



## Audit and Standards Advisory Committee

**Thursday 28 March 2024 at 6.00 pm**

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

Please note this will be held as a physical meeting which all Committee members will be 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](#)**

Please note the Committee will pause proceedings for a short break at 6:25pm to enable those members observing Ramadan to break for Iftar.

### Membership:

#### Members

David Ewart (Chair)

#### Substitute Members

#### Councillors:

Chan (Vice-Chair)

S Butt

Choudry

Kabir

Long

J.Patel

Smith

#### Councillors:

Afzal, Agha, Begum, Gbajumo, Molloy and Shah

#### Councillors:

Kansagra and Mistry

#### Independent Co-opted Members

Rhys Jarvis and Stephen Ross

#### Independent Advisor

Vineeta Manchanda

**For further information contact:** James Kinsella, Governance Manager  
Tel: 020 8937 2063; Email: [james.kinsella@brent.gov.uk](mailto:james.kinsella@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>	
4.1 To approve the minutes of the previous meeting held on Tuesday 6 February 2024 as a correct record.	1 - 12
4.2 To note the updated Action Log arising from previous meetings of the Committee.	13 - 16
<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 and Governance Report for 2023 (including quarterly update on gifts and hospitality)</b>	17 - 28
This presents the Monitoring Officer's Annual Report to the Audit and Standards Advisory Committee (ASAC) for 2023. The report 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 2023, together with the quarterly report on gifts and hospitality registered by Members as well as highlighting (for reference) a recent standards related case involving a prosecution for failing to disclose a disclosable pecuniary interest.	

**7 Review of the Member Development Programme and Member Expenses 29 - 46**

This report provides a summary of the Member Learning and Development Programme since the last report to the Committee in March 2023 along with details on the Members Allowance Scheme.

**Governance Item(s)**

**8 To review performance and governance of i4B Holdings Ltd and First Wave Housing Ltd**

**8.1 Report on i4B Ltd 47 – 66**

This report provides the Audit and Standards Advisory Committee with an update on the work of i4B Holdings Ltd to deliver against its business plan for 2023-24 which was agreed with the Council as Shareholder, and an update on the company's upcoming 2024-25 business plan.

**8.2 Report on First Wave Housing Ltd 67 - 82**

This report provides the Audit and Standards Advisory Committee with an update on the work of First Wave Housing Ltd to deliver against its business plan for 2023-24 which was agreed with the Council as Guarantor, and an update on the company's upcoming 2024-25 business plan.

**9 Review of the Use of Regulation of Investigatory Powers Act 2000 83 - 90**

This report details the Council's use and conduct of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) 2000 in compliance with the annual review obligations set out in Brent Council's RIPA policy and procedures.

**Audit Items**

**10 Internal Audit Strategy 2024-2027 and Internal Audit Plan 2024-25 91 - 122**

This report sets out the Internal Audit Strategy for the period 2024-2027, and the Internal Audit Plan for 2024-2025.

**11 Strategic Risk Report 123 - 150**

This report provides an update on the Council's Strategic Risks as of February 2024. The update has been prepared in consultation with risk leads and Departmental Management Teams and summarises the risks that are considered to be of an impact and/or likelihood of materialising, and which may have an adverse effect on the achievement of the



Council's corporate objectives.

**12 London Borough of Brent Pension Fund Indicative Draft Audit Plan 2023 - 24** 151 - 178

This report presents the indicative draft London Borough of Brent Pension Fund External Audit Plan 2023-24.

**13 External Audit Enquiries of Management** 179 - 238

This report details the response provided by the Council to the external auditors Enquiries of Management in order to meet expectations of the Financial Reporting Council (FRC).

(Agenda republished to include the report relating to this item on 26 March 2024)

**14 Forward Plan and Agenda for the next meeting** 239 - 240

To consider and note the Committee's provisional work programme for the 2024-25 Municipal Year and dates identified (as set out below) for future meetings:

Tuesday 4 June 2024 (including Member Learning & Development session)

Wednesday 24 July 2024

Tuesday 24 September 2024

Wednesday 4 December 2024

Tuesday 4 February 2025

Tuesday 25 March 2025

Please note all of the above meetings are scheduled to commence at 6pm and will be held in person at Brent Civic Centre.

