



**MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE**  
**Held in the Conference Hall, Brent Civic Centre on Wednesday 6 December**  
**2023 at 6.00 pm**

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

**Independent Advisor:** Vineeta Manchanda.

**Independent Members:** Rhys Jarvis & Stephen Ross.

**Also present:** Julie Byrom (Independent Person – attended online).

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

Apologies were received from Councillor Kabir and Sophia Brown (Key Audit Partner, Grant Thornton).

The Chair took the opportunity to welcome Rhys Jarvis and Stephen Ross to their first in person meeting of the Audit & Standards Advisory Committee.

**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 meetings held on Tuesday 26 September 2023 and Thursday 12 October 2023 be approved as a correct record, pending a minor correction to be made to the to the list of attendees on Thursday 12 October 2023.

Members noted the updates provided in relation to items listed on the Action Log.

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

None.

**6. Order of Business**

The Chair agreed to amend the order of business, so that the Treasury Management Report was considered ahead of the Treasury Management Strategy. The minutes reflect the order in which the items were considered.

## 7. Standards Report (including Gifts & Hospitality)

Debra Norman, Corporate Director of Governance, introduced a report updating the Audit and Standards Advisory Committee (ASAC) on gifts and hospitality registered by Members and Member training.

The Committee noted the following key points:

- The details of Gifts and Hospitality registered by members in the third quarter of 2023/24 were detailed in Appendix A of the report.
- In relation to member attendance at mandatory training sessions, the Committee was advised that all members had completed their core mandatory refresher training with the exception of three Members who were yet to complete their Data Protection & Information Security training. Two Members were currently on maternity leave and the remaining Member had been out of the country when the training took place. A further session would be made available to allow remaining Members to complete their refresher training.

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.

## 8. Treasury Management Mid-Term Report

Amanda Healy, Head of Finance introduced the Treasury Management Mid Term Report that updated Members on treasury activity for the first half of the financial year 2023-24, with a view to the Committee noting the report and the Council's compliance with the Council's Treasury Management indicators.

In considering the report the Committee noted:

- The challenging national economic context under which the Council's Treasury Management Strategy had been operating, including the high inflation rates, weak economic growth in the UK and the Bank of England's base rate of 5.25% impacting the national financial climate.
- The update provided in relation to the Council's external borrowing as detailed within section 3.16-3.36 of the Committee report.
- Members were advised that the Council's short term borrowing costs had continued to increase in line with the 5.25% base rate.
- In the first half of the year, new external long term borrowing had not taken place due to sufficient cash levels and high market rates making forward borrowing unattractive. The Council would continue to monitor borrowing rates with a view to accessing new borrowing at the right time when an appropriate balance could be struck between securing low interest costs and achieving cost certainty.
- The Council had an increasing Capital Financing Requirement due to elements of the capital programme being funded by borrowing, forecasts had indicated that a further borrowing in excess of £176m would be required in 2023-24.
- In terms of long term borrowing the Public Works Loan Board (PWLb) remained the most cost effective form of financing and was the most utilised

form of long term financing in Brent, despite substantially increased costs in 2023-24.

- The update provided in relation to the Council's Treasury Investment Activity, as detailed in sections 3.37-3.46 of the Committee report.
- Members were advised that the Council's investment balances ranged between £56.1m and £122m due to timing between income and expenditure. It was noted that most of the Council's funds continued to be held in Money Market Funds, the return on Money market Funds had increased reflecting the higher interest rate environment, as of 30 September 2023 the funds were paying rates between 5.20% - 5.35%.

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

- The Committee required further clarity in relation to GLA funding opportunities to borrow at lower rates through the Mayor's Energy Efficiency Fund (MEEF) and the Mayor's Green Finance Fund to support the South Kilburn heat network, as opposed to accessing funding from the PWLB or UKIB. In response the Committee was advised that discussions were taking place to consider the best options, however it was felt at this stage that the GLA funding options would provide lower rates and would be a favourable way forward to support the South Kilburn heat network, it was likely that the Council would make an application for this funding in the next round of application scheduled in late 2023.
- Following a Committee query in relation to how the wider economic uncertainty affected the Council's long term planning and decision making, the Committee was advised that the Capital Programme was under constant review as changes in the wider economic climate could directly impact the viability of a project.
- The Committee noted that even if interest rates improved, it was unlikely that they would return to the favourable rates seen pre Covid.
- The Committee queried why further funding was required for the Capital Programme when Capital Programme work had been paused, in response the Committee was advised that projects were at different phases with some having begun and others due to start when viable, it was also important to secure funding for future projects. The expenditure within the Capital Programme was regularly updated to Cabinet with a quarterly report that provided forecast spending requirements.
- Following a Committee query in relation to cashflow forecasting, the Committee was advised that this was undertaken through liability benchmarking that captured overall cash demand and key drivers of the Capital Programme.
- In response to a Committee query in relation to the slippage of capital programme works, the Committee was advised that slippage was not unusual in the delivery of projects, however due to the challenging economic environment it was anticipated that there would be increased slippage this year.

