



## Audit and Standards Advisory Committee

**Tuesday 21 March 2023 at 6.00 pm**

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

(Agenda re-published on 20 March 2023 to include reports for Agenda Items 10 and 11)

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)

#### Substitute Members

#### Councillors:

Chan (Vice-Chair)  
Long  
Kabir  
Smith  
S Butt  
Choudry  
J. Patel

#### Councillors:

Afzal, Agha, Begum, Gbajumo, Molloy and Shah

#### Councillors:

Kansagra and Mistry

#### Independent Co- Opted Members

Vacant

#### Independent Advisor

Vineeta Manchanda

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Tel: 020 8937 1506; Email: [Natalie.Connor@brent.gov.uk](mailto:Natalie.Connor@brent.gov.uk)

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### **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
<b>1 Apologies for absence and clarification of alternate members</b>	
<b>2 Declarations of Interest</b>	
Members are invited to declare at this stage of the meeting, the nature and existence of any relevant disclosable pecuniary or personal interests in the items on this agenda and to specify the item(s) to which they relate.	
<b>3 Deputations (if any)</b>	
To hear any deputations received from members of the public in accordance with Standing Order 67.	
<b>4 Minutes of the previous meeting</b>	1 - 14
To approve the minutes of the previous meeting held on Tuesday 7 February 2023 as a correct record and note the action log arising from previous meetings.	
<b>5 Matters arising (if any)</b>	
To consider any matters arising from the minutes of the previous meeting.	
<b>Standards Items</b>	
<b>6 Annual Standards Report (including Gifts &amp; Hospitality)</b>	15 - 22
This report provides the Audit and Standards Advisory Committee with 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 2022, together with the quarterly report on gifts and hospitality registered by Members.	
<b>7 Review of the Member Development Programme and Members' Expenses</b>	23 - 132
This report is presented to provide members of the Audit and Standards Advisory Committee with a summary of the Member Learning and Development Programme since the last report to the Committee in March	

2022. The report also provides further information regarding the Members' Expenses Scheme.

## **8 Review the Role and Operation of the Constitution Working Group 133 - 138**

This report provides members of the Audit and Standards Committee with a review of the role and operation of the Constitutional Working Group, following a Committee request to receive an update on this following the Local Elections in May 2022.

## **9 Review the Financial and Procedural Rules governing the Mayor's Charity Appeal 139 - 146**

The purpose of this report is to update the Audit and Standards Advisory Committee on a recent review of the financial and procedural rules for governing the Mayor's Charity Appeal.

### **Finance Items**

## **10 Brent Council Statement of Accounts 2021/22 147 - 150**

To receive an update on the completion of the Council's Annual Statement of Accounts 2021-22.

## **11 LB Brent Audit Findings Report 2021/22 151 - 208**

To receive an update on completion of the final report from Grant Thornton (External Auditors) regarding the 2021/22 Audit Findings.

### **Audit Items**

## **12 Review of the Performance & Management of i4B Holdings Ltd and First Wave Housing Ltd**

**12.1** To receive an update on i4B Holdings Ltd's recent performance, business plan and risk register. 209 - 220

**12.2** To receive an update on First Wave Housing Ltd's recent performance, business plan and risk register. 221 - 228

## **13 Internal Audit Investigations Plan 229 - 256**

This report sets out the draft Internal Audit Strategic Plan and the Counter Fraud Plan for 2023-24.



## 14 Review of the use of RIPA Powers

257 - 264

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.

## 15 Evaluating the Effectiveness of the Committee - Survey Outcomes

265 - 276

This report summarises the outcomes of a recent self-assessment exercise undertaken by members of the Audit and Standards Advisory Committee.

## 16 External Audit Progress Report and Sector Update

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

## 17 Review the Committee's Forward Plan

277 - 278

To note the provisional list of Committee meeting dates and work programme for 2023-24.

Tuesday 6 June 2023 at 6pm

Tuesday 18 July 2023 at 6pm

Tuesday 26 September 2023 at 6pm

Wednesday 6 December 2023 at 6pm

Tuesday 6 February 2024 at 6pm

Tuesday 26 March 2024 at 6pm

## 18 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: Tuesday 6 June 2023**



Please remember to **SWITCH OFF** your mobile phone during the meeting.

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

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**MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE**  
**Held in the Conference Hall, Brent Civic Centre on Tuesday 7 February 2023**  
**at 6.00 pm**

**PRESENT:** Councillor David Ewart (Chair), Councillor Chan (Vice-Chair) and Councillors S.Butt, Choudry, Kabir, Long, J Patel, and Smith.

**Independent Advisor:** Vineeta Manchanda.

Also present: Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources and Reform) and Julie Byrom (Independent Person – who was attending online)

1. **Apologies for absence and clarification of alternate members**

Apologies for absence were received from Keir Hopley (Independent Person)

Apologies for lateness were received from Councillor Smith.

2. **Declarations of Interest**

David Ewart (Chair) declared a personal interest as a member of CIPFA.

3. **Deputations (if any)**

None received.

4. **Minutes of the previous meeting**

**RESOLVED** that the minutes of the previous meeting held on Wednesday 7 December 2023 be approved as a correct record.

Members also noted the update provided in relation to the Action Log of issues identified at previous meetings.

In considering the actions outlined, the Committee requested a further progress update at a future meeting on the development and use of the Financial Inclusion Dashboard. In response, Ravinder Jassar, Deputy Director of Finance, advised the Committee of the ongoing development of the Dashboard on which he advised the Committee would continue to be keep updated as progress was made.

5. **Matters arising (if any)**

None.

6. **Review of Internal Audit External Quality Assessment Outcomes**

Darren Armstrong, Head of Audit and Investigations, introduced a report updating the Audit and Standards Advisory Committee on the outcome of the Internal Audit External Quality Assessment (EQA) undertaken in Quarter 3 2022-23. Context was provided that as part of the Council's statutory duty to maintain an adequate and effective Internal Audit function the Public Sector Internal Audit Standards (PSIAS) required an EQA to be undertaken at least every 5 years. The Committee were advised that the review of Internal Audit's performance at Brent had been completed by Caroline Glitre, the Head of Internal Audit for the London Borough of Barnet. The outcome of the EQA was felt to be overwhelmingly positive with the Council found to be performing highly throughout the assessment.

Caroline Glitre, Head of Internal Audit, London Borough of Barnet addressed the Committee to share her findings from the assessment, the Committee noted the following key highlights from the EQA report:

- It was confirmed that throughout the assessment Brent had been rated at the highest rating of "Generally Conforms", this rating indicated that the relevant structures, policies and procedures of the internal audit service and the application of them were compliant with the PSIAS.
- Feedback received from key stakeholders throughout the assessment process indicated that the Internal Audit Service at Brent was delivered with professionalism and integrity. Issues and concerns were raised at the appropriate levels with a healthy level of challenge in place.
- Among the general good practice recognised in Brent, five areas of notable practice had been specifically identified, as detailed within section 4.4 of the report and the final Assessment Report. These included the steps taken to maintain independence of the Head of Internal Audit and provision for their regular attendance at Departmental Management Team meetings.
- A total of ten good practice recommendations had also been made by the assessors. These had not impacted on conformance with the PSIAS and, as summarised in the final Assessment Report included updating the Council's Risk Management Policy Statement and Strategy and consideration to be given as to how the reporting of outcomes of Consultancy Work was reported to the Committee. A detailed action plan had been developed in response to reflect management actions, including responsible officers and target dates for each of the recommended actions, which had been attached as Appendix C to the final Assessment Report Progress on implementation of the action plan would be updated to the Committee periodically at future meetings.
- It was felt that in summary Internal Audit at Brent was a well led respected service that added value and provided evidence based reliable assurance over the Council's governance, risk management and internal controls.

The Committee welcomed the findings and outcomes identified and with no other comments raised the Chair thanked Caroline Glitre and officers for their hard work and assurance provided in relation to the EQA and it was **RESOLVED** to formally note the report and outcome of the Internal Audit External Quality Assessment and endorse the Action Plan developed in response to the key findings and recommendations as laid out in the report.

7. **Standards Report (including quarterly update on Gifts & Hospitality and mandatory training)**

Debra Norman, Corporate Director Governance, introduced a report updating the Audit and Standards Advisory Committee (ASAC) on gifts and hospitality registered by Members, and the attendance record for Members in relation to mandatory training sessions.

In considering the report the Committee noted:

- The summary of gifts and hospitality which had been registered by members during October – December 2022, as detailed within section 3.3 and Appendix A of the report.
- The positive progress made in terms of all Members completing the core mandatory training courses in line with the Members' Code of Conduct.
- The summary provided of a recent Local Government & Social Care Ombudsman (LGSCO) case relating to the process undertaken in handling a member code of conduct investigation in a District Council. The outcomes and points of interest were detailed in section 3.10 – 3.22 of the report, with the Committee assured, as a result, of the robustness of related processes within Brent.

As no further issues were raised the Chair thanked Debra Norman for the update provided and it was **RESOLVED** to note the content of the report.

Before moving on, the Chair also took the opportunity to formally introduce and welcome Julie Byrom to the Committee as a newly appointed Independent Person.

8. **Brent Council Statement of Accounts 2021/22**

The Chair welcomed Ciaran McLoughlin, Key Audit Partner, Grant Thornton, to the meeting who was asked to provide an update on progress with completion of the audit relating to the Statement of Accounts in order to enable their final sign off. In noting the reasons for the delay in completion of the audit process, initially relating to a national issue involving the accounting for infrastructure assets and final review of the Statement of Accounts, following adjustment to comply with the revised accounting requirements the Committee were reassured that the audit of accounts was now substantially complete with a small number of issues to be completed but no significant changes anticipated. Confirmation was provided that the anticipated result was still that an unqualified audit opinion would be provided however it was necessary to wait for the completion of the quality control process before the finalised audit opinion could be issued and Statement of Accounts along with the required Letter of Representation signed off to confirm final approval

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

- In response to a Committee query regarding when the finalised Statement of Accounts would be completed and ready for signing, the Committee were advised by the external auditors that the finalised audit enabling sign off of the final Statement of Accounts was due for completion within the next 1 -2 weeks.

- Following a query regarding if there were any anticipated significant changes that would affect the final sign off of the Statement of Accounts, the Committee were advised that no material changes had been identified that were anticipated to impact on the ability to sign off the accounts or that would impact on the Council's medium term financial position.
- In response to a Committee query in relation to any areas within the Statement of Accounts that were subject to further checks which were not standard, the Committee were assured that all areas which had required further checks were typical areas that auditors would seek assurances on.
- The Committee queried if there had been an impact on accounting as a result of changes made to how infrastructure assets were valued, with members advised that the Chartered Institute of Public Finance and Accountancy (CIPFA) had issued guidance on the temporary solution for accounting for infrastructure assets and as such Brent had updated the Statement of Accounts to comply with the revised requirements.

As no further issues were raised the Committee **RESOLVED** to note the update provided in relation to final sign off for the Statement of Accounts, with the previous authorisation delegated to Councillor Chan (as Chair of the Audit & Standards Committee) remaining in place for approval to sign the finalised Statement of Accounts, subject to the necessary assurance being provided by the Corporate Director of Finance & Resources of no material changes along with the final Letter of Representation from management having been provided.

## 9. **LB Brent Audit Findings Report 2021-22**

Sheena Phillips, Audit Manager, Grant Thornton, then moved on to provide the Committee with a further update on the detailed audit findings from the 2021-22 reporting period and key changes in the Audit Findings Report since the previous version provided to the Committee in September 2022.

In considering the report the Committee noted the following key adjustments:

- The valuation of Private Finance Initiative (PFI) Assets relating to the Stonebridge Estate relating to a historic overstatement in terms of rental values, which the auditors were satisfied had now been adjusted to reflect accurate figures.
- The valuation of assets under construction on which the auditors were again satisfied that following revaluation of the specific assets , no further actions were necessary.
- The additional control points recommended as a result of the adjustments made and also in relation to the accuracy of PPE valuations and the accuracy of the figures used to calculate bad debt.

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

- In response to a query in relation to completion of the audit adjustments identified, the Committee were advised that an updated draft of the finalised adjustments had been completed and sent to Grant Thornton to check and confirm.

- The Committee questioned what they felt was a high level of materiality in relation to senior officer remuneration. In response the Auditor's outlined the basis on which the materiality was set and assured members that there were no issues to flag in the current accounts.
- The Committee queried the Minimum Revenue Provision (MRP) percentage rate for Brent being set at 1.8%, as this appeared to be slightly lower than other council's MRP. In response the auditor's advised that 1.8% remained within acceptably prudent levels and they had no concerns with the figure provided. Ben Ainsworth, Head of Finance, informed the Committee that there were many factors contributing to the setting of MRP, with the figure subject to change annually and assurance provided that it was not regarded as unusually low for a London local authority.

As no further issues were raised the Committee **RESOLVED** to note the update provided on the Audit Findings report 2021-22, prior to its final completion.

#### 10. **Brent Pension Fund Audit Findings Report 2021/22**

Ciaran McLaughlin, Key Audit Partner, Grant Thornton, was then invited to provide a brief verbal update to the Committee on the Brent Pension Fund Audit Findings Report, with confirmation provided and it being NOTED that no further changes had been required to the report since it was last presented to the Committee in September 2022.

Before moving on, the Chair took the opportunity to thank all officers involved for their efforts in supporting completion of the audit process to enable final sign off for the Statement of Accounts and Pension Fund Accounts.

#### 11. **Auditor's Annual Report on the London Borough of Brent**

Ciaran McLaughlin, Key Audit Partner, Grant Thornton, introduced a report that presented the Council's External Auditor's Annual Report on Value for Money as part of the 2021/22 audit of the year end accounts and set out the key recommendations.

In considering the report the Committee noted:

- Work on the Council's 2021/22 Value for Money Audit had been concluded with the final report due to be presented to Full Council on 23 February 2023. The Chair commended all those involved in completion of the audit with no significant issues having been identified.
- In support of the Council's arrangements to secure continued economy, efficiency and effectiveness in use of its resources a number of improvement recommendations had been made which, whilst not highlighting any specific concerns or weaknesses, had been focussed around the governance of the Council's subsidiary companies, enhancements to risk management processes and assumptions made about future yield from commercial properties.

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

- The Committee queried how Recommendation 3 relating to inclusion of legal and regulatory impact assessments within the Corporate Risk Register matrix would be actioned. In response officers explained that the recommendation aimed to enhance the impact of the matrix to ensure that the full potential of the impacts of the risk were understood. It was anticipated that legal risks would be picked up under the risk management framework.
- The Committee questioned how Brent could move from a RAG rating of Amber to Green across the Value for Money Audit judgement areas. In response the Auditors advised that an Amber rating should be received positively as it indicated that there were no significant weaknesses identified, however improvement recommendations had been made. This was seen as a positive rating reflecting ongoing efforts to seek to improve governance arrangements and processes.
- The Committee recognised and accepted the need identified within Recommendation 4 “to ensure timely implementation of the CIPFA Financial Management code requirements as an action to take forward.
- In response to a query relating to the frequency of reviews on procurement and delivery of the capital programme, taking account of the need to maintain financial resilience in the context of the current difficult economic conditions, officers advised that due to the challenging nature of these conditions and market volatility, all schemes within the capital programme were being regularly reviewed in order to assess viability, which included (where necessary) options in relation to the current mix of tenures proposed under relevant housing schemes and with impact on the borrowing requirement reviewed as part of the twice yearly Treasury Management updates .
- Following a Committee query in relation to whether Brent’s contract management was in line with other borough’s, Ciaran McLaughlin confirmed it was not significantly different to what they had seen across other boroughs.
- In relation to the closer review of subsidiary companies, the Committee queried if this was also a function in which the Council’s scrutiny function could be involved. In response Ciaran McLaughlin advised that no weaknesses had been identified in the current arrangements.

As no further comments were raised the Chair thanked Ciaran McLaughlin for the update provided and the Committee **RESOLVED** to note and endorse the contents of the report in advance of its referral to Full Council on 23 February 2023.

## 12. **Strategic Risk Register Update**

Darren Armstrong, Head of Audit & Investigations, introduced the report providing the Committee with an update on the Council’s Strategic Risk Register, which summarised the Council’s corporate risk profile as of January 2023.

In considering the report the Committee noted:

- The Strategic Risk Register had been prepared in consultation with risk leads, Departmental Management, Senior Leadership Teams and the



Council's Management Team in accordance with the key elements of the Council's Risk Management Policy and Strategy.

- The ongoing enhancements to the Council's risk management framework, which had included risk sponsors being assigned for each strategic risk with accountability for the agreed risk mitigating actions and controls. In addition, the risk impact matrix had been expanded in order to identify and articulate risk impact across a number of factors including financial, service delivery, health and safety and reputational impacts, as detailed within the Risk Register attached as Appendix A to the committee report.
- Target risk scores had also been included in the risk register for each strategic risk as agreed by the relevant CMT risk sponsor to illustrate the risk score that the Council was working towards achieving or maintaining.
- No new risks had been identified, however it was recognised that the Council were operating in a heightened risk environment due to a number of external factors that included an uncertain economic situation and the rapid rise in inflation. The heightened risks were reflected in the risk register with five of the eight strategic risks showing an increased risk score, with the most significant impacts identified in relation to the risks relating to the Lack of Affordable Accommodation and Cost of Living Crisis.
- There were a number of inherent risks also identified which continued to be owned and monitored at a Departmental level and therefore did not form part of the Strategic Risk Register. These included Safeguarding (Children and Adults); Business Continuity; Information Governance; Legislative Compliance; Fraud and Corruption; Major Unforeseen Events; Financial Stability and Health and Safety

The Chair thanked Darren Armstrong for his report and invited Committee members to ask any questions they may have, with the following responses provided:

- The Committee sought assurances that the increases identified in relation to the strategic risks for Lack of Affordable Housing and Cost of Living Crisis could continue to be managed and mitigated against if they were subject to any further adjustments. Officers advised that the increased risk identified in these areas demonstrated that the risk management framework was working well and as such provided assurance that the strategic risk areas were being closely monitored with action plans in place to support bringing down the risks to target risk scores.
- The Committee queried if departmental risk registers were robust enough to manage the delegated responsibility of managing their risks. In response officers advised members of the advantage in terms of the broader strategic overview of risk provided through the strategic risk register operating alongside each department also managing their own individual risk registers. Departmental risk registers were updated twice a year with regular engagement between the Internal Audit team to review and support where necessary. The departmental risk registers also supported the "bottom up" provision and identification of risks from services which were deemed to require consideration at the higher strategic level.
- The Committee queried if there was a standard risk register used across London or nationally to support identifying common risks and benchmarking, which in turn could support lobbying efforts to central government. In response officers advised that there was not a standard framework across

London or nationally. Local Authorities adopted a framework that worked for their individual authority, although information was shared across Heads of Audit in London where risk registers were discussed, and common risks identified. The Committee were informed that the framework used in Brent linked risk to strategic and corporate objectives and priorities, then filtered down to departmental and service level priorities and objectives.

- In response to a query regarding guidance being provided to reduce the risk of cyber attacks, with reference to councillors and the protection available on their devices, the Committee were informed that further details on cyber security guidance would be sought from the Managing Director of the IT Shared Service.
- The Committee recognised the gains made in demonstrating risk appetite through the risk register and sought further details on how this could be built upon further, with the suggestion that the use of key risk indicators could be incorporated in future risk registers. Additionally, it was felt it would be helpful to see the key risk indicators on departmental risk registers to support the Committee's understanding of the depth of monitoring at departmental level. In response officers advised that they were keen to build in additional ways to illustrate risk appetite on future risk registers and would therefore seek to include key risk indicators as part of this moving forward. In addition, it was noted that the Internal Audit Work Plan due to be presented to the March Committee would include an assurance map to demonstrate how the work of internal audit was aligned against strategic risks and could also include inherent risks to demonstrate how internal audit was providing assurances on departmental risk registers.
- In response to a comment regarding the possibility of tracking trends in relation to risk scores over a longer period of time, officers advised that an additional visual chart to show the comparative trends in strategic risks over time could be incorporated in the next Strategic Risk Register.
- In response to further details sought on the consequences of risk scores remaining at higher levels over a sustained period of time, members were advised that the main issue involved any risk materialising into an active issue. The risk register framework had, however, been designed to mitigate against this by utilising the existing controls, enhanced monitoring and action plans to manage the risks identified and bring their scores down to target level over time.

As no further issues were raised the Chair thanked Darren Armstrong and his team for their hard work on the Strategic Risk Register and the Committee **RESOLVED** to note the contents of the report and update provided

### 13. **External Appointment Update**

Ben Ainsworth, Head of Finance, introduced a report detailing the confirmation of the appointment of the Council's External Auditor from 2023-24 to 2028-29.

In considering the report the Committee noted:

- The decision made at the Audit and Standards Advisory Committee meeting held in January 2022 for the appointment of the External Auditor for Brent from 2023-23 to 2028-29 to be made using the Public Sector Audit

Appointments Ltd (PSAA) process, which had subsequently been agreed by Full Council.

- PSAA had now concluded the appointment process with Grant Thornton, LLP confirmed as the London Borough of Brent's external auditor from 2023/24 to 2028/29.
- The considerable pressure being experienced across the wider audit sector, including local government, in relation to external audit capacity. Following a review commissioned by central government auditor remuneration had been identified as a key issue in seeking to secure the necessary level of resources required to deliver the quality of audit work required. As a result of the issues identified, whilst PSAA were still to announce the fees under the new appointment, they had advised that local authorities should expect up to a 150% fee increase in 2023-24 compared to 2022-23 levels.

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

- The Committee queried the sharp increase in fees and questioned what additional services Brent would receive to reflect the increased costs. In response officers advised that there was more work involved in local authority audits than there had been historically, this was reflected in the increased fees. It was recognised that the increased costs were high and it was unfortunate, particularly within the current economic climate, however it was recognised as an industry wide issue affecting all local authorities. Brent had historically been successful in the completion of timely audits with the support of Grant Thornton acting as audit partners, it was hoped this would continue with Grant Thornton's re-appointment.

As no further issues were raised it was **RESOLVED** to note and welcome the appointment of Grant Thornton as the Council's auditors from 2023/24 to 2028/29.

#### 14. **Evaluating the Reflectiveness of the Committee**

Darren Armstrong, Head of Audit & Investigations introduce a report that set out the suggested approach and timescales for the Audit and Standards Advisory Committee undertaking a self-assessment in order to review and measure its effectiveness.

In considering the report the Committee noted:

- CIPFA had published new guidance for Audit Committees in Autumn 2022, outlining the practice and principles that local government bodies in the UK were expected to adopt. In summary, it had been recommended that Committee's should report annually on how they had complied with the guidance and position statement in discharging their responsibilities including an assessment of their performance and evaluating impact alongside any areas of improvement.
- CIPFA had provided two documents to assist Audit Committees in evaluating their effectiveness, a self assessment tool (included as Appendix 1 to the report) and an improvement tool (included as Appendix 2 to the report).

- In order to fulfil CIPFA's requirements members were required to independently complete Appendix 1 and 2 and return to officers to collate the responses. These would then be used to inform the next steps to be taken in evaluating the effectiveness of the Committee with the outcome to be included in an Annual Report outlining how the Committee had complied with the position statement and discharged its responsibilities, with the suggested stages and timescales in relation to the self-assessment process outlined in section 5 of the report.
- The aim behind the CIPFA guidance and principles in seeking to ensure effective audit committee arrangements that enable each organisations audit function to meet their statutory responsibilities for governance and internal control, financial management and reporting and internal audit.

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

- Members expressed their support to be actively involved in enhancing the effectiveness of the Committee and in doing so requested signposting to additional training resources to further enhance their individual knowledge to bring to the Committee. This was confirmed as an action for officers to take forward.
- Following a Committee query on the deadline for returning the completed appendices, officers advised that both appendices should be completed digitally and returned by 24 February 2023 so that results could be collated in advance of their presentation to the next Audit and Standard Advisory Committee on 21 March 2023 as an outcome of the initial self-assessment process

In welcoming and highlighting the Committee's full support for the self-assessment process the Chair thanked Darren Armstrong and his team for their support in progressing the evaluation.

On this basis, the Committee **RESOLVED** to note the report and approve the suggested approach and timescales for undertaking the self-assessment as set out within section 5 of the report.

#### 15. **External Audit Progress Report and Sector Update**

There were no additional updates provided at the meeting.

#### 16. **Forward Plan Committee Work Programme**

It was **RESOLVED** to note the Committee's current Forward Plan and Work Programme for 2022-23 and the date of the next meeting as Tuesday 21 March 2023.

In terms of the work programme the Chair felt that it would be beneficial to start looking at the dates for the next municipal year to support creating a robust work plan.

#### 17. **Any Other Urgent Business**

None.

The meeting closed at 7.24pm

David Ewart  
Chair


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**London Borough of Brent  
Audit & Standards Advisory Committee – Action Log**

	<b>Audit &amp; Standards Advisory Committee</b>	<b>Meeting Date: 1 August 2022</b>	
<b>Agenda Item No</b>	<b>Item</b>	<b>Actions</b>	<b>Progress</b>
5.	Matters Arising – Financial Dashboard presentation	As more data sets became available there would be an Outcome Based Review which would be a Council wide programme. It was suggested that an update was provided on this at a future meeting. <i>(Sadie East/Peter Gadsdon)</i>	Ongoing
	<b>Audit &amp; Standards Advisory Committee</b>	<b>Meeting Date: 29 September 2022</b>	
8.1	i4B Holdings Performance Update	To maintain review of i4B Risk Register in relation to impact of wider economic context on viability of company acquisition strategy.	Ongoing
	<b>Audit &amp; Standards Advisory Committee</b>	<b>Meeting Date: 7 December 2022</b>	
5.	Matters Arising	The Committee requested an update at a future meeting on the Financial Dashboard Presentation.	Ongoing
11.	Forward Plan	To include a (as recommended by CIPFA) the opportunity to the Committee to undertake a self-	In progress

		assessment on a future agenda.	
	<b>Audit &amp; Standards Advisory Committee</b>	<b>Meeting Date: 7 February 2023</b>	
5.	Matters Arising	The Committee requested an update at a future meeting on the Financial Dashboard Presentation.	Ongoing
11.	Auditor's Annual Report on the London Borough of Brent	The Committee accepted the External Auditor's recommendation to ensure timely implementation of the CIPFA Financial Management code requirements and would receive regular updates.	Ongoing
12.	Strategic Risk Register Update	<p>Further details to be sought from the Managing Director of Shared Services on the guidance available regarding cyber security.</p> <p>The Committee requested that an additional visual chart to show the comparative trends in strategic risks over time is provided in the next Strategic Risk Register to support the Committee in understanding the risks over a longer time period.</p>	<p>In progress</p> <p>In progress</p>
14	Evaluating the Reflectiveness of the Committee	The Committee requested signposting to additional training resources to enhance their knowledge.	In progress



 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 21 March 2023
	<b>Report from:</b> <b>Corporate Director Governance</b>
<b>Annual Standards Report for 2022 (including quarterly update on gifts and hospitality)</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not applicable
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	One  Appendix A - Summary Member Code of Conduct complaints considered during 2022
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Debra Norman, Corporate Director, Governance 020 8937 1578 <a href="mailto:Debra.Norman@brent.gov.uk">Debra.Norman@brent.gov.uk</a>  Biancia Robinson, Senior Constitutional & Governance Lawyer 020 8937 1544 <a href="mailto:Biancia.Robinson@brent.gov.uk">Biancia.Robinson@brent.gov.uk</a>

## 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 2022. 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 2022, together with the quarterly report on gifts and hospitality registered by Members.

## 2.0 Recommendations

2.1 That the Committee note the contents of the report.

### **3.0 Detail**

#### Committee's Work during 2022

3.1 The ASAC met on four occasions during 2022 and on each of these occasions discussed matters relating to standards, policy and procedure, and gifts and hospitality, as follows:

- (a) On the 15.03.22, this Committee considered and noted the gifts and hospitality registered by Members, and the attendance record for Members in relation to mandatory training sessions. The Committee also considered and agreed to recommend to Full Council the amendment of the Corporate acceptable use agreement to include a restriction that if Councillors failed to complete the Data Protection/UK GDPR training within a prescribed timeframe, and after a specified number of warnings, their access to the corporate systems can be restricted until the said course is completed. At the same meeting, the Committee considered the Monitoring Officer's Annual Report to the Audit and Standards Advisory Committee (ASAC) for 2022; and a report on Member Development and Learning Programme and the Members' Expenses Scheme.
- (b) On the 07.06.22, ASAC considered the quarterly report on gifts and hospitality registered by Members, and the attendance record for Members in relation to mandatory training sessions. The report also outlined the provisional appointment of an Independent Person for the purposes of Code of Conduct complaints, the Government's response to the Committee on Standards in Public Life review; and a Standard's case involving a Maldon Councillor being removed from Office. The Committee also considered the council's draft Annual Governance Statement before it was submitted to the ASC for approval.
- (c) On the 01.8.22 the Committee considered gifts and hospitality registered by Members, and the attendance record for Members in relation to mandatory training sessions. The report also updated the Committee in respect of the Committee on Standards in Public Life's (CSPL) recommendations, the London Borough of Brent's response to those recommendations and the Government's response to the Committee on Standards in Public Life review.
- (d) On the 29.09.22 ASAC considered gifts and hospitality registered by Members and the attendance record for Members in relation to mandatory training sessions. In addition the Committee considered a report on the Planning Code of Practice Review 2022 which summarised the outcome of the Independent Review, and the consequential recommended changes, in relation to the Planning Code of Practice; and the annual review of the complaints received pursuant to, and a review of, the Members' Code of Conduct Complaints procedure.

- 3.2 During January to December 2022, the ASC met on one occasion to discuss and ratify audit and standards matters, namely the Annual Governance Statement.

#### Independent/Co-opted members

- 3.3 The Committee will recall that a recruitment process for the Independent Persons commenced in 2022 and in July 2022 Full Council approved the provisional appointment of Julie Byrom as an Independent Person until 2026.
- 3.4` Unfortunately, during 2022 Independent Co – opted Members (Standards focused) Javed Ansari and Mark Mills stood down. A recruitment exercise to appoint to their posts has been undertaken, and officers are please to confirm a provisional appointment, subject to Full Council's approval, has been made to Rachael Tiffen. A further recruitment exercise will be run shortly inn order to fill the second Independent Co-opted Members vacant post.
- 3.5 The Committee is asked to note that at its next meeting, Full Council will be asked to approve the appointment of Rachael Tiffen as Independent Co –opted Member (Standards focused) and note and agree the three existing Independent Persons - William Goh, Kier Hopley and Julie Byrom

#### Complaints against Members

- 3.6 Complaints under the Member Code of Conduct are submitted to the Monitoring Officer (Corporate Director, Governance). 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.
- 3.7 During 2022, 4 complaints were received against different Councillors for alleged breaches of the Members Code of Conduct. 3 of these complaints were resolved at Initial Assessment Stage and one concluded at Assessment Stage. None of the complaints were upheld. A summary of the complaints considered during 2022 are attached as Appendix A.

#### Gifts & Hospitality

- 3.8 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.
- 3.9 Gifts and hospitality received by Members are published on the Council's website and open to inspection at the Brent Civic Centre.
- 3.10 The Committee will recall that towards the beginning of 2022, low numbers of gifts and hospitality were recorded and members were reminded of the need to declare gifts and hospitality received. Furthermore, following the elections, training for all members included advice about declaring gifts and hospitality. Consequently, for the first three quarters of 2022/23, there have been regular

reporting of gifts and hospitality with the main types of declarations relating to FA tickets at Wembley Stadium and various dinners and awards ceremonies.

- 3.11 For the final quarter of 2022/23 (Jan 2023 – March 2023), there have been one gift and hospitality recorded as being received as follows:

Councillor	Date of gift	Gift received	Value £	From
M Butt	21.02.23	x2 FA final Tickets	£160 (80 each)	The FA

- 3.12 The Committee will recall that hospitality accepted by the Mayor in their civic role are recorded separately and published on the Council's website.

#### Monitoring Officer Advice Notes (MOANs)

- 3.13 There were no MOANS issued during 2022. During 2023 two new Monitoring Officer Advice Notes (MOANs) have been issued so far to Members addressing respect and equalities and use of resources. These MOANS are part of a series which will address all aspects of the Code in turn. A list of all MOANs issued since 2015 is available on the Member's internal SharePoint portal.

#### Member Training Attendance

- 3.14 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.
- 3.15 The Committee will know that:
- 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"*.
  - The schedule for all mandatory sessions is ordinarily published and approved in the Council calendar at the May Annual Council meeting.
  - All internal training sessions attended by Members are published on the Council's Website and on individual Member profile pages.
  - 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.
  - During 2022 the Committee received regular updates on Members who had not completed the mandatory training sessions.

- 3.16 A detailed report on member training is elsewhere on the agenda for this evening's meeting and members of the committee are referred to this for further details. That said, this Committee will recall at its last meeting officers were able to confirm all mandatory training by members had been completed.

#### **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**

Corporate Director Governance

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### Complaints Received during 2022

#### Resolved at Initial Assessment Stage

	Ref	Complainant (s)	Details of Complaint	Outcome	Review Requested	Review Outcome
1.	07.01.22	Member of Public	Complaint made regarding a statement made at a public protest.	<p>Decision under Initial Assessment Criteria:</p> <p>The Cllr was not acting or giving the impression they were acting as a member of the council, and indeed they were acting in their personal capacity or political party capacity.</p> <p>Complaint was not considered to disclose a sufficiently serious potential breach of the Code to merit further consideration.</p>	No	N/A
2.	05.08.22	Member of Public	Alleged various members had disclosed confidential data pertaining to the complainant.	<p>Decision under Initial Assessment Criteria:</p> <p>There is insufficient detail to determine if any of the members concerned was acting in their official capacity.</p> <p>The complaint was not considered to disclose a sufficiently serious potential breach of the Code to merit further consideration.</p> <p>However, the complainant was given the opportunity to provide further facts on which their accusations were based. None were forthcoming.</p>	No	N/A


Summary of Member Code of Conduct (MCC) Complaints, Appendix A

3.	29.11.22	Member of Public	Complaint made that a Cllr had failed to pay wages whilst the complainant was in their employment.	Decision under Initial Assessment Criteria:  Cllr was not acting in their official capacity as a member of the Council and the complaint falls outside of the scope of the Code complaints process.	No	N/A
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**Resolved at Assessment Stage**

1.	23.08.22	Association	Complaint re email sent to senior members of a Political Party.	Decision under Assessment Criteria:  On the balance of probabilities there has been no breach of the Code	No	N/A
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 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 21 March 2023
	<b>Report from the Corporate Director, Governance</b>
<b>Annual Review of the Member Development Programme and Members' Expenses</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	Four: <ul style="list-style-type: none"> <li>• Appendix A – MLD Draft Future Programme (22-23)</li> <li>• Appendix B – Feedback on the MLD Programme 2021</li> <li>• Appendix C – PDP Results</li> <li>• Appendix D – Member Expenses Claims 2022</li> </ul>
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Natalie Zara, Head of Executive and Member Services 020 8937 1716 Email: <a href="mailto:Natalie.Zara@brent.gov.uk">Natalie.Zara@brent.gov.uk</a>

## 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 and Development (MLD) Programme since the last report to Committee in March 2022, 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 undertaken by the Member Learning and Development Steering Group in ensuring effective training and development for Brent's elected representatives. (Appendix A)
- 2.2 That the Committee notes Member feedback on Member Services, training, and their relationship with departments across Brent. (Appendix B)

2.3 That the Committee notes the positive feedback given by an outside organisation on its MLD. (Appendix C)

2.4 That the Committee notes the expenses claimed by Members in the course of their work in 2022 (Appendix D).

### 3.0 **Background**

3.1 Members of the Audit and Standards Advisory Committee last reviewed the Member Development Programme in March 2022.

3.2 In addition to the annual review by members of the Standards and Audit Advisory Committee, the MLD 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.

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

4.1 The national lockdown and tier system restrictions began to lift in the UK from 8 March. Sessions had been moved online (where possible) and Members had become familiar and comfortable with using Teams and Zoom for sessions. Since lockdown ended in 2022, sessions have settled into a 'new normal' where online training continues to be used for most of the Member development and training sessions.

4.2 All 57 Members of the Council have access to Microsoft Teams and Zoom. Members and officers are very comfortable with both, there have been no security breaches and, in general, sessions are highly interactive as Members get used to using the 'hands up' button and 'chat function' as well as contributing orally.

4.3 We continue to run most of the training for Members online, with in house face-to-face (FTF) training the next most common form of training. Given feedback from Members during the work on their Personal Development Plans (PDP) (Appendix 3), the preferred method of learning and development is through virtual internal learning and information workshops delivered via a Teams/Zoom platform.

4.4 However, we also understand the value of FTF events as a useful networking and team-bonding tool, and for sessions such as 'effective communications', where FTF training is much more effective when carried out in person with other attendees present. In addition to training, this would also include team meetings, all-council sessions such as 'Forward Together', or social and informative events such as the staff Diwali party (to which members are also

invited). Councillors with chairing and special responsibilities also expressed an interest in building and attending networks (virtually and in person) with Councils and Councillors across London.

## **5.0 Member attendance**

- 5.1 For non-mandatory sessions, group sessions in 2021 previously attracted 21-40 Members (out of 62 members) in 2021. Since May 2022, attendee numbers so far have varied between 13-39 Members (out of 57 Members). The three least popular sessions (in terms of attendance) have attracted a minimum of 4 people (Introduction to Public Speaking – disappointing considering this was identified as a top development priority), 13 people (for Council Budget and Finance), and 14 people (for Brent Culture, Libraries and Heritage) respectively. The three most popular sessions so far have been Housing and Selective Licensing Application (39 attendees), Major Emergency Awareness (32 attendees), and Cost of Living Crisis (31 attendees).
- 5.2 The mandatory sessions in May 2022 attracted 100% attendance, but only after multiple repeat sessions were offered (up until November 2022). In future, we will look at scheduling in multiple sessions of the same event ahead of time and asking Members to ensure they choose at least one. Hopefully this will allow all Members to attend all mandatory sessions prior to August, rather than ask officers to continually hold repeat sessions for those Members for whom mandatory training is still outstanding.
- 5.3 We have also delivered a handful of training sessions over lunchtime on Teams since May 2022. Attendance at these sessions has been relatively low, and verbal feedback suggests that these are unpopular with Members who work during the day. This is also borne out in the Report at Appendix 3 where the majority of respondents to the survey have indicated that they prefer development activities to be scheduled in the evening. Therefore, it is likely that, going forward, we will only schedule lunchtime sessions on an exceptional basis.
- 5.4 Member attendance at internal learning and development sessions has varied for each session during the current municipal year. Reminders are issued on a weekly basis via outlook calendar invitations, text messages and email, weekly Members' Information Bulletin (the "Bulletin").

## **6.0 External Training Events**

Attendance at external training events has not yet returned to pre-Covid levels, but sessions are now increasingly taking place in person across the country. Members have requested and attended sessions on topics including "Annual Licensing Conference", "Local Government Finance" and "Hate Crime conference". External trainers have also been successfully used to provide training for mandatory sessions, such as for the "Casework, Surgeries management, and Mod.gov". Post-event feedback for external trainers tends to be quite positive, which is integral when inviting them back again.

## **7.0 Feedback**

7.1 Feedback has been crucial to shaping and developing the MLD programme. Appendix 2 details feedback received for mandatory sessions, standard Member learning and development, as well as feedback received on officers, induction sessions, the Bulletin, and reflections on the first six months of office for newly elected Members. Generally, feedback remains positive, and Member comments on how we can change certain things are under consideration with the relevant teams and departments.

## 8.0 **Personal Development Plan (PDP) – November 2022**

8.1 Brent Council's approach to Member learning is regularly reviewed by an external assessor to check our approach is effective and informed by practice elsewhere. The Council was assessed in November 2021 to ensure that the Council was continuing to make progress as part of the award of its London Charter for Elected Member Development Charter Plus.

8.2 In summary, the feedback was 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 led by the high-profile Member Development Steering Group.

8.3 All Members were offered the chance to undertake a PDP in late 2022. The approach undertaken was based on a structured one to one discussion and the completion of a Councillor PDP, the purpose being to support each Councillor in individually identifying the information and development they require to continue to fulfil their role as a Brent Councillor effectively. In total, 31 out of 57 Members (54%) Brent Councillors undertook this opportunity.

8.4 The following priorities were highlighted as a development need by Councillors:

- Chairing skills and the ability to facilitate discussions (13 Councillors)
- Confidence in public speaking and making speeches (11 Councillors)
- Time Management (10 Councillors)
- Local Government Finance (12 Councillors)
- Cabinet and Leadership development (10 Councillors)
- Overview and scrutiny (8 Councillors)

8.5 It should, however, be noted that the report highlights as surprising the fact that Members did not identify clear development priorities from within the core six competencies (see 8.7) outlined in the LGA's Political Skills Framework<sup>1</sup> and instead the attributes for development were mostly identified from the three leadership areas. While this is likely to be because a high number of newly elected Members, who will have less leadership experience, responded to the survey, it is, as the report notes, a little surprising.

8.6 Nevertheless, we will ensure that development of these skills are included in the MLD programme going forward.

8.7 For reference, the LGAs six core competencies are:

- Local Leadership

- Partnership working
- Communication skills
- Political understanding
- Scrutiny and challenge
- Regulating and monitoring

8.8 Scrutiny and Challenge was the only area within the six core competencies that Councillors completing the Questionnaire highlighted as a 'Area for Development' (40% plus of respondents highlighted themes within 'Scrutiny and Challenge' as a development priority).

8.9 The full report is attached as Appendix 3.

#### 9.0 **Members' expenses**

9.1 The Council's Allowance Scheme for Members, as detailed in Part 8 of the Council's Constitution, makes provision for the payment of certain expenses, in accordance with stipulated conditions.

9.2 The Executive Support 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 Around £4,450 was claimed in 2022. An approximate figure has not been stated as final invoices and receipts are still to be sent to us for processing. Most of these claims were for mandatory and general training courses. Please see Appendix 4 for more details.

9.4 Travel and accommodation requests are now an additional factor in external sessions, following the end of lockdown, and this has already led to an increase of costs for sessions outside of London

#### 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. Consequently, there was no overspend this year.

#### 11.0 **Legal Implications**

11.1 None for the Member Learning and 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 also be supplied 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:**

**Debra Norman**

Corporate Director, Governance

## Member Learning and Development

### Planned Programme

Dec 2022 – Nov 2023

Session Date	Session Title	Type of Session	Who for	Method of delivery	To be facilitated by	Session time
Tuesday 6 December 2022	Transitional	Briefing session	All Members	Virtual	Dez Holmes - Director of Research in Practice, and senior officers from Brent Council's CYP and ASC.	6.00pm
Monday 12 December 2022	Prevention Matters	Briefing	All Members	Virtual	Brent Prevent Team and Home Office	6:00pm
Monday 16 January 2023	Community Grants	Briefing	All Members	Virtual	Lorna Hughes - Director, Engagement Strategy and Communications	6.00pm
Tuesday 17 January 2023	Casework Management - request to repeat	Skills training	All Members	Virtual	Natalie Zara – Head of Executive and Member Services, and the Complaints and Casework Team	6:00pm
Tuesday 31 January 2023	Economy, Employment and Skills - helping residents and businesses	Briefing	All Members	Virtual	Alice Lester - Director Regeneration Growth and Employment	6.00pm

Monday 6 February 2023	Introduction to Public Speaking Success -- Member learning and development session	Skills training	All Members	In person	External trainer: Gillian Ornstein	6.00pm
	<b>Half Term – 14 - 17 February</b>					
Monday 20 February 2023	New Cleaner Brent App Session	Briefing	All Members	Virtual	Oliver Myers - Head of Environmental Strategy and Commissioning,	6.00pm
Monday 27 February 2023	Social Media Training – Dos and Don'ts	Skills training	All Members	TBC	Communications	6.00pm
Monday 6 March 2023	Sight Loss Member Awareness session	Skills training	All Members	FtF	External: Karishma Shah – recommended by Cllr Donnelly-Jackson	3pm-5pm
14 March 2023	Overview of the Procurement Strategy with a focus on social value - Member Learning and Development Session	Briefing	All Members	FtF	Rajesh Shori - Head of Procurement	6.00pm
Monday 17 April 2023	2021 Census findings - Member Briefing Session	Briefing	All Members	TBC	Jon Cartwright	6.00pm
TBC	Community Grants	Briefing	All Members	Virtual	Lorna Hughes - Director, Engagement Strategy and Communications	6.00pm
TBC	Developer contributions - what they are and how we use them	Skills Training	All Members	TBC	Alice Lester - Director Regeneration Growth and Employment	6.00pm
TBC	CCTV Cameras for Brent Active Travel Programme: School Streets	Briefing	All Members	TBC	Christ Whyte - Director Environment Services	6.00pm



	<b>Easter Holidays 3 – 14 April</b>					
April 2023	Adult Social Care Objectives	Briefing	All Members	TBC	Suggested by Claudia Brown	TBC
May 2023	Member session on NHS / Social Care / Public Health related issues	Skills Training	All Members	TBC	Suggested by Cllr Nerva	TBC
May 2023	Public Speaking – Specialist training	Skills Training	Selected Members	TBC		TBC
May 2023	Dementia training	Skills Training	All Members	TBC	Suggested by Cllr Agha	TBC
TBC	Standards and Codes of Conduct – request to repeat	Skills training	All Members	Virtual	Debra Norman - Corporate Director, Governance	6.00pm
May 2023	Local Government Finance and the Budget	Briefing	All Members	Virtual	In house Spoke to Ravinder Jassar, Deputy Director of Finance, to facilitate with Minesh Patel, Corporate Director, Finance	6pm
TBC	Vicarious Trauma	Skills Training	TBC	TBC	Suggested by Cllr Donnelly-Jackson	TBC

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# Member Learning & Development Programme 2022

February 2023

# Aim

This PowerPoint aims to look at feedback received on:

1. The timing of Member Learning and Development (MLD) sessions
2. Mode of learning
3. Requests for future training
4. Support received from officers (Member Services and political offices)
5. Member Services

This also includes feedback collated by “South East Employers” as part of Member external Personal Development Plans (PDPs).

# 1. The timing of MLD sessions

31 out of 57 (54%) Brent Councillors undertook a one-to-one session and the completion of Councillor Personal Development Plan (PDP) in late 2022. This built on the 25% who participated in 2020 and the 45% that participated in the programme following the 2018 elections.

Members were asked when they preferred development activities to be arranged. The majority (21 Members) preferred an 'evening (6pm start)', followed by 13 votes for 'during the working week'. The former was preferred by members in full- or part-time work, whereas the latter was supported by those not in full time employment, were retired or had shift patterns of work.

Councillors in full time employment stated that they often found it difficult to get to a session by 6pm and there was a desire for the Council to offer hybrid sessions. However, it was recognised that the hybrid approach can be difficult to co-ordinate and facilitate.

## 2. Mode of learning

The majority of members surveyed expressed a slight preference for virtual learning via Teams or Zoom (23 votes) or internal briefings and workshops (22 votes). 15 votes were received for external seminars/conferences.

Page 36 There was limited support for e-learning as a preferred method of learning delivery. Councillors saw it as an approach to complement rather than replace in-person or virtual sessions.

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### 3. Feedback from training

Feedback is requested at the end of every session. Unfortunately we don't get very much of it (since September 2022, anything between 1-4 members have given feedback per training session), but more generally, we tend to find we get feedback where sessions went exceptionally well or exceptionally badly!

Page 37 The good news is since September, we have received a scoring of at least 4/5 for the question "how do you rate this session overall".

We generally use feedback to gauge if members found sessions useful, and if they found external presenters helpful. If we did get poor feedback for a presenter, we would not use them again.

From 2023, the plan is solicit more feedback from online sessions by posting a request in Teams Chat at the end of every meeting.

