advisory Council on Religious Education.

He apologised for posting the Link, in particular stating:

- “I wish to apologise unreservedly for this human error.” and that he is “remorseful and embarrassed”;
- “it is an unfortunate human error and no malice. I apologise wholeheartedly”;
- “I want to take the opportunity once again to apologise for my actions and for the harm caused”.

Cllr Choudry concluded by emphasising he greatly values the work and the role of being a councillor and wants to rectify the position and make amends, being “willing to accept advice and guidance as well as IT and social media training so nothing like this ever happens again”.

He also provided copies of a public press release and his Facebook statement released on 1<sup>st</sup> of May 2020.

### **The scope of the Members’ Code of Conduct**

All local authorities are required to adopt a code of conduct “dealing with the conduct that is expected of members ....of the authority when they are acting in that capacity.” (s27(2) of the Localism Act 2011).

The Council’s Members’ Code of Conduct states that “This Code applies to you as a member of Brent Council” (para. 1(1)) and sets out its scope at para 2(1):

“You must comply with this Code whenever you –

- (a) Conduct the business of the Council (which, in this Code, includes the business of the office to which you are elected or appointed); or
- (b) Act, claim to act, or give the impression you are acting as a representative of the Council,

and references to your official capacity are construed accordingly.”

I take the view that the words “a representative of the Council” should be broadly understood, and that acting or giving the impression of acting as a *councillor* should be equated with acting as a *representative* of the Council, which maintains the important distinction between councillors’ personal and public actions.

## Decision

In accordance with the Members' Code of Conduct Complaints Procedure, before deciding the outcome of this complaint, I consulted the Council's Independent Person and have taken his views into account.

Cllr Choudry has not disputed posting the Link to the WhatsApp group or that the Link was to anti-Semitic material. He has acknowledged that uploading the Link fell below expected standards of behaviour. The only factual issue is whether Cllr Choudry posted the Link by accident or deliberately. Only the councillor is in a position to know the factual position in relation to this and I must therefore take a view based on his statement in relation to the question and what is suggested by the surrounding circumstances. In accordance with the Assessment Criteria set out in section 2 of Annex 1 to the Code of Conduct Complaint Assessment and Determination Procedure, I have therefore been able to conclude that there has been a breach of the Code of Conduct without an investigation.

The first question I need to address is whether the alleged conduct falls within the scope of the Code. This is not a straightforward question.

The video extract itself is certainly not related to any council business. Nor does it appear to be related to any constituents business or to any other activity with Cllr Choudry's remit as a councillor. The clip is available in the public domain. The Mutual Aid Group to which the WhatsApp group relates was not set up or sponsored by the council but rather self-organised in the community.

However, it is also important to consider the wider context in which the Cllr Choudry was involved in the WhatsApp group. The LGA publication "A councillor's guide to civil emergencies" emphasises the important role councillors have in a civil emergency, providing information and support to residents. While previously this could be done face to face, the lockdown has meant many councillors have used social media to fulfil this role. I note that Cllr Choudry refers to the Dudden Hill Mutual Aid group as having been set up by himself and his fellow ward councillor, Cllr Hirani, and that the name he uses in the WhatsApp group set up for the Mutual Aid group is Cllr Choudry. Participation in the group by Cllr Choudry is clearly at least partly referable to his position as a local councillor and he gave the impression he was acting in that capacity.

The matters complained of, therefore, fall within the scope of the Code.

Having considered Cllr Choudry's explanation of how he came to copy the Link into the WhatsApp group and his assertion that he had no intention to do so, on balance I accept that he did not intentionally or knowingly share a link to material he agrees is anti-Semitic to that group.

The broader issues of how the Link came to be readily available on Cllr Choudry's phone, or how he came to copy that link before posting it to the WhatsApp group, while serious matters, are outside my remit to consider.

However, accepting that the Link was posted to the WhatsApp group in error is not the end of the matter. In participating as a councillor in a WhatsApp group with residents, Cllr Choudry is required to comply with the Code. It is clear that if, as I accept, the Link was not intentionally posted to the WhatsApp Group, Cllr Choudry did not take sufficient and/or appropriate care in making his post to the group. He did not check that the Link being posted was the correct one and as a consequence circulated to a significant number of residents what he himself describes as an "abhorrent anti-Semitic link".



Turning now to consider whether specific provisions of the Code have been breached.

*Para 3 - It is your responsibility to ensure that you are familiar with, and comply with, this Code.*

Cllr Choudry has attended the mandatory training in respect of the Members Code of Conduct. I consider below whether he has failed to comply with specific provisions of it.

*Para 4 - You must maintain a high standard of conduct.*

As described above, Cllr Choudry has acknowledged that he had fallen below expected standards of behavior.

*Para 5 - In particular, you must comply with the seven principles of conduct in public life set out in Appendix 1. In particular:*

- Integrity: You should not place yourself in situations where your integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour;
- Leadership: You should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

Integrity – by failing to take proper care in posting a link to the WhatsApp group, and as a result circulating the Link complained of to a significant number of local residents Cllr Choudry gave the appearance that he supported the views expressed in the video to which the Link led. He has acknowledged those views are anti-Semitic, particularly taking into account the definition of anti-Semitism adopted by the Council.

Leadership - Cllr Choudry has acknowledged that he has acted in a way that has undermined public confidence, and has stated that “I understand that I cannot undo the harm that my carelessness has caused.” And “I appreciate faith will not easily be restored”.

*Para 7 - You must not do anything which may cause the Council to breach any of the duties under the Equality Act 2010.*<sup>1</sup>

<sup>1</sup> The Council has adopted the IHRA definition of anti-Semitism

The posting of the Link by Cllr Choudry is not capable of causing the council itself to be in breach of any of its duties under the Equality Act 2010 and so I do not consider there has been a breach of this particular provision. That the council has adopted the definition of anti-Semitism referred to is of course relevant to considering his behaviour by reference to other provisions of the Code.

*Para 12 - you must not conduct yourself in manner which could reasonably be regarded as bringing your office or the Council into disrepute.*

The posting of the Link has been the subject of adverse comment by residents and in the media. Cllr Choudry acknowledges that he has “caused hurt and harm to so many people and that “faith will not easily be restored”. I do not consider this has brought the council into disrepute. Cllr Choudry was acting as a ward councillor but was not undertaking any formal role that he was appointed to by the Council in his participation in the WhatsApp group. He has not sat as Vice-Chair of the Council’s Audit and Standards Advisory Committee or Chair

of the Audit and Standards Committee since the incident. I do consider that he has brought the office of councillor into disrepute.

In conclusion, I consider that Cllr Choudry breached paragraphs 4, 5 and 12 of the Members Code of Conduct in uploading the Link to the Dudden Hill WhatsApp Group.

### **Sanction**

In considering the appropriate sanction it is relevant to take note of the actions already taken by Cllr Choudry to seek to remedy the breach. Since posting the Link Cllr Choudry has:

- a) promptly deleted the offending material from the WhatsApp page,
- b) removed himself from the WhatsApp group,
- c) acknowledged that his behaviour fell below expected standards,
- d) apologised publically,
- e) offered to attend training on anti-Semitism and on IT and social media.

On the other hand, as Cllr Choudry acknowledges, his action has caused “harm and hurt” to many people.

It should also be noted that all councillors have been provided with advice about careful use of social media, in particular, Monitoring Officer Advice Note 27 issued to all councillors included the following advice:

#### **“Sharing posts**

- Do not share a post unless you have read it/seen the video and want to be associated with it. This applies to ‘liking’ a post and to re-tweets.”


In all the circumstances, I consider the appropriate sanction in this instance to be as follows:

- 1 Cllr. Choudry to be requested to:
  - a. attend council training on the appropriate use of social media (I note he has already stated publically he will be attending training on anti-Semitism);
  - b. provide a written apology to be placed on the council’s website.
- 2 The council’s Labour Group to be invited to consider whether it is appropriate that Cllr Choudry retain his position on the Council’s Audit and Standards Committee and Advisory Committee;
- 3 This decision notice to be published on the council’s website for 6 months and reported to the Audit & Standards Advisory Committee.

In accordance with the Members’ Code of Conduct Complaints Procedure, as far as the complainants are concerned my decision is final and there is no right of appeal or right of internal review against my decision.

As far as Cllr Choudry is concerned, he may request in writing within 10 working days of receiving this decision notice that I review my decision that he breached the Code of Conduct and/or the sanction imposed. The reasons for requesting a review must be given and any new supporting documentation provided.

**Debra Norman**  
**MONITORING OFFICER, BRENT COUNCIL**  
**5 June 2020**

	<b>Audit and Standards Advisory Committee</b> 29 July 2020
	<b>Report from the Strategic Director of Regeneration and Environment</b>
<b>Lessons Learned from the COVID-19 Response</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	1 Appendix A: Report: Lessons Learned During Response to COVID-19
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Daryl Jooste Civil Contingencies Manager 0208 937 5415 <a href="mailto:daryl.jooste@brent.gov.uk">daryl.jooste@brent.gov.uk</a>

## 1.0 Purpose of the Report

- 1.1 This report and accompanying Appendix brings to the attention of the committee the response activity undertaken by the council during the response phase of the COVID-19 Pandemic as well as some of the lessons and learning as a consequence.

## 2.0 Recommendation(s)

- 2.1 Consider and note the information contained in this report

## 3.0 Detail

### 3.1 Debrief Procedure

- 3.1.1 Brent has a well-established procedure for capturing the lessons and learning opportunities presented by Major Incidents. The methodology of debriefing

includes an emphasis on timeliness of debriefing to ensure that time delays do not inhibit or prevent meaningful learning.

3.1.2 Debriefs typically occur at the conclusion of any Major Incident however the nature of pandemic incidents is one where no such clear delineation exists and therefore, to avoid losing the valuable opportunities for learning our experience in this incident has provided us to date, in June the Council Management Team commissioned a report to capture the salient learning points around our response to the pandemic thus far.

3.1.3 Due to the ongoing nature of the incident, the report recommends that a further debrief/learning exercise be done, at an appropriate point in future, to capture any learning in the intervening period and to build on the initial learning highlighted in this document.

3.1.4 From an organisational learning perspective, debriefing provides the following opportunities:

- It provides validation and assurance of plans and processes that hitherto may have remained untested by real-world scenarios
- It allows identification of areas where existing plans or processes require modification or review of planning assumptions to reflect actual experience
- It prompts consideration of plans or processes which did not exist prior and should be developed and incorporated into future practice

## **3.2 Actions**

3.2.1 At a meeting of the Corporate Management Team on 09/07/2019, the report was discussed and it was noted that many of the actions in response to the learning were already under way or already in place. The actions occur at four levels within the council:

- The Council Management Team on policy matters where policy is an enabler for supporting and building resilience. Examples include the Flexible Working Policy, IT Strategy etc.
- Senior Management to progress existing action plans within Directorates under the Council Recovery themes of Restore, Reinvent, Retain and Remove.
- At service level in terms of the annual cycle of Business Continuity Planning, to include in service Business Continuity plans the strategies and options which have been used for the first time during this incident and could be applied in future.
- Within the Emergency Planning Team to validate, modify or further develop our suite of emergency plans with the added benefit of first-hand, real-world experience.

## **4.0 Financial Implications**

4.1 Nil

**5.0 Legal Implications**

5.1 Nil

**6.0 Equality Implications**

6.1 Nil

**7.0 Consultation with Ward Members and Stakeholders**

7.1 N/A

**8.0 Human Resources/Property Implications (if appropriate)**

8.1 N/A

**Report sign off:**

**Amar Dave**

Strategic Director of Regeneration  
and Environment

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## **Emergency Planning**

### **Report: Lessons learned during response to COVID-19 (to date 20/06/2020)**

Emergency Planning

London Borough of Brent

Brent Civic Centre

Engineers Way

Wembley

HA9 0FJ

## Background

Readers of this report will be well aware of the context and timeline of this incident. There are likely to be numerous bodies at global, national, regional and sector level that, in the fullness of time, through further academic and scientific research, public enquiries, commissions and so on, will produce their own findings that present opportunities for learning and be drivers of change. Brent, and indeed the Local Government sector, is likely to be a contributor to many of these and, internally, Brent will need to further develop and adapt its own procedures in response.

This type of incident is described as a “Rising Tide” incident in our *Major Emergency Plan* - “A rising tide event (also called slow onset/slow burn incident) is likely to have a lead-in time of several days, weeks or even months. Such events include health pandemics, flooding, foot and mouth disease, drought, fuel emergency, industrial action, etc. The onset can be gradual and the final impact may not always be apparent in the early stages.”

The purpose of this report is not to dissect the specifics of the incident as it occurred outside of the organisation since these details will, at least in part, be familiar to most already. Instead, this report will focus on the experience of the council in responding to the challenges presented by this incident to date, what we did in response and what we have learned as a result. To inform this report, each directorate completed a debrief form in mid-May, asking 3 key questions:

- What did you do/achieve?
- What did you learn?
- What might you do differently?

The information in this report has been collated based on these returns. Many of the comments received were common and consistent across directorates and therefore the observations have been grouped into themes as follows:

1. Specific Response arrangements
2. Business Continuity & Working from Home
3. Communications

## Specific Response Arrangements

### Strategic Response Arrangements

The Council Gold Group was activated and met formally for the first time on the 16<sup>th</sup> March. The instruction from London Local Authority Gold (LLAG) for all Local Authorities to activate their BECC's and emergency arrangements followed on the 17<sup>th</sup> March.

A decision & action log and minutes of Gold Group meetings were maintained throughout according to our *Major Emergency Plan* - “If Council Gold is activated, a



decision loggist must be appointed to accompany Council Gold for the duration of their duty to record relevant decisions.”

An additional and separate log of decisions made by the Chief Executive was also kept for legal purposes.

Prior to this, activity had been managed by regular engagement between the business-as-usual organisational structure to monitor the emerging situation and to prepare for the anticipated impacts. Throughout the incident, most of the Business Continuity and service-specific arrangements continued to be dealt with through existing directorate structures which is consistent with the *Major Emergency Plan* - “Members (of Gold Group) assume control of areas within their usual remit using routine and familiar reporting lines.”

Oversight of Directorate activity at Gold Group was by means of written Directorate Situation Reports (SitReps) and verbal updates which formed part of the standing Gold Group agenda.

The tempo of Gold group meetings adjusted frequently throughout to match the tempo of the incident and to account for the timing of meetings at the regional tier. Throughout the peak of the pandemic and increased accompanying activity, Gold Group met daily. The frequency of meetings adjusted in line with the natural peaks and troughs of activity that are present in every incident. Our *Major Emergency Plan* does not dictate the frequency of these meetings but offers the following guidance - “Council Gold Group should only formally convene once there are matters for it to consider and enough information available upon which to base those considerations.”

Strategic decision-making was not confined solely to formal meetings of the Council Gold Group since a number of issues requiring a decision presented themselves throughout the course of the incident outside of this tempo of meetings. Where time permitted, the item was brought to Gold Group as an opportunity for those decisions to be considered and ratified. Where time did not permit consideration at full Gold Group, that decision was shared and minuted at Gold Group as part of the incident record. The tempo of future Gold Group meetings was carefully considered at each meeting to balance the amount of new information received, the levels of activity that required strategic management and the best use of senior officer time. This is a sensible approach as opposed to a regimented, inflexible tempo which may not match the natural tempo of an incident and members of Gold Group have reported that the frequency felt “natural” and right.

More widely, and as part of the National & Regional Response Structures, a number of senior staff represented their particular Local Government sector and/or Brent at strategic level through working groups, professional networks and other fora. The challenges of multi-agency working, particularly amongst competing organisational priorities is nothing new for those used to working in partnership.

The council also adopted a number of strategic sub-groups as part of its response structure as outlined in the *Major Emergency Plan* - “One of the early duties of initial command staff is to establish an appropriate command structure to exercise control

over the activities of the organisation, keep this under review and flex the structure up or down to match the demands of the incident.”

Sub-groups established were; Communications, Excess Deaths Management and Health & Wellbeing. Membership and terms of reference for each of these groups were modified from our existing response plans to suit the specifics of the incident. These groups continued to sit throughout the response without major alterations, although their focus and remit may have shifted as required to meet emerging information and demands. Each sub group was chaired by a senior member of Gold Group - *Major Emergency Plan* - “Members (of Gold Group) may also be delegated or co-opted to lead on elements of the response as an extension of their usual remit e.g. Mass Fatalities Coordination Group, Public Communications, Recovery Coordination Group, Humanitarian Assistance Steering Group etc.”

Some comments from the Gold Group regarding their experience at Gold Group meetings:

- Compared to previous Gold experience elsewhere, Brent’s arrangements were faster and more efficient with decision-making
- Meeting every day during the height of the crisis felt right so everyone had a full picture of the unfolding situation
- Planning in an agenda item especially around finance was good and is essential as future practice
- It is difficult to judge the frequency of meetings required and sometimes there wasn’t a whole lot to update, other times meetings were quite lengthy and frequencies were then adjusted accordingly
- Members of Gold should record reasons and risks for decisions within their own remit without overreliance on Gold Group to capture these
- Sometimes difficulty was experienced by Gold Group members when dialling in, bad line/audio issues/could not join.

## **Operational Response Arrangements**

The following arrangements were put in place to manage the particular demands and needs brought about by the incident. It is worth noting that some were activated as part of a pre-planned response to a particular impact but many were set up to deal with issues novel to the incident and therefore had to be imagined and set up at very short notice. As many of these arrangements are still in play, a separate “after action” debrief report is recommended for each of these elements from the lead person or team involved in their management at the appropriate time.

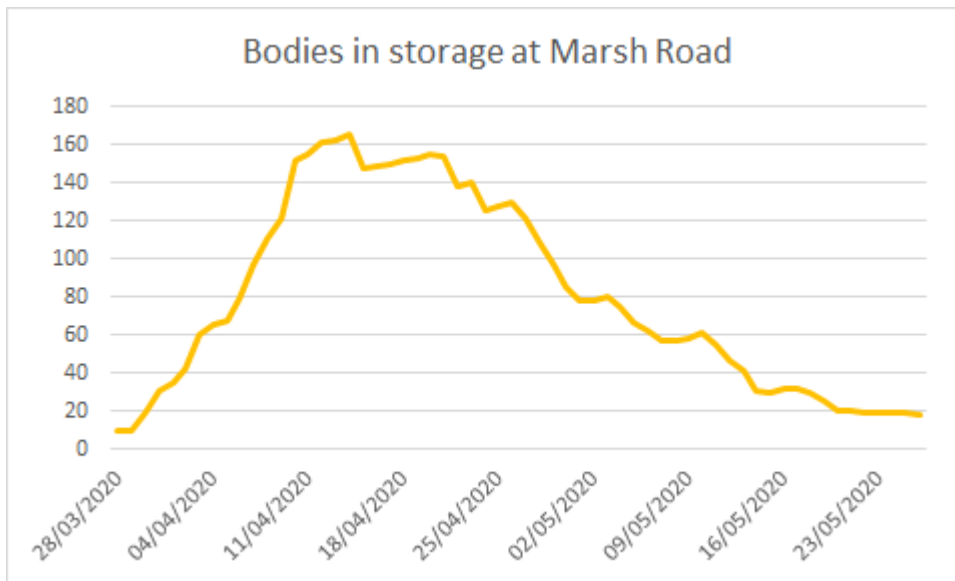
**Professional Network data gathering** - Throughout the incident, the demand for information from “central” grew and in order to ensure reporting requirements were kept to a single report, existing Professional Networks were used. They included ADASS, ALDCS, HR Directors, LEDNET, ADPH and Housing Directors. Reporting tempos altered throughout the course of the response from daily to weekly and datasets underwent multiple iterations which made for short deadlines and issues with version control. Any report is only as good as the data entered and timely, consistent submissions were achieved although the ever-changing nature of the data required made it difficult to accomplish smoothly every time. Every incident will bring its own set of data requirements, which are difficult to foresee and plan for in

advance. Some questions were raised over the usefulness of the dataset, possibly because the end results were not visible to those providing the information.

Primary comments received from Directorates regarding their experience of the Professional Networks centred on the helpful nature of these networks in sharing work between thematic leads but the feeling was that they were sometimes overactive, time-consuming, challenging and the added value and benefits of reporting was not always apparent.

**Resilience Mortuary** – Was established at Marsh Road, Alperton, to manage the body storage element of the death management process. This part of the process had been identified through planning, as the element of the process most likely to come under strain during an excess deaths event and where mitigation measures, if implemented, would produce the greatest effect in alleviating pressure at other points in the process. Throughout the period the Public Mortuary at Northwick Park (110 spaces) and the Chapel at Alperton Cemetery (36 spaces) were operating at or close to maximum capacity. At the time of writing this report, a total of 351 bodies have been stored at Marsh Road throughout this pandemic. This capability has never been deployed previously. It was fortunate that the Marsh Road depot was available to repurpose in this way and that the company that built the site, was available. As predicted in our *Excess Deaths Plan*, hire equipment for temporary body storage became increasingly difficult to source as the incident progressed and the fact that we took the decision early, meant that these material shortages were not encountered. It is worth noting that London and more locally Brent, peaked early in terms of infections and the subsequent number of deaths. Regional arrangements provide an option of last resort in excess deaths events and the establishment of regional hub mortuaries provided welcome relief to those authorities that wouldn't have coped without them. Unfortunately, due to their size and complexity, regional hubs take time to construct and, in this instance, due to our rapid and early peak, Brent had approximately 70 bodies in our excess storage by the time these regional arrangements went live. It is recommended, to prepare for any future excess deaths event, that:

- The Marsh Road site be the preferred and planned for option for equipping for this purpose
- The council should, within reason, attempt to purchase and store any equipment likely to be needed so as to avoid reliance on the hire market
- That the services of a professional company be documented through contract, MoU or preferred supplier arrangement, to supplement the additional equipment/services that cannot be sourced in-house
- To train additional members of staff in mortuary operations to avoid the concentration of skills and knowledge in a small number of staff
- That, subject to the above, a coronial agreement between boroughs is reached that will allow for joint use and funding of any resilience facilities established



**Helplines** – A mix of dedicated and routine service numbers, publicised widely to enable referral of individuals and businesses to the council for triage, direct assistance, advice or signposting to further support according to their needs. Included thousands of outbound calls made by council staff to vulnerable persons to triage their support needs.

**Voluntary sector engagement** – Networking and in some cases funding particular organisations to provide relief to those affected and the wider community. Supporting, engaging and promoting volunteers, community groups and potential volunteers as required. Our adopted approach is consistent with our *Donations Management Protocol* - “[...] the council must ensure that any official offer of support to those affected is well-coordinated between responding organisations whether or not those organisations have been pre-identified or brought on-board spontaneously as a result of an offer or commissioned arrangement. There may also be other organisations that wish to pursue their mission independently of the official effort and they are at liberty to do so without encumbrance from the authorities. The council will not attempt to undertake coordination of individual spontaneous volunteers from the community but encourage these individuals to affiliate themselves with existing partners within the response structure (e.g. via the British Red Cross Community Reserves initiative, CVS etc.)”

**Bridge Park Hub** – A food and household essentials warehousing and distribution network, focussed on supporting vulnerable individuals and families with essential items. Our experience of receiving, warehousing, sorting, packing and distribution during this crisis is a model for wider aid distribution and should be used to further develop the Donations Management Protocol. Following the Grenfell Tower tragedy, Humanitarian Assistance guidance was issued recommending that councils have the ability to capture the details of persons affected by any major incident. The suggestion was that, in the absence of a bespoke system, councils should use their Adult Social Care database as a method of case management. Brent has considered this undesirable and has used a proprietary software solution to capture these types of details for minor incidents in the past. For the COVID-19 incident, a

database was quickly built to precisely match the data needed during the incident. It would be useful to learn more about this process to see if this database – or another similar in-house development, might serve the wider purpose in future since it allows more seamless integration with other council systems than the current solution does.