As there were no further questions the Chair thanked Amanda Healy for presenting the report and responding to the Committee queries.

The Committee **RESOLVED** to note the 2023-24 Mid-Year Treasury report for reference on to Cabinet and Council, along with noting the fact that the Council has been fully compliant with the Treasury Management indicators.

## 9. Treasury Management Strategy

Amanda Healy, Head of Finance introduced the report that presented the draft Treasury Management Strategy (TMS) for 2024/25 for consideration by the Committee, with the final version of the TMS including the views of the Committee to be included in the annual budget setting report to be presented to Cabinet and Full Council in February 2024.

In considering the report the Committee noted:

- The strategy was currently in draft format and would be presented back to the Committee upon its completion, ahead of its inclusion in the annual budget setting report that would go to Cabinet and Council in February 2024.
- The Strategy set out the framework for the Council's Treasury Management activity in 2024/25 and included an outline of the Council's borrowing strategy and sources of debt finance (including the Liability Benchmark), investment strategy (including types and prescribed limits), Treasury Management Indicators for 2024/25, alternative options and strategies along with an external and local context.
- The Strategy had been produced in compliance with the CIPFA Treasury Management Code of Practice & Prudential Code for Capital Finance.

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

- Following a Committee query in relation to the use of Green Bonds to support specific projects, the Committee was advised that Green Bonds had not been previously explored for use in Brent. It was noted that bonds were generally used to support small scale projects and could incur high administration costs. Officers agreed to examine the practicalities of the use of Green Bonds in Brent and share their findings with the Committee at a future meeting.
- The Committee queried how much long term borrowing from PWLB was forecast to be borrowed in 2024/25. In response the Committee was advised that £650m would need to be borrowed over a 4 year period, this included borrowing requests for projects in 2023/24 that had not been undertaken yet.
- The Committee required further clarity in relation to which public sector bodies (referred to in the Committee report) the Council could borrow short term loans from to cover temporary cash flow pressures, in response the Committee heard that money could be borrowed from other Local Authorities, this had previously been an active market, however since the recent Section 114 notices it was less active but remained a consideration if needed.
- The Committee requested information was provided at a future meeting in relation to how much borrowing from other local authorities had been undertaken.
- The Committee acknowledged the challenges in the current economic environment impacting the Council's ability to focus funds to support the costly climate change ambitions the Council had previously highlighted as a priority;

- however, felt that concerted efforts should be made in seeking additional funding specifically to support this, particularly in light of Brent having declared a climate emergency.
- Following a Committee query in relation to how robust the long term Capital Programme was and the contingencies in place, the Committee was advised that when budgets were set they took in to account the ambitions Brent had against the funding sources available. Viability was rigorously tested and revisited to ensure the maximum delivery of Capital Projects was possible.
  - The Committee clarified that the PWLB allowed authorities to repay loans before maturity and either pay a premium or receive a discount dependant on a set formula based on current interest rates, this was something the Council could take advantage of if it was expected to result in an overall cost saving or reduction in risk.

As there were no further questions the Chair thanked Amanda Healy for presenting the report and responding to the Committee queries.

The Committee **RESOLVED** to note the borrowing requirements detailed in the report, with further comments to be provided by the Committee when the strategy was brought back to the Committee upon its completion.

#### 10. **Internal Audit Interim Report 2023-34**

Darren Armstrong, Head of Audit and Investigation introduced the report that outlined the work undertaken by Internal Audit in respect of delivery of the 2023-24 Internal Audit Plan.

In considering the report the Committee noted:

- The continued delivery of the Council's Internal Audit function in accordance with the Public Sector Internal Audit Standards (PSIAS) which set out the requirements for public sector internal auditing and encompassed the mandatory elements of the Institute of Internal Auditors (IIA) in relation to delivery of an annual risk based audit plan.
- The 2023 -24 Internal Audit Plan had been agreed by the Audit and Standards Advisory Committee in March 2023 and had been developed to provide assurances against key risk areas that may have threatened the achievement of the Council's corporate objectives and priorities.
- In addition to the planned work, Internal Audit had continued to provide consultancy and advice work as and when required across a range of Council areas.
- Section 3.3.3 of the report that provided a summary of the performance against the 2023-24 Internal Audit Plan.
- The accompanying appendices that provided further details on the status and delivery of the 23-24 plan and associated levels of risk, a summary of key findings and a summary of follow up actions.