**15 Any other urgent business**

Notice of items to be raised under this heading must be given in writing to the Head of Chief Executive and Member Services or their representative before the meeting in accordance with Standing Order 60.

**Date of the next meeting: Tuesday 4 June 2024**



- 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 via the live webcast [HERE](#)

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**MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE**  
**Held in the Conference Hall, Brent Civic Centre on Tuesday 6 February 2024**  
**at 6.00 pm**

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

**Independent Advisor:** Vineeta Manchanda.

**Independent co-opted Members:** Rhys Jarvis & Stephen Ross.

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

**Also Present:** Councillors

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

There were no apologies for absence.

2. **Declarations of Interest**

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

3. **Deputations (if any)**

There were no deputations considered at the meeting.

4. **Minutes of the previous meeting & Committee Action Log**

**RESOLVED** that the minutes of the previous meetings held on Wednesday 6 December 2023 be approved as a correct record, with the Chair taking the opportunity to formally thank Natalie Connor for her support to the Committee as Governance Officer following her move to a new position outside of the authority and with the following additional action identified for inclusion within the Action Log:

Minute 8: Treasury Management Mid-Term Report

Members requested an update at a future meeting on options being considered to utilise the Mayors Energy Efficiency Fund (MEEF) & Green Finance Fund, which Minesh Patel, as Corporate Director of Finance & Resources, advised would be included as part of a wider paper already being prepared for the Committee in relation to the issue of funding for green initiatives.

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

- Treasury Management Strategy 2024-25: That an update was due be provided at the March 2024 meeting on the Green Bonds market.

- Interim Counter Fraud Report 2023-24 – The breakdown provided on the percentage of time spent on different categories of investigations (outside of blue badge activity) as follows - External Fraud 55%, Housing Tenancy Fraud 27%, Internal Fraud types 11% and proactive work 7% with members advised that a further update would be provided as part of Counter Fraud Update due to be considered by the Committee in June 2024.

In addition, Councillor Chan (as Vice-Chair) advised members of a Member Enquiry submitted on behalf of the Committee seeking further details on the possible introduction of a virtual Blue Badge scheme. In response, the Healthy Streets & Parking team had advised that initial works were being undertaken on the necessary Traffic Management Orders and, whilst still to be finalised, the current potential timescale for introduction of any scheme was likely to be mid-late April 2024.

- External Audit Progress and Plan 2023-24: The Committee were advised that a further update would be provided by Grant Thornton once a response on the outstanding regional Bus Lane camera objection had been finalised and issued.
- Update on 2023-24 Audit Plan: Members noted the report to be considered on the agenda relating to this item, with the action (subject to its consideration) therefore marked as complete.

As an additional item to be included on the Action Log the request was made for an update on the position regarding the Dedicated School Grant (DSG) High Needs Block Recovery Plan, which it was AGREED to add to the Committee work programme for 2024-25.

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

None.

## 6. **Order of Business**

The Chair agreed to amend the order of business so that the CIPFA Financial Management Code & Redmond Review (Agenda Item 7) and London Borough of Brent Draft Audit Plan 2023-24 (Agenda Item 9) were considered ahead of the remaining agenda. The minutes reflect the order in which the items were considered at the meeting.

## 7. **CIPFA Financial Management Code and Redmond Review - Update**

Francis Austin (Finance Analyst) introduced a report providing an update on the outcome of the work undertaken (since the previous report to the Committee in December 2021) to implement CIPFAs Financial Management (FM) Code and the recommendations within the independent review by Sir Tony Redmond into the effectiveness of external audit and transparency of financial reporting in local authorities, known as the Redmond Review.