**Housing rough sleepers** – Placement of rough sleeping population into commercial hotels based on their support needs through a combination of local and regionally arranged networks

**PPE to Social Care and schools** – A bulk ordering and onward distribution chain for PPE for the Social Care Sector and later, prior to reopening on the 1<sup>st</sup> June, to school hubs. Helped to overcome regular supply chain issues amongst providers such as stock availability, minimum purchase quantities etc.

**Step down beds for discharges** – Adapted NAIL property and commissioned care provision and agreed placement process with partners; all within a week.

**Health Protection Training** - The public health and PII teams developed training on health protection and infection control which was delivered to social care staff, early years settings and schools as well as council services.

**ASC commissioners** - Built on the provider forum to lead the wider support to care homes. Public Health played a new role in that support, and local community and primary care was developed and prioritised alongside NWL health support.

**Staff safety** - Occupational health and public health worked together on risk assessments and provision of advice for staff.

**Ongoing liaison** – Regular and frequent contact with a vast array of external stakeholders to provide information, updates, training, briefings and reassurance. Stakeholders have reported feeling well-supported by the council during the pandemic and hope to keep up the positive level of engagement and cooperation after the pandemic too. Some examples include Care Sector Provider Engagement, Member Engagement, Mental Health Services, Head Teacher Briefings and Schools Liaison to name a few.

**All Staff** - Among all the examples of good work listed above, where talented individuals and exceptional teams came together to get extraordinary things done, there were also those staff that quietly, efficiently and without fuss, got on with their regular day job of keeping services running (albeit in unusual circumstances). They are easily overlooked amidst the more exciting stories and achievements but are no less important or worthy of mention and praise.

A summary of feedback received from Directorates regarding the specific response arrangements they implemented:

### **What did we do?**

- Reviewed prioritisation of all services to ensure core/critical services continued to be delivered.
- Ensured that the unique demands that the incident presented could be resourced, often with short notice.
- Business practices shifted as many activities as possible to remote form
- All activities involving site visits and face to face contact were risk-assessed; those deemed essential continued, others moved to virtual visiting or telephone contact
- Redeployment of staff across a range of services into priority roles, either within their own service or in support of others
- Closure and/or relocation of council sites and services as required in response to lockdown
- Rapid adaptation/repurposing of a number of sites and properties in support of the response (e.g. NAIL property into a step down property, Bridge Park into a food distribution hub, Marsh Road Depot into a temporary mortuary, Willesden Sports Centre into a Mobile Testing Site, Harlesden Community Gardens into a Local Testing Site).
- Reviewed approaches to all enforcement activity (e.g. fines, debt collection etc) and placed emphasis on supporting people to access financial help linked to Covid-19.
- Secured additional emergency accommodation at very short notice to meet increase in demand from single homeless and rough sleepers.
- Public Health Advice and IPC training provided to a range of internal and external partners
- Financial support package agreed to support a range of providers
- Key council workers identified, provided letter of authority and other support e.g. PPE and car parking at the Civic.
- Parking made available to NHS and Emergency Service staff at council car parks
- Worked both at Regional and Sub-Regional level and across the WLA on a wide variety of issues, e.g. PPE, commissioning, placements etc
- Adapted and safely implemented significant legislative changes, worked with courts to continue hearings and provided a legal hub throughout.
- Changes to finance practices include; all financial approvals now paperless, compensation (and other) payments now all via BACS, continued collation and refreshing of financial impacts throughout
- Implementing the thematic leads structure with voluntary sector partners
- Set up volunteer brokerage arrange to do shopping and collect/deliver medication for vulnerable people
- Mobilised officers to advise businesses and conduct enforcement inspections/activities to ensure compliance
- Supported and mobilised partnership meetings to allow information sharing and reporting into various fora

- Maintained parks as open across the entire borough for the duration of the pandemic for people to be able to use and exercise
- Lockdown of every children's playground, MUGA and outdoor gym to keep people safe
- Conducted a communications campaign which supported the safe use of social distancing
- Early purchase of a small stock of PPE for office use before lockdown

### **What did we learn?**

- Remote forums are often better attended than the regular face-to-face sessions.
- Members and staff are very positive about promotional videos demonstrating good practice, the weekly newsletters and connecting remotely.
- It is difficult to know what data is a priority to collect at the beginning, so data collection has been refined as time has gone on, but this makes it difficult to compare and track.
- Member expectation around types and level of support can help create a longer-term dependency – more briefings for members around eligibility and promoting independence required.
- People in receipt of most services were easily supported and regular checks were easy to provide. Increased demand came from those people who had not been in receipt of services previously and this made it more difficult to ensure support was provided – more proactive prevention work would help reduce this risk.
- Joined up working with Public Health and Housing has been particularly helpful, with staff operating as a single team to support providers and managers to manage staff issues
- Insight into new processes, e.g. key safes at properties for tenants to leave their keys at end of tenancy
- When providing virtual support to clients, they may encounter difficulties around data use when using video calling if they are not on a contract that includes data
- National government and partner focus was around supporting acute hospitals. However, this was sometimes at the expense of community services.
- Every system can be automated through patience; these implementations need to be followed through to the end of each project.
- It is important to get staff on board with tech – not only in the use laptops and MS Teams, but to also learn the intricacies of the systems they use. Brent IT does not support any third party systems in Brent – it is classified as "self-service" within each department.
- As managers, we learnt how to be 'visible' while being remote.
- There is a different way to provide training in the authority, which can still be interactive.
- The importance of being financially resilient as an authority, planning is key.
- The importance of being ahead digitally

- Staff respond quicker to emails and queries when WFH, they have the ability to concentrate better without external interference of floorwalkers.
- How quickly we can get something like this up and running if the organisational and team 'will' is behind it
- How complex and time consuming the brokerage process can be.
- How much officer time it takes to set up and maintain the brokerage programme – much more than we anticipated, which created additional pressures as colleagues began to be drawn back into their day jobs
- Partners have increased expectations when working remotely. Therefore, desk time (for research, write up and email responses) should be protected and allocated time carved into the day.
- Meetings with public involvement require a higher level of resource if held remotely
- Street Lighting at BS level is sufficient – no complaints
- Staff are willing to work flexibly and outside of usual hours
- Officers ability to 'teach' themselves new legislation in a short period of time
- Confidence to delegate important functions to others and improve the speed of decision-making
- Working together and sharing intelligence and officers particularly around 'hot spots' within the Borough and during 'Days of Action' offered much better support for businesses and a greater visual impact in the area.
- Businesses appreciated the information/ guidance and printed materials such as posters on social distancing given out.
- Shielded officers restricted to work from home therefore unavailable for visits, drastically reduced the number of officers that could go out and check social distancing or serve compliance notices.
- It is helpful for the BECC to understand the information that is being passed through it. In that way questions can be anticipated and information supplemented before passing it on to central partners.

### **What could we do differently in future based on what we have learnt?**

- Examine our processes to remove bureaucracy and improve the speed of decision-making where possible
- Adapt our culture to promote increased remote-working and technological solutions to improve efficiency
- Ensure all employees have adequate equipment to accommodate new ways of working
- Make sure everyone can use the technology in advance. Explore other hardware / software.
- Agree preferred software solutions with partners (or share) to avoid partners using different or incompatible systems.
- Identify data collection needs earlier and set up appropriate mechanisms to collect them.



- Plan regular case reviews with Mental Health services rather than waiting for issues to escalate to crisis mode.
- Plan regular reviews with Community Safety on dealing with Anti-Social Behaviour and agree a joint protocol for tackling such behaviour.
- Prepare schools for potential future spikes including safeguarding roles while closed, reviews of vulnerable children data, contingencies for use of closed premises, have stock of PPE available
- Involve parents in child protection conferences sooner and strengthen the online parenting offer

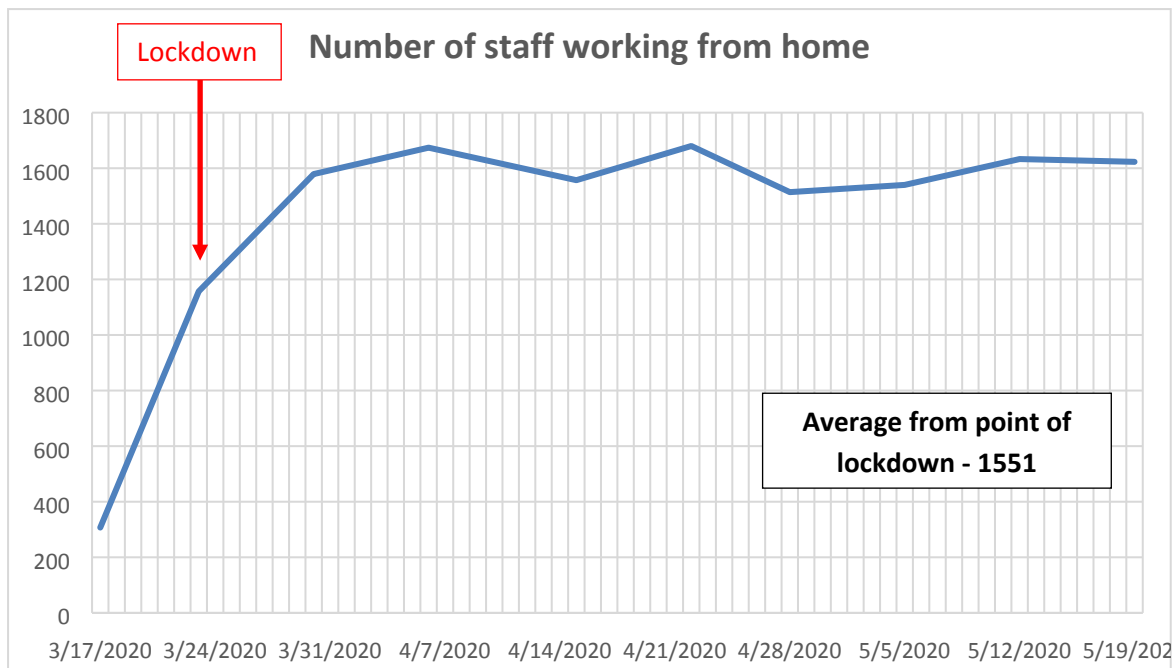
## **Business Continuity and Working from home**

As the situation developed in other affected countries, the potential for a UK lockdown and closure of public buildings, among other measures, was noted.

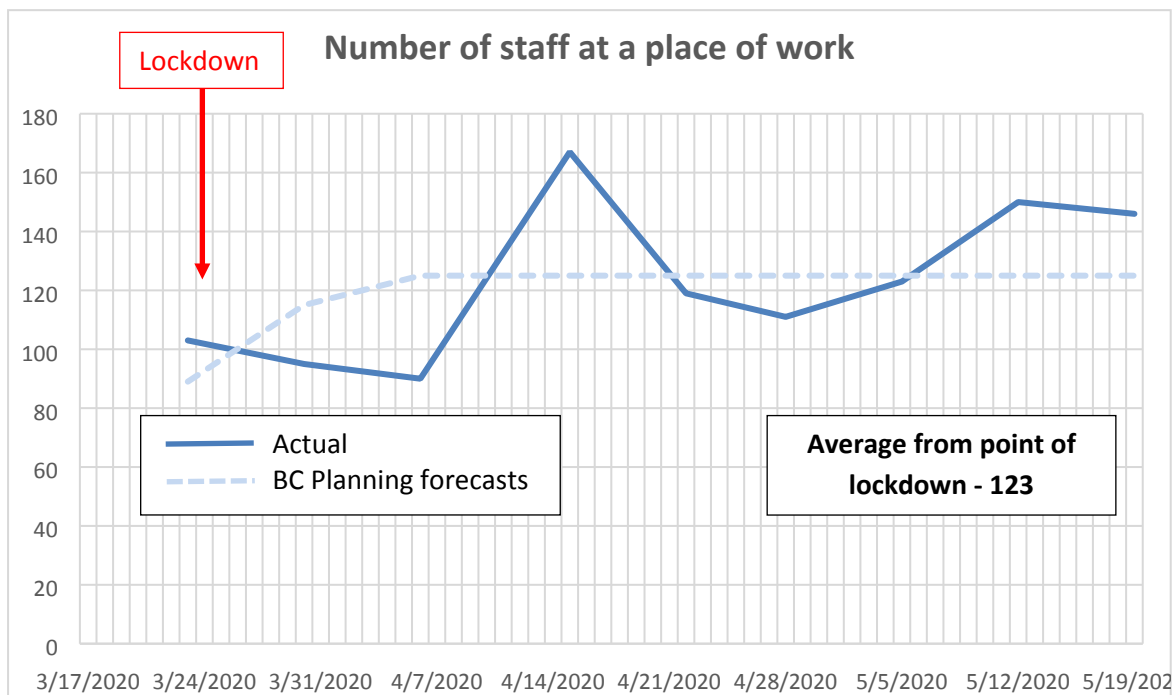
The council's primary strategy for dealing with a forced closure at one of its buildings, whatever the cause, is for a small group of key staff at the affected premises to relocate to another site and for the remainder of the staff from that site to work remotely. The latter part of the strategy is supported by a robust and reliable remote working solution, which allows network and telephony access via a corporately-issued managed laptop. Additional telephony capability is provided to some staff in the form of a corporately-issued mobile phone.

Since the roll-out of managed laptops in 2019, in order to work remotely, staff have to have their devices in their possession since they can no longer use personal devices. It was noted that government announcements were made in the evening and that should an instruction to lockdown occur on any evening in future, many staff would not have their laptop with them that evening and there would be little opportunity for them to retrieve it the following day without contravening the lockdown. On the 5/3, the instruction from the Chief Executive via all staff email was for staff to begin to take their devices home at the end of each day, instead of securing them in their lockers at work. The lockdown instruction came from the government on the evening of the 23<sup>rd</sup> of March.

Figures regarding staff absence and working from home numbers were collected from all services by survey return from the 17/3. Returns were collected daily until the 8/4 and weekly thereafter. The chart below illustrates the number of staff reported as working from home over time.



The particulars of this incident meant that relocation to another site was unnecessary and the small group of key staff that would otherwise relocate, could remain at the Civic Centre whilst the others worked remotely. An additional field, “in the office”, was added to the survey return on the 24/3. The chart below illustrates the number of staff reported as being at a place of work over time.



It is interesting to note that the average actual numbers of staff attending a place of work during this incident very closely resembles the forecast requirements made during our annual Business Continuity Planning.

A summary of feedback received from Directorates regarding Business Continuity and home working:

### **What did we do?**

- Rapidly implemented home working amongst teams according to Business Continuity Plans whilst factoring in the specific needs of the incident
- Policy changes to support increased home working
- Staff training sessions and instructional videos on use of remote working technology
- Staff information on H&S, mental wellbeing and tips on effective home working shared widely
- Provision of office equipment, where needed, to support staff at home
- Accelerated roll out of Microsoft Teams to enable instant messaging, voice calls, video calls and content sharing between teams working remotely
- Regular keep in touch team meetings scheduled using technology
- Corporate messages from senior leaders via email bulletin and intranet article continued and also broadened to encompass recorded video messages and live streams (webcasts) for Q&A
- Updated BCPs in the lead up to the incident and collated an up to date Master BIA with a focus on the most likely disruption – staff absenteeism and planning for remote working

### **What did we learn?**

- Remote working in general:
  - a) “Enforced” working from home forces innovation and resourcefulness
  - b) Commuting time is wasted time, using technology effectively saves time
  - c) Our IT systems are able to support a large number of simultaneous remote log-ons
  - d) Performance notably improved in areas such as call-handling and as a result, there were fewer complaints
  - e) Staff are adaptable and can be trusted to remain engaged with their work whilst at home
  - f) Staff who are not routinely equipped to work from home and cannot report to their place of work lose productivity and may also feel isolated
  - g) Staff miss the social interaction that the workplace provides and to ensure they do not feel isolated, regular virtual team meetings are a useful substitute
- Holding meetings remotely
  - a) Remote meetings are often better attended than the regular face-to-face sessions
  - b) Frequent team meetings lead to better morale, sense of purpose and spirit of cooperation

- Doing business remotely
  - a) Many of the activities where we have previously considered face-to-face contact as an essential are not actually so and can be done as effectively at home by use of technology e.g.:
    - Wellbeing checks for social care service users and family
    - PSW staff reflection and Practice forums remotely
    - MCAs and DoLS completed utilising technology
    - Substance misuse service moved to virtual.
    - Expansion of on line sexual health service
    - Video and webcast training for multiple social care staff groups
    - Lower risk new birth “visits” done by phone.
    - Expansion of online library offer resulted in more online users and more online borrowing.
    - Virtual gallery space established
    - Online financial training with new school governors
    - Remote statutory meetings
    - Virtual member learning and development programme
    - Virtual support to our most vulnerable people
    - Remote diagnosis of housing repairs
    - Virtual viewing and lettings
    - Remote homelessness applications

Many of the above activities were supported by making processes paperless where possible

- We might have suffered from lack of imagination around the Business Continuity impacts of a pandemic disease – we planned for pressures on health and social care, staff absences and increased mortality but never considered societal impacts brought about by a pandemic (lockdown, social distancing, mandatory closure of business, PPE for general use, key workers, shielded people, mental health, extent and duration of closure etc)

### **What could we do differently in future based on what we have learnt?**

- We should adapt our practices and culture accordingly to maximise the benefits of technology, including paperless transactions where possible
- The Remote Desktop Solution (RDS) environment should be developed and incorporated into our Business Continuity Plans so that staff with no corporately-issued IT kit can use personal devices to work remotely in extreme/protracted scenarios
- To support enhanced working from home, solutions need to be found to allow printing and copying as well as sending letters etc.
- Making regular working from home part of the culture will benefit the organisation in a multitude of ways, not least by enhancing our preparedness for this type of scenario in future
- Conduct a risk assessment for staff at home
- Have a standardised approach for services to review their BCP's by a fixed cut-off date

## Communications

As mentioned previously, a dedicated sub-group was established to handle the complex and varied communications requirements of this incident. Brent used all available methods and enhanced its offer, especially around member and staff comms through intelligent use of remote technology. The communications piece comprised the following elements:

- communication and provision of health advice to the public, both National/Regional campaigns as well as local and targeted messages
- communications to members of the public known to be resident in Brent and who had subscribed to the councils mailing list
- media and press-handling
- advice to managers to review/update their service BC Plans communications
- ongoing liaison with multi-agency partners and the voluntary sector concerning issues arising or as part of a tempo of information sharing
- liaison with partner press offices

These were achieved using a combination of the following means:

- Council Website, both intranet and internet
- The Brent Magazine
- Leaflet drops and “mail shots”
- Yammer, the councils internal social media site
- Resident mailing lists
- Social media platforms
- Media liaison, including press statements and briefings
- A staffed Public Information/Help Line
- Internal Mass messaging system sending SMS texts and emails
- By telephone call and email to established key contacts

### Staff liaison

With the majority of staff working remotely, keeping in touch became ever more important. Apart from regular virtual team meetings and briefings, a number of special initiatives were implemented to support the flow of information and enhance the feeling of inclusivity and working towards a collective purpose. These included:

- Weekly videos from the Chief Executive
- Staff virtual live Q&A sessions
- A staff survey about individual experiences
- All staff email briefings
- Enhanced Yammer activity with key briefings shared, working from home tips, wellbeing and mental health advice, signposting the support available etc.

### Member liaison

Keeping members informed and sharing key messages was a vital piece of work. The business as usual means of doing this continued throughout and a number of special arrangements were implemented, including:

- All member in-person briefings commenced early and continued virtually after lockdown
- Special members briefing bulletins
- Webcasts from Senior Management with live Q&A for members

Members were extremely cooperative and worked well with officers in keeping the focus of the response on COVID-19 and other, less-urgent business to a minimum. The member Emergency Awareness training, hosted in February 2020, meant that the understanding of roles, structure and principles of emergency management were still fresh and this session should be held annually to enhance and build on member awareness and understanding. Member feedback has been overwhelmingly positive and appreciative of not only the huge efforts made during response, but also the timely and efficient way they were kept informed and briefed on the rapidly changing situation

A summary of feedback received from Directorates regarding the Communications theme:

### **What did we do?**

- Informed our various audiences about the actions they can take to minimise the spread of Coronavirus
- Worked with service departments to provide timely updates to both internal and external audiences of significant changes to service delivery
- Encouraged a positive community spirit and community cohesion while countering misinformation.
- Structured approach to meetings and decision-making – worked well from Gold/DMT's/SMG
- Regular DMT's, team meetings and 1-2-1's continued within directorates using technology
- Weekly webcasts and daily calls to Social Care providers to communicate and offer support throughout this period – excellent feedback from this group
- Engagement from the Housing Service using technology was accepted and appreciated by residents and in some cases increased participation
- Virtual multi-agency groups worked well e.g. Homelessness Covid-19 working group and voluntary sector partners
- Set up Whatsapp Groups amongst teams and took care to establish one purely for social interaction (staff room) keeping another for work matters
- Being straightforward and realistic with voluntary sector partners and community groups about what could and could not be achieved

### **What did we learn?**

- Sometimes less is more. Our audiences are busy people and videos, infographics and shorter punchy news items proved popular and received high engagement rates.
- Staff appreciate regular contact and not always necessarily about work matters

- Providers feel more engaged and part of the team when they are regularly involved and kept informed
- Video calling is particularly effective at increasing participation during meetings
- Choosing a time to connect and focussing our efforts on staying connected is a good use of time and the service feels more joined up as a result
- We don't need to come into the office to connect with each other
- We can do many things, like interviews, assessments and repairs diagnosis just as effectively remotely
- Physical separation does not mean less connection as a team but a system of regular contact must be put in place
- Staff who felt anxious were reassured by regular communication and it is important to counter fake-news, rumour and speculation
- Having no choice but to communicate remotely has been as, if not more, effective at engaging staff in activities
- Staff value regular and personal communication
- You can host virtual "coffee breaks" as a time to de-stress and maintain team spirit and morale

#### **What could we do differently in future based on what we have learnt?**

- Expand the approach to provider communication (subject to capacity)
- Ensure everyone is set up to work remotely or have in place a process to rapidly scale up and equip this capability
- Agree a preferred software solution amongst multi-agency partners so we are all using the same platform to communicate
- Trial and incorporate video calling into our BC Plans
- Move to minimal office cover now that we know how well remote comms work
- Look at where we can use software solutions to enable remote learning/training, even "live hosted" training
- Focus the Corporate Comms Team on a smaller number of core campaigns to ensure we are not spread too thinly and can offer the necessary strategic support during an incident
- Use National campaign material instead of designing our own from scratch – unless a local approach is required
- Review our database of businesses, consider capturing email addresses and type of business so that more targeted messaging could occur to each business sector
- Embed digital consultation as a more frequent mechanism


## **Summary**

This is the largest and most significant peace-time incident to affect the modern world. It has required a significant response from every nation and every facet of society and the effects will persist for many years to come.

This incident presented a double-impact to the council in that it caused a significant and sustained emergency in our community to which we had to respond and also a substantial internal Business Continuity disruption to our premises, staff and services. It is a testament to each individual staff member and to the organisation collectively, that these challenges were overcome in a coordinated, cooperative and timely way.