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## Feedback from mandatory training sessions (May - June 2022)

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Please take account of members who have jobs!	This was only appropriate for new Cllrs	Did not learn a huge amount sadly - we have done this training many times and know the area well	Trainer was excellent - engaging, clear,, concise, fielded questions well
Can we have handouts?	I work 9-5 – the timing of this session is very poor		Lorna delivered the session professionally and ensured participation from all
This was an excellent presentation		Can we have refreshments?	Should not be necessary to have a full session IMO. A document would do the job especially for returning members
Please provide food – ran out of biscuits!	This could have been held online	Would like training in spotting signs of various forms of abuse	



## Requests for future training

We regularly get requests from Members for training (both individual training, group sessions and general feedback). However, not all requests may be granted, especially if seen as superfluous or not relevant to their councillorship – for instance “how to adjust to reality after councillorship is over” or “project management training” – but they will certainly be considered. We have listed training requests received below:

- Social model of disability and the cultural model of deafness
- Working with colleagues with sight loss
- Member session on NHS / Social Care / Public Health related issues
- Public Speaking – Specialist training
- Dementia training

# Future training (PDP results)

## PDP results

Councillors were asked to prioritise their key development areas, and these are:

### Skills

- Chairing skills and the ability to facilitate discussions (13 Councillors)
- Confidence in public speaking and making speeches (11 Councillors)
- Time Management (10 Councillors)

### Knowledge

- Local Government Finance (12 Councillors)
- Cabinet and Leadership development (10 Councillors)
- Overview and scrutiny (8 Councillors)

## 4. Support Received from officers (Member Services and political offices)

We surveyed all 21 newly elected Members in November 2022 on their thoughts about Member Services and their Group admin/political assistants. Comments were overwhelmingly positive, and the general consensus was that officers in the political offices and Member Services were all regarded as helpful and supportive. A few comments can be seen below:

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Don't tend to use them. I tend to use the political/admin assts for all my queries.

I don't use Member Services at all. I just use the admin/political asst for all my queries as they just deal with it.

Extremely supportive. Michelle is very helpful and always gives me the answers I need.

I'm just in awe of all Brent staff. I'm always so impressed with all of you.

Everyone is very helpful – from Member Services to Committee staffers.

## 5. Member Services - feedback

The below is feedback received from all members in **2021/22**, and comments in green show how we have progressed this feedback.

Page 42  
Invite newly retired Cllrs the chance to mentor incoming Cllrs – they can pass their (recent) knowledge on, and new Cllrs have an extra level of support. Since the May 2022 elections, we have offered to pair up all newly elected members with a re-elected or newly stood councillor, to act in a role of Buddy. The vast majority of new members have taken us up on this offer.

Providing more specific training on topics such as budget, housing or innovative issues e.g. things that are thought-provoking or different to the norm. We do provide training that is member-requested, and in late 2022, we sent out a request via the political offices to ask if members wanted very specific training on issues such as housing – we had no response. However, we remain open to specific asks as and when they come in.

We need to consider how we work in future i.e. post pandemic We can see the value in offering more sessions online, and we have continued to offer online sessions this as it remains popular and better attended than face-to-face sessions

Offer mentoring from Cllrs in other Councils We have reached out to other councils across London numerous times, but unfortunately there has been no take-up in offering a cross-Council Buddy/mentoring system.

Provide press and comms training on dealing with interviews, social media, radio and TV. We provided this for Cabinet members in autumn 2022, and are looking to schedule an all-member session in early Spring 2023

# What should Member Services start doing in 2023?

## (Page 1)

Feedback from newly elected members is as follows:

Would be useful to have a small pack of useful hints and tips e.g. using your calendar to manage your casework and when to chase things

Need pictures to go with the organogram otherwise they're just names on a page. Six months on, I'm still figuring this out.

We could trial out a no-phones policy in FTF meetings

Would be good if we can have a briefing pack which specifically covers how we do things e.g. if you have a housing issue raised by a resident – here is the problem, here is how you escalate it, here are helpful support in the borough, here are solutions etc. if you can include some useful anonymised actual cases, that would be useful too. Ideally both straightforward cases but also complex cases or cases with no solutions.

Can depts. provide a six-monthly update on things they have achieved e.g. 500 trees planted, 676 new homes built, introduced new green waste collection. Helpful to Cllrs as can help them share Brent's successes to residents, but also useful to know what depts are focusing on

I would like to have a list of Cabinet Members and their responsibilities

It would be good to get specific guidance or training on the rights of private renters e.g. on s21 or private renters rights etc.

I wish we could talk to an adviser in each key department e.g. housing just to understand how things work, and options.

# What should Member Services start doing in 2023?

## (Page 2)

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Each member should be issued with a practical induction list e.g. how do you work the printers, where are the toilets, how do you find IT, what can I ask the admin/political assistant to do etc

Can we get some best practice sharing amongst Members? So if someone is really good at social media or Yammer or presenting, can they offer to present their skills to other Members? This could complement existing officer and external training.

Can we ensure Committee and other meetings start at a time that is also convenient for those who work F/T? In an ideal world, FTF meetings should not start earlier than 6.30pm. We have FTF meetings that start at 6pm, and pre-meetings that start at 5pm – I don't understand how I'm supposed to attend these meetings, and get here on time when I finish at work at 5pm.

I don't understand the reasoning behind why decisions are and are not made. I would like to work with Directors to improve Brent, but don't feel like I can do this.

Would like an officer allocated to each Ward to support Members.

The dynamics of certain things confuse me e.g. with Housing and ASBOs. If we can have something in writing from each of these teams on how to resolve certain very specific things and how get things done, that would be helpful.

Training is useful, but it tends to be quite general. Would appreciate a short session on granular details too for key issues in each Dept.

# What should Member Services start doing in 2023?

## (Page 3)

I can't do any sessions during the day - especially lunchtime sessions, as I work. Why can't all sessions be held in the evening?

I'm a member of a Committee and it's very paper-heavy, but often I don't get papers until two days before the meeting. Can we have papers a week earlier? There's a lot to digest, so this would make life easier.

It's still a grey area for me about which events and training I need to attend. Is it all compulsory? Do I need to attend everything? I'm not quite sure.

Can we record all sessions and put them on a central repository somewhere? It's useful to refer back to training especially if you're forgotten or unsure.

Rather than have mandatory sessions here and there, it would have been more effective to do all the mandatory sessions over two weekdays. Lock the date, tell Members well in advance, and from an admin p.o.v. it's great as you just get to tick people off for vast chunks of training all at once. I'd much rather take two days of A/L than give up multiple evenings.

Can we build in networking when we have FTF sessions? Sometimes it feels you come in, do a session, and then everyone rushes off. Would be nice to chat and connect with colleagues too.

As a sub for committees, you often get papers the night before and don't have time to read or absorb them, so you just sit quietly in meetings. This is not useful or helpful to anyone, and more notice should be given.

I don't like the larger meetings as it doesn't give Members the chance to ask questions or speak freely - we should have training in smaller groups

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**Brent Council  
Councillor Personal  
Development Priorities Analysis  
February 2023**

# BRENT COUNCIL COUNCILLOR PERSONAL DEVELOPMENT PRIORITIES ANALYSIS SUMMARY REPORT AND KEY RECOMMENDATIONS

## 1. BACKGROUND

Brent Council provided all Councillors with the opportunity to undertake a refresh of the Personal Development Plan a process that was first undertaken from September 2014. In addition to the refresh Councillors who had not previously engaged in the programme were invited to participate. The programme in 2022 particularly targeted the participation of the Councillors elected for the first time to Brent Council on the 6<sup>th</sup> May 2022.

The approach undertaken was based on a structured one to one discussion and the completion of a Councillor Personal Development Plan, the purpose being to support each Councillor to identify what information and development they required to effectively continue to fulfil their role as a Brent Councillor.

The one-to-one structured personal development planning discussions took place on a virtual basis via Teams. The individual discussions followed a structured process and usually lasted between 1.5 and 2 hours.

The one-to-one discussion and completed Personal Development Plan were confidential and informed the key findings and recommendations within this summary report. A copy of the Personal Development Plan is attached as Appendix 1.

The one-to-one session was both a refresh for Councillors who had participated in 2014/2017/2018/2020 and was particularly targeted on the Councillors newly elected in May 2022. Thirty-one of the fifty-seven (**54%**) Brent Councillors took up the opportunity of a one-to-one session and the completion of Councillor Personal Development Plan, this built on the 25% who participated in 2020 and the 45% that participated in the programme following the 2018 elections. The one-to-one sessions took place between September 2022 and November 2022.

The programme had the participation and involvement of twenty-four Labour Group Councillors, five Conservative Group Councillors and two Liberal Democrat Group Councillors. Participation included the three Group Leaders, two Lead (Cabinet) Members, four Chairs/Group Whip, the Mayor and Deputy Mayor and sixteen Councillors elected in May 2022.

The approach was further supported with all Councillors given the opportunity to undertake an online LGA Political Skills Questionnaire. The questionnaire is based on the LGA Political Skills Framework. The data from the responses is attached as Appendix 3, twenty-two Councillors completed the self -evaluation questionnaire. The key development priorities identified through the Political Skills Questionnaire (where 40% or more of respondents identified the area as a 'development' priority) include:

- **Scrutiny and Challenge**- Able to identify areas that are suitable for scrutiny and ensure that residents are involved in the process.
- **Scrutiny and Challenge**- Understand the scrutiny process and check that recommendations have been implemented.
- **Providing Vision**- Ability to establish strategic policies and prioritise actions on

local needs, manifestos and regional opportunities.

- **Providing Vision**- Ability to work with officers to collate and analyse information, inform budget priorities and performance plans.
- **Providing Vision**- Actively encourage involvement of stakeholders in policy formulation.
- **Providing Vision**- Create and communicate a shared council vision, providing clear direction and promoting understanding.
- **Providing Vision**- Adapt innovatively to a changing environment to open new ideas.
- **Providing Vision**- Can act to broaden perspective and enhance effectiveness by learning from each other's and sharing best practice
- **Managing Performance**- Ability to work closely with senior officers to develop, agree and implement portfolio strategies.
- **Excellence in Leadership**- Able to provide visionary and charismatic leadership, inspire trust in others and gain commitment to policies and decisions.
- **Excellence in Leadership**- Able to work across political and council boundaries to foster communication and encourage co-operation.
- **Excellence in Leadership**- Able to effectively 'juggle' numerous, potentially conflicting responsibilities.

The analysis of the Political Skills Questionnaire identified that compared to 2020 Councillors have prioritised significantly less areas for development particularly within the core six competencies relevant to all Councillors. The only areas identified for development by more than 40% of respondents are in the area of 'Scrutiny and Challenge'.

Attributes within the framework for development were mostly identified from the three leadership areas (Providing Vision, Managing Performance and Excellence in Leadership). This is a likely response to the number of newly elected Councillors (16 new Councillors) who completed the Political Skills Questionnaire in 2022 and who had limited political leadership experience. However, it was surprising that clear development priorities were *not* identified from within the core six competencies.

The one-to-one discussion was structured and facilitated to include the following:

- An understanding of the background of each Councillor, professional and political
- Key skills and aspects of the Council in which they had an interest.
- A review of key development undertaken following their election.
- Personal goals and ambitions including ward, political and Council.
- Specific individual development needs and priorities over the next twenty- four months.
- Preferred personal learning styles and.
- Time and structure of learning and development

The individual Personal Development Plan completed for each participating Councillor prioritised key development objectives, how the objectives were to be met how to measure success and a target date for completion. The Plan also requires Councillors to evaluate and review any development activities that are undertaken and completed every 24 months. This 'best practice' approach is now embedded into the Brent Council strategic approach to councillor development.

This summary report and the individual Personal Development Plans are based on identifying the knowledge required to be an effective Councillor e.g., understanding the

organisation, how it works, constitution and protocols; and the skills required e.g., IT skills and soft skills such as public speaking and questioning skills.

Since 2010 Brent Council has successfully been accredited against the LGA London Councillor Development Charter and in September 2018 the Council was accredited in respect of the Councillor Development Charter Plus and was re-accredited with Charter Plus again in December 2021. The approach taken as part of this programme will have a significant impact in supporting the Councils Charter Plus reassessment to be undertaken by December 2024.

## 2. COUNCILLOR DEVELOPMENT SUPPORT

The one-to-one session and the Personal Development Plan sought to identify the preferred timing for scheduled development and learning activities and the preferred approach for learning.

**Q.** When do you prefer development activities to be arranged?

(Respondents chose all that applied)?

- During the working week - 13 positive responses
- **Evening (6pm start)** - **21 positive responses**
- Weekends - 6 positive responses
- Other (please elaborate) - 0 response.

The preferred timing for scheduling learning and development was from 6pm in the evening, followed by “during the working week”. The evening was particularly preferred by Councillors who had full or part time employment during normal working hours. The evening sessions are in keeping with the current approach to learning and development led by the Member Services Team. This preference was the same as in 2020.

A preference for the daytime was supported by Councillors who were not in full time employment, were retired or had shift patterns of work. Weekends were generally not supported as many Councillors used the weekends particularly Saturday for local ward engagement, case work, surgeries and political activities.

Regarding the preferred approach to learning and development the 31 participating Councillors prioritised this as follows (Respondents chose all preferences that applied to them):

- E learning - 9
- External seminars/conferences - 15
- Internal briefings and workshops - 22
- **Virtual Learning** - **23**

The preferred method of learning and development was through *virtual internal learning and information workshops delivered via a Teams/Zoom platform*. This preference followed the shift to virtual learning during the Covid19 pandemic and this appears to be a long term change due to the identified benefits of virtual learning e.g. convenience, time management, supporting more effective work-life balance.

Virtual learning is also the most cost effective approach to learning and development and can be bespoke to Brent Council.

Councillors did express an interest and enthusiasm for development to include networking and virtual interventions with other Councils and Councillors. Those Councillors with chairing and special responsibilities had an interest in building and attending networks (virtual and in person) with Councils and Councillors across London. Member Services may wish to look at further developing these alternative approaches to development where they can add value and support Councillors to identify and participate in London wide or national networks.

*Internal, In person Briefings and workshops commencing at 6pm* have since the end of the Pandemic have again become the main delivery approach for councillor learning and development. This approach continues to have a high preference (22 supportive responses) as Councillors enjoyed and benefited from the in person interaction and group discussion.

Councillors in full time employment did state that they often found it difficult to get to a session by 6pm and there was a desire for the Council to offer a '*Hybrid*' option to Councillor Learning and Development sessions. However, it was recognised that the hybrid approach can be difficult to co-ordinate and facilitate.

*External conferences and seminars* were also preferred by those Councillors who had specific development needs or those who wished to develop skills in leadership where participation in an external course would allow for networking and exposure to issues and challenges beyond Brent, e.g. participation in the LGA Leadership Academy or the LGA single modules 'Leadership Essentials' programmes . There was a view that external Leadership development programmes should be required for all Lead Members and Chairs of Committees. The LGA since 2022 does offer many of its leadership programmes on an in person and virtual basis to accommodate different preferred learning styles and preferences.

There continued to be only limited support for *E- Learning* as a preferred method of learning delivery and Councillors saw it as an approach to compliment rather than replace in-person or virtual workshops and programmes.

The LGA e- learning platform/Councillor Hub <https://www.local.gov.uk/our-support/councillor-development/new-councillor-hub> that was launched in 2021 and that can be accessed via a Councillor registration, does offer a cost-effective *E- Learning Platform* to compliment the specific learning offer provided by the Council.

### **3. KEY SKILLS AND INTERESTS COUNCILLORS BRING TO THE ROLE**

The one-to-one session and the Personal Development Plans (31 Councillors) asked participating Councillors what skills and areas of interest they brought to the role of Councillor following their election. Although the motivations for becoming a Councillor varied from party political to a commitment to supporting the local community the skills brought to the role included:

- Communication
- Community leadership and representing the ward.
- Consultancy
- Public speaking and presentation
- Public Affairs
- Team working
- Decision-making skills
- Policy and strategy
- Planning
- Scrutiny and challenge
- e skills and digital communication
- Social media
- Mentoring
- Coaching

#### **4. KEY AREAS FOR COUNCILLOR DEVELOPMENT – KNOWLEDGE AND SKILLS**

The Councillors participating in the one-to-one sessions were asked to prioritise their key development areas based upon the completion of a questionnaire. The development areas were based around the soft skills, IT/digital skills and knowledge they required in their role as a Councillor. The full summary of the skills and knowledge development priorities is attached as **Appendix 2**.

The areas prioritised by the **31** Councillors for development include:

##### **Skills (Number of councillors prioritising as a development need)**

- **Chairing skills and the ability to facilitate discussions** (13 Councillors)
- **Confidence in public speaking and making speeches** (11 Councillors)
- **Time Management** (10 Councillors)
- Questioning skills (8 Councillors)
- Influencing and persuading skills (7 Councillors)
- Ability to communicate with a range of audiences (6 Councillors)
- Casework management i-casework/advice surgeries (4 Councillors)
- Effectively contribute to meetings (4 Councillors)
- Speed reading/effective reading (0 Councillors)

##### **IT Skills (Number of councillors prioritising as a development need)**

- Social Media (Twitter/Facebook/What's App, Instagram) (3 Councillors)
- Using a handheld device (3 Councillors)
- Outlook/Managing emails (2 Councillors)
- Excel (1 Councillor)
- PowerPoint (1 Councillor)
- Internet/Intranet (1 Councillor)
- Word (1 Councillor)
- Basic computer/keyboard skills (0 Councillors)

##### **Knowledge (Number of councillors prioritising as a development need)**

- **Local Government Finance** (12 Councillors)
- **Cabinet and Leadership development** (10 Councillors)
- **Overview and scrutiny** (8 Councillors)
- Understanding the organisation, constitution, protocols (7 Councillors)
- Local and national policies and the impact on the Council (4 Councillor)
- Community leadership/knowning my ward (3 Councillors)
- Freedom of Information and data protection (GDPR) (0 Councillors)
- Diversity and equality (0 Councillor)
- Ethics and standards (Code of Conduct) (0 Councillor)

## 5. KEY RECOMMENDATIONS FOR DEVELOPMENT

Since the Personal Development Plans undertaken in 2020 there has been very limited changes in the development priorities identified by participating Councillors. As was the case in 2020 IT skills are well established and knowledge, awareness and use of the different social media platforms is well embedded. However, there was a high level of interest by Councillors in the development of digital skills that support community leadership and public engagement e.g. LGA Leadership Essentials, Digitalisation programme.

### Skills

- **Chairing skills and the ability to facilitate meetings.** This again like in 2020 was prioritised by Councillors as a top skill for development by thirteen participating Councillors. The focus was on chairing both in person and virtual meetings. The chairing preference was not just for principal Council Committees but also for local forums, community networks and public meetings.

Many of the newly elected Councillors expressed a desire for chairing skills development as a consequence of needing to chair ward meetings, Neighbourhood Forums etc. Also newly elected Councillors were ambitious to be considered for future Committee Chair and Vice Chair roles.

The focus for the development was to also include *facilitation* skills rather than just chairing a meeting. The chairing and facilitation role for an Overview and Scrutiny Committee or Task Group differs from that of a formal committee with a greater focus on facilitation, engagement and inclusion rather than procedure.

- **Confidence in public speaking, including making speeches and delivering presentations.** Again, prioritised as a top development priority for eleven of the thirty-one participating Councillors, the focus should be around providing Councillors with the skills to present in both formal committees and Council meetings and in more informal surroundings.

The development should include making an impact in meetings including making a speech and how to use digital platforms to maximise impact. The development should allow for Councillors to make a presentation and consideration should be given to videoing a presentation and a facilitator or coach providing constructive feedback on a one-to-one basis. The Council had already scheduled this development intervention in 2022 but a refresh should be considered in the light of the Personal Development Planning discussions.

Lead Members also expressed a desire for additional support in respect of media skills development particularly to support live television and radio interviews. Also, how to use e-platforms e.g., YouTube to effectively promote the work of the Council and to ensure maximum impact from the use of new methods of communication.



- **Effective Time Management** was for the first time prioritised as a development priority by ten of the thirty-one participating Councillors. The desire for development support in this area came from both newly elected Councillors who had to manage a professional role alongside the councillor role and those in leadership roles both Lead Members and Committee Chairs.

The support and development identified was in respect of how to prioritise e.g. casework queries, delegation skills and balancing the Councillor role with professional career aspirations. Newly elected Councillors were committing a high number of weekly hours to the role to respond to case-work, undertake surgeries and build up personal visibility and recognition in the ward. Newly elected Councillors are undertaking 15-20 hours per week in the non -executive councillor role. Councillors in the new two- Councillor wards did particularly highlight high demands on their time.

- **Casework Management and Ward Priorities** as a specific development need was only prioritised by four Councillors. However, the one to one conversations did identify that in many wards Councillors had not set key objectives and priorities for the ward over the next three to four years and this approach to setting measurable ward priorities should be encouraged. Good practice in establishing measurable ward priorities was identified in Harlesden and Kensal Green.

A number of Councillors also expressed issues with utilising and engaging the Member Enquiry System to support effective casework management. The Member Enquiry System was the only approach to engaging officer support with casework issues and one to one support should be provided to Councillors to support best use of the Enquiry System. This approach had become more important due to the recording of casework through the Member Enquiry System been used to support effective ward performance management.

## IT/ e- Skills

- **Digital Communication**

Councillors have an integral role to play in ensuring residents feel empowered to embrace digital innovation that will support digital capability across local communities. The one-to-one sessions identified that Councillors saw it as important that they had the appropriate digital skills to support residents and communities. Many Councillors had developed their digital skills during the Pandemic when supporting the Mutual Aid Groups. However, many of the newly elected Councillors identified digital skills as a key development priority. The skills identified included:

- Digital inclusion and connectivity in the local community
- Digital communication
- Cyber security
- Using digital skills to support the community and
- Digital Political Leadership in the local community.

- **IT Skills development** in 2022 as in 2020 are now well embedded with no Councillors in 2022 prioritising basic computer/keyboard skills as a development priority. Recently elected Councillors have a high level of IT skills and high expectations of the Council in respect of access to hardware and in the use and functionality of the IT software.

Councillors are also well established and competent in the use of social media, Twitter, Facebook, Instagram and in particular the prevalent use of 'What's App' groups to support specific communities and interests.

The Council Induction Programme was recognised as been very pro-active in its approach to supporting one to one IT training and development requirements.

## Knowledge

- **Leadership development.** Leadership development for existing, recently appointed/elected and aspiring cabinet members was identified as a key development area both within the 1-1's with Councillors and through the responses to the three leadership competencies within the Political Skills Questionnaire. Ten of the thirty-one Councillors identified leadership development as a key priority within the 1-1 sessions.

Cabinet Councillors saw the acquisition of knowledge to undertake the portfolio and a need for whole Cabinet team development as important to support a more collegiate approach to Cabinet working and decision making. Also, Councillors in non-executive roles had an increasing desire and expectation to develop their strategic and political leadership skills to support professional development and to be able to respond to opportunities arising from political succession planning.

The leaderships success in taking forward political succession planning in respect of Cabinet/Lead Member roles has acted as a catalyst to encourage a wider group of Councillors to prioritise their personal and political leadership skills. Political succession planning has led to a highly representative Cabinet with talent promoted on an accelerated basis from the 2018 intake .

The Leader now undertakes regular 1-1 sessions with Cabinet Councillors that assist in establishing and evaluating *portfolio* priorities. Whole Cabinet team development sessions should also be regularised to support Cabinet relationship and team building and to develop a shared understanding of each portfolio area and the priorities and targets in the portfolio area.

Cabinet Councillors since 2018 have also been provided with the opportunity, to have an external mentor through the LGA. and encouraged to network with other cabinet members in similar portfolio areas across London.

All Cabinet Councillors have been supported to participate on the **LGA Leadership Academy** and **LGA Leadership Essentials individual programmes and the BAME Councillors Weekender**. These programmes support knowledge and wider leadership skills. The council has a continued commitment to supporting councillors to attend the LGA Leadership Academy, The Young Councillor Weekender and single leadership modules

e.g. Leadership Essentials: Being an Effective Cabinet Member.

Due to work life balance and family commitments Councillors may not be able to commit to the six-day Leadership Academy. For these councillors, a one-day **Political Leadership** master class is available for councillors holding leadership positions including Cabinet Councillors, Committee Chairs and the Minority Group Leaders. The Minority Group Leaders should also consider prioritising the **LGA Effective Opposition Programme**.

As in 2020 **Media skills** was identified as a priority for Lead Members and Committee Chairs who have a significant public interface. Such Councillors should continue to be provided with the opportunity to attend media masterclasses to develop and enhance the range of media skills required E.g. LGA Communication and Media Political Leadership Masterclass, a five hour virtual masterclass to enhance interview skills.

Councillors also expressed a desire to become an accredited LGA Peer Assessor or an external mentor.

- **Overview and Scrutiny.** Councillors interviewed continued to have a high interest in developing the knowledge and skills to develop and take forward the potential of overview and scrutiny. Eight of the thirty-one participating Councillors identified overview and scrutiny as an area for further development.

Also, the analysis of the Political Skills Framework Questionnaire highlighted that '*Scrutiny and Challenge*' was the only area within the six core competencies that Councillors completing the Questionnaire highlighted as a '*Area for Development*' (40% plus of respondents highlighted themes within '*Scrutiny and Challenge*' as a development priority).

The Councillor development should include the Overview and Scrutiny Chairs members of the Committees and those appointed to chair or be a member of a Task Group.

Councillors participating were of the view that overview and scrutiny did have a significant impact although those in the minority groups were of the view that they had a limited sphere of influence. Lead Members also recognised and saw the importance of Overview and Scrutiny in acting as a '*resource*' to support effective cabinet decision-making.

All Overview and Scrutiny Chairs and Vice Chairs should be encouraged to participate on the LGA Leadership Essentials – Effective Scrutiny Programme on either an in person or virtual basis.

Continued Overview and Scrutiny development should focus on:

- Overview and scrutiny, the role and potential as a '**critical friend**'
- The role of overview and scrutiny in acting as a voice for the community.
- The relationship between Cabinet and scrutiny, developing scrutiny as a '**resource**' for Cabinet and Council.
- Developing high impact reviews and SMART recommendations
- Analysing complex information and project planning/scoping a scrutiny review

- Skills for effective scrutiny including exerting influence and chairing skills.
- The Overview and Scrutiny Chairs and Vice Chairs should be encouraged and supported to network on a virtual basis with other Chairs of Overview and Scrutiny across London. Formal/informal networks should be established to exchange information and support ongoing development.
- **Local Government Finance.** Twelve of the thirty-one participating Councillors identified Local Government Finance and budgets as an area for further development, the most prevalent development priority within the 'Knowledge' area of the Personal Development Plan. Specific development requirements identified by Councillors included an understanding of Local Government finance, the budget setting process and how Councillors can provide effective scrutiny and accountability of the budget process.

The 'Cost of Living Crisis' and the impact for residents in specific wards was identified by Councillors and in particular newly elected Councillors as the key reason for identifying Local Government Finance as a key development priority. Councillors had a desire to better understand how the budget is developed and the impact of budgetary reductions that would allow them to be better placed to participate in discussion around the service and budget priorities. Councillors also wanted to be able to ask the difficult questions with regards the likely community impact of the budget cuts/reductions.

Newly elected Councillors identified the importance of having the skills in respect of Local Government finance to be better placed to be able to communicate and explain the impact of budgetary constraints within their ward and be more knowledgeable in responding to specific constituent questions.

LGA Councillor workbooks in respect of Local Government Finance and Scrutiny of Finance are available targeted for all councillors and useful to new councillors. These are available to download on the LGA website <https://www.local.gov.uk/our-support/highlighting-political-leadership/community-leadership/councillor-workbooks> For those involved in the Audit Committee the LGA support a fully funded Leadership Essentials programme. The LGA Being an Effective Cabinet Member also addresses Local Government Finance issues.

In addition to the external programmes delivered by the LGA the Member Support Team should look at offering regularised short virtual Councillor briefings to update Councillors on the budget, finance and the potential impact in the wards. This should assist in facilitating councillor engagement and local ward communication in this area.

## 6. MENTORING

The Councillor Personal Development Plan Analysis also identified Councillor support for a structured approach to mentoring and peer support. New Councillors, those elected in a by-election or special election identified the importance and desire for Councillor-to-Councillor mentor support. Newly elected Councillors had been assigned a 'Buddy' but the use of this support was inconsistent with most newly elected Councillors either not aware or not using this source of support. Lead Members prioritised external mentoring provided through the LGA or via Party Group

involvement.

The LGA has provided mentors with relevant skills and experience to deliver 1:1 mentoring support to a number of Councillors. The Council has also committed to continuing to offer this opportunity to all new Lead Members and Chairs of Committees.

The Labour Group following the 2018 election was proactive in developing a Mentoring Peer Support Programme with all new Members provided with a trained mentor that followed a best practice approach to mentoring. This approach should be considered to provide support to those newly elected in 2022. Any mentoring programme should be provided on a corporate basis led by the Member Support team rather than through individual political Groups. The programme should be open to 'all' newly elected Councillors across each of the three political Groups.

## **7. MOVING FORWARD**

The Councillor Personal Development Planning Analysis has demonstrated Brent Council's continued strategic commitment to supporting and developing Councillors so that they can fulfil their potential, lead and contribute to the decision-making process and be effective community Councillors. The Councillor Personal Development Analysis has also highlighted the scope and positive impact of the councillor development that has been undertaken. The development programme was supported and sustained throughout the Pandemic and was accelerated following the May 2002 elections and the comprehensive and well received induction programme.

Councillor engagement in development and learning has been sustained and Councillor learning and development sessions continue to be actively promoted to all Councillors through:

- The weekly Members' Information Bulletin.
- The weekly update of the Council calendar.
- Electronic calendar invitations to all Councillors and
- Direct telephone calls to Councillors.

Development sessions are also offered on more than one occasion for Councillors who are not able to attend the originally listed development session. Sessions are also scheduled to take account of personal circumstances like work commitments, childcare arrangements, religious occasions, etc. The electronic calendar invitations text messaging service, has also assisted in sustaining Councillor participation in learning and development activities.

The thirty-one Personal Development Plans and this report should act as the focus for taking forward a councillor development programme up to 2024/25 and in preparation for the scheduled 2026 elections. The Personal Development plans should also be reviewed, and plans updated and evaluated in 2024/25.

The Councillor Personal Development Plan Analysis will also support the Member Development Steering Group in respect of the LGA/London Councils Councillor Development Charter Plus re-assessment to be undertaken by December 2024.

**Mark Palmer**  
**Development Director**  
**South East Employers February 2023**



**Brent Council  
Councillor Personal Development  
Plan**



Brent Council is providing all Councillors with the opportunity to undertake a one-to-one session to support a comprehensive Councillor Personal Development Analysis. This Personal Development Plan is designed to help identify what information and development you require to effectively fulfil your role as a Brent Councillor.

This plan is confidential and will be completed as part of the one-to-one discussion. The aim is to complete the plan as fully as possible so that appropriate development opportunities can be identified.

Please check it for accuracy and make any necessary changes.

If you have any questions please direct them to Mark Palmer, 07887 982602 or [mark@seemp.co.uk](mailto:mark@seemp.co.uk).

Name: Cllr.....

Ward: .....

Number of years as a Cllr:

Are there any relevant experiences e.g., professional, business or community roles that you bring to the role of Councillor? <i>Please list</i>	
Are there any aspects of your Council work that you have a keen interest in? <i>Please list.</i>	
Considering your ambition for your: - <ul style="list-style-type: none"><li>• Ward</li><li>• Council and</li><li>• Political Party</li></ul> What are your priorities and goals for the next 24 months?	

<p>What skills and knowledge would help you to achieve these priorities and goals?  <i>Please list.</i></p>	
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When do you prefer development activities to be arranged?

During the working week	<input type="radio"/>	Evening (6pm start)	<input type="radio"/>	Weekends	<input type="radio"/>	Other (please elaborate)	<input type="radio"/>
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How do you prefer development activities to be arranged?

E-learning	<input type="radio"/>	External seminars and conferences	<input type="radio"/>	Internal briefings and workshops	<input type="radio"/>	Virtual Learning	<input type="radio"/>
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<b>Skills</b>	<b>Development required (✓)</b>	<b>No development required (✓)</b>
Effectively contributing to meetings		
Confidence in public speaking, including making speeches and delivering presentations		
Chairing skills and ability to facilitate discussions		
Questioning skills		
Influencing and persuading skills		
Ability to communicate with a range of audiences		
Speed reading / effective reading		
Time management		
Casework / advice surgeries management		
<b>IT skills</b>	<b>Development required (✓)</b>	<b>No development required (✓)</b>
Using a handheld mobile device		
Outlook / managing emails		
Internet / Intranet		
Word		
Excel		
PowerPoint		
Basics computer / keyboard skills		
Social media (Twitter, Facebook, What's App etc.)		
<b>Knowledge</b>	<b>Development required (✓)</b>	<b>No development required (✓)</b>
Understanding the organisation and how it works, the Constitution, protocols and conventions		
Ethics and standards (Code of Conduct)		
Local and national policies and their impact on the Council		
Overview and Scrutiny and decision making		
Diversity and Equality		
Freedom of Information / Data Protection		
Local Government Finance		
Community leadership / knowing my ward		
Cabinet / leadership development		

Development Objective	How will this objective be met?	How will I recognise success?	Target / completion date	Implementation and feedback

## APPENDIX 2

### PERSONAL DEVELOPMENT ANALYSIS – BASED ON ONE-TO-ONE DISCUSSION AND COMPLETED PERSONAL DEVELOPMENT PLAN FOR 31 COUNCILLORS

When do you prefer development activities to be arranged? (Respondents chose all that applied)

During the working week

13

Evening (6 pm start)

21

Weekends

6

Other (please elaborate)

0

How do you prefer development activities to be arranged? (Respondents chose all that applied)

E-learning

9

External seminars and conferences

15

Internal briefings and workshops

22

Virtual Learning

23

Skills	Development required (✓)	No development required (✓)
Effectively contributing to meetings	4 (1)	27 (15)
Confidence in public speaking, including making speeches and delivering presentations	11 (11)	20 (5)
Chairing skills and ability to facilitate discussions	13 (5)	18 (11)
Questioning skills	8 (2)	23 (14)
Influencing and persuading skills	7 (3)	24 (13)
Ability to communicate with a range of audiences	6 (3)	25 (13)
Speed reading / effective reading	0 (0)	31 (16)
Time management	10 (2)	21 (14)
Casework / advice surgeries management	4 (2)	27 (14)

IT skills	Development required (✓)	No development required (✓)
Using a handheld mobile device	3 (0)	28 (16)
Outlook / managing emails	2 (1)	29 (15)
Internet / Intranet	1 (0)	30 (16)
Word	1 (1)	30 (15)
Excel	1 (1)	30 (15)
PowerPoint	1 (1)	30 (15)
Basics computer / keyboard skills	0 (0)	31 (16)
Social media (Twitter, Facebook etc.)	3 (6)	28 (16)

Knowledge	Development required (✓)	No development required (✓)
Understanding the organisation and how it works, the Constitution, protocols and conventions	7 (4)	24 (12)
Ethics and standards (Code of Conduct)	0 (0)	31 (16)
Local and national policies and their impact on the Council	4 (3)	27 (13)
Overview and Scrutiny and decision making	8 (7)	22 (9)
Diversity and Equality	0 (0)	31 (16)
Freedom of Information / Data Protection	0 (0)	31 (16)
Local Government Finance	12 (7)	19 (9)
Community leadership / knowing my ward	3 (1)	28 (15)
Cabinet / leadership development (understanding portfolio)	10 (8)	31 (8)

(The figures in brackets represent the 2020 responses to the questionnaire)

## Appendix 3

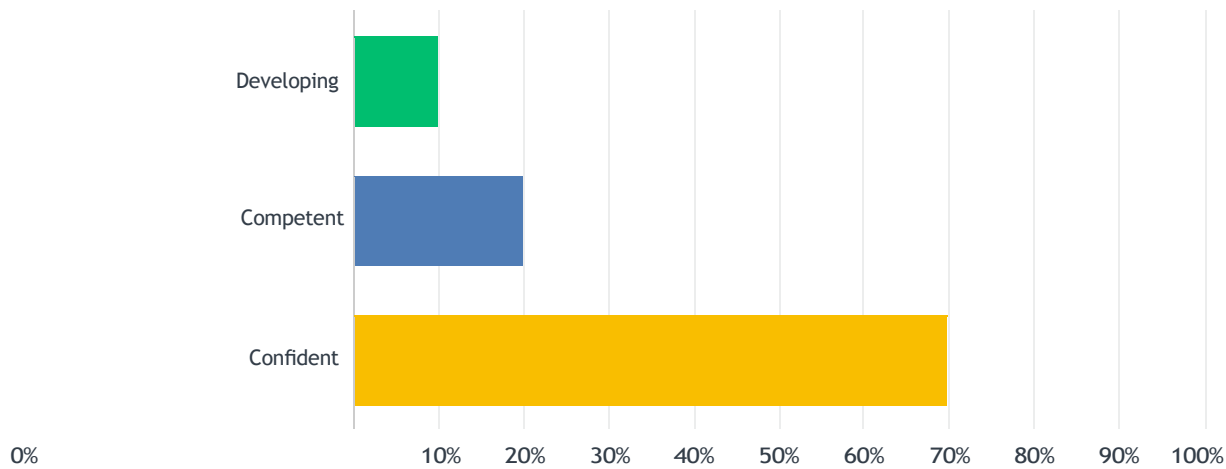


# **Councillor Political Skills Framework Self-Evaluation Questionnaire**

## Q1 **Local Leadership:** I speak to residents; I seek their opinions, and look for ways to represent them effectively.

Answered: 20

Skipped: 2

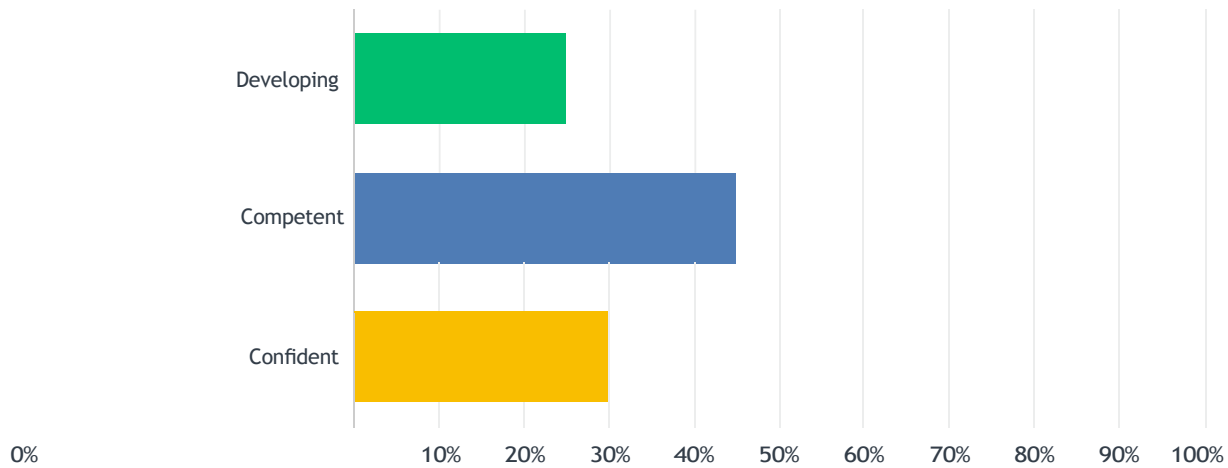


ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	20.00%	4
Confident	70.00%	14
TOTAL		20

Q2. I maintain my awareness of local concerns by talking to different groups of people, including 'hard to reach' groups (gypsies and traveler's, young people, vulnerable people, migrant workers, etc).

Answered: 20

Skipped: 2

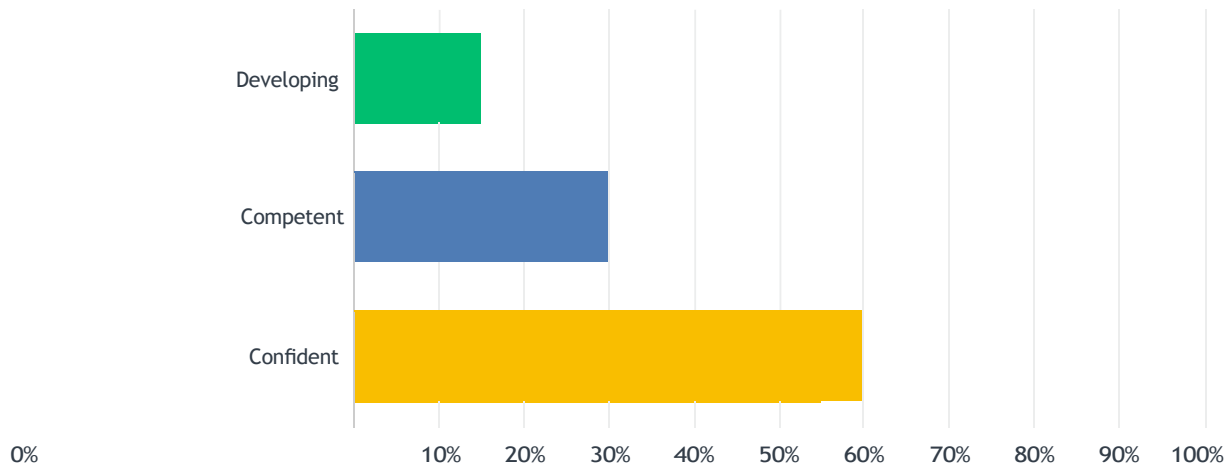


ANSWER CHOICES	RESPONSES	
Developing	25.00%	5
Competent	45.00%	9
Confident	30.00%	6
TOTAL		20

**Q3. I work hard to gain the trust and respect of others by being approachable, being willing to listen and being ready to change my position when needed.**

Answered: 20

Skipped: 2



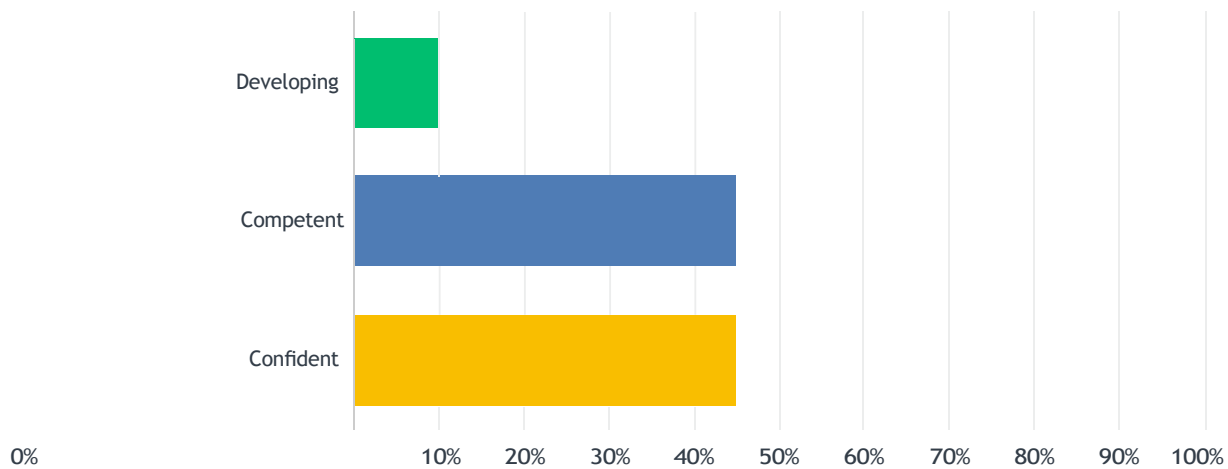
ANSWER CHOICES	RESPONSES	
Developing	15.00%	3
Competent	30.00%	6
Confident	55.00%	11
<b>TOTAL</b>		<b>20</b>



Q4. I establish good working relationships with different groups and people, to ensure their involvement in the decision making process.

Answered: 20

Skipped: 2

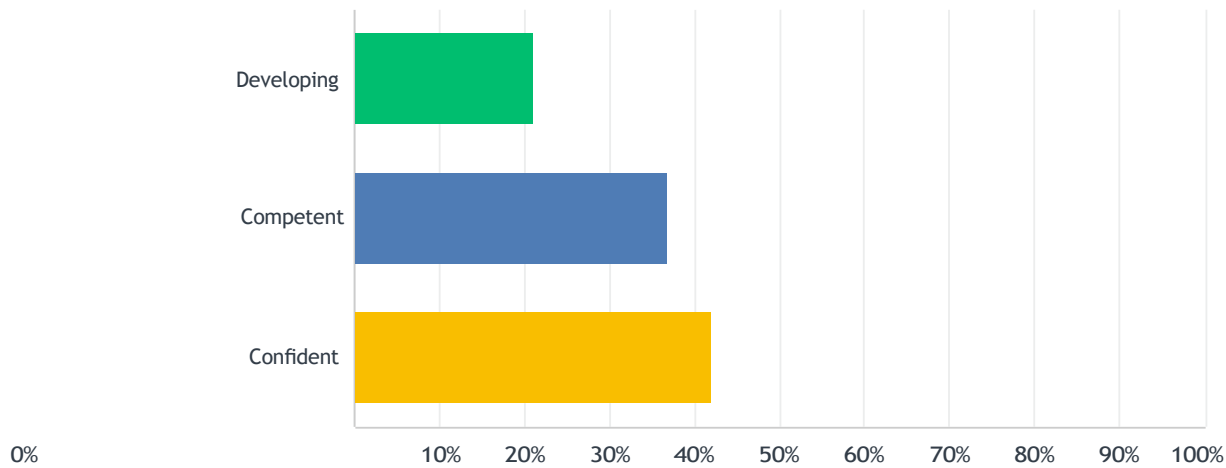


ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	45.00%	9
Confident	45.00%	9
TOTAL		20

## Q5. I work with the community to improve understanding and cooperation between individuals and groups and overcome potential misunderstandings.

Answered: 19

Skipped: 3



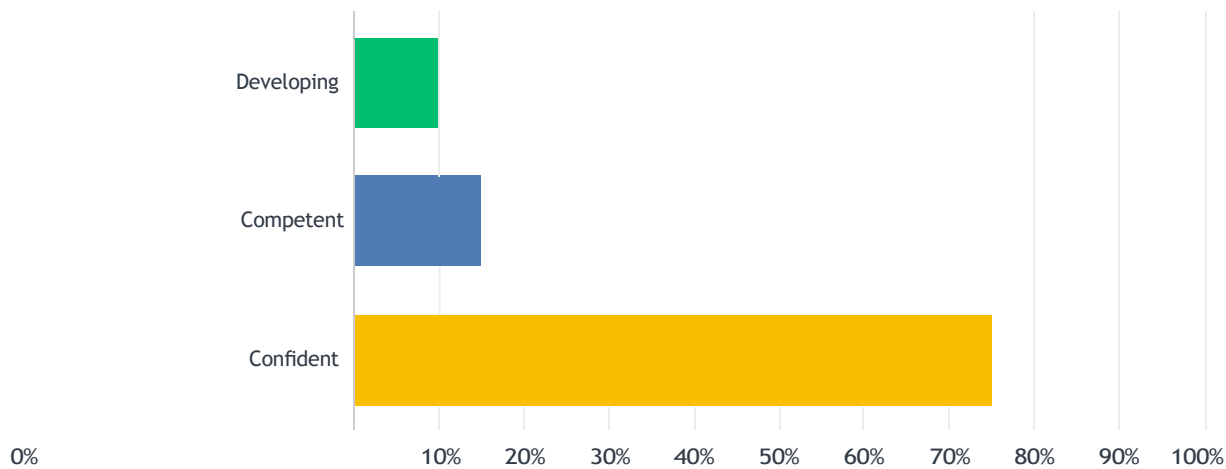
ANSWER CHOICES	RESPONSES	
Developing	21.05%	4
Competent	36.84%	7
Confident	42.11%	8
TOTAL		19



## Q6. **Partnership Working:** I actively work to build good relationships with colleagues, officers, community groups and other organisations.