In considering the update in relation to the CIPFA FM Code the Committee noted:

- The progress update provided within section 4.6 of the report in relation to the outcome of the seven initial workstreams and associated activities within the project plan designed to support implementation of the FM Code with all tasks initial identified as having successfully been completed.
- The benefits identified in relation to the work undertaken to ensure the Council's financial management arrangements were compliant with the FM Code in terms of providing a foundation and catalyst for future review of the Council's financial position and in providing the necessary financial resilience and sustainability given the current economic and financial pressures faced by the authority.
- The scope which had also been identified, in completing the original project plan relating to the Financial Resilience Assessment, to deliver further areas for improvement in relation to the following areas:
  - Performance Management – This would involve further potential alignment and cross referencing of performance, financial and risk management information to provide a full picture of the Council's service delivery supported by more regular and formal benchmarking.
  - Links to Other Plans – This would involve the potential to more clearly articulate links between key policy plans (Borough Plan) and forward financial plans (Medium Term Financial Strategy (MTFS), Capital Strategy) in a joined-up policy and financial framework.
  - Effective Medium and Long-Term Planning – This would involve the potential for further work to be undertaken on risk identification and management supported by more robust modelling of demographic and other service pressures as a means of enhancing the budget setting and medium-term financial planning process over both the medium and longer term including a focus on identifying significant known and forecast resource requirements.

The Committee was then invited to raise questions on the update provided in relation to implementation of the FM Code, which are summarised below:

- In response to a query relating to the status of activity within the Performance workstream, confirmation was provided that notwithstanding the further areas of potential improvement identified, the initial activity identified had been completed.
- In recognising the benefits identified from the work undertaken in relation to the FM Code, further details were sought on the specific outcomes delivered as a result that impacted on the Council's financial planning process. Specific outcomes identified in response included amendments to the Council's main financial reports designed to reflect the enhanced longer term financial planning framework and focus around the revised MTFS and Prudential Indicators; the introduction of a new cycle for the financial year linking the budget setting, monitoring and outturn process into a coherent long term strategy; revision of the Reserve Strategy to include an assessment of the robustness of estimates and adequacy of reserves in the main budget setting report along with improved stakeholder engagement and scrutiny.
- Given the changes introduced to the main budget reports the Committee highlighted a need ensure that the alignment of key financial strategies and programmes with the Committee work programme was kept under review to ensure a joined up approach was maintained as part of the Financial Planning

- and budget setting process, which Minesh Patel (as Corporate Director Finance & Resources) advised would be picked up as part of the ongoing development of the Committee's work programme.
- Further details were sought, as part of the changes which had been outlined in relation to the MTFS and overall financial planning process, on the robustness of the details included relating to the Asset Renewal Strategy and Housing Revenue Account (HRA) Business Plan. In response, the Committee was advised that the work undertaken as part of the Financial Resilience Assessment and work to develop the financial planning process had included assurance around the Asset Management Plan and the provision of a more strategic overview as part of the MTFS.
  - In response to a query relating to the engagement of internal and external audit in the process, the Committee were advised that the work undertaken through the FM Code programme had been subject to review by both internal and external audit. The internal audit had provided assurance in relation to oversight and governance, development of the MTFS high risk action plans and financial resilience action plans with ongoing work to be covered as part of the risk-based approach towards development of the Internal Audit Plan. In terms of external audit, the work had been covered as part of the review of the Council's arrangements for securing Value for Money in the use of its resources, which had included assessments in relation to financial sustainability, governance and improving economy, efficiency and effectiveness which were all aligned with key aspects of the FM Code and on which no significant weaknesses had been identified.

In thanking officers for the work undertaken the Committee advised they were minded, in order to continue monitoring progress on the delivery of the areas for improvement identified as part of the ongoing development and implementation of the FM Code, to include a further monitoring update on this within the Committee's work programme for 2024-25.