Brent Council has planned, trained and exercised for major incidents as well as having responded to numerous lesser emergencies which have contributed to our learning and provided valuable experience which has been brought to bear during this pandemic. As with any incident, there are lessons learned that provide us with a unique opportunity to change, adapt, review and improve so that we are better prepared and more resilient as an organisation in future.



 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 29 July 2020
	<b>Report from the Chief Executive</b>
<b>Update on Emergency decisions taken in response to COVID-19</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Three Appendix 1 Schedule of Service Changes/decisions Appendix 2 Schedule of Service Changes/decisions (June 2020) Appendix 3 List of Decision taken under the Chief Executives delegated emergency decision making powers
<b>Background Papers:</b>	0
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Chief Executive Email: <a href="mailto:Chief.executive@brent.gov.uk">Chief.executive@brent.gov.uk</a> Tel: 0208 937 1007

## 1.0 Purpose of the Report

- 1.1 To provide the Audit and Standards Advisory Committee with an update on the Urgent Decisions made since the last meeting.

## 2.0 Recommendation(s)

- 2.1 That the Audit and Standards Advisory Committee consider the urgent decisions taken, assure themselves that the governance is appropriate and that the decisions that have been made are sufficiently responsive.

### **3.0 Detail**

- 3.1 The Council stood up its GOLD emergency planning response on 16 March 2020. This is covered under the Civil Contingencies Act 2004 and effectively means that emergency decisions can be made by the Chief Executive pursuant to the following provisions in Part 3 Paragraph 9.3.2. of the Constitution:

*“Exceptionally,.....notwithstanding anything in this Constitution, the Chief Executive shall be authorised to exercise either executive or non-executive functions where the matter is urgent unless this is prohibited by law.”*

- 3.2 The situation in respect of the Coronavirus: COVID 19 remains an exceptional circumstance. Whilst the lockdown is gradually being eased, there is still the occasional need to take urgent decisions. These concern actions taken during the current crisis due to extreme urgency and often in response to specific Government direction and guidance.
- 3.3 Following direction from the Strategic Coordination Group (SCG), the Council stood up its BECC and GOLD arrangements. GOLD meetings were originally held daily but have now reduced to once a week, on Tuesdays. The meetings are attended by all members of the Council Management Team (CMT) the Director of Public Health, the Head of Communications, Emergency Planning representatives, the Director of Customer Access and Head of Transformation. It is chaired by the Chief Executive or her deputy if she is unable to attend. Directors produce Situation Reports for consideration and provide updates within their area, raise any issues and/or decisions to be considered. Until 30 June we were also joined by a member of the Metropolitan Police to ensure joined up task forcing. This is supported by daily calls with the Metropolitan Police and the council's Community Safety Manager which continue.
- 3.4 Once an Emergency is declared the powers are automatically available to the Chief Executive to make urgent decisions. Officers continue to make decisions under their delegated powers but in view of the urgency of the situation, some of these decisions have to be taken at speed and sometimes without the degree of consultation and debate that is usually considered desirable, because it is not currently practicable. On 22 April 2020, the Chief Executive reported decisions to the Audit and Standards Advisory Committee. No concerns were raised. These are set out in Appendix 1. A further decision was made by the Chief Executive on 30 June 2020 in respect of the decisions set out in Appendix 2.
- 3.5 Attached as Appendix 3 is a list of the specific decisions also taken by the Chief Executive during this period under the emergency process. These have already been published.

### **4.0 Financial Implications**

- 4.1 As reported to Cabinet in April 2020, the initial estimate of the financial impact of the COVID-19 outbreak was c£35m. This was inclusive of additional expenditure pressures as a result of the outbreak (e.g. personal protective

equipment for carers and front line staff, emergency accommodation for rough sleepers, overflow mortuary, support for residents that are shielding, etc.), loss of income (fees, charges and other commercial income from planning and building control, parking, rents, venue hires, etc.) and slippage of 2020/21 savings plans. Since then, these estimates have been further refined and are now estimated at £47.6m. This is made up of £42.7m of additional income and expenditure pressures and £4.9m of slippage in savings plans. In addition to this, it is estimated that there may be recurring pressures of between £11m and £29m from 2021/22, which will significantly affect future budget setting.

- 4.2 These estimates, including the funding received from government to date, as well as the council's approach to dealing with these issues were set out for Full Council on 13 July 2020.

## **5.0 Legal Implications**

- 5.1 The Civil Contingencies Act establishes a new legislative framework for civil protection in the United Kingdom. It imposes a clear set of roles and responsibilities on those organisations with a role to play in preparing for and responding to emergencies. Local authorities are a Category 1 responder under the Act, and have a key role to play in respect in discharging their duties in the legislation.
- 5.2 The Act, and accompanying Regulations and guidance, delivers a single framework for civil protection in the United Kingdom capable of meeting the challenges of the twenty first century. The Act is separated into two parts: local arrangements for civil protection (Part 1) and emergency powers (Part 2).
- 5.3 Part 1 of the Act, the supporting Regulations and statutory guidance *Emergency Preparedness*, establish a clear set of roles and responsibilities for those involved in emergency preparation and response at the local level. Local responders are divided into two categories, with a different set of duties applying to each.
- 5.4 Category 1 responders are those organisations at the core of emergency response (e.g. emergency services, local authorities, NHS bodies). Category 1 responders are subject to the full set of civil protection duties. These include:
- assessing the risk of emergencies occurring and use this to inform contingency planning in the form of a Community Risk Register;
  - Put in place emergency plans;
  - Create business continuity plans to ensure that they can continue to exercise critical functions in the event of an emergency;
  - Make information available to the public about civil protection matters, and maintain arrangements to warn, inform and advise the public in the event of an emergency;
  - Share information with other local responders to enhance co-ordination
  - Co-operate with other local responders to enhance coordination and efficiency;

- Provide advice and assistance to businesses and voluntary organisations about business continuity management (Local Authorities only).

5.5 Category 2 responders are required to co-operate and share information with other Category 1 and 2 responders to ensure that they are well integrated within wider emergency planning frameworks, and contribute their expertise on risks and essential services in the form of the Local Resilience Forums.

5.6 As indicated in the body of the report, the Chief Executive can exercise urgent powers pursuant to the following provisions in Part 3 Paragraph 9.3.2. of the Constitution in an emergency such as the current crisis’.

## **6.0 Equality Implications**

6.1 The public sector equality duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.

6.2 Having due regard involves the need to enquire into whether and how a proposed decision disproportionately affects people with a protected characteristic and the need to consider taking steps to meet the needs of persons who share a protected characteristic that are different from the needs of persons who do not share it. This includes removing or minimising disadvantages suffered by persons who share a protected characteristic that are connected to that characteristic.

6.3 There is no prescribed manner in which the council must exercise its public sector equality duty but having an adequate evidence base for its decision is necessary.

6.4 Due to the urgency of the situation, formal assessments were not undertaken, in respect of the decisions in Appendix 1 and 2. Such formal assessments are not a requirement of the duty. Importantly, an underlying purpose of the decisions was regard to the protection of those with protected characteristics, i.e. those over 70 and those with underlying health issues by restricting the potential spread of the virus.

6.5 Where possible services have identified actions to mitigate the impact of the decisions, e.g. moving to an online service where possible. The equalities impact of the decisions will be kept under review.

## **7.0 Consultation with Ward Members and Stakeholders**

7.1 There may conceivably be exceptional cases where public consultation becomes possible notwithstanding the COVID-19 crisis. However, it is not considered in the circumstances that non-statutory public consultation is a

viable or reasonable option for the Council in taking the decisions which are the subject of this report, even if at other times it would have considered consultation with the public and / or stakeholders affected by the decision.

- 7.2 The Council continues to communicate with and take on board the views of service users affected by decisions and informing residents and stakeholders about decisions as quickly as possible about any changes to service provision. Where appropriate and reasonably practicable, changes to the Council's decisions will be made following responses from service users and others.

**8.0 Human Resources/Property/Environmental Sustainability Implications (if appropriate)**

- 8.1 None arising directly from this report.

**Report sign off:**

**CAROLYN DOWNS**  
Chief Executive

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## Appendix 1

### Schedule of Service Changes/decisions

Department	Service	Decision to close / reduce: rationale	Decision taken by: officer with delegated authority (including Gold)	Equalities consideration	Consultation undertaken, including with Cabinet member
Legal, HR, Audit & Investigations	All	No decisions made			
Finance	Finance	No decisions made			
Assistant Chief Executive (ACE)	Strategy & Partnerships (Brent Connects)	Decision taken to cancel all Brent Connects events in March/April cycle. This decision may apply for the next cycle of meetings in which case we may need to consider how we continue our work to consult and involve residents in council decision- making.	Assistant Chief Executive	Brent Connects is a key way to connect with residents and provide them with updates on upcoming council priorities. Cancelling events means/ runs the risk of some residents who engage at these events and do not use technology to engage such as the elderly or people with learning disabilities.	Cabinet Member

Customer and Digital Services (CDS)	ICT Shared Service	No decisions made			
	Client & Applications	No decisions made			

	Transformation	Closure of community hubs F2F service. Decision taken in conjunction with libraries and customer services in response to govt position and Gold decision to close council buildings.	Director of CDS.	Hubs are continuing to provide a phone service to meet the needs of vulnerable customers.	Consultation with VCS partners. Cabinet member informed.
	Procurement	No decisions made			
	Customer Access	Closure of face-to-face customer services in response to govt position and Gold decision to close council buildings.  Decision to close face to face registration and nationality service in line with changes to government legislation  In response to guidance from GLRO and Govt legislation	Director of Customer Access in consultation with the Chief Executive  Gold strategic Group	Customer services staff have been redeployed to contact centre and are handling switchboard and benefits related calls.  All registration requests now being carried out over the phone	Consultation with Leader of the Council and Deputy Leader

<b>Regeneration and Environment</b>	Burials	Reduced burial slots at other cemeteries to free up staff to relocate to Carpenders Park	Operational Director Environment Services Gold strategic Group	Reduced options for all customers	Consultation with Leader of the Council & with the relevant Cabinet Member
	Grounds Maintenance	Reduction in maintenance operations to allow staff to transfer to Carpenders Park Cemetery for burials work.	Operational Director Environment Services Gold strategic Group	None	Consultation with Leader of the Council & with the relevant Cabinet Member



	Grounds Maintenance	More focused operation, less frequent verge cutting and an increase in KOT for grass length from 100cm to 150cm	Operational Director Environment Services GOLD	None	Lead Member Leader
	Brent Start	Building closed to staff and learners as instructed by government in line with guidance received on schools closures	Operational Director, Regeneration, Growth & Employment	On line learning and support still available	No
	Brent Works	No face to face meetings to avoid contact in line with guidance for all LBB staff	Operational Director, Regeneration, Growth & Employment	Phone and online support still available	No
	Community Safety & Public Protection (CCTV)	Reduction in operating hours in line with staff availability	Operational Director Environment Services Gold strategic Group	None	with the relevant Cabinet Member
	Pest Control	Reduce by supplying customers with DIY kits. Avoids staff contact with customers in own homes. In line with guidance on social distancing.	Operational Director Environment Services	Requires customers to be proficient at administering content of the kit	None
	Highways	Footway renewal operation stopped as deemed non-essential and required close contact gang-work. In line with guidance on social distancing.	Operational Director Environment Services Gold strategic Group	None	Consultation with Leader of the Council & with the relevant Cabinet Member
	Street Lighting	Dimming to British Standard on all residential streets.	Operational Director Environment Services Gold strategic	Reduced lighting may impact on residents/motorists	Consultation with Leader of the Council & with the relevant Cabinet Member

			Group		
	Property & Assets;  (Community Infrastructure Levy (CIL)/S106 obligations)	Agreement to 3 month deferred payments for CIL where asked and where construction activity has paused on sites. Review each case at 3 month point. S106 obligations – review on case by case basis and response agreed by Head of Service	Operational Director Environment Services GOLD 07/04/2020	None	Yes (via sitrep) with the relevant Cabinet Member
	Property & Assets; Environment	Decision to open a Mortuary at Marsh Road pursuant to the The Town and Country Planning (General Permitted Development) (England) (Amendment)) Order 2020	Operational Director Environment Services & Operational Director Property and Assets	None	with the relevant Cabinet Member
Page 60	Public Realm	Harlesden Town Gardens is a small pocket park off Craven Park Avenue, Harlesden. Due to high levels of non-compliance and the aggressive nature of individuals resisting social distancing requirements, the park is requested to be locked altogether to secure public safety	Operational Director Environment Services GOLD 11/04/2020	None	with the relevant Cabinet Member

<b>Children and Young People</b>	Children's Centres	<p>Of the 17 children's centres in Brent, 14 are leased to and run by Barnardo's.</p> <p>Barnardo's made a decision to close these centres, with a very limited, appointment only midwifery offer remaining available from 3 of the Barnardo's run centres. The remaining three Brent run centres continue to provide nursery provision, but consolidated on two sites.</p>	Barnardo's Friday 27 <sup>th</sup> March 2020	Families are being contacted and offered telephone based support and advice and access to the Council's emergency assistance programme where necessary	Cabinet Member informed of Barnardo's decision.
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Short Breaks Centre	Vast majority of families informed the SBC they did not want to take up their respite care offer, based on PHE advice and added vulnerabilities of their children (disabled children). Decision made to close the centre.	Operational Director, CYP in consultation with Strategic Director Date of decision Monday 30th March.	CWD 0-25 service supporting families with additional care packages and co-ordinating support from schools and settings to assist parents in care for their children.	Cabinet Member informed.  Parents were consulted with prior to closure – decision based on majority of parental preference not to use the centre under current advice.
Roundwood Youth Centre	Decision to close taken based on Public Health England (PHE) advice and need for social distancing. Also given that all schools and settings were closed for universal provision it was determined that continuing to open the youth centre, offering universal provision, would run counter to national guidance.	Operational Director, CYP in consultation with Strategic Director Date of decision: Monday 23rd March.	Young Brent Foundation website and the Brent Youth Zone website offer online activities for young people.	Cabinet Member informed.  All service users informed at the point of service closure.
Freeman Family Centre	Barnardo's have made a decision to reduce service, running a very limited appointment only service for the most important contact cases that are court directed.	Barnardo's Date of decision: Wednesday 1 <sup>st</sup> April.	Alternative contact is supported through phone and video calls to parents – brokered by the contact service within LAC/Permanency.	Cabinet Member informed.  All families have been contacted and are aware of new arrangements.
Wembley Learning Zone	Decision to close Wembley Stadium made by Wembley Stadium	Wembley Stadium / Football Association Date of decision: 21/3/20		Cabinet Member has been kept informed.
Brent Music Service	Service offer has moved to being predominantly online at the time of school closures.	Operational Director, CYP Date of decision Monday 23/3/20	Consultation with schools has informed the development of an alternative online offer	Decisions on provision informed by consultation with schools.

					Cabinet Member has been kept informed
	Gordon Brown Centre	The Gordon Brown Centre is closed for all activities in line with school closures. A leadership rota and staff rota is in place to ensure the care and safety of the animals and livestock on site.	Operational Director, CYP Date of decision: 21/3/20	As a fully traded service, the centre manager has engaged with all schools who have made bookings	Decisions on provision informed by consultation with schools.  Cabinet Member has been kept informed

Page 62	Community Well-being	Libraries	Decision to reduce opening hours (all libraries to close at 6pm, only Wembley to open at weekends). Taken 18/3/20 with effect from 19/3/20. Rationale: response to staff absences	Director of Public Health (DPH) in consultation with CE, SD		With Lead Member
			Decision to close all libraries following Prime Minister's announcement Mitigation: extension of loan and reservation period. Expansion of online offer	CE in consultation with Leader Taken 20/03/2020		With Lead Member
		Repairs and heating/hot water breakdowns	Prioritising emergencies and urgent work to limit social contact. Risk assessments and methodologies produced by contractors.	Gold strategic Group	Considering vulnerabilities and how specific repairs might be urgent or emergencies for different members of our community.	Cabinet Member has been kept informed
		Voids and Lettings	Remaining void works being delivered (some materials unavailable) ready for letting when Govt. instruction lifted. Otherwise, Lettings are suspended. Risk assessments and methodologies produced by contractors.  In response to Central Government direction	Operational Director of Housing	None	Cabinet Member has been kept informed

	Repairs and gas surveys	Urgent and emergency issues being attended to only, to limit social contact. Remote inspections via photo and discussions with residents by phone to diagnose and limit contact.  In response to Central Government direction	Gold strategic Group	Considering vulnerabilities and how specific repairs might be urgent or emergency for different members of our community.	Cabinet Member has been kept informed
	Lift, water and fire equipment servicing and repair	All works to proceed with respect to government instruction on social distancing and resident preferences. Risk assessments and methodologies produced by contractors.	Gold strategic Group	None	Cabinet Member has been kept informed
	Fire and gas safety works.	All works to proceed with respect to government instruction on social distancing and resident preferences. . Risk assessments and methodologies produced by contractors.	Gold strategic Group	None	Cabinet Member has been kept informed
	Housing Management: Evictions	No eviction action will take place during the period of partial lockdown.  In response to Central Government direction	Operational Director of Housing	None	Cabinet Member has been kept informed
	Rent arrears	No arrears letters will be sent to households, phone calls will be made to better understand the individual households circumstances and advice provided based on Government support specific to Covid-19	Operational Director of Housing	None	Cabinet Member has been kept informed
	Estate Caretaking Deep Cleaning and Window Cleaning programme halted	Staffing levels due to sickness and shielding means, we have halted the deep cleaning and window-cleaning programme so that we can create capacity within the service.	Operational Director of Housing	None	Cabinet Member has been kept informed
	Decants	All non-urgent decants have been postponed  Government advice – not to move	Operational Director of Housing	None	Cabinet Member has been kept informed
	Right to Buy process	RTB Process has been impacted as external valuer is not valuing properties. The service is unable to process any new applications but is	Operational Director of Housing	None	Cabinet Member has been kept informed

		proceeding with those where valuations have already been carried out.			
	Estate inspection programme.	Not taking place but there is a significant decrease in communal area related issues due to partial lockdown.	Operational Director of Housing	None	Cabinet Member has been kept informed
	Private Housing Services	As recommended by MHCLG the PRS Enforcement policy has been updated during the C-10 outbreak. It sets out the approach we will take with regards to enforcement that makes sure that tenants are kept safe and landlords are supported wherever possible.  All pro-active inspections have stopped and will now only carry out enforcement in emergencies and cases where there is no other alternative.	Operational Director of Housing	None	Cabinet Member has been kept informed
Page 64	Housing Supply & Partnerships (development programme)	A number of building developments have ceased on-site operations at the instigation of the contractor whilst others continue at this time. Current government advice is being followed in relation to construction projects.	Operational Director of Housing	None	Cabinet Member has been kept informed
	Housing Supply & Partnerships (PFI/PPP contracts)	Routine monitoring of the contracts has ceased (site visits) however the Contract Officer continues to maintain contact with the provider and is involved in the resolution of emergencies such as rehousing following fires and other major events etc.	Operational Director of Housing	None	Cabinet Member has been kept informed
	Housing Needs	Threshold reduced on duty to secure emergency accommodation for homeless people. Specifically the Eligibility and Priority Needs Test in homelessness legislation.  Based on Government advice to prevent rough sleeping.	Operational Director of Housing	Positive impact	Cabinet Member has been kept informed
	Housing Needs	Ceased all face-to-face assessments. Homelessness applications are being assessed successfully over the telephone and through CRM. A skeleton staff is present at the Civic Centre on a daily basis to deal with	Operational Director of Housing	Positive impact	Cabinet Member has been kept informed

		emergency homeless applications, where the household cannot access a computer of telephone			
	Housing Needs	Ceased termination of Temporary Accommodation, following a negative decision being upheld on review. To follow the guidance on evictions.	Operational Director of Housing	Positive impact	Cabinet Member has been kept informed
	Housing Needs	Ceased sign ups into social housing. All adverts, shortlisting and viewings have been suspended.	Operational Director of Housing	Positive impact	Cabinet Member has been kept informed
Page 65	Bridge Park Community Leisure Centre (BPCLC)	Decision to close following PM's announcement that gyms would be closed	CE in consultation with Leader Taken 20/03/20		With Lead Member only
	Commissioned substance misuse services	Clinically led, risk assessed and agreed new service model introduced from 16/03/20	Provider		With Lead Member only
	Sexual Health Services	London Sexual Health Programme supported professional bodies (BASHH and FSRH) to produce a consensus statement on prioritisation of sexual health services during COVID.	Provider with regard to BASHH / FSRH consensus statement Agreed 20/03/20	Explicit attention to those with greatest sexual health needs: in terms of protected characteristics this is MSM, some BAME groups and younger people	With Lead Member only
	Sexual health Services	Expansion of on line Sexual Health London (SHL) service to allow more users to test on line and access treatment. To support reduction in clinic capacity 26/03/20	Chair of Strategic Board		With Lead Member only
	0-19 service	Prioritisation of services in line with NHSE requirements. Formal communication 20/03/20	NHSE		Communication with Lead Member
	Adult Social Care	Closure of two council run day centres – one relating to meeting moderate needs relating to social interaction including older people and those with mental health issues and one for persons with high level learning disability and autism needs. Day centres were closed on public health and protection grounds after consideration of Public Health England and	Operational Director of Adult Social Care on 27 <sup>th</sup> March	Families are being contacted and offered telephone based support and advice and access to the Council's emergency assistance programme where necessary. Risk based reviews have been	Decision escalated to Gold command for approval prior to being enacted and Cabinet Member has been kept informed

		Government advice arising from the Covid-19 pandemic that such day centres should be closed during the lockdown period.		completed for all day centre clients currently at home, and contact is made according to the risk assessment (daily, weekly or monthly as risk demands)	
Page 66	Adult Social Care – care provision	Most Care Act assessments are carried out over the telephone. Only urgent face to face Care Act assessments and visits take place following a risk assessment. To date, no policy decisions have been made regarding the easements to the Care Act 2014 following the introduction of the Coronavirus Act 2020 or to streamline services in this regard and at present, decisions under the Care Act regarding the level of service provision to individual service users under the Care Act will be carried out on a case by case basis. At present, the changes made are to how the service is provided regarding changes in the level of service provided.	Operational Director of Adult Social Care	This affects all client groups. Assessments are still being carried out, though mostly not face to face but by telephone and consideration of documentation.	Cabinet Member has been kept informed
	Adult Social Care – mental capacity	Most of the assessments relating to mental capacity (Mental Capacity Act 2005) and Deprivation of Liberty Safeguards (DOLS) are taking place over the telephone and other media, including consideration of documentation, without a face to face assessment. Only urgent face to face assessments and visits take place following a risk assessment. Government guidance has been issued regarding assessments of mental capacity and DOLS as a result of the Covid-19 pandemic though the legislation has not changed. At present, the changes made are to how the service is provided regarding changes in the level.	Operation Director of Adult Social Care	This affects all client groups. Assessments are still being carried out, though mostly not face to face but by telephone and consideration of documentation.	Cabinet Member has been kept informed



	Adult Social Care – mental health	<p>Assessments relating to mental health (Mental Health Act 1983 – “MHA”) are taking place in person as any MHA is urgent. Assessments take place following a risk assessment, but this is standard practice, and most MHA are undertaken out of hours. The Coronavirus Act 2020 has made some temporary modifications and easements to the Mental Health Act 1983.</p> <p>At present, there have been no changes made to the provision of MHA services.</p>	Operation Director of Adult Social Care	This affects all client groups. Assessments are still being carried out as it is not possible to undertake the majority of MHA without a face to face assessment.	Cabinet Member has been kept informed
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## Appendix 2- Schedule of Service Changes/decisions (June 2020)

Department	Service	Decision to close / reduce: rationale	Decision taken by: officer with delegated authority (including Gold)	Equalities consideration	Consultation undertaken, including with Cabinet member
<b>Regeneration and Environment</b>	Funfairs and Large Gatherings in Parks	A refusal of applications to hold funfairs large events in park until further notice. This is to ensure proper controls on social distancing to mitigate against the risk a second virus wave.	Operational Director Environment Service GOLD	None	Lead Member Leader
<b>Children and Young People</b>	Short Breaks Centre	A limited service is being offered for children in greatest need with stringent guidance issued to staff. Limited service reinstated from 11 <sup>th</sup> May.	Operational Director, CYP in consultation with Strategic Director Date of decision Monday 30 <sup>th</sup> March.	CWD 0-25 service supporting families with additional care packages and co-ordinating support from schools and settings to assist parents in care for their children.	Lead Member was informed on 15 <sup>th</sup> May. Parents were consulted with prior to closure – decision based on majority of parental preference not to use the centre under current advice.