Answered: 20

Skipped: 2

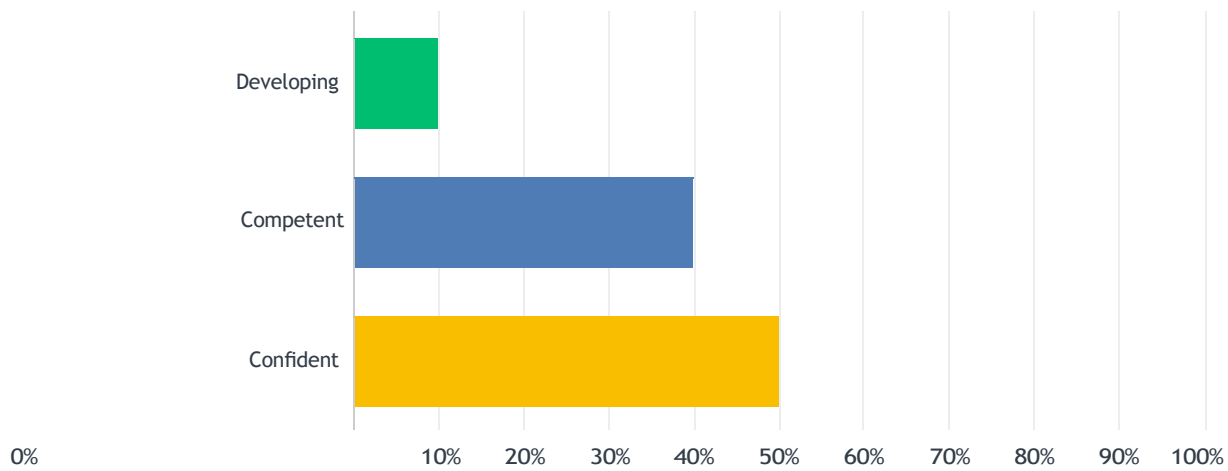


ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	15.00%	3
Confident	75.00%	15
TOTAL		20

## Q7. I work with and inspire others in order to achieve shared ambitions.

Answered: 20

Skipped: 2

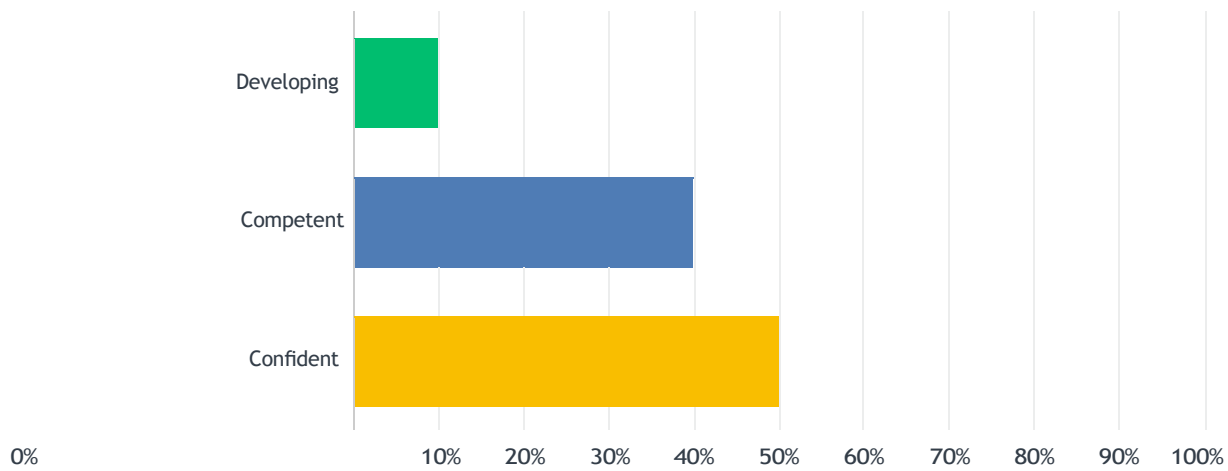


ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	40.00%	8
Confident	50.00%	10
TOTAL		20

## Q8. I am able to decide when to encourage and enable others to take responsibility.

Answered: 20

Skipped: 2

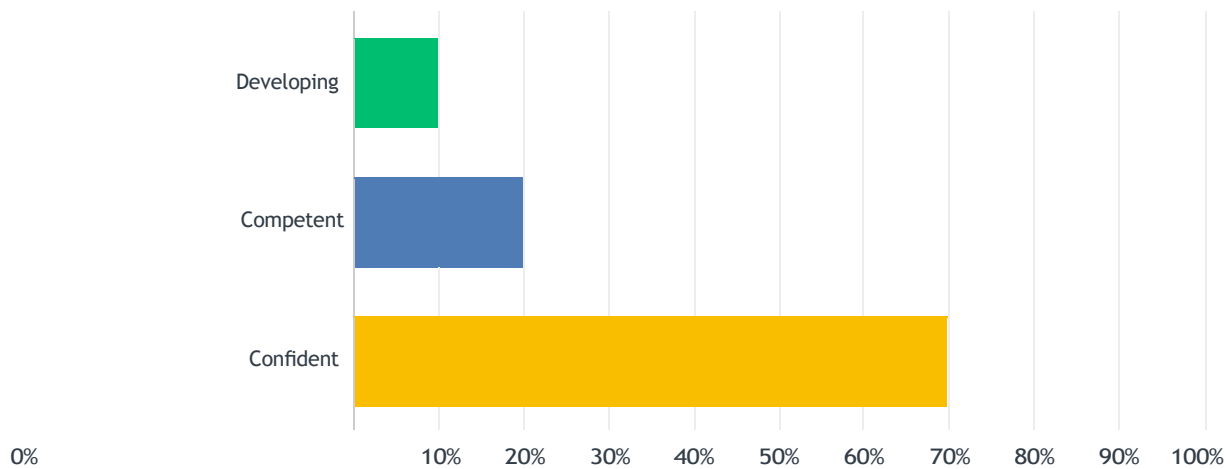


ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	40.00%	8
Confident	50.00%	10
TOTAL		20

Q9. I am able to establish an environment that encourages people from diverse backgrounds to feel valued, trusted and included.

Answered: 20

Skipped: 2

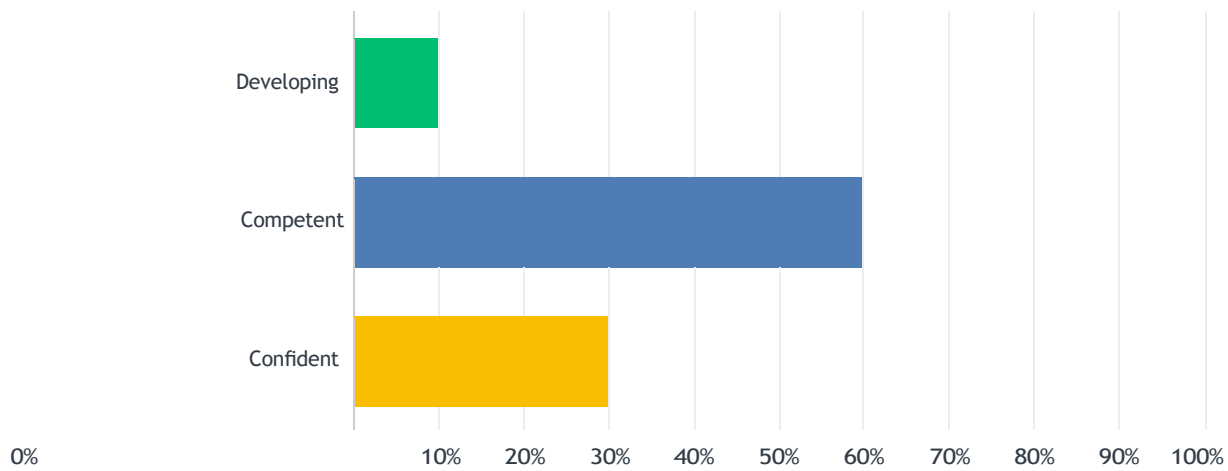


ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	20.00%	4
Confident	70.00%	14
TOTAL		20

Q10. I understand the part I play in building and shaping key partnerships at various levels (local, regional and national – where relevant).

Answered: 20

Skipped: 2



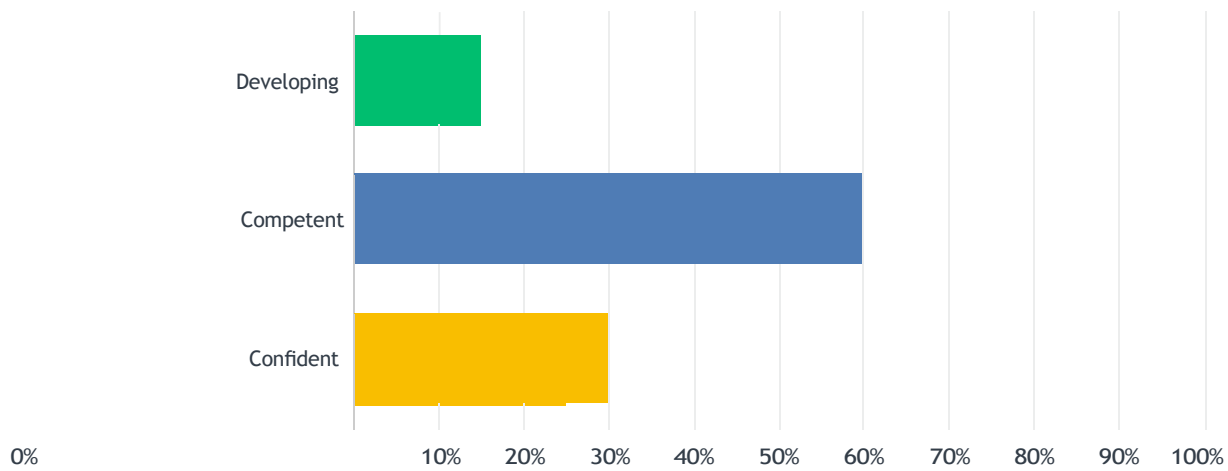
ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	60.00%	12
Confident	30.00%	6
TOTAL		20



Q11. I am confident enough in my ability to help resolve conflict or stalemate effectively.

Answered: 20

Skipped: 2



ANSWER CHOICES	RESPONSES	
Developing	15.00%	3
Competent	60.00%	12
Confident	25.00%	5
TOTAL		20

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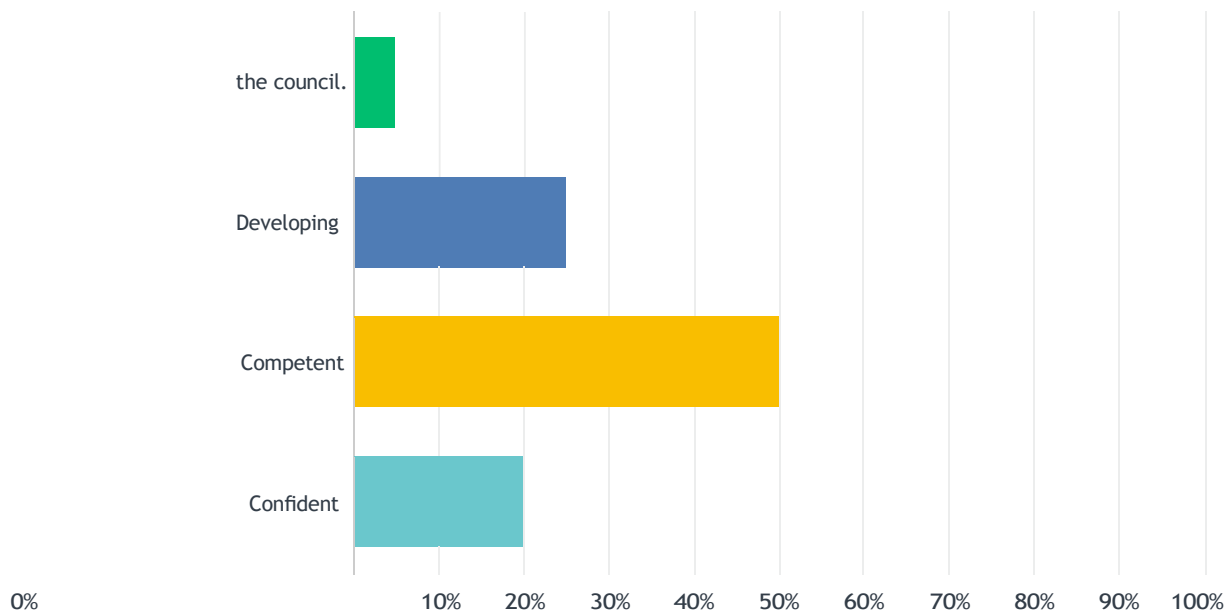
Answered: 6

Skipped: 16

## Q12. **Political Understanding:** I help to develop cohesion within and between different groups and between different groups and

Answered: 20

Skipped: 2

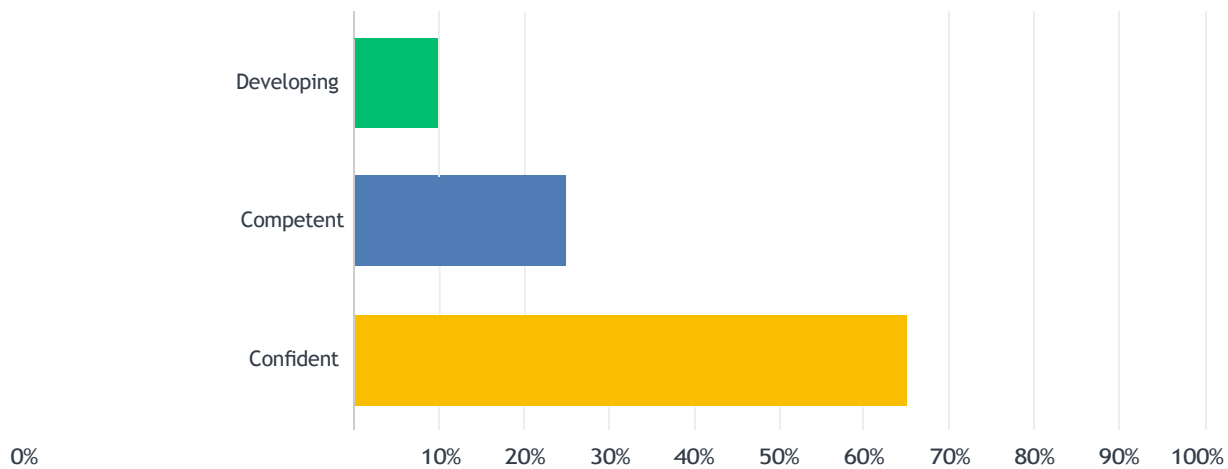


ANSWER CHOICES	RESPONSES	
the council.	5.00%	1
Developing	25.00%	5
Competent	50.00%	10
Confident	20.00%	4
TOTAL		20

### Q13. I clearly communicate my political values through canvassing and campaigning.

Answered: 20

Skipped: 2

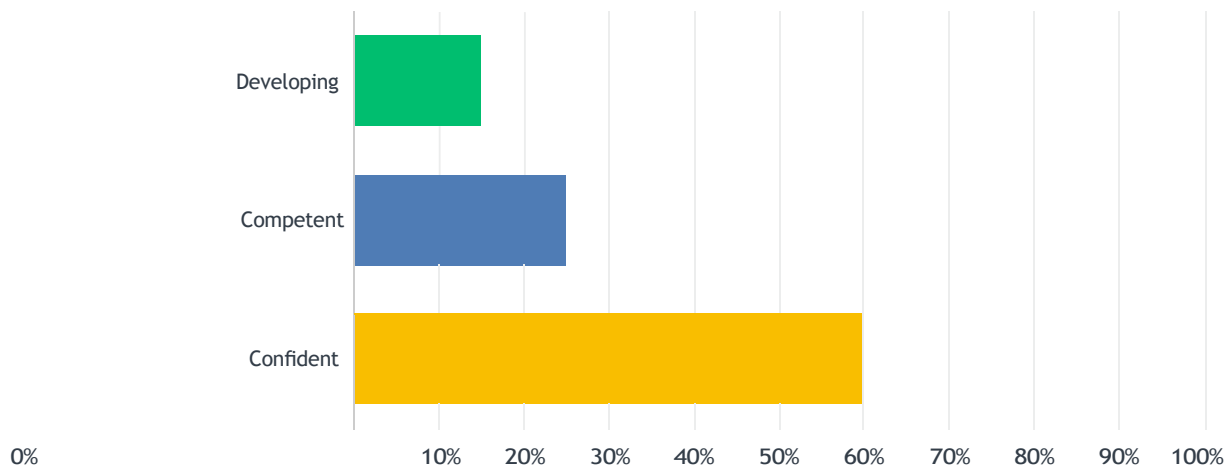


ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	25.00%	5
Confident	65.00%	13
TOTAL		20

# Q14. I look for ways to promote the democratic process and increase / encourage public engagement / interest.

Answered: 20

Skipped: 2

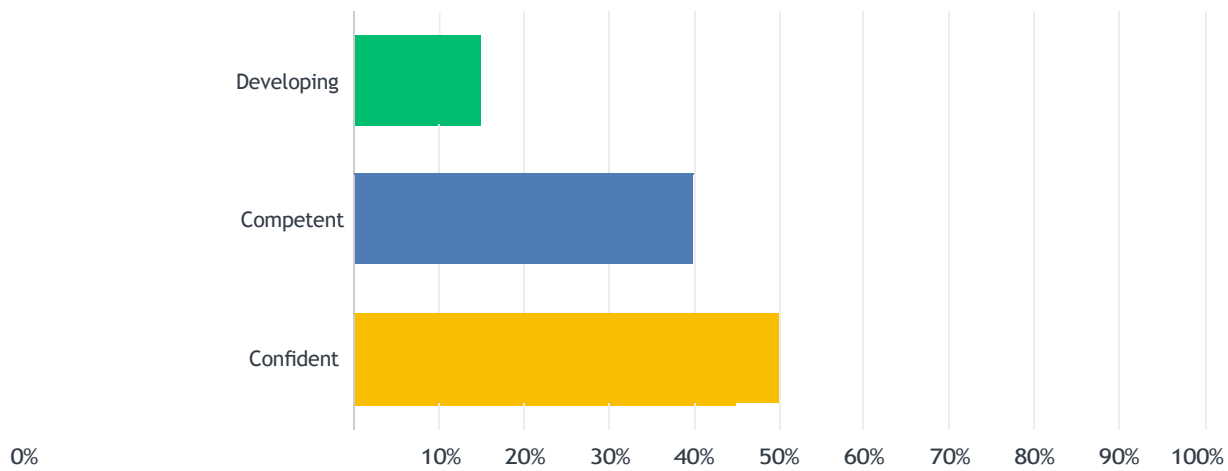


ANSWER CHOICES	RESPONSES	
Developing	15.00%	3
Competent	25.00%	5
Confident	60.00%	12
TOTAL		20

Q15. I am able to put party politics aside and work across political boundaries when required, without compromising political values.

Answered: 20

Skipped: 2



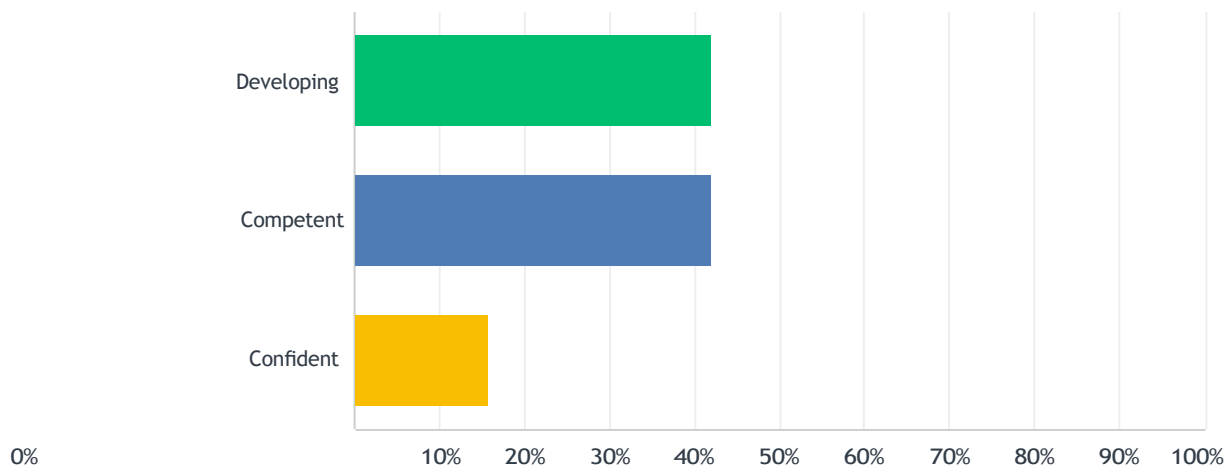
ANSWER CHOICES	RESPONSES	
Developing	15.00%	3
Competent	40.00%	8
Confident	45.00%	9
TOTAL		20



## Q16. **Scrutiny and Challenge:** I identify areas which are suitable for scrutiny and ensure that residents are involved in the process.

Answered: 19

Skipped: 3



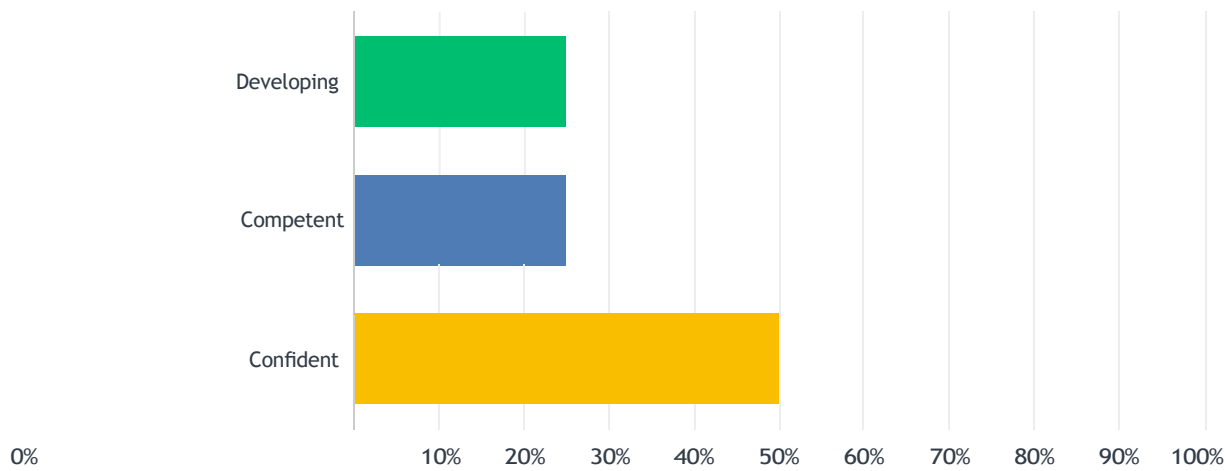
ANSWER CHOICES	RESPONSES	
Developing	42.11%	8
Competent	42.11%	8
Confident	15.79%	3
TOTAL		19



## Q17. I am able to understand and analyse complex information.

Answered: 20

Skipped: 2

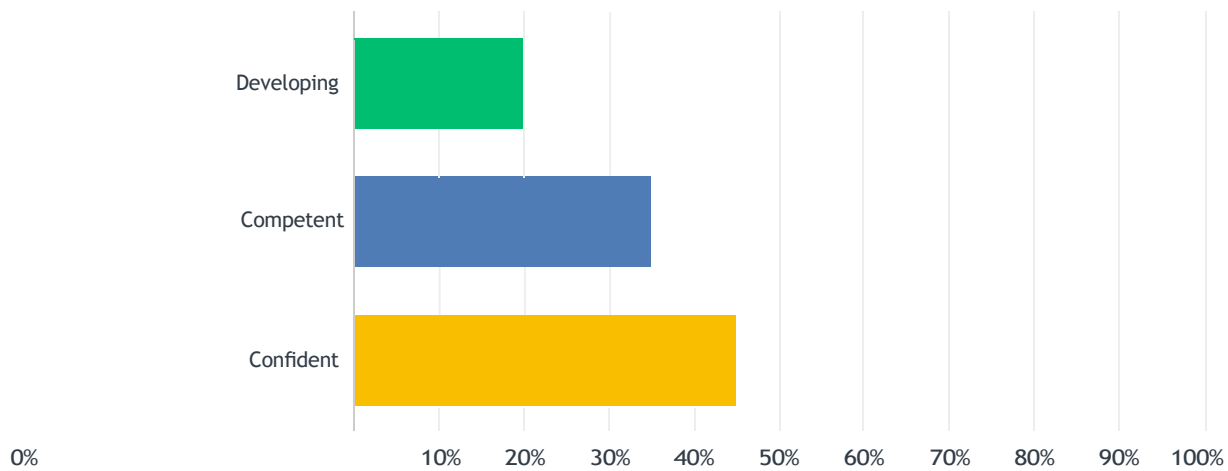


ANSWER CHOICES	RESPONSES	
Developing	25.00%	5
Competent	25.00%	5
Confident	50.00%	10
TOTAL		20

## Q18. I present concise arguments that are meaningful and easily understood.

Answered: 20

Skipped: 2

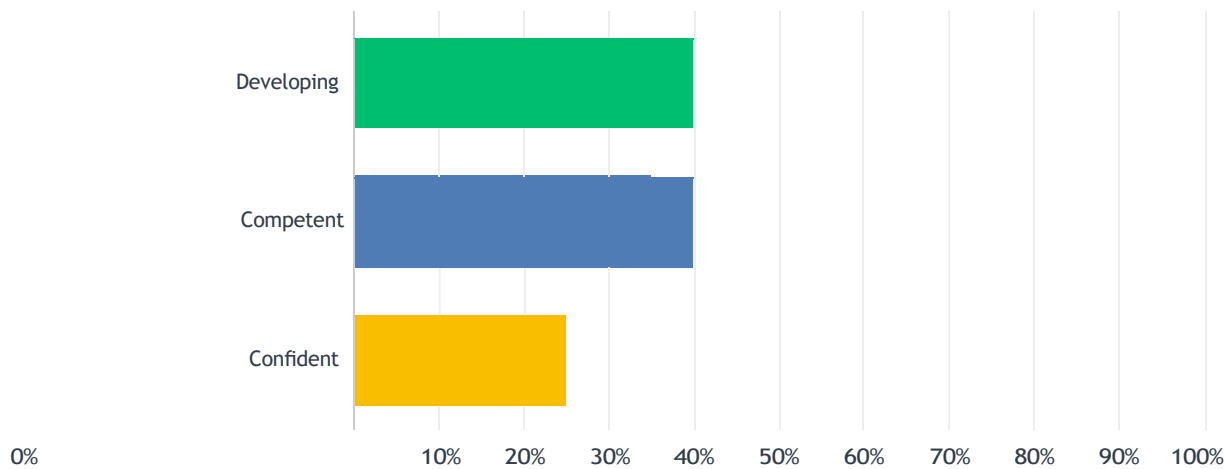


ANSWER CHOICES	RESPONSES	
Developing	20.00%	4
Competent	35.00%	7
Confident	45.00%	9
TOTAL		20

Q19. I understand the scrutiny process, ask for explanations and check that recommendations have been implemented.

Answered: 20

Skipped: 2

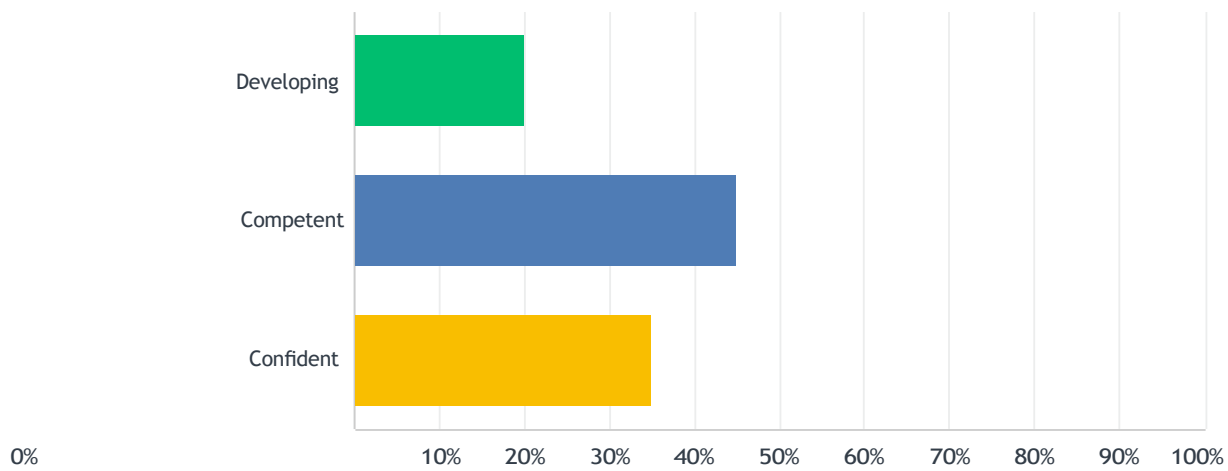


ANSWER CHOICES	RESPONSES	
Developing	40.00%	8
Competent	35.00%	7
Confident	25.00%	5
TOTAL		20

Q20. I am objective and thorough when challenging processes, decisions and people.

Answered: 20

Skipped: 2

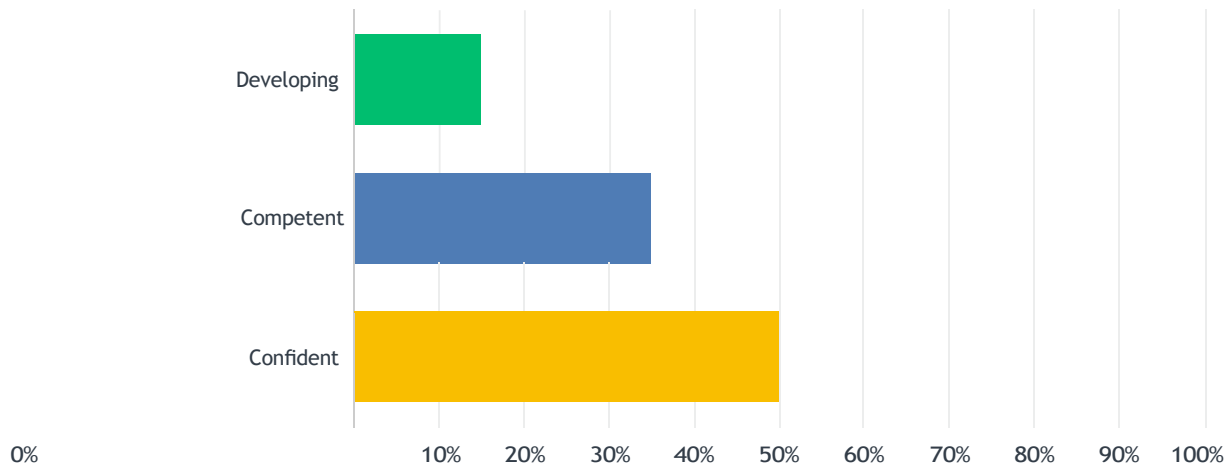


ANSWER CHOICES	RESPONSES	
Developing	20.00%	4
Competent	45.00%	9
Confident	35.00%	7
TOTAL		20

## Q21. I ask challenging but constructive questions.

Answered: 20

Skipped: 2



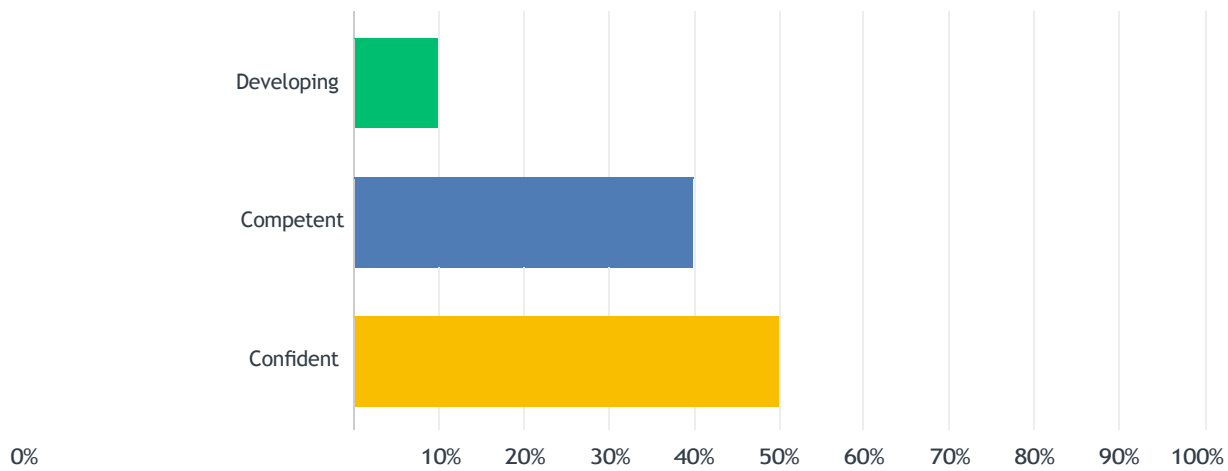
ANSWER CHOICES	RESPONSES	
Developing	15.00%	3
Competent	35.00%	7
Confident	50.00%	10
TOTAL		20



## Q22. **Regulating and Monitoring:** I use evidence to evaluate arguments and make independent, impartial judgements.

Answered: 20

Skipped: 2

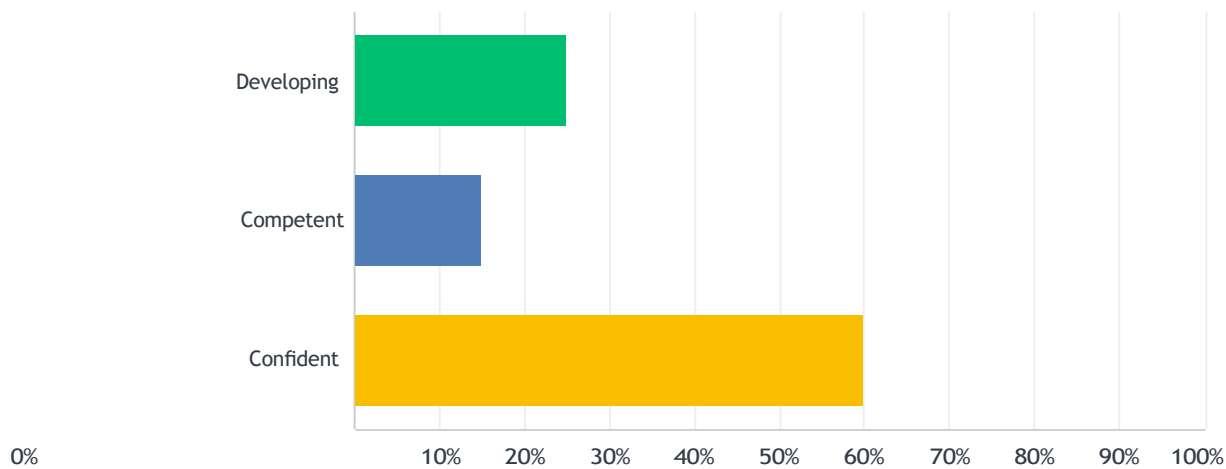


ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	40.00%	8
Confident	50.00%	10
TOTAL		20

## Q23. I understand and act in accordance with legal responsibilities and the Council's Constitution (e.g. safeguarding, code of conduct).

Answered: 20

Skipped: 2



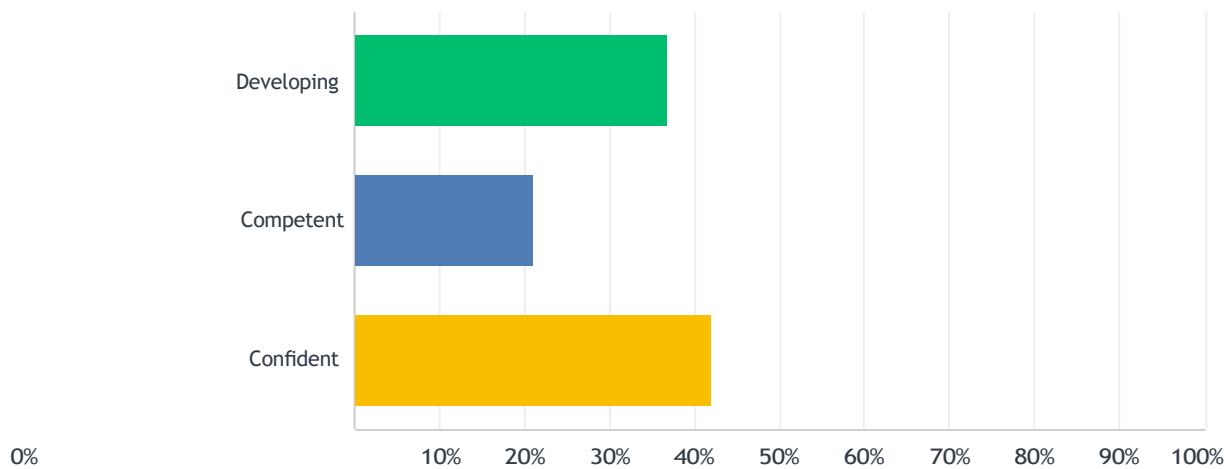
ANSWER CHOICES	RESPONSES	
Developing	25.00%	5
Competent	15.00%	3
Confident	60.00%	12
TOTAL		20



Q24. I chair meetings effectively, follow protocol to make sure all views are explored and keep process on track.

Answered: 19

Skipped: 3

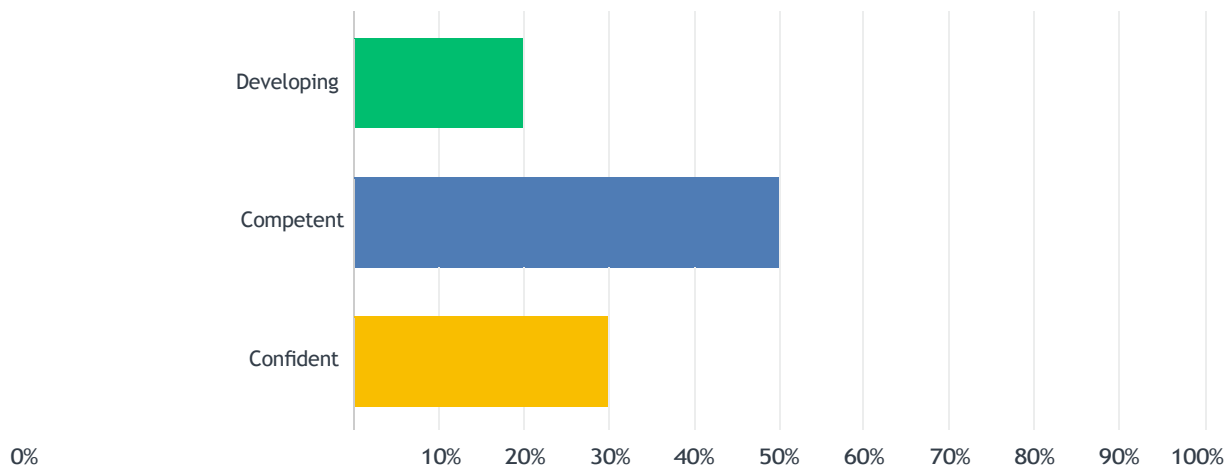


ANSWER CHOICES	RESPONSES	
Developing	36.84%	7
Competent	21.05%	4
Confident	42.11%	8
TOTAL		19

## Q25. I follow legal processes, while also balancing public needs and local policy.

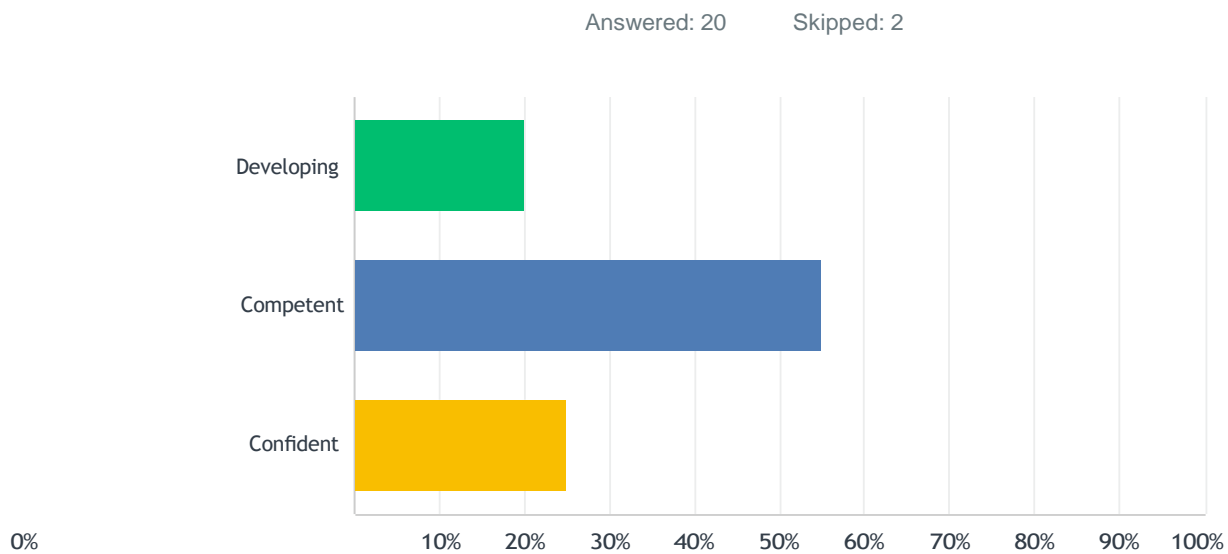
Answered: 20

Skipped: 2



ANSWER CHOICES	RESPONSES	
Developing	20.00%	4
Competent	50.00%	10
Confident	30.00%	6
TOTAL		20

## Q26. I monitor performance and intervene when necessary to ensure progress.

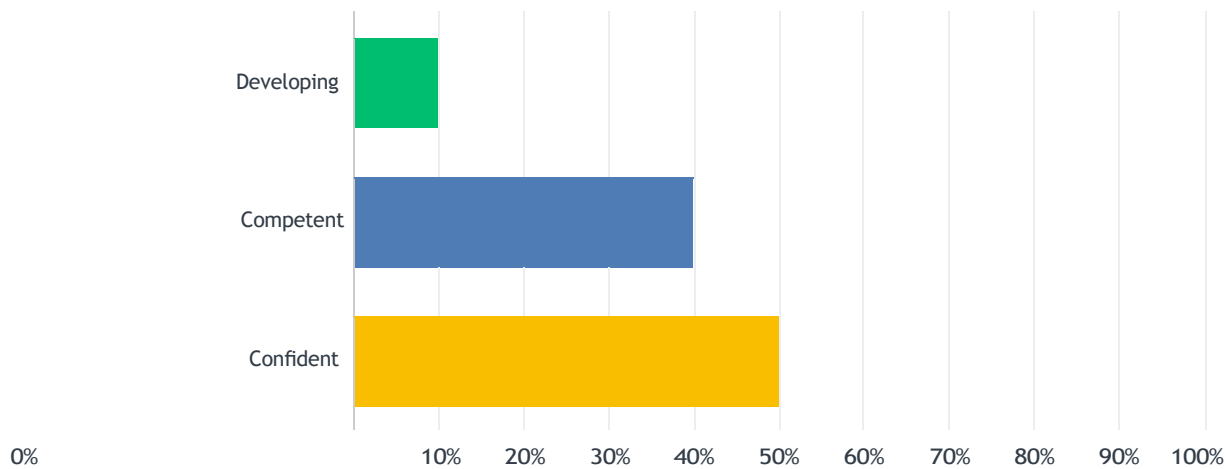


ANSWER CHOICES	RESPONSES	
Developing	20.00%	4
Competent	55.00%	11
Confident	25.00%	5
TOTAL		20

Q27. I am committed to my personal development, and seek feedback and look for opportunities to learn.

Answered: 20

Skipped: 2



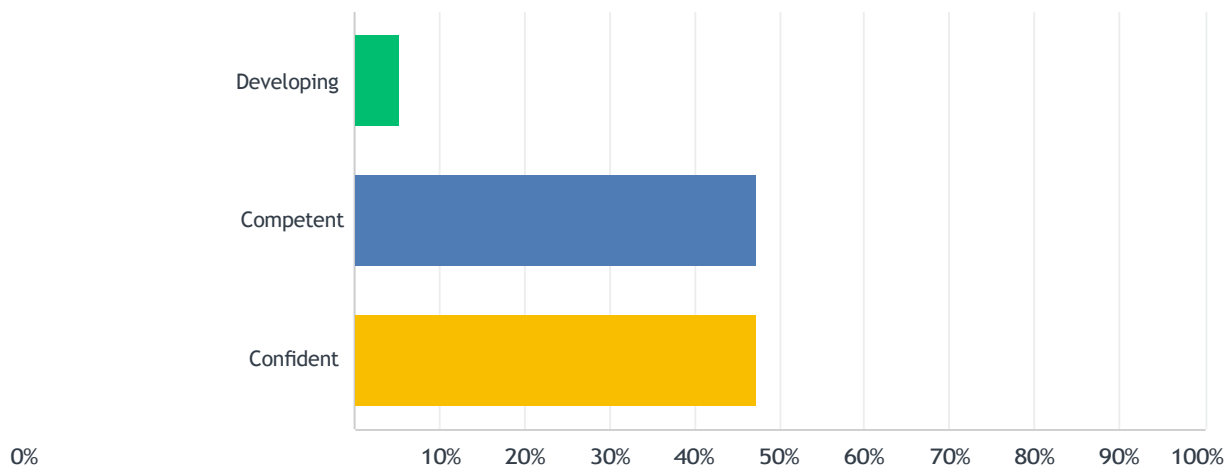
ANSWER CHOICES	RESPONSES	
Developing	10.00%	2
Competent	40.00%	8
Confident	50.00%	10
TOTAL		20



## Q28. **Communication Skills:** I provide regular feedback to people by ensuring that they are kept informed and that goals remain realistic.

Answered: 19

Skipped: 3

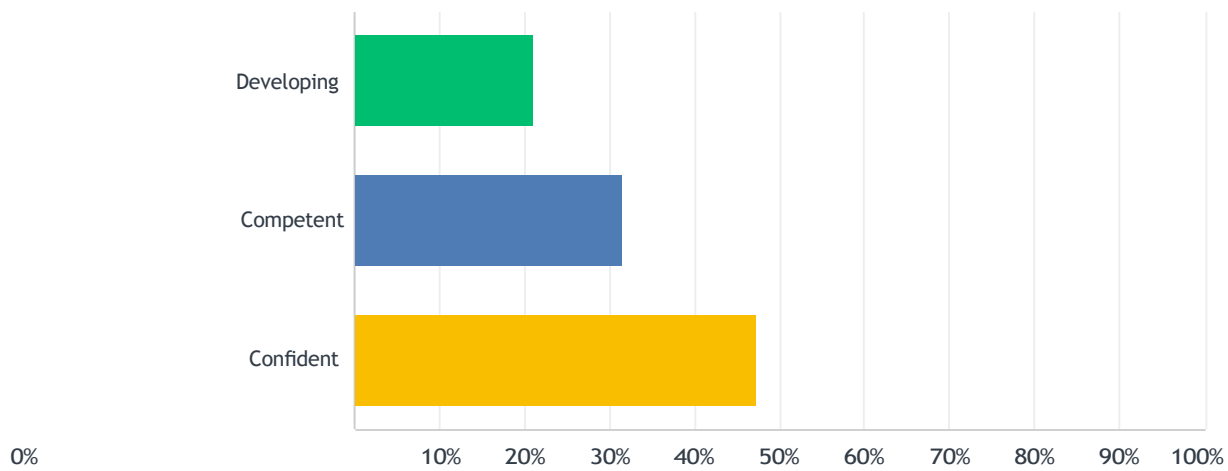


ANSWER CHOICES	RESPONSES	
Developing	5.26%	1
Competent	47.37%	9
Confident	47.37%	9
TOTAL		19

Q29. I regularly inform and communicate with the community using suitable media resources such as newsletters, social media, and email.