The Committee then moved on to consider the update provide in relation to progress on implementation of the Redmond Review, with the following key points noted:

- The proposals put forward by CIPFA in relation to addressing the recommendations arising from the Redmond Review as part of their proposed changes to the Code of Practice on Local Authority Accounting (ACOP), which had included the proposed addition of a summary of financial information to the main narrative report in the accounts. Details of the main areas to be covered within the summary financial information had been set out in section 5.3 of the report.
- As the requirements governing narrative reports already enabled local authorities to disclose additional information (provided it was consistent with the main accounts) members were advised that the ability to add the additional information included as part of CIPFA's proposal was already in place, with Brent already providing additional disclosures within its narrative report. In terms of early preparation for implementation of the changes identified, the Council was already planning to incorporate CIPFA's proposal and add a summary of financial information section to the narrative report within the Statement of Accounts for 2024-25.

The Committee was then invited to raise questions on the update provided in relation to the Redmond Review, which are summarised below:

- In welcoming the proposals outlined as a means of further enhancing transparency and clarity in terms of information being provided within the accounts the Committee also recognised the need to ensure an appropriate balance was maintained in relation to the level of information being provided, which it was agreed should be subject to ongoing review as part of the plan and timetable for closing of the 2024-25 Statement of Accounts.

As no further issues were raised the Chair thanked officers for the update and progress made in implementation of the FM Code and Redmond Review and it was **RESOLVED:**

- (1) To note the report with work on the CIPFA FM Code now complete and future work on the Redmond Review to be incorporated within the plan and timetable for the closing of the 2024-25 Accounts.
- (2) That a further update be provided for Committee during 2024-25 on progress in implementing the areas for improvement identified within the report as part of the ongoing development and implementation of FM Code.

## **8. London Borough of Brent Draft Audit Plan 2023 -24**

The Chair welcomed Sophia Brown (Key Audit Partner, Grant Thornton) to the meeting and invited her to introduce the External Audit Plan providing an overview on the planned scope and timing for the 2023-24 audit process.

In presenting the report the following key areas were highlighted:

- The key matters identified in terms of both the national and local context relating to the Council's current financial position in terms of the General Fund, Capital Programme, Housing Revenue Account (HRA) and Dedicated School Grant (DSG) and impact of the ongoing economic pressures being experienced.
- The scope and timescale of the planned audit and outline provided of the significant risks identified (along with the reasons and key aspects of the proposed response) which included revenue recognition (rebutted), management of override controls, valuation of land and buildings, valuation of council dwellings and valuation of net pension fund liability.
- The approach identified towards materiality, which at the planning stage of the audit had been set at £16.1m for the group and £16m for the Council equating to 1.5% of the prior year gross expenditure. The Committee were reminded that external audit would be obliged to report uncorrected omissions or misstatements other than those which had been identified as "clearly trivial" with that level set at £0.8m. Whilst these levels were the same as 2023-24 the assessment of materiality would be kept under review throughout the audit process with the Committee advised of any adjustments, should they be required.
- The approach adopted in relation to the Group Audit scope and risk assessment, which had not identified any changes from the previous year.

- The additional audit responsibilities identified including review of the narrative report and Annual Governance Statement to ensure they met CIPFA requirements along with outline of the IT audit strategy.
- The response and progress identified against prior year audit findings and recommendations, as detailed within pages 20 – 24 of the report.
- The approach towards assessment of the arrangements to secure Value for Money as detailed on page 26 of the report with the risk assessment not having identified (at this stage) any significant weaknesses.
- The background to the audit fees which, whilst having increased to £503,089 (with an additional £12,550 for the ISA 315 work) for the 2023-24 audit, it was noted had been determined in accordance with the scale of fees specified within the current PSAA contract.
- The planned approach outlined towards assessing the work being undertaken in preparation for implementation of IFRS 16 (Leases & related disclosures), as detailed on page 31 of the report.
- The assurance provided in relation to the independence of the auditor and audit services.