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## **Appendix 3**

### **List of Decision taken under the Chief Executives delegated emergency decision making powers**

Eight key decisions have been taken using the Chief Executives delegated emergency making powers:

[Responding to Covid 19 with Brent's Voluntary & Community Sector - Emergency Fund](#)

[Proposals for Accelerated Payments due to Covid 19](#)

[National Non Domestic Rates: To approve discretionary rate relief schemes for 2020/21](#)

[Critical services and decision making](#)

[Emergency Mortuary Capacity & Costs](#)

[COVID-19 transport response and emergency measures](#)

[Deferral of rent and service charge payments from Council tenants adversely affected by Covid-19](#)


[Council tax: 13A Hardship Payments](#)

Two non-key recordable decision has been taken using the Chief Executives delegated emergency making powers:

[Coronavirus \(Covid 19\) - Finance Update](#)

[Local Authority Discretionary Grant Scheme criteria expansion](#)

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	<b>Audit and Standards Advisory Committee</b> 29 July 2020
	<b>Report from the Director of Finance</b>
<b>Audit of the 2019/20 Statement of Accounts - update report</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Daniel Omisore Deputy Director of Finance 020 8937 3057 <a href="mailto:Daniel.Omisore@brent.gov.uk">Daniel.Omisore@brent.gov.uk</a>  Ben Ainsworth Head of Finance (Chief Accountant) 020 8937 1731 <a href="mailto:Ben.Ainsworth@brent.gov.uk">Ben.Ainsworth@brent.gov.uk</a>

## 1.0 Purpose of the Report

- 1.1 This report provides an update on the progress made to date on the audit of the Council's 2019/20 Statement of Accounts.

## 2.0 Recommendation(s)

- 2.1 The Committee is asked to note the progress made to date including the elements of the accounts where further audit work is still required, and;
- 2.2 To note the revised timetable set out in paragraph 3.7.

### **3.0 Detail**

- 3.1 At the May 2020 meeting of the Audit and Standards Advisory Committee officers introduced the 2019/20 draft accounts for consideration and comment. Subsequent to this, in early June formal notice was published on the Council's website advising that the unaudited statement of accounts would be available for a period of time for any interested person to inspect and make copies of the accounts and any related documents. The formal inspection period was open for 30 days and ended on the 17 July 2020. At the time of writing there were no requests for information/clarification or objections to the 2019/20 accounts during this period.

#### Brent Council Accounts

- 3.2 The audit itself commenced on 15<sup>th</sup> June 2020. Grant Thornton (GT) were provided with a copy of the draft accounts and a complete set of working papers. Officers have made steady progress in resolving audit queries, at the last count responding to over 100 queries covering all areas of the accounts. Separate to this, our auditors have undertaken a series of technical reviews of the draft statement and the queries arising from this are currently being responded to. All of which has been achieved whilst working remotely.
- 3.3 Some of the main areas of outstanding work relates to going concern and post balance sheet events, completion of the sample testing of income, expenditure, assets and liabilities and audit quality reviews where the work of junior audit staff is reviewed by senior managers. Further details are included on a separate GT report included elsewhere on the agenda.
- 3.4 Given the amount of audit work remaining and expected timeframes, the accounts are expected to be completed by mid-August. Formal presentation and sign off of the audited statement of accounts has therefore been deferred until the 8<sup>th</sup> September 2020 meeting.

#### Subsidiary Company Accounts (I4B Holdings Limited/First Wave Housing)

- 3.5 Following the comments of the committee last year, the scheduling of the audit for i4B and FWH was brought forward to ensure completion prior to finalising the group accounts position. At the date of despatch of this report, both audits have been largely completed, with only minor queries remaining. The draft audit finding reports have been issued and were presented to the I4B and FWH board on 16 July 2020. Although the accounts of the subsidiaries are yet to be formally agreed the following paragraphs summarise the current position for both companies.
- 3.6 Audit work is substantially complete, subject to the following outstanding matters summarised below:
- Final internal quality control reviews.
  - Financial statement review procedures, including consideration of the disclosures relating to the 'material valuation uncertainty'
  - Completion of going concern reviews



### Timetable

- 3.7 As noted above, subject to maintaining the current trajectory the audit of the group accounts are on course to be completed in August 2020 and will therefore be presented at the 8<sup>th</sup> September meeting of the Audit & Standards Committee.

### **4.0 Financial Implications**

- 4.1 None specifically arising from this report.

### **5.0 Legal Implications**

- 5.1 None specifically arising from this report.


### **6.0 Equality Implications**

- 6.1 None specifically arising from this report.

#### **Report sign off:**

***Minesh Patel***  
***Director of Finance***

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 <b>Brent</b>	<b>Audit &amp; Standards Advisory Committee</b> 29 July 2020  <b>Report from the Director of Finance</b>
<b>2019/20 Treasury Management Outturn Report</b>	

Wards Affected:	All
Key or Non-key Decisions	Key
Open or part/fully exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
Number of Appendices:	Three: 1. Debt and Investment Portfolio 2. Prudential Indicators 3. Internal Investments: Average Rate vs Credit Risk
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Amanda Healy Senior Finance Analyst Email: <a href="mailto:amanda.healy@brent.gov.uk">amanda.healy@brent.gov.uk</a> Tel: 020 8937 5912

## 1. INTRODUCTION

- 1.1 This report updates members on Treasury Management activity and confirms that the Council has complied with its Prudential Indicators for 2019/20.

## 2. RECCOMENDATIONS

- 2.1 The Audit and Standards Advisory Committee is asked to consider and note the 2019/20 Treasury Management outturn report, in compliance with CIPFA's Code of Practice on Treasury Management (the Code).
- 2.2 Note that for 2019/20 the Council has complied with its Prudential Indicators which were approved by Full Council on 25 February 2019 as part of the Council's Treasury Management Strategy Statement and Capital Strategy Statement.

### **3. BACKGROUND**

- 3.1 The Council's treasury management activity is underpinned by the CIPFA Code, which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity. The Code also recommends that members are informed of treasury management activities at least twice a year.
- 3.2 This report also fulfils the Council's obligations under the Local Government Act 2003 to have regard to both the CIPFA Code and the CLG Investment Guidance.
- 3.3 The Council has borrowed money over the long term to support investment in the Council's infrastructure and also invests cash balances held for short periods. It is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk are central to the Council's treasury management strategy.

#### **Economic Background**

- 3.4 The headline rate of UK Consumer Price Inflation fell to 1.7% y/y in February, below the Bank of England's target of 2%. Labour market data remained positive. The ILO unemployment rate was 3.9% in the three months to January 2020 while the employment rate hit a record high of 76.5%. The average annual growth rate for pay excluding bonuses was 3.1% in January 2020 and the same when bonuses were included, providing some evidence that a shortage of labour had been supporting wages.
- 3.5 GDP growth in Q4 2019 was reported as flat by the Office for National Statistics and service sector growth slowed and production and construction activity contracted on the back of what at the time were concerns over the impact of global trade tensions on economic activity. The annual rate of GDP growth remained below-trend at 1.1%.
- 3.6 COVID-19, which had first appeared in China in December 2019, started spreading across the globe causing plummeting sentiment and falls in financial markets not seen since the Global Financial Crisis as part of a shift to quality into sovereign debt and other perceived 'safe' assets. In response to the spread of the virus and sharp increase in those infected, the government enforced lockdowns, central banks and governments around the world cut interest rates and introduced massive stimulus packages in an attempt to reduce some of the negative economic impact to domestic and global growth.
- 3.7 The Bank of England, which had held policy rates steady at 0.75% through most of 2019/20, moved in March to cut rates to 0.25% from 0.75% and then swiftly thereafter brought them down further to the record low of 0.1%. In conjunction with these cuts, the UK government introduced a number of measures to help

businesses and households impacted by a series of ever-tightening social restrictions, culminating in an entire lockdown of the UK.

- 3.8 Financial markets sold off sharply as the impact from the coronavirus worsened. After starting positively in 2020, the FTSE 100 fell over 30% at its worst point with stock markets in other countries seeing similar huge falls. In March sterling touched its lowest level against the dollar since 1985. The measures implemented by central banks and governments helped restore some confidence and financial markets have rebounded in recent weeks but remain extremely volatile. The flight to quality caused gilts yields to fall substantially. The 5-year benchmark falling from 0.75% in April 2019 to 0.26% on 31st March 20. The 10-year benchmark yield fell from 1% to 0.4%, the 20-year benchmark yield from 1.47% to 0.76% over the same period.
- 3.9 After escalating trade wars and a protracted standoff, the signing of Phase 1 of the trade agreement between the US and China in January was initially positive for both economies, but COVID-19 severely impacted production in both countries. Against a slowing economic outlook, the US Federal Reserve began cutting rates in August. Following a series of five cuts, the largest of which were in March 2020, the Fed Funds rate fell from of 2.5% to range of 0% - 0.25%. The US government also unleashed a raft of COVID-19 related measures and support for its economy including a \$2 trillion fiscal stimulus package. With interest rates already on (or below) the floor, the European Central Bank held its base rate at 0% and deposit rate at -0.5%.
- 3.10 In Q4 2019 Fitch affirmed the UK's AA sovereign rating, removed it from Rating Watch Negative (RWN) and assigned a negative outlook. Fitch then affirmed UK banks' long-term ratings, removed the RWN and assigned a stable outlook. Standard & Poor's also affirmed the UK sovereign AA rating and revised the outlook to stable from negative. The Bank of England announced its latest stress tests results for the main seven UK banking groups. All seven passed on both a common equity Tier 1 (CET1) ratio and a leverage ratio basis. Under the test scenario the banks' aggregate level of CET1 capital would remain twice their level before the 2008 financial crisis.
- 3.11 Fitch downgraded the UK sovereign rating to AA- in March which was followed by a number of actions on UK and Non-UK banks. This included revising the outlook on all banks on the counterparty list to negative, with the exception of Barclays Bank, Rabobank, Handelsbanken and Nordea Bank which were placed on Rating Watch Negative, as well as cutting Close Brothers long-term rating to A-.

### **Local Context**

- 3.12 On 31<sup>st</sup> March 2019, the Authority had borrowing of £396.3m arising from its revenue and capital income and expenditure. The table below summarises the Council's borrowing activity during 2019/20. The Council's underlying need to

borrow as measured by the Capital Financing Requirement (CFR) was £821.8m at 31/03/2020 and had net borrowing of £598.8m.

Table 1: CFR and Borrowing Summary

	Balance on 01/04/2019	Borrowing Repaid	New Borrowing	Balance on 31/03/2020	Average Rate	Average Life
	£m	£m	£m	£m	%	Years
CFR	688.7			821.8		
Short Term Borrowing	0.0	(15.0)	148.0	133.0	0.93%	0.34
Long Term Borrowing	396.3	(10.4)	80.0	465.8	4.34%	33.1
<b>TOTAL BORROWING</b>	<b>396.3</b>	<b>(25.4)</b>	<b>228.0</b>	<b>598.8</b>		

- 3.13 As demonstrated in the September 2019 Cabinet report “Brent Council Borrowing Strategy 2018/19 – 2020/21” the Council has a borrowing requirement during 2019/20. In recent years, the Council’s strategy has been to maintain borrowing at the lowest level possible unless interest rate prospectus presents a clear case for taking long-term borrowing ahead of immediate requirements. However the current interest rate forecasts along with the significant levels of planned and actual capital investment means that this approach was no longer suitable and new borrowing was required.
- 3.14 Throughout the year, the Council worked with specialist Treasury Advisors to find a funding solution in the Private Placement (PP) market to provide a greater diversification of funds and reduce the risk of reliance on the PWLB.
- 3.15 On 9th October 2019 the PWLB raised the cost of certainty rate borrowing by 1% to 1.8% above UK gilt yields as HM Treasury was concerned about the overall level of local authority debt. PWLB borrowing remained available but the margin of 180bp above gilt yields was expensive relative to other options at the time. This allowed institutional investors to be in a better place to provide funding and prevent the full impact of the 1% increase by the PWLB being passed onto Local Authorities.
- 3.16 With short-term interest rates remaining much lower than long-term rates, the Council considered it more cost effective in the near term to utilise short-term loans throughout the year to fund the borrowing requirement and whilst the private placement was arranged.
- 3.17 The Council successfully executed the debut private placement transaction in March 2020. Strong investor demand enabled the transaction size to be increased to £80m at a rate of 65bps below the equivalent loan obtained through the PWLB. The new borrowing was split into two maturity profiles, £40m with a weighted average life of 20 years and £40m with a weighted average life of 25 years. This

maturity structure enables the Council to reduce the refinancing risk upon maturity. The Council was open to the opportunity to arrange forward starting loans, which secure the benefits of current low interest rate environment for drawdown at a point in the future however due to the successful progression of the Capital Programme during 2019/20, the Council opted for an immediate drawdown.

3.18 The detailed borrowing portfolio for the authority is shown in table 2 below.

Table 2: Borrowing Position

	Balance on 01/04/2019	Net Movement	Balance on 31/03/2020	Average Rate	Average Life
	£m	£m	£m	%	(years)
Public Works Loan Board	310.8	10.4	300.3	4.89%	30.7
Banks (LOBO)	70.5	0.0	70.5	4.53%	45.7
Banks (fixed-term)	15.0	0.0	15.0	4.27%	38.1
Other (fixed-term)	0.0	80.0	80.0	2.01%	23.5
Local authorities (short-term)	0.0	133.0	133.0	0.93%	0.3
<b>TOTAL BORROWING</b>	<b>396.3</b>	<b>223.4</b>	<b>598.8</b>		

3.19 The Authority has £70.5m exposure to LOBO loans - Lender's Option Borrower's Option of which £41m of these can be "called" during 2020/21. Under the LOBO arrangements lenders can exercise their rights at set times to amend the interest rate on the loan. At that point, the Borrower can accept the revised terms or reject them and repay the loan without penalty. LOBO loans present a potential refinancing risk to the Authority since the decision to call a LOBO is entirely at the lender's discretion. This risk is mitigated by the fact that the Council's current cash holdings mean that any repayment could be accommodated by reducing deposits. It is also unlikely that LOBO loans will be called at the present time due to low interest rates – although this may change in the future if rates rise.

3.20 The Chancellor's March 2020 Budget statement included significant proposed changes to Public Works Loan Board (PWLB) policy and launched a wide-ranging consultation on the PWLB's future direction. Announcements included a reduction in the margin on new HRA loans to 0.80% above equivalent gilt yields. As the Council has a HRA the value of this discount is 1% below the rate at which the authority usually borrows from the PWLB. This concession is available from 12th March 2020 along with £1.15bn of additional "infrastructure rate" funding at gilt yields plus 0.60% to support specific local authority infrastructure projects for England, Scotland and Wales for which there is a bidding process.

3.21 The consultation titled "Future Lending Terms" represents a frank, open and inclusive invitation, allowing key stakeholders to contribute to developing a system whereby PWLB loans can be made available at improved margins to support qualifying projects. It contains proposals on allowing authorities that are not involved

in “debt for yield” activity to borrow at lower rates as well as stopping local authorities using PWLB loans to buy commercial assets primarily for yield without impeding their ability to pursue their core policy objectives of service delivery, housing, and regeneration. The consultation also broaches the possibility of slowing, or stopping, individual authorities from borrowing large sums in specific circumstances.

- 3.22 The consultation closes on 31<sup>st</sup> July 2020 with implementation of the new lending terms expected in the latter part of this calendar year or financial year beginning 2021/22.

### **Investment Activity**

- 3.23 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. During the year, the Authority’s investment balances ranged between £20m and £130m due to timing differences between income and expenditure.
- 3.24 Both the CIPFA Code and government guidance require the Authority to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Authority’s objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. The table below summarizes investment activity during 2019/20.

	<b>Balance on 1/4/2019 £m</b>	<b>Investments made £m</b>	<b>Investments repaid £m</b>	<b>Balance on 31/03/2020 £m</b>	<b>Average Rate %</b>	<b>Average Life Days</b>
Fixed term deposits	<b>61.2</b>	5.0	(66.0)	<b>0.2</b>	0.98%	132
Deposits with the DMADF	<b>0.0</b>	235.5	(130.8)	<b>104.7</b>	0.10%	2
Money Market Funds and notice deposits	<b>42.0</b>	764.3	(801.3)	<b>5.0</b>	0.69%	
<b>TOTAL INVESTMENTS</b>	<b>103.2</b>	<b>1,004.8</b>	<b>(998.1)</b>	<b>109.9</b>	<b>0.77%</b>	<b>132</b>

- 3.25 Security of capital remained the Council’s main investment objective. This was maintained by following the Council’s counterparty policy as set out in its Treasury Management Strategy Statement for 2019/20 which defined “high credit quality organisations” as those having a long-term credit rating of A- or higher that are domiciled in the UK or overseas where the sovereign rating is AA+ or higher.

### **Credit developments and credit risk management**

- 3.26 In a relatively short period since the onset of the COVID-19 pandemic, the global economic fallout was sharp and large. Market reaction was extreme with large falls



in equities, corporate bond markets and, to some extent, real estate echoing lockdown-induced paralysis and the uncharted challenges for governments, businesses and individuals. Volatility measured by the VIX index was almost as high as during the global financial crisis of 2008/9 and evidenced in plummeting equity prices and the widening of corporate bond spreads, very close to rivalling those twelve years ago. Gilt yields fell but credit spreads widened markedly reflecting the sharp deterioration in economic and credit conditions associated with a sudden stagnation in economies.

- 3.27 March 2020 saw significant demand for cash as the coronavirus pandemic spread worldwide. Credit risk saw gilt yields fall as people looked for safe havens for their cash. Our Treasury Management Advisors undertook a stress testing exercise on UK banks and building societies to review the impact of a loss of the same magnitude as the global financial crisis of 2007-2009. This resulted in a reduction to the Council's approved counterparty list and bank deposits reduced to a maximum of 35 days.
- 3.28 The Council quickly reacted to the uncertainty of the global pandemic with a shift to deposits in the Debt Management Account Deposit Facility (DMDAF) which has the lowest credit risk of any deposit. The Council is also holding a small amount of funds across a range of money market funds to maintain a diverse portfolio and ensure availability of cash for unexpected payments.

### **Yield**

- 3.29 The Council's cash balances reduced throughout the year ahead of the new borrowing in March 2020. The average cash balance during 2019/20 was £85.2m and interest earned was £0.7m, an average return of 0.83% (2018/19 – average cash balance of £121.8m and interest earned was £1.0m or 0.85%). The low rates of return on the Council's short-dated money market investments reflect prevailing market conditions and the Council's objective during 2019/20 of optimising returns commensurate with the principles of security and liquidity.
- 3.30 In response to the coronavirus pandemic, the Bank of England's Monetary Policy Committee (MPC) cut official interest rates to a new all-time low of 0.1% in March 2020. The market had seen a significant downward trend from February onwards, which affected the investment return obtained at the end of 2019/20 and is expected to continue throughout 2020/21.

### **Update on Investments with Icelandic Banks**

- 3.31 The Council has recovered 98% of its £10 million deposit with Heritable Bank. The administrators have not made any further estimate of final recoveries yet, however they expect to conclude this during 2020/21.

### **Compliance**

- 3.32 The Council confirms that it has complied with its Prudential Indicators for 2019/20, which were approved by the Council on 25 February 2019 as part of the Council's Treasury Management Strategy Statement.
- 3.33 In accordance with the requirements of the CIPFA Code of Practice this report provides members with a summary report of the treasury management activity during 2019/20. None of the Prudential Indicators have been breached and a prudent approach has been taken in relation to investment activity with priority being given to security and liquidity over yield.

Further information is set out in Appendix 1, 2 and 3.

### **Investment Training**

- 3.34 The needs of the Council's treasury management staff for training in investment management are kept under review and considered as part of the staff appraisal process, and additionally when the responsibilities of individual members of staff change.
- 3.35 During 2019/20 staff attended training courses, seminars and conferences provided by both Arlingclose and CIPFA.

## **4. FINANCIAL IMPLICATIONS**

- 4.1 Already noted within the report as this is the Treasury Management Outturn Report.

## **5. LEGAL IMPLICATIONS**

- 5.1 None identified.

## **6. DIVERSITY IMPLICATIONS**

- 6.1 None identified.

## **7. STAFFING IMPLICATIONS**

- 7.1 None identified.

## **8. BACKGROUND INFORMATION**

Treasury Management Strategy Report to Council – 25 February 2019

**Report sign off:**

**MINESH PATEL**

Director of Finance

## Appendix 1

### Debt and Investment Portfolio Position 31/03/2020

	Actual Portfolio as at 31/03/2020 £m	Average Rate as at 31/03/2020 %
<b>External Borrowing:</b>		
PWLB - Maturity	282.0	5.0
PWLB - Equal Instalments	18.4	2.6
Fixed Rate Market Loans	95.0	2.4
LOBO Loans	70.5	4.6
Short-term Loans	133.0	0.9
<b>Total External Borrowing</b>	<b>598.8</b>	<b>3.6</b>
<b>Other Long Term Liabilities:</b>		
PFI	24.7	9.5
Finance Lease	3.6	4.1
<b>Total Long Term Liabilities</b>	<b>28.3</b>	<b>8.8</b>
<b>Total Gross External Debt</b>	<b>627.1</b>	<b>3.8</b>
<b>Investments:</b>		
Deposits	104.9	0.1
Money Market Funds	5.0	0.5
<b>Total Investments</b>	<b>109.9</b>	<b>0.1</b>
<b>Net Debt</b>	<b>517.2</b>	

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## Appendix 2

### Prudential Indicators

#### (a) Capital Financing Requirement (CFR)

The Council's cumulative maximum external borrowing requirement for 2019/20 is shown in the table below:

<b>Capital Financing Requirement</b>	<b>31/03/2020 Estimate £m</b>	<b>31/03/2020 Actual £m</b>
General Fund	676.8	590.0
HRA	178.2	231.8
<b>Total CFR</b>	<b>855.0</b>	<b>821.8</b>

#### (b) Gross Debt and the Capital Financing Requirement

In order to ensure that over the medium term debt will only be for a capital purpose, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence.

