



Audit and Standards Advisory Committee

Tuesday 15 March 2022 at 6.00 pm

Conference Hall - Brent Civic Centre, Engineers Way,
Wembley, HA9 0FJ

Please note that this meeting will be held as an in person physical meeting with all Committee members required to attend in person.

The meeting will be open for the press and public to attend or alternatively can be followed via the live webcast. The link to follow proceedings via the live webcast is available [here](#)

Membership:

Members

David Ewart (Chair)

Councillors:

Lo (Vice-Chair)
Donnelly-Jackson
Long
Naheerathan
Kansagra
Akram
Johnson

Substitute Members

Councillors:

Afzal, S Choudhary, Colacicco, Gbajumo and Kabir

Councillors:

Colwill, Maurice and W Mitchell Murray

Independent Members

Javed Ansari
Mark Mills

Independent Advisor

Vineeta Manchanda

For further information contact: Andrew Phillips, Governance Officer
Tel: 020 8937 4219; Email: Andrew.Phillips@brent.gov.uk

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit:

www.brent.gov.uk/committees

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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| 1 | Apologies for absence and clarification of alternate members | |
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| 2 | Declarations of Interest | |
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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.

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

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| 4 | Minutes of the previous meeting | 1 - 6 |
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To approve the minutes of the previous meeting held on 31 January 2022 as a correct record.

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| 5 | Matters arising (if any) | |
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To consider any matters arising from the minutes of the previous meeting.

Standards Items

| | | |
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| 6 | Standards Report (Including gifts and hospitality) | 7 - 10 |
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To update the Audit and Standards Advisory Committee on gifts and hospitality registered by Members, and the attendance record for Members in relation to mandatory training sessions.

Ward Affected:
All Wards

Contact Officer: Debra Norman
Director of Legal, HR, Audit & Investigations
Tel: 020 8937 1578
Email: Debra.Norman@brent.gov.uk

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| 7 | Annual Standards Report | 11 - 14 |
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This is the Monitoring Officer's Annual Report to the Audit and Standards

Advisory Committee (ASAC) for 2021. It provides an update on Member conduct issues and the work of the Audit and Standards Advisory Committee, the Audit and Standards Committee (ASC) and the Monitoring Officer during 2021.

Ward Affected:

All Wards

Contact Officer: Debra Norman

Director of Legal, HR, Audit & Investigations

Tel: 020 8937 1578

Email: Debra.Norman@brent.gov.uk

8 Review of the Member Development Programme and Members' Expenses 15 - 26

The purpose of this report is to provide members of the Audit and Standards Advisory Committee with a summary of the Member Learning Development (MLD) Programme since the last report to Committee in March 2021; and information regarding the Members' Expenses Scheme.

Ward Affected:

All Wards

Contact Officer: Katie Smith

Head of Executive and Member Services

Tel: 020 8937 1578

Email: Katie.Smith@brent.gov.uk

9 Review of the use of Regulation of Investigatory Powers Act (RIPA) Powers 27 - 30

This report explains the Council's use and conduct of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) 2000; and complies with its annual reviewing obligations as set out in Brent Council's RIPA policy and procedures.

Ward Affected:

All Wards

Contact Officer: Debra Norman

Director of Legal, HR, Audit & Investigations

Tel: 020 8937 1578

Email: Debra.Norman@brent.gov.uk

Audit Items

10 To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd

To receive reports on the performance of i4B Holdings and First Wave Housing Ltd.

10.1 Report from Chair of i4B Ltd 31 - 40

This report provides the Audit and Standards Advisory Committee with an update on i4B Holdings Ltd.'s recent performance, accounts outturn, risk register and audit arrangements

10.2 Report from Chair of FWH Ltd

41 - 50

This report provides the Audit and Standards Advisory Committee with an update on FWH Ltd.'s recent performance, accounts outturn, risk register and audit arrangements.

Ward Affected:

All Wards

Contact Officer: Sadie East

Operational Director of Transformation

Tel: 020 8937 1507

Email: Sadie.East@brent.gov.uk

11 Draft Internal Audit Strategic Plan and Counter Fraud Plan for 2022/23 51 - 78

This report sets out the draft Internal Audit Strategic Plan, and the Counter Fraud Plan, for 2022-23.

Ward Affected:

All Wards

Contact Officer: Darren Armstrong

Head of Audit & Investigations

Tel: 020 8937 1751

Email: Darren.Armstrong@brent.gov.uk

12 External Audit Update- Verbal Report

This item provides the Audit and Standards Advisory Committee with an update on Grant Thornton's progress in delivering their responsibilities as external auditors.

13 Review of the Committee's Forward Plan

79 - 80

To note the Committee's Forward Plan & Work Programme for 2021/22.

14 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 her representative before the meeting in accordance with Standing Order 60.

Date of the next meeting: To be confirmed as part of 2022/23 calendar of meetings.



Please remember to set your mobile phone to silent during the meeting.

- The meeting room is accessible by lift and limited seats will be available for members of the public. Alternatively it will be possible to follow proceedings via the live webcast [here](#)



MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE **Held as an online meeting on Monday 31 January 2022 at 6.00 pm.**

PRESENT (in remote attendance): David Ewart (Chair), Councillor Lo (Vice-Chair) and Councillors Akram, Johnson, Kansagra and Long.

Independent Advisor (in remote attendance): Vineeta Manchanda

Independent Members (in remote attendance): Mark Mills and Javed Ansari.

Also present (in remote attendance): Councillor McLennan (Deputy Leader & Lead Member for Resources).

1. Apologies for absence and clarification of alternate members

Apologies for absence were received from Councillors Donnelly Jackson and Naheerathan along with Paul Dossett (Grant Thornton – External Auditor).

An apology for lateness was received from Councillor Johnson.

2. Declarations of Interest

None.

3. Deputations (if any)

None.

4. Minutes of the previous meeting

It was **RESOLVED** that the minutes of the previous meeting held on 7 December 2021 be approved as a correct record.

5. Matters arising (if any)

Min 12 – Treasury Management Strategy 2022-23

Given the recent changes announced in interest rates further clarification was sought on any impact these may have impact on the Strategy identified moving forward. In response Minesh Patel (Director of Finance) assured members that provision for changes in interest rates and inflation had been built into the modelling process and viability assessments undertaken in relation to ongoing development of the Strategy.

6. Internal Audit Progress Report

Darren Armstrong, Head of Audit & Investigations, introduced a report updating the Committee on progress against the Internal Audit Plan for the period October to December 2021.

In considering the report the Committee noted:

- The overall performance of the Internal Audit Team during the monitoring period along with the summary of work undertaken, as detailed within section 3 of the report.
- The work undertaken during the current monitoring period to review and reprioritise the 2021-22 Internal Audit Plan, in consultation with senior management and good practice, in order to ensure that all key and priority audits were completed and to reflect any additional risks or issues which had been identified. This had resulted in 10 non-priority audits originally planned for 2021-22 being deferred to 2022-23, with details provided in Appendix 3 of the report.
- The details of the three audits completed during the monitoring period, as detailed within Appendix A of the report along with the positive management responses which had been received for each of them.
- The details of the audits currently in progress and due to be completed in 2021-22, as set out within Appendix B of the report.
- The details of the follow up reviews which had either been completed or were still in progress, as set out in Appendix D of the report.
- The work being undertaken to develop the 2022-23 Internal Audit Plan in consultation with senior management across the Council.

The Committee was then invited to raise questions on the report, which are summarised below:

- Whilst noting the positive responses received in relation to feedback on individual audits as part of the customer satisfaction process, observations were highlighted at the low rate of returns being provided with further detail sought on how this compared across other Internal Audit functions and ways in which response rates could be improved. In recognising the importance of customer feedback as part of the continuous improvement of the service the Committee was advised that this was a common theme experienced across other Internal Audit Functions and of the work being undertaken to trial new ways of seeking feedback and measuring performance.
- In response to a query regarding the findings arising from the Homecare Audit detailed within Appendix 1 of the report, further clarification was provided on the high risk finding relating to direct payment accounts and management response in relation to the treatment of excess funds. Whilst there was no standard definition, Members were advised that for the purposes of the audit excess funds had been identified as balances which had exceeded the combined value of three month's worth of direct payments with the values involved therefore differing according to individual clients. In terms of management action and controls which had been established, the Committee was advised that a clawback exercise was in progress with members having noted the increase in Direct Payments being administered and impact of the wider focus and re prioritisation of the Direct Payments Team in supporting clients during the pandemic and in some clients having ceased using their

Direct Payments to pay for care. As the recovery from the pandemic progressed the work of the team was now returning to business as usual enabling the clawback process to be progressed which it was confirmed would involve liaison with the clients on case by case basis.

- Further clarification was also provided on the outcome of the audit completed in relation to the recording and monitoring of the Council's Gifts and Hospitality policy for officers and members, as detailed within Appendix 1 of the report. Members were advised that whilst clear guidance and criteria had been included within the policy one of the management actions agreed had been to increase accessibility to the policy with reminders being made available for staff about the need to ensure they were complying with the policy. It was confirmed this would include front line workers such as housing estate caretakers.
- In response to a query raised on those audits still in progress, confirmation was provided that progress remained on track for their completion as part of the 2021-22 audit.
- Members also noted the feedback provided by the Vice-Chair on a recent meeting of Audit Committee Chairs from across London which had included a focus on how lessons and best practice identified from audit practices and findings could be shared.

As no further issues were raised the Chair thanked Darren Armstrong for the update and it was **RESOLVED** to note the contents of the report.

7. Counter Fraud Progress Report

Darren Armstrong, Head of Audit & Investigations, introduced a report providing a summary of the counter fraud activity for 2021/22 to Quarter 3.

In considering the report the Committee noted:

- The continued delivery of a high level of counter fraud activity across the organisation focussed around internal referrals, Tenancy & Social Housing Fraud and other types of External Fraud including Blue Badges, Direct Payments, Council Tax and Business Rates, insurance, finance concessionary travel and grant payments, as detailed within section 3 of the report. Members noted that the level of cases and referrals had remained stable during the current monitoring period and was consistent with previous years with the trend suggesting that the service profile and engagement across the Council remained effective.
- The ongoing positive impact being achieved through counter fraud activity across the Council in relation to the financial impact involving both notional and actual savings, as summarised in section 3.22 of the report.
- The range of proactive activity also being delivered by the team based on an assessment of fraud risk and close work with the Internal Audit team. This included National Fraud Initiative data matching reviews, fraud workshops, targeted operations and other planned fraud risk reviews across service areas.
- Other activity being undertaken included the Council's membership of the Enhanced Internal Fraud Database with a planned go live during Quarter 4, the installation and use of four new identity scanners within Recruitment,

Registrars and Customer Services and the engagement of two staff as Trainee Counter Fraud Officers under the new Counter Fraud Apprenticeship programme.

The Committee was then invited to raise questions on the report, which are summarised below:

- In terms of tenancy and social housing fraud, further details were sought as to how activity and performance compared to previous years. In response members were advised that cases and referrals remained broadly consistent with previous years with the team continuing to work closely with Brent's Housing Management (BHM) team in order to increase the quality and quantity of referrals. In addition the Committee was advised of the work being undertaken with relevant BHM staff to provide appropriate fraud risk training and access to anti-fraud and tracing systems in order to aid the verification process involving succession and right to buy applications and to support progress with the ongoing tenancy audit and anti-fraud strategy. Members were supportive of the work being undertaken with further details sought on any impacts relating to the pandemic. Whilst noting that some delays had been experienced as a result of operating restrictions and backlogs in being able to progress legal proceedings through the court system these were now being addressed as normal service provision was able to resume and face to face contact and tenancy verification visits etc were now able to proceed.
- The Committee welcomed the introduction and use of the new identity scanners as a means of supporting counter fraud activity also took the opportunity to express support for the appointments made under the Counter Fraud Apprenticeship programme.

As no further issues were raised the Chair thanked Darren Armstrong and the Counter Fraud Team for the level of activity and performance being achieved and it was **RESOLVED** to note the contents of the report.

8. **External Audit Appointment for 2023/24 to 2028/29**

Ben Ainsworth, Head of Finance, introduced a report detailing proposals for the arrangements to appoint the external auditor to the Council for the five-year period from 2023/24.

In considering the report the Committee noted:

- The three options available to the Council in terms of the arrangements for seeking to appoint its external auditor as detailed within section 3.1 of the report. The Council were currently opted into the 'appointing person' national auditor appointment arrangements established by Public Sector Audit Appointments (PSAA) for the period up to 2022/23.
- The arrangements currently being undertaken through PSAA to undertake a procurement for the next appointing period, covering audits from 2023/24 to 2027/28, with the Council therefore needing to review the options available in order to agree a preferred approach.
- Having assessed the options available and undertaken discussions with other local authorities across London it had been felt that the sector wide

procurement and national collective scheme being administered and conducted by PSAA would produce better outcomes and provide wider benefits than any more complex procurement arrangements undertaken locally both in terms of mitigating risk and also in terms of cost.

The Committee was then invited to raise questions on the report, which are summarised below:

- Clarification was sought on the way in which any additional add on costs would be included in the base specification for the contract, particularly given the recent pressures across the audit sector and changes in audit regulations and requirements being led through the Financial Reporting Council (FRC). Whilst recognising the challenges involved as a result of these additional requirements being introduced members were advised of the approach being undertaken by PSAA to establish a realistic specification and fee level for the required activity working with the market.
- In outlining the appointment process, confirmation was provided that should the Council wish to continue taking advantage of the national auditor appointment arrangements this would need to be confirmed following a recommendation made and decision taken at Full Council, with a provisional decision (subject to agreement by the Committee) scheduled for February 2022.
- In response to further details being sought on the procurement process, confirmation was provided that the national arrangements would not involve representatives from individual authorities with the process designed to maximise market intelligence and engagement with a wide range of providers across the sector.
- In response to a query regarding the turnover of audit partners, members were advised that limits were in place in terms of the time a specific audit partner could provide external audit functions for an individual authority. Further details would need to be provided on the position regarding the available appointment period for the Council's current partner, Grant Thornton.

As no further issues were raised it was **RESOLVED** recommend to Full Council that the Public Sector Audit Appointments' invitation to opt into the sector-led option for the appointment of external auditors to principal local government and police bodies for five financial years from 1 April 2023, be accepted.

9. External Audit Progress Report

Sophia Brown, Senior Manager, Grant Thornton, introduced a report providing an update on the progress being made by Grant Thornton as the Council's auditors.

In considering the report the Committee noted:

- Work on the Council's 2020/21 Value for Money Audit had been concluded with the final report due to be presented to Full Council on 24 February 2022. The Chair commended all those involved in completion of the audit with no significant issues having been identified.
- The planning being undertaken to prepare and commence work on the audit of the 2021/22 financial statements, which was due to commence in March

2022 with the final deadline for submission having been moved back to 30 November 2022.

- The progress on the certification of claims and returns with the findings in relation to the Council's annual Housing Benefit claim now substantially complete enabling its submission within the extended deadline. Work was also progressing in relation to completing certification of the annual Teachers Pension return and pooling of Housing Capital receipts.
- The update provided in relation to progress on audit deliverables
- The final proposed audit fees for 2020/21 taking account of the recent changes introduced by the FRC in relation to audit requirements.

As no further comments were raised the Chair thanked Sophia Brown for the update and it was **RESOLVED** to note the contents of the report.

10. **Forward Plan and Agenda**


It was **RESOLVED** to note the Committee's latest Forward Plan and date of the next meeting as Tuesday 15 March 2022.

11. **Any other urgent Business**

None.

The meeting closed at 6.48pm

David Ewart
Chair

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|  | Audit and Standards Advisory Committee 15 March 2022 |
| | Report from: Director of Legal, HR, Audit & Investigations |
| Standards Report (including quarterly update on Gifts & Hospitality, and mandatory training) | |
| Wards Affected: | All |
| Key or Non-Key Decision: | Not applicable |
| Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open |
| No. of Appendices: | None |
| Background Papers: | None |
| Contact Officer(s): <small>(Name, Title, Contact Details)</small> | (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 The purpose of this report is to update the Audit and Standards Advisory Committee on gifts and hospitality registered by Members, and the attendance record for Members in relation to mandatory training sessions.