Having introduced the report the Committee was then invited to raise any comments/questions, which are summarised below:

- Whilst noting the scope of the audit, the opportunity was also taken to remind the Committee of the importance of its role and responsibilities in relation to ensuring the proper arrangements remained in place for the conduct of the Council's business and the safeguarding and proper accounting of public funds.
- In response to a request for further detail in relation to the approach being adopted within the audit towards the concept of materiality and triviality, Sophia Brown outlined the process under which the assessment of materiality had been undertaken, as detailed within pages 9 – 11 of the report. The Committee were advised that whilst the audit procedures were designed to identify misstatements that were deemed to be material to the audit opinion on the financial statements as a whole, any unadjusted misstatements or omissions of a lesser amount would also be reported to the Committee to the extent there were identified through the audit work unless classified as trivial. As further clarity, the Committee was advised that this definition included those matters that were clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.
- Further details were sought on the basis of the risk identified in relation to the management override of controls and to what extent this assessment had been influenced by the issues identified within other local authorities nationally. In response, Sophia Brown advised that whilst aware of the issues being faced by other local authorities the approach adopted within Brent reflected that followed in previous years, focussed around the non-rebuttable nature of the risk presumed under ISA (UK) 240 with the main focus on journals, management estimates and transactions outside the course of normal business for both the Council and group. This would involve not only an assessment of the design effectiveness of management controls but also the testing of a range of journals using a risk-based approach in terms of their selection.



- In response to a further query regarding the basis of the risk identified in relation to the valuation of Council dwellings, the Committee was advised that this reflected the significant size and nature of the year end valuation for inclusion in the financial statements and its sensitivity to changes in key assumptions rather than any specific concerns identified. The approach adopted would include an evaluation of the management processes and assumptions used as the basis for the calculation and review of the method undertaken by the valuation expert including sample testing of the detailed property valuations.
- Following on from the update provided on the progress in addressing a recommendation made in the previous year's audit relating to the treatment of intangible assets on the fixed asset register, further details were also sought on progress with the overall review of the Council's Asset Register and Property Strategy. In response, the Committee were advised of the progress made in development of the updated Property Strategy which had included an assessment of the Council's commercial assets and was shortly due to be presented to the Council's Resources & Public Realm Scrutiny Committee for review prior to the strategy being finalised.
- In considering the approach identified towards the assessment of the Council's Value for Money arrangements including the focus around financial sustainability, details were sought on the extent to which this would be focussed on future as well as current activities. In responding Sophia Brown advised that whilst the process would involve an element of forward focus e.g. plans to increase the balance on the HRA the main assessment would, by its nature, need to be based on activities during the current audit period.

As no further issues were raised the Chair thanked Sophia Brown for the update provided and it was **RESOLVED** to note the content of the Draft 2023-24 Audit Plan with the Committee advised that the Draft Pension Fund Audit Plan 2023-24 was due to be presented to the next Committee in March 2024

## 9. **Annual Report on Complaints & Code of Conduct Complaints Procedure**

Biancia Robinson, Senior Constitutional & Governance Lawyer, introduced a report providing an annual review of the complaints received pursuant to the Complaints Procedure and a review of the Members' Code of Conduct.

In considering the report the Committee noted:

- The summary of complaints received in the last 12 months, as detailed in section 3.2.4 and Appendix A of the report.
- During this period, the Corporate Director Governance, as Monitoring Officer, had received and made determinations regarding six councillors allegedly in breach of the Members Code of Conduct. Of these complaints three had been resolved at Initial Assessment stage and three had been resolved at the Assessment Criteria stage with the main finding at Initial Assessment stage detailed in section 3.2.9 of the report and main recurring factor in escalation to Assessment Criteria stage outlined within section 3.2.10 of the report. None had been upheld as a breach of the Code of Conduct. Three had been subject to a review request which had not been upheld and none had been escalated to hearing/formal investigation stage.

- The overview of the complaints procedure provided within section 3 of the report and consistency produced as a result of the detailed procedure and assessment criteria.
- Whilst no substantive changes had been recommended as a result of the review of the Member Code of Conduct Complaints Procedure, three clarification amendments had been proposed (as detailed within section 3.2.14 and Appendix B of the report) which related to:
  - the addition of an indicative time frame of six months for the submission of complaints to the Initial Assessment Criteria which it was noted was already being used in practice;
  - further clarity regarding the applicability of the confidential request provisions; and
  - amendments to reflect changes in post titles within the Council's organisational structure.