Answered: 19

Skipped: 3

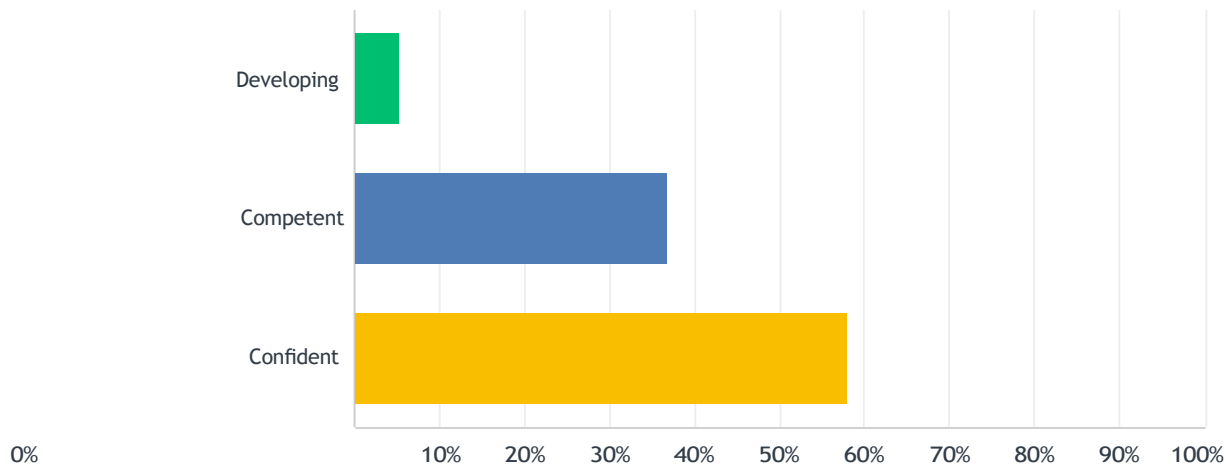


ANSWER CHOICES	RESPONSES	
Developing	21.05%	4
Competent	31.58%	6
Confident	47.37%	9
TOTAL		19

Q30. I listen to others, check to ensure I understand, and adapt my own communication style as required.

Answered: 19

Skipped: 3



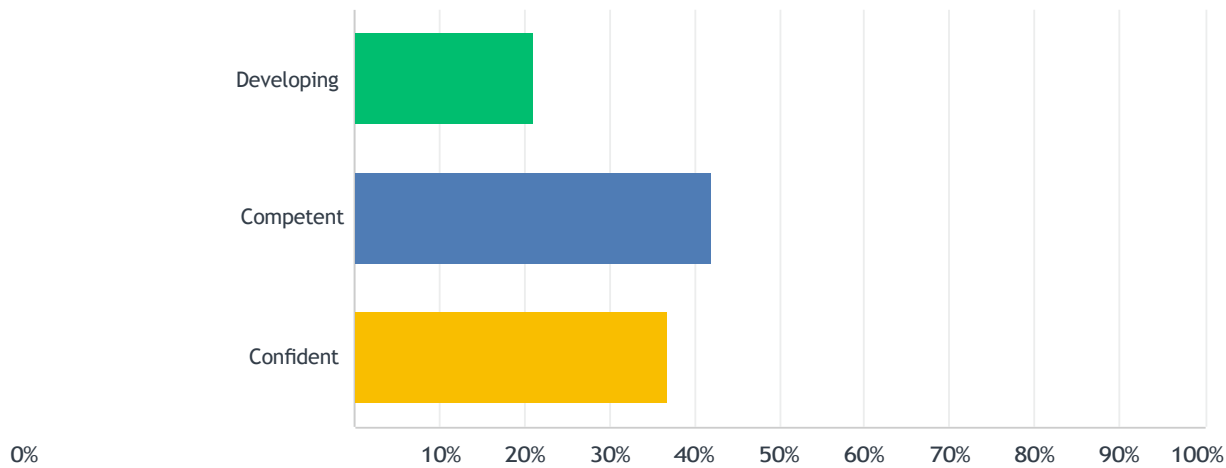
ANSWER CHOICES	RESPONSES	
Developing	5.26%	1
Competent	36.84%	7
Confident	57.89%	11
TOTAL		19



**Q31. I create opportunities to communicate with different groups and people, including hard to reach groups. (gypsies and traveler's, young people, vulnerable people, migrant workers, etc).**

Answered: 19

Skipped: 3

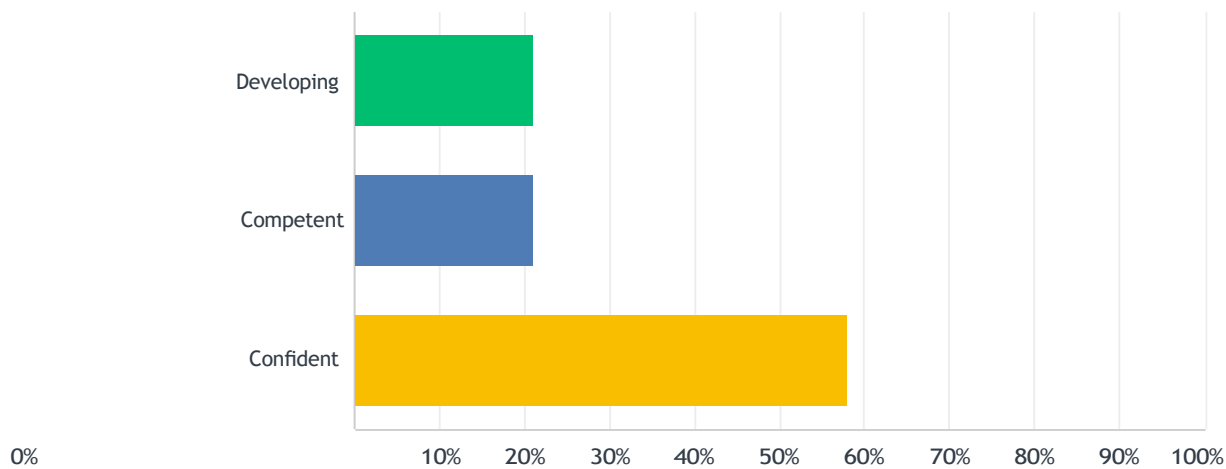


ANSWER CHOICES	RESPONSES	
Developing	21.05%	4
Competent	42.11%	8
Confident	36.84%	7
<b>TOTAL</b>		<b>19</b>

Q32. I feel confident with speaking publicly to both small and large groups of people such as residents, council meetings and the press.

Answered: 19

Skipped: 3

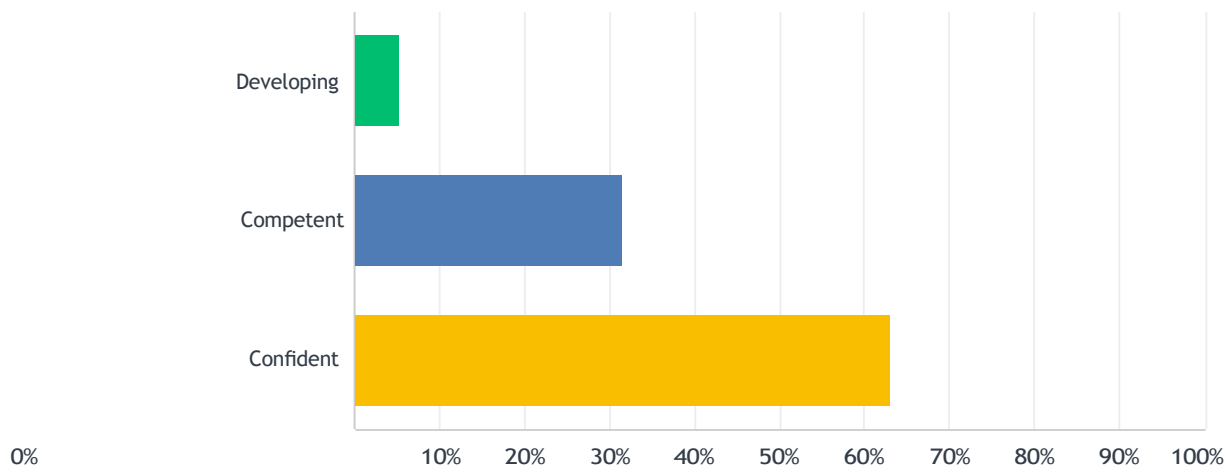


ANSWER CHOICES	RESPONSES	
Developing	21.05%	4
Competent	21.05%	4
Confident	57.89%	11
TOTAL		19

Q33. I communicate appropriately and clearly in verbal and written forms, and I avoid using jargon whenever possible.

Answered: 19

Skipped: 3



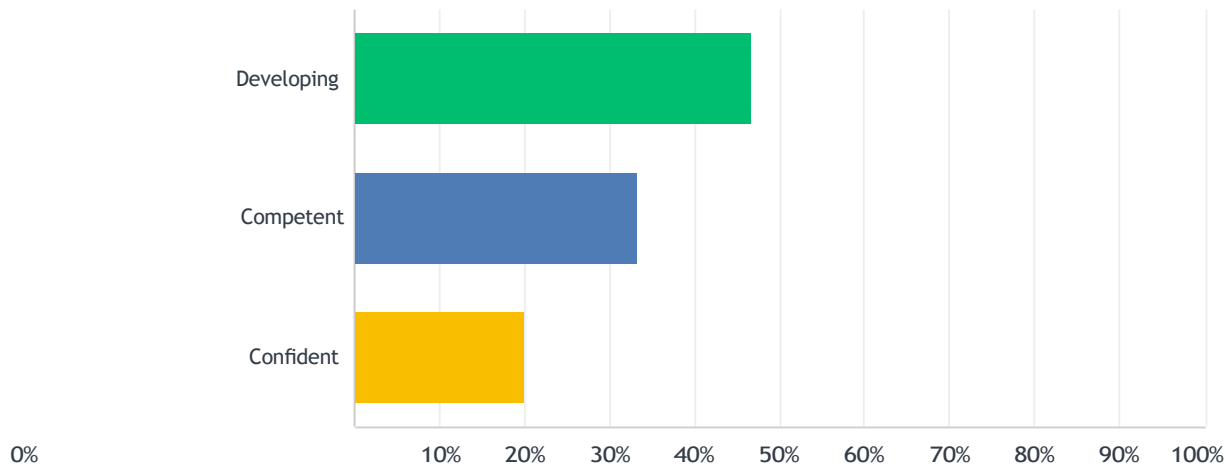
ANSWER CHOICES	RESPONSES	
Developing	5.26%	1
Competent	31.58%	6
Confident	63.16%	12
TOTAL		19



**Q34. Cabinet Members or Aspiring Councillors, Providing Vision: I establish strategic policies and prioritise actions on local needs, manifestos and regional opportunities.**

Answered: 15

Skipped: 7

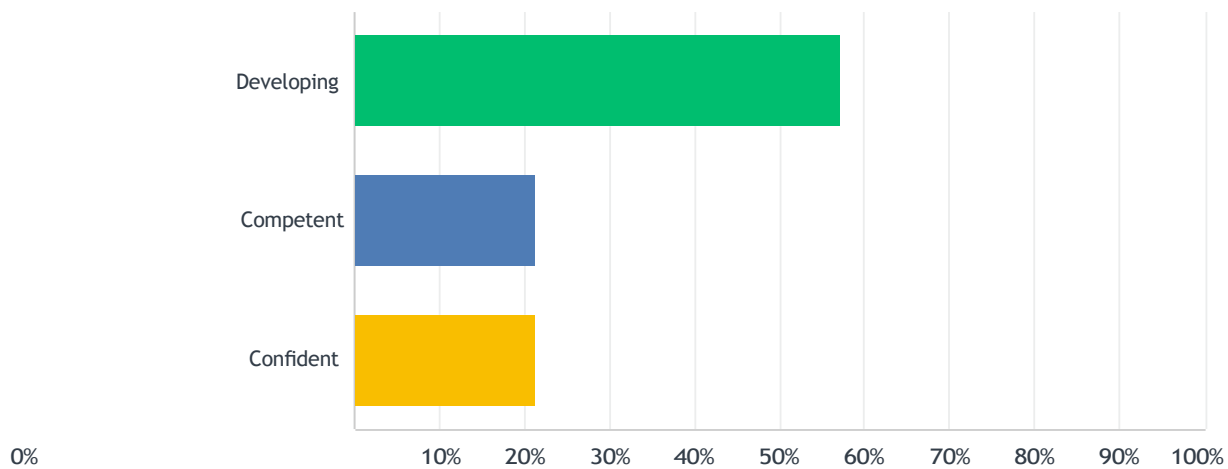


ANSWER CHOICES	RESPONSES	
Developing	46.67%	7
Competent	33.33%	5
Confident	20.00%	3
TOTAL		15

Q35. I work with officers to collate and analyse information, inform budget priorities and performance plans.

Answered: 14

Skipped: 8

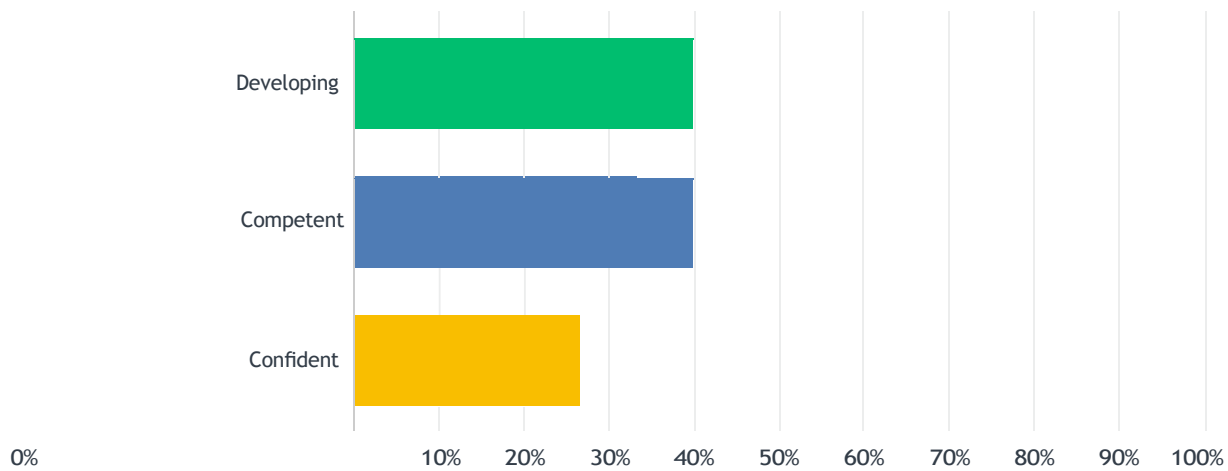


ANSWER CHOICES	RESPONSES	
Developing	57.14%	8
Competent	21.43%	3
Confident	21.43%	3
TOTAL		14

## Q36. I actively encourage involvement of stakeholders in policy formation.

Answered: 15

Skipped: 7

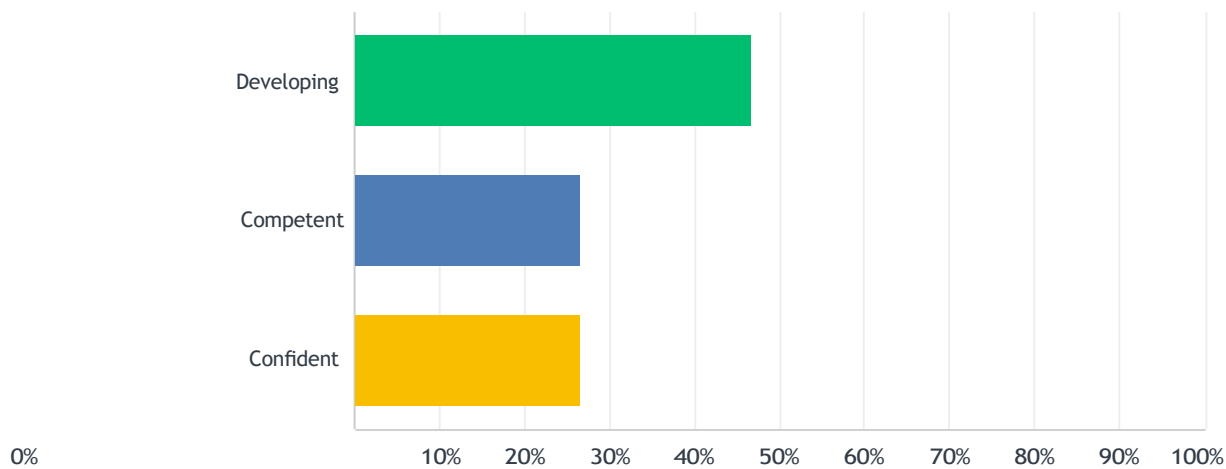


ANSWER CHOICES	RESPONSES	
Developing	40.00%	6
Competent	33.33%	5
Confident	26.67%	4
TOTAL		15

### Q37. I create and communicate a shared council vision, providing clear direction and promoting understanding.

Answered: 15

Skipped: 7



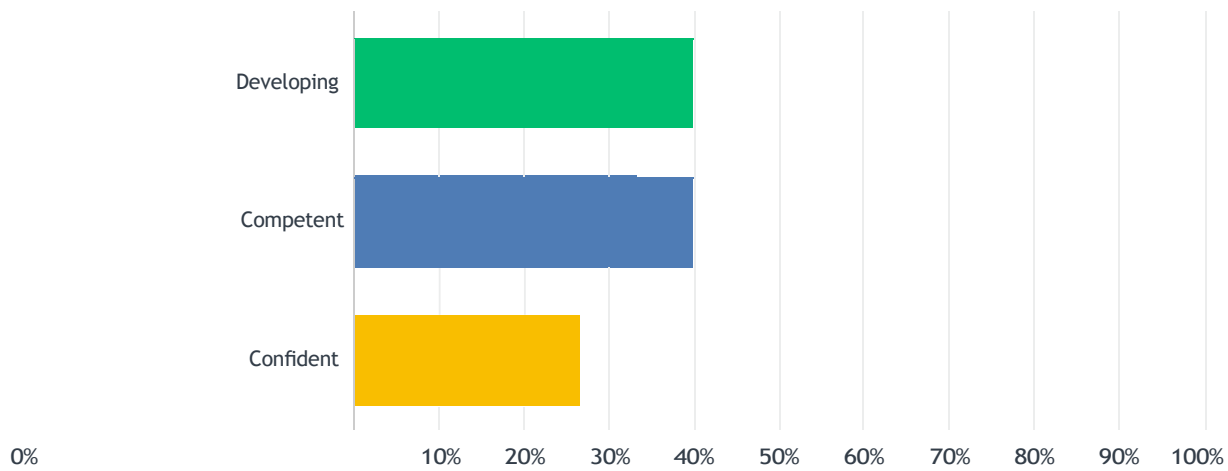
ANSWER CHOICES	RESPONSES	
Developing	46.67%	7
Competent	26.67%	4
Confident	26.67%	4
TOTAL		15



Q38. I adapt innovatively to a changing environment (e.g. e-government), open to new ideas.

Answered: 15

Skipped: 7

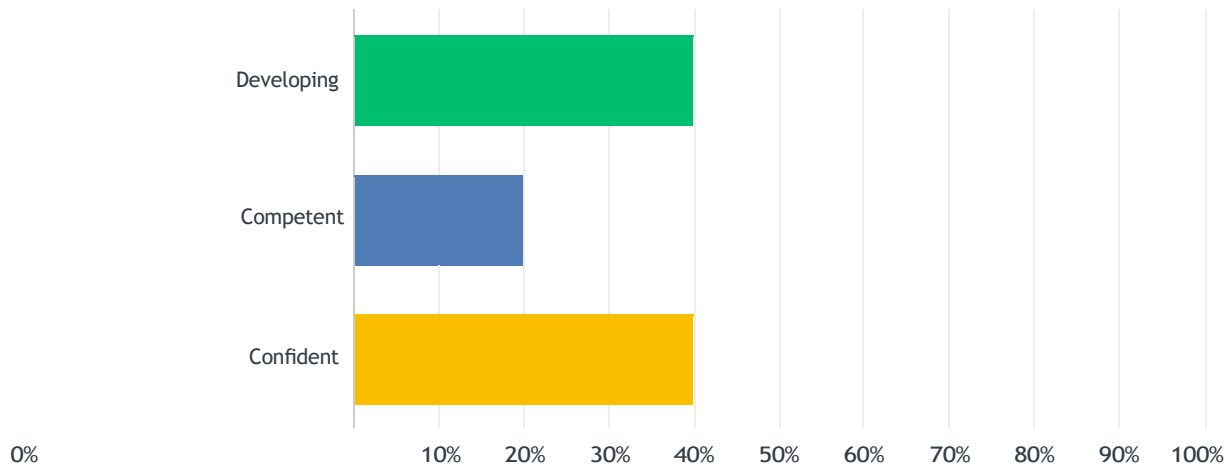


ANSWER CHOICES	RESPONSES	
Developing	40.00%	6
Competent	33.33%	5
Confident	26.67%	4
TOTAL		15

### Q39. I act to broaden perspective and enhance effectiveness by learning from others and sharing best practice (e.g other councils, agencies or bodies).

Answered: 15

Skipped: 7



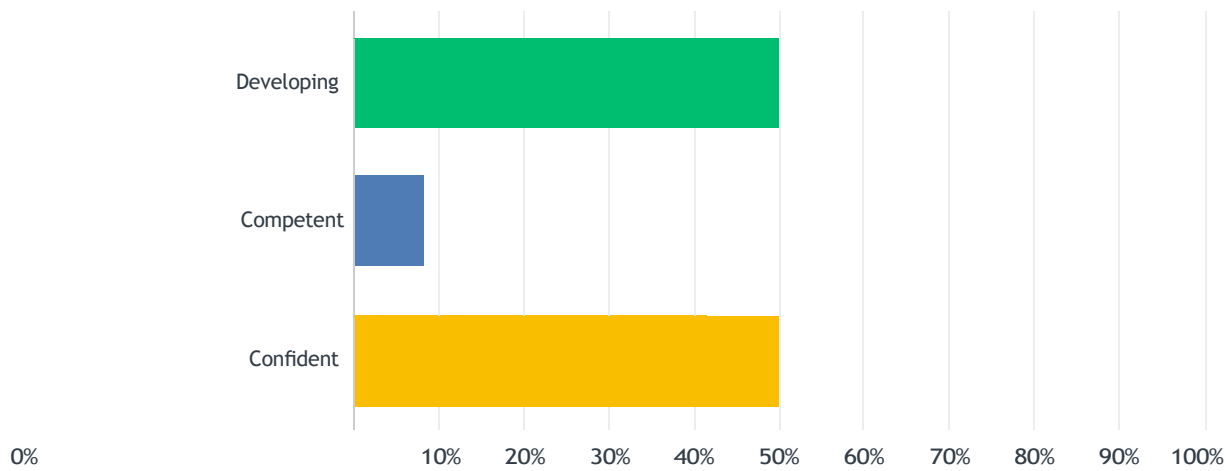
ANSWER CHOICES	RESPONSES	
Developing	40.00%	6
Competent	20.00%	3
Confident	40.00%	6
<b>TOTAL</b>		<b>15</b>



## Q40. **Managing Performance:** I work closely with senior officers to develop, agree and implement portfolio strategies.

Answered: 12

Skipped: 10

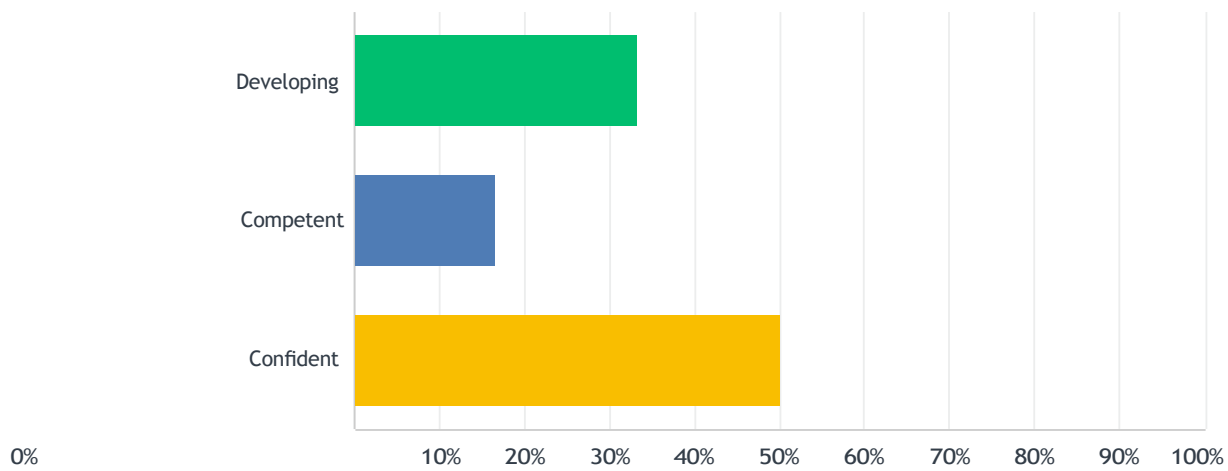


ANSWER CHOICES	RESPONSES	
Developing	50.00%	6
Competent	8.33%	1
Confident	41.67%	5
TOTAL		12

**Q41. I set and communicate realistic and achievable objectives, monitor performance and act to address deficits.**

Answered: 12

Skipped: 10

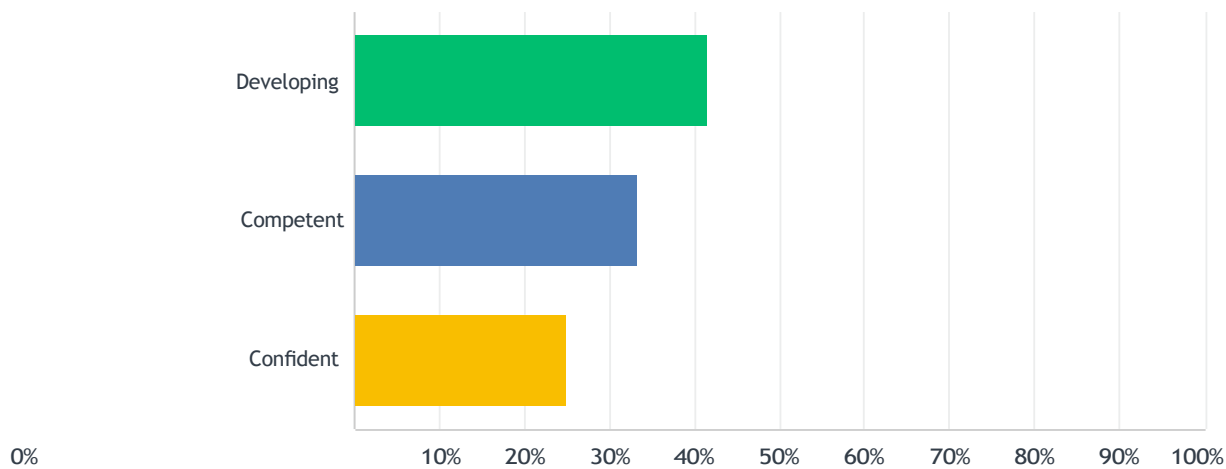


ANSWER CHOICES	RESPONSES	
Developing	33.33%	4
Competent	16.67%	2
Confident	50.00%	6
<b>TOTAL</b>		<b>12</b>

Q42. I develop knowledge of council systems and input council views at area specific meetings (e.g. planning, licensing).

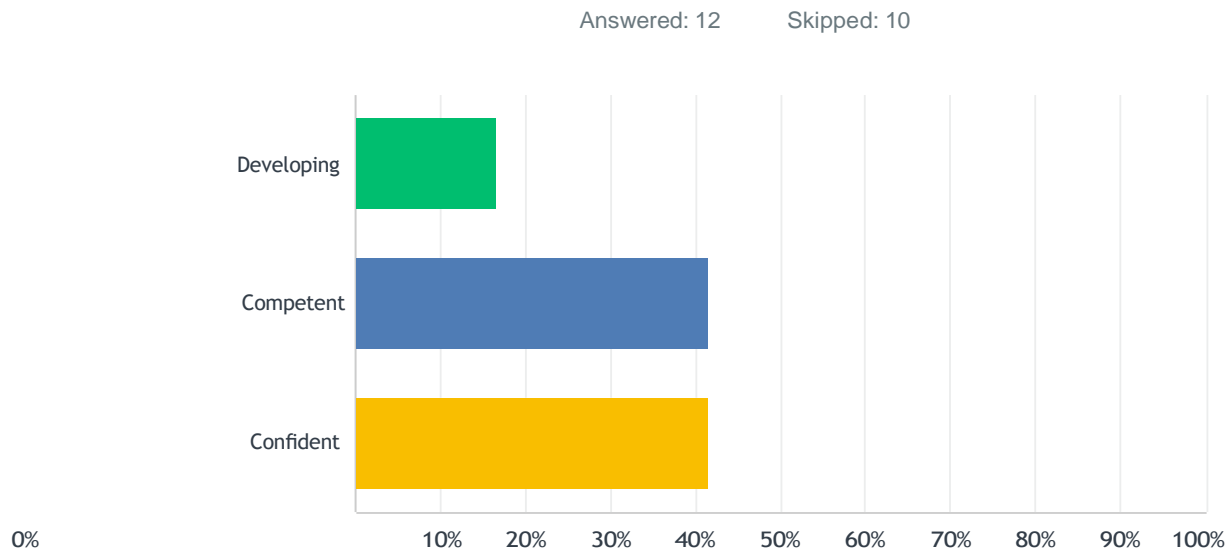
Answered: 12

Skipped: 10



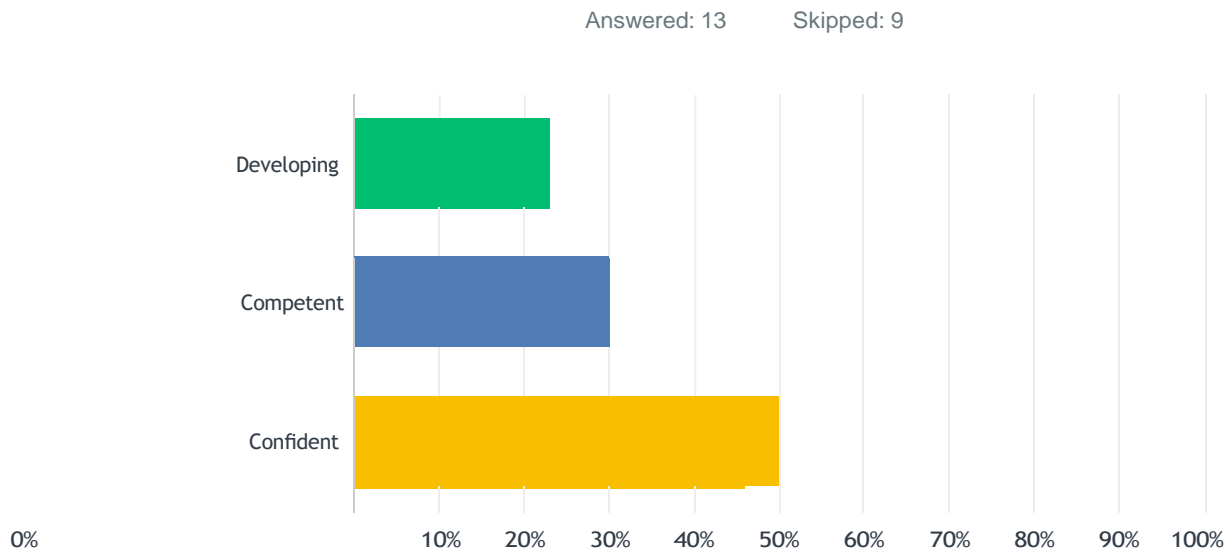
ANSWER CHOICES	RESPONSES	
Developing	41.67%	5
Competent	33.33%	4
Confident	25.00%	3
TOTAL		12

### Q43. I emphasise a team approach and share responsibility for success and failure.



ANSWER CHOICES	RESPONSES	
Developing	16.67%	2
Competent	41.67%	5
Confident	41.67%	5
TOTAL		12

Q44. I encourage scrutiny and respond positively to feedback, challenge and ideas.



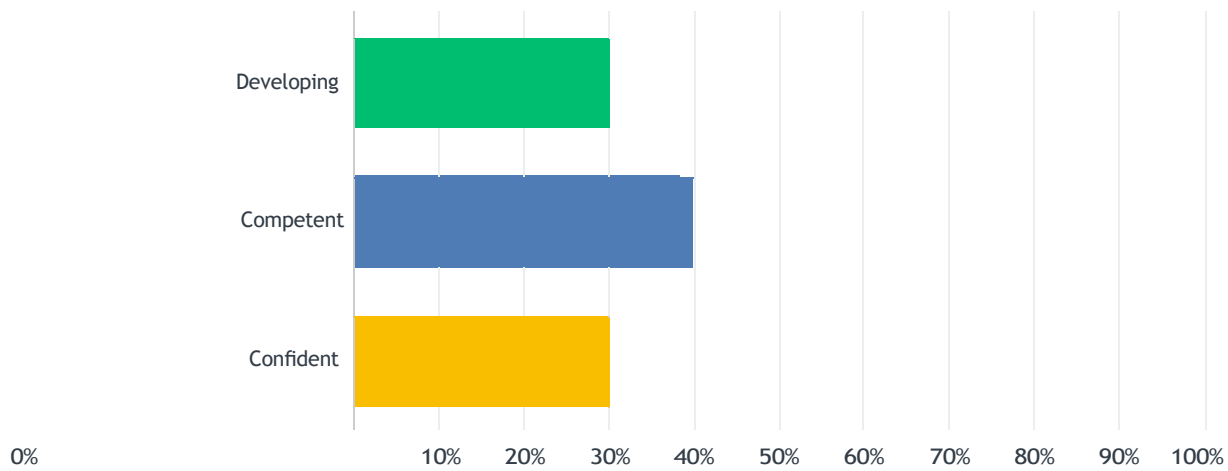
ANSWER CHOICES	RESPONSES	
Developing	23.08%	3
Competent	30.77%	4
Confident	46.15%	6
TOTAL		13



Q45. I represent the electorate and council at a strategic level through links and partnerships at local, regional and national levels.

Answered: 13

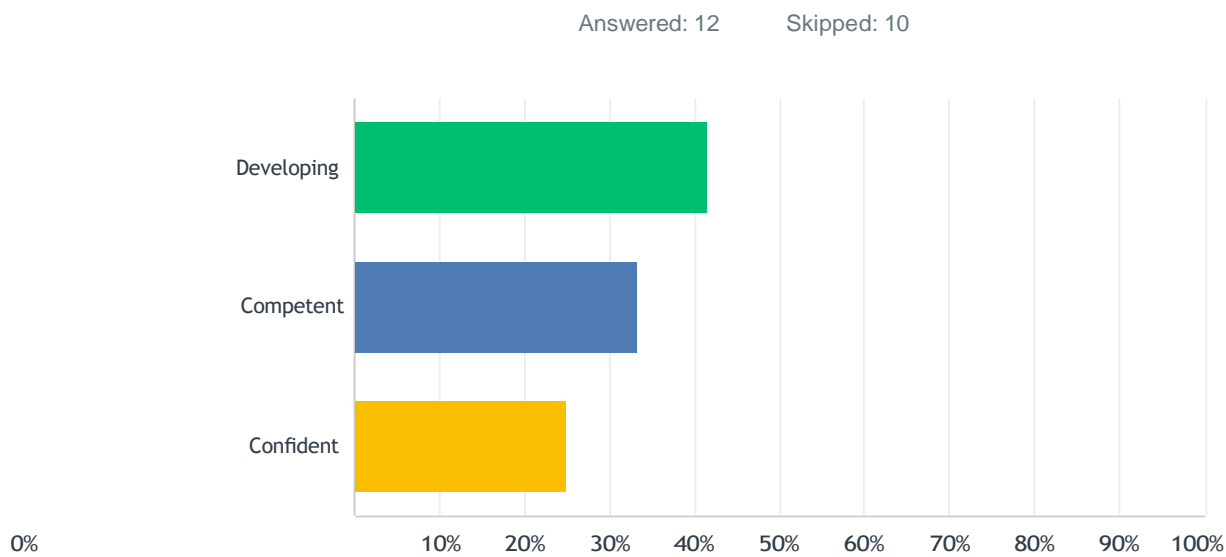
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ANSWER CHOICES	RESPONSES	
Developing	30.77%	4
Competent	38.46%	5
Confident	30.77%	4
TOTAL		13



**Q46. Excellence in Leadership:** I provide visionary and charismatic leadership, inspire trust in others and gain commitment to policies and decisions.

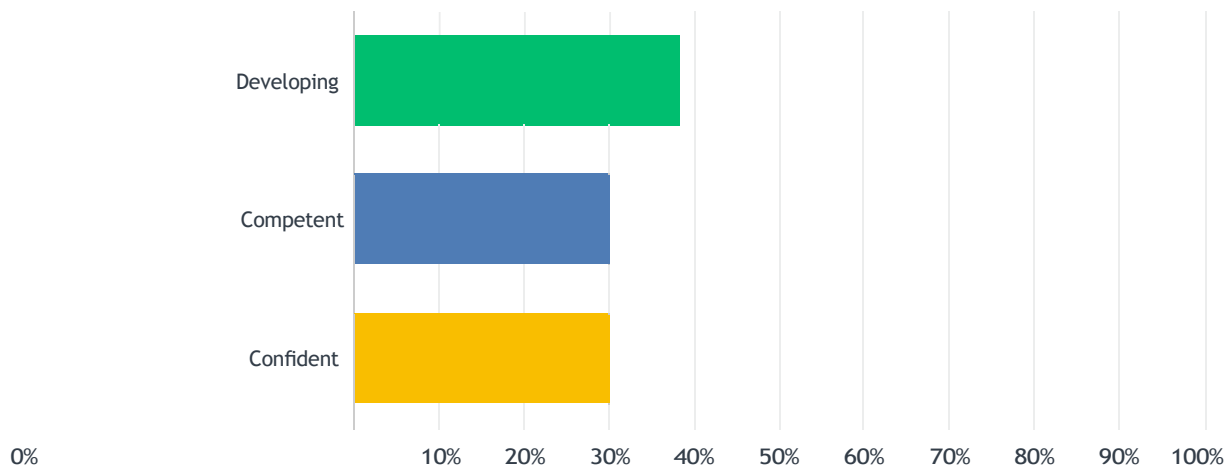


ANSWER CHOICES	RESPONSES	
Developing	41.67%	5
Competent	33.33%	4
Confident	25.00%	3
TOTAL		12

## Q47. I shape a culture of excellence and act as a role for appropriate behaviour, ethical practice and democratic process.

Answered: 13

Skipped: 9

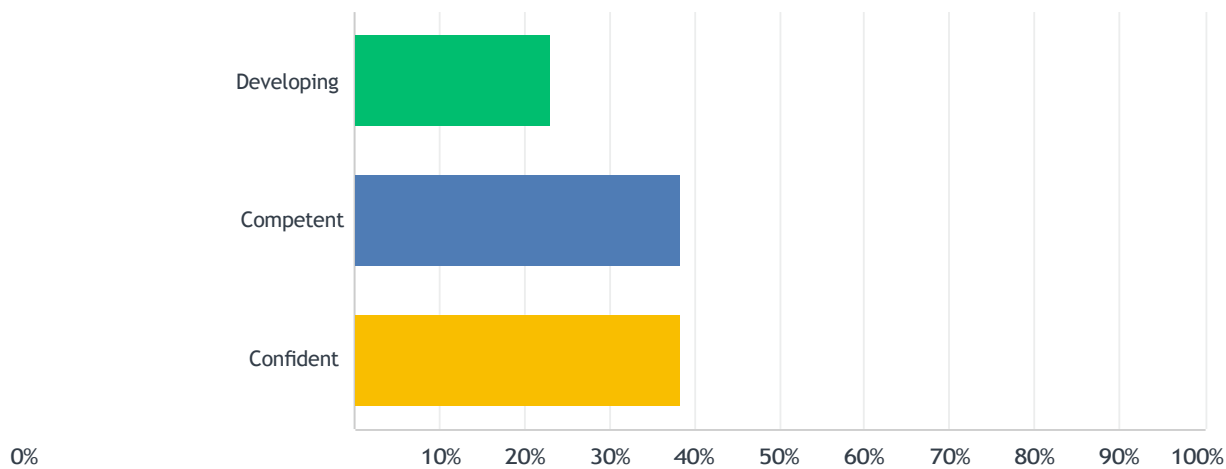


ANSWER CHOICES	RESPONSES	
Developing	38.46%	5
Competent	30.77%	4
Confident	30.77%	4
TOTAL		13

Q48. I build strong relationships with senior officers and cabinet based on open communication, co-operative working and trust.

Answered: 13

Skipped: 9

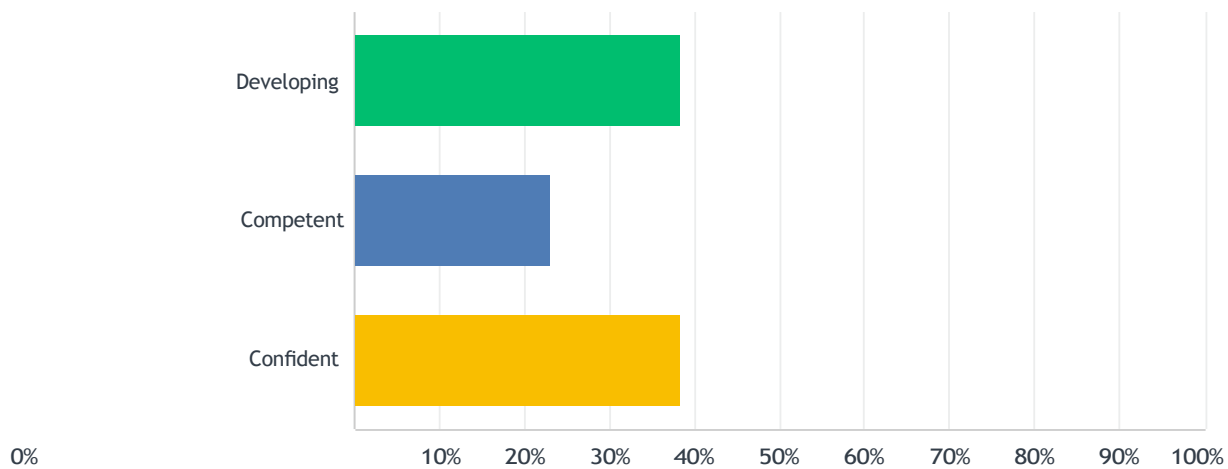


ANSWER CHOICES	RESPONSES	
Developing	23.08%	3
Competent	38.46%	5
Confident	38.46%	5
TOTAL		13

## Q49. I act as the public face of the council and champion council needs in regional and national debates.

Answered: 13

Skipped: 9

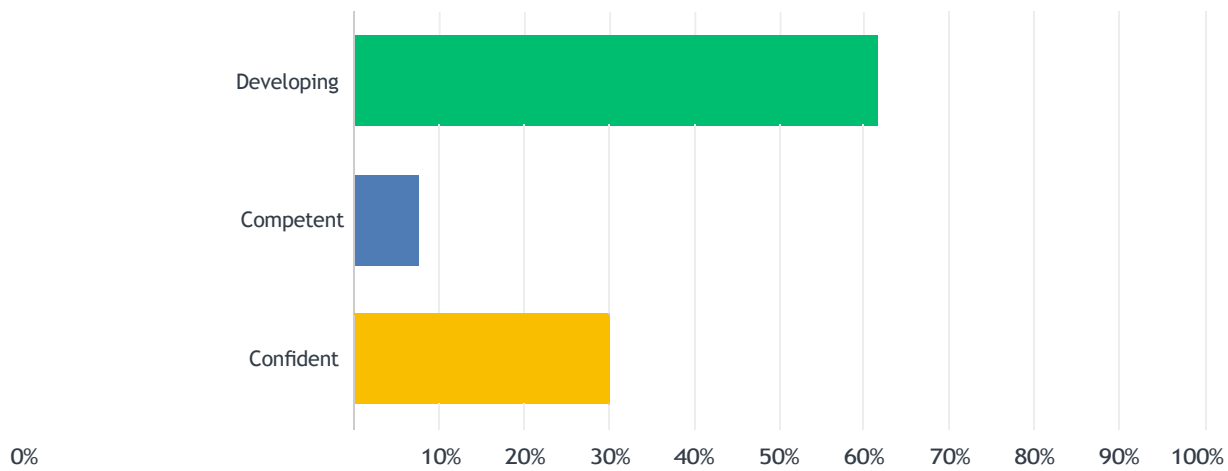


ANSWER CHOICES	RESPONSES	
Developing	38.46%	5
Competent	23.08%	3
Confident	38.46%	5
TOTAL		13

## Q50. I work across political and council boundaries to foster communication and encourage co-operation.

Answered: 13

Skipped: 9

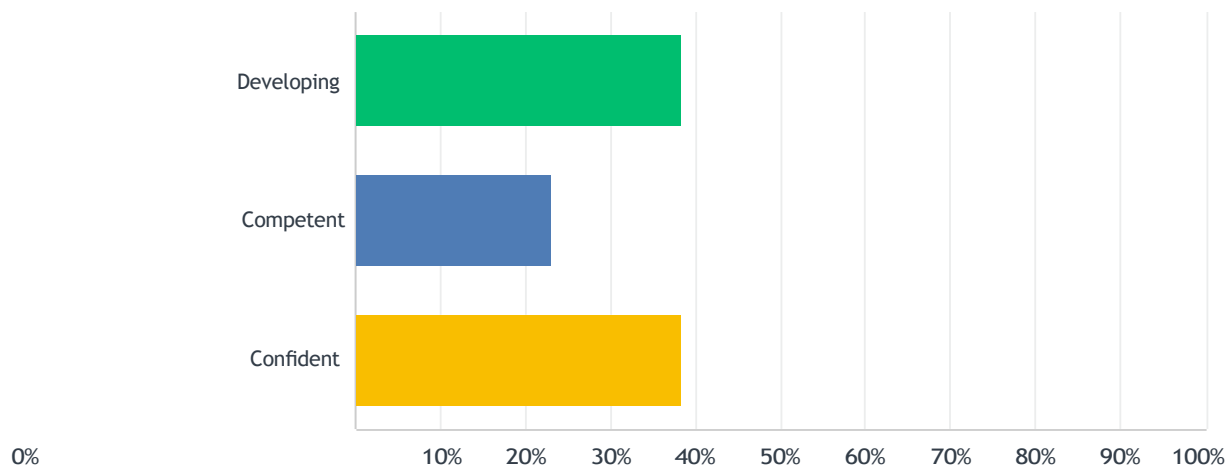


ANSWER CHOICES	RESPONSES	
Developing	61.54%	8
Competent	7.69%	1
Confident	30.77%	4
<b>TOTAL</b>		<b>13</b>

Q51. I judge what to get involved in and when to say "no", prepared and able to troubleshoot.