2.0 Recommendations

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

3.0 Detail

Gifts & Hospitality

- 3.1 Members are required to register gifts and hospitality received in an official capacity worth an estimated value of at least £50. This includes 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.

- 3.2 Gifts and hospitality received by Members are published on the Council's website and open to inspection at the Brent Civic Centre.
- 3.3 There have been no gifts and hospitality recorded as being received since October 2021 to date.

Member Training Attendance

- 3.4 All Members have undertaken and completed the mandatory training with exception of Data Protection/GDPR training.
- 3.5 The Committee will remember that the Data Protection/UK GDPR training and its consequential reporting was not available for a period of 2-3 weeks during October 2021, which may have impacted on the number of Member's able to complete the training. However, the Committee will see from the names listed in paragraph 3.6 the numbers remain pretty much the same with an asterix (*) denoting two members who have started but not yet completed the DPA course.
- 3.6 The following members are yet to complete the e-learning Data Protection/GDPR course. The Information Governance team have advised that due to the lapse of time the training for those members will need to be undertaken in full.

Data Protection for elected members

- 1) Cllr. Rita Conneely *
 - 2) Cllr. Fleur Jackson
 - 3) Cllr. Harbi Farah
 - 4) Cllr. Erica Gbajumo
 - 5) Cllr. Gwen Grahl
 - 6) Cllr. Robert Johnson *
 - 7) Cllr. Daniel Kennelly
 - 8) Cllr. Arshad Mahmood
 - 9) Cllr. Roxanne Mashari
 - 10) Cllr. Lloyd McLeish
 - 11) Cllr. Kana Naheerathan
 - 12) Cllr. Neil Nerva
 - 13) Cllr. Keith Perrin
- 3.7 The committee will be aware that members are Data Controllers in their own right and understanding the role in relation to the personal data they are processing is important in ensuring compliance the UK GDPR. The course, amongst other things explains this role and the DPA/UK GDPR framework. As a means of ensuring all members complete the DP/UK GDPR course in a timely manner this Committee will be asked as part of the Annual Member Development Report to discuss and, if agreeable, recommend updating the Corporate acceptable use agreements to include a "blocking system" whereby if members have failed to complete the DPA training within a prescribed timeframe, and after various warnings, their access to the system can be blocked until the said course is completed. The acceptable use agreement

could also be updated to include a signatory section which is completed by members at the time devices are issued.

- 3.8 In the event officers need to enforce this provision, consideration would be had for the individual cases of non-compliance and whether it amounted to an unreasonable restriction on their ability to carry out their duties as a councillor.
- 3.9 The suggestion in paras 3.7 and 3.8, together with a recommendation, will be discussed further in the Annual Member Development report which this Committee will be considering.
- 3.10 The next period in which Members will have to undertake the mandatory training including the usual committee training, is after the 2022 local elections.

4.0 Financial Implications

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

5.0 Legal Implications

- 5.1 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. The attendance at mandatory training sessions is a means to achieve this and a requirement pursuant to the Brent Members' Code of Conduct as set out in Part 5, of the council's Constitution.

6.0 Equality Implications

- 6.1 There are no equality implications arising out of this report.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable.

8.0 Human Resources/Property Implications (if appropriate)


- 8.1 Not applicable.

Report sign off:

Debra Norman

Director of Legal, HR, Audit & Investigations

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|  | Audit and Standards Advisory Committee 15 March 2022 |
| | Report from: Director of Legal, HR, Audit & Investigations |
| Annual Standards Report for 2021 | |

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| Wards Affected: | All |
| Key or Non-Key Decision: | Not applicable |
| Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open |
| No. of Appendices: | None |
| Background Papers: | None |
| Contact Officer(s): <small>(Name, Title, Contact Details)</small> | (1) Debra Norman, Director of Legal, HR, Audit & Investigations (ext. 1578) |

1.0 Purpose of the Report

- 1.1 This is the Monitoring Officer's Annual Report to the Audit and Standards Advisory Committee (ASAC) for 2021. It provides an update on Member conduct issues and the work of the Audit and Standards Advisory Committee, the Audit and Standards Committee (ASC) and the Monitoring Officer during 2021.

2.0 Recommendations

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

3.0 Detail

Committee's Work during 2021

- 3.1 The ASAC met on five occasions during 2021 and on each of these occasions discussed matters relating to standards, policy and procedure, and gifts and hospitality, as follows:

- a) On 31 March 2021, the ASAC considered and noted gifts and hospitality received and attendance for mandatory training provided by the council to members. It considered the Member Development and Learning Programme in addition to the Members' Expenses Scheme.
 - b) On 11 May 2021, the Committee considered the Annual Standards report 2020. This provided an update on conduct issues, the work of the Committee, asked the committee to approve provisional appointments to Independent Person and co-opted committee member posts and noted 11 complaints had been made against members, 2 of which had resulted in public apologies. At this meeting the Committee also undertook its high-level review of the council's use of the Regulatory of Investigatory Powers Act (RIPA) during 2020.
 - c) On 26 July 2021, the committee considered a quarterly update providing information concerning gifts and hospitality declared by members and mandatory training attendance records and the considered the council's draft Annual Governance Statement before it was submitted to the ASC for approval.
 - d) On 22 September 2021, the Committee considered an annual review of the Member's Code of Conduct Complaints Procedure. This report outlined complaints received. In addition, the Committee noted an update on gifts and hospitality and the attendance record for members in relation to mandatory training sessions.
 - e) On 7 of December 2021, the Committee considered a report on gifts and hospitality registered by members and the attendance record for members in relation to mandatory training sessions as well as a review of the council's Constitutional Working Group. The Committee also considered the a review of the Financial and Procedural Rules governing the Mayor's Charity Appeal and some minor proposed changes to these before their submission to the ASC for approval.
- 3.2 During January to December 2021, the ASC met on three occasions to discuss and ratify audit and standards matters, namely the annual governance statement, the statement of accounts and minor changes to the Financial and Procedural Rules governing the Mayor's Charity Appeal.

Independent/Co-opted members

- 3.3 New Independent Persons and co-opted members of the committee were appointed during 2021. One Independent person is due to stand down in May 2022 and a recruitment process is being commenced to fill the vacancy that will arise. The current appointees to these posts are:
- a) Independent Persons (Standards focused) William Goh, Kier Hopley and Nigel Shock;
 - b) Independent Co –opted Members (Standards focused) Javed Ansari and Mark Mills.

Complaints against Members

- 3.4 Complaints under the Member Code of Conduct are submitted to the Monitoring Officer (Director of Legal, HR, Audit and Investigations). Following consideration of the complaint the Monitoring Officer will decide the appropriate course of action in accordance with the Member's Code of Conduct Complaints Procedure.

- 3.5 During 2021, 9 complaints were received against different Councillors for alleged breaches of the Members Code of Conduct. 3 of these concerned the same incident and one complaint was about 3 councillors. Two councillors complained of had offered apologies for aspects of their behaviour. 3 of these complaints were resolved at initial assessment stage and did not require the involvement of an Independent Person. None of the complaints were upheld.

Gifts & Hospitality

- 3.6 Members are required to register gifts and hospitality received in an official capacity worth an estimated value of at least £50. This includes 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.
- 3.7 Gifts and hospitality received by Members are published on the Council's website and open to inspection at the Brent Civic Centre.
- 3.8 The Committee will recall that a number of tickets for Euro matches at Wembley Stadium were declared in the second quarter of 2021. In the third quarter a box of chocolates was declared. The low number of gifts and hospitality declarations is likely to be due to the lockdown periods and other restrictions during the pandemic. The Committee will recall, that at its request, members were reminded that gifts and hospitality could still be declared and a note was placed in the Members Bulletin (11.09.20) asking Members to complete the form if they had any Gifts and Hospitalities to declare. Training for all members following the elections will include advice about declaring gifts and hospitality.
- 3.9 During 2021 no Monitoring Officer Advice Notes (MOANs) have been issued to Members. A list of all MOANs issued since 2015 is available on the Member's internal SharePoint portal.

Member Training Attendance

- 3.10 At this Committee's request reports updating it on the attendance records for Member's in relation to mandatory training sessions has become a standard reporting item.
- 3.11 The Committee will know that:
- a) It is a requirement of the Members' Code of Conduct that all members' "*must attend mandatory training sessions on this Code or Members' standards in general, and in accordance with the Planning Code of Practice and Licensing Code of Practice*".
 - b) The schedule for all mandatory sessions is ordinarily published and approved in the Council calendar at the May Annual Council meeting.
 - c) All internal training sessions attended by Members are published on the Council's Website and on individual Member profile pages.
 - d) For face-to-face training sessions, reminders are sent via email, calendar invitations, and text messages and, on some occasions, direct telephone calls to Members. The same reminder process is employed for re-run(s) of sessions,

where applicable, to take account of personal circumstances like work commitments and childcare arrangements etc.

- e) During 2021 the Committee received regular updates on Members who had not completed the mandatory training sessions.

- 3.12 A detailed report on member training is elsewhere on the agenda for this evenings meeting and members of the committee are referred to this for further details.

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. The attendance at mandatory training sessions is a means to achieve this and a requirement pursuant to the Brent Members' Code of Conduct as set out in Part 5, of the council's Constitution.

6.0 Equality Implications

- 6.1 There are no equality implications arising out of this report.

7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable.


8.0 Human Resources/Property Implications (if appropriate)

- 8.1 Not applicable.

Report sign off:

Debra Norman

Director of Legal, HR, Audit & Investigations

| | |
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|  | Audit and Standards Advisory Committee 15 March 2022 |
| | Report from the Assistant Chief Executive |
| Annual Review of the Member Development Programme and Members' Expenses | |
| Wards Affected: | All |
| Key or Non-Key Decision: | N/A |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | Open |
| No. of Appendices: | Three: <ul style="list-style-type: none"> • Appendix 1 – Member Learning & Development Draft Future Programme • Appendix 2 – Charter Plus Assessment – Assessors' Comments • Appendix 3 – Member Expenses Claims |
| Background Papers: | N/A |
| Contact Officer(s): (Name, Title, Contact Details) | Katie Smith, Head of Executive and Member Services Email: katie.smith@brent.gov.uk |

1.0 Purpose of the Report

- 1.1 The purpose of this report is to provide members of the Audit and Standards Advisory Committee with a summary of the Member Learning Development (MLD) Programme since the last report to Committee in March 2021; and information regarding the Members' Expenses Scheme. Appendix 1 provides an overview of upcoming member learning and development sessions.

2.0 Recommendations

- 2.1 That the Committee notes the work being planned by the Member Learning and Development Steering Group in ensuring effective training and development for Brent's elected representatives (Appendix 1), as well as noting Member feedback on training and support received so far.
- 2.2 That the Committee agrees to the introduction of an 'acceptable use statement' obliging members to complete annual mandatory training on data protection (Para 5.4).
- 2.3 That the Committee notes that the Council received London Councils' Councillor Development Charter Plus accreditation in December 2021 and notes the positive

feedback received as part of the assessment process. (Appendix 2)

- 2.4 That the Committee notes the expenses claimed by Members in the course of their work in 2021-22 (Appendix 3).

3.0 Background

- 3.1 Members of the Audit and Standards Advisory Committee last reviewed the Member Development Programme on 3 March 2021.
- 3.2 In addition to the annual review by members of the Audit and Standards Advisory Committee, the member learning and development programme is monitored quarterly by the cross party Member Learning and Development Steering Group. The scope of the Group is to consider the type of training provided, review attendance at each session and consider any requests and suggestions for training from Members, in particular requests for external training with a cost implication.
- 3.3 The Member Learning and Development Steering Group provides constructive input and evaluation of the programme. A strong political lead on member development from all groups is essential to ensure member ownership of the programme. The Council was complimented on this aspect as part of December 2021 recent Charter Plus assessment.

4.0 Member learning and development programme and the impact of Covid-19

- 4.1 Since the last report to the Committee on 31 March 2021, the Council has organised and delivered twenty-four Member Learning and Development sessions. Four of these sessions were compulsory sessions, and only one compulsory (Committee) session failed to have full attendance.
- 4.2 The programme has been deliberately designed with fewer sessions in early 2022 in order to accommodate the run up to the summer 2022 elections. To date, only two sessions have been delivered in early 2022, and no further non-mandatory sessions will be scheduled until June 2022.
- 4.3 Training has continued during the Covid-19 pandemic entirely on Zoom and Teams, but since lockdown eased, plans have been made to start holding sessions face-to-face from May 2022 onwards.
- 4.4 All 63 Members of the Council have access to Microsoft Teams and Zoom, and following the initial lockdown from March 2022, training was provided on conduct at remote meetings and how to chair a remote meeting. The vast majority of Members are comfortable using remote technology for Council business, there have been no security breaches and, in general, sessions are highly interactive as members make use of the hands up and chat function as well as contributing orally.
- 4.5 From May 2022, the Council plans to run a mixture of face-to-face training and online training sessions. For sessions that focus on skills development or where networking is important, face to face formats will be used.

5.0 Member attendance

- 5.1 Imparting knowledge via virtual training sessions has worked well throughout the pandemic and overall, attendance levels remain high with group sessions attracting between 21- 40 Members.

- 5.2 Aside from the mandatory sessions, the training sessions attracting the highest attendance were: *Return to Face to Face meetings*, *Health Inequalities and the Health and Wellbeing Strategy Consultation* and *Briefing on Health Community Champions*. These sessions attracted 40, 39 and 38 members respectively.
- 5.3 All but twelve Members have undertaken and completed all mandatory training for this municipal year. The only course not completed by all Councillors is the online General Data Protection Regulation (GDPR) training. This was a new course in December 2020 and while take up compares favourably to other authorities, there is clearly a need to introduce further incentives to improve this next year.
- 5.4 The proposal is for councillors to sign an 'acceptable use statement' when they receive their new devices following the May 2022 election, whereby members agree to complete their mandatory training annually, or risk having their IT access blocked. The annual completion of data protection and General Data Protection Regulation training by both staff and members is vital to keeping residents' data and council systems safe from the increasing risks of cyber-attack.

6.0 External Training Events

- 6.1 Attendance at external training events was limited in the 2021-22 financial year as a result of the pandemic. Since March 2021, Members have attended of the following external training events: *Climate Change*, *Financial Management in Local Government*, *Suicide Prevention and mental Health*, and *Effective Cabinet Member Training*. Attendance at such sessions tend to be in response to individual requests and are approved where relevant to members' roles. In 2021-22 four all-member training sessions were delivered by external facilitators.

7.0 Feedback

- 7.1 Feedback has been crucial to shaping and developing the member development programme. In late 2021, a survey was sent to all Members to gather views on the usefulness of the weekly Member's Bulletin, and feedback was also gathered informally along with suggestions for future training. In summary, member feedback on the quality of the programme remains positive but there is always room for improvement, with suggestions made for the easy sharing of information on social media, requests for shorter bulletins to aid easier digestion of material, as well as a request for benchmarking with other boroughs.

8.0 Member Development Charter Award – November 2021

- 8.1 Brent Council's approach to member learning is regularly reviewed by an external assessor (the Local Government Association and London Councils) to check our approach is effective and informed by practice elsewhere. The Council was most recently assessed in November 2021 and the panel concluded that Brent Council continues to meet the standard of the Councillor Development Charter Plus, the highest award.
- 8.2 The panel included the assessor, a senior officer from another council and a leader from a London Borough. The feedback was very positive, highlighting the Council's continued success and commitment to member development. The assessor identified that there continues to be strong support for councillor development across the organisation and a key political lead by the high profile Member Development Steering Group.