<b>Debt</b>	<b>31/03/2020 Estimate £m</b>	<b>31/03/2020 Actual £m</b>
Borrowing	458.6	598.8
PFI Liabilities	24.7	24.7
<b>Total Debt</b>	<b>483.3</b>	<b>623.6</b>
<b>Capital Financing Requirement</b>	<b>855.0</b>	<b>821.8</b>
<b>Borrowing in excess of CFR?</b>	<b>No</b>	<b>No</b>

#### (c) Authorised Limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Council's estimate of most likely, i.e. prudent, but not worst case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring. Other long-term liabilities comprise finance lease, Private Finance Initiative and other liabilities that are not borrowing but form part of the Council's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

	<b>Operational Boundary £m</b>	<b>Authorised Limit £m</b>	<b>Actual External Debt £m</b>  <b>31/03/2020</b>
Borrowing	1,000.0	1,200.0	598.8
Other Long Term Liabilities			28.3
<b>Total</b>	<b>1,000.0</b>	<b>1,200.0</b>	<b>627.1</b>

The Director of Finance confirms that there were no breaches to the Authorised Limit and the Operational Boundary during 2019/20.

#### **(d) Upper Limits on one-year revenue impact of a 1% movement in interest rates**

This indicator is set to control the Council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans and investment will be replaced at current rates.

	<b>2019/20 Approved Limits £m</b>	<b>31/03/2020 Actual £m</b>
<b>Upper limit on one-year revenue impact of a 1% rise in interest rates</b> Compliance with limits:	<b>5.0</b>	<b>0.2</b>  Yes
<b>Upper limit on one-year revenue impact of a 1% fall in interest rates</b> Compliance with limits:	<b>5.0</b>	<b>0.2</b>  Yes

#### **(e) Maturity Structure of Fixed Rate Borrowing**

This indicator is to limit large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates. The Council uses the option date as the maturity date for its LOBO loans.

Maturity Structure of Fixed Rate Borrowing	Upper Limit	Lower Limit	Actual Fixed Rate Borrowing at 31/03/2020	% of Fixed Rate Borrowing at 31/03/2020	Compliance with set limits?
	%	%	£m	%	Yes / No
Under 12 months	40%	0%	168	28%	Yes
12 months and within 24 months	40%	0%	16	3%	Yes
24 months and within 5 years	40%	0%	33	5%	Yes
5 years and within 10 years	60%	0%	5	1%	Yes
10 years and within 20 years	75%	0%	49	8%	Yes
20 years and within 30 years	75%	0%	110	18%	Yes
30 years and within 40 years	75%	0%	214	36%	Yes
40 years and within 50 years	75%	0%	5	1%	Yes
50 years and above	75%	0%	0	0%	Yes
			<b>598.8</b>	<b>100%</b>	

#### (f) Capital Expenditure

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council tax and in the case of the HRA, housing rent levels.

Capital Expenditure	31/03/2020 Estimate £m	31/03/2020 Actual £m
General Fund	209.2	121.4
HRA	26.8	110.5
<b>Total</b>	<b>236.0</b>	<b>232.0</b>

#### (g) Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Ratio of Financing Costs to Net	31/03/2020	31/03/2020
---------------------------------	------------	------------

Revenue Stream	Estimate	Actual
Financing costs	14.9	14.4
Proportion of net revenue stream (%)	5.6%	5.6%

#### (h) Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council adopted the principles of best practice.

Statement: The Council adopted the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2011 (2017 Edition).

#### (i) Upper Limit for Total Principal Sums Invested Over 364 Days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

Upper Limit for Total Principal Sums Invested Over 364 Days	31/03/2020 Approved £m	31/03/2020 Actual £m
Limit on principal invested beyond a year	50	0

#### (j) Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator	31/03/2020 Target	31/03/2020 Actual
Portfolio average credit rating	A	AA+

#### (k) Liquidity



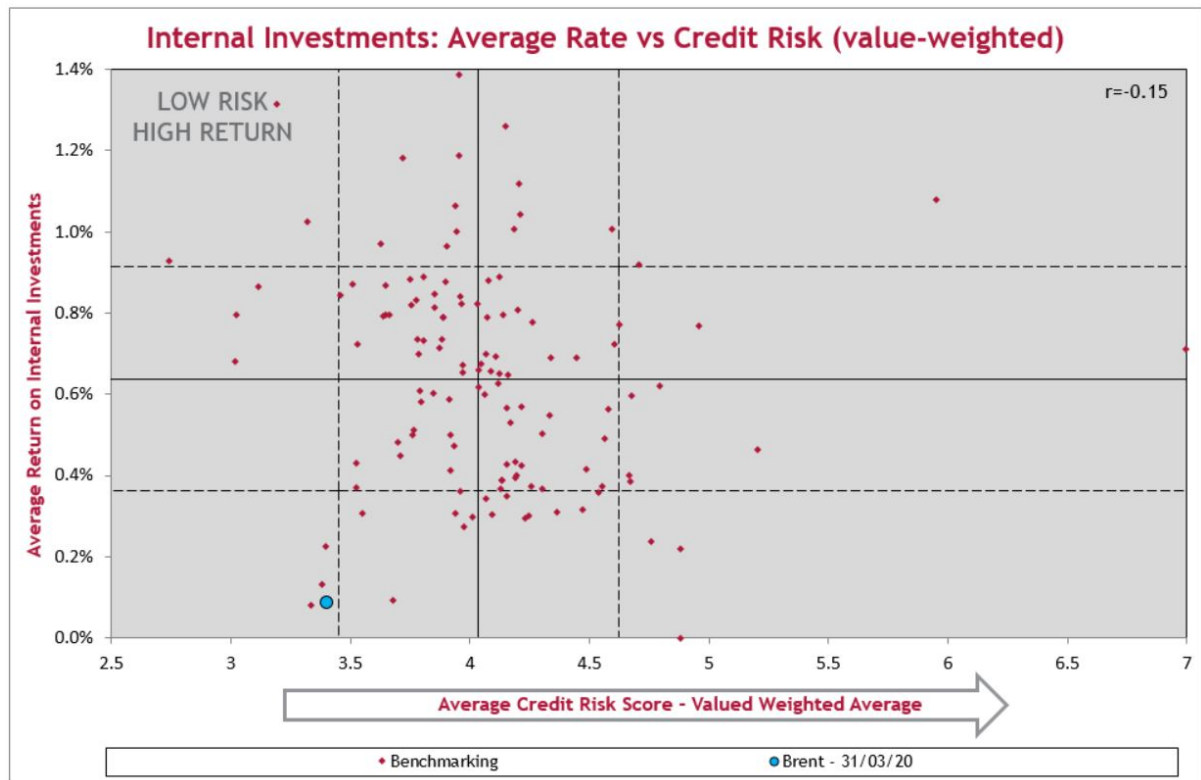
The Authority has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity Risk Indicator	31/03/2020 Target £m	31/03/2020 Actual £m
Total cash available within 3 months	50.0	104.7


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## Appendix 3

### Internal Investments: Average Rate vs Credit Risk as at 31/03/2020



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	<b>Audit and Standards Advisory Committee</b> 29 <sup>th</sup> July 2020
	<b>Report from the Director of Legal HR Audit and Investigations</b>
<b>Internal Audit Annual Report 2019/20</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Three Appendix A: High Risk Issues from 2019/20 Audits Appendix B: Follow Up Reviews Appendix C: Issues Raised in School Audits 2019/20
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Michael Bradley, Head of Audit and Investigations, <a href="mailto:Michael.bradley@brent.gov.uk">Michael.bradley@brent.gov.uk</a> Tel: 07920 581620

## 1. Summary

- 1.1. This report includes an opinion on the overall adequacy and effectiveness of the Council's internal controls and presents a summary of the Internal Audit work undertaken during the year.

## 2. Recommendations

- 2.1. The Audit and Standards Advisory Committee note the content of the report.

## 3. Detail

- 3.1. The Accounts and Audit Regulations 2015 require the Council to undertake an internal audit of its control systems, taking into account the Public Sector Internal Audit Standards (PSIAS). These require the Head of Audit to deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion, and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme.

### **Opinion of the Head of Audit and Investigation**

- 3.2. This report gives a summary of the work carried out by Internal Audit in 2019/20. From the work undertaken during the year, my overall opinion on the Council's system of internal control is that:

I have considered all of the work conducted by Internal Audit for the year ended 31 March 2020.

In my opinion, with the exception of those areas in which there were a number of high risk issues raised (as set out below), the controls in place in the areas reviewed are adequate and effective.

Where weaknesses have been identified within internal audit reports and investigations, these have been accepted and actions agreed by management.

The framework for governance is set out in the annual governance statement and, in my view, this is an accurate description of the governance arrangements.

In relation to risk management, I have oversight of the risk management process and conclude that a range of significant risks for the authority have been identified and are being managed.

### **Summary of Work Undertaken**

- 3.3. The 2019/20 Audit Plan was approved by the Audit and Standards Advisory Committee in March 2019. The plan had a total of 55 audits (excluding follow up reviews, schools audits and advisory work). The plan has been delivered via an in-house team in partnership with a contracted service from PWC.
- 3.4 We have liaised with senior management throughout the year to ensure that internal audit work focuses on high risk areas and, in light of new and ongoing developments in the organisation, ensure the most appropriate use of resources. Due to the ongoing Coronavirus situation a number of this year's audits have had to be postponed and have been rescheduled in 2020/21,

Internal Audits	Number
Additions to plan during year	3
Completed	33
In progress - draft reports issued to management	7
In progress - fieldwork	5
Deferred to 2020/21	7
Cancelled	6

Schools	9
Follow Up Reviews	34

- 3.5 Audit work focused on the reliability of the financial and operational information, management accounting controls, safeguarding of assets, economy and efficiency of operations and review of compliance with relevant statutes and Council regulations.
- 3.6 For each audit where controls have been analysed and a report agreed with management, an assurance opinion was given previously. This grading mechanism provided an indication of the level of confidence in the controls in operation and the extent to which they are being applied. For 2019/20 this grading system is no longer being used and an indication of the level of confidence is now gained by examining the number of issues raised and their associated risk level.
- 3.7 The following table shows the audits completed during the 2019/20 financial year and the number of issues raised together with their risk level. Key themes are captured below. Audits raise issues and assist management in identifying cost-effective actions to mitigate. Management have engaged fully with Audit in identifying these areas and then in undertaking and concluding the mitigation work.

Audit	High Risk Issues	Medium Risk Issues	Low Risk Issues
-------	------------------	--------------------	-----------------

### Key Financials

Barham Park Accounts	Review of Accounts		
P2P Project	0	5	0
General Ledger	1	1	1
Payroll	3	3	1
Capital Programme Project	Consultancy Review		
VAT	0	4	1
Pension Fund	0	2	2

### Community and Wellbeing

Disabled Facilities Grants	0	0	2
Discretionary Housing payments	0	4	0
Joint Front Door	0	4	0
Licensing of Landlords	0	2	1

London Borough of Culture	0	4	1
Housing Allocation	0	3	0

### **Children and Young People**

Virtual School	0	0	1
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### **Customer and Digital Service**

IT Licencing	1	2	1
Enforcement Agents	0	1	0
Procurement	2	4	0
IT Access and Identity Management	1	5	0
G2 PO Investigation	Consultancy Review		

### **Regeneration and Environmental Services**

Car Parks	0	2	2
Cemeteries	0	2	1
Fraud Investigation assistance	Consultancy Review		

### **Legal/Human Resources**

IR35	0	4	0
Recruitment and Retention	0	1	0
Staff Benefits	3	3	0
Apprenticeships	0	1	3
Attendance Management	0	1	1
Legal Services - Case Risk Management	0	2	3

### **Corporate/Cross Cutting**

Brexit Preparation	2	2	2
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### **Assistant Chief Executive**

Prevent	0	4	2
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**i4B/First Wave Housing**

I4B Acquisitions	2	0	1
First Wave Housing Rent Collection	1	3	0
Quintain Financial Model	1	1	0

- 3.8 Further details on the high risk issues raised can be found in Appendix A.
- 3.9 Draft reports have been issued to management and are awaiting responses on the following audits:
- IT Sourcing & Procurement
  - Schools Capital Programme
  - Children Disability Placements
  - Registrars
  - Platform Review
  - IT Governance
  - Robotic Process Automation
- 3.10 Key themes identified across audits were:
- Programme and Project Management including methodology and assurance;
  - Policies and Procedures including missing or out-of-date processes and procedures, and
  - Operational risk management in services including the escalation of risks.
- 3.11 Internal Audit also completed a number of grant claim certifications for the Troubled Families Programme.

**Follow up Reviews**

- 3.12 As part of the audit process, follow-up reviews are carried out to ensure that agreed management actions in respect of significant risks have been implemented. This process continued through 2019/20.
- 3.13 During the year 34 follow-up reviews were completed which included seeking evidence that 309 management actions had been implemented as agreed. The results of which were:

Action Status	Number
Implemented	221
Partially Implemented	64
Not Implemented	22
No Longer Relevant	2

- 3.14 Where actions remain partially or not implemented, revised completion dates have been agreed with management when Internal Audit will revisit to confirm

implementation where appropriate. Details of the follow up reviews are set out in Appendix B.

- 3.15 Work continues in ensuring the status of all outstanding recommendations are reported appropriately to the Council Management Team for action and the Audit and Standards Advisory Committee for information.

## **Schools**

- 3.16 A programme of school audits has been carried out during 2019/20 with a focus on financial processes and the accompanying back office resources. There were eight schools reviewed where we worked with school staff in order to provide assurance to Governing Boards and the Council that appropriate controls and processes are in place or that work is being done to reach required standards. The final two school reviews scheduled to take place during quarter four were postponed until the next financial year due to the ongoing Coronavirus situation.

- 3.17 Testing was carried out to ensure that schools were operating within a robust governance, risk management and control framework, ensuring that their resources are managed and used appropriately and effectively in order to enable the education of the pupils. In most of the schools reviewed, standards were 'reasonable' or higher. Although issues were raised at all schools visited, many were quite minor in nature.

- 3.18 Re-occurring themes identified across school audits were:

- Governance
  - Policies and Procedures -including those missing, or out of date;
- Purchasing and Expenditure
  - Insufficient quotations obtained for high value purchases, and
  - Purchase Orders not being raised and goods and services not being correctly receipted.
- HR and Payroll
  - Inadequate process and procedures for starters and leavers, and

Further information on the areas where issues were raised are included in Appendix C.

- 3.19 A follow up review was also completed at Leopold Primary School, following a 'No Assurance' rating given in a previous year. The follow up found that there had been significant improvements in the overall risk management, governance and internal control processes of the School.

- 3.20 Internal Audit continue to attend the Teachers' Panel and School Information Exchange meetings to discuss the audit process, key risk areas and any other concerns raised by schools.

## **Internal Audit Performance**

- 3.21 While we ensured that the priority audits and associated key risks were addressed during the year, there were a number of reviews in the audit plan that could not be completed during 2019/20 due to under resourcing and latterly the ongoing

Coronavirus situation. These have been risk assessed and a number of them have been rescheduled in 2020/21.

- 3.22 A successful recruitment campaign was completed in March and the new recruit will be starting in July 2020. Once in place this should bring increased stability and performance. The team continues to be supplemented by a contracted resource from PWC.

### **Customer Satisfaction**

- 3.23 Management have provided feedback on individual audits which has been incorporated into the continuous improvement of the service where relevant.
- 3.24 A total of 12 questionnaires were returned, a return rate of 29%. The questionnaires ask the auditees to provide feedback on areas including usefulness of the audit, quality of the report and usefulness of any recommendations made. 92% of responses were positive with either a satisfied or very satisfied opinion.

### **Quality Assurance and Improvement Programme**

- 3.25 The Public Sector Internal Audit Standards (PSIAS) state that an external assessment must be conducted at least once every five years by a qualified, independent assessor. This was carried out during 2018/19 and the result was reported to the Audit and Standards Advisory Committee.
- 3.26 The conclusion of that review was that the Brent Internal Audit Service conformed with the PSIAS. The outcome reflected a professional and successful Internal Audit service. The service commands a good level of respect and credibility across the Council and is seen as a key part in supporting and developing good governance within the Council.
- 3.27 An internal assessment is now due and this will be carried out during 2020/21 with the results to be reported to the Audit and Standards Advisory Committee.

## **4. Diversity Implications**

None

## **5. Background Papers**

None

## **6. Contact Officer Details**

Michael Bradley, Head of Audit and Investigations, 7th floor, Brent Civic Centre  
Telephone – 0208 937 6526

**Debra Norman; Director of Legal, HR, Audit and Investigations**

## Appendix A

### High Risk Issues from 2019/20 Audits

A high risk issue is one that could have a:

- Significant impact on operational performance; or
- Significant monetary or financial statement impact; or
- Significant breach in laws and regulations resulting in significant fines and consequences; or
- Significant impact on the reputation or brand of the organisation.

Audit Title	High Risk Issues
IT Access and Identity Management	<ul style="list-style-type: none"><li>• Access to applications.</li></ul>
Staff Benefits	<ul style="list-style-type: none"><li>• Effective and regular management reporting and reconciliations of staff beneficial loans;</li><li>• Loan policy or procedures and roles and responsibilities;</li><li>• Central record of loans issued.</li></ul>
First Wave Housing Rent Collection	<ul style="list-style-type: none"><li>• Rent Collection KPI.</li></ul>
Brexit Preparation	<ul style="list-style-type: none"><li>• Brexit governance and tracking, and</li><li>• Risk identification, assessment and alignment;</li></ul>
Procurement	<ul style="list-style-type: none"><li>• Procurement Strategy should be updated to ensure alignment with the Borough Plan, and</li><li>• The contract register online portal, Due North, is not up to date.</li></ul>

I4B Acquisitions	<ul style="list-style-type: none"> <li>Acquisition Data - discrepancy between the number of recorded properties acquired on CRM Dynamics and manual spreadsheets kept by i4B, and</li> <li>Property Sourcing: property acquired outside of the documented acquisition and approval process.</li> </ul>
IT Licencing	<ul style="list-style-type: none"> <li>Tracking of Software Expenditure.</li> </ul>
General Ledger	<ul style="list-style-type: none"> <li>No bank reconciliations have taken place since April 2019 due to ongoing issues with AIMS.</li> </ul>
Payroll	<ul style="list-style-type: none"> <li>Oracle payroll agent's management access controls are not robust;</li> <li>No actions taken to recover overpayments from ex-employee, and</li> <li>Discrepancies identified in payments bank account reconciliation.</li> </ul>
Quintain Financial Model	<ul style="list-style-type: none"> <li>Assumption testing and setting of the income and capital growth.</li> </ul>

## Appendix B

### Follow Up Reviews

Audit Title	Management Actions			
	Implemented	Partially Implemented	Not implemented	No Longer relevant
<b>Cross Cutting</b>				
Corporate Governance - Decision Making	9	1	2	0
Data Security	1	0	0	0
Emergency Planning	2	0	0	0
LB Culture	5	0	0	0
<b>CWB</b>				
Introductory Tenancies	14	6	0	0
Safeguarding Adults	8	0	0	1
Single Pathway	8	0	2(1)	0
Libraries - Stock Control	0	3	0	0
Joint Front Door	9	0	0	0
Licensing of Landlords	2	2	0	1
<b>CYP</b>				
Unaccompanied Asylum Seeking Children	5	0	0	0
Looked After Children	5	0	0	0
Children In Need	8	0	0	0
School Effectiveness/Monitoring	8	0	0	0
<b>i4B</b>				
i4B Property Acquisitions	4	2 (1)	0	0
<b>C&amp;DS</b>				
Digital Strategy	10	1	0	0
Mosaic	8	4	0	0

IT Device Provision Project Assurance	14	0	0	0
Northgate	12	3	0	0
IT Licencing	9	4	0	0
RBV Benefits	1	6 (1)	0	0
Property Payments	13	0	0	0
Discretionary Housing Payments	4	2	0	0

**R&ES**

Licensing	14	6 (2)	0	0
Community Safety	3	1	0	0
Trading Standards	1	1	1	0
Property Asset Register	15	0	0	0
Footways Business Case Review	11	0	4	0
Arboriculture	2	1	3	0

**Finance**

Supplier registration	0	4 (3)	2	0
P2P Programme	4	1	0	0
Accounts Receivable	7	4 (1)	4 (3)	0

**HR**

Staff Performance Management	0	8 (8)	4	0
IR35	5	4	0	0

The numbers in brackets indicate where high risk actions were either partially or not implemented. These will be subject to further follow up to ensure they are fully addressed.

## Appendix C

### Issues Raised in School Audits 2019/20

School	Governance	Financial Management	Purchasing & Expenditure	Asset Management	HR & Payroll	Income Charging and Banking	Data Protection	Contracts & Leases	Lettings
Brent River College	✓	✓			✓		✓		
Barham Primary School	✓		✓	✓				✓	
Sinai Jewish Primary School	✓	✓							✓
Wembley Primary School	✓	✓	✓					✓	
Fawood Children's Centre	✓		✓	✓	✓	✓			
Avigdor Hirsch Torah Temimah Primary School	✓		✓	✓	✓	✓		✓	
Granville Plus Nursery School	✓	✓	✓	✓	✓				
Fryent Primary School	✓	✓	✓	✓	✓			✓	

#### Risk

✓	High	✓	Medium	✓	Low
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## Appendix A

### High Risk Issues from 2019/20 Audits

A high risk issue is one that could have a:

- Significant impact on operational performance; or
- Significant monetary or financial statement impact; or
- Significant breach in laws and regulations resulting in significant fines and consequences; or
- Significant impact on the reputation or brand of the organisation.

Audit Title	High Risk Issues
IT Access and Identity Management	<ul style="list-style-type: none"><li>• Access to applications.</li></ul>
Staff Benefits	<ul style="list-style-type: none"><li>• Effective and regular management reporting and reconciliations of staff beneficial loans;</li><li>• Loan policy or procedures and roles and responsibilities;</li><li>• Central record of loans issued.</li></ul>
First Wave Housing Rent Collection	<ul style="list-style-type: none"><li>• Rent Collection KPI.</li></ul>
Brexit Preparation	<ul style="list-style-type: none"><li>• Brexit governance and tracking, and</li><li>• Risk identification, assessment and alignment;</li></ul>
Procurement	<ul style="list-style-type: none"><li>• Procurement Strategy should be updated to ensure alignment with the Borough Plan, and</li><li>• The contract register online portal, Due North, is not up to date.</li></ul>

I4B Acquisitions	<ul style="list-style-type: none"> <li>Acquisition Data - discrepancy between the number of recorded properties acquired on CRM Dynamics and manual spreadsheets kept by i4B, and</li> <li>Property Sourcing: property acquired outside of the documented acquisition and approval process.</li> </ul>
IT Licencing	<ul style="list-style-type: none"> <li>Tracking of Software Expenditure.</li> </ul>
General Ledger	<ul style="list-style-type: none"> <li>No bank reconciliations have taken place since April 2019 due to ongoing issues with AIMS.</li> </ul>
Payroll	<ul style="list-style-type: none"> <li>Oracle payroll agent's management access controls are not robust;</li> <li>No actions taken to recover overpayments from ex-employee, and</li> <li>Discrepancies identified in payments bank account reconciliation.</li> </ul>
Quintain Financial Model	<ul style="list-style-type: none"> <li>Assumption testing and setting of the income and capital growth.</li> </ul>



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## Appendix B

### Follow Up Reviews

Audit Title	Management Actions			
	Implemented	Partially Implemented	Not implemented	No Longer relevant
<b>Cross Cutting</b>				
Corporate Governance - Decision Making	9	1	2	0
Data Security	1	0	0	0
Emergency Planning	2	0	0	0
LB Culture	5	0	0	0
<b>CWB</b>				
Introductory Tenancies	14	6	0	0
Safeguarding Adults	8	0	0	1
Single Pathway	8	0	2(1)	0
Libraries - Stock Control	0	3	0	0
Joint Front Door	9	0	0	0
Licensing of Landlords	2	2	0	1
<b>CYP</b>				
Unaccompanied Asylum Seeking Children	5	0	0	0
Looked After Children	5	0	0	0
Children In Need	8	0	0	0
School Effectiveness/Monitoring	8	0	0	0
<b>i4B</b>				
i4B Property Acquisitions	4	2 (1)	0	0
<b>C&amp;DS</b>				
Digital Strategy	10	1	0	0
Mosaic	8	4	0	0
IT Device Provision Project Assurance	14	0	0	0
Northgate	12	3	0	0
IT Licencing	9	4	0	0
RBV Benefits	1	6 (1)	0	0
Property Payments	13	0	0	0
Discretionary Housing Payments	4	2	0	0
<b>R&amp;ES</b>				
Licensing	14	6 (2)	0	0
Community Safety	3	1	0	0
Trading Standards	1	1	1	0
Property Asset Register	15	0	0	0
Footways Business Case Review	11	0	4	0
Arboriculture	2	1	3	0
<b>Finance</b>				
Supplier registration	0	4 (3)	2	0
P2P Programme	4	1	0	0

Accounts Receivable	7	4 (1)	4 (3)	0
<b>HR</b>				
Staff Performance Management	0	8 (8)	4	0
IR35	5	4	0	0

The numbers in brackets indicate where high risk actions were either partially or not implemented. These will be subject to further follow up to ensure they are fully addressed.