Answered: 13

Skipped: 9



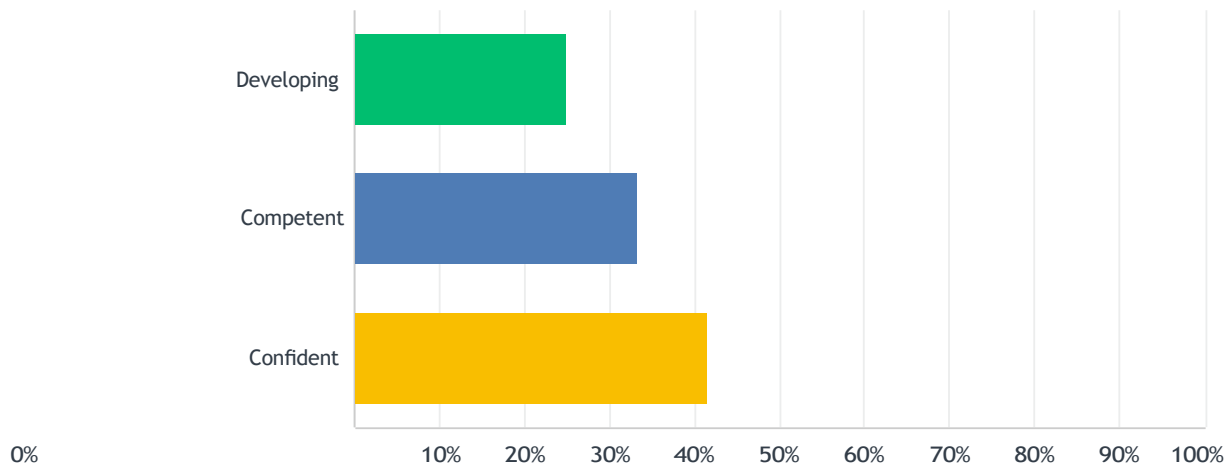
ANSWER CHOICES	RESPONSES	
Developing	38.46%	5
Competent	23.08%	3
Confident	38.46%	5
TOTAL		13



## Q52. I develop others and share best practice, committed to learning.

Answered: 12

Skipped: 10

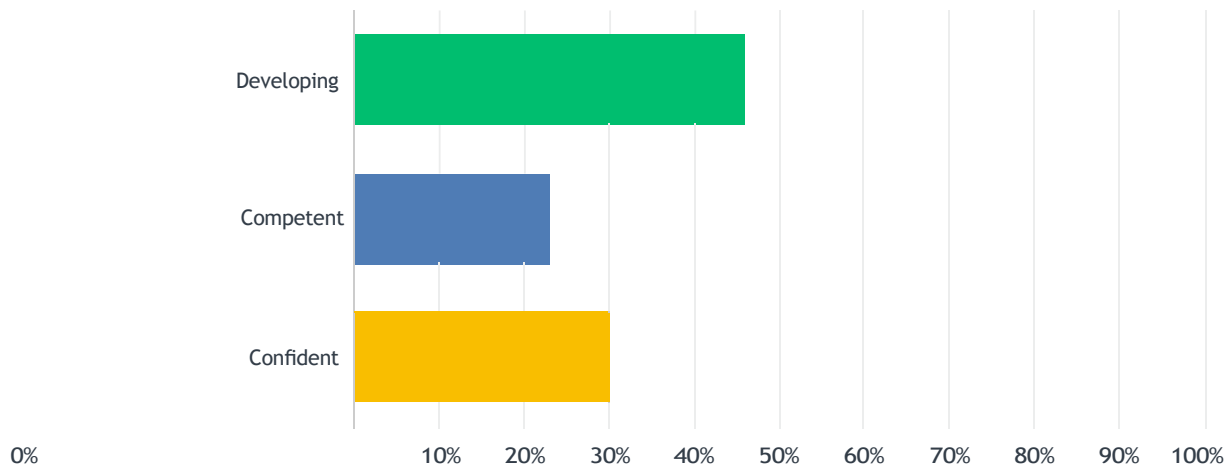


ANSWER CHOICES	RESPONSES	
Developing	25.00%	3
Competent	33.33%	4
Confident	41.67%	5
TOTAL		12

## Q53. I effectively 'juggle' numerous, potentially conflicting, responsibilities.

Answered: 13

Skipped: 9



ANSWER CHOICES	RESPONSES	
Developing	46.15%	6
Competent	23.08%	3
Confident	30.77%	4
TOTAL		13




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## Member Training and Expenses – 2022

<b>Councillor Name (Claimant)</b>	<b>Nature of expense</b>	<b>Date of event</b>	<b>Value of claim</b>
Health Committee	Health Services Journal	01 January 2022	£499.00
Orleen Hylton	Long Covid - improving patient care and access to support, progress in service development, and priority areas for research.	01 February 2022	£210.00
Janice Long	Annual Licensing Conference	01 March 2022	£99.00
All Members	Mandatory training - Two sessions by Bethan Evans: *Member Development Sessions on Hitting the Ground Running *Effective Meetings Sessions	01 April 2022	£1,290.00
All Members	Session by Bethan Evans Chairing Skills Member Development Session	17 October 2022	£795.00
All Members	Member learning and development session on Local Government Finance.	31 October 2022	£800.00
Neil Nerva	National Children & Adult Services Conference 2022	02 November 2022	TBC, but expected to be around £400
Liz Dixon	Hate Crime Conference	24 November 2022	£225.00
All Members	Time Management training (mainly aimed at newly elected Members)	11 November 2022	£440.00
Daniel Kennelly	LGA Young Councillors	16 November 2022	TBC, but expected to be around £200
Muhammed Butt	The Municipal Journal (MJ) subscription	04 January 2023	£42
Mili Patel	Two taxis to and from an LGA conference in Coventry to local train station.	04 November 2022	£30.40

Eleanor Southwood	Taxis to and from various events	Various over past three months	TBC
		<b>TOTAL</b>	<b>~£4,450.00</b>

	<b>Audit and Standards Advisory Committee</b> 21 March 2023
	<b>Report from the Corporate Director of Governance</b>
<b>Review of Role and Operation of the Constitution Working Group</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	One  Appendix A – Constitutional Working Group Terms of Reference
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Debra Norman, Corporate Director, Governance 020 8937 1578 <a href="mailto:Debra.Norman@brent.gov.uk">Debra.Norman@brent.gov.uk</a>

## 1. Purpose of Report

- 1.1. In response to a recommendation from the Resources and Public Realm Scrutiny Committee, this committee received a report in the last municipal year providing a review of the role and operation of the Constitutional Working Group (CWG). The committee asked for a further review to be undertaken after the Local Elections in May 2022. This report provides that further review.

## 2. Recommendations

- 2.1. To consider and note the contents of this report.

## 3. Detail

- 3.1 At its meeting on 14 September 2021, the Resources and Public Realm Scrutiny Committee agreed the following recommendation:

*To increase democratic overview and transparency within the Constitutional Working Group, ensuring member involvement in decision-making.*

- 3.2 The CWG is not a committee of the council, it is an officer/member working group chaired by the Chief Executive and it therefore meets in private, with the papers presented to the group and discussed without being published. It has been in existence since before 2015. Its primary purpose is to seek cross party agreement to potential changes to the Constitution before they are formally taken forward for decision by Full Council. Its meetings take place in the period leading up to Full Council meetings if it is anticipated that changes will be recommended at the forthcoming meeting. The CWG does not take any decisions about the Constitution itself.

- 3.3 Democratic overview and transparency are currently provided through the referring of any significant changes to the Constitution supported by the CWG to Full Council for discussion and approval. At those Full Council meetings, papers and discussion are public and all council members are able to contribute and challenge if they so wish.

- 3.4 Should it be considered appropriate in respect of any proposed changes, if for example proposed changes to the terms of reference of a committee were considered particularly contentious, those changes could be referred to the Audit and Standards Advisory Committee (ASAC) for a detailed discussion before recommendation to Full Council. The Constitution provides power for the ASAC monitor and review the operation of the Constitution and to make recommendations for change.

- 3.5 Democratic accountability is also provided through the involvement of cross-party membership in the CWG. Political members of CWG determine the extent of discussion in their party groups about matters due to be considered at the CWG.

- 3.6 As part of the initial review details were sought from a number of other London Boroughs on the arrangements, they have in place for considering constitutional matters. Whilst only a limited number of responses were received, a range of practices were identified, which included:

- Use of a Member Working Group to consider any constitutional changes prior to their referral onto Full Council for approval.
- Establishment of a formal Committee to consider any constitutional matters in advance of their referral onto Full Council.
- Use of the General Purposes Committee to consider and agree constitutional changes or (if felt to be significant enough) to refer them on to Full Council for consideration and approval.
- Reference of issues direct to Full Council (having been identified by Leader of Council or other bodies such as Audit Committee).



- Delegation of power to the Monitoring Officer to deal with minor changes to the Constitution with any more significant issues referred direct to Full Council.

3.7 Although only a small sample, as can be seen from the above there are a variety of arrangements in place for undertaking initial consideration of constitutional matters among other London Boroughs. In addition to the CWG Brent does have in place some elements of these other mechanisms. As mentioned already, the ASAC is able to receive reports in relation to Constitution changes. In addition, the Constitution provides for minor changes to be made by the Monitoring Officer:

*“The Constitution may be varied by the Corporate Director of Governance if in his or her reasonable opinion a variation is a minor variation (which includes legal, factual, administrative and other technical changes) or is required to be made to remove any other inconsistency or ambiguity or is required to be made so as to comply with any statutory provision.”*

3.8 Were a decision made that proposals to change the Constitution should routinely be considered by a committee before recommendation to Council, there would still be the need for an informal discussion mechanism as part of preparing proposals. In addition, the flexibility of the informal approach prior to council would be lost and some sort of urgency arrangement would need to be in place where changes need to be made quickly, for example due to legislative change.

3.9 The effectiveness of the current arrangements was discussed at the CWG meeting on 3 November 2021 as part of the initial review. The CWG considered the current operation of the group and the alternative practices elsewhere. The view of the CWG was that the arrangements currently work well, although it was thought that inviting other members to meetings where particularly relevant would be an improvement, for example, the Chair of Planning if there was a discussion about Planning Committee terms of reference. Aside from that improvement, the CWG considered it would be appropriate before making any significant changes to undertake a further review following the local elections May 2022.

3.10 CWG, now including membership to reflect the new political make-up of the Council since the local elections, discussed this issue again at its meeting on 21 December 2022.

3.11 At this meeting the CWG agreed to adopt the Membership and Terms of Reference set out in Appendix 1. These reflect that there are now 3 political groups on the Council. They also reflect the remit of the CWG in respect of discussing items coming to Full Council which are not restricted directly to the Constitution (e.g., the municipal calendar) and ad-hoc attendance at CWG by other members and officers where topics to be discussed are closely related to their role in the council. No further changes to current arrangements were considered necessary by the CWG.

3.12 It should also be noted that the CWG includes in its discussions changes which relate to the exercise of executive powers. These are matters for the Leader not Full Council to decide and are referred to Full Council for noting

or as technical changes to the Constitution, rather than to be agreed in substance by Full Council.

**4. Financial Implications**

The report is for noting and so there are no direct financial implications

**5. Legal Implications**

The report is for noting and so there are no direct legal implications

**6. Equality Implications.**

None

**7. Consultation with Ward Members and Stakeholders**

The members of the Constitutional Working Group were consulted concerning this review as set out in the body of the report.

**Report sign off:**

**Debra Norman**

Corporate Director of Governance

# **Appendix A**

## **Constitutional Working Group**

### **TERMS OF REFERENCE**

#### **Scope**

1. To monitor, review and advise the Council on the efficiency of the Council's Constitution.
2. Make recommendations to the Council or, where appropriate, to the Audit and Standards Advisory Committee on ways that the Constitution or any procedures or protocols relating to it could be amended in order to achieve the Constitution's purpose.
3. To consider other matters due to come before Council such as the Municipal Calendar.
4. To be consulted about other governance matters as requested by officers.

#### **Authority**

No statutory decision-making authority


#### **Membership**

Chief Executive (Chair) Monitoring Officer  
Head of Executive and Member Services  
The Leader and Deputy Leader of the Council  
The Leader of the Conservative Group  
Leader of the Liberal Democrat Group  
One majority group member

#### **Other Attendees**

Other councillors and/or officers may be invited where topics to be discussed are closely related to their role in the council.

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 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 21 March 2023
	<b>Report from the Corporate Director Governance</b>
<b>Update on Financial and Procedural Rules Governing the Mayor's Charity Appeal</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not applicable
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	One:  Appendix A Financial and Procedural Rules Governing the Mayor's Charity Appeal
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Debra Norman, Corporate Director, Governance 020 8937 1578 <a href="mailto:Debra.Norman@brent.gov.uk">Debra.Norman@brent.gov.uk</a>  Biancia Robinson, Senior Constitutional & Governance Lawyer 020 8937 1544 <a href="mailto:Biancia.Robinson@brent.gov.uk">Biancia.Robinson@brent.gov.uk</a>

## 1.0 Purpose of the Report

- 1.1 The purpose of this report is to update the Audit and Standards Advisory Committee on a recent review of the financial and procedural rules for governing the Mayor's Charity Appeal.

## 2.0 Recommendations

- 2.1 That the Audit and Standards Advisory Committee, note the contents of the report and the financial and procedural management of the Mayor's Charity Appeal as set out in Appendix A of this report.

## 3.0 Detail

3.1 The Mayor in their capacity as First Citizen is expected to:

- a) act as the representative of the area;
- b) participate in and help initiate activities that enhance the economic, social, cultural and environmental well-being of the borough; and
- c) act as an advocate of the local community.

It is in this capacity, that each new Mayor chooses one or more charities which they intend to support through donations/fund raising events during the Mayoral year.

3.2 The Financial and Procedural Rules (the Rules) governing the Mayor's Charity Appeal were last put before the Audit & Standards Advisory Committee in November 2021. At that time the Rules were updated to ensure transparency and reflect financial regulations.

3.3 To ensure the Rules remain transparent and accurate, a periodic review is undertaken. Following this review, it is proposed to make a minor modifications reflecting the organisational changes of officers involved in the day to day management and approval process of the Mayor's Charity Appeal be made. Attached to this report as Appendix A are the Financial and Procedural Rules Governing the Mayor's Charity Appeal with proposed changes marked in red.

3.4. Substantive changes to the Financial and Procedural Rules Governing the Mayor's Charity Appeal requires formal approval of the Audit and Standards Committee As the changes mentioned in this report simply consist of changes to reflect organisational structures, they can be made under delegated powers. The Committee is asked to note, that going forward officer's propose to incorporate this report as part of the annual Member Development Programme and Member Expense review.

#### **4.0 Financial Implications**

4.1 There are no financial implications arising out of this report. The funds collected by the Mayor's Office on behalf of the charities are governed by trustee and charity law.

#### **5.0 Legal Implications**

5.1 The civic role of the Mayor is governed by s3 the Local Government Act 1972. However, when the Mayor nominates and then supports one or more charities by raising proceeds which are then donated to a charity, or charities, of their choice, the Council is exercising its wellbeing powers pursuant to s2 Local Government Act 2000.

#### **6.0 Equality Implications**

6.1 The Council must, in the exercise of its functions, have due regard to the need to:

- (a) eliminate discrimination, harassment and victimisation;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it, s149 Equality Act 2010.

6.2 The s149 Public Sector Equality Duty (outlined above) in the Equality Act 2010 covers the following nine protected characteristics: age, disability, marriage and civil partnership<sup>1</sup>, gender reassignment, 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. The weight to be attached to the effect is a matter for the council. As long as the council is properly aware of the effects and has taken them into account, the duty is discharged.

6.4 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**

Corporate Director of Governance

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<sup>1</sup> 6.1(b) &(c) above does not apply to this protected characteristic.

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## **Appendix A**

# **Financial and Procedural Rules Governing the Mayor's Charity Appeal**

## **1 The Mayor's Selection of Charities to support**

- 1.1 The Mayor shall name not more than three charities which he or she wishes to support for his or her term of office as Mayor. For the avoidance of doubt, funds collected are in the name of the office of the Mayor of the London Borough of Brent and not in an individual capacity.
- 1.2 The incoming Mayor shall inform the Mayor's Office of the names of the charities which he or she wishes to support no later than four weeks before the Annual General Meeting or two weeks in exceptional circumstances.
- 1.3 The charities chosen by the Mayor must be registered with the Charity Commission for England and Wales at the date they are selected.
- 1.4 The charities chosen by the Mayor must benefit the inhabitants of Brent and be locally based or a local branch of a national charity where the aims and objectives of which benefit the resident of Brent.
- 1.5 Prior to announcement of the Mayor's nominated charities at the Annual General Meeting, officers of the council shall confirm that:
  - the charities meet appropriate standards for governance,
  - are financially viable,
  - are likely to endure for the duration of the Mayoral year, and
  - have not been the subject of Charity Commission concerns within the last two years at the date officers make enquiries

If the requirements set out in this paragraph are complied with, a record shall be made accordingly. In the event that there are reasonable concerns expressed by officers, the Mayor shall be asked to make an alternative choice of charity to support.

## **2 Collection and Donation of Funds**

- 2.1 It shall be assumed that the funds collected during the Mayor's term of office shall be divided equally between the chosen charities unless otherwise specified by the Mayor in writing at the outset of his/her term of office, or unless a donor specifies that their donation be for one specific charity.

- 2.2 Where more than one charity is named, donors should where practical be given the choice of donating to only one of the charities that the Mayor has chosen, rather than the donation being split. A separate record will be kept by the Mayor's Office of donations falling into this category.
- 2.3 The funds collected shall be used for the general purposes of the charity named and there shall be no collections for specific projects.
- 2.4 Where one or more of the Mayor's chosen charities is no longer fit or able to receive the funds collected as determined by the Chief Finance Officer or ceases for whatever reason to operate or be registered the relevant proportion of the funds shall (following consultation with the Mayor) be added to the funds to be donated to the remaining of the Mayor's chosen charities (if any) or a registered charity which has the closest aims and functions to those originally named.

### **3. Role of Mayor's Office**

#### General

- 3.1 The Mayor's Office will assist the Mayor in choosing the Charities for the year, should the incoming Mayor need guidance. Due care should be taken to ensure that the chosen charities are reputable, registered with the Charities Commission and will benefit significantly from monies raised.
- 3.2 The Mayor's Office will ensure that the Mayor's Charity Appeal is registered under, The Gambling Act 2005 (this relates to the selling of raffle tickets).

#### Day to day management

- 3.3 A receipt book will be maintained to record all receipts and donations.
- 3.4 All donations received will be receipted, acknowledged by a different person from the person who collected the donation, and passed to Finance to be banked.
- 3.5 The Executive Support Manager will be responsible for authorising expenditure from the Charity Appeal account.
- 3.6 Where raffle tickets are sold, a record will be kept of how many tickets have been issued and this will be cross referenced with the amount of money collected.

- 3.7 The ~~Civic and Member Services Executive Support~~ Manager will ensure all steps required to comply with Lotteries and Amusements Act are undertaken.

#### **4. Role of Finance**

##### General

- 4.1 A new charity appeal bank account will be opened at the beginning of each Mayoral Year. All transactions will be finalised within 3 months of the end of the Mayoral Year and the account will be closed no later than 6 months after the end of the Mayoral year.

##### Day to day management

- 4.2 Bank reconciliations will be carried out monthly and all discrepancies resolved monthly.
- 4.3 All ~~cash~~ donations passed on by the Mayor's Office will be banked and a receipt issued to the Mayor's Office for cash donations.
- 4.4 Invoices will only be paid if signed off by the Mayor's Office and ~~Civic and Member Services Manager or the Director of Performance, Policy and Partnership. Head of Executive and Member Services.~~ Finance will check the signature and invoice for accuracy and records will be kept on file.
- 4.5 Cheques can only be signed by an authorised signatory within Finance


#### **5. General**

- 5.1 All payments from the Charity Account should be by cheque ~~or bank transfer~~. Where payments not exceeding £20 each need to be made in cash for expediency, then a receipt shall be obtained from the person who receives the cash, with details as to why the cash was paid.
- 5.2 The Council cannot pay advances into the Charity Appeal account in lieu of expected funds to be raised or underwrite any losses. Therefore, the Mayor's Charity Appeal account should not be overdrawn at any time.
- 5.3 Should the Mayor wish to invite interested persons to form a fundraising group to assist with the appeal, this group will play no active role in the finances of the Charity Appeal.

## **6. Public Accountability**

- 6.1 On closing the account, monies will only be paid to a charity registered with the Charity Commission for England and Wales.
- 6.2 If the Mayor wishes to divide the funds other than equally between the chosen charities he/she must make this clear at the beginning of the Mayoral year so that donors are aware of where their contributions are going.
- 6.3 Donors should where practical be given the choice of donating to only one of the charities that the Mayor has chosen, rather than the donation being split. A separate record will be kept by the Mayor's Office of donations falling into this category.
- 6.4 A clear statement giving details of all donations received and all expenditure incurred should be available for any member of the Council or for any member of the public to inspect by appointment.

**March 2023**

 <b>Brent</b>	<b>Audit &amp; Standards Advisory Committee</b> 21 March 2023
	<b>Report from the Director of Finance</b>
<b>Statement of Accounts 2021/22</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	None
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Minesh Patel Director of Finance Email: <a href="mailto:Minesh.Patel@brent.gov.uk">Minesh.Patel@brent.gov.uk</a> Tel: 020 8937 4043  Rav Jassar Deputy Director of Finance Email: <a href="mailto:Ravinder.Jassar@brent.gov.uk">Ravinder.Jassar@brent.gov.uk</a> Tel: 020 8937 1487

## 1.0 Purpose of the Report

- 1.1 This report provides an update on the progress of the Statement of Accounts for 2021/22.

## 2.0 Recommendation(s)

- 2.1 That the Committee notes that the approval to sign the Statement of Accounts was authorised to the chair of the Audit and Standards Committee as per the minutes of the previous meeting.

### 3.0 Detail

- 3.1. In June and December 2022, the committee noted the issue on infrastructure assets, on 11<sup>th</sup> January 2023 the Chartered Institute of Public Finance and Accountancy (CIPFA) issued guidance on the temporary solution for accounting for infrastructure assets. Brent has since updated our Statement of Accounts to comply with the accounting requirement.
- 3.2. At the time of writing the audit is very close to completion. The accounts have been updated for all the changes agreed with audit. These are detailed in the Audit Findings Report issued by the auditors appearing on the same agenda. The anticipated result of the audit is an unqualified audit opinion.
- 3.3. The Statement of Accounts 2021/22 will be ready for sign off at a later date as authorised by the committee.

#### London Borough external audit position

- 3.4 The table below sets out the current position (March 2023) with regards to London Boroughs having their accounts signed off compared to Brent.

	2018/19	2019/20	2020/21	2021/22
	% Complete	% Complete	% Complete	% Complete
Brent	Complete	Complete	Complete	Delayed
All other London Boroughs	97%	76%	48%	6%

### 4.0 Financial Implications

- 4.1 There have been some adjustments to the Statement of Accounts during the course of the audit. None of these have significantly impacted on the medium term financial position of the Council.

### 5.0 Legal Implications

- 5.1 No specific implications.

### 6.0 Equality Implications

- 6.1 No specific implications.

### 7.0 Consultation with Ward Members and Stakeholders

- 7.1 Not applicable.

### 8.0 Human Resources

8.1 Not applicable.

**Report sign off:**

***Minesh Patel***

Director of Finance

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# The Audit Findings for London Borough of Brent

**Year ended 31 March 2022**

London Borough of Brent  
February 2023

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## Section

1. Headlines
2. Financial statements
3. Value for money arrangements
4. Independence and ethics

## Appendices

- A. Action plan
- B. Follow up of prior year recommendations
- C. Audit adjustments
- D. Fees

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management and the Audit and Standards Committee.

Name : Ciaran McLaughlin

For Grant Thornton UK LLP

Date : 13 September 2022

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# 1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of the London Borough of Brent ('the Council') and the preparation of the [group and] Council's financial statements for the year ended 31 March 2022 for those charged with governance.

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## Financial Statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion:

- the group and Council's financial statements give a true and fair view of the financial position of the group and Council and the group and Council's income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS), Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Our audit work was completed remotely and onsite during June to September. Our findings are summarised on pages 5 to 28. We have identified eight adjustments to the financial statements that have resulted in a £3.1m adjustment to the Council's Comprehensive Income and Expenditure Statement. Audit adjustments are detailed in Appendix C. We have also raised recommendations for management as a result of our audit work, which are set out in Appendix A. Our follow up of recommendations from the prior year's audit are detailed in Appendix B.

The following work remains outstanding:

- Closedown of hot review points on draft financial statements.
- Receipt of management representation letter ; and
- Review of the final set of financial statements.
- Subsequent events confirmation.

We have concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated audit report opinion will be unmodified.

# 1. Headlines

## Value for Money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are now required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance

VFM work is scheduled to be undertaken this year in September and October. We have not identified any significant weaknesses at this stage.

We have recently completed our VFM work and so are in a position to issue our Auditor's Annual Report, however we were not able to do so by 30 November 2022. An audit letter explaining the reasons for the delay is attached in the Appendix G to this report. The Annual Auditors Report is also being presented to the 7 February 2023 Audit and Standards Advisory Committee. This is in line with the National Audit Office's revised deadline, which requires the Auditor's Annual Report to be issued no more than three months after the date of the opinion on the financial statements.

As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any significant weaknesses from our work.

## Statutory duties

The Local Audit and Accountability Act 2014 ('the Act') also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

We have not exercised any of our additional statutory powers or duties.

We expect to certify the completion of the audit upon the completion of our work on the Council's VFM arrangements, which will be reported in our Auditor's report in November 2022 and WGA work.

## Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

## 2. Financial Statements

### Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management and the Audit and Standards Committee.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

### Audit approach

Our audit approach was based on a thorough understanding of the group business and is risk based, and in particular included:

- An evaluation of the group internal controls environment, including its IT systems and controls;
- An evaluation of the components of the group based on a measure of materiality considering each as a percentage of the Council's gross revenue expenditure to assess the significance of the component and to determine the planned audit response. From this evaluation we determined that analytical reviews were required for each component; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

### Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the Audit and Standards Committee meeting on 21 March 2023. The outstanding items, that is those over and above the national issues around accounting for infrastructure assets, are detailed on page 3.

### Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the finance team and other staff. As highlighted in our audit plan presented to the Audit and Standards Committee, during the course of the audit both your finance team and our audit team faced audit challenges again this year, such as physical verification of assets, verifying the completeness and accuracy of information, obtaining transaction listings as a result from the new system implementation. This resulted in us having to do additional work as noted on page 57 to gain sufficient audit assurance in respect of our auditor's opinion on the financial statements.

## 2. Financial Statements



### Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

We have revised the materiality amount to reflect the decrease in gross expenditure for financial year 2021-22. For planning purposes, we used the gross expenditure for financial year 2020-21 as the figures for financial year 2021-22 had not yet been made available.

We have also revised the performance materiality percentage from 75% to 70% of materiality to reflect the increased risk due to cash reconciliation issues resulting from the new system implementation as identified by our IT team.

	Group Amount (£)	Council Amount (£)	Qualitative factors considered
Materiality for the financial statements	16,005,000	16,000,000	We considered materiality from the perspective of the users of the financial statements. The Council prepares an expenditure based budget for the financial year with the primary objective to provide services to the local community, therefore gross expenditure was deemed the most appropriate benchmark. This benchmark was used in the prior year also. We considered 1.5% to be an appropriate rate to apply to the gross expenditure benchmark for both the planning and year end materiality. Planning materiality was £17.072m for the group and £16.9m for the Council.
Performance materiality	11,203,500	11,200,000	Performance Materiality is based on a percentage (70%) of the overall materiality. The planning performance materiality was £12,804 for the group and £12.675m for the Council. They were calculated at 75% of overall planning materiality for the group and the Council respectively.
Trivial matters	800,250	800,000	This balance is set at £800k being 5% of the overall materiality. Triviality for the group and the Council at planning were £853k and £845k respectively. They were both calculated at 5% of the overall materiality at planning for the group and the Council.
Materiality for senior officers' remuneration and related parties	800,250	800,000	Senior officer remuneration and related parties are areas of interest to readers of financial statements. A lower level of materiality in these areas is appropriate due to the nature of these disclosure notes. At planning, they were £853k for the group and £845k for the Council.





## 2. Financial Statements - Significant risks

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

This section provides commentary on the significant audit risks communicated in the Audit Plan.

### Risks identified in our Audit Plan

### Commentary

#### Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for both the group and Council, which was one of the most significant assessed risks of material misstatement.

We have:

- evaluated the design effectiveness of management controls over journals
- analysed the journals listing and determined the criteria for selecting high risk unusual journals
- identified and tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration
- gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness
- reviewed and tested transfers between the General Fund and HRA and inter group journals

Our work on management override of controls is complete. We have nothing to bring to the attention of those charged with governance and management.



## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Fraud in expenditure recognition

As most public bodies are net spending bodies, then the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition. There is a risk the Council may manipulate expenditure to meet externally set targets and we had regard to this when planning and performing our audit procedures.

Management could defer recognition of non-pay expenditure by under-accruing for expenses that have been incurred during the period but which were not paid until after the year-end or not record expenses accurately in order to improve the financial results.

We have:

- inspected transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period
- inspected a sample of accruals made at year end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year; compare size and nature of accruals at year to the prior year to help ensure completeness
- investigated manual journals posted as part of the year end accounts preparation that reduces expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure.

We identified from our completeness testing that for invoices relating to insurance policies with Zurich, the Council has recognised the full invoice amount of £1.6m which relate partially to both 21/22 and 22/23 as an expenditure in 21/22. This means that the Council has overstated expenditure in 21/22 by £804k (half of the total insurance policy). This has been recorded on the unadjusted error schedule at appendix C.

We have completed our work on fraud in expenditure recognition. We have nothing else to bring to the attention of the Audit and Standards Committee apart from the issue reported above.



## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of land and buildings

The Council re-values its land and buildings on a five-yearly rolling basis to ensure that carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements due to the size of the numbers involved (£2,320m) as at 31 March 2022 and the sensitivity of the estimate to changes in key assumptions.

Additionally, management will need to ensure the carrying value of assets not revalued as at 31 March 2022 in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.

We identified the valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work.
- evaluated the competence, capabilities and objectivity of the valuation expert
- discussed with and written to the Wilks, Head and Eve (the valuer) to confirm the basis on which the valuation was carried out
- engaged our own valuer expert, Gerald Eve, to provide commentary on:
  - the instruction process in comparison to requirements from CIPFA/IFRS/RICS; and
  - the valuation methodology and approach, resulting assumptions adopted and any other relevant points.
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- tested revaluations made during the year to see if they have been input correctly to the Council's asset register
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

We noted that the assets were valued as at 1 April 2021 and management applied indexation to estimate the values as at 31 March 2022. This indexation was not formally certified by the Council's valuer (Wilks Head and Eve). This is a departure from the requirements of the Code of Practice, however we are satisfied that it does not lead to material misstatement in the valuation of land and buildings. We have added a control point in the action plan in Appendix A recommendation that the Council obtain a formal valuation certified by their valuer when they apply indexation to determine the year end valuation of land and buildings.

We identified that there were differences in the land value (0.4 hectare) used in calculation for one asset, the incorrect obsolescence rate (19% instead of 43%) was recorded for one asset and there was a variance in the value of undeveloped land (0.17) for one asset. The errors resulted in an understatement of 309k factual error after indexation. The extrapolated error is £1.2m understatement. We have recorded this on the unadjusted error schedule on appendix C.

Our work on the valuation of Land and Buildings is complete. We have nothing else to bring to the attention of the Audit and Standards Committee apart from the points noted above.

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of pension fund net liability

The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£722m in the Council's balance sheet) and the sensitivity of the estimate to changes in key assumptions.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 2% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in their calculation. With regard to these assumptions we have therefore identified valuation of the Council's pension fund net liability as a significant risk.

We have:

- updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls
- evaluated the instructions issued by management to their management expert (actuary) for this estimate and the scope of the actuary's work
- assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation
- assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability
- tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary
- undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.

Our initial testing identified a material variance between the pension fund asset values which we expected and the values disclosed in the draft accounts. Our expectation was based on the asset share in the IAS 19 report estimated by the actuary for the year end assets. In order to get assurance over the accuracy over the pension fund asset values disclosed, we requested the management to obtain a revised IAS 19 report based on the actual year end asset values. Our work based on the revised IAS 19 report did not identify any material variances between our expectation and the pension fund asset value in the draft accounts.

Our work on the valuation of pension fund net liability is complete. We have nothing to bring to the attention of the Audit and Standards Committee apart from the point noted above.

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### New System Implementation

In October 2021 the Oracle Cloud Fusion system replaced the Council's Oracle EBS system used for financial, payroll and HR transactions.

Data migration is fundamental to any business technology transformation **and** there is a risk of error when data is moved from **one** system to another. New systems are often evolving and present a greater risk material misstatements.

Given the nature of this transition, we have identified a risk of material misstatement in relation to the system migration, at financial statements level.

We have:

- performed detailed testing over security management, technology acquisition and infrastructure as well as development and maintenance
- evaluated the design and implementation of controls management put in place to ensure balances at month six were moved correctly to month seven are complete and accurate
- reconciled opening balances at month seven to closing balances at month six, including reconciliations of the general ledger, accounts payable, accounts receivable and assets
- reviewed manual capital accounting adjustments between the ledger and the financial statements
- In addition to the above procedures, our IT auditors performed an assessment of the Council's processes and controls used as part of the transitioning from Oracle EBS to Oracle Cloud Fusion during the audit period.

Our work so far identified that the new fixed asset module is set up to record capital transactions in only one period rather than 12 periods. This will impact on some capital accounting transactions, for example depreciation calculations on mid-year additions and disposals. We understand the finance team is working through any manual adjustments that will be required for the Property, Plant and Equipment note and transactions in the financial statements.

We have followed up on work which our IT specialist recommended us to do which was to ensure that a bank reconciliation was carried out in both R12 (the old system) and Oracle Cloud (the new system) in the month which the system implementation occurred. We identified there was no bank reconciliation for one of the bank accounts (S278) on the Oracle Cloud system. We challenged the council on this, and the Council advised us that a reconciliation was not necessary as there was no movement on the accounts. As it is good practice for a reconciliation to be carried out on both the old and new system at the time a system change is implemented, we have included a control point in the action plan in appendix A.

Our work on the New System Implementation is complete. We have nothing else to bring to the attention of the Audit and Standards Committee apart from the point we have raised above.

## 2. Financial Statements - Significant risks

### Risks identified in our Audit Plan

### Commentary

#### Valuation of Council Dwellings

The Council owns 8138 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of Beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.

This year the Council has conducted full revaluation of its housing stock as at 1 April 2021 using the Beacon methodology. The valuer reviewed the market changes from 1 April 2021 to 31 March 2022 to correctly state the value of HRA stock held by the Council during the financial period in current terms. The Council engaged its valuer, Wilks Head & Eve LLP, to complete the valuation of these properties.

For 2021/22 the year end valuation of Council Housing was £784 m. This represents a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.

We identified the valuation of Council dwellings, as a significant risk, which was one of the most significant assessed risks of material.

We have:

- evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work
- evaluated the competence, capabilities and objectivity of the valuation expert
- discussed with or write to the relevant valuer to confirm the basis on which the valuation was carried out
- engaged our own valuer expert, Gerald Eve, to provide commentary on:
  - the instruction process in comparison to requirements from CIPFA/IFRS/RICS; and
  - the valuation methodology and approach, resulting assumptions adopted and any other relevant points.
- challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding
- conducted sample testing of Beacon properties to ensure representative properties have been used in the valuation, and correctly applied to other similar properties
- reviewed the estimate against valuation trends of similar properties **within the private property market in Brent and then apply the social housing discount factor.**
- evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end.

Similar to the other land and buildings, the council dwelling assets were valued as at 1 April 2021 and management applied indexation to estimate values as at 31 March 2022 which was not formally certified by the Council's valuer. We have added a control point in the action plan at appendix A recommending that the Council obtain a formal valuation certified by their valuer once indexation is applied.

We also identified that two assets under construction (Gloucester House and Durham Court) with NBV of £54.5m became operational as HRA properties in November 2021. There were revalued in the year as HRA properties at £40.9m. An adjustment factor of 25% has been applied to the NBV as they are social housing properties. This means that the HRA balance was understated by £40.9m and the Assets under construction was overstated by £54.5m in the draft accounts. The council has adjusted for this error. We have recorded this on the adjusted error schedule at Appendix C.

Our work on valuation of council dwellings has been completed. We have nothing else to report to the Audit and Standards Committee apart issue reported above.

## 2. Financial Statements - Other risks

### Risks identified in our Audit Plan

#### Valuations of Infrastructure Assets

The CIPFA Code of Practice on Local Authority Accounting states that Infrastructure assets shall be measured at depreciated historical cost. Historical cost is deemed to be the carrying amount of an asset as at 1 April 2007 (i.e. brought forward from 31 March 2007) or at the date of acquisition, whichever date is the later, and adjusted for subsequent depreciation or impairment.

We identified a risk that the carrying value of infrastructure assets is not appropriate given the nature of how the assets are held on the balance sheet and monitored through the asset register.

### Commentary

The inherent risks which we identified in relation to infrastructure assets were:

- an elevated risk of the overstatement of Gross Book Value and accumulated depreciation figures, due to lack of derecognition of replaced components
- a normal risk of understatement of accumulated depreciation and impairment as a result of failure to identify and account for impairment of infrastructure assets and an over or understatement of cumulative depreciation as a result of the use of inappropriate useful economic lives (UELs) in calculating depreciation charges.

We have been working with CIPFA and the English Government to find both long-term and short-term solutions which recognise the information deficits and permit full compliance with the CIPFA Code. It has been recognised that longer-term solutions, by way of a Code update, will take several years to put into place and so short-term solutions are being put in place in the interim. These short-term solutions include the issue of a Statutory Instrument (SI) by government. The English SI was laid before Parliament on 30 November 2022 and came into force on 25 December 2022. CIPFA issued an update to the Code for infrastructure assets in November 2022 and has issued further guidance in January 2023 in relation to useful economic lives (UELs).

We have completed the following work focusing on the Council's current year's infrastructure assets:

- Reviewed and challenged the arrangements that the Council has in place around impairment of infrastructure assets
- Evaluated management's processes and assumptions for the calculation of the estimate including review of in-year depreciation and associated UELs
- Evaluated the competence, capabilities and objectivity of any management expert relied upon
- Challenged the information and assumptions used to inform the estimate
- Considered whether there has been any replacement of assets that have not been fully depreciated and evaluated the subsequent derecognition of the replaced assets.

Based on our work, we are satisfied that the Council has:

- correctly applied the SI and the requirements in the CIPFA Code update
- appropriately removed the gross book value and accumulated depreciation from its disclosures adding a new disclosure setting out opening net book value and any in-year movements
- not identified any prior period adjustments requiring disclosure in the accounts.

Our work in relation to this section is complete. We have nothing to the attention of the Audit and Standards Committee

## 2. Financial Statements – key judgements and estimates

This section provides commentary on key estimates and judgements inline with the enhanced requirements for auditors.

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Land and Building valuations – £1,109.7m	<p>Other land and buildings comprises £710.8m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£396.1m) are not specialised in nature and are required to be valued at existing use in value (EUV) at year end. The Council has engaged Wilks Head &amp; Eve LLP (WHE) to complete the valuation of properties as at 01 April 2021 on a five yearly cyclical basis. 40% of total assets were revalued during 2021/22.</p> <p>Management has not documented consideration of alternative estimates for the valuation of it land and buildings, and the modern equivalent assets used in the DRC valuations have not changed significantly, which is to be expected given the council's estate.</p> <p>Management have considered the year end value of non-valued properties and the potential valuation change in the assets revalued at 01 April 2021, based on the market review provided by the valuer as at 31 March 2022, to determine whether there has been a material change in the total value of these properties. Management's assessment of assets not revalued has identified no material change to the properties value.</p> <p>The total year end valuation of land and buildings was £1,109.7m, a net increase of £99m from 2020/21 (£1,010.7m).</p>	<p>The Council's valuer (Wilks Head &amp; Eve) carried out a formal revaluation as at 01 April 2021. As described on page 9, we have raised a control point in the action plan in appendix A that management need to engage their valuers to formally certify the valuation when management use indexation as a method to determine the year end value of land and buildings.</p> <p>We have assessed the valuer to be competent, independent and capable.</p> <p>Our work on this estimate included the following:</p> <ul style="list-style-type: none"> <li>checking the completeness and accuracy of the underlying information used to determine the valuation of land buildings</li> <li>reviewing the consistency of estimate against the GE report</li> <li>checking the reasonableness of the net increase in the valuation of land and buildings</li> <li>checking the adequacy of disclosure relating to the valuation of land and buildings in the financial statements.</li> </ul> <p>Our work in relation to this key estimate – Valuation of Land and Building is complete. We have nothing to the attention of the Audit and Standards Committee apart from the points noted above and on slide 9.</p>	Light Purple

### Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- [Light Purple] We consider management's process is appropriate and key assumptions are neither optimistic or cautious

## 2. Financial Statements - key judgements and estimates

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Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment																								
Net pension liability – £722m	<p>The Council's total net pension liability at 31 March 2022 is £722m (PY £863m) comprising the London Borough of Brent Local Government Pension Scheme. The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2019. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £141m net actuarial gain during 2021/22.</p>	<ul style="list-style-type: none"><li>We have assessed the Council's actuary, Hymans Robertson, to be competent, capable and objective.</li><li>We have performed additional tests in relation to accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the 2019/20 roll forward calculation carried out by the actuary and have no issues to raise.</li><li>We have used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions:</li></ul>	Light Purple																								
		<table><tr><th>Assumption</th><th>Actuary Value</th><th>PwC range</th><th>Assessment</th></tr><tr><td>Discount rate</td><td>2.7%</td><td>2.70% to 2.75%</td><td>●</td></tr><tr><td>Pension increase rate</td><td>3.2%</td><td>3.15% to 3.30%</td><td>●</td></tr><tr><td>Salary growth</td><td>3.5%</td><td>Salaries expected to be 0.5% to 2.5% p.a. above CPI inflation. CPI rate 3.15% to 3.30% p.a.</td><td>●</td></tr><tr><td>Life expectancy – Males currently aged 45 / 65</td><td>Pensioners: 22.1 years Future pensioners : 23.2 years with a long term rate of improvement of 1.5% p.a.</td><td>Pensioners: 20.1- 22.7  Future pensioners : 21.4 – 24.3</td><td>●</td></tr><tr><td>Life expectancy – Females currently aged 45 / 65</td><td>Pensioners: 24.5years Future pensioners : 26years with a long term rate of improvement of 1.5% p.a.</td><td>Pensioners: 22.9- 24.9  Future pensioners : 24.8 – 26.7</td><td>●</td></tr></table>		Assumption	Actuary Value	PwC range	Assessment	Discount rate	2.7%	2.70% to 2.75%	●	Pension increase rate	3.2%	3.15% to 3.30%	●	Salary growth	3.5%	Salaries expected to be 0.5% to 2.5% p.a. above CPI inflation. CPI rate 3.15% to 3.30% p.a.	●	Life expectancy – Males currently aged 45 / 65	Pensioners: 22.1 years Future pensioners : 23.2 years with a long term rate of improvement of 1.5% p.a.	Pensioners: 20.1- 22.7  Future pensioners : 21.4 – 24.3	●	Life expectancy – Females currently aged 45 / 65	Pensioners: 24.5years Future pensioners : 26years with a long term rate of improvement of 1.5% p.a.	Pensioners: 22.9- 24.9  Future pensioners : 24.8 – 26.7	●
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### Assessment

- Dark Purple We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- Blue We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
- Grey We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
- Light Purple We consider management's process is appropriate and key assumptions are neither optimistic or cautious



## 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Net pension liability – £722m		<ul style="list-style-type: none"> <li>We have checked the completeness and accuracy of the underlying information used to determine the net pension liability</li> <li>We have confirmed there were no changes to valuation method</li> <li>We have confirmed the reasonableness of the Council's share of LPS pension assets.</li> <li>We have checked the reasonableness of the decrease in the net pension liability</li> <li>We have checked the adequacy of disclosure of the net pension liabilities in the financial statements.</li> </ul> <p>We have completed our work on Net Pension Liability. We have nothing to report to the Audit and Standards Committee.</p>	

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### Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
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## 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Valuation of Council Housing- £784m	The Council owns 8138 dwellings and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council has engaged Wilks Head and Eve to complete the valuation of these properties. The year end valuation of Council Housing was £784m, a net increase of £122m from 2020/21 (£662m).	<p>We have:</p> <ul style="list-style-type: none"> <li>assessed the Council's valuer, WHE, to be competent, capable and objective.</li> <li>engaged our own valuer expert, Gerald Eve, to provide commentary on the instruction process for WHE, the valuation methodology and approach, and the resulting assumptions and any other relevant points.</li> <li>carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate.</li> <li>checked the consistency of estimate against near GE report</li> <li>checked the reasonableness of the net in the valuation of council dwellings.</li> <li>checked the adequacy of disclosure of estimate in the financial statements.</li> </ul> <p>The council dwellings have been valued as at 1 April 2021 using the beacon methodology. Management have applied indexation to reflect the value of the council dwellings stock at 31 March 2022 using indexes from the valuer's market review. As noted on page 12, we have added a control point in the action plan at appendix A recommendation that the Council obtain a formal valuation certificate when it applies indexation.</p> <p>Our work in relation to this key estimate – Valuation of Council Housing is complete. We have nothing to bring to the attention of the Audit and Standards Committee apart from the points noted above and on slide 12.</p>	Light Purple

### Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
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- [Grey] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
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## 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
<b>Valuation of Private Finance Initiative Assets- £176.3m</b>	<p>The Council has entered into three PFI projects which have generated assets to be used by the Council. These are;</p> <p>A 25 year project to provide, operate and maintain a sports centre and related facilities in Wilsden with the legal title transferring to the Council at the end of the contract</p> <p>A 20 year contract for the provision and maintenance of social housing, and replacement residential facilities for people with learning disabilities. The legal title transfers to the council at the end of the contract. The Council also controls the residual value of 158 units of housing stock within this contract as it has guaranteed nomination rights</p> <p>Provision and maintenance of social housing within Stonebridge. The inclusion of the block or flats within this contract was determined by a tenant's vote at the start of the contract.</p> <p>In 21/22, the Council has engaged Wilks Head and Eve to complete the valuation of the social housing within Stonebridge. The valuer has used the beacon methodology, in which a detailed valuation of representative property types is applied to similar properties. Some of the PFI assets are classified within other land and building and have either been valued using depreciated replacement cost (DRC) e.g. the Wilsden Sports Centre. Some of the other assets are valued on existing use value (EUV) basis.</p> <p>The year end valuation of Council's PFI assets recognised on the balance sheet was £176.3m, a net increase of £48m from 2020/21 (£128.4m).</p>	<p>We have:</p> <ul style="list-style-type: none"> <li>assessed the Council's valuer, WHE, to be competent, capable and objective.</li> <li>engaged our own valuer expert, Gerald Eve, to provide commentary on the instruction process for WHE, the valuation methodology and approach, and the resulting assumptions and any other relevant points.</li> <li>carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate.</li> <li>checked the consistency of estimate against near GE report</li> <li>checked the reasonableness of the net increase in the valuation of PFI assets .</li> <li>checked the adequacy of disclosure of estimate in the financial statements.</li> <li>Checked how management have assurance of the PFI assets which have not been valued in the year.</li> </ul> <p>Our work identified that Stonebridge PFI assets were revalued in 2016/17 at a net book value (NBV) of £84.0m. The revaluation was based on existing use value for housing held at affordable rent. A discount factor of 20% was applied to the market value as affordable rent is 80% of market rent. This is an error as the Stonebridge Housing PFI was, and still is, held at social rent which is significantly lower than market rent. The discount factor that should have been applied for social rent is 75%, therefore the NBV at 2016/17 should have been £26.3m. This is an overstatement of £57.7m in 2016/17. The overstatement as at 31 March 2021 is £59.3m. This resulted in a prior period adjustment.</p> <p>In 21/22, the impact of the above error was an overstatement in the NBV of the Stonebridge PFI assets by £91,702m. The Council has adjusted for both the prior period and the current year errors. We have recorded on the adjusted error schedule at appendix C.</p> <p>Our work in relation to this key estimate – valuation of PFI assets is complete. Apart from the point above, we have nothing else to bring to the attention of the Audit and Standard Committees.</p>	<b>Light purple</b>

# 2. Financial Statements - key judgements and estimates

## Significant judgement or estimate

### Summary of management's approach

### Audit Comments

### Assessment

Grants Income Recognition and Presentation- £694m

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Management's policy states that grants are recognised as due to the authority when there is reasonable assurance that the authority will comply with the conditions attached to the payments, and the grants or contributions will be received.