- 8.3 The following areas were suggested for improvement:
- Plan the induction programme to include some face to face training to encourage networking; and include the partners in the training
 - Ensure that the needs of ward councillors are adequately reflected
 - Personal development plans – prioritise new councillors and those with new responsibilities
 - The mentoring programme needs to be corporately owned
 - Consider tailoring sessions for different groups of Cllrs (e.g. new vs more experienced)
 - Consider an individual accreditation for councillors

8.4 The full report is attached as Appendix 2.

9.0 Members' expenses

- 9.1 The Council's Allowance scheme for Members, as detailed in Part 6 of the council's constitution, makes provision for the payment of certain expenses, in accordance with stipulated conditions.
- 9.2 The Civic & Member Services Manager is responsible for administering the Members' Allowance Scheme and therefore oversees the receipt, processing and payment of all appropriate expense claims submitted by members.
- 9.3 A total of £1,717.08 was claimed between March 2021 – March 2022 for childcare cover. This was to support a Cabinet Member in their duties. Please see Appendix 3 for more details.
- 9.4 Given Covid-19, there were no travel or accommodation requests.

10.0 Financial Implications – Expenses

- 10.1 The costs of the member learning and development programme are met from a budget of £20,000. Internal sessions delivered by Council Officers help to keep costs down, and there was no overspend this year.

11.0 Legal Implications

- 11.1 None for the Member Development Programme.
- 11.2 The Local Authorities (Members' Allowances) (England) Regulations 2003 requires the council to keep a record of the payments made by it in accordance with its Members' Allowance Scheme. The record has to be made available for public inspection and copies can be supplied too on request and on payment of a reasonable fee.
- 11.3 After the end of each year, the total amount paid in that year to each member has to be published in the council's area.

12.0 Equality Implications

- 12.1 This report contains no specific diversity implications.

13.0 Consultation with Ward Members and Stakeholders

13.1 This report has been shared with the Member Learning and Development Steering Group Members.

14.0 Human Resources/Property Implications (if appropriate)

14.1 N/A

Report sign off:

Shazia Hussain
Assistant Chief Executive

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Member Learning and Development

Future Programme

May 2022 – Dec 2022

| Session Date | Session Title | Type of Session |
|---------------------------------|---|------------------------|
| May | Newly Elected Members' Induction | Mandatory |
| May | Safeguarding Vulnerable Adults Training | Mandatory |
| May | Corporate Parenting and Safeguarding Children | Mandatory |
| May | Standards, and Code of Conduct | Mandatory |
| May | Equalities and Diversity Training | Mandatory |
| May | Using and making the most of mod.gov/ Casework Training and Surgery Management | Mandatory |
| May | Data and Information Security | Mandatory |
| Within a month of election | IT and AV Induction | Skills Development |
| Within a month of election | Being an effective ward councillor - exploring member officer relations / roles and responsibilities as ward councillors / community engagement | Skills Development |
| Within a month of election | How to get set-up on the Brent system | Skills Development |
| Within six weeks of election | Democracy in action – how it all works | Member briefing |
| Within six weeks of election | Prevent Matters: Briefing from the Home Office Counter terrorism team and Brent Prevent Team | Member briefing |
| Within six weeks of election | Meet local Brent organisations for a brief intro and informal networking | Networking |
| Within six weeks after election | Reviewing the approach to Councillor surgeries | Member briefing |
| TBC | Unconscious Bias | Skills development |
| TBC | Budget Scrutiny | Skills development |
| TBC | LGBT+ language session | Skills development |
| TBC | Traditional and social media; and social media training | Skills development |

| | | |
|-----|---|----------------------------------|
| TBC | Democracy in action | Member development |
| TBC | Licensing <ul style="list-style-type: none"> • Gambling • Alcohol and Entertainment | Skills development |
| TBC | Effective scrutiny | Skills development |
| TBC | Introduction to local government finance | Member development |
| TBC | Anti-social behaviour, policing and community safety | Skills development |
| TBC | How to handle casework / Time management | Understanding how to be a Member |
| TBC | Public speaking – How to communicate effectively and efficiently to different audiences | Skills Development |
| TBC | Introduction to local government finance | Skills Development |
| TBC | How to be an effective committee member | Skills Development |
| TBC | Planning Committee training | Skills Development |



Brent Member Learning and Development Charter Plus

December 2021

Background

Any council that is serious about meeting the needs of its community must be committed to developing its councillors. Most authorities have some form of support programme in place. However, the approach and levels of commitment and effectiveness vary.

The Charter provides a robust, structured framework designed to help the authority enhance and hone member development. This is available for councils across London, Northern Ireland and the south-east and east regions of England.

The London Borough of Brent was the first London Borough to achieve Charter Plus status in 2015, then again in 2018 and 2021!

Assessors' Comments

Following Brent Council's Charter Plus Interim Assessment on the 9 October 2020, Brent Council continues to meet the standard of the Councillor Development Charter Plus, the highest award. Following the December 2018 Assessment an interim Assessment was undertaken on the 9 October 2020 to ensure that the Council was continuing to make progress. There continues to be strong support for councillor development across the organisation and a key political lead led by the high profile Member Development Steering Group (MDSG).

The Council has responded quickly to the Covid-19 pandemic with regard to how it supports and delivers training and development on a virtual basis. Virtual training has seen an increase in the numbers of councillors participating (average 30 councillors) and in the recent Members Survey virtual training or a hybrid model had the overwhelming support of the councillors responding.

The interim review submission and recent meeting identified the following key strengths:

- Leadership development. There is a high profile commitment to leadership development to support a commitment to political succession planning. Eight cabinet members have undertaken leadership development via the LGA and six have completed the Leadership Academy. The leadership has proactively brought forward new talent as part of the cabinet and three cabinet members will be undertaking the Leadership Academy in January 2021.
- Cabinet members have been supported with 1-1 mentoring via the LGA in addition to the Mayor and Deputy Mayor.
- The council has further developed its collaborative working with partner organisations and partners have been directly involved in councillor development delivery.

- The Council has promoted and supported its approach to Councillor Development. The Leader was engaged in a support for LB Barking and Dagenham and the key officers actively engage in the London Member Development Network.

Strengths:

- Strong, top level commitment from officers and members
- A strategic approach by the steering group which has good profile and good representation
- An agile programme which is flexed to take on board current issues and risks
- Very strong feedback from partners who mentioned that Brent is not afraid to tackle difficult issues such as migration and race
- A culture which is passionate about learning
- A mature, developed offer

Improvements to consider:

- Keep going in the same direction
- Plan the induction programme to include some face to face training to encourage networking; include the partners in the training
- Ensure that the needs of ward Cllrs are adequately reflected
- PDPs – prioritise new Cllrs and those with new responsibilities
- The mentoring programme needs to be corporately owned
- Consider tailoring sessions for different groups of Cllrs (e.g. new vs more experienced)
- Consider an individual accreditation for Cllrs


Appendix 3

Member Expenses

March 2021 – March 2022

| Councillor Name (Claimant) | Nature of expense | Total value of claim |
|---------------------------------------|--------------------------|---------------------------------|
| Mili Patel | Childcare cover | £1707.08 |
| | | £1717.08 |

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|  Brent | Audit and Standards Advisory Committee 15 March 2022 |
| | Report from the Director of Legal, HR, Audit and Investigations |
| Review of the Use of Regulation of Investigatory Powers Act 2000 | |

| | |
|---|---|
| Wards Affected: | All |
| Key or Non-Key Decision: | Not applicable |
| Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open |
| No. of Appendices: | None |
| Background Papers: | None |
| Contact Officer(s): <small>(Name, Title, Contact Details)</small> | (1) Debra Norman, Director of Legal, HR, Audit & Investigations (ext. 1578) (2) Bianca Robinson, Senior Constitutional & Governance Lawyer (ext. 1544) (3) Tola Robson, Principal Lawyer Criminal Lit and Licensing(ext. 1455) |

1. Purpose

- 1.1. This report explains the Council's use and conduct of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) 2000; and complies with its annual reviewing obligations as set out in Brent Council's RIPA policy and procedures.

2. Recommendations

- 2.1. That the Committee notes the contents of this report.

3. Detail

Background

- 3.1. The Regulation of Investigatory Powers Act 2000 (RIPA) gave the Council significant powers in order to investigate serious matters and offences. It enables the Council to use covert surveillance, covert human intelligence sources (CHIS) and the acquisition of service user or subscriber information in relation to communications data in a manner which is compatible with Article 8 of the European Convention on Human Rights (which governs an individual's right to respect for their private and family life). Before the Council may undertake covert surveillance, there are various criteria which must be met including approval of the application by a Magistrate.
- 3.2. Covert surveillance techniques include static surveillance (e.g. taking up an observer post to monitor the activities and movements of those suspected of having committed criminal offences); mobile surveillance (e.g. following someone to see where they are going without their knowledge) and using hidden CCTV at a crime hotspot. RIPA refers to these techniques as 'directed surveillance'. It also extends to the use of undercover officers and informants. RIPA refers to these as 'Covert Human Intelligence Sources' (more commonly referred to as CHISs).

Inspection

- 3.3. The Council is periodically inspected by the Office of Surveillance Commissioners (now superseded by the Investigatory Powers Commissioner's Office). Inspections focus on RIPA policies, procedures and practice. The last inspection was undertaken on the 9 March 2020; when it was noted that the Inspector was very impressed with Brent at his last inspection, he was happy with his 2020 inspection findings and there were no recommendations arising out of his inspection.

Changes to RIPA policy

- 3.4. The RIPA Policy and procedures were revised in 2016 where it was commented by the Commissioner to be "excellent". Further changes were made in 2020 in relation to the acquisition of Communications Data to ensure that it remains up to date and compliant with the Home Office's revised Codes of Practice; the consequences of non-compliance with the RIPA framework and changes to Data Protection legislation. All of which were considered by this Committee and approved by the Inspector.
- 3.5. No changes to the policy are currently proposed.

Oversight

- 3.6. The Council's use and conduct of covert surveillance techniques is overseen internally by the Council's Monitoring Officer, who also acts as the Council's Senior Responsible Officer (SRO) for the purposes of the Home Office codes of practice.
- 3.7. The Monitoring Officer also keeps the Council's RIPA policy and procedures document under review and updates it as and when necessary. This ensures compliance with the most current legislation, statutory codes of practice, technical guidance and best practice. It is also necessary to keep the list of authorising officers up to date and for administrative, technical and presentational changes to be made from time to time to

ensure the document acts as a helpful source of instruction and guidance to all officers of the Council. In addition, the SRO is responsible for:

- a) the integrity of the process in place for the management of CHIS and directed surveillance;
- b) compliance with the codes of practice;
- c) engagement with the IPCO inspectors when they conduct their inspections;
- d) oversight of the implementation of post-inspection action plans;
- e) ensuring authorisation officers are of an appropriate standard (where a IPCO report highlights concerns about the standard of authorising officers, the SRO will be responsible for ensuring the concerns are addressed).

- 3.8. In accordance with paragraph 4.47 of the Covert Surveillance and Property Interference Code, Councillors have a formal scrutiny role in relation to RIPA and should regularly review the authority's use of RIPA. Accordingly, it was decided that this Committee should conduct a high-level annual review. Any significant policy changes recommended by the Committee arising from its review will be reported to Cabinet for decision.

Use of RIPA

- 3.9. Following the introduction of legislative changes in the RIPA regime, the number of RIPA authorisations declined within local authorities. In more recent years, this combined with the shrinking size of the council investigative teams, and in part the improvements with investigative methods has meant there is less reliance on directed surveillance. In Brent, for the current financial year, there has been zero RIPA Directed Surveillance or CHIS authorisations. Table 1 below sets out the directed surveillance authorisations in previous years. Table 2 shows the number of requests for communications Data pursuant to the Investigative Powers Act 2016

Table 1

| Year | Number of Authorisations |
|-------------|---------------------------------|
| 2021/2022 | 0 |
| 2020/2021 | 0 |
| 2019/2020 | 0 |
| 2018/2019 | 0 |
| 2017/2018 | 0 |
| 2016/2017 | 1 |
| 2015/2016 | 0 |

Table 2

| Year | Number of Requests | Purpose |
|-------------|---------------------------|---|
| 2017/18 | 6 | Freedom pass fraud |
| 2018/19 | 39 | Doorstep crime and rogue trading investigation. |
| 2019/20 | 0 | |
| 2020/21 | 18. | Subletting of council housing |
| 2021/22 | 0 | |

- 3.10. RIPA powers are now predominantly used to enforce trading standards controls and, in particular, to conduct test purchases of age restricted products such as alcohol. It is occasionally used in the context of serious fraud investigations.

4. Financial Implications

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

5. Legal Implications

- 5.1. The legal considerations are contained within the body of the report.

6. Equality Implications

- 6.1. Under section 149 of the Equality Act 2010, the council has a duty when exercising its functions to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act and advance equality of opportunity and foster good relations between persons who share a protected characteristic and persons who do not. This is the public sector equality duty.
- 6.2. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
- 6.3. Due regard is the regard that is appropriate in all the circumstances.
- 6.4. There are no equalities implications arising from this report.


7. Consultation with Ward Members and Stakeholders

- 7.1. None

Report sign off:

Debra Norman

Director of Legal, HR, Audit & Investigations

| | |
|---|---|
|  Brent | Audit and Standards Advisory Committee 15 March 2022 |
| | Report from the Chair of i4B Holdings Ltd |
| Report on i4B Holdings Ltd | |

| | |
|---|--|
| Wards Affected: | All |
| Key or Non-Key Decision: | N/A |
| Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open |
| No. of Appendices: | One Appendix 1 Company Risk Register |
| Background Papers: | N/A |
| Contact Officer(s): <small>(Name, Title, Contact Details)</small> | Sadie East Operational Director of Transformation Sadie.East@brent.gov.uk Tel: 020 8937 1507 |

1.0. Purpose of the Report

- 1.1. This report provides the Audit and Standards Advisory Committee (The Committee, ASAC) with an update on i4B Holdings Ltd.'s (i4B; The Company) recent performance, and i4B's 2022/23 business plan, risk register, housing companies' development strategy and audit arrangements.

2.0. Recommendation(s)

- 2.1. The ASAC is asked to note the content of the report.

3.0. Background

- 3.1. In November 2016, Cabinet agreed to establish its wholly owned investment company, i4B Holdings Ltd. The Company was set up with the purpose of acquiring, letting, and managing a portfolio of affordable, good quality PRS properties. Properties would be let to homeless families at Local Housing

Allowance (LHA) levels. This would enable the Council to either prevent or discharge its homelessness duty and therefore reduce TA costs.

3.2. i4B's 2021/22 business plan was agreed by the Shareholder in February 2021. The business plan incorporated the following as the medium- to long-term objectives for Brent Council's housing companies, i4B and First Wave Housing:

- Increasing the supply of affordable housing in the borough
- Running a viable business;
- Delivering safe and sustainable homes; and
- Providing a consistently good housing service.

4.0. Benefits of i4B

4.1. Social Benefits

4.1.1. As of December 2021, i4B has housed 364 families and 871 children. The majority of these families were previously housed in stage one TA. The number of families housed is higher than i4B's PRS portfolio due to certain properties being re-let.

Table 1 – Breakdown of families accommodated by i4B as of December 2021

| Previous Accommodation | no. of families | no. of children |
|-------------------------------|------------------------|------------------------|
| Direct to i4B | 85 | 188 |
| Women's Refuge | 2 | 15 |
| TA Stage one – B&B | 241 | 559 |
| TA Stage two – Leased | 36 | 109 |
| Total | 364 | 871 |

4.1.2. All of the Company's private rented homes comply with a good standard of quality and management. Properties are refurbished to a high standard. i4B guarantees households moving into the PRS properties that they will be well maintained, safe, and secure. This compares favourably with market PRS accommodation which is generally of a lower standard and less secure. Also, with i4B as their landlord, tenants are safe from practices such as revenge evictions.