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## Appendix C

### Issues Raised in School Audits 2019/20

School	Governance	Financial Management	Purchasing & Expenditure	Asset Management	HR & Payroll	Income Charging and Banking	Data Protection	Contracts & Leases	Lettings
Brent River College	✓	✓			✓		✓		
Barham Primary School	✓		✓	✓				✓	
Sinai Jewish Primary School	✓	✓							✓
Wembley Primary School	✓	✓	✓					✓	
Fawood Children's Centre	✓		✓	✓	✓	✓			
Avigdor Hirsch Torah Temimah Primary School	✓		✓	✓	✓	✓		✓	
Granville Plus Nursery School	✓	✓	✓	✓	✓				
Fryent Primary School	✓	✓	✓	✓	✓			✓	

#### Risk

✓	High	✓	Medium	✓	Low
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 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 29 <sup>th</sup> July 2020
	<b>Report from the Director of Legal, HR and Audit &amp; Investigations</b>
<b>Counter Fraud - 2019/20 Annual Report</b>	

Wards Affected:	All
Key or Non-key Decisions	Key
Open or part/fully exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
Number of Appendices:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Michael Bradley, Head of Audit and Investigations Service 07920 581620, Michael.Bradley@brent.gov.uk

## 1.0 Purpose of the Report

- 1.1 The report sets out a summary of the counter fraud activity for 2019/20 and the impact that Covid-19 arrangements have had on the service. (Wider statistical detail and case studies for the period are contained in our final quarterly report presented to the Committee in May 2020).

## 2.0 Recommendation

- 2.1 To note the report content prior to circulation at the Audit and Standards Advisory Committee on 29<sup>th</sup> July 2020.

## 3.0 Detail

### Internal Fraud

- 3.1 Internal referrals include whistleblowing referrals and a range of case types such as financial, staff conduct and procedural irregularities. Proactive work and our review of the National Fraud Initiative (NFI) data-matched reports is covered in the 'proactive' section of this report. Internal fraud typically has the fewest referrals in any period but is generally more complex in nature. The table below sets out key figures in this area for 2019/20.

Table A – Internal Fraud

Internal Fraud	2019/20 (full year)	2019/20 Q4	2019/20 Q3	2019/20 Q2	2019/20 Q1	2018/19 (full year)	2017/18 (full year)
Open Cases b/f	5	12	15	9	5	11	16
New Referrals	35	5	6	13	11	28	35
Closed Cases	28	5	9	7	7	34	40
Open Cases c/f	12	12	12	15	9	5	11
Fraud / Irregularity Identified*	12	1	7	2	2	11	10

\* Where closed cases do not identify fraud / irregularity, these are generally recorded as NFA (No Further Action)

- 3.2 There were 35 new referrals opened last year from a variety of sources that also related to whistleblowing. Due to the confidential nature of the type of referrals, it is not appropriate to provide details in this report. A summary of the main case types dealt with is as follows:

- Breach of financial / other regulations;
- Bribery and Corruption;
- Conflict of Interest;
- External offences/conduct by staff;
- Recruitment irregularities, and
- Theft of cash / assets.

- 3.3 With most cases under this category, the Counter Fraud team will report to management with any recommendations to improve control and to mitigate future occurrences. It will also liaise with the Internal Audit team for wider consideration in the Audit Plan.
- 3.4 The team arrange regular fraud awareness workshops across all council services. This is an on-going commitment and coverage includes services where fraud has occurred or where the team's own fraud risk assessment of a service suggests there is a higher fraud risk.

### **Tenancy and Social Housing Fraud**

- 3.5 The recovery of social housing properties by the Counter Fraud team has a positive impact upon the temporary accommodation budget and remains a high priority fraud risk for the Council. The average value of each recovered tenancy is £93,000 per property as reported by the Cabinet Office (National Fraud

Initiative Report 2016). The counter-fraud activity for 2019/20 is summarised in the table below.

**Table B – Tenancy and Social Housing Fraud**

Housing Fraud	2019/20 (full year)	2019/20 Q4	2019/20 Q3	2019/20 Q2	2019/20 Q1	2018/19 (full year)	2017/18 (full year)
Open cases b/f	23	74	44	41	23	28	82
New cases	176	34	60	35	47	151	130
Closed cases	133	42	30	32	29	156	184
Open cases c/f	66	66	74	44	41	23	28
Fraud Identified	19	5	7	2	5	27	42

\* Notional value of recovered properties (including housing and Right to Buy applications stopped, property size reduction and prevention of split tenancy) used for reporting purposes is £93,000. (£18,000 used previously)

- 3.6 The total number of fraudulent housing cases concluded in 2019/20 was 19, which is lower than the total recorded in the previous year of 27. The total notional and actual value of these cases is £1,781,905.
- 3.7 The number of housing frauds detected has reduced when compared to an average of 40 recoveries over the previous three years (27, 42, and 52). Referrals from Brent Housing Management's Home and Communities team have declined over the last two years, though both teams are working to address this and help improve the quality and quantity. Of the 176 referrals logged in 2019/20, 49 were from BHM teams. In comparison, of the 19 successful fraudulent cases concluded, 12 were from direct engagement with BHM. This emphasises the importance of receiving good quality referrals from housing staff through their normal engagement with council tenants.
- 3.8 There are currently 129 live housing investigations and of these; nine cases are involved with legal proceedings to recover the property, and a further 11 cases have been concluded by the team with a report issued to Housing Management to instigate recovery action. The team is working closely with the Home and Communities team to progress these cases.

### External Fraud

- 3.9 'External fraud' includes all external fraud / irregularity that affects the council. This will include (but is not limited to) fraud cases involving; Blue Badge, Direct Payments, Council Tax, Business Rates, insurance, finance, concessionary travel and grant applications. The counter fraud activity for 2019/20 is summarised in the table below:

**Table C – External Fraud**

External Fraud	2019/20 (full year)	2019/20 Q4	2019/20 Q3	2019/20 Q2	2019/20 Q1	2018/19 (full year)	2017/18 (full year)
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Open cases b/f	20	56	61	44	20	13	14
New Referrals	193	43	48	49	53	142	88
Closed Cases	176	62	53	32	29	135	89
Open cases c/f	37	37	56	61	44	20	13
Fraud / Irregularity identified*	49	14	22	11	2	23	12

\* Where closed cases do not identify fraud / irregularity, these are recorded as NFA (No Further Action).

- 3.10 There has been a significant increase in referrals of this type throughout this year. This is mainly due to a new referral process developed in April 2019 with the Parking Service and its contractor Serco to tackle Blue Badge fraud and misuse. A total of 193 referrals have been processed this year, compared with 142 in the previous year. In addition, there were a further 106 outstanding referrals received in 2019/20 that were processed during Q1 this year.
- 3.11 Successful outcomes increased compared to the previous year, which includes five prosecutions and 38 cautions/warnings being issued for Blue Badge fraud or persistent misuse. A further six Blue Badge cases have been approved for further sanction or legal proceedings.
- 3.12 There are currently 93 live cases, which includes 34 Blue Badge and 21 Council Tax related cases. Other case types include; Business Rates, insurance claims, payments to Adults and Children services, theft of client funds, grants, benefits and other alleged offences affecting the council.

### **Proactive activity**

- 3.13 There were five Blue Badge operations undertaken during 2019/20. In total, 220 badges were checked and 15 were found to be fraudulent or misused, with some leading to further sanction. A further operation was planned for the end of Q4, but cancelled due to current arrangements relating to Covid-19. The team will review the risks during Q2 before conducting further operations.
- 3.14 The National Fraud Initiative (NFI) 2018/19 exercise generated 19,296 data matches in Q4 2018/19 covering multiple data reports across the full range of data sets that include Payroll, Pensions, Finance, Creditors, Housing, Benefits, Direct Payments, Insurance, Parking Permits and concessionary travel. In addition, there is an annual data match between Electoral Roll and Council Tax Single Persons Discount data, which produced over 6,500 matches this year, and resulted in £51,600 savings to date. One report that was recently completed relates to deceased person records against live Parking Permits, which has resulted with a notional value of £33,925. Another report matching Council Tax Support and deceased persons' data identified £26,285 in savings. To date, the review has identified just over £400,000 savings from fraud and error, covering a range of service areas. The team have managed the review of 129 reports and are still collating results, which it aims to conclude by the end of Q1. Data matches from the new NFI 2020/21 exercise will be available towards the end of this year during Q4.

- 3.15 The team commenced or concluded a number of additional proactive exercises during 2019/20. These included;
- Q4 - Council tenants who have not collected their new keys following forced entry warrants to conduct gas safety inspections. The review generated seven fraud referrals and to date has led to one property recovery.
  - Q2 - Insurance claims. The team cross-referenced new claims received in Q1 against the Cifas fraud database. This resulted in multiple traces and discussions with the Insurance team to use the system as part of its verification procedures to prevent and detect fraud.
  - Q3 - No Recourse to Public Funds and Intentionally Homeless. This commenced with a fraud awareness workshop in Q2 to assess the team's risk to fraud in the procedures. To date, this has led to a number of improvements with verification processes, access to fraud systems and much closer engagement with the Counter Fraud team.
- 3.16 The service is proposing that the Council obtain full membership access to an Internal Fraud Database (IFD) that has been developed and maintained by CIFAS (a not-for-profit UK fraud prevention service). An update was sent to CMT earlier this month.
- The IFD is a repository of fraud risk information that can be used to reduce exposure to fraud and other irregular conduct and inform decisions according to risk appetite. This system is focussed on employee fraud and recruitment controls.
  - The system will enable the Council to have additional assurance around recruitment and provide the Investigations team with additional resource when conducting internal investigations.

### **Impact of Covid-19 on service**

- 3.17 Referrals received during the first quarter of 2020/21 are at 108 across all case types, compared with 80 in the same period last year. This included seven Internal, 41 Housing and 44 External referrals. The approximate 25% increase in referrals has coincided with the government's lockdown arrangements.
- Alleged unlawful subletting makes up the majority of Housing referrals at 27, with 24 coming from the public and three received from internal sources. In addition, a quarter of the total received have come from Housing Management, and the majority of these relate to non-residence and false tenancy succession applications.
  - Almost all external referrals received are from the public with the majority related to household occupancy, business grant schemes, parking and other breaches related to lockdown arrangements.
- 3.18 Plans to install four new ID scanners at the Civic Centre in April had to be postponed, and will be rearranged once it is safe and feasible to do so.
- 3.19 The current arrangements had prevented the team from undertaking visits and interviews, which meant some cases did not initially progress as normal. The

team introduced temporary arrangements at an early stage to manage formal cautions and referrals for legal proceedings. Risk assessments are underway to find workable solutions for interviewing and visiting duties, which will be shared with other services similarly affected.

- 3.20 Plans to recruit three new staff in Q1 using a Government anti-housing fraud grant were suspended and will be reviewed in Q2. This also affected planned training for staff to undertake the Counter Fraud Apprenticeship.
- 3.21 The team have coped and adapted well with the ongoing workload, which has enabled it to assist the council with contacting vulnerable residents, and taking a more advisory approach to help other services cope with increased fraud risks. This has included significant involvement with the both the Business Grant and Business Discretionary Grant schemes to mitigate fraud.
- 3.22 Advice was provided to all managers at the beginning of the pandemic period on fraud awareness when making interim changes to processes and controls in order to deal with the crisis. Additionally specific advice was provided on certain high risk initiatives such as payment of small business grants.

#### **4.0 Alternative Options Considered**

- 4.1 N/A

#### **5.0 Financial Implications**

- 5.1 There are no specific financial implications associated with noting this report.

#### **6.0 Legal Implications**

- 6.1 There are no specific legal implications associated with noting this report.

#### **7.0 Equality Implications**

- 7.1 None.

#### **8.0 Any Other Implications (HR, Property, Environmental Sustainability - where necessary)**

- 8.1 None

#### **9.0 Proposed Consultation with Ward Members and Stakeholders**

- 9.1 None.

<b><u>Report sign off:</u></b>
<b>Debra Norman</b>
Director of Legal, HR, Audit and Investigations





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# Audit Progress Report and Sector Update

London Borough of Brent and Pension Fund  
Year ending 31 March 2020

Page 125  
19 July 2020



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# Introduction



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This paper provides the Audit & Standards Advisory Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes a summary of emerging national issues and developments that may be relevant to you as a local authority.

Members of the Audit & Standards Advisory Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications [www.grantthornton.co.uk](http://www.grantthornton.co.uk).

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Partner or Engagement Managers.

# 2019/20 financial statements audit

## 2019/20 Financial statements audit – original and revised timescales

As set out in our 2019/20 Audit Plan we had planned to complete the financial statements audit by the end of July. The impact of the pandemic has meant we started the audit two weeks later than planned. Despite the impact of Covid-19, we are making good progress with the audit and as at 17 July we are 65% complete and we anticipate to be finished with our substantive work by 7 August with only review and closing procedures to be completed.



We will report the results of our work in the Audit Findings Report to be presented at the Committee meeting on 8 September 2020 and we will aim to give our opinion on the Statement of Accounts soon after that meeting. Pages 7-12 of this report give a summary of the progress with our audit fieldwork.

### Covid-19

In addition to the audit risks communicated to those charged with governance in our Audit Plan in March 2020, the Covid-19 pandemic led us to update our planning risk assessment and reconsider our audit and value for money (VfM) approach to reflect the unprecedented global response. On 20 April 2020 issued an addendum to our audit plan, setting out a new significant financial statement risk in relation to Covid-19. We provide an update on Covid-19 on page 6 of the report in relation to impact on working arrangements, on the accounts and audit opinions, and in relation to changes in reporting requirements. The additional work we are carrying out in relation to the Covid-19 significant risk is included in our progress update, page 7.

## Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and issue our Value For Money Conclusion at the same time as the audit opinion. We are reviewing the Council's response to the financial implications of Covid 19 in detail as part of this work.

The NAO consultation on a new Code of Audit Practice (the "Code") has finished, and the new Code has completed its approval process in Parliament. It therefore came into force on 1 April 2020 for audit years 2020/21 and onwards. The new Code supersedes the Code of Audit Practice 2015, which was published by the National Audit Office (NAO) in April 2015.

The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations. The NAO public consultation is now underway and runs until 2 September 2020. It can be accessed through the NAO website:

<https://www.nao.org.uk/code-audit-practice/agn-03-vfm-consultation/>

# Covid-19 update

## Impact on working arrangements

- Following the government's announcement on Monday 16 March 2020, we closed our Grant Thornton offices for the foreseeable future and your audit team are now working from home.
- We will be working remotely for the duration of your accounts audit. Although there are some audit tasks which are best undertaken in person, we will be able to complete the majority of the audit remotely. This is however likely to make the audit process longer. We continue to work closely with your finance team to make this different way of working as efficient as possible.
- There may need to be further changes to planned audit timings due to potential illness within the audit team or the finance team and due to the further developments of Covid-19.

## Impact on accounts and audit opinions

There are a number of key issues which your finance team will have had to consider as part of the year-end closedown and accounts production:

- Impact on reserves and financial health and whether the Council needs to provide additional disclosures that draw attention to a Material Uncertainty around Going Concern (this could also impact on the VfM conclusion) or asset valuations.
- Valuation of Property, Plant & Equipment and assumptions made by valuers, particularly in respect of carrying value to current value assessment.
- Impact on collectability of debt and assumptions made in bad debt provisions.
- Impact on post-balance sheet events. The consequences of the virus post 31 March 2020 will generally be non-adjusting post balance sheet events but some form of disclosure may be needed.
- Disclosure of impact in narrative report.
- Disclosure of critical judgements and material estimation uncertainties.
- Impact on the content of the Annual Governance Statement, particularly with regards to risks, controls and mitigation.
- Considerations in respect of service continuity and disaster planning arrangements (this could impact on the VfM conclusion).
- Impact on reporting to those charged with governance and signing arrangements.

## Changes to reporting requirements

- The Secretary of State announced that for the 2019/20 accounting period he would be extending the period for publication of principal authority accounts to 31st August 2020.
- For principal authorities, this means that the whole chain of publication requirements will be amended. The audited financial statements are now to be published by 30 November 2020.
- IFRS 16 implementation has been delayed by 1 year to 1 April 2021. IAS 8 disclosures in respect of new accounting standards which have been issued but are not yet effective are still required for IFRS 16 (Leases) even though implementation is deferred to 2021/22.



# Progress at 17 July 2020

## 2019/20 Financial Statements Audit

The table below sets out our progress on the audit as at 17 July 2020.

Significant risk	Planned approach	Progress
<b>Covid- 19 (Council and PF)</b>  The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020.	We will: <ul style="list-style-type: none"> <li>• work with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assess the implications on our audit approach;</li> <li>• liaise with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arise;</li> <li>• evaluate the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic;</li> <li>• evaluate whether sufficient audit evidence using alternative approaches can be obtained for the purposes of our audit whilst working remotely;</li> <li>• evaluate whether sufficient audit evidence can be obtained to corroborate significant management estimates such as asset valuations and recovery of receivable balances, and Level 3 asset valuations for the Pension Fund;</li> <li>• evaluate whether sufficient audit evidence can be obtained to corroborate management's fair value hierarchy disclosure for the Pension Fund;</li> <li>• evaluate management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; and</li> <li>• discuss with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.</li> </ul>	We have: <ul style="list-style-type: none"> <li>• have worked with management to understand the implications the response to the Covid-19 pandemic had on the Council's ability to prepare the financial statements and update financial forecasts and assessed the implications for our materiality calculations. No changes were made to materiality levels previously reported. The draft financial statements were provided on 5 June 2020;</li> <li>• liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross-sector responses to issues as and when they arose. Examples include the material uncertainty disclosed by the Council/groups' property valuation expert;</li> <li>• evaluated the adequacy of the disclosures in the financial statements that arose in light of the Covid-19 pandemic; and</li> <li>• engaged the use of auditor experts for asset valuations.</li> </ul> We are: <ul style="list-style-type: none"> <li>• ensuring to obtain sufficient audit evidence through remote technology;</li> <li>• evaluating whether sufficient audit evidence can be obtained to corroborate significant management estimates such as assets and the pension fund liability valuations;</li> <li>• evaluating management's assumptions that underpin the revised financial forecasts and the impact on management's going concern assessment; and</li> <li>• discussing with management the implications for our audit report where we have been unable to obtain sufficient audit evidence.</li> </ul>

Significant risk	Planned approach	Progress
<p><b>Fraud in revenue and expenditure recognition</b> <b>(Council and PF)</b></p> <p>Under ISA (UK) 240, there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA (UK) 240, and the nature of the revenue streams at the Authority, we have determined that the risk of fraud arising from revenue recognition can be rebutted</p>	<p>We have not identified any changes to our assessment reported in the audit plan.</p>
<p><b>Management override of controls</b> <b>Council and PF)</b></p> <p>Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Authority and the Pension Fund face external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for both the Group/Authority and Fund, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate the design effectiveness of management controls over journals;</li> <li>• analyse the journals listing and determine the criteria for selecting high risk and unusual journals;</li> <li>• test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence; and</li> <li>• evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>	<p>We have:</p> <ul style="list-style-type: none"> <li>• evaluated the design effectiveness of management controls over journals; and</li> <li>• analysed the journals listing and determine the criteria for selecting high risk and unusual journals.</li> </ul> <p>We are in the process of:</p> <ul style="list-style-type: none"> <li>• testing unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration;</li> <li>• gaining an understanding of the accounting estimates and critical judgements applied made by management and considering their reasonableness with regard to corroborative evidence; and</li> <li>• evaluating the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li> </ul>

Significant risk	Planned approach	Progress
<p><b>Valuation of land and buildings (Council)</b></p> <p>The Council re-values its land and buildings on a five-yearly rolling basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements due to the size of the numbers involved (£1,401m) and the sensitivity of the estimate to changes in key assumptions.</p> <p>Additionally, management will need to ensure the carrying value of assets not revalued as at 31 March 2020 in the Authority's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We identified the valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>• evaluate the competence, capabilities and objectivity of the valuation expert;</li> <li>• discuss with or write to the relevant valuer to confirm the basis on which the valuation was carried out;</li> <li>• engage our own valuer expert, Gerald Eve, to provide commentary on: <ul style="list-style-type: none"> <li>• the instruction process in comparison to requirements from CIPFA/ IFRS / RICS; and</li> <li>• the valuation methodology and approach, resulting assumptions adopted and any other relevant points;</li> </ul> </li> <li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li> <li>• test revaluations made during the year to see if they had been input correctly into the Authority's asset register; and</li> <li>• evaluate the assumptions made by the management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.</li> </ul>	<p>We have:</p> <ul style="list-style-type: none"> <li>• evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work;</li> <li>• evaluated the competence, capabilities and objectivity of the valuation expert;</li> <li>• written to the relevant valuer to confirm the basis on which the valuation was carried out; and</li> <li>• engaged our own valuer expert, Gerald Eve, to provide commentary on: <ul style="list-style-type: none"> <li>• the instruction process in comparison to requirements from CIPFA/ IFRS / RICS; and</li> <li>• the valuation methodology and approach, resulting assumptions adopted and any other relevant points.</li> </ul> </li> </ul> <p>We are in the process of:</p> <ul style="list-style-type: none"> <li>• challenging the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li> <li>• testing revaluations made during the year to see if they had been input correctly into the Council's asset register; and</li> <li>• evaluating the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.</li> </ul>

Significant risk	Planned approach	Progress
<p><b>Valuation of pension fund net liability (Council)</b></p> <p>The pension fund net liability, as reflected in the Authority's balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£925.7m) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Authority's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li> <li>• evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work;</li> <li>• assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;</li> <li>• assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li> <li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and</li> <li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.</li> </ul>	<p>We have:</p> <ul style="list-style-type: none"> <li>• updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls;</li> <li>• evaluated the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; and</li> <li>• assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation.</li> </ul> <p>We are in the process of:</p> <ul style="list-style-type: none"> <li>• assessing the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li> <li>• testing the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and</li> <li>• undertaking procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.</li> </ul>

Significant risk	Planned approach	Progress
<p><b>Valuation of Level 3 investments (PF)</b></p> <p>The Fund re-values its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.</p> <p>By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£95m) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2020.</p> <p>We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• evaluate management's processes for valuing Level 3 investments;</li> <li>• review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments, to ensure that the requirements of the Code are met;</li> <li>• independently request year-end confirmations from investment managers and custodian;</li> <li>• for a sample of investments, test the valuation by obtaining and reviewing the audited accounts (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. We will reconcile those values to the values at 31 March 2020 with reference to known movements in the intervening period;</li> <li>• in the absence of available audited accounts, we will evaluate the competence, capabilities and objectivity of the valuation expert; and</li> <li>• where available, we will review investment manager service auditor reports on design effectiveness of internal controls.</li> </ul>	<p>We have:</p> <ul style="list-style-type: none"> <li>• evaluated management's processes and assumptions for the calculation of the estimate;</li> <li>• reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments, to ensure that the requirements of the Code are met; and</li> <li>• written to the relevant investment managers and custodian.</li> </ul> <p>We are in the process of:</p> <ul style="list-style-type: none"> <li>• testing the valuation for a sample of investments selected.</li> </ul>

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## Other risks identified

In our 2019/20 Audit Plan we identified a risk in relation to the implementation of IFRS 16 Leases which was to be adopted from 1 April 2020. Due to the pandemic the implementation of IFRS 16 has been delayed by a year. IAS 8 disclosures in respect of new accounting standards which have been issued but are not yet effective are still required for IFRS 16 even though implementation is deferred to 2021/22 and we are agreeing the required disclosures with management.