It was noted that the proposed changes would not alter the procedure being followed from current practice and would not require formal approval by the Audit & Standards Committee.

Having considered the report the Committee was then invited to raise any comments/questions, which are summarised below:

- In response to a query about the level of training provided for members in relation to the Member Code of Conduct Complaints Procedure, confirmation was provided that this formed part of the mandatory element of the Members Learning & Development Programme with further assurance on member attendance and completion of all mandatory training elements within the programme also being provided for the Committee as part of the regular Standards Update report.
- Having sought further clarification on the reason for the proposed addition of the six-month time frame within the Initial Assessment Criteria, the Committee was advised that this had been designed to encourage the submission of complaints within what was felt to be a reasonable timescale and one that was also in line with the LGA Guidance on the LGA model code and would, it was felt, also support the investigation process. In response to comments raised, the Committee was assured that inclusion of the indicative time frame within the criteria would be clearly communicated as part of the regular guidance issued on the complaint's procedure.
- In order to assist in the monitoring of the complaints procedure the Committee also felt it would be helpful, as part of future monitoring reports, for an outline to be provided on any trends being identified in terms of complaints and outcomes, which Debra Norman, as Corporate Director of Governance, advised could be provided on a periodic basis.
- The opportunity was also taken to highlight concerns regarding the increasing level of harassment being experienced by elected representatives with details sought on the type of support being made available in these instances. In response, Debra Norman advised of the additional guidance provided for local councillors in relation to safeguarding their personal safety and support made available for those raising issues of specific concern which the Committee were also keen to kept under review.

As no further specific issues were raised the Chair thanked officers for the report and it was **RESOLVED** to note the contents of the report and support the clarification amendments to the Members Code of Conduct Complaints Procedure outlined within the report with no recommendations identified regarding any more substantial changes for formal referral to the Audit and Standards Committee.

- **Emergency Planning & Resilience Service Update**

Prior to consideration of the report, David Ewart (as Chair) advised members that Melissa Brackley (newly appointed Emergency Planning & Resilience Manager) had needed to pass on her apologies due to an incident currently ongoing with Tanveer Ghani (Director Property & Assets) and Russell Burnaby (Head of Facilities Management) therefore attending to present the report in her absence.

In presenting the report the Committee was advised that the report, as part of the annual update cycle, provided an outline of the work and priorities of the Emergency Planning Team following on from the last update provided in September 2022 as well as focussing on the programme of continuous improvement being delivered across the service.

In considering the report the Committee noted:

- The staffing changes within the team since the last update with the recruitment of an interim Emergency Planning and Resilience Manager following the previous manager having moved to a new role within the Council.
- The completion of an external review of the Council's emergency planning function, which had been focussed on the extent and nature of compliance with the Civil Contingencies Act 2004, the Council's existing command and control structures and plans in place to address known key risks. Whilst the review had recognised that the existing arrangements provided a good foundation in relation to emergency preparedness activities across the Council it had also identified a number of key areas for focus designed to support further development of the service, which had been detailed in Appendix 1 of the report. Key areas for focus identified during 2024 had included enhancing the capacity of the team, a greater focus on training and development, update of the Brent Recovery Plan and the use of simulated exercises involving multi-agency response(s) on which progress updates had been provided within section 3 of the report.
- The outline of major emergency planning incidents since the previous update, as detailed within section 3.11 of the report which had included flooding in the Wembley Brook (August 2023), Kilburn Tower Block fire (September 2023) and a sink hole in Kilburn (January 2024).