4.1.3. In addition, i4B took ownership of its 153-unit key worker block in Wembley Park, the Lexington Building, in February 2021. As of January 2022, 128 of the units have been let to public sector key workers. The pace of lets has been faster than business plan assumptions.

4.2. Financial Benefits

4.2.1. The Council receives financial benefits from i4B, mainly through reducing the use of temporary accommodation. i4B brings a gross annual benefit of £1.784 million to the Council. This saving will increase as purchases increase.

4.2.2. The Council has also received the following one-off financial benefits:

- PRS phase one loan: loan arrangement fee of £872k and non-utilisation charge of £330k
- PRS phase two loan: loan arrangement fee of £884k and non-utilisation charge of £408k

5.0. **Update on Operational Performance**

5.1. Performance measurement for i4B is based on acquisitions, conveyancing of properties, and on the housing management of its two contractors, Mears and Brent Housing Management.

Table 2 – Operational Performance

| Indicator | Target | Performance at December 2020 | Performance at December 2021 |
|-------------------------------------|-------------------|---|------------------------------|
| Number of units | 378 by April 2022 | 302 | PRS: 354 Key Worker: 153 |
| Average cost per property | £363,000 | £363,484 | £366,778 |
| Net yield of whole portfolio | 1.22% | 1.25% | 1.30% |
| Net yield of year to date purchases | 1.22% | 1.88% | 1.58% |
| Instruction to Legal to Purchase | 120 days | 132 days | 132 days |
| Minor void re-let times | 35 days | 93 days <i>NB: In Dec 20 void times were not split into major/minor therefore, there is only an overall figure</i> | 19 days |
| Major void re-let times | 72 days | 93 days <i>NB: In Dec 20 void times were not split into major/minor therefore, there is</i> | 151 days |

| | | | |
|----------------------------|--------|-------------------------------|--------------------------------|
| | | <i>only an overall figure</i> | |
| Rent collection | 98.50% | 93.50% | 88.5% |
| Landlord Gas safety Record | 100% | BHM – 95% Mears – 97% | BHM – 99.57% Mears – 92.42% |

5.1.1. During 2021-22, i4B's street property purchase programme has continued, and the Company is forecast to purchase between 45 and 50 properties in the financial year, against its target of 60. This is due to a reduction during the year of properties on the market i4B is able to purchase. However, i4B continues to purchase higher yielding properties, and the average net yield of the portfolio has increased during 2021-22 to 1.30%. The volume of property acquisitions must be balanced against the Company's need to remain financially viable; therefore all purchases are subject to meeting specific financial criteria, which include service charges, works costs and lease costs as well as property price. This is a steady and established supply stream for the Company, and is expected to remain so in the future.

5.1.2. The two main operational issues are void times and rent collection. Minor void re-let times are within target, however major void re-let times remain out of target. Brent Housing Management (BHM), the Council's Housing department, manage all Brent and Great London i4B properties and are responsible for void times and rent collection. BHM have produced a voids improvement action plan; progress will be closely monitored and reported to the Company Board during 2022-23. Officers are investigating the reasons for the drop in rent collection rates and drivers of arrears, and in 2022-23 will review current rent collection processes to identify improvements. The Board is conscious that the increase in the cost of living could have an impact on rent collection and the business plan modelling for FWH. This will be monitored closely going forward as a potential risk.

6.0. Development Strategy

6.1. A Development Strategy has been produced for both of the Council's housing companies. The aim of the Strategy is to support i4B's priority of utilising remaining and potential future funding to develop a portfolio of affordable new build accommodation which:

- Supports the Council's Housing Strategy and relieves housing need;
- Supports the financial viability of the Company; and
- Is feasible and realistic.

6.2. Throughout 2021-22, work has been carried out to review future housing demand in the borough, review market supply and affordability of PRS street

properties to i4B, implement a new acquisitions appraisal model, and to analyse arrears and tenant affordability. This work has allowed i4B to produce a list of criteria that i4B new build developments must meet.

- 6.3. The strategy outlines actions the Company will carry out in 2022-23 to ensure criteria are realistic, feasible, and viable. Work will also allow a degree of prioritisation to take place on criteria. This work will give i4B a better understanding of the properties it can acquire/develop that are financially viable and technically feasible. This will enable discussions with the Council on whether i4B's current resourcing and financing arrangements allow it to deliver accommodation that best meet the Council's housing need.

7.0. 2021/22 Financial Forecast

- 7.1. The financial monitoring forecast set out below is based on the income and expenditure position as at 31 December 2021. The first 9 months of SLA charges have now been received and are incorporated into the forecasts.
- 7.2. The company is forecasting a surplus of £0.111m against a budgeted surplus of £0.451m.
- 7.3. Net rental income at £6.578m has shown a slight increase from the £6.553m reported in November. An increase in gross rental income of £0.125m has been mostly offset by an increase in void rent loss of £0.101m.
- 7.4. Operating Expenditure has increased from £2.364m to £2.565m, which is an overspend of £0.246m against the budget of £2.319m.
- 7.5. Expenditure forecasts for the Key Worker Block have increased due to the costs of subsidised parking, council tax and unrecoverable energy costs being factored in to the forecasts.

| Financial Year 2021-22 | | Budget | Forecast | Variance | Variance |
|------------------------------|-------------------------------|-----------|-----------|-----------|----------|
| | | £ | £ | £ | % |
| | Gross Rental Income | 6,951,000 | 7,064,877 | 113,877 | 2% |
| | Void loss | (227,000) | (486,660) | (259,660) | 114% |
| | Net Rental Income | 6,724,000 | 6,578,217 | (145,783) | -2% |
| Cost Categories | | | | | |
| FIXED SLA COSTS | Corporate SLA | 284,000 | 284,000 | - | 0% |
| | HRA SLA | 369,000 | 386,000 | 17,000 | 5% |
| | Home Counties Management Cost | 74,000 | 99,000 | 25,000 | 34% |
| PREMISES RELATED EXPENDITURE | Major Works | 20,000 | 126,000 | 106,000 | 530% |
| | Annual maintenance | 282,000 | 122,000 | (160,000) | -57% |
| | Key Worker Block | 542,000 | 661,000 | 119,000 | 22% |
| | Electricity | 1,000 | 1,000 | - | 0% |
| | Council Tax | 40,000 | 40,000 | - | 0% |
| | Water And Sewerage | 3,000 | 4,000 | 1,000 | 33% |
| | Service Charges | 236,000 | 220,000 | (16,000) | -7% |
| | | | | | |
| SERVICES | Insurance | 45,000 | 48,000 | 3,000 | 7% |
| | Audit Fees | 37,000 | 38,000 | 1,000 | 3% |
| | Legal Fees | 36,000 | 1,000 | (35,000) | -97% |
| | Professional Services | 65,000 | 60,000 | (5,000) | -8% |
| | Other Revenue Costs | 1,000 | - | (1,000) | -100% |
| | Subsistence / Catering | - | - | - | 0% |
| CONTRIBUTIONS TO PROVISIONS | Bad Debts | 284,000 | 475,000 | 191,000 | 67% |
| | | | | | |
| | | | | | |
| Total Operating Costs | | 2,319,000 | 2,565,000 | 246,000 | 11% |
| Operating Profit | | 4,405,000 | 4,013,217 | (391,783) | -9% |
| Interest & Similar Charges | | 3,954,048 | 3,902,000 | (52,048) | -1% |
| Profit/(Loss) Before Tax | | 450,952 | 111,217 | (339,735) | 75% |

8.0. 2022/23 Draft Business Plan

- 8.1. i4B has drafted its annual business plan. The Company's Board, Shareholder and CMT have fed into the development of the plan, and a final version went to Cabinet for Shareholder approval on 7 March 2022.
- 8.2. The 2022-23 Business Plan is set out within the framework of the housing companies' medium to long-term objectives.
- 8.3. The strategic objectives, and key priorities for each of these across 2022/23, in the Business Plan are as follows:
 - 8.4.1 Increasing the supply of affordable housing in the borough
 - Priority 1: Purchase 48 street properties in 2022-23

- Priority 2: Take on 25 properties from First Wave Housing as part of the transfer of Granville New Homes
- Priority 3: Review new build market opportunities in the borough
- Priority 4: Review feasibility of setting up a new purchasing stream for adapted accommodation
- Priority 5: Review feasibility of purchasing larger properties with four or more bedrooms

8.4.2. Running a viable business

- Priority 6: Reduce void times
- Priority 7: Develop an Asset Management Strategy for i4B
- Priority 8: Commence the disposal of company properties in the Home Counties that do not meet demand
- Priority 9: Review void and repair costs
- Priority 10: Develop and implement a value for money strategy for i4B
- Priority 11: Review approach to former tenant arrears
- Priority 12: Improve rent collection and arrears management

8.4.3. Delivering safe and sustainable homes

- Priority 13: Establish a suite of compliance policies and standards to ensure legal compliance
- Priority 14: Establish a suite of performance monitoring metrics to give the Board assurance on compliance levels
- Priority 15: Carry out an audit of the new compliance suite
- Priority 16: Commission review of energy performance data for current stock
- Priority 17: Commission review to understand what work is required to bring stock up to an average of EPC B
- Priority 18: Model cost implications of bringing stock up to an average EPC B rating and develop a funding strategy for financing a carbon reduction works programme

8.4.4. Providing a consistently good housing service

- Priority 19: Monitor tenant satisfaction

9.0. Draft Business Plan Financial Implications

- 9.1. The financial implications are set out in the business plan itself. The key changes from the previous plan are a slowing of the purchase rate of new properties from 60 to 48 per year plus the addition of 25 units transferred from First Wave Housing. Higher inflation has been factored into the plan whilst rent levels have been frozen for the first 4 years on a prudent assumption that LHA rates will not increase.

- 9.2. The plan shows i4B moving into surplus with surpluses increasing substantially once rents start to increase again from 2025/26 onwards.
- 9.3. The business plan demonstrates that i4B is able to operate as a going concern.

10.0. Risk Update


- 10.1. The i4B risk register is included in Appendix 1. The main risks the Company faces are detailed below:
- High Capital Programme costs, including future climate change obligations, undermine the viability of the business plan.
 - Tenant non-payment of rent increases due to unaffordability of rent.
 - Poor data quality on asset management systems means compliance with H&S standards cannot be effectively monitored, resulting in i4B being non-compliant with its statutory obligations.
 - Poor contractor performance and information control results in i4B properties being non-compliant with statutory Health and Safety objectives.
 - High void rent loss due to long void turnaround times.
 - Company cash flow (capital and revenue) is insufficient to manage expenditure.
- 10.2. The Company's risk register is reviewed quarterly. Throughout the risk register business plan assumption and mitigations are updated

11.0. Audit Update

- 11.1. An internal audit has taken place on Health and Safety Compliance. The Board is awaiting the final report on this audit.
- 11.2. As part of the Council's audit plan for 2021-22 a Governance audit will be carried out for both of the Council's housing companies and is due to commence on 28 February 2022.