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## Other audit areas

In addition to our work on the significant risks, work is also in progress in the following areas:

- PPE additions
- In-year depreciation
- Cash
- Expenditure (including welfare expenditure)
- Employee benefits
- Debtors and bad debt provision
- Creditors
- Leases
- Reserves
- Financial instruments, investments and borrowings
- PFI liabilities
- Provisions
- Financial statements disclosures
- Pooled budgets
- Related parties
- Whole of Government Accounts

## Other areas

### Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The planning of the certification work for the 2019/20 claim is underway and we intend to complete our work by the original deadline of 30 November deadline. Although it should be noted that, in response to the impact of the Covid-19 pandemic, the DWP has moved the reporting deadline back to 31 January 2021. We will report our findings to the Audit Committee in our Certification Letter in January 2021.

We certify the Council's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2019/20 claim is due to be completed in advance of the 30 November deadline.

We also certify the Council's annual Pooling of Housing Capital Receipts return in accordance with procedures agreed with the Ministry of Housing, Communities & Local Government. (MHCLG). We have yet to receive from MHCLG guidance for the certification work for the 2019/20 return.

### Meetings

We met with Finance Officers in June as part of our quarterly liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We also met with your Chief Executive in July to discuss the Council's strategic priorities and plans.

### Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers attended our Financial Reporting Workshop in February, which helped to ensure that members of your Finance Team were up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

## Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your Director of Finance, including any proposed variations to the Scale Fee set by PSAA Limited, and have communicated fully with the Audit & Standards Advisory Committee.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting. Further on in this report we share the findings of the FRC review on the audit of the Council's 2018/19 financial statements.

# Audit deliverables

2019/20 Deliverables	Planned Date	Status
<b>Fee Letter</b> <ul style="list-style-type: none"><li>Confirming audit fee for 2019/20.</li><li>Advise of additional fee for 2019/20</li></ul>	April 2019 January 2020	Complete Complete
<b>Accounts Audit Plan</b> <p>We are required to issue a detailed accounts audit plan to the Audit and Standards Advisory Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.</p>	March 2020	Complete
<b>Interim Audit Findings</b> <p>We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.</p>	March 2020	Complete
<b>Audit Findings Report</b> <p>The Audit Findings Report will be reported to the July Audit and Standards Advisory Committee.</p>	September 2020	Not yet due
<b>Auditors Report</b> <p>This is the opinion on your financial statement, annual governance statement and value for money conclusion.</p>	September 2020	Not yet due
<b>Annual Audit Letter</b> <p>This letter communicates the key issues arising from our work.</p>	October 2020	Not yet due



# FRC review of the audit of Brent Council's 2018/19 financial statements and 2018/19 VfM Conclusion work

The FRC's Audit Quality Review team has completed its review of the 2018/19 audit of the Council's financial statements and of the VfM Conclusion work. Their report sets out an assessment of the audit quality, key findings and scope of the review.

## Audit quality assessment

Area	Audit quality assessment
Financial Statements Audit	Improvements required
VfM Arrangements Conclusion	Good

## Key findings

Valuation of Property, Plant & Equipment ('PPE')	<p>The audit team performed insufficient procedures to conclude that the valuation of other land and buildings was free from material misstatement.</p> <p>A sample of individual valuations was tested to validate source data provided by management. This should have been extended to test the key valuation assumptions applied by the valuer.</p>
Audit of service expenditure	<p>The audit team did not demonstrate sufficient understanding of the nature of the population of two expense categories and as a result insufficient levels of testing were performed.</p>

There were no key findings to report in relation to the VfM arrangements conclusion.

## Good practice

Value for Money arrangements – financial outturn and sustainability	<p>The Audit Findings Report benchmarked the London Borough's total general fund and earmarked reserves balances. It provided Councillors and the public an easily understandable comparison between LBB and its peers.</p>
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## Scope of the review

<b>KEY AUDIT MATTERS</b>	<ul style="list-style-type: none"> <li>• Valuation of PPE</li> <li>• Valuation of the pension fund net liability</li> <li>• Management over-ride of controls</li> <li>• Value for Money arrangements – financial outturn and sustainability</li> </ul>
<b>OTHER AUDIT AREAS</b>	<ul style="list-style-type: none"> <li>• Group procedures</li> <li>• Receivables impairment allowance</li> <li>• First year audit</li> <li>• Expenditure recognition</li> <li>• Quality of communications with the Audit Committee<sup>3</sup></li> <li>• Presentation and disclosure of the financial statements</li> <li>• Adoption of new accounting standards</li> <li>• Completion and audit quality control procedures</li> </ul>
<b>AUDIT MATERIALITY</b>	£20 million

## Impact of the FRC's review on the audit opinion on the 2018/19 financial statements

The FRC's focus of its review is mainly on the valuation of PPE, where it considers that more work should be done in this area as it is a very large number, and subject to estimation and management judgement. Members will of course note that PPE values do not in any way impact on General Fund expenditure or impact Council Tax levels, as all adjustments are reversed out under statute. We consider that in 2018/19 we undertook significantly more work on this area than we had planned to do at the start of the audit, and more work than had been the practice previously within this and other firms. This year we have also engaged our own auditor expert valuer, Gerald Eve, to provide additional challenge of the work carried out by management's expert valuer, Wilkes, Head and Eve. We believe this will address the points made by the FRC.

The remaining points raised in the review are more about our processes, and we set out how we are responding to each point in turn.

None of the points raised by the FRC, in totality, impact on the soundness of the true and fair opinion issued on the 2018/19 financial statements.

## Key finding 1 – Valuation of Property, Plant and Equipment

**Issue** – The valuation of PPE is complex and involves the use of significant assumptions. The audit team should challenge key assumptions on individual valuations, to conclude whether there is any material misstatement to the valuation of PPE. The audit team performed insufficient procedures to conclude that the valuation of other land and buildings was free from material misstatement. In particular, individual valuations should have been sample tested with key assumptions such as MEA, rebuild rates and obsolescence assessed and corroborated to appropriate evidence.

**Our response and work performed** – We carried out a wide range of work in respect of PPE, undertaking significantly more work than planned to do at the start of the audit, and more work than had been the practice previously within the firm. We would bring out that the FRC required that we did some further specific work over the key assumptions in respect of other land and buildings.

Specifically as part of the 2019/20 audit, we will evidence the challenge we provide to the valuer and Council in greater detail in our working papers and the PPE workbook. We have also engaged a specialist valuation firm to support our challenge of management's external valuer. This will address the issues raised by the FRC.

## Key finding 2 – Audit of service expenditure

**Issue** – In the public sector, auditors should focus their consideration of the risk of error on expenditure. The validity of recorded expenditure is of importance to users of the accounts as financial planning, including savings plans, will be based on it. Expenditure should be disaggregated and tested in its constituent parts. Insufficient audit procedures were performed over the occurrence and completeness of service expenditure.

**Our response and work performed** – We will ensure that we disaggregate and test expenditure of this nature in its constituent parts. We have worked with the finance team to remove reversing entries from transaction listings, and we are testing debit and credit entries separately rather than testing the net position. This reflects the FRC's desire for auditor's to carry out further audit testing.

## Other finding 1 – Fraud risk

**Issue** – Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting entries by overriding controls that otherwise appear to be operating effectively. The level of risk will vary from entity to entity, but the risk is present in all entities and appropriate testing and audit procedures should be performed.

- IT control environment – There was no evidence that the audit team considered the impact on its planned procedures to address the risk of management override and whether changes were required in the response to the risks. The audit team should have evaluated these findings for their impact on the audit approach.
- Journals testing – The audit team did not evidence its testing of the appropriateness of any journal entries included within the £112m multi journal and should have clearly recorded why this was a reasonable and supportable adjustment. The audit team should also have reported this significant deficiency in internal control to the Audit Committee.

## Our response and work performed

- IT control environment – Our IT specialist's assessment was that all deficiencies identified had only risk of inconsequential material misstatements and we agreed with this assessment. We reported three of the deficiencies in our 2018/19 Audit Findings Report, flagging them as internal control findings that did not have a material impact on the financial statements but should be addressed to improve the Council's internal controls. Specifically, in relation to the segregation of duties deficiency identified we knew from our enquiries that; either the actual responsibilities allocated to individuals did not allow breach segregation of duties as there would be one

element of the process they were not permitted to carry out; or the conflicts identified were ones the Council is happy to tolerate the risk, e.g. to upload and post journals, given the nature of the journals concerned. We are happy that no further work is required for us to be undertaken in terms of this matter.

- **Journals testing** – We initially identified the £112m multi journal to be unusual because it was created and posted by the same individual, who was not on the approved poster list. However, after our initial investigations we identified the journals were raised to resolve the issue where the AIM income system could not automatically transfer income to the correct bank accounts. Income had been allocated to a dummy account in the ledger during the year and the journal exercise was used to transfer the income to the correct bank accounts recorded in the ledger for the preparation of the 2018/19 financial statements. Our cash testing confirmed that the income recorded in the ledger against each bank account agreed to direct bank confirmations with NatWest and we therefore did not carry out detailed testing of these journals. Furthermore, the journal transactions were calculated, processed and authorised by an individual from one of the Council's service organisations, hence the individual not being on the approved poster list, and on this basis we concluded that the journals were in fact not unusual. The FRC expect that our thought process in relation to this work should have been more clearly evidenced on the audit file.

### Other finding 2 – Impairment loss provision

**Issue** – The calculation of impairment loss provisions involves a high level of judgement and estimation and relies upon source data inputs and various management assumptions. The audit team should perform sufficient appropriate audit procedures and challenge key assumptions in order to conclude that any provision is free from material misstatement and management bias. Insufficient audit procedures were performed over the impairment loss provision.

**Our response and work performed** – We will ensure to perform additional testing around the completeness and accuracy, as well as the assumptions in respect of impairment loss provisions.

### Other finding 3 – Prior period comparatives

**Issue** – Comparative information is important for users of the financial statements as it enables them to compare performance and identify trends. Auditors need to ensure such information is both accurate and consistent with the prior period signed financial statements. Where changes are made, they should ensure these are appropriately disclosed and audit procedures performed to ensure the restated amounts are accurate. The audit team performed insufficient procedures to conclude that the restated reclassification of comparatives was accurate. Furthermore, there was no evidence of the audit team's challenge of management, over the lack of required disclosures supporting the important restatement made.

**Our response and work performed** – We will ensure we provided appropriate evidence of our consideration of restated comparatives and related disclosures. In this year's audit we have clearly documented the restatement of the CIES in our audit file and we are working with management to ensure the required disclosures are made to explain the reason for the restatement.

# Sector update

Councils continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- **Grant Thornton Publications**
- **Insights from local government sector specialists**
- **Reports of interest**
- **Accounting and regulatory updates**

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local  
government

# Covid-19 and Local Government

Public services have been at the forefront of the emergency response to the Coronavirus (Covid-19) including local government. Very few local government services have not been impacted by the Covid-19, and councils have also had to create new service lines as part of the emergency response, such as their work in identifying and supporting shielded and other vulnerable citizens, and to redeploy people to new roles and assets to new functions (for example closed leisure centres repurposed as temporary mortuaries and food banks).

Prior to Covid-19 local government has had to adapt to significant reductions in funding during the period of austerity. For example, spending on local services fell by 21% in real terms between 2009-10 and 2017-18. However, underlying this reduction are much larger reductions to some services expenditure. In broad terms, councils managed during austerity by significantly reducing spending on more discretionary services in order to protect statutory services to the most vulnerable people, particularly social care services. In addition, councils have had to place greater reliance on fees and charges income, and to be innovative in the generation of new income source, including a more commercial approach, a trend which is changing as authorities seek to balance social outcomes with financial sustainability.

Covid-19 has had a further significant impact on local government finances, which is the result of three main factors:

- increase in expenditure in managing the emergency response, such as purchase of PPE, provision of food and medical supplies to shielded citizens, and increased costs in relation to adult social care;
- lost income due to closed services, such as leisure centres, and the reduction in other sources of income from other sources, such as car parking, business rates and council tax; and
- the non-delivery of savings plans.

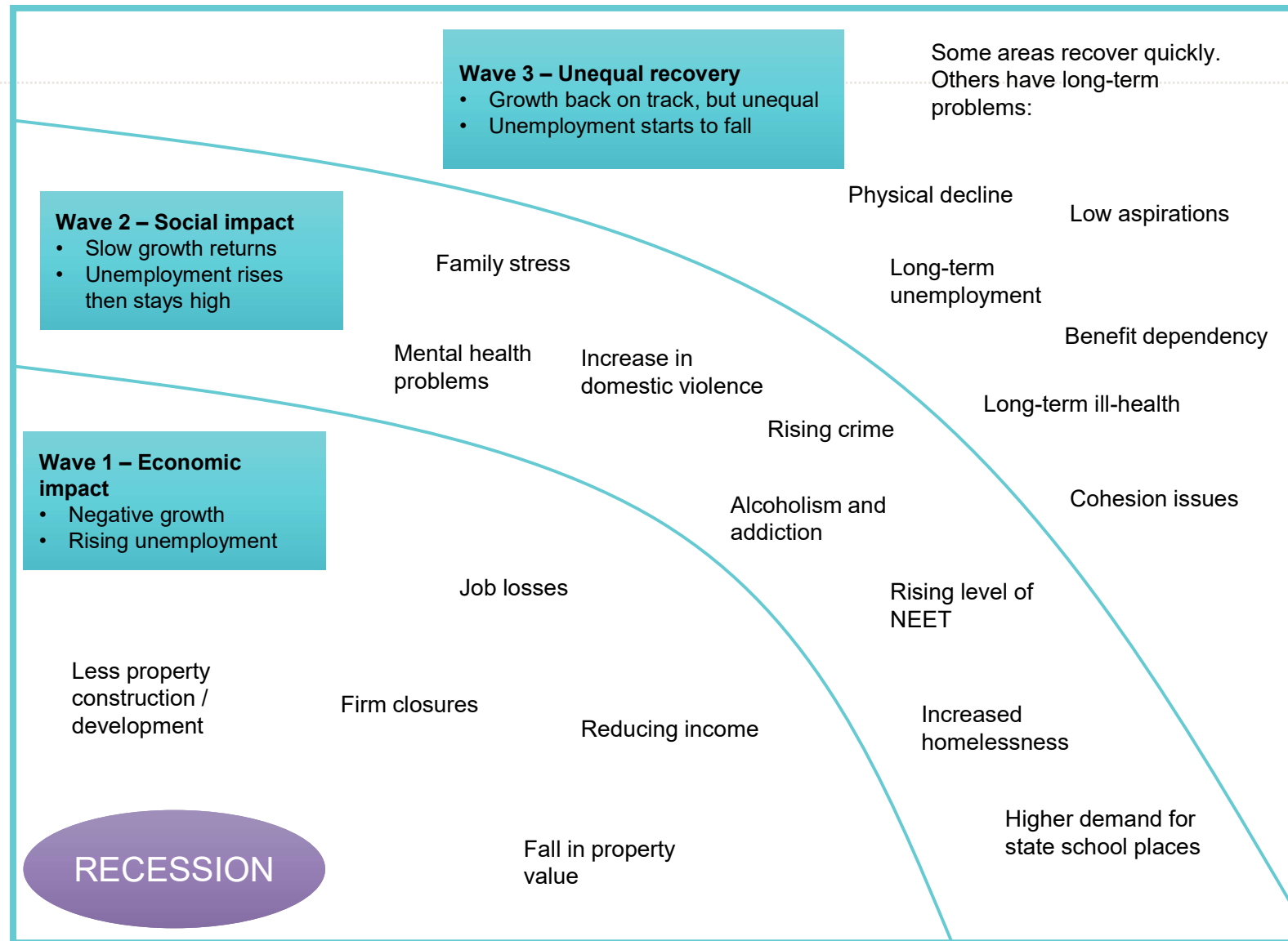
Whilst central government has made significant additional funding contributions to local government in recognition of the financial consequences of Covid-19, the total funding gap for councils in England is currently estimated to be £6billion by the LGA, with the sector still in the process of determining the longer term financial impact. The tranches of government funding provided so far have generally focussed on alleviating the financial pressures created by Covid-19 related spend, and so have had limited benefit for lost income such as that relating to leisure services.

This stark financial context has significant implications for the sector as councils start to move from the emergency response stage to the recovery planning stage of Covid-19. The key risks we will need to consider:

- how they stand up closed services such as leisure centres, the impact of Covid-19 on future demand, and the operational challenges of service delivery with on-going social distancing rules;
- how service delivery may need to change as a result of learning from Covid-19 and how long-lasting cultural and behavioural changes will impact on their operating models;
- the impact on local markets such as social care and transport, and the financial consequences of market and supply chain failure;
- how the economic impact of Covid-19 will impact on service need and on the demand for income generating services; and
- whether certain services will need to reduce or cease to manage the funding gap
- exploration of opportunities for more radical change that may have arisen from Covid-19, such as building on the large-scale transfer of care that has taken place and the opportunities regarding reablement, and broader integration with health.

Understanding the various scenarios, their financial implications, and the resources available to deliver them will be critical over the short to medium term.

# Can we learn from previous recessions?

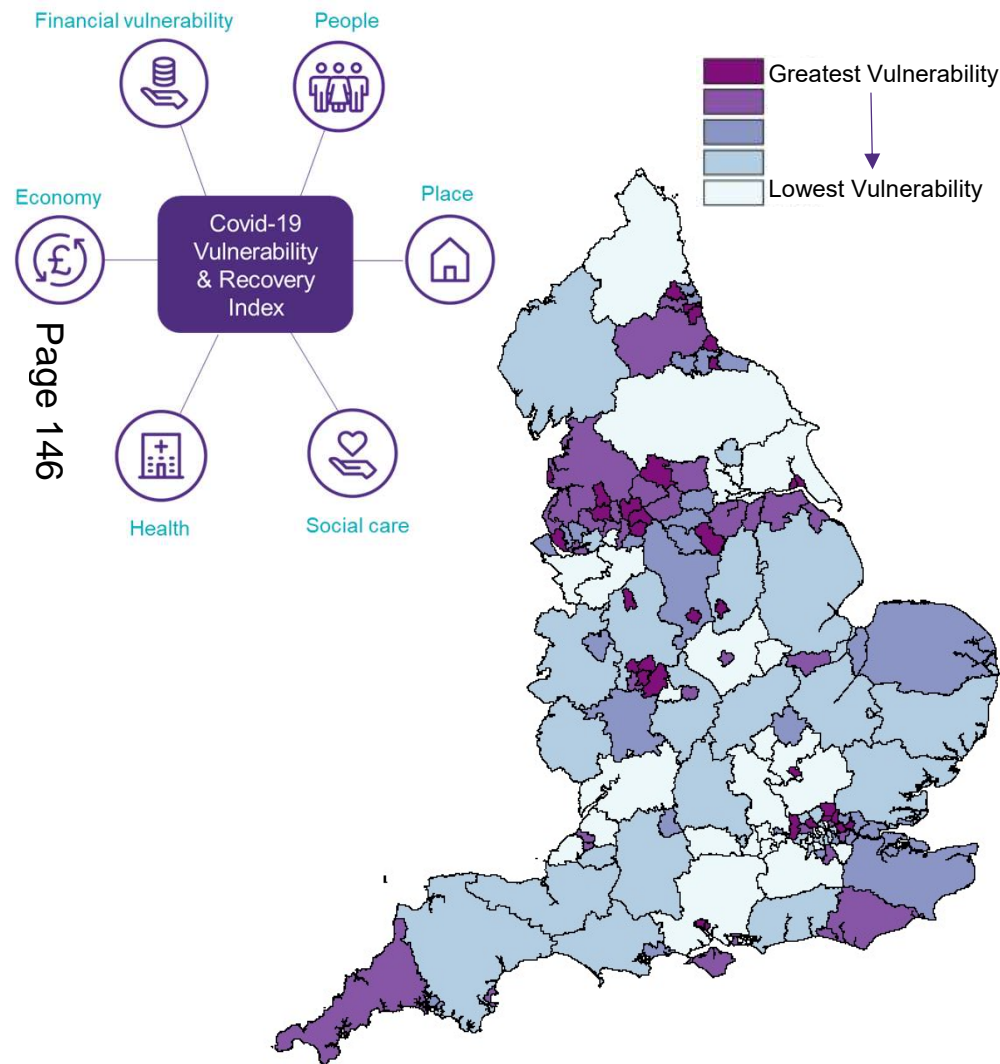


Source: Audit Commission



# Covid-19 Vulnerability Index







## Overall Index (including Financial Recovery basket)





# Scenarios and hypotheses

## Local authority areas in 12-24 months?

Theme	Reasonable worst case	Reasonable best case
<b>People &amp; community</b> 	<ul style="list-style-type: none"> <li>Multiple lockdowns and ongoing disruption</li> <li>Community dependency and expectation of sustained response</li> <li>Turbulence and activism within the VCS</li> <li>Socio-economic inequality is compounded</li> <li>Failure of leisure and cultural services</li> </ul>	<ul style="list-style-type: none"> <li>Smooth exit from lockdown to a “new normal”</li> <li>Community mobilisation is channelled into ongoing resilience</li> <li>Strengthened VCS relationships and focus</li> <li>Systemic response to inequality is accelerated</li> <li>Leisure and cultural services adapted to social distancing</li> </ul>
<b>Business &amp; economy</b> 	<ul style="list-style-type: none"> <li>16% reduction in GVA for 2020 based on OBR reference scenario</li> <li>Slow / uneven economic recovery and “long tail” on unemployment</li> <li>Central gov / BEIS focus investment on areas furthest behind</li> <li>Loss of tourist &amp; student spend causes unmitigated damage</li> <li>‘V’ shaped recovery results in 2-3 year recovery period</li> </ul>	<ul style="list-style-type: none"> <li>5-10% reduction in GVA</li> <li>Rapid economic recovery with employment levels close behind</li> <li>Central government “back winners” with investment</li> <li>Adaptation allows resumption of tourist and student economy</li> <li>Business base is weighted towards growth sectors</li> </ul>
<b>Health &amp; wellbeing</b> 	<ul style="list-style-type: none"> <li>Increased demand and escalating need due to fallout from lockdown</li> <li>Newly-vulnerable cohorts place strain on the system</li> <li>Unit costs increase further as markets deteriorate and providers fail</li> <li>SEND transport unable to adapt to social distancing</li> <li>Imposed disruption of care system</li> </ul>	<ul style="list-style-type: none"> <li>Positive lifestyle changes and attitudes to care reduce demand</li> <li>Needs of newly vulnerable cohorts met through new service models</li> <li>New investment in prevention and market-shaping manage costs</li> <li>New ways of working leading to stronger staff retention</li> <li>Locally-led reform of health and care system</li> </ul>
<b>Political &amp; regulatory</b> 	<ul style="list-style-type: none"> <li>Local government side-lined by a centralised national recovery effort</li> <li>Unfunded burdens (e.g. enforcement and contact-tracing)</li> <li>Councils in the firing line for mismanaging recovery</li> </ul>	<ul style="list-style-type: none"> <li>Local government empowered as leaders of place-based recovery</li> <li>Devolution and empowerment of localities</li> <li>Councils at the forefront of civic and democratic renewal</li> </ul>
<b>Environment</b> 	<ul style="list-style-type: none"> <li>Opportunity missed to capture and sustain environmental benefits</li> <li>The end of the high street / town centres</li> <li>Emissions and air quality worsened by avoidance of public transport</li> <li>Capital programmes stuck</li> </ul>	<ul style="list-style-type: none"> <li>Ability to invest in transport modal shift and green infrastructure</li> <li>Changed working patterns rejuvenate town centres</li> <li>Sustained impact on emissions due to new behaviours</li> <li>New, shovel-ready infrastructure programmes</li> </ul>
<b>Organisational</b> 	<ul style="list-style-type: none"> <li>Inadequate funding forces fiscal constraint</li> <li>Working practices return to status quo – increased operating costs</li> <li>Imposed structural change within the place</li> <li>Austerity 2</li> <li>Commercial portfolio becomes a liability</li> </ul>	<ul style="list-style-type: none"> <li>Adequate funding enables a programme of targeted investment</li> <li>Learning and adaptation to new operating environment</li> <li>Energised system-wide collaboration and reform</li> <li>Fiscal reform and civic renewal</li> <li>Commercial portfolio reshaped for economic and social gain</li> </ul>

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# What strategy is needed in response?