Where the acquisition of a fixed asset is financed either wholly or in part by a government grant or other contribution, the amount of the grant or contribution is recognised as income as soon as the Council has reasonable assurance it will comply with the conditions attached to the grant, and the grants or contributions will be received.

For this purpose, the Council acts as the principal and credited such grants, contributions and donations to the Comprehensive Income and Expenditure Statement. These mainly comprise of:

- Adult Social Care Improved Better Care Fund
- DCLG - Adult Social Care Support Grant
- DCLG - Revenue Support Grant
- Basic Need Grant - Additional Primary Places
- Business Rate Relief S31 Grant
- Council Tax Admin Grant
- Sales Fees and Charges Grant
- Disabled Facilities Grant
- DWP Flexible Homeless Grant

However, for some grants, The Council is also acting as an agent and does not recognise grant income. The Council has recognised the following grants as agency transactions:

- Department for Business, Energy and Industrial Strategy - Restart Grant
- Covid - 19 Self - Isolation Payment Funding
- Covid - 19 Infection Control Funding
- Department for Business, Energy and Industrial Strategy - Omicron Hospitality & Leisure Grant

The Council has received a number of grants, contributions and donations that have yet to be recognised as income. The have received The DLUHC - Council Tax Energy Bill Rebate - Discretionary Fund- which need to be spent by 30 November 2022. Any remaining funding will be required to be repaid to government.

Work performed during our audit covered the following:

- review of management's judgement of whether the Council is acting as the principal or agent which would determine whether the authority recognises the grant at all.
- check of completeness and accuracy of the underlying information used to determine whether there are conditions outstanding that would determine whether the grant be recognised as a receipt in advance or income
- the Impact for grants received, whether the grant is specific or non specific grant (or whether it is a capital grant) – which impacts on where the grant is presented in the CIES.
- review of adequacy of disclosure of management's policy around recognition of grant income in the financial statements

We have identified the following:

- The Council has incorrectly classified council tax energy bill rebate of £13.7m for which Council is acting as an agent as grant receipt in advance. The Council has agreed to reclassify this as a creditor inline with paragraph 2.6.2.4 of the 21/22 CIPFA Code.
- A grant income of £8.775 million has been incorrectly classified as fees and charges
- A grant income from Peabody development limited of amount £7.35m which relates to the 2022/23 financial has been incorrectly recorded as income for 21/22

The Council has adjusted for all the above errors. We have recorded them on Appendix C.

We have completed our work on grant income and recognition. Apart from the points noted above, we have nothing else to bring to the attention of the Audit and Standards Committee.

Light purple

## 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
PFI provision - £17.6m	In 21/22, there was an in-year difference on the Brent Co-Efficient PFI between the rent collected and the government PFI grant received, versus the unitary payments and base revenue costs. The difference amounted to £2.7m, which was released from the provision set aside for this purpose (a reduction in the provision). Additionally, there was an indication that a provision required for the end of 28/29 contract life needs to be increased by £1.5m. This resulted in a net reduction of 1.2m in the PFI provision from 20/21 (£18.8m)	<ul style="list-style-type: none"> <li>The draft financial statements includes an accounting policy for provisions and PFI schemes.</li> <li>The disclosure of the PFI provision within the financial statement is adequate.</li> <li>Our review of the PFI provision calculation confirms that appropriate information has been used to determine the estimate and we deem the estimate to be reasonable.</li> </ul>	Light purple

### Assessment

- [Purple] We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
- [Blue] We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
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## 2. Financial Statements - key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit Comments	Assessment
Minimum Revenue Provision - £12.3m	<p>The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its Minimum Revenue Provision (MRP). The basis for the charge is set out in regulations and statutory guidance.</p> <p>The year end MRP charge was £12.3m, a net increase of £2m from 2020/21 (£10.3m).</p>	<p>Whilst we are satisfied that the Council has approved its MRP through appropriate governance structures, the Council will need to ensure that the MRP continues to be adequate in the context of increased borrowing.</p> <p>We have carried out the following work:</p> <ul style="list-style-type: none"> <li>Confirmed MRP has been calculated in line with the statutory guidance.</li> <li>Confirmed the Council's policy on MRP complies with statutory guidance. The Council use 100 years in their MRP calculation for supported borrowing, which is not compliant with the statutory guidance. The audit team's recalculation of this has led to an understatement in the MRP provision of £2m. This has been added to the unadjusted misstatements in page 3.</li> <li>Assessed whether any changes to the Council's policy on MRP have been discussed and agreed with those charged with governance and have been approved by Full Council.</li> <li>Analysed the Council's MRP percentage against total external debt held by the Council. This shows that the Council's MRP percentage against total external debt is 1.8% (1.6% in 2020/21). Whilst this is an upward trajectory in comparison to the decline noted in prior year, this is still below the average rate of 2%. However, if the calculation for supported borrowing was calculated in line with the guidance, this will match the 2% average rate.</li> </ul> <p>Our work on MRP is complete and we have no issues to bring to the attention of the Audit and Standards Committee</p>	Blue

### Assessment

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## 2. Financial Statements - Internal Control

The purpose of an audit is for the auditor to express an opinion on the financial statements. Our audit included consideration of internal controls relevant to the preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of internal control. The matters we identified during the course of our audit, our recommendations to management and management responses, are included in the action plan at Appendix A.

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### Assessment

- Significant deficiency – risk of significant misstatement
- Deficiency – risk of inconsequential misstatement

## 2. Financial Statements - matters discussed with management

This section provides commentary on the significant matters we discussed with management during the course of the audit.

Significant matter	Commentary	Auditor view and management response
Impact of the Ukraine War	<p>The Council like other local authorities in the country, is implementing the Homes for Ukraine scheme for Ukrainian nationals and their families to be sponsored to come to the UK. The council receives funding for those who arrive under the scheme and is expected to provide support to both the hosts and the guests. Local authorities have been asked to carry out extensive sponsor checks ahead of any visa being granted.</p> <p>Implementing this scheme has placed a significant administrative burden on the Council, specifically on adult social care, children's social care, housing and legal services. The Council has put in place a small dedicated team to administer the scheme. There are a number of risks associated with this project including safeguarding risks and migration pressures. The Council has captured these risks on its strategic risk register</p> <p>Another impact of the war in Ukraine is on the cost of energy and the knock on impacts on inflation. The Council considers the impact will be significant although the full effects have not yet fully materialised in the Council's budgets. The Cabinet discussed the risks and mitigations around this issue at their meeting on 18 July 2022 when the medium term financial outlook report was presented. Further updates on the impact of inflation on the Council's budget, including mitigations will be given to the Cabinet as part of the quarterly forecasts and when the draft 23/24 budget is presented in November.</p>	<p>Overall, the Council seems to be have put in place reasonable arrangements to deal with implementing the Home for Ukraine scheme and the impact of the war on the cost of living crisis and the impact on the Council's budget</p> <p>The Council should continue to monitor, assess the risks and the impact on it's budget on a regular basis as it is currently doing and also ensure that there are appropriate mitigating actions in place.</p> <p><b>Management response</b></p> <p>The council will continue monitor and assess the risks of the war on the cost of living crisis and the Home for Ukraine scheme, and place in place mitigating actions for significant risks. Addressing the cost of living crisis is a key piece of work that is helping to shape the budget setting process for 23-24.</p>
Value of infrastructure assets and presentation of the gross cost and accumulated depreciation in the PPE note	<p>We made enquiries with the Council on how they derecognize their infrastructure assets when we became aware that many councils may not have been derecognizing their infrastructure assets in line with the CIPFA code</p> <p>The code requires infrastructure assets to be reported in the Balance Sheet at depreciated historical cost, that is historic cost less accumulated depreciation and impairment. London Borough of Brent has material infrastructure assets with a net book value of £242m as at 31 March 2022. There is therefore a potential risk of material misstatement related to the infrastructure balance.</p> <p>There was a consultation by CIPFA on how to address the derecognition issue. A statutory instrument came into force on 25 December 2022 and CIPFA issued an update to the Code for infrastructure assets in November 2022 . A further guidance was issued by CIPFA in January 2023. We have documented our findings on infrastructure assets on slide 13.</p>	<p>Management should review their infrastructure assets, the valuation, accounting treatment and derecognition of such assets to ensure that they are comply with the updated CIPFA code and new guidance on infrastructure assets.</p> <p><b>Management response</b></p> <p>The council has received formal update of the CIPFA code, and intends to fully comply with it.</p>

## 2. Financial Statements - other communication requirements

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Standards Committee . We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Council, including specific representations in respect of the Group, which is included in the Audit and Standard Committee papers.



## 2. Financial Statements - other communication requirements



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Issue	Commentary
Confirmation requests from third parties	<p>We requested from management permission to send confirmation requests to the Council's banking, investment and borrowing institutions. This permission was granted and the requests were sent. All requests were returned with positive confirmation.</p> <p>We requested management to send letters to those solicitors who worked with the Council during the year. We received all solicitor responses without issue.</p>
Accounting practices	<p>We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. We identified accounting policies relating to Asset under construction and IFRS 15 had to be updated and the Council has agreed to update them. See details in Appendix C</p>
Audit evidence and explanations/ significant difficulties	<p>All information and explanations requested from management is being provided in a prompt manner.</p> <p>Due to the system change it was difficult for the Council to provide us with a listing whose total agreed to the amounts disclosed in the financial statements especially for income and expenditure. We worked with the Council to ensure that transaction listings were cleansed before we selected samples.</p> <p>In some instances the quality of working papers provided has not been sufficient. Not all working papers provided were simple to follow which has meant that many sample items have had to be revisited numerous times to get the sufficient level of evidence needed for the audit.</p> <p>The evidence and responses which the Council's valuer provided was not always specific and of sufficient quality to enable us to draw a conclusion on our work. We have had to raise several follow up queries and challenge the valuer on numerous occasions to get sufficient responses.</p> <p>The issues noted above have caused some delay to audit progress and we have raised a recommendation in Appendix A.</p>

## 2. Financial Statements - other communication requirements



### Our responsibility

As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management's use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity's ability to continue as a going concern” (ISA [UK] 570).

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Issue	Commentary
Going concern	<p data-bbox="871 464 2056 608">In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2020). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies.</p> <p data-bbox="871 620 2016 675">Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities:</p> <ul data-bbox="871 687 2074 986" style="list-style-type: none"> <li>• the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities</li> <li>• for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report.</li> </ul> <p data-bbox="871 999 2056 1142">Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated:</p> <ul data-bbox="871 1155 1973 1300" style="list-style-type: none"> <li>• the nature of the Council and the environment in which it operates</li> <li>• the Council's financial reporting framework</li> <li>• the Council's system of internal control for identifying events or conditions relevant to going concern</li> <li>• management's going concern assessment.</li> </ul> <p data-bbox="871 1313 2051 1339">On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that:</p> <ul data-bbox="871 1351 2051 1447" style="list-style-type: none"> <li>• a material uncertainty related to going concern has not been identified</li> <li>• management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.</li> </ul>

## 2. Financial Statements - other responsibilities under the Code

Issue	Commentary
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our work on this area is outstanding.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> <li>• if the Annual Governance Statement <b>does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit,</b></li> <li>• if we have applied any of our statutory powers or duties.</li> <li>• where we are not satisfied in respect of arrangements to secure value for money and have reported significant weaknesses.</li> </ul> <p>We have nothing to report on these matters</p>



## 2. Financial Statements - other responsibilities under the Code

Issue	Commentary
<b>Specified procedures for Whole of Government Accounts</b>	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Work is not required as the Council does not exceed the threshold</p>
<b>Certification of the closure of the audit</b>	<p>We intend to certify the closure of the 2021/22 audit of <b>the London Borough of Brent</b> in the audit report.</p>

# 3. Value for Money arrangements

## Approach to Value for Money work for 2021/22

The National Audit Office issued its guidance for auditors in April 2020. The Code requires auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria.



### Improving economy, efficiency and effectiveness

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



### Financial Sustainability

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



### Governance

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

## Potential types of recommendations

A range of different recommendations could be made following the completion of work on the body's arrangements to secure economy, efficiency and effectiveness in its use of resources, which are as follows:



### Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements



### 3. VFM - our procedures and conclusions

We have completed all of our VFM work and we have issued our Auditor's Annual Report to the Audit and Standard Committee at its meeting on 7 February 2023. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. We have not identified any risks.

## 4. Independence and ethics

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers). In this context, we disclose the following to you

Andy Mack is the Head of Audit Quality Approach for Public Sector Audit (PSA) at Grant Thornton. He holds a non executive director role with Habinteg. The role involves Andy reporting to the chair, Eleanor Southwood, who is an elected member of Brent Council. There could be a perceived or real threat to independence if Andy was to provide technical advice on the Brent Council.

Andy has consulted with our Ethics team on the above issue. Our Ethics Team has determined that there are appropriate safeguards in place which mitigates the threat of breaching independence and the FRC regulations. See safeguards below :

- Andy will not provide services to the Brent engagement. There are three other technical directors in PSA who can resolve the queries – Jon Roberts, John Farrar and Barrie Morris.
- Andy will not people manage anyone who is currently working on the Brent engagement.
- Andy will not access to the encryption keys, files, or Teams Channels for the Brent engagement
- Although the Brent engagement is based in London, the same location which Andy is based, he will only attend the office once a quarter and will not discuss the Brent audit.
- Ciaran McLaughlin who is the Engagement Lead for the Brent Audit is aware that Andy should not be involved in the technical discussions around the Brent Council audit and that he should not provide services.

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix D.

### Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Transparency report 2020 \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2020)

# 4. Independence and ethics

## Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. No non-audit services were identified which were charged from the beginning of the financial year to September 2022, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit related			
Certification of Housing capital receipts grant	£5,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,000 in comparison to the total fee for the audit of £340,988 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review Management	We do not prepare the returns and therefore, this mitigates the perceived self-review threat. Any changes to the return identified following our work will be formally agreed with the Management and therefore, this mitigates the perceived Management threat.
Certification of Teachers Pension Return	£7,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £7,500 in comparison to the total fee for the audit of £340,988 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review Management	We do not prepare the returns and therefore, this mitigates the perceived self-review threat. Any changes to the return identified following our work will be formally agreed with the Management and therefore, this mitigates the perceived Management threat.
Certification of Housing Benefit Claim	£18,000 plus per diem rate for additional work required	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £18,000 in comparison to the total fee for the audit of £340,988 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review Management	We do not prepare the returns and therefore, this mitigates the perceived self-review threat. Any changes to the return identified following our work will be formally agreed with the Management and therefore, this mitigates the perceived Management threat.
I4b Holdings Ltd audit	£31,000	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £31,000 in comparison to the total fee for the audit of £340,988 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.



## 4. Independence and ethics

### Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. No non-audit services were identified which were charged from the beginning of the financial year to September 2022, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
<b>Audit related</b>			
First Wave Housing audit	£33,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £33,500 in comparison to the total fee for the audit of £340,988 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.

None of the services provided are subject to contingent fees.

# Appendices

# A. Action plan – Audit of Financial Statements

We have 9 recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 21/22 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Page 185	<b>High</b> <b>Income Population Listing</b> The total of the transaction listing provided for income did not agree with the income total disclosed in the accounts as it contained a lot of reversing entries. It took considerable time for the data to be cleansed to get the listing and get to a total which was not materially different to the accounts.	The Council should ensure that they provide the audit team with a cleansed data whose total is not materially different to the amount disclosed in the accounts. <b>Management response</b> The Council has ongoing work to reduce the volume of reversals, such as miscodings and credit notes. The Council's Financial Regulations place an emphasis on getting things right first time, but achieving this requires improvement across the council. The Finance Department will report these reversals monthly to the Director of Finance, and each Head of Finance will be required to come up with and implement a plan to reduce the volume of reversals in their area.
	<b>High</b> <b>Review of opening and closing Balance</b> The opening balance for 2020/21 NNDR debtors was incorrect and overstated by £1m. This resulted in the year end debtor balance being overstated by £1m. Whilst this is immaterial and has been recorded as an unadjusted error in appendix C, if there is no review of the closing balance and opening balances, this could lead to a potentially material overstatement in the future	The Council should ensure that there is a review of the closing balance and opening balances on the Collection Fund system to ensure that the correct opening balance is used in the NNDR model. <b>Management response</b> This is currently a manual process, the council is working on automating this process in 22-23 which should reduce the scope for errors and make reconciliation more straight-forward.

## Internal Controls and Financial Statement issues

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# A. Action plan – Audit of Financial Statements- Continued

Assessment	Issue and risk	Recommendations
High	<p>IT audit control findings</p> <p>Segregation of duties conflicts between finance and system administration roles in Oracle Cloud - 26 business users with financial responsibilities also have access to a range of high-risk system administration functions. Users can change system configurations and modify their own and other users' access.</p> <p>Lack of audit logging in Oracle Cloud – There is currently no audit logging enabled on Oracle Cloud. The Council is not able to prospectively or retrospectively identify users who have made inappropriate changes to system configurations.</p> <p>Monitoring of scheduled processes - IT audit team identified exception report notifications are configured to be sent to the Senior Finance Analyst, rather than the internal Oracle Cloud Support team.</p> <p>Project documents maintained in an unsecured format - Draft 'solution design documents', with unaccepted track changes, for a number of key process areas of the Oracle Cloud project were kept on the project SharePoint site.</p>	<ul style="list-style-type: none"> <li>The Council should undertake a full review of all users who have been assigned access to system administration roles and revoke access to those system administration roles which do not align with the user's roles and responsibilities.</li> <li>The Council should undertake an assessment of the specific access that is required to complete the year end closedown process and build custom roles within Oracle Cloud rather than assigning powerful system administrator roles.</li> <li>The Council should implement audit logging for financially critical areas including, but not limited to accounts payable, cash management, account receivable and the general ledger.</li> <li>The Council should configure all exception report notifications, for key financial scheduled processes, to be sent to a shared mailbox so that they can be monitored and resolved in a timely manner by the Oracle Cloud Support team</li> <li>The Council should ensure changes to key documents are authorised before processed or reviewed by someone independent of the author, restricting access and publishing PDF versions of key documents for use by the project team.</li> </ul> <p><b>Management response</b></p> <p>These findings are acknowledged, and the council is taking the following actions:</p> <ul style="list-style-type: none"> <li>The Council has implemented a plan to remove the security roles from the users post 31-Mar-2022 and is tracking progress on this to ensure sufficient controls are in place to avoid this risk in the future,</li> <li>a review will be carried out to assess the feasibility of building custom roles and taking into account cost, time and expertise needed to build these in time for the 2022/23 year end process,</li> <li>a review will be carried out on the impacts of turning on audit logging for these areas in terms of cost, system performance and dependencies,</li> <li>a review will be carried out determine how these notifications could be efficiently routed to the Oracle Cloud Application Support (OCAS) Team and which notifications should be in scope, and</li> <li>a full review of the SharePoint site where project documentation is stored is being carried out to restrict access or editing rights. Following this any documentation published or circulated should be in PDF format.</li> </ul>

## Internal Controls and Financial Statement issues

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# A. Action plan – Audit of Financial Statements - Continued

Assessment	Issue and risk	Recommendations
Medium	The Council applied an indexation obtained from the WHE market review to non-revalued assets and the assets revalued at 1 April 2021. This is performed to ensure the assets are materially accurate and reflect the values as at 31 March 2022. Valuation experts did not review values after the indexation was applied and a valuation certificate was not obtained from the valuer. The Code does not permit the use of indices as a means to adjust the carrying amount and this does not reflect a valuation in accordance with RICS. The Code requirements are not met. However, the audit team have engaged an external valuer to ensure the impact is immaterial.	<p>We recommend that management engage their valuers to perform valuation as at the year-end. Where management applies indexation to arrive at the year-end value of assets, management should engage a valuer to review the application of indexation. Management should then obtain a formal certificate from the valuers which confirms that the indexation has been performed in accordance with the requirement under RICS and the CIPFA Code of Practice.</p> <p><b>Management response</b></p> <p>The council will work with its valuers to address these concerns for the 22-23 Statement of Accounts.</p>
Medium	Wilks Head and Eve have made the assumptions of buildings being maintained in a state whereby the components retaining specific lifespans without management providing them with a capital maintenance programme.	<p>We recommend that management share the capital maintenance programme with the valuer based on the assumptions they make in regards to maintenance and determination of asset lives.</p> <p><b>Management response</b></p> <p>The council will share this information with the valuer for 22/23</p>
Medium	One of the principal assumptions that drive valuations for schools is pupil numbers. The Council and the valuer confirmed no data on pupil numbers was provided to the valuer regarding pupil numbers.	<p>We recommend that for future valuations, management provide information on pupils number and other data related to this is provided to the valuer.</p> <p><b>Management response</b></p> <p>The council will share this information with the valuer for 22/23</p>

## Internal Controls and Financial Statement issues

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# A. Action plan – Audit of Financial Statements - Continued

Assessment	Issue and risk	Recommendations
Medium	Where the Council has replaced or enhanced an existing asset component, the CIPFA Code of Practice requires there to be a de-recognition of the original asset to be disclosed in their PPE note. For 2021/22, we have ensured that the authority are not required to meet this requirement however, it is probable for this to be material in the future years.	<p>We recommend that the Council track their enhancement and replacement spend and de-recognise assets where they are replacing an existing asset.</p> <p><b>Management response</b></p> <p>We will review how we can improve this, and seek advice from our valuers on how this can be made more robust.</p>
Medium	The Council have adjusted their 2020/21 comparatives in the 2021/22 financial statements in 8 areas. These have arisen from the review of our technical quality team, as well as a detailed review from the new senior management team, and these indicate a weakness in the Council's financial reporting process.	<p>We recommend that the management use the CIPFA code's disclosure checklist and the CIPFA guidance for practitioners as part of their financial reporting process to ensure that the financial statements are prepared in accordance with the CIPFA code of practice.</p> <p><b>Management response</b></p> <p>We are working on how to improve use of the CIPFA disclosure and guidance checklist this year.</p>

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## Internal Controls and Financial Statement issues

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# A. Action plan – Audit of Financial Statements - Continued

Assessment	Issue and risk	Recommendations
Low	<p><b>New System Implementation – Reconciliation</b></p> <p>Our IT audit specialist recommended that we check that bank reconciliation was carried out for all bank accounts on R12 (old system) and Oracle Cloud(New System) to ensure that the Council was aware of variances between the bank and the GL on the new system, and the variations were in line with previous variations from the final R12 reconciliation.</p> <p>We identified there was no bank reconciliation for one of the banks account S278 on the Oracle Cloud system. The Council advised us that a reconciliation was not necessary as there was no movement on the accounts.</p>	<p>The Council should ensure that a bank reconciliation is carried out for all bank accounts in the period when a system change occurs to ensure that there is completeness of the data which migrated from the old system to the new system</p> <p><b>Management response</b></p> <p>This has been noted.</p>
Low	<p>There is a £2.6m difference between the debt balance as at 31 March 2022 used in the calculations of bad debt provision and the debt outstanding per trial balance. The difference is due to the extracted amount from Northgate database by IT Team was only the arrears (debits), and not including the collections this year. The provision calculation is weighted per debt aging, the exact impact cannot be calculated however any misstatement in provision it will be immaterial as the difference in debt balance is below PM. The basis for computing the bad debts provision was more prudent yielding higher provision.</p>	<p>We recommend that management ensures that the calculation of provisions is based on the actual debt balance which agrees with the TB and considers both arrears and collections in the year.</p> <p><b>Management response</b></p> <p>The council will review this process for 22/23, noting the concerns detailed.</p>
Low	<p>The Council confirmed that they did not consider forward looking information in their calculation of expected credit loss for adult social care debtors, temporary housing and HRA debtors. This should have been done as IAS 39 has already been superseded by IFRS 9. Per the CIPFA Code 21/22, para 7.2.9.19 and para 7.3.3.12, forward-looking information should be incorporated on the impairment calculation for financial assets (CIPFA Code 7.1.2.19)</p>	<p>We recommend that management incorporates forward looking information in the impairment calculation for financial assets.</p> <p><b>Management response</b></p> <p>The council will consider forward looking information for 22/23</p>

## Internal Controls and Financial Statement issues

- High – Significant effect on financial statements
- Medium – Limited Effect on financial statements
- Low – Best practice

# B. Follow up of prior year recommendations

We identified the following issues in the audit of London Borough of Brent's 2020/21 financial statements, which resulted in six recommendations being reported in our 2020/21 Audit Findings report. We have followed up on the implementation of our recommendations and note [1] is still to be completed.

Assessment		Issue and risk previously communicated	Update on actions taken to address the issue
1	✓	<b>Cash in transit prior year error</b> We recommended that management must ensure that bank reconciliation include review of in-year movement on the bank reconciliation to the bank statement, to identify any significant movements in cash in transit.	Cash in transit has been reconciled for 21-22, and there are no significant issues.
Page 190	Ongoing	<b>Transaction listings and audit evidence</b> We recommended that the: <ul style="list-style-type: none"> <li>• Transaction listings provided to audit should be cleansed of significant contra entries.</li> <li>• Quality of working papers should be consistent and easy to follow, containing the required information for audit.</li> </ul> <b>Update 21/22</b> We have raised this as an issue again this year and as such this point still remains.	In response, Management have undertaken the following: <ul style="list-style-type: none"> <li>• a better process for cleansing significant contra entries for audit has been put in place, and</li> <li>• finance staff have had training from an external expert on working papers, and working papers will be reviewed to ensure that their quality and intelligibility are appropriate</li> </ul>
	3	<b>Grants register</b> We recommended that management should: <ul style="list-style-type: none"> <li>• Regularly review and update the grants register.</li> <li>• Reconcile the grants register to the financial statements as part of the accounts preparation process.</li> </ul>	The Management have: <ul style="list-style-type: none"> <li>• regularly reviewed and updated the grants register, and</li> <li>• reconciled the grants register to the financial statements as part of the preparation process</li> </ul>

## Assessment

- ✓ Action completed
- X Not yet addressed



# B. Follow up of prior year recommendations - Continued

Assessment		Issue and risk previously communicated	Update on actions taken to address the issue
4	✓	<b>Payroll creditors reconciliation</b> We recommended that management must complete a reconciliation of payroll creditors and identify any issues which may apply to future years' reconciliations.	Payroll creditors have been reconciled to the closing 21-22 position
5	✓	<b>IT audit control findings – Security management</b> We recommended management to review and address detailed recommendations as set out in the 2020/21 IT Audit Report. Subsequently the Council moved to Oracle Cloud Fusion in October 2021.	The council has put considerable effort into developing an appropriate set of IT controls for Oracle Cloud, and has engaged with internal audit throughout the process to ensure that these controls are consistent with best practice.
	✓	<b>Useful economic lives of buildings</b> We recommended that management should provide its valuer with the capital improvement plan for its asset base, to inform accurate useful economic lives of buildings.	The capital improvement plan has been discussed with the valuers, and the information they requested was provided to them.

## Assessment

- ✓ Action completed
- X Not yet addressed

# C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Debtors and Creditors Balance – Council Account			.
Dr Trade Payables		8,785	
Credit Trade Debtors		(8,785)	
One of the debtor samples selected was a control balance which increases both debtor and creditor balance by the same amount (£8.785m). It should have been nil at the year end however it was left in both the debtor and creditor balances . This is a factual error. The above shows the adjustment to correct the error.			
Overstatement of Accruals – Council Account			
Dr Accruals (Current Liabilities)			
Cr Expenditure		2,690	
	(2,690)		
One of the accrual samples tested was over accrued by £2.69m. The total of the sample tested was £5.69m. We are testing the rest of the balance to ensure that the error is an isolated error. We have recorded this as a factual error.			(2,690)

# C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2022.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Historic Creditors – Council Account			
Dr Creditors		1,570	
Credit Expenses	(1,570)		(1,570).
This represents the write off of historical items which are no longer creditors			
Impact of undercharge in subsidiary's (I4B) interest rate on the Council's accounts			
Dr Loans (Principal Soft Loan)		1,600	
Cr Investment (Soft Loan)		(1,600)	
This is the adjustment for the loss represented by the undercharge of 0.1% in interest rate as compared to the market rate to I4B. This has resulted in less of the soft loan balance (£1,6m) required to be reported as an investment in the Council's accounts.			

# C. Audit Adjustments

## Impact of adjusted misstatements - Continued

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Prior Period Adjustment– Council Account			
This shows the correction of prior period error in relation to Stonebridge PFI which was incorrectly valued as an affordable housing (discount factor of 20% applied to market rent) instead of social housing (discount of 75% applied to market rent)			
Dr Revaluation Reserve		64,755	
Credit (PPE Cost) NBV		(59,316)	
Cr Accumulated Depreciation		(5,538)	
Shows reduction in the NBV of the assets by £59.3m as at 31 March 2021.			
Dr Accumulated Depreciation			
Cr Capital Adjustment Account		5,538	
Dr Capital Adjustment Account		(5,538)	
Cr Revaluation Reserve		5,538	
Shows movement between the Movement in Reserves Statement and the Capital Adjustment Account		(5,538)	
Correction of the error in valuation of Stonebridge PFI as an affordable housing (discount factor of 20% applied to market rent) instead of social housing (discount of 75% applied to market rent) in 21/22			
Dr Revaluation Reserve		91,702	
Dr accumulated Depreciation		1,204	
Credit (PPE Cost) Gross Carry Amount		(92,906)	
Dr accumulated Depreciation			

# C. Audit Adjustments

## Impact of adjusted misstatements - Continued

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Adjustment for assets under construction (AUC), -Gloucester and Durham Road developments which became operational in November 2021			
DR PPE cost (Council Dwelling HRA)		54,556	
Cr PPE cost (AUC)		(54,556)	
Shows transfer from AUC to Council Dwellings			
Revaluation as HRA properties			
Dr PPE Cost (HRA Council Dwelling)		40,917	
Cr I and E HRA			
Dr Capital Adjustment Account	(40,917)		
	40197	(40,197)	
Cr MIRS			
		(252)	
Dr ( Depreciation on HRA assets)			
CR I and E HRA	252	252	
Dr Capital Adjustment Account	(252)		
CR MIRS			

# C. Audit Adjustments

## Impact of adjusted misstatements - Continued

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Correction of grant income which relates to 22/23 which has been incorrectly recorded in 2021			
Dr Grant income	7,350		7,350
Cr Receipt in advance		(7,350)	
Re-classification of PFI and Finance Lease liability from Long term creditors into Other long term liabilities restated 2020/21		26,900	
Dr Long Term Creditors		(26,900)	
Cr Other Long Term Liabilities			
Re-classification of PFI and Finance Lease liability from Long term creditors into Other long term liabilities restated 2021/22		30,300	
Dr Long Term Creditors		(30,300)	
Cr Other Long Term Liabilities			
In prior years, the Council accounted for unapplied S106 and CIL income by transferring S106 and Community Infrastructure Levy (CIL) income to earmarked General Fund reserve however The Code sets out that unapplied S106 and CIL income should be transferred to Capital Grants Unapplied to represent capital resources not yet utilised. The Council has therefore restated the Statement of Account to be in compliance with The Code		128,500	
31 March 2020		(128,500)	
Dr Earmarked Reserves			
Cr Capital Grants Unapplied			
Accounting for S106 and CIL Income			
31 March 2021		128,200	
Dr Earmarked Reserves		(128,200)	
Cr Capital Grants Unapplied			

# C. Audit Adjustments

Impact of adjusted misstatements - Continued

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000
Accounting for S106 and CIL Income 31 March 2022			
Dr Earmarked Reserves		150,500	
Cr Capital Grants Unapplied		(150,500)	
Overall impact	3,090	-3,090	3,090

# C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
In the draft accounts, Brent have included prior year restatements due to final audit of subsidiary i4B. The restatements were immaterial to the Group.	To remove the restatements in relation to i4B adjustments as this is not material to the Group. <b>Management response</b> This will be updated	✓
There is no prior year comparatives disclosed for the adjustments between accounting basis and funding basis analysis.	The analysis for the adjustments between accounting basis and funding basis must also be provided for the comparative year. <b>Management response</b> This will be updated	✓
Note 14 EFA - £17.7m is an arithmetical error and should be (£7.1m); both the (£7.7m) for the general fund and £0.6m for the HRA are readily visible in the MIRS.	£17.1m to be corrected to agree to the MIRS. <b>Management response</b> This will be updated	✓
The disclosures in relation to the Alpertown lease are incorrect.	The lease disclosures to be reviewed and amended to reflect that the Alpertown lease has not commenced yet. <b>Management response</b> This will be updated	✓



# C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Disclosure omission	Auditor recommendations	Adjusted?
The note 30 footnote states that the table includes the senior employees reported at note 29. This is not in accordance with the requirements and so the numbers reported are overstated for both 2020/21 and 2021/22.	The note to be reviewed and corrected to be code compliant. <b>Management response</b> This will be updated	✓
There are no short term and long term debtors note disclosed in the group accounts as the value of the total debtors is materially different when compared to the total debtors value in the single entity accounts.	Debtors note to be added to group accounts. <b>Management response</b> This will be updated	✓
The accounting policy 3.1 states that AUC is held at invoiced construction cost at the year end.	This should be measured at historic cost and this should be established on an accruals basis. <b>Management response</b> This will be updated	✓
Accounting policy 4.3 work in progress is out of date and does not reflect the requirements of the Code under IFRS 15.	The note to be updated to reflect the Code requirements. <b>Management response</b> This will be updated	✓
Dedicated School Grant- Presentation of dedicated school grant was not as per the statutory requirement. Deficit of 2020/21 was required to present in different line in the note.	The note to be updated to reflect the Code requirements. <b>Management response</b> This will be updated	✓

# C. Audit Adjustments cont'd

Disclosure omission	Auditor recommendations	Adjusted?
The Intangible assets balance is material in 2021/22 however this is no supporting note for this in the accounts.	A note to be added. <b>Management response</b> This will be updated	✓
Cash Flow statements – the Increase/decrease in debtors figures and the Increase/decrease in impairment for bad debts were incorrect.	To correct the Increase/decrease in debtors figures to -56.2M and add Increase/decrease in impairment for bad debts of 6.1M. <b>Management response</b> This will be updated.	✓
Audit fees note does not agree to the Audit plan communicated to Those Charged With Governance and is not in the format required by the Code.	Audit fees note has been amended to include the 10k new system implementation fee that was included within the Audit Plan and it has been updated to the format required by the Code. <b>Management response</b> This will be updated.	✓
Various minor disclosure and formatting changes	In addition to these, we identified a number of other minor improvements to disclosures, formatting and accounting policies which are not deemed to be significant enough to bring to the attention of Those Charged With Governance. <b>Management response</b> This will be updated.	✓

# C. Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

## Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements.

Misclassification	Auditor recommendations	Adjusted?
In the draft accounts, the Council incorrectly misclassified £4.5m of other payables as trade payables.	To correct the misclassification between other payables and trade payables. <b>Management response</b> This will be updated	✓
The council incorrectly recognised £2,153k collection fund receipts relating to 22/23 as a debtor (prepayment) for the Council instead of a creditor (receipt in advance)	The Council should correct this misclassification <b>Management response</b> This will be updated	✓
There is £1.4m debit balance on Long Term Creditors which has been reclassified to Long Term Liabilities. This should be reflected in the Liabilities at Amortised Costs – Other on Note 24, which will reduce the balance from £3.5m to £2.1m and the total by the same amount.	The Council should correct this misclassification <b>Management response</b> This will be updated	✓
The Council incorrectly classified Council Tax Energy Bill Rebate of £13.7m for which Council is acting as an agent as Grant receipt in advance. The Council will reclassify this as a Creditor inline with paragraph 2.6.2.4 of the 21/22 CIPFA Code.	The Council should correct this misclassification <b>Management response</b> This will be updated	✓

# C. Audit Adjustments

## Misclassification and disclosure changes - Continued

Misclassification	Auditor recommendations	Adjusted?
In the draft accounts, the Council incorrectly misclassified grant income of £8.7m as fees and charges	To correct the misclassification between grant income and fees and charges. <b>Management response</b> This will be updated	✓
Note 23 – Capital Expenditure and Capital Financing Note. The Council's loan to First Wave Housing (formerly Brent Housing Partnership) was not disclosed in this note as capital expenditure. This affects both 2020/21 and 2021/22	To correct the exclusion of the loan to First Wave Housing <b>Management response</b> This will be updated	✓
Note 24 – Financial Instruments The audit work completed identified a number of inconsistencies between the note and other parts of the financial statements. We have also identified a number of instances where this note was not compliant of the CIPFA Code requirements.	To review and correct the note to ensure compliance of the Code. <b>Management response</b> This will be updated	✓
Note 25 – Material Soft Loans made by the Council The audit work completed identified a number of inconsistencies between the note and other parts of the financial statements.	To review and correct the inconsistencies identified. <b>Management response</b> This will be updated	✓
Note 26 – Fair values of assets and liabilities The fair value and carrying value of the financial instruments disclosed were equal to each other. This showed that the Council had not calculated the fair value efficiently for all instruments.	To review and correct the note to ensure compliance of the Code. <b>Management response</b> This will be updated	✓

# C. Audit Adjustments

## Misclassification and disclosure changes - Continued

Misclassification	Auditor recommendations	Adjusted?
Group MIRS did not comply with the presentation required by the CIPFA Code of Practice.	To update the Group MIRS presentation to ensure compliance of the Code. <b>Management response</b> This will be updated	✓
Critical judgements note does not comply with the requirements of IAS 1.	To update the note to ensure compliance of IAS 1 requirements. <b>Management response</b> This will be updated	✓
Estimation uncertainty note does not comply with the requirements of IAS 1.	To update the note to ensure compliance of IAS 1 requirements. <b>Management response</b> This will be updated	✓
Note 1 PPE does not include a narrative to explain the indexation applied by Management in year.	To add the relevant narrative to the note. <b>Management response</b> This will be updated	✓

# C. Audit Adjustments



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### Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2020/21 audit which have not been made within the final set of financial statements. The Audit and Standards Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Collection fund Debtors overstatement				
The opening balance of collection fund debtors was overstated by £1m. It should have been £10.4m, however it was incorrectly input into the correction fund model as £11.4m. This resulted in an overstatement of the year end debtor balance by £1m.		(1,000)		The Council is not adjusting it as it is not material .
Debtors		1,000		
Creditors				
The Council can move it to a suspense account so that both debtors and creditors are reduced by £1m and there is no net change on the balance sheet.				

# C. Audit Adjustments

## Impact of unadjusted misstatements- Continued

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Insurance Policy Expenditure cut off error				The Council is not adjusting as the error of £804k as it is not material.
The Council has incorrectly recognised the full invoice amount of £1.6m of invoices for Zurich insurance which relate partially to both 21/22 and 22/23 as an expenditure in 21/22. This results in a factual overstatement of expenditure by £804k		804		
Dr Liabilities	(804)			
Cr Expenditure				
<b>Overall impact</b>	<b>(804)</b>	<b>804</b>	<b>(804)</b>	

# C. Audit Adjustments

## Impact of unadjusted misstatements- Continued

Detail	Comprehensive Income and Expenditure Statement £'000	Statement of Financial Position £' 000	Impact on total net expenditure £'000	Reason for not adjusting
Shows the correction of errors resulting from differences in the land value used in calculation, use of incorrect obsolescence rate and difference in the value of undeveloped land calculation for 3 individual asset. The errors resulted in an understatement of £309k factual error after indexation. The extrapolated error is £1.2m understatement.				
Dr PPE Cost		1200		The Council is not adjusting as the error of 1.2m is extrapolated. The factual error of £303k is below triviality.
Cr Revaluation Reserve		(1200)		
The use of 100 years in the Council's calculation of MRP for supported borrowing is not allowed by the statutory guidance. This has caused an understated MRP.				The Council needs to review this calculation in more detail, and also needs to consider areas where it may be overstating MRP.
Dr General Fund		1,485		
Cr CAA		(1,485)		
<b>Overall impact</b>	<b>(804)</b>	<b>804</b>	<b>(804)</b>	




# D. Fees

We confirm below our final fees charged for the audit and provision of audit related services. There were no fees for the provision of non-audit related services.

Audit fees	Proposed fee	Indicative Final fee
Council Audit	£237,184	£237,184
Additional fee for work arising from hot review of the financial statements and extra work from testing from two systems.	£15,000	£15,000
Pension Fund Audit	£37,808	£37,808
Audit of First Wave Housing	£31,000	£31,000
Audit of i4B Ltd	£33,500	£33,500
<b>Total audit fees (excluding VAT)</b>	<b>£354,492</b>	<b>£354,492</b>



 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 21 March 2023
	<b>Report from the Chair of i4B Holdings Ltd</b>
<b>Report on i4B Holdings Ltd</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	One Appendix 1      Company Risk Register
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Sadie East Director of Transformation <a href="mailto:Sadie.East@brent.gov.uk">Sadie.East@brent.gov.uk</a> 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 2023/24 business plan and risk register.

## 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. The company has drafted its 2023/24 Business Plan which was presented to the Company Shareholder on 11<sup>th</sup> January 2023, the i4B Board on 24<sup>th</sup> January 2023 and CMT on 16<sup>th</sup> February 2023. Feedback from the Board and Guarantor as well as CMT has been incorporated into the final draft presented to Cabinet on 13<sup>th</sup> March 2023.

#### **4.0. Benefits of i4B**

##### **4.1. Social Benefits**

- 4.1.1. As of December 2022, i4B has housed 404 families and 930 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 One – Breakdown of families accommodated by i4B as of December 2022

<b>Previous Accommodation</b>	<b>no. of families</b>	<b>no. of children</b>
Direct to i4B	99	206
Women's Refuge	2	15
TA Stage one – B&B	267	600
TA Stage two – Leased	36	109
<b>Total</b>	<b>404</b>	<b>930</b>

- 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 also owns a 153-unit block which is let to public sector key workers; the Lexington building has now been operational for two years.

##### **4.2. Financial Benefits**

- 4.2.1. The Council receives financial benefits from i4B, mainly through reducing the use of TA. i4B brings a gross annual benefit of £2.093 million to the Council, representing a 5.76% return on investment.

- 4.2.2. In addition the Council has injected equity of £36.354m into i4B and has received one off loan fees of £1.421m from i4B.

- 4.2.3. The net assets are currently less than the equity injected as when assets are initially acquired stamp duty and refurbishment costs are incurred which are not reflected in an increase in the market value of the assets on the balance sheet. In the early years of holding an asset this results in a loss where the value of the equity injection exceeds the net asset value. As the company begins to

generate revenue surpluses and as assets and rents rise in value in line with inflation net assets will exceed the value of the equity injection.

I4B - Net Assets	£34.289m	as per 21/22 accounts
Council Equity	£36.354m	as per 21/22 accounts
<b>Loss</b>	<b>-2.065</b>	
One off loan advance fees	£1.421m	1% of £142m
<b>Net Position</b>	<b>-0.644</b>	
Annual Benefits		
Interest rate mark up	£0.426m	30 bp on £142m
TA savings	£1.666m	£85 per week per property based on 377 properties
<b>Annual Benefits</b>	<b>£2.093m</b>	
<b>Return on investment</b>	<b>5.76%</b>	

## 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 Two – Operational Performance

Indicator	Target	Performance at December 2021 (YTD)	Performance at January 2023 (YTD)
Number of units	418 by April 2023	PRS: 354 Key Worker: 153	PRS: 391 Key Worker: 153
Instruction to Legal to Purchase	120 days	132 days	147 days
Minor void re-let times	35 days	104 days	New purchases: 111 days  Re-lets: 162 days
Major void re-let times	72 days	151 days	New purchases: 126  Re-lets: 206 days
Rent collection	98.50%	88.5%	BHM – 92.1% Mears – 90.5%
Void Rent Loss	1%	9%	5%*
Emergency repairs completed within 24 hours	100%	100%	97%
Urgent repairs completed within 7 days	95%	81%	80%
Routine repairs completed within 28 days	95%	91%	76%
% of properties with a valid gas safety certificate	100%	BHM – 99.57% Mears – 92.42%	BHM – 100% Mears – 95.2%

\*figure is for December 2022 as this is reported on a bi-monthly basis

5.1.1. The two main operational issues continue to be void times and rent collection. A voids improvement project has been set up covering both housing companies and the Council's Housing Revenue Account; progress will be closely monitored and reported to the Company Board during 2023/24. A dedicated Tenancy Sustainment Officer has been appointed to ensure that tenants are set up on the relevant benefits and are able to make regular payments. A wider project looking at tenancy sign-up, rent collection and arrears management processes and systems has also been set up to begin in early 2023.

5.1.2. BHM are undertaking a series of actions to improve void turnaround performance. These include:

- Updating the CRM system to provide better visibility to managers on outstanding actions for their staff. This will lead to improved identification of performance issues and necessary actions. The majority of this systems work is due to be completed on 8 April 2023.
- The Homes & Communities team have resumed pre-tenancy termination inspections. The purpose of visits is to inspect the condition of the property and to remind the resident of their responsibilities and obligations when a tenancy is terminated.
- For i4B properties, a single point of contact for the end-to-end void process will be introduced on a trial basis.
- Voids & Lettings are engaging directly with British Gas to clear meter debts at the void stage. Subject to contractual agreement, this will remove previous delays related to using a third party contractor and thereby reduce void turnaround times.
- DocuSign will be introduced at new sign-ups to increase efficiencies and improve the new tenant experience.
- Additional training and away days are being arranged to discuss void processes and issues collaboratively across services, and identify solutions to improve performance.

5.1.3. i4B currently has 24 voids, of which five relate to new acquisitions and three are Lexington properties. In 2022/23 to date, i4B has let 85 properties, of which 26 were new acquisitions and 23 were Lexington properties.

5.1.4. In the 2022/23 Business Plan, i4B set a target of acquiring 48 properties. However, due to higher global inflation levels and increased interest rates driving property prices up, there is a lack of properties on the market that meet i4B's financial criteria. As of January 2023, i4B has purchased 22 properties in the financial year, with a further 9 in the pipeline. Alongside high interest rates, it is expected that property values will reduce over the coming year. As a result, the i4B Board has taken the decision to pause the street property purchasing programme and suspend new offers on properties for six months.

## **6.0. 2022/23 Financial Forecast**

6.1. The financial monitoring forecast is set out in the table below. The company is forecasting a surplus of £0.622m which is £0.352m less than the £0.975m budgeted surplus.

6.2. Income is forecast to be £0.103m greater than budget due to higher than forecast rental income, although void rent loss is also forecast to be £0.081m higher than budgeted.

6.3. Operating expenditure is forecast to be £2.793m, which is £0.288m below budget. This is primarily due to the key worker block forecasting an underspend of £0.209m; this is because no major works are forecast for the year.

- 6.4 Financing costs are £0.743m greater than budget as the full remaining balance of the Council loan to I4B was drawn down in August 2022 at an interest rate of 3.45% in order to take advantage of lower interest rates available at the time.

**Table Three – Financial Forecast 2022/23**

<b>Income and Expenditure 2022/23</b>	<b>Budget £,000</b>	<b>Forecast £,000</b>	<b>Variance £,000</b>
Rental Income	8,962	9,145	183
Void Rent Loss	-355	-436	-81
<b>Net Rental Income</b>	<b>8,606</b>	<b>8,709</b>	<b>103</b>
<b>Cost Of Sales</b>			
Key Worker Block Operating Costs	632	423	-209
Responsive Repairs	342	346	4
Planned Repairs	0	0	0
Major Works	0	0	0
Housing Management SLA	463	405	-58
Home Counties Management Costs	90	104	14
Utilities Costs	24	32	8
Council Tax	41	12	-29
Service Charges	287	175	-112
<b>Total Cost of Sales</b>	<b>1,879</b>	<b>1,496</b>	<b>-383</b>
<b>Gross Profit</b>	<b>6,727</b>	<b>7,213</b>	<b>486</b>
<b>Administrative Costs</b>			
Corporate SLA	301	301	0
Insurance	46	50	4
Audit Fees	38	42	4
Legal Fees	38	32	-6
Other Professional Services	67	162	95
Other Revenue Costs	1	0	-1
Bad Debts	711	711	0
Depreciation	0	0	0
Revaluation	0	0	0
<b>Total Administrative Costs</b>	<b>1,202</b>	<b>1,297</b>	<b>-95</b>
<b>Total Costs</b>	<b>3,081</b>	<b>2,793</b>	<b>-288</b>
<b>Operating Profit</b>	<b>5,525</b>	<b>5,916</b>	<b>391</b>
Interest & Finance Costs	4,551	5,294	743
<b>Profit/(Loss) Before Tax</b>	<b>974</b>	<b>622</b>	<b>-352</b>



## **7.0. 2023/24 Business Plan**

7.1. 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 13<sup>th</sup> March 2023.