| Ref | Strategic | Risk | Business Plan Objective | Trigger | Likelihood | Impact | Score | Change | Mitigation | Post Mitigation Likelihood | Post Mitigation Impact | Post Mitigation Score | Owner | SLA Lead | Actions | Due Date | January Action Update |
|-----|--|--|---|--|------------|--------|-------|--------|--|----------------------------|------------------------|-----------------------|--------------------------------|---|---|-----------|---|
| 1 | 4B does not meet H&S requirements | Poor data quality on asset management systems means compliance with H&S standards cannot be effectively monitored, resulting in 4B being non-compliant with its statutory obligations. | Safe and Sustainable Homes | Inadequate controls on record creation | 4 | 5 | 20 | | Review asset records and the controls around creation and update. Produce a regular compliance report to Board covering all compliance requirements. Identify all assets that require monitoring Test all assets in accordance with relevant testing policy Identify and monitor all actions required as a result of tests | 2 | 5 | 10 | Head of Property Services | Strategic Support Officer | Gas safety process to be reviewed | Ongoing | Monthly gas safety recertifications are being performed to provide assurance; work on issues with property owners is ongoing and in the meantime gas systems are closely monitored manually |
| 2 | 4B does not meet H&S requirements | Poor contractor performance and information control results in 4B properties being non-compliant with statutory H&S obligations | Safe and Sustainable Homes | Lack of KPIs and monitoring processes | 3 | 5 | 15 | | Set up effective monitoring processes on compliance. | 2 | 5 | 10 | Head of Property Services | Strategic Support Officer | Regular compliance reporting to come to Board | Mar-23 | 4B Internal audit on health & safety compliance is in progress. New deadline agreed with Head of Property Services, BHM considering implementing new compliance system during 2022-23 |
| 3 | 4B does not meet H&S requirements | There is no affordable or technical solution for 4B to meet enhanced building standards. | Safe and Sustainable Homes | Changing legal obligations | 2 | 4 | 8 | | Understand areas of non-compliance and solutions for resolving them. 4B is unable to directly control/ mitigate for this risk and therefore, can only monitor legal obligations in relation to building standards | 2 | 4 | 8 | Head of Property Services | Strategic Support Officer | Regular compliance reporting to come to Board | Mar-23 | New deadline agreed with Head of Property Services, BHM considering implementing new compliance system during 2022-23 |
| 4 | 4B does not meet H&S requirements | 4B lacks the policies, knowledge and governance arrangements to effectively monitor regulatory and legal standards on compliance. | Safe and Sustainable Homes | Lack of reliable monitoring reports to Board | 2 | 4 | 8 | | Review policies, controls and reporting arrangements. | 2 | 4 | 8 | Head of Property Services | Strategic Support Officer | Establish a list of required policies, identify gaps and agree review schedule. | Mar-23 | List of required policies and gap analysis have been developed. New deadline agreed with Head of Property Services, BHM considering implementing new compliance system during 2022-23 |
| 5 | 4B cannot trade as a going concern | Changing Government policy on rent/benefits means 4B cannot increase rents at business plan assumptions. | Running a Viable Business | Change in Government policy | 4 | 3 | 12 | | Regular modelling and business plan reviews. 4B is unable to directly control/ mitigate for this risk and therefore, can only monitor changes in Government policy | 4 | 3 | 12 | Senior Finance Analyst | | Re-test business plan once final account outcome is agreed. | Mar-22 | Business plan re-test completed as part of business planning review for 2022-23. Housing Needs service carrying out review of 50 highest earners cases for 4B - deadline changed from December 2021 to March 2022, when the review is scheduled for Board. |
| 6 | 4B cannot trade as a going concern | Reductions and changes in market demand mean 4B cannot increase rents at business plan assumptions. | Running a Viable Business | Change in market demand | 4 | 3 | 12 | | Regular modelling and business plan reviews. 4B is unable to directly control/ mitigate for this risk and therefore, can only monitor and carry out reviews of the business plan to ensure it can withstand drops in rental inflation | 4 | 3 | 12 | Senior Finance Analyst | | Stress test model as part of business plan. Re-test business plan once final account outcome is agreed. | Dec-22 | Completed as part of business planning review for 2022-23, annual exercise |
| 7 | 4B cannot trade as a going concern | Tenant non-payment of rent increases due to unaffordability of rent. | Running a Viable Business | Change in market demand | 5 | 4 | 20 | | Regular modelling and business plan reviews, and effective recovery processes. Review arrears cases and identify the main reasons for high arrears levels Agree actions for the issues identified | 3 | 4 | 12 | Income and Sustainment Manager | Strategy Delivery Manager Senior Financial Analyst | Benchmark on rent collection rates. Review highest arrears cases to determine drivers of arrears and mitigating actions | Dec-22 | Completed for 2022-23, annual exercise Risk likelihood increased from 4 to 5, risk impact increased from 3 to 4. Bad debt provision adjusted to 10%, Housing Needs review of highest arrears cases is underway, which will determine actions to reduce arrears; action updated, deadline updated to March 2022 |
| 8 | 4B cannot trade as a going concern | High void rent loss due to long void turnaround times | Running a Viable Business | Poor void management processes and reporting | 5 | 3 | 15 | | Improved void management processes and reporting Identify reasons for high void rent loss at each stage of the process Identify the management actions to improve performance in each team Agree targets and timelines for improvements Implement regular monitoring of void performance | 2 | 3 | 6 | Voids Manager | Strategic Support Officer | Agree void turnaround targets as part of the business plan. | Completed | Completed void turnaround targets agreed as part of SLA, void performance updates to come to Board in March and June 2022 |
| 9 | 4B cannot trade as a going concern | High Capital Programme costs, including future climate change obligations, undermine the viability of the business plan. | Running a Viable Business | Poor stock condition and high compliance costs | 5 | 5 | 25 | | Development of a coordinated asset management plan with viable options. Carry out stock condition survey Develop an asset management programme Review the asset management programme in each business planning cycle | 3 | 4 | 12 | Head of Property Services | Strategy Delivery Manager | Review impacts of voids team restructure | Mar-22 | New voids update report to come to March 2022 Board, deadline changed accordingly |
| 10 | 4B cannot trade as a going concern | A lack of transparency around costs means 4B cannot effectively report on its costs. | Running a Viable Business | Poor financial billing | 5 | 2 | 10 | | Improved financial billing processes. Fully set up Oracle for the companies Transfer all suppliers to direct billing | 2 | 2 | 4 | Senior Finance Analyst | | Develop long term asset management and investment plan, incorporating the impact of the climate change agenda. | Mar-23 | Previous risk on climate change obligations has been merged with this risk, action updated accordingly. Risk likelihood increased from 4 to 5, deadline updated to Mar-23 |
| 11 | 4B cannot trade as a going concern | Company cash flow (capital and revenue) is insufficient to manage expenditure. | Running a Viable Business | The Company does not acquire properties quickly enough to generate a surplus | 3 | 5 | 15 | | Guarantee from Council. Property acquisitions programme to turn the organisation into a profit-making one. Review property market Review financial viability criteria Council to consider lower financing rates | 2 | 5 | 10 | Strategy Delivery Manager | | Set up full independent company finances as part of Oracle Cloud to allow direct payments. | Apr-22 | There are multiple issues with Oracle setup which require resolution, the aim is for this to be resolved by the end of the financial year 2021-22. Risk likelihood increased from 4 to 5, risk impact reduced from 4 to 2, in line with FIRM risk scoring. Deadline updated to April 2022 |
| 12 | 4B cannot trade as a going concern | Delays in processing utilities and other payments result in poor financial reporting, complaints and financial & non-financial damage. | Running a Viable Business | The Company fails to set up suppliers and make payments in a timely manner | 5 | 2 | 10 | | Improved financial billing processes. Fully set up Oracle for the companies Transfer all suppliers to direct billing | 2 | 2 | 4 | Senior Finance Analyst | | Review the business plan on an annual basis. | Dec-22 | Business plan review completed for 2021-22, this has highlighted some periods of negative cashflow that need to be managed due to investment in Grenville New Homes properties and potential climate change works. Funding solution to be agreed by the Board and Council as Shareholder |
| 13 | 4B cannot increase affordable housing supply | There is an insufficient volume of properties on the market that meet 4B's financial criteria. | Increasing Supply of Affordable Housing | Change in market conditions | 3 | 3 | 9 | | Regular review of market and financial viability model. 4B is unable to control/ mitigate the volume of properties on the market that meet its financial criteria | 3 | 3 | 9 | Strategy Delivery Manager | | Set up fully independent company finances as part of Oracle Cloud to allow direct payments. | Apr-22 | There are multiple issues with Oracle setup which require resolution, the aim is for this to be resolved by the end of the financial year 2021-22. Risk likelihood increased from 4 to 5, risk impact reduced from 4 to 2, in line with FIRM risk scoring. Deadline updated to April 2022 |
| 14 | 4B cannot increase affordable housing supply | There is an insufficient amount of development opportunities that meet 4B's development criteria. | Increasing Supply of Affordable Housing | Change in market conditions | 3 | 3 | 9 | | Regular review of market and financial viability model. 4B is unable to control/ mitigate the amount of development opportunities that meet its financial criteria | 3 | 3 | 9 | Strategy Delivery Manager | | Carry out a strategic review of property demand and supply in the borough which will result in a property acquisition strategy. | Completed | Action completed as part of Development Strategy work. Purchase forecast numbers reduced from 60 to 48 for remaining three years of acquisition programme. Risk likelihood to be monitored again forward |
| 15 | 4B cannot increase affordable housing supply | A lack of affordable financing options means 4B cannot fund acquisitions. | Increasing Supply of Affordable Housing | Change in market interest rates | 3 | 3 | 9 | | Monitoring of market rates and agreeing financing options with the Council. 4B is unable to control/ mitigate financing rates | 3 | 3 | 9 | Senior Finance Analyst | | Carry out a strategic review of property demand and supply in the borough which will result in a property acquisition strategy. | Completed | Action completed as part of Development Strategy work. Actions arising from this include a market review of new development pricing, and pilot test of new build costs by Property Team during 2022-23 |
| 16 | Financial and reputational damage | Fraud results in a loss of income and/or reputational damage to the company and the Council. | Running a Viable Business | Poor internal controls, or lack of compliance with these | 2 | 3 | 6 | | Annual review of internal controls. | 2 | 3 | 6 | Strategic Support Officer | | Discussions to take place between 4B Board and Council around future investment in Company. | Apr-23 | Interest rates are monitored on a regular basis. Action and deadline updated: decision required in 2022-23 on whether Council retains to fund further in 4B |
| 17 | Financial and reputational damage | 4B is deemed to have failed a statutory requirement in its corporate role following developments in the regulatory environment such as the Hackitt Review. | Running a Viable Business | Policies and procedures fail to meet regulatory requirements or are not complied with | 2 | 3 | 6 | | Annual review of regulatory requirements and compliance with these. | 2 | 3 | 6 | Strategic Support Officer | | Carry out review of internal controls with SLA partners and agree resulting set of actions. Internal controls review to be presented to a future Board meeting. | Apr-22 | Meeting held with Internal Audit on setting up an internal controls review, further discussions to be held internally before new financial year |
| 18 | Drop in customer satisfaction and damage to reputation | Contractor performance is not effectively managed and monitored, leading to poor customer service. | Providing an Excellent Housing Service | The supply chain is not effectively managed | 2 | 3 | 6 | | Clear service standards, regular performance management and engagement with supply chain. | 2 | 3 | 6 | Strategy Delivery Manager | | Implement actions from compliance project presented at June Board meeting | Feb-22 | Actions largely completed track, with actions on Board self-review and internal controls requiring further work |
| 19 | Drop in customer satisfaction and damage to reputation | Poor service delivery results and complaints management procedures give rise to low tenant satisfaction. | Providing an Excellent Housing Service | A lack of clear service standards and complaints management procedures means complaints are not effectively dealt with | 2 | 3 | 6 | | Clear service standards and monitoring of complaints performance. | 2 | 3 | 6 | Strategic Support Officer | | None - monthly SLA monitoring meetings reinstated and reporting of customer satisfaction to Board. | N/A | |
| | | | | | | | | | | | | | | | None - complaints policy in place. | N/A | |

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|  | Audit and Standards Advisory Committee |
| | Report from the Chair of First Wave Housing Limited |
| Report on First Wave Housing Limited | |

| | |
|--|--|
| Wards Affected: | All |
| Key or Non-Key Decision: | N/A |
| Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act) | Open |
| No. of Appendices: | One Appendix 1 Company Risk Register |
| Background Papers: | N/A |
| Contact Officer(s): (Name, Title, Contact Details) | Sadie East Operational Director of Transformation Sadie.East@brent.gov.uk Tel: 020 8937 1507 |

1.0. Purpose of the Report

- 1.1. This report provides the Audit and Standards Advisory Committee (The Committee, ASAC) with an update on First Wave Housing Ltd.'s (FWH; The Company) recent performance, Granville New Homes, the FWH 2022/23 business plan, risk register, and audit arrangements.

2.0. Recommendation(s)

- 2.1. The ASAC is asked to note the content of the report.

3.0. Detail

- 3.1. FWH is a housing company wholly owned by the London Borough of Brent. FWH is limited by guarantee.
- 3.2. As a registered provider of social housing, FWH is required to produce an annual business plan. The company has drafted its 2022/23 Business Plan.
- 3.3. The 2022/23 business plan was presented to the FWH Board on 27 January 2022, the Company Guarantor on 28 January 2022 and CMT on 3 February

2022. Feedback from the Board and Guarantor as well as CMT has been incorporated into the final draft presented to Cabinet on 7 March 2022.

3.4 Stock Breakdown

3.5 FWH currently manages 326 rented properties and one leasehold property, a total of 327 properties. As the transfer of 110 properties at Granville New Homes has now been agreed, by 4 April 2022 84 social housing units, 1 leasehold unit, and the freehold for the site (including the Tabot Centre) will be transferred to the Council's HRA, and 25 intermediate units will be transferred to i4B Holdings Ltd (i4B).

3.6 Tables One and Two below show a breakdown of FWH's stock and rent levels pre- and post-transfer of Granville New Homes.

Table One – FWH Stock Breakdown Pre-Transfer

| Product Type | No. Properties | Average Weekly Rent | Sum of Weekly Rent |
|--------------------------|----------------|---------------------|--------------------|
| General Needs | 89 | £119 | £10,584 |
| 1 bed | 24 | £106 | £2,541 |
| 2 bed | 32 | £116 | £3,718 |
| 3 bed | 23 | £130 | £2,985 |
| 4 bed | 10 | £134 | £1,340 |
| Intermediate Rent | 25 | £322 | £8,058 |
| 1 bed | 12 | £304 | £3,646 |
| 2 bed | 13 | £339 | £4,412 |
| Market Rented | 45 | £302 | £13,606 |
| 1 bed | 45 | £302 | £13,606 |
| Settled Housing | 167 | £302 | £50,453 |
| 1 bed | 10 | £275 | £2,748 |
| 2 bed | 135 | £303 | £40,856 |
| 3 bed | 22 | £311 | £6,849 |
| Grand Total | 326 | £254 | £82,701 |

Table Two – FWH Stock Breakdown Post-Transfer

| Product Type | No. Properties | Average Weekly Rent | Sum of Weekly Rent |
|------------------------|----------------|---------------------|--------------------|
| General Needs | 5 | £141 | £705 |
| 3 bed | 5 | £141 | £705 |
| Market Rented | 45 | £302 | £13,606 |
| 1 bed | 45 | £302 | £13,606 |
| Settled Housing | 167 | £302 | £50,453 |
| 1 bed | 10 | £275 | £2,748 |
| 2 bed | 135 | £303 | £40,856 |
| 3 bed | 22 | £311 | £6,849 |

| | | | |
|--------------------|------------|-------------|----------------|
| Grand Total | 217 | £298 | £64,764 |
|--------------------|------------|-------------|----------------|

4.0. Operational Performance

- 4.1. FWH has not purchased any new properties, therefore performance is based on housing management. FWH's overall performance is reasonable, although there are some areas where performance has deteriorated in 2021-22 and requires improvement. The Company continues to provide a good housing service to residents.

Table Three – Summary of Performance

| Indicator | Target | Performance at December 2020 | Performance at December 2021 |
|--|---------------|-------------------------------------|-------------------------------------|
| Minor void re-let times | 35 days | 62 days | 78 days |
| Major void re-let times | 72 days | 122 days | 85 days |
| Rent collection | 98.50% | 96.77% | 100.35% |
| Void rent loss | 1.50% | 4% | 6.5% |
| Emergency repairs completed within 24 hours | 100% | 98% | 99% |
| Urgent and routine repairs completed within 14 days (not included Excluded or communal work programme) | 95% | 83% | 85% |
| % of portfolio with valid CP12 gas certificate | 100% | 100% | 99% |

4.2. Voids

- 4.2.1 Void times for FWH remain significantly outside of target, with year-to-date minor voids at 78 days against a target of 35 days, and major voids at 85 days against a target of 72 days. A review of the voids process was carried out and has shown that the poor performance is largely due to historic void cases. Delays are principally in the nomination and letting stage, although there remain some issues with works, largely due to labour shortages or material delays.
- 4.2.2 In order to ensure good performance going forward, a number of improvement actions have been outlined. These actions are currently being implemented with an update to be provided to the Board in March 2022. Some of these include: appointment of a new interim voids and lettings manager; more robust performance management for voids and lettings officers; and new operational procedures to reduce delays in the process.

4.3 Rent Collection

- 4.3.1 Rent collection is above the target of 98.5% and performance has improved since December 2020. The service still offers support to tenants in financial hardship by promoting the Resident Support Fund. The Board is conscious that the increase in the cost of living could have an impact on rent collection and the business plan modelling for FWH. This will be monitored closely going forward as a potential risk.

4.4 Repairs

- 4.4.1 The vast majority of emergency repairs in the year have been responded to within 24 hours. Performance for urgent and routine repairs are below target, and all out-of-target cases are investigated as part of contract monitoring.

5.0. Granville New Homes Update

- 5.1. As reported to the Committee in September 2021, FWH's blocks in South Kilburn (known as Granville New Homes) require remediation works to address fire safety and water penetration issues. Consultants were commissioned by FWH to investigate the issues, identify remediation works required, and to estimate the costs of remediation works. The estimated costs to remediate the issues made the FWH business plan unaffordable.
- 5.2. Work was carried out to identify a solution that would allow works to be completed as effectively and quickly as possible, whilst also maintaining the viability of FWH. In October 2021, the Brent Council Cabinet (as Guarantor) agreed to an approach whereby the 84 social housing units, one leasehold unit, and the freehold for the site (including the Tabot Centre) are transferred to the Council's HRA, and 25 intermediate units to i4B. It was also agreed that FWH's debt would be refinanced.
- 5.3. This solution ensures that FWH can continue to operate as a going concern without the Council guarantee of support being called on. It is also affordable to the Council's HRA and General Fund and is the most financially beneficial solution to the Council group as a whole. Finally, the solution also maintains the rights and rents of tenants.
- 5.4. In October 2021, as per Regulator of Social Housing guidance, Cabinet agreed to consult with residents on the proposal. The consultation was positive and no objections were received from any of the residents on the proposed changes.
- 5.5. A report outlining the positive outcome of the consultation, and recommending that the Strategic Director of Community Wellbeing approve the transfer of Granville New Homes to the HRA and i4B was approved on 8 December 2021. All parties can now proceed with the transfer.
- 5.6. A transfer project plan has been created and the transfer is due to occur on 4 April 2022.

5.7. The Council's Housing Property Service is managing the remediation work

6.0. 2021/22 Financial Forecast

- 6.1. The financial monitoring position for FWH is set out in the table below. The operating surplus for 2021/22 is forecast at £0.788m which is 0.435m less than the budgeted surplus of £1.223m.
- 6.2. Income is £0.097m less than budget due to lower than budgeted commercial income and higher voids levels than budget. Void income loss has increased.
- 6.3. Expenditure is £0.338m more than budget with a reduction in maintenance expenditure being offset by an increase in supplies and services expenditure due to increased costs of the waking watch of £0.171m at Granville New Homes.

| <u>FWH - Forecast 2021/22</u> | | Budget | Forecast | Variance | |
|---|--|------------------|------------------|------------------|-------------|
| | | 21/22 | 21/22 | | |
| | | £ | £ | £ | % |
| Rents | | | | | |
| Gross Rental | | 4,376,000 | 4,355,666 | (20,334) | 0% |
| Void rent loss | | (175,000) | (251,698) | 76,698 | -44% |
| Rent Turnover | | 4,201,000 | 4,103,967 | (97,033) | -2% |
| Operating Costs | | | | | |
| Management Fee SLA | | 588,000 | 604,000 | 16,000 | 3% |
| Audit Fees and Consultants | | 34,000 | 34,000 | 0 | 0% |
| Provision for Doubtful Debts | | 294,000 | 100,000 | (194,000) | -66% |
| Leasehold Service Charges | | 249,000 | 215,000 | (34,000) | -14% |
| Insurance | | 66,000 | 30,000 | (36,000) | -55% |
| Property Maintenance Costs | | 395,000 | 685,000 | 290,000 | 73% |
| Utilities | | 180,000 | 164,000 | (16,000) | -9% |
| Supplies and Services | | 92,000 | 404,000 | 312,000 | 339% |
| Total Costs Excluding Depreciation | | 1,898,000 | 2,236,000 | 338,000 | 18% |
| Operating Profit | | 2,303,000 | 1,867,967 | (435,033) | -19% |
| Interest Charge | | 1,080,000 | 1,080,000 | 0 | 0% |
| Net profit after financing costs | | 1,223,000 | 787,967 | (435,033) | -36% |

7.0. 2022/23 Business Plan

- 7.1. The Company's Board, Shareholder and CMT have fed into the development of the 2022/23 business plan, and a final version went to Cabinet for Shareholder approval on 7 March 2022. Officers have used the feedback provided and developed the Business Plan further.