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## *From response to recovery*

### **Learn, adapt and prioritise**

- Develop and test hypotheses around impact on place, services, operations, finances.
- Design rapid interventions - implement, test and evaluate.
- Learning from the response to lock in the good stuff – reflection on operations, services and the system.
- Set priorities and principles – what is the Council's purpose in an uncertain context and where will it focus?

## *Mitigating the worst case*

### **Consolidate and build resilience**

- Ensure that emergency management and response structures are resilient for the long haul.
- What is the minimum operating model to deliver this?
- Predict and model demand for social care and assess care market vulnerability.
- Contingency plans for structural disruption.
- Re-evaluate infrastructure pipeline.

## *Steering towards the best case*

### **Invest in renewal**

- Programme of priority-based investment framed by recovery and renewal.
- Focus on inequality, community resilience, targeted economic stimulus, skills and employment support and adapting public spaces.
- Continued system leadership, pushing for positive reform and resilience.

# Recovery planning and implementation

Set out below are examples of recovery planning activity that are being considered by councils. This activity needs to align to the Government's recovery strategy, and to existing government priorities such as levelling up, whilst future proofing against Covid-related government policy shifts.

Recovery planning	Recovery implementation
Recovery planning strategy and framework development.	Recovery plan implementation.
Risk assessments, research into which parts of the local economy have been most severely hit and which groups of people will need additional support.	Reviews of long term corporate plans/strategies, place vision, service plans, in context of phased lockdown release.
Planning for standing up closed services.	Place-based leadership – working with other public services, private and third sector to redefine place.
Integrating social distancing into the public realm, eg offering supplies of hand sanitiser and masks. Increased need for digital advertising and awareness raising.	Redefining front-line services, council as match-maker, convener and incentiviser as well as service deliverer or commissioner. Removal of internal silos (eg supporting vulnerable families).
Review of supply chain vulnerability.	More long-term and strategic partnerships and funding models for third sector.
Supporting local businesses evolve to a new normal post-COVID-19 world, including more trading on-line.	Re-evaluation of vulnerability, including eligibility criteria. Likely to put in place structures that outlast the crisis, such as provisions to help the homeless and those in gig economy jobs.
Providing leadership for longer-term investment and delivery, to support economic recovery rather than just focusing on short-term actions.	Review and update Local Plan.
Reframe capital programme to support economic, social and environmental recovery / sustainability	Reconfiguration of municipal estate and property portfolio and commercial investments.
Renewed strategic financial planning and focus on financial management.	Emergency planning reviews and learning.
Data recognised as core pillar of resilience, barriers to data collaboration and information governance removed/standardised	Long-term financial sustainability planning.
Government monitoring regime on additional funding for councils and Covid funding administered by councils.	Increase in outcomes based procurement and focus on social value.
Business cases for new investments or for Government.	Significant investment in digital capabilities – channel shift, remote working, etc.
HR capacity and welfare, building health and safety checks.	

# In-depth insight into the impact of Covid-19 on financial reporting in the local government sector – Grant Thornton

In June Grant Thornton published a report to help officers and elected members identify points they should consider when assessing and reporting the impact of Covid-19 on their authority. Each authority will be impacted in different ways and will need to make their own assessment of the impact on their financial statements. However, the report identified some of the key challenges for the sector, along with the potential financial reporting and regulatory impact, to support preparers of local authority accounts navigate through some of these key issues. The report also included a number of useful links to other resources.

The extraordinary events we are living through follow a decade of austerity, triggered by the financial crisis of 2008/09, which had already placed considerable strain on local authorities' finances. Increased demand for many local public services, directly related to the outbreak of the virus, has placed immediate pressure on authorities' cash flows and expenditure budgets. The longer-term consequences of recession and unemployment on demand for services have yet to be experienced.

At the same time, several important sources of local authority income including Council Tax, Non-domestic (business) rates, fees and charges, rents and investment returns have, to a greater or lesser extent, been subject to reduction or suspension. This perfect storm of conditions presents a real threat to the financial sustainability of the sector. Now, more than ever, strong political and executive leadership is needed to re-establish priorities, review strategies and medium-term financial plans and ensure that public funds are being used as efficiently and effectively as possible. A balance has to be struck between responding to the needs of residents and businesses in a timely manner, protecting the most vulnerable and ensuring appropriate measures and controls around financial management are in place to mitigate against future 'financial shock'. In doing so, iterative scenario planning will help officers and elected members to take informed decisions at key stages, revisiting and revising plans along the way.

The report considered:

- Operational challenges and the related financial reporting/regulatory impact
- Government support schemes – considering the accounting implications
- Significant financial reporting issues to consider
- Other sector issues and practicalities to consider
- Impact on audit work/external scrutiny process
- Engagement with experts

In terms of key financial reporting considerations for 2019/20, consideration should be given to:

## Information published with accounts

- Does the Narrative Report reflect the urgency of the situation, the changes to Council services as a result of lockdown, the partnership arrangements in place, the impact of the pandemic on income and expenditure and possible future scenarios, the impact on savings programmes, the capital programme, treasury management, medium term financial plans and the Council's communications strategy (noting this is not an exhaustive list)?
- Does the Annual Governance Statement reflect significant developments between 31 March 2020 and the finalisation of the accounts? Does the AGS describe emergency governance arrangements for decision making, the postponement of elections, the transition to virtual meetings and plans for the return to normal democratic processes?

## Non-current asset valuations

- There has been a significant increase in volatility and uncertainty in markets following the outbreak of Covid-19. RICS has issued a Valuation Practice Alert following the pandemic, and we are aware a significant number of valuers are including 'material valuation uncertainty' disclosures within their reports. Has the Council assessed the impact of such comments, reflected 'material valuation uncertainty' disclosures within the financial statements and taken account of the requirement of Code paragraph 3.4.2.90 to provide appropriate disclosure in their financial statements in relation to major sources of estimation uncertainty?

## Non-current asset valuations

- The Council is required to make an assessment at the end of each reporting period as to whether there is any indication that assets may be impaired. There are several types of event or change in circumstance that could indicate an impairment may have occurred, including evidence of obsolescence or physical damage or a commitment to undertake a significant reorganisation. Has the Council assessed whether the impact of the pandemic may have triggered impairments?
- Has the Council considered these matters in relation to Investment Property held? Potentially more so for 2020/21, there may be significant declines in asset carrying values, especially for investments in retail or office premises.

## Impairment of receivables

- IFRS 9 *Financial Instruments* introduced an expected credit loss model for financial assets which drives earlier recognition of impairments. Has the Council assessed the impact of the pandemic on its expectation of credit losses?
- Impairment of statutory Council Tax and Non-domestic rate debtor balances is also possible. Has the Council observed a measurable decrease in estimated future cashflow, for example an increase in the number of delayed payments? Has the Council considered whether recent historical loss experience across aged debt may also need revision where current information indicates the historical experience doesn't reflect current conditions? Experience following the 2008/09 financial crisis may prove to be a useful reference point, given the ensuing recession conditions.

## Events after the reporting period

- By 31 March 2020 enough was known about the pandemic for accounts preparers and market participants to reflect and, if necessary, adjust assumptions and assessments. By the end of March 2020, it would be extremely difficult to say that the pandemic was not an event that existed and therefore any accounting impact that occurred after this date is not an adjusting event.
- Has the Council distinguished between subsequent events that are adjusting (i.e. those that provide further evidence of conditions that existed at the reporting date) and non-adjusting (i.e. those that are indicative of conditions that arose after the reporting date)? Has the Council got arrangements in place to assess events up to the date the final accounts are authorised for issue?

## Sources of estimation uncertainty

Has the Council identified the assumptions required about the future and estimates at the end of the current reporting period that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year? Have these been appropriately disclosed in accordance with the requirements of IAS 1 paras 125-133?

2019/20 financial statements are being prepared in an environment of heightened uncertainty as a result of the pandemic and the situation is evolving and fast moving. We have drawn out some of the key considerations for local authority financial reporting here, but further details can be found in our full report available on the Grant Thornton website:

<https://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/publication/2020/impact-of-covid-19-on-financial-reporting-local-government-sector.pdf>



# Guide for Audit and Risk Committees on Financial Reporting and Management during Covid-19 – National Audit Office

In June the National Audit Office (NAO) published a guide that “aims to help audit and risk committee members discharge their responsibilities and to examine the impacts on their organisations of the COVID-19 outbreak. It is part of a programme of work undertaken by the NAO to support Parliament in its scrutiny of the UK government’s response to COVID-19.”

The NAO report notes “Audit and risk committees are integral to the scrutiny and challenge process. They advise boards and accounting officers on matters of financial accountability, assurance and governance, and can support organisations, providing expert challenge, helping organisations focus on what is important, and how best to manage risk.

Each organisation will have existing risk management processes in place, but risk appetite may have changed as a result of COVID-19, for the organisation to operate effectively and respond in a timely manner. This may result in a weakening of controls in some areas, increasing the likelihood of other risks occurring. Organisations will need to consider how long this change in risk appetite is sustainable for.”

The NAO comment “This guide aims to help audit and risk committee members discharge their responsibilities in several different areas, and to examine the impacts on their organisations of the COVID-19 outbreak, including on:

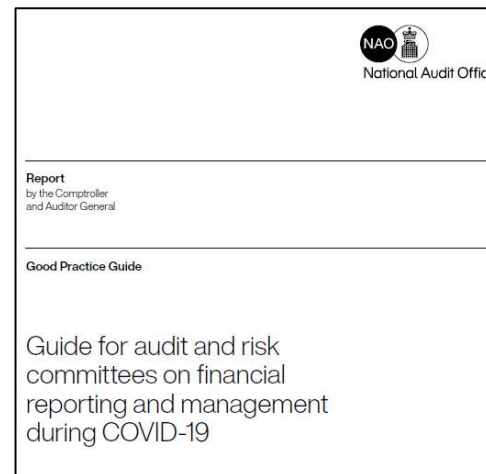
- annual reports;
- financial reporting;
- the control environment; and
- regularity of expenditure.

In each section of the guide we have set out some questions to help audit and risk committee members to understand and challenge activities. Each section can be used on its own, although we would recommend that audit and risk committee members consider the whole guide, as the questions in other sections may be interrelated. Each individual section has the questions at the end, but for ease of use all the questions are included in Appendix One.

The guide may also be used as organisations and audit and risk committees consider reporting in the 2020-21 period.”

The full report can be obtained from the NAO website:

<https://www.nao.org.uk/report/guidance-for-audit-and-risk-committees-on-financial-reporting-and-management-during-covid-19/>





# Kickstarting Housing – Grant Thornton and Localis

In July Grant Thornton Head of Local Government, Paul Dossett, wrote an essay, included as part of a collection in the Localis report – “Building for renewal: kickstarting the C19 housing recovery”.

Paul asked “So how do we address “the housing crisis” in the context of an existential threat to the British economy? Just as importantly, how do we ensure our key workers, our new heroes of the Thursday night applause, are front and centre of such a response. Paul suggested that the housing response needs to move away from the piecemeal towards a comprehensive and strategic response, with five key pillars with the key worker demographic at its heart:

**Public housebuilding.** This will involve more borrowing, but we need a bold and ambitious target to build at least one million new public sector properties at social rents by 2025. This should involve a comprehensive and deep partnership between Homes England and local authorities and underpinned by a need to minimise the carbon footprint.

• **Private sector housing needs a rocket boost** with massive Government supported investment in modern methods of construction and consideration of required workforce needed to meet capacity. This needs to go hand in hand with a major recruitment drive into all facets of the housing industries. This should include national and local training initiatives to support workers from the service sectors who are very likely to lose their jobs because of the pandemic.

• **Strategic authorities based on existing local government footprints** across the country to remove the inconsistent patchwork quilt of current arrangements so that there is consistency between local, county and national strategic priorities. They should be legally tasked and funded for development of comprehensive infrastructure plans to support housing initiatives in their areas with a strong remit for improving public transport, supporting green energy initiatives and developing public realms which create a sense of community and belonging.

• **Building on existing initiatives to improve security of tenure and quality of accommodation,** a new partnership is needed between landlord and tenants that provides a consistent national/regional footing to ensure that housing is a shared community responsibility. This should, like the response to the pandemic, be part of a shared community narrative based on state, business and local people.

• Putting key workers at the heart of the Housing strategy. The country appears to have discovered the importance of key workers. The people that keep the country running and whose contribution is never usually recognised financially or in terms of social esteem. There are several existing key worker accommodation initiatives, but they are local and piecemeal. We need a comprehensive strategy which focuses on key worker needs, including quality of accommodation, affordable mortgages/ rents, proximity to workplaces and above all , a sense of priority on the housing ladder for those who keep the country running in good times and bad and are the best of us in every sense.

Paul concluded “Housing is a basic need and if key workers feel valued in their place in housing priorities, we will have made a giant step forward.

Key workers are not the only group in need of help of course. Utilising the momentum behind keyworkers that their role in COVID-19 has brought into focus, could help kickstart housing initiatives that help all those in need.”



The full report can be obtained from the Grant Thornton website:

<https://www.grantthornton.co.uk/en/insights/homes-fit-for-heroes-affordable-housing-for-all/>

# Place-Based Growth - 'Unleashing counties' role in levelling up England' – Grant Thornton

In March Grant Thornton launched a new place-based growth report 'Unleashing counties' role in levelling up England. The report, produced in collaboration with the County Councils Network, provides evidence and insight into place-based growth through the lens of county authority areas. It unpacks the role of county authorities in delivering growth over the past decade through: desk-based research, data analysis and case study consultations with 10 county authorities (Cheshire East, Cornwall, Durham, Essex, Hertfordshire, North Yorkshire, Nottinghamshire, Oxfordshire, Staffordshire, Surrey).

The report reveals:

- Growth, as measured by Gross Added Value (GVA), in county areas has lagged behind the rest of the country by 2.6% over the last five years. GVA in the 36 county areas has grown by 14.1% between 2014 and 2018, compared to 16.7% for the rest of England.
- In total, 25 of these counties have grown at a rate slower than the rest of the country. The research finds no north-south divide, as the county areas experiencing some of the smallest economic growth are Herefordshire (5.3%), Oxfordshire (5.6%) and Cumbria (8.2%), Gloucestershire (9.2%), and Wiltshire (9.7%) – showing that one size fits all policies will not work.
- Some 30 of the 36 county authority areas have workplace productivity levels below the England average. At the same time, counties have witnessed sluggish business growth, with county authorities averaging 7.9% growth over the last five years – almost half of that of the rest of the country's figure of 15.1% over the period 2014 to 2019.

To address these regional disparities in growth and local powers, the report's key recommendations include:

- Rather than a focus on the 'north-south divide', government economic and investment assessments should identify those places where the economic 'gap' is greatest – Either to the national average or between different places – and focus investment decisions on closing that gap and levelling up local economies.

- The devolution white paper must consider how devolution of powers to county authorities could assist in levelling-up the country. This should include devolving significant budgets and powers down to councils, shaped around existing county authorities and local leadership but recognising the additional complexity in two-tier local authority areas and whether structural changes are required.
- Growth boards should be established in every county authority area. As part of this a statutory duty should be placed on county authorities to convene and coordinate key stakeholders (which could include neighbouring authorities). These growth boards should be governed by a national framework which would cover the agreed 'building blocks' for growth – powers, governance, funding and capacity.
- Planning responsibilities should be reviewed with responsibility for strategic planning given to county authorities. In line with the recently published final report of the Building Better, Building Beautiful Commission, the government should consider how county authorities, along with neighbouring unitary authorities within the county boundary, could take a more material role in the strategic and spatial planning process.

- The National Infrastructure Commission should ensure greater consideration of the infrastructure requirements in non-metropolitan areas. Their national infrastructure assessments could consider how better investment in infrastructure outside metropolitan areas could link to wider growth-related matters that would help to level up the economy across the country.

The full report can be obtained from the Grant Thornton website:

<https://www.grantthornton.co.uk/en/insights/unleashing-counties-role-in-levelling-up-england/>





# CIPFA – Financial Scrutiny Practice Guide

Produced by the Centre for Public Scrutiny (CfPS) and CIPFA, this guide provides guidance to councils and councillors in England on how they might best integrate an awareness of council finances into the way that overview and scrutiny works.

The impact of the COVID-19 pandemic on council finances, uncertainty regarding the delayed fair funding review and future operations for social care – on top of a decade of progressively more significant financial constraints – has placed local government in a hugely challenging position.

For the foreseeable future, council budgeting will be even more about the language of priorities and difficult choices than ever before.

This guide suggests ways to move budget and finance scrutiny beyond set-piece scrutiny events' in December and quarterly financial performance scorecards being reported to committee. Effective financial scrutiny is one of the few ways that councils can assure themselves that their budget is robust and sustainable, and that it intelligently takes into account the needs of residents.

Scrutiny can provide an independent perspective, drawing directly on the insights of local people, and can challenge assumptions and preconceptions. It can also provide a mechanism to ensure an understanding tough choices that councils are now making.

This paper has been published as the local government sector is seeking to manage the unique set of financial circumstances arising from the COVID-19 pandemic. This has resulted, through the Coronavirus Act 2020 and other legislation, in changes to local authorities' formal duties around financial systems and procedures.

The approaches set out in this guide reflect CfPS and CIPFA's thinking on scrutiny's role on financial matters as things stand, but the preparation for the 2021/22 budget might look different. CfPS has produced a separate guide to assist scrutineers in understanding financial matters during the pandemic



The full report can be obtained from CIPFA's website:

<https://www.cipfa.org/policy-and-guidance/reports/financial-scrutiny-practice-guide>

# Future Procurement and Market Supply Options Review – Public Sector Audit Appointments

Public Sector Audit Appointments (PSAA) has commissioned an independent review of the sustainability of the local government audit market. The review was undertaken by an independent consultancy, Touchstone Renard.

PSAA note that the report “draws on the views of audit firms active in the local authority market as well as others that are not. In doing so it identifies a number of distinctive challenges in the current local audit market. In particular it highlights the unprecedented scrutiny and significant regulatory pressure on the auditing profession; the challenges of a demanding timetable which expects publication of audited accounts by 31 July each year; and the impact of austerity on local public bodies and its effect on both the complexity of the issues auditors face and the capacity of local finance teams”.

Key findings in the report include:

- A lack of experienced local authority auditors as the main threat to the future sustainability of the market.
- It will be difficult to bring the non-approved firms into the market.
- Of the nine approved firms, only five have current contracts with PSAA.
- Almost all of the approved firms have reservations about remaining in the market.
- Firms perceive that their risks have increased since bids were submitted for the current contracts.
- The timing of local audits is problematic.

Key issues for the next procurement round include:

- Number of lots and lot sizes.
- Lot composition.
- Length of contracts.
- Price:quality ratio.

The report notes that “PSAA will need to balance the views of the firms with wider considerations including the needs of audited bodies and the requirement to appoint an auditor to every individual body opting in to its collective scheme”.



The full report can be obtained from the PSAA website:

<https://www.psaa.co.uk/wp-content/uploads/2020/03/PSAA-Future-Procurement-and-Market-Supply-Options-Review.pdf>



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<b>A&amp;SAC FORWARD PLAN / WORK PROGRAMME / UPCOMING AGENDA</b>								
Topic / Date	05-May-20	26-May-20	29-Jul-20	08-Sep-20	08-Dec-20	11-Feb-21	31-Mar-21	11-May-21
<b>Internal Audit &amp; Investigations</b>								
Internal Audit Annual Report, including Annual Head of Audit Opinion			X					
Review Internal Audit Charter								
Internal Audit and Counter Fraud Progress Reports		X		X		X		X
Draft Internal Audit and Investigations Annual Plan							X	
<b>External Audit</b>								
External Audit progress report		X	X	X	X	X	X	X
External Audit plan		X				X		
External Audit - Certification of grants and returns							X	
Statement of Accounts & External Auditor's Report				X				
External Auditor Annual Audit Letter		X		X				
<b>Financial Reporting</b>								
Treasury Management Mid-term Report				X				
Treasury Management Strategy & Annual Investment Strategy							X	
Statement of Accounts			X	X*				
Treasury Management Outturn Report			X					
<b>Governance</b>								
To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd		X			X			X
Review of the use of RIPA Powers		X						X
Receive and agree the Annual Governance Statement	X*							X*
<b>Risk Management</b>								
Strategic Risk Register Update				X		X		
Emergency Preparedness	X							
<b>Audit Committee Effectiveness</b>								
Review the Committee's Forward Plan	X	X	X	X	X	X	X	X
Review the performance of the Committee (self-assessment)								
Training Requirements for Audit Committee Members as required								
<b>Standards Matters</b>								
Quarterly update on gifts and hospitality		X		X		X		X
Annual Standards Report		X						X
Review of the Member Development Programme and Members' Expenses							X	

\* Requires approval by Audit & Standards Advisory Committee

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