7.2. The 2023/24 Business Plan outlines the Company's strategic priorities for the year. Priorities for 2023/24 are set out within the framework of the medium to long-term objectives of Brent's Housing Companies. These objectives are:

- 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.

7.3. The strategic objectives and key priorities are as follows:

### **7.4. Increasing the supply of affordable housing in the borough**

- Priority 1: Explore future financing arrangements with Council
- Priority 2: Review feasibility of a block acquisition
- Priority 3: Review feasibility of new build purchases
- Priority 4: Review feasibility of re-entering street property market

### **7.5. Running a Viable Business**

- Priority 5: Carry out project to reduce arrears
- Priority 6: Implement VfM strategy
- Priority 7: Reduce void costs
- Priority 8: Improve void turnaround times
- Priority 9: Explore potential stock rationalisation

### **7.6. Delivering Safe and Sustainable Homes**

- Priority 10: Monitor health and safety compliance
- Priority 11: Implement plan in response to Building Safety Act
- Priority 12: Develop decarbonisation strategy
- Priority 13: Develop disrepair policy

### **7.7. Providing a Consistently Good Housing Service**

- Priority 14: Review tenant satisfaction
- Priority 15: Improve complaints oversight and monitoring

## **8.0. 30 Year Cashflow**

8.1. Over the year, cost inflation has increased, income inflation has not kept pace with cost inflation and interest rates have risen. This has significantly reduced the financial capacity in the business plan. This effect can be seen at a national

level in the global accounts and indices published by the Regulator for Social Housing (RSH).

- 8.2. The cash position of i4B is initially positive but reduces over two years due to the cost of the refurbishment works to the Granville blocks. The cash balance then remains broadly stable for five years to 2030/31 as rental growth offsets the cost of decarbonisation works through the stock. From 2031/32 onwards cash balances start to increase as rental growth continues and capital costs associated with the decarbonisation works end.
- 8.3. i4B is forecasting positive cash balances of around £0.5m for the five years up unto 2030/31. These balances are relatively small in terms of the size of the organisations. As a result all the stress test scenarios modelled in the business plan put the organisation into deficit. The business plan sets out that further work will be required on contingency plans to ensure the organisation can maintain its financial viability. These include:
- Reducing void rent loss
  - Improving arrears collection
  - Surveys to quantify decarbonisation costs
  - Potential stock rationalisation of low energy efficiency or assets showing poor financial performance
- 8.4. i4B does have £23m of financial capacity to acquire additional properties. The costs of this borrowing are reflected in the business plan as the loan finance has already been drawn down. No rental income or management and maintenance cost assumptions are included in the plan as decisions are still to be made on how this financial capacity will be utilised. Any additional purchases will make a positive cash flow contribution to the business plan.

## **9.0. Risk Update**

- 9.1. The i4B risk register is included in Appendix 1. The main risks the Company faces are detailed below:
- i4B lacks the policies, knowledge and governance arrangements to effectively monitor regulatory and legal standards on compliance.
  - 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.
  - Compliance actions are not effectively identified, followed up and monitored when issues arise, leading to non-compliance with statutory obligations.
  - Tenant non-payment of rent increases due to unaffordability of rent.
  - High void rent loss due to long void turnaround times.
  - High Capital Programme costs, including future climate change obligations, undermine the viability of the business plan.
  - i4B is deemed to have failed a statutory requirement in its corporate role following developments in the regulatory environment such as the Hackitt Review.

- Substantial variations in inflation and interest rates compared to the business plan adversely affect financial performance and viability.
- There is an insufficient volume of properties on the market that meet i4B's financial criteria
- There is an insufficient amount of development opportunities that meet i4B's development criteria
- I4B has insufficient capital to fund new acquisitions.

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Ref	Business Plan Objective	Strategic Risk	Risk	Trigger	Previous			Updated			Risk Trend	Mitigation	Actions	Owner	SLA Lead	Due Date	Action Update
					Likelihood	Impact	Score	Likelihood	Impact	Score							
1	Safe and Sustainable Homes	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.	Inadequate controls on record creation	4	5	20	4	5	20		Review asset records and the controls around creation and update. Produce a regular compliance report to Board covering all compliance requirements.	Implement actions from health and safety compliance internal audit action plan to address all areas of non-compliance	Strategic Support Officer		Mar-23	Audit follow-up due to come to Board by March 2023
2	Safe and Sustainable Homes	4B does not meet H&S requirements	Poor contractor performance and information control results in 4B properties being non-compliant with statutory H&S objectives.	Lack of KPIs and monitoring processes	3	5	15	3	5	15		Set up effective monitoring processes on compliance	Implement new compliance management system and review compliance processes	Head of Property Services	Strategic Support Officer	Mar-23	BHM have now signed an agreement with True Compliance. Regular compliance reporting will be introduced following this. Programme of updated compliance policies being presented to Board.
3	Safe and Sustainable Homes	4B does not meet H&S requirements	There is no affordable or technical solution for 4B to meet enhanced building standards.	Changing legal obligations	2	4	8	2	4	8		Monitor changes in building standards and report on viability of implementing any changes.	BHM monitor all changes in law/building standards that will affect housing stock. In some cases BHM are ahead i.e. carbon monoxide and smoke alarms. In this instance BHM will use systems such as True Compliance to monitor by pulling this information from LGSRs and EICRs	Head of Property Services	Strategic Support Officer	Mar-23	BHM have now signed an agreement with True Compliance. Regular compliance reporting will be introduced following this. Programme of updated compliance policies being presented to Board.
4	Safe and Sustainable Homes	4B does not meet H&S requirements	4B lacks the policies, knowledge and governance arrangements to effectively monitor regulatory and legal standards on compliance.	Lack of reliable monitoring reports to Board	5	4	20	5	4	20		Review policies, controls and reporting arrangements.	Implement actions from health and safety compliance internal audit action plan to address all areas of non-compliance, including review of all compliance policies	Head of Property Services	Strategic Support Officer	Mar-23	Ongoing action - True Compliance automatically records information on e.g. smoke alarm testing
5	Running a Viable Business	4B cannot trade as a going concern	Changing inflation or Government policy on rents and benefits means 4B cannot increase rents at business plan assumptions.	Change in Government policy or change in rental inflation	2	3	6	2	3	6		Regular modelling and business plan reviews, and monitoring of changes in Government policy.	Re-test business plan once final account outcome is agreed.	Senior Finance Analyst		Completed	Completed: no increases in target rents or LHA have been modelled for the next 5 years in the business plan, and LHA has been frozen for 2023-24. Impacts of inflation added to risk.
6	Running a Viable Business	4B cannot trade as a going concern	Reductions and changes in market demand mean 4B cannot increase rents at business plan assumptions.	Change in market demand	3	3	9	3	3	9		Regular modelling and business plan reviews.	Re-test business plan once final account outcome is agreed.	Senior Finance Analyst		Completed	Completed as part of the final accounts outcome for 2022-23.
7	Running a Viable Business	4B cannot trade as a going concern	Tenant non-payment of rent increases due to unaffordability of rent.	Change in market demand	5	4	20	5	4	20		Regular modelling and business plan reviews, effective recovery processes, and identifying the main reasons for high arrears levels.	Benchmark on rent collection rates.	Income and Sustainability Manager	Strategy Delivery Manager	Dec-22	Overdue. Awaiting annual HouseMark return: this is with the performance team and is being chased.
8	Running a Viable Business	4B cannot trade as a going concern	High void rent loss due to long void turnaround times.	Poor void management processes and reporting	5	3	15	5	3	15		Improved void management processes and reporting	Carry out a deep dive review of voids performance, identify poor performance. Implement a new voids improvement project with robust governance arrangements to ensure performance improves.	Voids Manager	Strategic Support Officer	Oct-22	Action updated to reflect arrears project work.
9	Running a Viable Business	4B cannot trade as a going concern	High Capital Programme costs, including future climate change obligations, undermine the viability of the business plan.	Uncertainty on investment requirements in stock, including decarbonisation and compliance	5	5	25	5	5	25		Development of a costed asset management plan with viable options.	Develop long-term asset management and investment plan, incorporating the impact of the climate change agenda.	Head of Property Services	Strategy Delivery Manager	Mar-23	The review of the voids process has begun over the last few months which has included improvements to offline processes, as well as an overhaul of the Microsoft Dynamics void management functionality. The review is due to be wrapped up early in the new financial year.
10	Running a Viable Business	4B cannot trade as a going concern	A lack of transparency around costs means 4B cannot effectively report on its costs.	Lack of direct payment systems and reliance on recharges	4	2	8	4	2	8		Fully set up Oracle for the companies, and transfer all suppliers to direct billing.	Set up fully independent company finances as part of Oracle Cloud to allow direct payments.	Senior Finance Analyst		Mar-23	Stock condition and energy performance surveys have been carried out for all properties, and the energy modelling work is expected back in early 2023. 4B has also applied to the Green Homes Grant for funding for energy efficiency works.
11	Running a Viable Business	4B cannot trade as a going concern	Costs of remediation to the Granville and Princess Road blocks exceed business plan estimates	Higher construction costs bid as part of the procurement process				3	2	6	New risk	Identify alternative efficiencies in the business plan	Receive regular updates from council on procurement process	Strategy and Delivery Manager		Mar-23	Care systems are now set up with the facility for direct billing. Discussions to be held on suppliers to prioritise for direct payments, and deadlines to be agreed with SLA leads.
12	Running a Viable Business	4B cannot trade as a going concern	Company cash flow (capital and revenue) is insufficient to manage expenditure.	Cost inflation exceeds income inflation resulting in a reduced surplus	1	5	5	3	5	15		Guarantee from Council/Council to consider lower financing rates. Regular review of business plan and potential efficiency and stock rationalisation options.	Review the business plan on an annual basis including stress testing.	Strategy and Delivery Manager		Jul-23	Risk has been revised as the biggest risk to cash flow is no longer a lack of property acquisitions but costs rising faster than income.
13	Running a Viable Business	4B cannot trade as a going concern	Delays in processing utilities and other payments result in poor financial reporting, complaints and financial & reputational damage	The Company fails to set up suppliers and make payments in a timely manner	5	2	10	5	2	10		Fully set up Oracle for the companies, and transfer all suppliers to direct billing.	Engage with suppliers to ensure direct payments, and ensure inter-company recharges	Senior Finance Analyst		Mar-23	Core systems are now set up with the facility for direct billing. Discussions to be held on suppliers to prioritise for direct payments, and deadlines to be agreed with SLA leads.
14	Running a Viable Business	Financial and reputational damage	Fraud results in a loss of income and/or reputational damage to the company and the Council.	Poor internal controls, or lack of compliance with these	2	3	6	2	3	6		Annual review of internal controls.	Carry out review of internal controls with SLA leads and agree resulting set of actions.	Strategic Support Officer		Mar-23	Board to be asked to sign up to 2020 National Housing Federation Code of Governance. Resulting actions will be implemented alongside regulatory compliance review project plan, and will include review of internal controls
15	Running a Viable Business	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.	Policies and procedures fail to meet regulatory requirements or are not complied with	2	3	6	2	3	6		Annual review of regulatory requirements and compliance with these.	Implement actions from compliance project plan presented at June Board meeting.	Strategic Support Officer		Feb-23	Update on compliance project plan to be included as part of 2023-24 business planning. Wider review of assurance against compliance with regulatory legislation to be carried out as part of implementation of NHF code of governance review
16	Running a Viable Business	Financial and reputational damage	Greater uncertainty in the external operating environment brings greater risk to 4B's financial modelling.	Cost inflation exceeds income; rent collection levels decrease; new unaffordable expenditure requirements such as decarbonisation costs are identified	3	5	15	3	5	15		Regular review of costs and assumptions, and stress testing of the business plan.	Stress test 2023-24 business plan	Senior Finance Analyst		Completed	More detail added to headline risk. Action completed.
17	Running a Viable Business	Financial and reputational damage	Disrepair in properties leads to poor tenant satisfaction, reputational damage and an increase in costs through legal settlements.	Increase in disrepair claims through deterioration in condition of stock	3	3	9	3	3	9		Review reasons for disrepair and develop resulting action plan.	Develop clear disrepair policy, and ensure oversight and reporting on this action plan.	Strategic Support Officer		Sep-23	Action updated to reflect business plan key task for 2023-24
18	Increasing Supply of Affordable Housing	4B cannot increase affordable housing supply	There is an insufficient volume of properties on the market that meet 4B's financial criteria.	Change in market conditions	5	3	15	5	3	15		Regular review of market and financial viability model.	Carry out a strategic review of property demand and supply in the borough which will result in a property acquisition strategy.	Strategy and Delivery Manager		Completed	
19	Increasing Supply of Affordable Housing	4B cannot increase affordable housing supply	There is an insufficient amount of development opportunities that meet 4B's development criteria.	Change in market conditions	3	3	9	3	3	9		Regular review of market and financial viability model.	Carry out a strategic review of property demand and supply in the borough which will result in a property acquisition strategy.	Strategy and Delivery Manager		Completed	
20	Increasing Supply of Affordable Housing	4B cannot increase affordable housing supply	A lack of affordable financing options means 4B cannot fund acquisitions.	Change in market interest rates	5	3	15	5	3	15		Monitoring of market rates and agreeing financing options with the Council.	Discussions to take place between 4B Board and Council around future investment in Company.	Senior Finance Analyst		Apr-23	Affordable financing rate secured in short-term following loan drawdown. House prices and development in borough to be monitored for future opportunities with focus on new build and block acquisitions
21	Providing an Excellent Housing Service	Drop in customer satisfaction and damage to reputation	Contractor performance is not effectively managed and monitored, leading to poor customer service.	The supply chain is not effectively managed	2	3	6	2	3	6		Clear service standards, regular performance management and engagement with supply chain.	Implementation of tenant satisfaction measures	Head of Housing & Neighbourhoods	Strategy Delivery Manager	Jun-23	Action updated - awaiting confirmation of deadline from BHM.
22	Providing an Excellent Housing Service	Drop in customer satisfaction and damage to reputation	Poor service delivery results and complaints management procedures give rise to low tenant satisfaction.	A lack of clear service standards and complaints management procedures means complaints are not effectively dealt with	2	3	6	2	3	6		Clear service standards and monitoring of complaints performance.	None - complaints policy in place.	Strategic Support Officer		N/A	

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**Audit and Standards Advisory  
Committee**  
21 March 2023

**Report from the Chair of First Wave  
Housing Limited**

**Report on First Wave Housing Limited**

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	N/A
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	One Appendix 1 Company Risk Register
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Sadie East Director of Transformation <a href="mailto:Sadie.East@brent.gov.uk">Sadie.East@brent.gov.uk</a> 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, the FWH 2023/24 business plan and risk register.

**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 2023/24 Business Plan.

3.3. The 2023/24 business plan was presented to the Company Guarantor on 11<sup>th</sup> January 2023, the FWH Board on 24<sup>th</sup> January 2023 and CMT on 16<sup>th</sup> February 2023. Feedback from the Board and Guarantor as well as CMT has been incorporated into the final draft presented to Cabinet on 13<sup>th</sup> March 2023.

#### 3.4 *Stock Breakdown*

3.5 On the 4<sup>th</sup> April 2022, the transfer of 110 properties at Granville New Homes was completed – 84 social housing units, 1 leasehold unit, and the freehold for the site (including the Tabot Centre) were transferred to the Council's HRA, and 25 intermediate units were transferred to i4B Holdings Ltd (i4B).

3.6 FWH now manages a total of 216 properties. Of these properties, 166 are settled homes, 45 are market rented and 5 are general needs. The annual rent figure is £3,448,224.

### 4.0 **Update on Operational Performance**

4.1 Table One below provides a summary of operational performance at January 2023. FWH has not purchased any new properties, therefore performance is based on housing management. FWH's overall performance is reasonable, although void times continue to be an issue and repairs performance is below target. The Company continues to provide a good housing service to residents, and rent collection performance is strong.

Table One – Operational Performance

Indicator	Target	Performance at December 2021 (YTD)	Performance at January 2023 (YTD)
Minor void re-let times	35 days	78 days	157 days
Major void re-let times	72 days	85 days	193 days
Rent collection	98.50%	100.35%	98%
Void rent loss	1.50%	6.5%	9%*
Emergency repairs completed within 24 hours	100%	99%	99%
Urgent repairs completed within 7 days	95%	79%	82%
Routine repairs completed within 28 days	95%	91%	74%
% of properties with a valid gas safety certificate	100%	99%	100%

\*figure is for December 2022 as this is reported on a bi-monthly basis



- 4.2. High void times continue to represent the principal operational issue for FWH, with both minor and major void times remaining out of target. In order to address this, a void improvement project has been set up covering both the housing companies and the Council's Housing Revenue Account.
- 4.3. BHM are undertaking a series of actions to improve void turnaround performance. These include:
- Updating the CRM system to provide better visibility to managers on outstanding actions for their staff. This will lead to improved identification of performance issues and necessary actions. The majority of this systems work is due to be completed on 8 April 2023.
  - The Homes & Communities team have resumed pre-tenancy termination inspections. The purpose of visits is to inspect the condition of the property and to remind the resident of their responsibilities and obligations when a tenancy is terminated.
  - For FWH properties, a single point of contact for the end-to-end void process will be introduced on a trial basis.
  - Voids & Lettings are engaging directly with British Gas to clear meter debts at the void stage. Subject to contractual agreement, this will remove previous delays related to using a third party contractor and thereby reduce void turnaround times.
  - DocuSign will be introduced at new sign-ups to increase efficiencies and improve the new tenant experience.
  - Additional training and away days are being arranged to discuss void processes and issues collaboratively across services, and identify solutions to improve performance.
- 4.4. FWH currently has 11 voids, and has re-let 29 properties in 2022/23 to date.

## **5.0. 2022/23 Financial Forecast**

- 5.1. The financial monitoring position is set out in the table below. The operating surplus for 2022/23 is forecast at £1.068m which is £0.094m less than the budgeted surplus of £1.163m.
- 5.2. Gross income is slightly less than budget, but higher than budgeted void rent loss of £0.129m means net income is showing a £0.164m shortfall against budget.
- 5.3. Expenditure is forecast at £1.369m which represents an underspend of £0.070m against budget.
- 5.4. Financing costs are forecast at the budgeted level.

Table Two – Financial Forecast 2022/23

<b><u>FWH - Forecast 2022/23</u></b>	<b>Budget 2022/23</b>	<b>Forecast 2022/23</b>	<b>Variance</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
<b>Rents</b>				
<b>Gross Rental</b>	<b>3,443,000</b>	<b>3,408,027</b>	<b>(34,973)</b>	<b>-1%</b>
Void rent loss	(138,000)	(267,774)	(129,774)	94%
<b>Rent Turnover</b>	<b>3,305,000</b>	<b>3,140,253</b>	<b>(164,747)</b>	<b>-5%</b>
<b>Operating Costs</b>				
Management Fee SLA	391,000	449,689	58,689	15%
Audit Fees and Consultants	35,000	41,293	6,293	18%
Provision for Doubtful Debts	165,000	40,000	(125,000)	-76%
Leasehold Service Charges	257,000	217,451	(39,549)	-15%
Insurance	28,000	23,366	(4,634)	-17%
Property Maintenance Costs	446,000	467,755	21,755	5%
Utilities	23,000	23,000	0	0%
Supplies and Services	95,000	107,000	12,000	13%
<b>Total Costs Excluding Depreciation</b>	<b>1,440,000</b>	<b>1,369,555</b>	<b>(70,445)</b>	<b>-5%</b>
<b>Operating Profit</b>	<b>1,865,000</b>	<b>1,770,698</b>	<b>(94,302)</b>	<b>-5%</b>
Interest Charge	702,000	702,000	0	0%
<b>Net profit after financing costs</b>	<b>1,163,000</b>	<b>1,068,698</b>	<b>(94,302)</b>	<b>-8%</b>

## 6.0. 2023/24 Business Plan

6.1. FWH has drafted its annual business plan. The Company's Board, Guarantor and CMT have fed into the development of the plan, and a final version went to Cabinet for Shareholder approval on 13<sup>th</sup> March 2023.

6.2. The 2023/24 Business Plan outlines the Company's strategic priorities for the year. Priorities for 2023/24 are set out within the framework of the medium to long-term objectives of Brent's Housing Companies. These objectives are:

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

6.3. The strategic objectives and key priorities are as follows:

### 6.4. Delivering safe and sustainable homes

- Priority 1: Monitor health and safety compliance
- Priority 2: Review implications of Building Safety Act
- Priority 3: Develop decarbonisation strategy
- Priority 4: Develop disrepair policy

#### 6.5. Increasing the supply of affordable housing in the borough

- Priority 5: Explore future financing arrangements with Council
- Priority 6: Review feasibility of a block acquisition
- Priority 7: Review feasibility of new build purchases
- Priority 8: Review feasibility of re-entering street property market

#### 6.6. Running a Viable Business

- Priority 9: Carry out project to reduce arrears
- Priority 10: Implement VfM strategy
- Priority 11: Reduce void costs
- Priority 12: Improve void turnaround times
- Priority 13: Explore potential stock rationalisation

#### 6.7. Providing a consistently good housing service

- Priority 14: Review tenant satisfaction
- Priority 15: Improve complaints oversight and monitoring

### **7.0. 30 Year Cashflow**

- 7.1. Over the year, cost inflation has increased, income inflation has not kept pace with cost inflation and interest rates have risen. This has significantly reduced the financial capacity in the business plan. This effect can be seen at a national level in the global accounts and indices published by the Regulator for Social Housing (RSH).
- 7.2. The cash position of First Wave Housing has benefited from a capital receipt of £3.5m from the sale of 25 intermediate housing units to i4B. This is providing a financial cushion that is offsetting the impacts of the worsening economic environment.
- 7.3. As a result the cash position of FWH remains positive through the life of the plan even when the negative stress tests are applied to the core business planning assumptions.
- 7.4. The cash position at the start of the plan has increased as a result of the £3.5m capital receipt. Annual negative cash flows are experienced as decarbonisation works are carried out to the stock. The overall cash position remains in surplus throughout this period. Once decarbonisation works are completed the business starts to generate positive cash flows and rebuild its cash balances.


### **8.0. Risk Update**

- 8.1. The FWH risk register is included in Appendix 1. The main risks the Company faces are detailed below:

- FWH lacks the policies, knowledge and governance arrangements to effectively monitor regulatory and legal standards on compliance.
- Poor data quality on asset management systems means compliance with H&S standards cannot be effectively monitored, resulting in FWH being non-compliant with its statutory obligations.
- Compliance actions are not effectively identified, followed up and monitored when issues arise, leading to non-compliance with statutory obligations.
- Changing inflation or Government policy on rents and benefits means FWH cannot increase rents at business plan assumptions.
- High void rent loss due to long void turnaround times.
- High Capital Programme costs, including future climate change obligations, undermine the viability of the business plan.
- Substantial variations in inflation and interest rates compared to the business plan adversely affect financial performance and viability.
- FWH is deemed to have failed a regulatory requirement in its corporate role.
- FWH is deemed to have failed a statutory requirement in its corporate role following developments in the regulatory environment such as the Hackitt Review.

Ref	Business Plan Objective	Strategic Risk	Risk	Trigger	Previous			Updated			Risk Trend	Mitigation	Actions	Owner	SLA Lead	Due Date	Action Update
					Likelihood	Impact	Score	Likelihood	Impact	Score							
1	Safe and Sustainable Homes	FWH 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 FWH being non-compliant with its statutory obligations.	Inadequate controls on record creation	4	5	4	5	5	5		Review asset records and the controls around creation, and update. Produce a regular compliance report to Board covering all compliance requirements.	Implement actions from health and safety compliance internal audit action plan to address all areas of non-compliance	Strategic Support Officer		Mar-23	Audit follow-up due to come to Board by March 2023. The Regulator of Social Housing agreed to take no action in response to FWH's self-referral regarding its compliance status.
2	Safe and Sustainable Homes	FWH does not meet H&S requirements	Poor contractor performance and information control results in FWH properties being non-compliant with statutory H&S objectives.	Lack of KPIs and monitoring processes	3	5	15	3	5	15		Set up effective monitoring processes on compliance.	Implement new compliance management system and review compliance processes	Head of Property Services	Strategic Support Officer	Mar-23	BHM have now signed an agreement with True Compliance. Regular compliance reporting will be introduced following this. Programme of updated compliance policies being presented to Board.
3	Safe and Sustainable Homes	FWH does not meet H&S requirements	There is no affordable or technical solution for FWH properties to meet enhanced legal standards.	Changing legal obligations	2	5	10	2	5	10		Monitor changes in building standards and report on viability of implementing any changes.	BHM monitor all changes in law/building standards that will affect housing stock. In some cases BHM are ahead i.e. carbon monoxide and smoke alarms. In this instance BHM will use systems such as True Compliance to monitor by pulling this information from LGSRs and ECRs.	Head of Property Services	Strategic Support Officer	Mar-23	BHM have now signed an agreement with True Compliance. Regular compliance reporting will be introduced following this. Programme of updated compliance policies being presented to Board.
4	Safe and Sustainable Homes	FWH does not meet H&S requirements	FWH lacks the policies, knowledge and governance arrangements to effectively monitor regulatory and legal standards on compliance.	Lack of reliable monitoring reports to Board	5	4	20	5	4	20		Review policies, controls and reporting arrangements.	Implement actions from health and safety compliance internal audit action plan to address all areas of non-compliance, including review of all compliance policies	Head of Property Services	Strategic Support Officer	Mar-23	Monthly compliance reports presented to Board. Programme of updated compliance policies being presented to Board. BHM to implement True Compliance during 2022-23
5	Running a Viable Business	FWH cannot trade as a going concern	Changing inflation or Government policy on rents and benefits means FWH cannot increase rents at business plan assumptions.	Change in Government policy or change in rental inflation	4	3	12	4	4	16		Regular modelling and business plan reviews, and monitoring of changes in Government policy.	Re-test business plan once final account outturn is agreed.	Senior Financial Analyst		Dec-22	Completed. Rental valuation review has been commissioned. Early indications are that rent freezes may need to be instated in the business plan for longer than currently modelled. Risk to be formally reviewed once the results of this work are finalised
6	Running a Viable Business	FWH cannot trade as a going concern	Reductions and changes in market demand mean FWH cannot increase rents at business plan assumptions.	Change in market demand	3	2	6	3	2	6		Regular modelling and business plan reviews, effective recovery processes, and identifying the main reasons for high arrears levels.	Stress test model as part of business plan.			Completed	Completed as part of the final accounts outturn for 2022-23.
7	Running a Viable Business	FWH cannot trade as a going concern	Tenant non-payment of rent increases due to unaffordability of rent.	Change in market demand	3	3	9	3	3	9		Regular modelling and business plan reviews, and effective recovery processes.	Benchmark on rent collection rates.	Income and Sustainment Manager	Strategy and Delivery Manager	Dec-22	Overdue. Awaiting annual HouseMark return; this is with the performance team and is being chased.
8	Running a Viable Business	FWH cannot trade as a going concern	High void rent loss due to long void turnaround times.	Poor void management processes and reporting	5	3	15	5	3	15		Improved void management processes and reporting.	Carry out a deep dive review of voids performance, identify poor performance. Implement a new voids improvement project with robust governance arrangements to ensure performance improves.	Void Manager	Strategic Support Officer	Oct-22	The review of the voids process has begun over the last few months which has included improvements to office processes, as well as an overhaul of the Microsoft Dynamics void management functionality. The review is due to be wrapped up early in the new financial year.
9	Running a Viable Business	FWH cannot trade as a going concern	High Capital Programme costs, including future climate change obligations, undermine the viability of the business plan.	Uncertainty on investment requirements in stock, including decarbonisation and compliance	5	5	25	5	5	25		Development of a costed asset management plan with viable options.	Develop long-term asset management and investment plan, incorporating the impact of the climate change agenda.	Head of Property Services	Strategy Delivery Manager	Mar-23	Stock condition and energy performance surveys have been carried out for all properties, and the energy modelling work is expected back in early 2023. FWH has also applied alongside the Council to the Social Housing Decarbonisation Fund
10	Running a Viable Business	FWH cannot trade as a going concern	A lack of transparency around costs means FWH cannot effectively manage its costs.	Delay in invoicing transactions to FWH	4	2	8	4	2	8		Fully set up Oracle for the companies, and transfer all suppliers to direct billing.	Set up fully independent company finances as part of Oracle Cloud to allow direct payments.	Senior Financial Analyst		Mar-23	Core systems are now set up with the facility for direct billing. Discussions to be held on suppliers to prioritise for direct payments, and deadlines to be agreed with SLA leads.
11	Running a Viable Business	FWH cannot trade as a going concern	Delays in processing utilities and other payments result in poor financial reporting, complaints and financial & reputational damage.	The Company fails to set up suppliers and make payments in a timely manner	4	2	8	4	2	8		Fully set up Oracle for the companies, and transfer all suppliers to direct billing.	Set up fully independent company finances as part of Oracle Cloud to allow direct payments.	Senior Financial Analyst		Mar-23	Core systems are now set up with the facility for direct billing. Discussions to be held on suppliers to prioritise for direct payments, and deadlines to be agreed with SLA leads.
12	Running a Viable Business	Financial and reputational damage	Fraud results in a loss of income and/or reputational damage to the company and the Council.	Poor internal controls, or lack of compliance with these	2	3	6	2	3	6		Annual review of internal controls.	Carry out review of internal controls with SLA leads and agree resulting set of actions.	Strategic Support Officer		Mar-23	Board to be asked to sign up to 2020 National Housing Federation Code of Governance. Resulting actions will be implemented alongside regulatory compliance review project plan, and will include review of internal controls
13	Running a Viable Business	Financial and reputational damage	FWH is deemed to have failed a regulatory requirement in its corporate role.	Policies and procedures fail to meet regulatory requirements or are not complied with	2	3	6	2	3	6		Annual review of economic regulatory requirements and compliance with these.	Implement actions from compliance project plan presented at June Board meeting.	Strategic Support Officer		Feb-23	Update on compliance project plan to be included as part of 2023-24 business planning. Wider review of assurance against compliance with regulatory legislation to be carried out as part of implementation of NHP code of governance review
14	Running a Viable Business	Financial and reputational damage	FWH is deemed to have failed a statutory requirement in its corporate role following developments in the regulatory environment such as the Hackitt Review.	Policies and procedures fail to meet regulatory requirements or are not complied with	2	3	6	2	3	6		Annual review of consumer regulatory requirements and compliance with these.	Implement actions from compliance project plan presented at June Board meeting.	Strategic Support Officer		Feb-23	Update on compliance project plan to be included as part of 2023-24 business planning. Wider review of assurance against compliance with regulatory legislation to be carried out as part of implementation of NHP code of governance review
15	Running a Viable Business	Financial and reputational damage	Greater uncertainty in the external operating environment brings greater risk to FWH's financial modelling	Cost inflation exceeds income; rent collection levels decrease; new unaffordable expenditure requirements such as decarbonisation costs are identified	3	5	15	3	5	15		Regular review of costs and assumptions, and stress testing of the business plan.	Stress test 2023-24 business plan	Senior Finance Analyst		Completed	More detail added to headline risk. Action completed.
16	Running a Viable Business	Financial and reputational damage	Disrepair in properties leads to poor tenant satisfaction, reputational damage and an increase in costs through legal settlements.	Increase in disrepair claims through deterioration in condition of stock	3	3	9	3	3	9		Review reasons for disrepair and develop resulting action plan.	Develop clear disrepair policy, and ensure oversight and reporting on this	Strategic Support Officer		Jan-23	Stock condition and energy survey work to come back in early 2023.
17	Providing an Excellent Housing Service	Drop in customer satisfaction and damage to reputation	Contractor performance is not effectively managed and monitored, leading to poor customer service.	The supply chain is not effectively managed	2	3	6	2	3	6		Clear service standards, regular performance management and engagement with supply chain.	Implementation of tenant satisfaction measures	Head of Housing & Neighbourhoods	Strategy and Delivery Manager	Sep-23	Action updated to reflect business plan key task for 2023-24
18	Providing an Excellent Housing Service	Drop in customer satisfaction and damage to reputation	Poor service delivery and complaints management procedures give rise to low tenant satisfaction.	A lack of clear service standards and complaints management procedures means complaints are not effectively dealt with	2	3	6	2	3	6		Clear service standards and monitoring of complaints performance.	None - complaints policy in place.	Strategic Support Officer		N/A	

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	<b>Audit and Standards Advisory Committee</b> 21 March 2023
	<b>Report from Corporate Director Finance and Resources</b>
<b>Draft Internal Audit Strategic Plan and Counter Fraud Plan for 2023/24</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Two <ul style="list-style-type: none"> <li>Appendix A – Internal Audit Strategic Plan</li> <li>Appendix B – Annual Counter Fraud Plan</li> </ul>
<b>Background Papers:</b>	None
<b>Contact Officer(s): (Name, Title, Contact Details)</b>	Darren Armstrong, Head of Audit and Investigations <a href="mailto:Darren.Armstrong@Brent.gov.uk">Darren.Armstrong@Brent.gov.uk</a> 020 8937 1751

## 1. Purpose of the Report

- 1.1 This report sets out the draft Internal Audit Strategic Plan and the Counter Fraud Plan for 2023-24.
- 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 A**, details the work to be undertaken by Internal Audit in 2023-24 to deliver this objective. **Appendix B** also summarises our planned counter fraud work for this period.

## 2. Recommendation

- 2.1 The Committee is asked to agree the draft Internal Audit Strategic Plan and Counter Fraud Plan for 2023-24.

### **3. 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, the 2023-24 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 2023-24, 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, which details Internal Audit coverage of actions to mitigate strategic risks from 2019-20 to 2023-24. 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 2023-24 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. 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. Financial Implications**

- 5.1 The proposed Internal Audit Plan for 2023/24 will be delivered in accordance within the approved budget.

**6. 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. Equality Implications**

- 7.1 None

**8. Human Resources/Property Implications (if appropriate)**

- 8.1 None

**Report sign off:**

***Minesh Patel***

Corporate Director Finance and Resources

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# Internal Audit Strategic Plan 2023-24

## A. Introduction and Objectives

The Internal Audit Strategic Plan sets out how Internal Audit resources will be utilised and deployed in 2023-24. It is underpinned by the Internal Audit Charter, as seen at *Appendix A*, which defines the purpose, role, mission, responsibility and position of the Internal Audit function at Brent Council.

Our primary objective is to support the achievement of the Council's objectives by bringing a systemic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes. We aim to achieve this through a planned programme of work based on an annual assessment of the major risks facing the Council. We also seek to support and promote continuous improvement across the Council, via a combination of assurance, consultancy/advice and follow-up work.

## B. Approach to Developing the Plan

The 2023-24 Internal Audit Plan has been developed using a risk-based, assurance mapping approach, which is aligned to the Council's corporate objectives and priorities and the key risks which may prevent them from being achieved. The Plan has been drafted from a number of information sources (as shown in the table).

In developing the Plan, we have taken into account the requirement to produce an annual Internal Audit opinion to summarise the overall adequacy and effectiveness of internal control arrangements operating during the year. Audits identified during the planning process will focus on areas with a high assurance requirement, and as such, the Internal Audit Plan does not purport to address all risks facing the Council. The level of internal audit activity therefore represents a deployment of limited audit resource and in approving the Plan, the Council Management Team and Audit and Standards Advisory Committee recognises this limitation.

### Information Sources used to develop the plan:

- ✓ Review of the Borough Plan and other relevant strategies.
- ✓ An Internal Audit risk assessment.
- ✓ Review of strategic and departmental risk registers.
- ✓ Intelligence from previous audit and counter-fraud work.
- ✓ Expectations of Senior Management and DMTs.
- ✓ Benchmarking against plans of other local authorities.
- ✓ Networking and audit planning days with partner authorities.
- ✓ Guidance and publications from professional bodies, including the Institute of Internal Auditors and CIPFA.

## C. Delivery and Resourcing

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 (c200 days) delivered by our co-sourced partner, PwC. The 2023-24 Plan will deliver c800 audit days across the following four areas:

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. To this end, it should be recognised that the planned audits, and their scope, may need to be adjusted in-year to respond to any changes to the Council's priorities, risks or needs. Where such changes are required, details of these, along with supporting rationale, will be reported to the Council Management Team and the Audit and Standards Advisory Committee. Delivery of the Plan will be prioritised (internally) to ensure that all critical audit work is completed and to enable the preparation of the annual Internal Audit opinion.

Approx. time %	
<b>Risk-based assurance:</b>	60%
<b>Follow up reviews:</b>	20%
<b>School reviews:</b>	10%
<b>Contingency:</b>	10%

An element of contingency time has also been allocated for the provision of consultancy and advice work. By its nature, this work will vary its terms of its complexity and the level of resources required. To this end, any consultancy/advice work that will require more than 10 days will be formally reported to the Council Management Team and Audit and Standards Advisory Committee for information, and where relevant, approval.

## D. Follow-up Work

All planned audit work is subject to a formal follow-up process to ensure that all agreed actions have been implemented. The timing of each follow-up review is agreed with the auditee and via DMTs, with priority given to following up actions that are of high risk. Where actions remain outstanding beyond their agreed implementation date, these are reported routinely to relevant Departmental Management Teams. The focus of follow-up work in 2023-24 will be on actions that were agreed as part of the completion of audit work in 2022-23.

## E. Reporting

All audits are subject to a Terms of Reference, agreed with the auditee, which set out the key risks and objectives of the audit. All audits will be undertaken in accordance with risk-based methodology and per the protocols set-out within the Internal Audit Charter.

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.

Summary findings emanating from planned internal audit work as well as levels of implementation of agreed actions will be reported to the Audit and Standards Advisory Committee as part of routine progress reports. As part of these updates, we will highlight any significant risk and control deficiencies and potential areas for improvement in the Council's governance, risk and control arrangements.

## F. Measuring 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 Plan, 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 31<sup>st</sup> March (conclusion of fieldwork).
- ✓ **KPI2** – 100% of the Annual Internal Audit Plan completed by 30<sup>th</sup> 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.

## G. 2023-24 Internal Audit Plan

The below table presents the proposed Internal Audit Plan for 2023-24.

Audit	Objective / Indicative Scope	Planned Quarter
<b>CROSS-CUTTING</b>		
<b>Recruitment and Retention</b>	A risk-based review of Recruitment and Retention. Scope to focus on the effectiveness of mitigating actions and controls in place to address this area of strategic risk, including the use/cost of agency staff.	Q4
<b>Performance Reporting</b>	A risk-based review of Performance Reporting. Scope to include data integrity, monitoring and reporting	Q2
<b>Climate Change and Sustainability</b>	<i>Review carried-forward from 2022-23.</i> To provide assurance regarding the delivery of the Council's climate change strategies and action plan.	Q3
<b>RESIDENT SERVICES</b>		
<b>Housing Compliance</b>	On-going programme of assurance across all areas of Housing Compliance. Scope to be refined/agreed in-year.	Q4
<b>Tenancy Management Organisation</b>	A risk-based review of Watling Gardens TMO. Scope to include governance, financial, management and contract management.	Q1
<b>Resident Support Fund</b>	A risk-based review of the Resident Support Fund. The scope to consider income/funding management, fund allocation, need identification, monitoring and reporting.	Q4
<b>Parking Services</b>	A risk-based review of key controls in Parking Services. Scope to be refined/agreed in-year.	Q3
<b>Discretionary Housing Payments</b>	A risk-based review of Discretionary Housing Payments. The scope to consider policies and procedures, inspections, applications and approvals, reconciliations and monitoring.	Q1

Audit	Objective / Indicative Scope	Planned Quarter
<b>Housing Revenue Account</b>	A risk-based review of Housing Revenue Account. The scope to consider rent collection/ service charge collections and repayment plans.	Q2
<b>IT Application Review</b>	A deep-dive review into a key IT application (tbc). Scope to provide assurance over the design and operation of key IT controls, including user access/ permissions, and risks related to the availability and integrity of data.	Q2
<b>FINANCE AND RESOURCES</b>		
<b>Key Financial Systems - Accounts Receivable</b>	Key financial systems review of Accounts Receivable. The scope to provide assurance over the design and operation of key controls.	Q2
<b>Key Financial Systems - Pension Fund</b>	A risk-based review of Pension Fund. The scope to provide assurance over the design and operation of key controls.	Q1
<b>Key Financial Systems - Accounts Payable</b>	A risk-based review of Accounts Payable. The scope to provide assurance over the design and operation of key controls.	Q3
<b>MTFS/Savings Delivery and Capital Programme – Extended Follow-up</b>	Extended follow-up review to evaluate the implementation of recommendations arising from the 2022-23 reviews of the MTFS and Capital Programmes.	Q4
<b>Barham Park Accounts</b>	Annual independent certification of accounts.	Q2
<b>Emergency Planning/ Business Continuity</b>	A risk-based review of / Emergency Planning/Business Continuity. The scope to consider governance arrangements, risk assessments, response strategy and planning, training and awareness.	Q3
<b>IT Audits (tbc)</b>	Allocation of time for 3x 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.	Q1-4

Audit	Objective / Indicative Scope	Planned Quarter
<b>Project Management (Property)</b>	A risk-based review of Project Management. The scope to consider project governance and reporting, benefits identification, risk and issue management and post evaluation/ lessons learned processes.	Q3
<b>GOVERNANCE</b>		
<b>Procurement (including Contract Management follow-up)</b>	A risk-based review of Procurement to focus on areas of key/high risk. Scope to include a follow-up of recommendations arising from the Contract Management review undertaken in 2022-23.	Q3
<b>Starters and Leavers</b>	A risk-based review of key controls surrounding starters and leavers. Scope to consider key controls with HR, and also wider controls/processes, including allocation/return of IT equipment.	Q3
<b>ADULT SOCIAL CARE AND PUBLIC HEALTH</b>		
<b>Adult Social Care Commissioning</b>	A risk-based review of the Commissioning arrangements in place to ensure/monitor compliance with PAN London Safeguarding procedures.	Q2
<b>Direct Payments</b>	A risk-based review of Direct Payments. The scope to provide assurance over the design and operation of key controls, including payments, monitoring, reviews and claw-backs.	Q3
<b>Public Health - Contract Management</b>	A deep-dive review into the contract management of a key Public Health Contract. Scope to be agreed/refined in-year.	Q3
<b>CHILDREN AND YOUNG PEOPLE</b>		
<b>No Recourse to Public Funds (NRPF) and Intentionally Homeless</b>	A risk-based review of the NRPF process. Scope to include governance arrangements, acceptance process, screening, financial support and property procurement.	Q1
<b>Increase in Dedicated Schools Grant High Needs</b>	A risk-based review around the Increase in Dedicated Schools Grant High Needs Block (HNB) Deficit. Scope to provide assurance over this area of strategic risk.	Q2



Audit	Objective / Indicative Scope	Planned Quarter
<b>Block (HNB) Deficit.</b>		
<b>Financial Support for Schools (with Finance and Resources)</b>	A risk-based review of Financial Support for Schools. Scope to include governance arrangements, financial support, roles and responsibilities, scheme of financing, finance monitoring, schools in deficit and information sharing.	Q2
<b>School Reviews</b>	Risk based review of up to seven schools during 2023/24.	Q1-4
<b>COMMUNITIES AND REGENERATION</b>		
<b>Section 106/CIL</b>	A risk-based review of Section 106/CIL. The scope to consider policies and procedures, roles and responsibilities, income management, reconciliation and fund allocation.	Q2
<b>Planning Enforcement</b>	A risk-based review of Planning Enforcement. The scope to consider policies and procedures, roles and responsibilities, inspections, complaints and enforcement.	Q4
<b>Grants Management</b>	Ongoing programme of internal audit support/ assurance regarding the award and payment of community based grants.	Q1-4
<b>CORPORATE SUPPORT</b>		
<b>Council Companies</b>	Audit plans to be agreed separately with FWH/i4B. Audits to focus on areas on high risk and to include follow-up of recommendations raised in 2022-23 reviews.	Q1-4
<b>Grant Certifications</b>	To undertake grant certifications where required.	Q1-4
<b>Risk/Control Advice</b>	Provision for ad-hoc internal audit advice.	Q1-4
<b>Risk Management Support</b>	To aid and facilitate the Council's risk management framework.	Q1-4

## H. Alignment to Strategic and Key Inherent Risks

The below table provides a mini-assurance map against the Council's strategic/inherent risk. It is provided to demonstrate how Internal Audit provides assurance over areas of key risk.