- 7.2. The 2022-23 Business Plan is set out within the framework of the housing companies' medium to long-term objectives.
- 7.3. The 2022/23 Business Plan outlines the Company's strategic priorities for the year. The key priorities for each of these are as follows:

7.3.1. Delivering safe and sustainable homes

- Priority 1: Implement the transfer of the Granville New Homes properties to i4B and the HRA
- Priority 2: Establish a suite of compliance policies and standards to ensure legal compliance
- Priority 3: Establish a suite of performance monitoring metrics to give the Board assurance on compliance levels
- Priority 4: Carry out an audit of the new compliance suite
- Priority 5: Commission review of energy performance data for current stock
- Priority 6: Commission review to understand what work is required to bring stock up to an average of EPC B
- Priority 7: Model cost implications of bringing stock up to an average EPC B rating and develop a funding strategy for financing a carbon reduction works programme

7.3.2. Increasing the supply of affordable housing in the borough

- Priority 8: Remain available as an RP to support the Council's affordable housing aspirations

7.3.3. Running a viable business

- Priority 9: Reduce void times
- Priority 10: Develop an Asset Management Strategy for FWH
- Priority 11: Review void and repair costs
- Priority 12: Develop and implement a value for money strategy for FWH
- Priority 13: Review approach to former tenant arrears

7.3.4. Providing a consistently good housing service

- Priority 14: Monitor tenant satisfaction

8.0. Financial Implications of the Business Plan

- 8.1. The financial implications for the Business Plan are set out in the plan itself. The key factors are that the plan has now been adjusted for the transfer of the Granville New Homes units to the HRA and i4B. The outstanding debt has been remodelled with a 2% financing rate over 50 years. Key assumptions have been reviewed with higher inflation rates assumed and a higher per unit repairs costs modelled into the plan.

- 8.2. The Business Plan demonstrates that First Wave Housing can operate as a going concern following the transfer out of the Granville New Homes units and the refinancing of the FWH debt.

9.0. Risk Update

- 9.1. The Company currently faces a number of risks, the FWH risk register is included in Appendix 1. Key risks include:
- High Capital Programme costs, including future climate change obligations, undermine the viability of the business plan.
 - Poor data quality on asset management systems means compliance with Health and Safety standards cannot be effectively monitored, resulting in FWH being non-compliant with its statutory obligations.
 - Poor contractor performance and information control results in FWH properties being non-compliant with statutory Health and Safety objectives.
 - High void rent loss due to long void turnaround times.
 - Tenant non-payment of rent increases due to unaffordability of rent.
- 9.2. The Company's risk register is reviewed quarterly. Throughout the risk register business plans assumptions and mitigations are updated.

10.0. Audit Update

- 10.1. An internal audit has taken place on Health and Safety Compliance of FWH. The FWH Board is awaiting the final report on this audit.
- 10.2. As part of the Council's audit plan for 2021-22 a Governance audit will be carried out for both of the Council's housing companies and is due to commence on 28 February 2022.

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| Strategic Risk | Risk | Business Plan Objective | Trigger | Likelihood | Impact | Score | Change | Mitigation | Post Mitigation Likelihood | Post Mitigation Impact | Post Mitigation Score | Owner | SLA Lead | Actions | Due Date | January Action Update |
|----------------|--|---|--|--|--------|-------|--------|--|----------------------------|------------------------|-----------------------|--------------------------------|---|--|-----------|--|
| 1 | FVH does not meet H&S requirements | Poor data quality on asset management systems means compliance with H&S standards cannot be effectively monitored, resulting in FVH being non-compliant with its statutory obligations. | Safe and Sustainable Homes | Inadequate controls on record creation | 4 | 5 | 25 | Review asset records and the controls around creation and update. Produce a regular compliance report to Board covering all compliance requirements. - Identify all assets that require monitoring - Test all assets in accordance with relevant testing policy - Identify and monitor all actions required as a result of tests | 2 | 3 | 10 | Head of Property Services | Strategic Support Officer | Gas safety process to be reviewed | Ongoing | Monthly gas safety reconciliations are being performed to provide assurance, work on issues with property creators is ongoing and in the meantime gas systems are closely monitored manually |
| 2 | FVH does not meet H&S requirements | Poor contractor performance and information control results in FVH properties being non-compliant with statutory H&S objectives. | Safe and Sustainable Homes | Lack of KPIs and monitoring processes | 3 | 5 | 15 | Set up effective monitoring processes on compliance. | 3 | 5 | 10 | Head of Property Services | Strategic Support Officer | Regular compliance reporting to come to Board | Mar-23 | FVH internal audit on health & safety compliance is in progress. New deadline agreed with Head of Property Services: BHM considering implementing new compliance system during 2022-23 |
| 3 | FVH does not meet H&S requirements | There is no affordable or technical solution for FVH properties to meet enhanced legal standards. | Safe and Sustainable Homes | Changing legal obligations | 2 | 5 | 10 | Annual review to monitor changes in regulatory requirements and our compliance with them. FVH is unable to directly control mitigate for this risk and therefore, can only monitor legal standards | 2 | 5 | 10 | Head of Property Services | Strategic Support Officer | Regular compliance reporting to come to Board | Mar-23 | New deadline agreed with Head of Property Services: BHM considering implementing new compliance system during 2022-23 |
| 4 | FVH does not meet H&S requirements | FVH lacks the policies, knowledge and governance arrangements to effectively monitor regulatory and legal standards on compliance. | Safe and Sustainable Homes | Lack of reliable monitoring reports to Board | 2 | 4 | 8 | Annual review of policies and reporting. | 2 | 4 | 8 | Strategic Support Officer | Strategic Support Officer | Establish list of required policies, identify gaps and agree review schedule. | Mar-23 | List of required policies and gap analysis have been developed. New deadline agreed with Head of Property Services: BHM considering implementing new compliance system during 2022-23 |
| 5 | FVH does not meet H&S requirements | FVH policies and procedures specific to non-social housing tenures, e.g. market rent and intermediate rent, are not applied appropriately. | Safe and Sustainable Homes | Inappropriate policies relating to non-social housing tenures | 2 | 3 | 6 | Review of policies and reporting. | 2 | 3 | 6 | Strategic Support Officer | Strategic Support Officer | Establish list of required policies, identify gaps and agree review schedule. | Mar-23 | List of required policies and gap analysis have been developed. New deadline agreed with Head of Property Services: BHM considering implementing new compliance system during 2022-23 |
| 6 | FVH cannot trade as a going concern | Changing Government policy on welfarebenefits means FVH cannot increase rents at business plan assumptions. | Running a Viable Business | Change in Government policy | 4 | 3 | 12 | Regular modelling and business plan reviews. FVH is unable to directly control mitigate for this risk and therefore, can only monitor changes in Government policy | 4 | 3 | 12 | Senior Financial Analyst | | Re-test business plan once final account outcome is agreed. | Dec-22 | Completed as part of business planning review for 2022-23, annual exercise |
| 7 | FVH cannot trade as a going concern | Reductions and changes in market demand mean FVH cannot increase rents at business plan assumptions. | Running a Viable Business | Change in market demand | 3 | 2 | 6 | Regular modelling and business plan reviews. FVH is unable to directly control mitigate for this risk and therefore, can only monitor and carry out reviews of the business plan to ensure it can withstand drops in rental inflation | 3 | 2 | 6 | Senior Financial Analyst | | Re-test business plan once final account outcome is agreed. | Dec-22 | Completed as part of business planning review for 2022-23, annual exercise |
| 8 | FVH cannot trade as a going concern | Tenant non-payment of rent increases due to affordability of rent. | Running a Viable Business | Change in market demand | 4 | 3 | 12 | Regular modelling and business plan reviews, and effective recovery processes. Review arrears cases and identify the main reasons for high arrears levels - Agree actions for the issues identified | 3 | 3 | 9 | Income and Sustainment Manager | Strategy and Delivery Manager Senior Financial Analyst | Benchmark on rent collection rates Review collection rates and adjust bad debt percentages as part of business plan. | Dec-22 | Completed as part of business planning review for 2022-23, annual exercise |
| 9 | FVH cannot trade as a going concern | High void rent loss due to long void turnaround times. | Running a Viable Business | Poor void management processes and reporting | 5 | 3 | 15 | Improved void management processes and reporting. - Identify reasons for high void rent loss at each stage of the process - Identify the management actions to improve performance in each team - Agree targets and timescales for improvements - Implement weekly monitoring of void performance | 2 | 2 | 4 | Voids Manager | Strategic Support Officer | Agree void turnaround targets as part of the business plan | Completed | Completed: void turnaround targets agreed as part of SLA, void performance updates to come to Board in March and June 2022 |
| 10 | FVH cannot trade as a going concern | High Capital Programme costs, including future estimate change obligations, undermine the viability of the business plan. | Running a Viable Business | Uncertainty on investment requirements in stock | 5 | 5 | 25 | Development of a costed asset management plan with viable options. - Carry out stock condition survey - Develop an asset management programme - Review the asset management programme in each business planning cycle | 3 | 4 | 12 | Head of Property Services | Strategy Delivery Manager | Develop long-term asset management and investment plan, incorporating the impact of the climate change agenda. | Mar-23 | Previous risk on climate change obligations has been merged with this risk, action updated accordingly. Risk likelihood increased from 4 to 5, deadline updated to Mar-23 |
| 11 | FVH cannot trade as a going concern | The costs of remediation to the Granville and Princess Road blocks threaten the financial viability of FVH. | Running a Viable Business | Estimates for works are unaffordable; works require decanting of residents | 1 | 5 | 5 | An option which restores FVH's financial viability has been approved by the Council's Cabinet, subject to consultation. | 1 | 5 | 5 | Head of Property Services | Strategy Delivery Manager | Work with Brent Council to carry out resident consultation, agree timescales and implement agreed solution. | Completed | Action completed - transfer to take place on 1 April 2022. Risk likelihood reduced from 2 to 1. Risk to be removed following transfer |
| 12 | FVH cannot trade as a going concern | A lack of transparency around costs means FVH cannot effectively manage its costs. | Running a Viable Business | Delay in invoicing transactions to FVH | 5 | 2 | 10 | Improved financial billing processes. - Fully set up Oracle for the companies - Transfer all suppliers to direct billing | 2 | 2 | 4 | Senior Financial Analyst | | Set up fully independent company finances as part of Oracle Cloud to allow direct payments. | Apr-22 | There are multiple issues with Oracle setup which require resolution, the aim is for this to be resolved by the end of the financial year 2021-22. Deadline updated to April 2022 |
| 13 | FVH cannot trade as a going concern | Delays in processing utilities and other payments result in poor financial reporting, complaints and financial & reputational damage. | Running a Viable Business | The Company fails to set up suppliers and make payments in a timely manner | 5 | 2 | 10 | Improved financial billing processes. - Fully set up Oracle for the companies - Transfer all suppliers to direct billing | 2 | 2 | 4 | Senior Financial Analyst | | Set up fully independent company finances as part of Oracle Cloud to allow direct payments. | Apr-22 | There are multiple issues with Oracle setup which require resolution, the aim is for this to be resolved by the end of the financial year 2021-22. Deadline updated to April 2022 |
| 14 | Financial and reputational damage | Poised results in a loss of income and/or reputational damage to the company and the Council. | Running a Viable Business | Poor internal controls, or lack of compliance with these | 2 | 3 | 6 | Annual review of internal controls. | 2 | 3 | 6 | Strategic Support Officer | | Carry out review of internal controls with SLA leads and agree resulting set of actions. Internal controls review to be presented to a future Board meeting. | Apr-22 | Meeting held with Internal Audit on setting up an internal controls review; further discussions to be held internally before new financial year |
| 15 | Financial and reputational damage | FVH is deemed to have failed a regulatory requirement in its corporate role. | Running a Viable Business | Policies and procedures fail to meet regulatory requirements or are not controlled with | 2 | 3 | 6 | Annual review of economic regulatory requirements and compliance with these. | 2 | 3 | 6 | Strategic Support Officer | | Implement actions from compliance project plan presented at June Board meeting. | Feb-22 | Actions largely completed/track, with actions on Board self-review and internal controls requiring further work |
| 16 | Financial and reputational damage | FVH is deemed to have failed a statutory requirement in its corporate role following developments in the regulatory environment such as the Gender Directive | Running a Viable Business | Policies and procedures fail to meet regulatory requirements or are not complied with | 2 | 3 | 6 | Annual review of consumer regulatory requirements and compliance with these. | 2 | 3 | 6 | Strategic Support Officer | | Implement actions from compliance project plan presented at June Board meeting. | Feb-22 | Actions largely completed/track, with actions on Board self-review and internal controls requiring further work |
| 17 | Drop in customer satisfaction and damage to reputation | Contractor performance is not effectively managed and monitored, leading to poor customer service. | Providing an Excellent Housing Service | The supply chain is not effectively managed | 2 | 3 | 6 | Clear service standards, regular performance management and engagement with supply chain. | 2 | 3 | 6 | Strategy Delivery Manager | | None - monthly SLA monitoring meetings reinstated and reporting of customer satisfaction to Board. | N/A | |
| 18 | Drop in customer satisfaction and damage to reputation | Poor service delivery and complaints management procedures give rise to low tenant satisfaction. | Providing an Excellent Housing Service | A lack of clear service standards and complaints management procedures means complaints are not effectively dealt with | 2 | 3 | 6 | Clear service standards and monitoring of complaints performance. | 2 | 3 | 6 | Strategic Support Officer | | None - complaints policy in place. | N/A | |

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|---|---|
|  | Audit and Standards Advisory Committee |
| | 15th March 2022 |
| Report from the Director of Legal HR Audit and Investigations | |
| Draft Internal Audit Strategic Plan and Counter Fraud Plan for 2022/23 | |

| | |
|---|---|
| Wards Affected: | All |
| Key or Non-Key Decision: | Non-Key |
| Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open |
| No. of Appendices: | Two Appendix 1 Internal Audit Strategic Plan Appendix 2 Counter Fraud Plan 2022-23 |
| Background Papers: | None |
| Contact Officer(s): (Name, Title, Contact Details) | Darren Armstrong, Head of Audit and Investigations Darren.Armstrong@Brent.gov.uk 020 8937 1751 |

1.0 Purpose of the Report

- 1.1 This report sets out the draft Internal Audit Strategic Plan, and the Counter Fraud Plan, for 2022-23.
- 1.2 The Council has a statutory duty to maintain an adequate and effective internal audit function. The Audit and Investigations service provides this function.
- 1.3 Our primary objective is to offer the Council, via the Audit and Standards Advisory Committee, an independent and objective appraisal of whether objectives are being met. We also provide advice and guidance to management on risk and control issues within individual processes. We aim to achieve this through a planned programme of work based on an annual assessment of the major risks facing the Council.
- 1.4 The draft strategic plan, attached at **Appendix 1**, details the work to be undertaken by Internal Audit in 2022-23 to deliver this objective. **Appendix 2** also summarises our planned counter fraud work for this period.