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

- The Committee felt it would be helpful in future iterations of the report to include KPI's in relation to outstanding actions and also to consider how trends could be better represented.
- Following a Committee query in relation to the selection criteria used to decide the Internal Audit Team's work plan, the Committee was advised that as well as some areas being subject to cyclical audits, there were a number of factors that could be taken into consideration when deciding on a work plan, these included risk assessments, intelligence and consultation with internal stakeholders and assurance mapping. The Committee noted the necessity to also leave capacity for the team to respond to reactive work.
- In response to a Committee query as to why the 'Increase in Dedicated Schools Grant High Needs Block Deficit' audit had been cancelled as shown in Appendix 1 of the report, it was clarified that the audit would still be taken forward as part of the Financial Support for Schools Review as a combined audit.
- The Committee recognised the capacity issues that had led to there being no proactive licensing inspections, only reactive site visits following complaints, however required clarification on the criteria that must be met to trigger a licensing visit. The Committee was advised that this would require a management response, which would be provided at a later date.
- The Committee understood that the Northgate software used to support Housing Revenue and Benefits had been successfully implemented in other Council's and queried why there had been issues with Brent utilising the same software. The Committee was assured that the management responses to the issues identified would be followed up and reported back to the Committee at the Committee's next update on the Internal Audit Plan.
- The Committee felt it would be helpful to include implementation dates alongside the management responses in future iterations of the report, this was agreed as a forward action.

As no further queries were raised the Chair, on behalf of the Committee, thanked Darren Armstrong and his team for what they felt was a well produced report that allowed the Committee to gain a clear understanding of the delivery, outcome and performance of the Internal Audit Plan and in commending the team for their efforts it was **RESOLVED** to note the update provided.

## 11. **Interim Counter Fraud Report 2023-24**

Darren Armstrong, Head of Audit and Investigations introduced the report which summarised the counter fraud activity that the Council had undertaken in 2023-24, up to 30th September 2023.

In considering the report the Committee noted:

- That the report covered multiple fraud types that included internal fraud and whistleblowing, external fraud, tenancy and social housing fraud, and the proactive activity undertaken to identify and reduce fraud.
- The details provided in relation to internal fraud which, whilst typically having the fewest referrals, were often more complex in nature as detailed in Table A within Section 3.3 of the report.

- The update provided in relation to Tenancy & Social Housing Fraud with the recovery of social housing properties by the Counter Fraud team demonstrating a notional saving of £42,000 per property. Work had also been undertaken in respect of fraudulent Succession and Right to Buy applications.
- The increase in External Fraud cases (162) compared to (127) for the same period last year, with Blue Badge allegations accounting for the majority of new referrals. Further details of the figures related to external fraud were detailed within Table C Section 3.5 of the report.
- There had been an increase in successful prosecutions for Blue Badge fraud, however the resources that had been required to support cases through to prosecution had limited the team's capacity to deal with other counter fraud activity.
- The team continued to undertake a broad range of proactive activity including National Fraud Initiative (NFI) data matching, fraud workshops and targeted operations to support the identification, investigation and reduction in fraud.

The Committee was then invited to raise questions and comments on the report which have been summarised below:

- Following a Committee query in relation to the amount of resourcing applied to managing Blue Badge Fraud, the Committee was advised due to the high number of referrals received in relation this type of fraud, it had been a priority to heavily resource this area. In order to manage the number of referrals, the team had worked closely with colleagues in Parking Services to pursue case resolution. It was noted that a number of options were being looked in to in order to reduce this type of fraud in the future, including the use of virtual badges.
- The Committee felt it would be useful to receive a breakdown of the resourcing allocations applied to other external fraud cases, as it was noted that Blue Badge Fraud had taken 50% of resources to date this municipal year.
- The Committee was pleased to note the notional savings made in relation to Single Person Council Tax claims and were keen to see further savings made in relation to fraudulent claims of Housing and Council Tax benefits. The Committee was reminded that these were notional savings as opposed to being able to recover funds, however their comments would be shared with the Council Tax team.

As no further issues were raised the Chair thanked officers for their hard work and efforts in relation to the ongoing delivery of counter fraud activity and it was **RESOLVED** to note the contents of the report and counter fraud activity undertaken from April – September 2023.

## 12. **Final Audit Findings Report 2022/23**

Sheena Philips, Senior Audit Manager, Grant Thornton, advised that had been no further changes to the final Audit Findings Report 2023-23 and the Pensions Audit Findings Report 2022-23, with the exception of an amendment to correct an error in the Audit fees.

The Committee noted that there was a 150% increase in Audit Fees, however these were agreed centrally by the Public Sector Audit Appointments (PSAA) and not open to negotiation.

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

Sheena Phillips, Senior Audit Manager, Grant Thornton, advised that the 2023-24 audit had started and was progressing well. An audit report providing details of progress made and an update on the status of the objections received for the 2022-23 audit would be provided at the next Committee meeting in February 2024.

The Committee was further advised that there would be a new Pension Management Lead responsible for the Pension Fund Audit who would also attend Committee meetings.

14. **Forward Plan and Agenda for the next meeting**

It was **RESOLVED** to note the Committee's current Forward Plan and Work Programme for 2023-24 and the date of the next meeting as **Tuesday 6 February 2024**.

In terms of the Forward Plan and Work Programme for 2024-25 the Chair requested that an unpopulated Forward Plan document was made available in order for the Chair, Vice Chair and Senior Officers to start looking at the development of the 2024-25 plan.

15. **Any other urgent business**

None.

The meeting closed at 7.56 pm

David Ewart  
Chair