Strategic Risk Assurance Map	2019-20	2020-21	2021-22	2022-23	2023-24 (Planned)
<b>Cost of Living Crisis</b>	<i>Strategic Risk not introduced until 2022.</i>			✓	✓
				Ad-hoc Risk/Control support (energy support grants)	<ul style="list-style-type: none"> <li>Resident Support Fund</li> <li>Discretionary Housing Payments</li> </ul>
<b>Increased demand from migration and people movement</b>	<i>Strategic Risk not introduced until 2022.</i>			–	–
				No direct assurance work provided in this area of strategic risk. Risk/control advice is provided where requested/required.	
<b>Increase in Dedicated Schools Grant HNB Deficit</b>	–	–	–	–	✓
	No direct assurance provided in this area of strategic risk. Risk/control advice provided where requested.				<ul style="list-style-type: none"> <li>DSG HNB</li> </ul>
<b>Lack of supply of affordable accommodation</b>	✓	✓	✓	✓	✓
	<ul style="list-style-type: none"> <li>Housing Allocations</li> </ul>	<ul style="list-style-type: none"> <li>Introductory Tenancies</li> <li>Housing Successions</li> <li>GLA Affordable Housing Programme</li> </ul>	<ul style="list-style-type: none"> <li>Voids Management</li> </ul>	<ul style="list-style-type: none"> <li>Housing Compliance</li> <li>TMO review</li> </ul>	<ul style="list-style-type: none"> <li>Discretionary Housing Payments</li> <li>Housing Compliance</li> <li>TMO review</li> </ul>
<b>Cyber Attacks</b>	✓	✓	✓	✓	✓
	<ul style="list-style-type: none"> <li>Access and ID Management</li> </ul>	<ul style="list-style-type: none"> <li>Cyber Security</li> </ul>	<ul style="list-style-type: none"> <li>Cyber Remote Working</li> </ul>	<ul style="list-style-type: none"> <li>Maturity Assessment</li> <li>Cyber – Website Review</li> </ul>	<ul style="list-style-type: none"> <li>Via IT audit plan (tbc)</li> </ul>
<b>Financial Resilience and Sustainability</b>	✓	✓	✓	✓	✓
	<ul style="list-style-type: none"> <li>Annual Key Financial Systems Work (KFS)</li> <li>Budget Monitoring</li> <li>Capital Programme Projects</li> </ul>	<ul style="list-style-type: none"> <li>Annual KFS Work</li> </ul>	<ul style="list-style-type: none"> <li>Annual KFS Work</li> </ul>	<ul style="list-style-type: none"> <li>Annual KFS Work</li> <li>Financial Strategy/Savings</li> <li>Capital Programme</li> <li>FM Code</li> </ul>	<ul style="list-style-type: none"> <li>Annual KFS Work</li> <li>Financial Strategy / Capital Programme follow-up</li> </ul>

Strategic Risk Assurance Map	2019-20	2020-21	2021-22	2022-23	2023-24 (Planned)
Recruitment and Retention	✓	-	✓	-	✓
	<ul style="list-style-type: none"><li>Apprenticeships</li><li>Recruitment and Retention</li><li>Staff Benefits</li></ul>	Follow-up work.	<ul style="list-style-type: none"><li>Workforce Planning.</li><li>Flexible Working</li></ul>	Follow-up work.	<ul style="list-style-type: none"><li>Recruitment and Retention</li><li>Starters and Leavers</li></ul>
Contract Management	✓	-	✓	✓	✓
	<ul style="list-style-type: none"><li>Procurement</li></ul>	Follow-up work.	<ul style="list-style-type: none"><li>Commercial Supplier Set-up</li></ul>	<ul style="list-style-type: none"><li>Contract Management</li></ul>	<ul style="list-style-type: none"><li>Procurement</li><li>Contract Management Follow-up</li></ul>
Inherent Risk Assurance Map					
Safeguarding Children	✓	-	✓	✓	✓
	<ul style="list-style-type: none"><li>Disability Placements</li></ul>	Follow-up work.	<ul style="list-style-type: none"><li>Early Years</li><li>Fostering</li></ul>	<ul style="list-style-type: none"><li>Demand for Services</li><li>Family well-being</li></ul>	<ul style="list-style-type: none"><li>NRPF</li></ul>
Safeguarding Adults	✓	-	✓	✓	✓
	<ul style="list-style-type: none"><li>Disabled Facilities Grants</li><li>Residential and Nursing Care</li></ul>	Follow-up work.	<ul style="list-style-type: none"><li>ASC Budget Monitoring</li><li>Homecare</li></ul>	<ul style="list-style-type: none"><li>Better Care Fund</li></ul>	<ul style="list-style-type: none"><li>ASC Commissioning</li></ul>
Business Continuity	-	✓	-	-	✓
	No direct assurance work.	<ul style="list-style-type: none"><li>IT Disaster Recovery</li></ul>	Follow-up work.	No direct assurance work.	<ul style="list-style-type: none"><li>Business Continuity / Emergency Planning</li></ul>
Information Governance	✓	✓	✓	✓	✓
	<ul style="list-style-type: none"><li>Robotic Process Automation</li></ul>	<ul style="list-style-type: none"><li>GDPR</li></ul>	<ul style="list-style-type: none"><li>Cyber Security</li><li>Remote Working</li></ul>	<ul style="list-style-type: none"><li>Digital Strategy</li><li>Data Breaches</li></ul>	<ul style="list-style-type: none"><li>IT Application review</li></ul>
Legislative Compliance	✓	✓	-	✓	✓
	<ul style="list-style-type: none"><li>Case Management</li></ul>	<ul style="list-style-type: none"><li>PCI DSS</li><li>H&amp;S Legionella</li></ul>	Follow-up work.	<ul style="list-style-type: none"><li>Housing Compliance</li><li>Licensing</li></ul>	<ul style="list-style-type: none"><li>S106/CIL</li><li>Planning Enforcement</li></ul>
Fraud and Corruption	✓	✓	✓	✓	✓
	Assurance provided through delivery of Annual Counter Fraud Plan.				

## I. Key Financial Systems Three-Year Plan

The below table summarises the rolling three-year plan intended to provide regular assurance over the Council's key financial systems.

Key Financial System	Last Year Audited	2023-24	2024-25	2025-26
Accounts Payable / P2P	2020/21	✓		
Accounts Receivable	2018/19	✓		
General Ledger	2019/20		✓	
Payroll	2022/23			✓
VAT	2019/20		✓	
Pension Fund	2019/20	✓		
Insurance	2018/19		✓	
Budgetary Control/Management	2018/19		✓	
Supplier Registration	2021/22	✓		
Fixed Assets	2022/23			✓
Income and Debt Management	2022/23			✓
Treasury Management	2020/21			✓
Purchasing Cards	2022/23			✓
Northgate	2021/22	✓		

# Internal Audit Charter

February 2023



## 1. Introduction

In accordance with the Institute of Internal Auditors (IIA) International Professional Practices Framework (IPPF), and the Public Sector Internal Audit Standards (PSIAS), the purpose, authority and responsibility of the internal audit function must be formally defined in an internal audit charter, consistent with the Mission of Internal Audit and the mandatory elements of the International Professional Practices Framework (the Core Principles for the Professional Practice of Internal Auditing, the Code of Ethics, the Standards and the Definition of Internal Auditing).

The Charter is a formal document that establishes the position of Internal Audit within the Council; authorises access to records, personnel and physical properties relevant to the performance of audit engagements; and defines the scope of internal audit activities.

The Charter will be reviewed and presented to the Audit and Standards Advisory Committee for comment before approval every two years, or more frequently in response to changes in the Standards.

## 2. Definitions

The PSIAS requires that the terms 'Board' and 'Senior Management' are interpreted in the context of the governance arrangements for each organisation. For the purposes of this Charter, the following definitions apply:

<b>The Board</b>	<p>The governance group charged with independent assurance on the adequacy of the Council's governance, risk management and internal control environment (including the integrity of financial reporting).</p> <p>The term 'Board' refers to the Council's Audit and Standards Committee, which also meets as the Audit and Standards Advisory Committee with additional independent members.</p>
<b>Senior Management</b>	<p>Those responsible for the leadership and direction of the Council.</p> <p>This refers to the Council Management Team (CMT) and respective Department Management Teams (DMT).</p>

## 3. Purpose and Mission

The Chartered Institute of Public Finance and Accountancy (CIPFA) states that a professional, independent and objective internal audit function is one of the key elements of good governance in local government.

The **purpose** of the Council's Internal Audit function is to therefore provide independent, objective assurance and consulting services, via the Audit and Standards (Advisory) Committee, Chief Executive, Chief Financial Officer and senior management, in order to add value and improve operations.

## Appendix A – Internal Audit Charter

The **mission** of the Internal Audit function is 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.

The purpose and mission are achieved through providing a combination of risk-based assurance and consulting activities. The assurance suite of work involves assessing how well the systems and processes are designed and operating in order to effectively mitigate risk, while consulting activities aid with the improvement in systems and processes where necessary.

The response of the Council to the activity of Internal Audit should also lead to the strengthening of governance arrangements and the control environment, and therefore, contribute to the achievement of strategic objectives.

It is important to note that Internal Audit is not responsible for designing and implementing control systems and managing risks. It is the responsibility of senior management to establish and maintain appropriate risk management processes, control systems, accounting records and governance arrangements.

### Statutory Requirements

The Council has a statutory duty to maintain an adequate and effective Internal Audit function in accordance with the proper Internal Audit practices of the Accounts and Audit Regulations (2015).

Section 151 of the Local Government Act 1972 also states that *‘every local authority shall make arrangements for the proper administration of the financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs’*. To this end, the CIPFA Statement of the Role of the Chief Financial Officer in Local Government also states that the Chief Financial Officer must:

- Ensure an effective Internal Audit function is resourced and maintained;
- Ensure that the authority has put in place effective arrangements for the Internal Audit of the control environment and systems of internal control, as required by professional standards and in line with CIPFA’s Code of Practice on Local Authority Accounting in the United Kingdom;
- Support the authority’s internal audit arrangements, and
- Ensure that the Audit and Standards (Advisory) Committee receives the necessary advice and information, so that both functions can operate effectively.

The relationship between the Head of Internal Audit (HIA) and the Chief Financial Officer (Corporate Director Finance and Resources - S151) is therefore of particular importance. To this end, the HIA had direct access to the CFO and holds regular 1:1s where Planned internal audit activities and outcomes are discussed and reviewed as appropriate.

## **4. Standards for the Professional Practice of Internal Auditing**

The Internal Audit function adheres to the PSIAS, which encompass the mandatory elements of the IIA’s IPPF, these being: the Core Principles for the Professional Practice of Internal Auditing, the Standard and the Definition of Internal Auditing; and the Code of Ethics (seen at Appendix A).

In addition, the following standards and codes of practice are also adhered to:

- CIPFA Role of the Head of Internal Audit in the Public Sector; and

## Appendix A – Internal Audit Charter

- CIPFA Local Government Application Note

Internal Audit will also have due regard to the Seven Principles of Public Life (seen at Appendix B).

### 5. Authority

Internal Audit is responsible for providing assurance to its key stakeholders, including the Chief Executive, Chief Financial Officer, Senior Management and Audit and Standards (Advisory) Committee to assist them with discharging their statutory responsibilities.

The Head of Internal Audit reports functionally to the Audit and Standards (Advisory) Committee, and organisationally to the Council's Corporate Director Finance and Resources (S151).

The Corporate Director Finance and Resources (S151).will provide the Head of Internal Audit with the resources necessary to fulfil the Council's requirements and expectations as to the robustness and scope of the internal audit opinion.

The Head of Internal Audit also has direct and unfettered access to the Chief Executive (who carries the responsibility for the management of the Council and for ensuring that the principles of good governance are reflected in sound management arrangements); and any other member of the Council's Senior Management Team.

Where it is considered necessary to the proper discharge of internal audit activity, the Head of Internal Audit will also have direct access to elected Members of the Council, and in particular, those who serve on the Audit and Standards (Advisory) Committee. The Head of Internal Audit will also communicate and interact directly with the Independent Chair of the Audit and Standards Committee in between Committee meetings, as deemed appropriate.

The above presents the safeguards in place to preserve the independence of the HIA and the Internal Audit function. In addition, and where deemed appropriate, the organisational reporting line of the HIA will be reviewed regularly, and where relevant, rotated to ensure ongoing independence.

The Internal Audit function shall:

- Have full, free and unrestricted access to all functions, records, property, and personnel pertinent to carrying out any engagement, subject to accountability for confidentiality and safeguarding of records and information.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques required to accomplish audit objectives, and issue reports; and
- Obtain assistance from the necessary personnel of the Council, as well as other specialised services from within or outside the Council, in order to complete audit engagements.

Any officer obstructing the internal audit function may be subject to disciplinary action. Right of access to other bodies funded by the Council should be set out in the conditions of funding, and officers agreeing such conditions must ensure that such rights allow similarly unrestricted access.

Internal Audit will consider requests from the External Auditors for access to any information held by the service, files or working papers obtained or prepared during audit work that has been finalised, which External Audit would need to discharge their responsibilities.

Audit and Standards (Advisory) Committee

## **Appendix A – Internal Audit Charter**

To establish, maintain and ensure that Internal Audit has sufficient authority to fulfil its duties, the Audit and Standards (Advisory) Committee will:

- Approve the Internal Audit Charter;
- Approve the risk-based Internal Audit Plan;
- Receive communications from the Head of Internal Audit on the performance of Internal Audit, related to its Plan and other matters.

### **6. Independence and Objectivity**

The Head of Internal Audit will ensure that Internal Audit remains free from conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of audit selection, scope, procedures, frequency, timing, and report content. If the Head of Internal Audit determines that independence or objectivity may be impaired in fact or appearance, the details of impairment will be disclosed to appropriate parties.

Internal Auditors will maintain an unbiased attitude that allows them to perform engagements objectively and in such a manner that they believe in their work product, that no quality compromises are made, and that they do not subordinate their judgment on audit matters to others.

Internal Auditors will have no direct operational responsibility or authority over any of the activities audited. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, prepare records, or engage in any other activity that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year;
- Performing any operational duties for the Council or its affiliates;
- Initiating or approving transactions external to the Internal Audit function; and
- Directing the activities of any employee of the Council not employed by Internal Audit, except to the extent that such employees have been appropriately assigned to auditing teams or to otherwise assist internal auditors.

Where the Head of Internal Audit has or is expected to have roles and/or responsibilities that fall outside of internal auditing, safeguards will be established to limit impairments to independence or objectivity. The independence of the HIA is further safeguarded by ensuring that their annual appraisal is not inappropriately influenced by those subject to audit. This is achieved by ensuring that the Chair of Audit and Standards Advisory Committee reviews the appraisal of the HIA. Furthermore, periodic Corporate Governance Meetings are held between the Chief Executive, Head of Internal Audit, Chief Financial Officer and Monitoring Officer to ensure that any governance issues remain high on the Council's agenda.

All staff within Internal Audit are required to make an annual 'declaration of interest' to ensure that auditors' objectivity is not impaired and that any potential conflicts of interest are appropriately managed. In addition, Internal Auditors will:

- Disclose any impairment of independence or objectivity, in fact or appearance, to the Head of Internal Audit and appropriate parties;
- Exhibit professional objectivity in gathering, evaluating, and communicating information about the activity or process being examined;
- Make balanced assessments of all available and relevant facts and circumstances; and



## **Appendix A – Internal Audit Charter**

- Take necessary precautions to avoid being unduly influenced by their own interests or by others in forming judgments.
- Not accept any gifts, hospitality, inducements or other benefits from employees, clients, suppliers or other third parties;
- Not use information obtained during the course of duties for personal gain; and
- Ensure compliance with the Bribery Act 2010.

The Head of Internal Audit will confirm to the Audit and Standards (Advisory) Committee, at least annually, the organisational independence of Internal Audit. The Head of Internal Audit will also disclose to the Audit and Standards (Advisory) Committee any interference and related implications in determining the scope of internal auditing, performing work, and/or communicating results.

### **7. Scope of Internal Audit Activities**

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Audit and Standards (Advisory) Committee and senior management on the adequacy and effectiveness of the Council's governance, risk management, and control processes.

The Head of Internal Audit is also responsible for providing an annual audit opinion and report that can be used to inform the Annual Governance Statement. The annual opinion will conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control, and may be based on:

- A summary of internal audit work carried out for the relevant period;
- Follow-up on the implementation of recommendations;
- Any significant governance issues as reported within each Council's Annual Governance Statement;
- The annual review of the effectiveness of Internal Audit.

A range of Internal Audit services are provided to form the annual opinion. The approach is determined by the Head of Internal Audit and will depend on the level of assurance required, the significance of the objectives under review to the organisation's success, the risks inherent in the achievement of those objectives, and the level of confidence required that controls are well designed and operating as intended.

Internal audit assessments may include evaluating whether:

- Risks relating to the achievement of strategic objectives are appropriately identified and managed;
- The actions of officers, directors, employees, and contractors are in compliance with Council policies, procedures, and applicable laws, regulations, and governance standards;
- The results of operations or programmes are consistent with established goals and objectives;
- Operations or programmes are being carried out effectively and efficiently;
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact on the Council;

## **Appendix A – Internal Audit Charter**

- Information and the means used to identify, measure, analyse, classify, and report such information are reliable and have integrity; and
- Resources and assets are acquired economically, used efficiently, and protected adequately.

The Head of Internal Audit will report periodically to senior management and the Audit and Standards (Advisory) Committee regarding:

- Internal Audit's purpose, authority, and responsibility;
- Internal Audit's Plan and performance relative to its Plan;
- Internal Audit's conformance with The IIA's Code of Ethics and Standards and, where apt, action Plans to address any significant conformance issues;
- Significant risk exposures and control issues, including fraud risks, governance issues, and other matters requiring the attention of, or requested by, the Audit and Standards (Advisory) Committee;
- Results of audit engagements or other activities;
- Any response to risk by management that may be unacceptable to the Council.

The Head of Internal Audit also coordinates activities, where possible, and considers relying upon the work of other internal and external assurance and consulting service providers as needed. Opportunities for improving the efficiency of governance, risk management and control processes may be identified during engagements. These opportunities will be communicated to the appropriate level of management.

### **Consultancy and Advisory Services**

Internal Audit may perform consulting and advisory services related to governance, risk management and control as appropriate. It may also evaluate specific operations at the request of the Audit and Standards (Advisory) Committee or senior management, as appropriate. Before any consultancy work is agreed, the Head of Internal Audit will ensure that Internal Audit has the appropriate skills, resources and approval to undertake the review. The Head of Internal Audit will also ensure that appropriate safeguards are in place to preserve objectivity in areas subject to future internal audit activity.

### **Counter Fraud**

The primary responsibility for the prevention and detection of fraud lies with management who are also responsible for the management of fraud risks. Managers are required to report all suspicions of theft, fraud and irregularity to the Head of Audit. The Head of Audit manages and controls all investigations and will ensure that investigators are fully trained in carrying out their responsibilities.

Internal Audit's role in any fraud or corruption related work will be in accordance with the Council's Anti-Fraud and Corruption Strategies and with resources approved by the Audit and Standards (Advisory) Committee in the annual audit Plan. However, Internal Auditors will have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, the service may assist or lead, as needed, in the identification and investigation of suspected fraudulent activities within the Council and notify senior management and the Audit and Standards (Advisory) Committee of the results.

### **Risk Management**

## Appendix A – Internal Audit Charter

Internal Audit is responsible for maintaining the Council's Risk Management strategy and framework. This includes advice and guidance to services on best practice and collating and reporting risk information to key stakeholders. Safeguards will be put in place to ensure that functions deemed as inappropriate in the IIA's guidance on *The Role of Internal Auditing in Enterprise-Wide Risk Management*, are not undertaken by Internal Audit. Safeguards will be put in place to ensure that the Audit and Standards (Advisory) Committee and senior management receive separate, clear and objective messages from each function.

### Third Parties

Internal Audit may carry out assurance work for third parties (i.e. organisations outside of the Council), where requested and deemed appropriate to do so. This may include Council subsidiaries, charitable, voluntary sector and other community-based organisations.

All internal audit, consultancy and advisory, and assurance work provided to third-party organisations is carried out in accordance with the standards and requirements set out within this Charter.

Internal Audit also operates a co-sourced delivery model, with a portion of the annual Plans delivered by an external provider. The provider is required to work to the same standards and audit methodology as detailed within this Charter.

## 8. Responsibility

The Head of Audit will be professionally qualified (CMIIA, CCAB or equivalent) and will have wide internal audit and management experience.

The Head of Internal Audit has the responsibility to:

- Submit, at least annually, to senior management and the Audit and Standards (Advisory) Committee, a risk based internal audit Plan for review and approval;
- Identify the resources required to deliver the audit Plan and communicate to senior management and the Audit and Standards (Advisory) Committee the impact of resource limitations on the internal audit Plan. The Head of Audit can propose an increase in audit resource or a reduction in the number of audits if there are insufficient resources;
- Review and adjust the internal audit Plan, as necessary, in response to changes to the Council's objectives, business, risks, operations, programmes, systems, and controls;
- Communicate to senior management and the Audit and Standards (Advisory) Committee any significant interim changes to the internal audit Plan. This includes advising, for whatever reason, where internal audit is unable to provide assurance on any significant risks within the timescale envisaged;
- Seek approval from the Audit and Standards (Advisory) Committee for any significant additional consulting services that are not already included in the audit Plan;
- Ensure each engagement of the internal audit Plan is executed, including the establishment of objectives and scope, the assignment of appropriate and adequately supervised resources, the documentation of work programmes and testing results, and the communication of engagement results with applicable conclusions and recommendations to appropriate parties;
- Follow up on findings and recommendations, as outlined in the Internal Audit Methodology, and report periodically to senior management and the Audit and Standards (Advisory) Committee any corrective actions not effectively implemented.

## **Appendix A – Internal Audit Charter**

- Deliver an annual audit opinion and report that can be used by the Council to inform its annual governance statement. The annual opinion will conclude on the overall adequacy and effectiveness of the organisations framework of governance, risk management and control;
- Ensure the principles of integrity, objectivity, confidentiality, and competency are applied and upheld;
- Ensure that Internal Audit collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the internal audit charter;
- Ensure trends and emerging issues that could impact on the Council are considered and communicated to senior management and the Audit and Standards (Advisory) Committee as appropriate;
- Ensure emerging trends and successful practices in internal auditing are considered;
- Establish and ensure adherence to policies and procedures designed to guide the Internal Audit function;
- Ensure adherence to the Council's relevant policies and procedures, unless such policies and procedures conflict with the internal audit charter. Any such conflicts will be resolved or otherwise communicated to senior management and the Audit and Standards (Advisory) Committee;
- Ensure conformance of the Internal Audit Service with the Public Sector Internal Audit Standards.

### **9. Reporting and Monitoring**

For each audit engagement, Internal Audit will ensure that a terms of reference is prepared and agreed with the auditees and key stakeholders, setting out the scope of the audit.

On completion of the audit, a written report will be prepared and issued which, where appropriate, will summarise findings and identify areas where improvements are required to the Council's control environment. The Internal Audit report will also include management's response and action to be taken in regard to the specific findings and recommendations. Management's response, whether included within the original audit report or provided thereafter by management of the audited area, should include agreed actions to be taken and an explanation for any recommendations that will not be implemented.

Internal Audit may also undertake work which does not contribute explicitly to the overall audit opinion. These may include certification of grant claims or consulting activities where Internal Audit provide independent and objective advice and guidance to management on risk and control issues within individual systems to improve those systems and processes where necessary. Where such work is undertaken, this will be set out as part of Internal Audit's annual report. In order to protect Internal Audit's independence and minimise the impact on the delivery of the overall Plan, and as set out in the sections above, the Head of Internal Audit will give due consideration to the appropriateness of undertaking such work.

Internal Audit will also be responsible for appropriate follow-up of agreed action. This includes monitoring progress in implementing audit recommendations in accordance with agreed timescales. Progress will be reported to management and to the Audit and Standards (Advisory) Committee on a periodic basis. Where progress is unsatisfactory, or management fail to provide a satisfactory response to follow up requests, Internal Audit will report this accordingly.

### 10. Quality Assurance and Improvement Programme

The PSIAS include ten Core Principles, which when taken as a whole, articulate internal audit effectiveness. For an internal audit service to be considered effective and achieve its mission, all Principles must be present and operating effectively:

- Demonstrates integrity;
- Demonstrates competence and due professional care;
- Is objective and free from undue influence (independent);
- Aligns with the strategies, objectives, and risks of the organisation;
- Is appropriately positioned and adequately resourced;
- Demonstrates quality and continuous improvement;
- Communicates effectively;
- Provides risk based assurance;
- Is insightful, proactive, and future-focused; and
- Promotes organisational improvement.

Internal Audit will develop a Quality Assurance and Improvement Programme (QAIP) that covers internal audit activity. The QAIP will seek to provide reasonable assurance to stakeholders that Internal Audit:

- Conforms with the above principles;
- Performs its work in accordance with the PSIAS (including the Definition of Internal Auditing and Code of Ethics) and the CIPFA Statement on the role of the Head of Internal Audit;
- Understands the Council as an organisation, including its needs and objectives;
- Understands its role and position with respect to the organisation's other sources of assurance and Plans its work accordingly;
- Operates in an effective and efficient manner;
- Is perceived by stakeholders as adding value and continually improving operations; and
- Is forward thinking and strives for continuous improvement.

The Head of Internal Audit will communicate to senior management and the Audit and Standards (Advisory) Committee the outcomes of the QAIP, including results of ongoing internal self-assessments and external assessments conducted at least every five years by a qualified, independent assessor.

**Author:** Head of Internal Audit and Investigations

**Date:** February 2023



# Annual Counter Fraud Plan 2023-24

## A. Introduction and Objectives

The objective of the Counter Fraud Plan is to ensure that the resources of the Counter Fraud Team are effectively targeted and deployed to prevent and detect fraud. The plan is underpinned by the [Anti-Fraud and Bribery Policy](#) and the [Whistleblowing Policy](#), which set out the approaches and strategies that have been developed and established to tackle fraud and corruption.

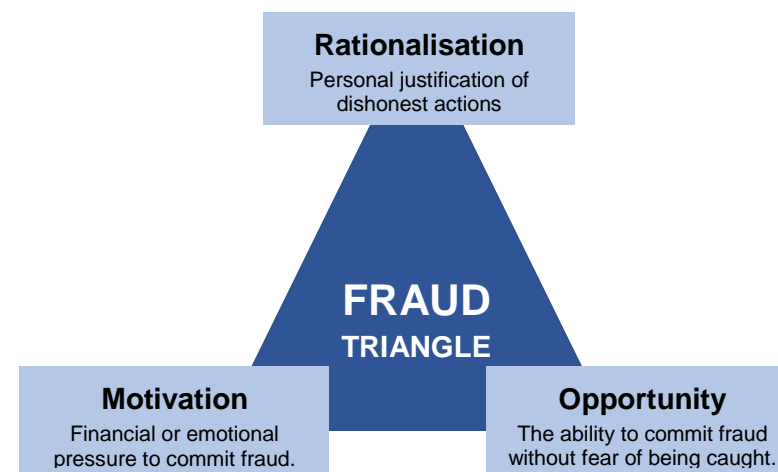
The plan is also prepared in consideration with the [Fighting Fraud and Corruption Locally Strategy](#), produced by the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders.

## B. Background and Context

All local authorities continues to face a significant fraud challenge. The tackling of fraud therefore remains a high priority to ensure that every penny is invested in delivering high quality services to residents.

In recent times, the impacts of the Covid-19 pandemic and the cost of living crisis have further exacerbated the challenges the Council faces from fraud and corruption. Combined with the continued pressure and strain on the Council's resources, this has continued to create an ideal environment for fraudulent activity where all elements of the 'fraud triangle', in which fraud thrives, have been heightened.

The increased risk of fraud is therefore clear, and as a Council we must ensure that we remain proactive in looking for and identifying fraud, whilst embedding a counter fraud culture at the heart of the organisation.

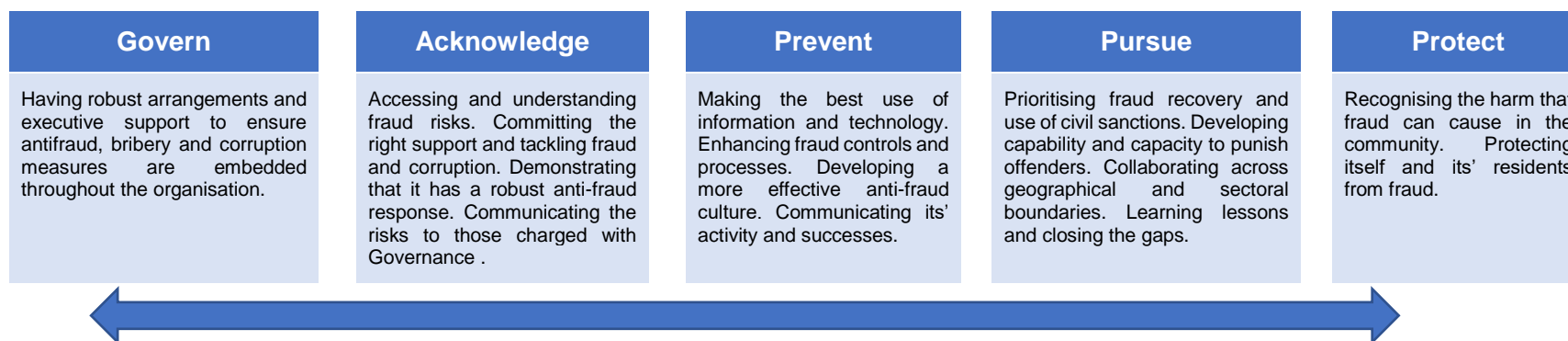


## C. Approach

The Council takes a well-developed approach to tackling fraud and corruption. A best practice and proactive approach is to tackle fraud through a combination of prevention and detection activities. The work of the Counter Fraud Team is therefore split accordingly between reactive and proactive activity.

- **Reactive activity** - largely comprising of referrals to the team in relation to internal, housing or external fraud types. All fraud referrals are subject to a robust risk assessment to ensure that resources are targeted and utilised effectively and efficiently
- **Proactive activity** - 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.

Our approach and strategy is also aligned with the following five pillars set out within the [Fighting Fraud and Corruption Locally Strategy](#):





## D. Counter Fraud Plan 2023-23

For 2023/24 the Counter Fraud Plan, resources will be allocated and prioritised across the following fraud types.


Fraud Type	Description
<b>Housing</b>	<p>Housing remains a key fraud risk area and includes:</p> <ul style="list-style-type: none"> <li>▪ unlawful subletting;</li> <li>▪ non-residency;</li> <li>▪ successions / false assignments;</li> <li>▪ housing/homeless applications: and</li> <li>▪ Right to Buy.</li> <li>▪ Proactive work, including involvement with 'Gas Forced Entries', succession applications and Right to Buy applications for council tenancies.</li> </ul>
<b>Internal/ Whistleblowing</b>	<p>Internal fraud includes whistleblowing referrals and a wide-range of case types</p> <ul style="list-style-type: none"> <li>▪ Breach of financial / other regulations;</li> <li>▪ Bribery and corruption;</li> <li>▪ Fraudulent Claims / allowances;</li> <li>▪ External offences/conduct by staff; and</li> <li>▪ Recruitment irregularities.</li> </ul>
<b>External</b>	<p>External fraud' includes all external fraud / irregularity that affects the Council. This will include (but is not limited to) fraud cases involving:</p> <ul style="list-style-type: none"> <li>▪ Payments;</li> <li>▪ Blue Badge;</li> <li>▪ Direct Payments;</li> <li>▪ Council Tax/ Business Rates;</li> <li>▪ Insurance;</li> <li>▪ Finance, concessionary travel and grant applications.</li> </ul>
<b>Proactive</b>	<p>Proactive activities include data matching reviews, fraud workshops, targeted operations based on known intelligence, and other planned fraud risk reviews across all service areas.</p>

## E. 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.

The plan, as set out below, will be reviewed each quarter and amended accordingly.

Activity	Description
<b>Policies and Procedures</b>	Maintain and update anti-fraud policies on intranet and internet pages including related content.
<b>E-Learning</b>	Maintain, update and facilitate the e-learning module for new starters and existing staff.
<b>Fraud Risk and Awareness Workshops</b>	Deliver fraud awareness sessions / workshops across council service areas, schools and other stakeholders.
<b>Technology</b>	Consider, evaluate and introduce new technologies to prevent / detect fraud.
<b>Consultancy and Advice</b>	To work in collaboration with, and provide consultancy and advice to all of the Council to develop and implement better controls to prevent and detect fraud.
<b>Publicity</b>	Utilise internal and external communication channels to promote Brent's approach to fraud and corruption. To also use these channels as a means of reporting successful fraud outcomes, where appropriate.

 <b>Brent</b>	<b>Audit and Standards Advisory Committee</b> 21 March 2023
	<b>Report from the Corporate Director Governance</b>
<b>Review of the Use of Regulation of Investigatory Powers Act 2000</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not applicable
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	One  Appendix A - Extracts of the PCSA changes to the RIPA Policy
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Debra Norman, Corporate Director, Governance 020 8937 1578 <a href="mailto:Debra.Norman@brent.gov.uk">Debra.Norman@brent.gov.uk</a>  Bianca Robinson, Senior Constitutional & Governance Lawyer 020 8937 1544 <a href="mailto:Bianca.Robinson@brent.gov.uk">Bianca.Robinson@brent.gov.uk</a>  Tola Robson, Chief Lawyer Litigation and Licensing 020 8937 1455 <a href="mailto:omotolani.robson@brent.gov.uk">omotolani.robson@brent.gov.uk</a>

## 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**

That the Committee notes:

- 2.1. the contents of this report.
- 2.2. the changes to the RIPA policies in relation to further powers to extract data from a mobile device, pursuant to Police Crime Sentencing and Courts Act 2022.
- 2.3. that the updated policies and procedures on RIPA are to be approved by Cabinet on 17 April 2023.

## **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 to acquire 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 Investigatory Powers Commissioner's Office (IPCO). Inspections focus on RIPA policies, procedures and practice. The last inspection was undertaken on 9 March 2020; when the Inspector was happy with his findings. There were no recommendations arising out of 2020 inspection. Brent will be due for a further review on or around 2023/24, and officers will keep this Committee informed once such a notification is received.

### Changes to RIPA policy

- 3.4. The RIPA Policy and procedures were last revised 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.
- 3.5. Sections 37 to 44 of the Police, Crime, Sentencing and Courts Act 2022 (PCSCA) came into force on 8 November 2022. This provided public authorities with a further power to extract (Communications) Data held on electronic devices. Any extraction that fails to comply with the requirements must be reported to the IPC's office as a relevant error. Consequently, Section 7 of the RIPA Policy and Procedures has been amended to reflect the PCSA changes.
- 3.6. In addition, changes to titles have been made to reflect the organisational restructure that took place in September 2022. As this Committee will know, the present Chief Executive retires at the end of this financial year. Consequently, at the beginning of April and in preparation for consideration by Cabinet the new Chief Executive's name, Kim Wright, will be reflected in the RIPA Policy.

Extracts of the PCSA changes to the RIPA Policy are produced as **Appendix A** for Members consideration.

#### Oversight

- 3.7. 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.
- 3.8. The Monitoring Officer reviews RIPA related topics such as internal training, social media, applications/authorisations and changes in addition to keeping 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).
- 3.9. 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

- 3.10. Following the introduction of legislative changes in the RIPA regime, the number of RIPA authorisations declined within local authorities and this position has not changed. 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 and their purpose.

Table 1

<b>Year</b>	<b>Number of Authorisations</b>
<b>2022/2023</b>	<b>0</b>
2021/2022	0
2020/2021	0
2019/2020	0
2018/2019	0
2017/2018	0
2016/2017	1
2015/2016	0

Table 2

<b>Year</b>	<b>Number of Requests</b>	<b>Purpose</b>
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	
<b>2022/23</b>	<b>2</b>	<b>Fraudulent subletting a council property</b> <b>Fraudulent use of blue badge concession.</b>

- 3.11. 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 and tobacco. These operations continue to take place, but using procedures not requiring the use of a RIPA authorisation.

#### **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**

Corporate Director of Governance

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## Appendix A

### 7 Communications Data

- 7.15 *Sections 37 to 44 of the Police, Crime, Sentencing & Courts Act (PCSCA) 2022 came into force on 8 November 2022. This provides Brent with a further power to extract data held on electronic devices. Before action is taken, there must be a reasonable belief that information stored on the device will be relevant for one of three scenarios and satisfaction that the extraction of the information is necessary and proportionate to achieve the purpose.*
- 7.16 *The three scenarios provided under s37 (2) PCSCA are for the purpose of:*
- (a) preventing, detecting, investigating or prosecuting crime;*
  - (b) helping to locate a missing person; or*
  - (c) protecting a child or an at-risk adult from neglect or physical, mental or emotional harm.*
- 7.17 *To ensure any extraction of stored communication under s.37 PCSCA remains lawful, it is essential that the criteria and procedures set out within the PCSCA and the association Code of Practice are fulfilled. A failure to follow these procedures correctly could result in a s.3 Investigative Powers Act (IPA) 2016 offence (unlawful interception) being committed.*

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	<b>Audit and Standards Advisory Committee</b> 21 March 2023
	<b>Report from the Corporate Director Finance and Resources</b>
<b>Evaluating the Effectiveness of the Audit and Standards Advisory Committee</b>	
<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Non-Key
<b>Open or Part/Fully Exempt:</b> <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
<b>No. of Appendices:</b>	Two <ul style="list-style-type: none"> <li>Appendix A – Summary of Self Assessment Scores</li> <li>Appendix B – Audit and Standards Advisory Committee Improvement Action Plan</li> </ul>
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <b>(Name, Title, Contact Details)</b>	Darren Armstrong, Head of Audit and Investigations <a href="mailto:Darren.Armstrong@Brent.gov.uk">Darren.Armstrong@Brent.gov.uk</a> 020 8937 1751

## 1. Purpose of Report

- 1.1 This report summarises the outcomes of a recent self-assessment exercise undertaken by members of the Audit and Standards Advisory Committee.

## 2. Recommendations

- 2.1 The Committee is asked to note the outcomes of the self-assessment and to agree suggested actions, seen at Appendix B, to address the areas for improvement that have been identified.

## 3. Background

- 3.1 CIPFA published new guidance for Audit Committees in the Autumn 2022. The guidance comprises of five main documents, including a position statement; a self-assessment of good practice; and a guide for evaluating the effectiveness of the audit committee.

- 3.2 The guidance recommends that Audit Committees should:
- report annually on how the committee has complied with the position statement, discharged its responsibilities, and include an assessment of its performance. The report should be available to the public; and
  - evaluate its impact and identify areas for improvement.
- 3.3 To this end, the self-assessment of good practice and the guide for evaluating the effectiveness of the Audit Committee documents are designed to assist audit committees in evaluating their effectiveness.
- 3.4 A report was presented to the Committee on 7<sup>th</sup> February 2023, which recommended that in order to fulfil the requirements of the position statement, all members of the Committee should undertake a self-assessment by completing and returning both documents.

#### 4. Summary outcomes of the self-assessment

- 4.1 In total seven members completed and returned the self-assessment of good practice questionnaire. One member also completed and returned the guide for evaluating the effectiveness of the Audit Committee document.
- 4.2 The self-assessment questionnaire asked Members to consider the Committee's effectiveness across 40 separate questions (including sub-questions) covering a number of areas. The questionnaire used the following scoring criteria:
- 0- Major Improvement
  - 1- Significant Improvement
  - 2- Moderate Improvement
  - 3- Minor Improvement
  - 5- No further improvement
- 4.3 Each survey is therefore scored out of a maximum score of 200. Of the seven surveys returned, **the average score was 154 out of 200 (77%)**. A summary of the seven completed surveys is as follows:

	Total Score (out of 200)	%
Member 1	188	94%
Member 2	162	81%
Member 3	188	94%
Member 4 (did not provide a response for Q22)	147	74%
Member 5 (did not provide a response for Q8 – 4 responses expected)	163	82%
Member 6 (did not provide a response for Q21)	125	63%
Member 7	106	53%

### Highest scoring questions

- 4.4 The highest scoring questions (questions with an average score of 4.5 or greater) are summarised in the table below:

		Average Score (out of 5)
<b>Functions of the Committee</b>		
9.	Does the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?	
	- Annual Governance Statement	4.7
	- Internal Audit	4.7
<b>Membership and support</b>		
13.	Has the committee been established in accordance with the 2022 guidance as follows?	
	- Separation from the Executive	5
	- Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation	5
	- A size that is not unwieldy and avoids use of substitutes	4.6
19.	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	4.7
<b>Effectiveness of the Committee</b>		
21.	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	4.5

### Lowest scoring questions

- 4.4 The lowest scoring questions (those with an average score of 3 or less) are summarised in the table below:

		Average Score (out of 5)
<b>Audit Committee Purpose and Governance</b>		
1.	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	3
7.	Does the governing body hold the audit committee to account for its performance at least annually?	2.4
<b>Membership and support</b>		
15.	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	2.7

16.	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	2.9
17.	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	2.7
<b>Effectiveness of the Committee</b>		
27.	Has the committee evaluated whether and how it is adding value to the organisation?	2.9
28.	Does the committee have an action plan to improve any areas of weakness?	2.9

4.5 A summary of average scores across all questions can be seen at **Appendix 1**.

4.6 Overall, the survey results have indicated that the Committee is adequately fulfilling its duties across all areas set out and prescribed within the CIPFA guidance. However, a number of areas have been identified where minor improvements are required to further enhance the effectiveness of the Committee.

4.7 To this end, an action plan has been prepared at **Appendix B** which contains suggested actions to address the lowest scoring areas arising from the self-assessment (as shown in the table above). It is proposed that the Chair and Vice-Chair of the Committee, in conjunction with officers, will take responsibility for the implementation of the action plan. Progress updates will be reported to the Committee as appropriate. It is also suggested that the action plan is appended to the Committee's Forward Plan/Training Plan, to ensure regular oversight.

4.8 In addition to the actions raised at Appendix B, officers are in the process of reviewing the Committee's terms of reference to make explicit some responsibilities of the committee that are currently implicit, to better reflect the CIPFA 2022 Position Statement.

## 5. Financial Implications

5.1 There are no specific financial implications arising from this report.

## 6. Legal Implications

6.1 The Accounts and Audit Regulations 2015 set out the Council's responsibility for ensuring that it has a sound system of internal control and that it keeps the effectiveness of this system under review. The self-assessment by the committee and the proposed action plan will help ensure the effectiveness of the committee and its members as part of the council's system of internal control.

## 7. Equality Implications

7.1 None

**8. Any Other Implications (HR, Property, Environmental Sustainability - where necessary)**

8.1 None

**9. Proposed Consultation with Ward Members and Stakeholders**

9.1 None

**Report sign off:**

***Minesh Patel***

Corporate Director Finance and Resources

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## Appendix 1 – Summary of Self-assessment Scores

### Scoring/ Assessment Criteria:

Does not comply	Partially complies and extent of improvement needed			Fully complies
Major improvement	Significant improvement	Moderate improvement	Minor improvement	No Further improvement
0	1	2	3	5

Ref	Good Practice Questions	Average Score
<b>Audit Committee Purpose and Governance</b>		
1.	Does the authority have a dedicated audit committee that is not combined with other functions (eg standards, ethics, scrutiny)?	3.0
2.	Does the audit committee report directly to the governing body (PCC and chief constable/full council/full fire authority, etc)?	4.0
3.	Has the committee maintained its advisory role by not taking on any decision-making powers?	4.4
4.	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's 2022 Position Statement?	4.3
5.	Do all those charged with governance and in leadership roles have a good understanding of the role and purpose of the committee?	3.4
6.	Does the audit committee escalate issues and concerns promptly to those in governance and leadership roles?	4.4
7.	Does the governing body hold the audit committee to account for its performance at least annually?	2.4
8.	Does the committee publish an annual report in accordance with the 2022 guidance, including:	
	- compliance with the CIPFA Position Statement 2022	4.0
	- results of the annual evaluation, development work undertaken and planned improvements	3.5
	- how it has fulfilled its terms of reference and the key issues escalated in the year?	3.8
<b>Functions of the committee</b>		
9.	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement as follows?	
	- Governance arrangements	4.4
	- Risk management arrangements	4.4
	- Internal control arrangements, including: <ul style="list-style-type: none"> <li>• financial management</li> <li>• value for money</li> <li>• ethics and standards</li> <li>• counter fraud and corruption</li> </ul>	4.4
	- Annual governance statement	4.7
	- Financial reporting	4.4

## Appendix 1 – Summary of Self-assessment Scores

Ref	Good Practice Questions	Average Score
	- Assurance framework	4.4
	- Internal audit	4.7
	- External audit	4.4
10.	Over the last year, has adequate consideration been given to all core areas?	4.1
11.	Over the last year, has the committee only considered agenda items that align with its core functions or selected wider functions, as set out in the 2022 guidance?	3.6
12.	Has the committee met privately with the external auditors and head of internal audit in the last year?	3.3
<b>Membership and Support</b>		
	Has the committee been established in accordance with the 2022 guidance as follows?	
13.	- Separation from executive	5.0
	- A size that is not unwieldy and avoids use of substitutes	4.6
	- Inclusion of lay/co-opted independent members in accordance with legislation or CIPFA's recommendation	5.0
14.	Have all committee members been appointed or selected to ensure a committee membership that is knowledgeable and skilled?	3.3
15.	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	2.7
16.	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	2.9
17.	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	2.7
18.	Is adequate secretariat and administrative support provided to the committee?	4.4
19.	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	4.7
<b>Effectiveness of the committee</b>		
20.	Has the committee obtained positive feedback on its performance from those interacting with the committee or relying on its work?	3.9
21.	Are meetings well chaired, ensuring key agenda items are addressed with a focus on improvement?	4.5
22.	Are meetings effective with a good level of discussion and engagement from all the members?	3.8
23.	Has the committee maintained a non-political approach to discussions throughout?	4.4
24.	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	4.0

## Appendix 1 – Summary of Self-assessment Scores

Ref	Good Practice Questions	Average Score
25.	Does the committee make recommendations for the improvement of governance, risk and control arrangements?	3.7
26.	Do audit committee recommendations have traction with those in leadership roles?	3.6
27.	Has the committee evaluated whether and how it is adding value to the organisation?	2.9
28.	Does the committee have an action plan to improve any areas of weakness?	2.9
29.	Has this assessment been undertaken collaboratively with the audit committee members?	3.7

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## Appendix 2 – Audit and Standards Advisory Committee Improvement Action Plan

Ref	Good Practice Questions	Average Score	Suggested Improvement Action(s)	Target Date
<b>Audit Committee Purpose and Governance</b>				
1.	Does the authority have a dedicated audit committee that is not combined with other functions (e.g. standards, ethics, scrutiny)?	<b>3</b>	n/a - CIPFA's guidance suggests that to ensure focus on core functions, the committee should not be combined with other council committees such as scrutiny or <u>standards</u> or policy and resources; however, actioning this would present a number of potential issues, including ensuring meetings are quorate.  The Committee currently combines Audit and Standards and a dedicated and well thought out Forward Plan and Agendas ensures that all items receive adequate and suitable coverage. We therefore intend to retain the current structure.	n/a
7.	Does the governing body hold the audit committee to account for its performance at least annually?	<b>2.4</b>	In accordance with CIPFA Guidance, the Committee should prepare an annual report that provides assurance to all those charged with governance that it fulfils its purpose and can demonstrate its impact. This is a key output of the committee. The report should be publicly available, supporting the authority's accountability to wider stakeholders, including the public.	June 2023
<b>Membership and support</b>				
15.	Has an evaluation of knowledge, skills and the training needs of the chair and committee members been carried out within the last two years?	<b>2.7</b>	The Committee members should continue to review their knowledge and skills by undertaking an annual self-assessment exercise. The outcomes of the self-assessment should inform a training needs analysis to identify any areas where further training may be required.	June 2023
16.	Have regular training and support arrangements been put in place covering the areas set out in the 2022 guidance?	<b>2.9</b>	In accordance with the action identified at point 15, an annual training plan should be prepared and should accompany the Committee's Forward Plan.	June 2023
17.	Across the committee membership, is there a satisfactory level of knowledge, as set out in the 2022 guidance?	<b>2.7</b>	To be covered by the actions set out at points 15. and 16.	June 2023

## Appendix 2 – Audit and Standards Advisory Committee Improvement Action Plan

Ref	Good Practice Questions	Average Score	Suggested Improvement Action(s)	Target Date
<b>Effectiveness of the Committee</b>				
27.	Has the committee evaluated whether and how it is adding value to the organisation?	<b>2.9</b>	As part of the Committee's Annual Report (see action identified at ref.1), the Committee will evaluate and conclude whether and how it is adding value to the organisation.	June 2023
28.	Does the committee have an action plan to improve any areas of weakness?	<b>2.9</b>	This action plan addresses this area of good practice and will be reviewed/updated on a regular basis. It should also be added to the Committee's Forward Plan/Training Plan (as an appendix) to ensure that the Committee continues to have oversight of it.	On-going

**A&SAC FORWARD PLAN / WORK PROGRAMME / UPCOMING AGENDA**

Topic / Date	06-Jun-23	18-Jul-23	26-Sep-23	06-Dec-23	06-Feb-24	26-Mar-24
<b>Internal Audit &amp; Investigations</b>						
Internal Audit Annual Report, including Annual Head of Audit Opinion	X					
Internal Audit Progress Reports		X		X		
Annual/Interim Counter Fraud Report	X			X		
Internal Audit and Investigations Plan						X
<b>External Audit</b>						
External Audit progress report		X	X	X	X	X
Statement of Accounts & Pension Fund Accounts		X*	X			
Annual Auditor's Report			X		X	
<b>Financial Reporting</b>						
Treasury Management Mid-term Report				X		
Treasury Management Strategy				X		
Statement of Accounts & Pension Fund Accounts		X	X*			
Treasury Management Outturn Report	X					
<b>Governance</b>						
To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd			X			X
Review of the use of RIPA Powers						X
Receive and agree the Annual Governance Statement	X*					
<b>Risk Management</b>						
Strategic Risk Register Update			X			X
Emergency Preparedness					X	
<b>Audit Committee Effectiveness</b>						
Review the Committee's Forward Plan	X	X	X	X	X	X
Review the performance of the Committee (self-assessment)						X
Chair's Annual Report	X					
Training Requirements for Audit Committee Members (as required)						
<b>Standards Matters</b>						
Standards Report (including gifts & hospitality)	X		X	X		X
Annual Standards Report						X
Complaints & Code of Conduct			X			
Review of the Member Development Programme and Members' Expenses (incorporating Review of the Financial and Procedural Rules governing the Mayor's Charity Appeal)						X

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