2.0 Recommendation

- 2.1 The Committee is asked to approve the draft Internal Audit Strategic Plan, and Counter Fraud Plan for 2022-23.

3.0 Internal Audit Plan and Strategy

- 3.1 The Public Sector Internal Audit Standards (PSIAS) requires that the Head of Internal Audit effectively manages internal audit activity to ensure it adds value to the organisation. Furthermore, the PSIAS state that a risk-based plan must be prepared to determine the priorities of the Internal Audit service, and to ensure these are consistent with the organisation's objectives.
- 3.2 As seen at **Appendix 1**, for 2022-23 the audit plan has been incorporated into a wider Internal Audit Strategic Plan, which is in-line with best practice and sets out how Internal Audit will seek to add value to the Council. The plan has been drawn up to address the statutory requirements and key risks for the Council, taking into account the available resources within the Internal Audit service.
- 3.3 To develop the plan and determine coverage of Internal Audit work for 2022-23, Internal Audit has consulted with senior management via Departmental Management Teams and Senior Leadership Teams in order to obtain an understanding of the Council's strategies, key objectives and associated risks. In addition, Internal Audit has also undertaken a risk assessment exercise and reviewed departmental risk registers and the Council's Strategic Risk Register, in order to identify key risks that may threaten the achievement of the Council's objectives.
- 3.4 An assurance map has also been included at Section 6, which details Internal Audit coverage across the Council's strategic risks (as at summer 2021) from 2018-19 to 2022-23. The alignment of the audit plan and the work of Internal Audit to the Council's strategic risks represents good practice and helps to demonstrate how Internal Audit adds value.
- 3.5 As in previous years, the 2022-23 plan will need to be particularly flexible to provide most value to services that are undergoing significant levels of change. To this end, whilst Internal Audit will deliver a risk based plan, we will also remain responsive to the needs of auditees and wider-stakeholders and will continue to provide ad hoc control advice and support where required.

4.0 Counter Fraud Plan

- 4.1 As is the same for all local authorities, fraud remains an area of inherent risk to the Council. The Counter Fraud Plan, seen at **Appendix 2**, details how the resources of the Counter Fraud team will be deployed and targeted to achieve the aims and objectives of the Council's anti-fraud policies.
- 4.2 The work of the Counter Fraud Team is split between reactive and proactive activity. Reactive work largely consists of referrals to the team from the

Internal, Housing or External fraud types. Proactive activity is generated from within the service in response to a range of fraud risks and can incorporate any of the reactive fraud types.

- 4.3 The plan also details the team's Fraud Awareness Plan, which details the activities to be undertaken by the team to raise awareness of fraud risks amongst officers, residents and Members to help ensure that the Council's assets are adequately protected.

5.0 Financial Implications

- 5.1 The proposed Internal Audit Plan for 2022/23 will be delivered in accordance within the approved budget.

6.0 Legal Implications

- 6.1 All Local Authorities are required to make proper provision for Internal Audit in line with the 1972 Local Government Act and Accounts and Audit Regulations 2011 (as amended). The Public Sector Internal Audit Standards 2017, also require proper planning of audit work.

7.0 Equality Implications

- 7.1.1 None

8.0 Consultation with Ward Members and Stakeholders

None

Report sign off:

Debra Norman

Director of Legal HR Audit and Investigations

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Internal Audit Strategic Plan

2022/23

DRAFT

Appendix 1

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Appendix 1

1. Introduction and Mission

This document sets out the Internal Audit Strategic Plan for the financial year 2022/23. The plan sets out how the service will be delivered in year, and is underpinned by the Internal Audit Charter (approved in December 2021) which defines the purpose, authority, responsibility and position of the Internal Audit function with Brent Council.

Internal Audit has adopted the following mission statement:

‘To enhance and protect organisational value by providing risk based and objective assurance, advice and insight. Internal Audit helps the Council to accomplish its objectives by bringing a systemic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes.’

In delivering this mission statement, Internal Audit will:

- Produce and deliver an Annual Risk Based Internal Audit Plan, which complies with the Public Sector Internal Audit Standards (PSIAS);
- Provide the statutory Annual Internal Audit Opinion on the Council’s internal control, risk management and corporate governance arrangements;
- Provide progress reports to the Audit and Standards Advisory Committee which highlight any significant risk and control deficiencies and potential areas for improvement in the Council’s governance, risk and control arrangements; and
- Support continuous improvement across the Council through a combination of assurance, consultancy and follow-up work.

2. Core Values and Principles

Internal Audit is committed to providing a **high quality, professional** and **customer-focussed** service that remains a trusted source of assurance and advice to corporate leadership and the Audit and Standards Advisory Committee.

Internal Audit will follow the requirements of the Public Sector Internal Audit Standards, including the Code of Ethics. The following core values and principles will also underpin the delivery of all aspects of internal audit work:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Remains objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the Council;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk based assurance;

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- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

3. Provision of the Service

How the service is provided

Our primary objective is to offer the Council, via the Audit and Standards Advisory Committee, an independent and objective appraisal of whether objectives are being met. We also provide advice and guidance to management on risk and control issues within individual processes. We aim to achieve this through a planned programme of work based on an annual assessment of the major risks facing the Council.

The Internal Audit service has defined standards for the planning, execution and reporting of internal audit work. These include arrangements for the review and approval of reports by the Head of Audit and Investigations before issue.

Reports will be balanced, clear, concise, and constructive and they will be issued in line with our defined reporting timescales.

The Head of Audit and Investigations will provide an Annual Internal Audit Opinion to those charged with governance, timed to support the Council's Annual Governance Statement. The Annual Internal Audit Opinion will include the statutory opinion on the overall adequacy and effectiveness of the Council's system of internal control, risk management and corporate governance.

Measuring performance and success

The Public Sector Internal Audit Standards are clear that Internal Audit should add value to the organisation. This will be achieved through the delivery of this strategy, and also via the provision of consultancy services and risk and control advice.

The following Key Performance Indicators (KPIs) have been established to measure the ongoing performance and value of the Internal Audit Service, which will demonstrate achievement of the objectives that support our mission statement:

- **KPI1** – 90% of the Annual Internal Audit Plan completed by 31st March (conclusion of fieldwork).
- **KPI2** – 100% of the Annual Internal Audit Plan completed by 30th April (conclusion of fieldwork).
- **KPI3** – 100% acceptance of all Critical and High risk recommendations
- **KPI4** – Follow-up of all Critical and High risk recommendations within (at least) 12 months of the final report being issued.
- **KPI5** – 90% of client satisfaction surveys rated the service as good or better.

Other factors of success will also be evident and monitored over time, including the rate of implementation of recommendations, and a reduction in the number of Critical and High risk recommendations raised.

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The following performance management arrangements are also in place:

- Agreement of the Internal Audit Plan by the Council's Management Team (CMT) and the Audit and Standards Advisory Committee;
- Quarterly progress reports are reported to CMT and the Audit and Standards Advisory Committee;
- Individual audit assignments will be undertaken in accordance with risk-based methodology and per the protocols set-out within the Internal Audit Methodology;
- All assignments are subject to a Terms of Reference, agreed with the auditee, which set out the key risks and objectives of the audit;
- On conclusion of an audit, a closing meeting is held and an audit report is shared that sets out the audit findings, rated as either critical, high, medium or low risk. The report will also include recommendations as to how the findings may be addressed, which will be agreed with management and accompanied with target dates and action owners.

4. Plan Production and Risk Assessment

Preparation and consultation

The 2022-23 plan has been drafted from a number of information sources, including an Internal Audit risk assessment, audit plans of other local authorities, intelligence from previous audits/fraud investigations, requests from management, and relevant guidance/publications from professional bodies, including CIPFA and the Institute of Internal Auditors (IIA).

The Council's objectives, as defined in the Borough Plan, have also been considered in drafting the plan. Internal Audit has also consulted with senior management via Departmental Management Teams and Senior Leadership Teams in order to obtain an understanding of the Council's strategies, key objectives and associated risks. Where appropriate, the plan has also been aligned to Departmental Risk Registers and the Council's Strategic Risk Register to ensure that the work of Internal Audit is focussed on the main risks and issues that threaten the achievement of the Council's objectives.

As in previous years, the 2022-23 plan will need to be particularly flexible to provide most value to services that are undergoing significant levels of change. To this end, whilst Internal Audit will deliver a risk based annual plan, we will also remain responsive to the needs of auditees and wider-stakeholders and will continue to provide ad hoc control advice and support where required.

Delivery and resourcing

The plan and strategy has been drawn up to address the statutory requirements and key risks for the Council, taking into account the available resources within the Internal Audit service. Changes to the annual plan may be necessary during the year to ensure that the Internal Audit service responds to changing risks.

All planned audit work undertaken is subject to a formal follow-up to ensure that actions have been implemented. The timing of each follow up review is agreed

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with the auditee for the original audit. Summary findings emanating from planned internal audit work as well as levels of implementation of agreed actions is reported to the Audit and Standards Advisory Committee as part of quarterly progress reports. Follow up outcomes will also have an impact on our risk assessment of a particular area.

The Head of Audit and Investigations is responsible for identifying the resources necessary to deliver the audit plan and to fulfil the Council's requirements and expectations as to the robustness and scope of the annual internal audit opinion. To this end, the Head of Audit and Investigations is satisfied that adequate resources are available for the provision of an effective internal audit function. The service continues to operate a co-sourced model, with a small portion of the plan (c180 days) delivered by our co-sourced partner, PwC.

The 2022-23 plan will deliver c775 audit days across the following areas:

- Providing assurance on high-risk areas (including key financial systems) via a risk-based auditing approach (65%);
- Schools audit coverage via 7 establishment visits and one follow up review (9%);
- Follow up reviews to monitor implementation of audit recommendations (13%), and
- An element for contingency to enable the audit service to provide ad hoc advice and to respond to management requests for support (13%).

Appendix 1

5. 2022-23 Internal Audit Plan

A. Cross Cutting Plan

| Ref | Audit title | Indicative Scope | Planned Quarter | Planned Days |
|---------------------------------|--|---|-----------------|--------------|
| CC22-01 | Information Governance – Data Breaches | A risk based review of the arrangements in place to prevent, identify and report data breaches. Scope to consider: policies and procedures, ICO reporting arrangements, training and awareness, and lessons learned. | Q1 | 15 |
| CC22-02 | Recruitment and Retention | A risk based review of the Council's recruitment and retention strategy and policies/procedures. Scope to provide assurance over the mitigating actions in place surrounding this area of strategic risk. | Q2 | 15 |
| CC22-03 | Extended Follow-up Review - Use of Agency Workers | A risk based review of use of Agency Workers. Scope to review the implementation of recommendations arising from the previous review undertaken in this area in 2020-21. | Q3 | 15 |
| CC22-04 | Climate Change and Sustainability | <i>Review carried forward from 2020-21</i> Programme assurance regarding the delivery of the Council's climate change strategies and action plan. | Q2 | 15 |
| CC22-05 | Capital Programme | A risk based review of the Council's Capital Programme. The scope to consider governance arrangements, strategy, planned savings, budgeting, approvals, risk management, monitoring and reporting. | Q2 | 20 |
| CC22-06 | Follow-ups | Follow up of recommendations made in 21-22 | All | 100 |
| Cross-cutting Total Days | | | 180 | |

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B. Customer and Digital Services

| Ref | Audit title | Indicative Scope | Planned Quarter | Planned Days |
|---|-----------------------------------|---|-----------------|--------------|
| CDS22-01 | Digital Strategy | Programme assurance regarding the design and delivery of the Council's Digital Strategy. Scope to be refined and agreed in year to focus on high risk areas. | Q2 | 15 |
| CDS22-02 | Oracle Programme - Phase 2 | On-going assurance and risk/control advice surrounding the implementation of Oracle Cloud. | Q2 | 15 |
| CDS22-03 | IT Audit Reviews (tbc) | Allocation of time for 2x risk-based IT audit reviews. Audits to be agreed in year on completion of a risk-assessment exercise, in conjunction with the Shared Digital Service and partner boroughs. Scope to also include a follow-up of recommendations arising from the 2021-22 review of Cyber Security/Remote working. | Q1-4 | 40 |
| CDS22-04 | Procurement | A risk based review of Procurement to focus on areas of key risk. Scope to include Possible areas for scope include: supplier management, risk mitigation strategy, follow-up of recommendations arising from the Contract Management review currently being undertaken as part of the 2021-22 plan. | Q3 | 20 |
| Customer and Digital Services Total Days | | | 90 | |

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C. Community Wellbeing

| Ref | Audit title | Indicative Scope | Planned Quarter | Planned Days |
|---------------------------------------|---|--|-----------------|--------------|
| CWB22-01 | Private Sector Property Licensing | A risk based review of Private Sector Property Licensing. Scope to include applications, processing, approvals, income management and performance monitoring arrangements. | Q1 | 15 |
| CWB22-02 | Housing Compliance | A risk based review of Council's housing compliance and roles and responsibilities as a Landlord. Scope to be refined in year – to possibly deep dive into a specific area of health and safety. | Q2 | 15 |
| CWB22-03 | Tenancy Management Organisation (Establishment Review) | A risk based and deep-dive review into a tenancy management organisation (TMO). | Q1 | 15 |
| CWB22-04 | Mental Health Disabilities | A risk-based review of governance arrangements in place for mental health disabilities care. The scope will include a review of controls related to approval, funding and monitoring of care plans/packages. | Q3 | 15 |
| CWB22-05 | Better Care Fund | A risk based review of the governance arrangements in place for the Better Care Fund. Scope to include financial reporting and performance management. | Q4 | 15 |
| CWB22-06 | Public Health | Review to be undertaken in an area of high risk. Scope to be agreed/refined in-year with management. | Q3 | 15 |
| Community Wellbeing Total Days | | | 90 | |

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D. Children and Young People

| Ref | Audit title | Indicative Scope | Planned Quarter | Planned Days |
|---|--|---|-----------------|--------------|
| CYP22-01 | Brent Commissioned Arrangements | A risk based review of the commissioning arrangements and dynamic purchasing vehicles (in accordance with Brent's commission placements and in collaboration with West London Alliance). <i>Review carried forward from 2021/22.</i> | Q2 | 15 |
| CYP22-02 | Family Wellbeing Centres | A risk based review of Family Wellbeing Centres. Scope to include governance arrangements, performance management and reporting. | Q3 | 15 |
| CYP22-03 | No Recourse to Public Funds (NRPF) and Intentionally Homeless | A risk based review of the NRPF process. Scope to include governance arrangements, acceptance process, screening, financial support and property procurement. | Q4 | 15 |
| CYP22-04 | School Reviews | Risk based review of up to 7 schools during 2022/23. | All | 70 |
| Children and Young People Total Days | | | 115 | |

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E. Regeneration and Environment

| Ref | Audit title | Indicative Scope | Planned Quarter | Planned Days |
|--|---|--|-----------------|--------------|
| RE22-01 | Redefining Local Services Project (Integrated Street Cleansing, Waste Collections & Winter Maintenance Contract) | Risk based control advice and consultancy support regarding the Redefining Local Services Project (Integrated Contract). The scope to consider key processes and controls and governance/assurance frameworks. | Q3 | 15 |
| RE22-02 | Large Event Day Management | A risk based review of Large Event Day Management. The scope to consider governance arrangements, planning, communications and licensing/enforcement. | Q2 | 15 |
| RE22-03 | Property Valuations | A risk based review of Property Valuations. The scope to consider governance arrangements, valuing of assets, recording of assets, changes and updates, accounting, monitoring and reporting. | Q2 | 15 |
| RE22-04 | Licensing | A risk based review of Licensing. The scope to consider governance arrangements, licence applications and decisions, fees, inspections, breach of licence conditions, and management/performance information. | Q1 | 15 |
| Regeneration and Environment Total Days | | | 60 | |

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F. Finance

| Ref | Audit title | Indicative Scope | Planned Quarter | Planned Days |
|---------------------------|---|--|-----------------|--------------|
| FIN22-01 | Financial Management Code | A risk-based review to assess compliance with CIPFA's Financial Management Code. Scope to consider progress against implementation of the code, strategy, communication, benefits realisation, monitoring and reporting. | Q1 | 20 |
| FIN22-02 | System Financial Processes | A risk based reviews of controls in system financial processes. Scope to focus on Northgate housing benefit and rent and how these work together. <i>Review carried forward from 2021-22</i> | Q3 | 20 |
| FIN22-03 | Key Financial Controls – Extended follow-up review | Extended follow-up review to evaluate the implementation of any recommendations arising from the 2021-22 KFC review. Scope to also include testing of additional control areas – to be determined/agreed in year. | Q3 | 25 |
| FIN22-04 | Income and Debt Management | A risk based review of Income and Debt Management. Scope to consider income receipts, refunds, suspense accounts, reconciliations, management information, reporting and adequacy of debt management. | Q4 | 15 |
| FIN22-05 | Financial Strategy/Savings Programme | A risk based review of Financial Strategy/Savings Programme. The scope to consider governance arrangements, planning, targets, monitoring and reporting. | Q3 | 15 |
| FIN22-06 | Barham Park Accounts | Independent certification of accounts. | Q2 | 5 |
| Finance Total Days | | | 100 | |

Appendix 1

G. Miscellaneous

| Ref | Audit title | Indicative Scope | Planned Quarter | Planned Days |
|---------------------------------|--|---|-----------------|--------------|
| MSC22-01 | First Wave Housing Ltd / i4B Holdings | Audit plan to be agreed separately with FWH/i4B. Audits to focus on areas on high risk and to include follow-up of recommendations raised in 2021-22 reviews. | 1-4 | 25 |
| MSC22-02 | Grant Certifications | To undertake grant certification where required. | 1-4 | 15 |
| MSC22-03 | Contingency | Contingency budget to be used where required to undertaken additional work in-year, including consultancy and advice work. | 1-4 | 100 |
| Miscellaneous Total Days | | | 140 | |

Appendix 1

6. Strategic Risk Assurance Map

| Ref | Risk Title | Internal Audit Coverage (from 2018-19 to 2021-22) | 2022-23 Planned IA Coverage |
|-----|---|--|---|
| 1. | Increase in Dedicated Schools Grant High Needs Block (HNB) Deficit | No direct assurance work provided in this area of strategic risk. Risk/control advice is provided where requested/required. | No direct assurance work provided in this area of strategic risk. Risk/control advice will continue to be provided where requested/required. |
| 2. | Lack of supply of affordable accommodation | <p>2019/20 – Housing Allocations - assurance over the Council's housing allocation processes to ensure applications are adequately and appropriately assessed and housing stock is allocated to residents in a fair and timely manner.</p> <p>2020/21 – Capital Letters - assurance on the effectiveness and robustness of the Council's arrangements in respect of the administration and utilisation of Capital Letters.</p> <p>2020/21 – Introductory Tenancies - assurance over the process risks relating to introductory tenancies, which included policies and procedures, new tenancies and monitoring and management of tenancies.</p> <p>2020/21 – Housing Succession - assurance over the Council's current housing succession processes within its Tenant Management Policy for compliance and allocation in a fair and transparent manner, in line with the criteria and conditions set and assess the management and timeliness of processing housing successions within the service.</p> <p>2020/21 – GLA Affordable Housing Programme - assurance over the Council's current processes within the GLA Affordable Housing Programme to ensure both funds and homes are allocated fairly and transparently, in line with the criteria and conditions set.</p> | <p>Following reviews planned for 22/23 as per plan detailed above:</p> <p>CWB22-01 - Private Sector Property Licensing</p> <p>CWB22-02 – Housing Compliance</p> |

Appendix 1

| Ref | Risk Title | Internal Audit Coverage (from 2018-19 to 2021-22) | 2022-23 Planned IA Coverage |
|-----|--|--|---|
| | | 2021/22 – Voids Management - assurance on the effectiveness and robustness of the Council's processes surrounding void property management including the number of voids, turnaround time, repairs and the impact on rental income. | |
| 3. | Failure to Deliver Planned Savings | No direct assurance work provided in this area of strategic risk. | <p>Following reviews planned for 22/23 as per plan detailed above:</p> <p>FIN22-01 – Financial Management Code</p> <p>CC22-05 – Capital Programme</p> <p>FIN22-05 - Financial Strategy/Savings Programme</p> |
| 4. | Delays in the re-procurement of key public realm services | No direct assurance work provided in this area of strategic risk. | <p>Following review planned for 22/23 as per plan detailed above:</p> <p>RE22-01 - Redefining Local Services Project (Integrated Street Cleansing, Waste Collections & Winter Maintenance Contract)</p> |
| 5. | Cyber Attacks | 2020/21 – Cyber Security Workshop – evaluation of the Council's current security state and allow management to prioritise activities to protect sensitive customer, colleague and commercial data. | <p>Following review planned for 22/23 as per plan detailed above:</p> <p>CDS22-03 – IT Reviews (tbc)</p> |

Appendix 1

| Ref | Risk Title | Internal Audit Coverage (from 2018-19 to 2021-22) | 2022-23 Planned IA Coverage |
|-----|--|--|--|
| | | 2021/22 – Cyber Remote Working – assurance over the key risk management, people security, protective technology and detective technology controls related to remote working. | |
| 6. | Workforce Resilience | 2021/22 – Workforce and Succession Planning – assurance over the Council's Strategic workforce planning controls. | Following review planned for 22/23 as per plan detailed above: CC22-02 – Recruitment and Retention |
| 7. | Budget Setting | 2018/19 – Budget Monitoring – assurance on the design and effectiveness of controls in relation to budget monitoring with a particular focus on the processes in place to effectively monitor and manage budgetary spend and whether these are well established across capital and revenue budgets. | Following reviews planned for 22/23 as per plan detailed above: FIN22-01 – Financial Management Code CC22-05 – Capital Programme FIN22-05 - Financial Strategy/Savings Programme |
| 8. | Brexit - Economic uncertainty/loss of workforce | No direct assurance work provided in this area of strategic risk. Risk/control advice is provided where requested/required. | No direct assurance work provided in this area of strategic risk. Risk/control advice will continue to be provided where requested/required. |
| 9. | Contract Management | 2021-22 – Contract Management - assurance that the Council's contract management arrangements are operating robustly and effectively to ensure that major and operational contracts are delivered in accordance with agreed definitions. | Following reviews planned for 22/23 as per plan detailed above: CDS22-04 - Procurement |

Appendix 1

| Ref | Risk Title | Internal Audit Coverage (from 2018-19 to 2021-22) | 2022-23 Planned IA Coverage |
|-----|-------------------------------------|---|--|
| 10. | Delivery of Digital Strategy | <p>2019/20 – IT Governance – assurance over the delivery of the envisioned benefits against the strategy, costs are optimised, and the value created for the organisation by its technology investments is maximised.</p> <p>2019/20 – Robotics Process Automation – assurance on the strategy, governance and risk management related to the implementation and monitoring of RPA within the Council to help it achieve its Digital Strategy in which to grow, evolve and operate.</p> | <p>Following reviews planned for 22/23 as per plan detailed above:</p> <p>CDS22-01 – Digital Strategy</p> |
| 11. | Demand for Services | 2021/22 – Demand for Services – focussed assurance over the financial management of demand pressures. | No direct assurance work provided in this area of strategic risk for 2022-23. |

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Appendix 2

Annual Counter Fraud Plan – 2022-23

Objective

Fraud remains an area of inherent risk to the Council. The objective of the Counter Fraud Plan is to ensure resources of the Counter Fraud Team are effectively targeted and deployed to prevent and detect fraud in accordance with the Council's anti-fraud and corruption policies.

Background

A best practice and proactive approach is to counter fraud through prevention and detection activities. The work of the Counter Fraud Team is therefore split accordingly between reactive and proactive activity.

Reactive activity largely comprises of referrals to the team in relation to internal, housing or external fraud types.

Proactive activity is generated from within the team in response to a range of known and/or emerging fraud risks, and also incorporates issues flagged by the Internal Audit service. Proactive activities include data matching reviews, fraud workshops, targeted operations and other planned fraud risk reviews across all service areas.

All fraud referrals are subject to a robust risk assessment to ensure that resources are targeted and utilised effectively and efficiently. For 2022/23 the Counter Fraud Plan will deliver 1,135 days, with resources allocated as summarised in the table below:

Appendix 2

| Ref | Fraud Type | Description | Planned Days | % |
|--------|-------------------------------------|--|--------------|------------------|
| AF22-1 | Housing | Housing remains a key fraud risk area and includes: unlawful subletting; non-residency; successions / false assignments; housing/homeless applications, and Right to Buy. Proactive work will include our existing involvement with 'Gas Forced Entries', succession applications and Right To Buy applications for council tenancies, which has been demonstrated to be an effective source of fraud detection and higher referral quality. | 570 | 50% (minimum) |
| AF22-2 | Internal/ Whistleblowing | It is difficult to predict and quantify resources for internal/whistleblowing referrals due to their nature. A high priority, or more complex, case can quickly take up resource. The fraud type can affect any area of the Council and will often take priority. It is possible that, during 2022/23, the time spent in this area will be higher than 15% especially with related plans for raising fraud awareness and team profile. | 170 | 15% |
| AF22-3 | External | 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. | 170 | 15% |
| AF22-4 | Proactive | Proactive activities include data matching reviews, fraud workshops, targeted operations based on known intelligence, and other planned fraud risk reviews across all service areas. | 225 | 20% |

Appendix 2

Fraud Awareness Plan

The objective of the Fraud Awareness Plan is to raise awareness of the risk of fraud amongst officers, residents and members to help ensure that Brent's assets are adequately protected. The Counter Fraud team promote the anti-fraud policies amongst all stakeholders to increase awareness, generate better quality referrals and raise the team's profile.

A number of engagements are already underway, including workshops with service areas and updating the content of our intranet and internet pages. The plan, as set out below, will be reviewed each quarter and amended accordingly.

| Activity | Description | Planned Quarter | Activity Summary |
|---|--|-----------------|--|
| Policies | Update anti-fraud policies on intranet and internet pages including related content. | Q1-Q2 | Previously undertaken 2020/21. |
| E-learning | New starter induction – review of current e-learning mandatory course. | Q1 | The existing anti-fraud e-learning course for new starters has ended in Q3 2021-22, new content has been reviewed and awaiting a go-live date from the Learning & Development team. |
| | Existing staff – re-introduction of an annual or biennial e-learning mandatory course. | Q1-Q2 | Plan to implement during Q1 once new Fraud Prevention and Anti-Bribery e-learning courses go-live. |
| Fraud Risk and Awareness Workshops | Deliver fraud awareness sessions / workshops across council service areas, schools and other stakeholders. | Q1-Q4 | A programme of workshops and awareness sessions delivered by the Counter Fraud team started in 2018/19. This covers all service areas, members and schools. We will continue to deliver sessions to key service areas and stakeholders. |

Appendix 2

| Activity | Description | Planned Quarter | Activity Summary |
|-------------------|--|------------------------------|--|
| Yammer | Increased presence on Yammer. Publish appropriate investigation outcomes. Publicise fraud alerts / guidance. Online workshops / group chats and advice on anti-fraud related matters. | Q1-Q4 | Counter Fraud activity, guidance, alerts, and key case outcomes are published regularly. Yammer will continue to be used to deliver key messages. |
| Technology | Consider and introduce new technologies to prevent / detect fraud. | Q1-Q4 Q1-Q4 Q1 | INTEC IDIS (internal and credit reference data matching). Introduced during 2021/22. The system can match any council datasets against various parameters to prevent/detect fraud and error. GBG ID Scan - Scannet (ID authentication). Four scanners installed Q2 2021/22. Cifas NFD / IFD (anti-fraud databases). The NFD system was introduced in 2019/20. IFD is the internal anti-fraud system that is under review to introduce this year. NFI AppCheck and NFI FraudHub (using internal data matching with credit reference data). Under review to consider implementation this year for all council services to utilise as part of verification and fraud prevention. |
| Advice | Provide an advisory service | Q1-Q4 | Encourage teams to approach for advice and guidance in relation to fraud risks. |

Appendix 2

| Activity | Description | Planned Quarter | Activity Summary |
|----------------------|---------------------------------|-----------------|--|
| | | | Take proactive approach to assist with new procedures / process in other service areas, to mitigate fraud risks. |
| Collaboration | Enhance closer / joint working. | Q1-Q4 | <p>Set up workshops with key partner teams such as HR, Legal, Housing, Parking and other regulatory / enforcement teams to improve joint working, closer collaboration, share best practice and increase understanding of fraud risks.</p> <p>Working closely with Brent Housing Management to prevent / detect tenancy fraud and representation on the Tackling Tenancy Fraud Board to develop its action plan. This includes providing fraud awareness workshop for staff, developing processes, access to anti-fraud systems and increasing relevant skill sets within BHM.</p> <p>A new working group was set up in Q4 2021/22 to bring key stakeholders together and meet regularly to address fraud and safeguarding risks relating to financial assessments across Adult Social Care.</p> |
| Publicity | Public awareness | Q1-Q4 | Review media campaign to communicate Brent's approach to fraud and means of reporting suspected fraud where appropriate. |

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| A&SAC FORWARD PLAN / WORK PROGRAMME / UPCOMING AGENDA | | | | | | |
|---|-----------|-----------|-----------|-----------|-----------|-----------|
| Topic / Date | 11-May-21 | 26-Jul-21 | 22-Sep-21 | 07-Dec-21 | 31-Jan-22 | 15-Mar-22 |
| Internal Audit & Investigations | | | | | | |
| Internal Audit Annual Report, including Annual Head of Audit Opinion | X | | | | | |
| Review Internal Audit Charter | | | | X | | |
| Internal Audit and Counter Fraud Progress Reports | | | X | | X | |
| Draft Internal Audit and Investigations Annual Plan | | | | | | X |
| External Audit | | | | | | |
| External Audit progress report | | X | X | X | X | X |
| External Audit plan | X | | | | | |
| Statement of Accounts & External Auditor's Report | | | X | | | |
| External Audit Appointment Report | | | | | X | |
| Annual Auditor's Report | | | X | | | |
| Financial Reporting | | | | | | |
| Treasury Management Mid-term Report | | | | X | | |
| Treasury Management Strategy | | | | X | | |
| Statement of Accounts | | X | X* | | | |
| Treasury Management Outturn Report | X | | | | | |
| CIFPA Financial Management Code & Assessment | | X | | X | | |
| Governance | | | | | | |
| To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd | | | X | | | X |
| Review of the Financial and Procedural Rules governing the Mayor's Charity Appeal | | | | X* | | |
| Review of the use of RIPA Powers | X | | | | | X |
| Planning Code of Practice Review | | | | | | |
| Receive and agree the Annual Governance Statement | | X* | | | | |
| Risk Management | | | | | | |
| Strategic Risk Register Update | | X | | | | |
| Cyber-Security Risk | | | | X | | |
| Emergency Preparedness | | X | | | | |
| Audit Committee Effectiveness | | | | | | |
| Review the Committee's Forward Plan | X | X | X | X | X | X |
| Review the performance of the Committee (self-assessment) | | | | | | |
| Training Requirements for Audit Committee Members as required | | | | | | |
| Standards Matters | | | | | | |
| Standards Report (including gifts & hospitality) | | X | X | X | | X |
| Annual Standards Report | X | | | | | X |
| Complaints & Code of Conduct | | | X | | | |
| Review of the Member Development Programme and Members' Expenses | | | | | | X |

* Requires approval by Audit & Standards Committee

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