Having considered the report the Committee was then invited to raise any comments/questions, which are summarised below:

- In thanking officers for the update provided, the Committee sought further details on the measures being taken to address the recommendations within the external service review relating to team structure, recognising the ongoing challenges in recruitment being experienced within the field by many local

- authorities. Whilst an ongoing challenge, members were advised of the benchmarking being undertaken with other boroughs in relation to staffing along with the success achieved in finding a replacement for the service manager which had addressed a key staffing issue.
- The Committee were keen to explore the extent to which incidents relating to cyber security and use of Artificial Intelligence had been identified as risks in relation to the Council's emergency planning and preparedness arrangements. In response the Committee were advised this had been included as an element of the recent multi agency exercise undertaken in relation to Wembley Stadium, the outcomes from which were currently being reviewed. The Committee was also advised of work being undertaken by the Emergency Planning and Resilience Service in partnership with the Shared IT Service to plan and agree the scope for a table top and associated exercise to test organisational resilience to a potential cyber-attack, including the effectiveness of recovering key IT infrastructure as part of the business recovery time objective.
  - Further assurance was also sought by the Committee in relation to the funding available to support emergency planning activity and incidents, with an outline provided of the service budget and access the service had to key corporate contracts and contractors for specific provisions and support. In addition, Minesh Patel (as Corporate Director of Finance & Resources) highlighted the access available to the Council's general reserves, if required, to support any significant emergency planning response on specific incidents with the Committee keen to ensure that the planning and assessment of risks along with any potential mitigations that may be available in relation to common themes being identified was included as part of the financial planning arrangements and use of reserves strategy.
  - Following on from the previous issue, the Committee sought further details on the process for the assessment of common themes/trends being identified in terms of the range of emergency planning incidents being responded to and how this could be used to consider mitigating against and, where possible, seeking to prevent similar events in future. Although recognising the increase in weather related events and the impact in relation to incidents such as flooding etc, officers advised that no specific common themes had been identified and also felt it important to highlight the extent to which events were often more closely linked to human behaviours e.g. construction methods, fire safety controls, the poor quality of unlicensed housing in multiple occupation etc. The systematic nature of the process used to assess and seek to mitigate against and prevent future emergencies was recognised by the Committee, which officers assured members was constantly evolving as lessons were learnt and shared following reviews undertaken after each incident. The Committee were keen to ensure this more proactive activity was kept under review in order to identify and mitigate against any trends being identified with specific reference, as an example, to work that could be undertaken linked to the Climate Emergency Strategy to provide further resilience to climate related events and landlord licensing scheme to address safety concerns in relation to HMOs alongside work with Thames Water to address flooding related issues and with social landlords to address the risks arising from the storage of e-bikes and prevention of lithium battery fires etc.
  - Having highlighted a need to consider in more detail how the identification and analysis of trends along with associated learning in terms of emergency planning events could be developed on both a local and regional basis, the

Committee were advised that this was something that could be explored in more detail seeking to utilise the role of the London Resilience Forum which members supported as a way forward.

As no further issues were raised the Chair thanked officers for the report and the Committee **RESOLVED**:

- (1) To note the report along with the update provided on progress with the external service review and training sessions and exercises to improve organisational readiness.
- (2) That a further progress update be provided for the Committee in 6 months on implementation of recommendations from external service review; and
- (3) that the further 6-month update in (2) above also include further detail on work planned to test resilience of IT systems and cyber security as well as on the role of the London Resilience Forum in seeking to identify and analyse trends in incidents and associated learning/mitigations on a regional basis.

#### 11. **Evaluating the Effectiveness of the Audit and Standards Advisory Committee**

Darren Armstrong, Head of Audit & Investigations, introduced a report outlining the suggested approach for measuring the effectiveness and activity of the Audit & Standards Advisory Committee for 2023-24.

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

- The requirement within CIPFAs Position Statement of Audit Committees in Local Authorities for each Committee to report annually on its compliance with the Position Statement and discharge of responsibilities along with an assessment of performance based on the key areas detailed within section 3.2.2 of the report.
- The Committee had already completed a comprehensive self-assessment exercise at the end of 2022-23 involving all members from which the outcomes had been considered at the meeting in March 2023. Given the positive outcome of the 2022-23 self-assessment process the Committee were being asked to consider an alternative approach in terms of reporting on its effectiveness for 2023-24 based on the evaluation being included as part of the Chair's Annual Report rather than a further assessment process repeated. The Annual Report would then be presented to Committee in June 2024 in support of the process for approving the Annual Governance Statement.

In seeking comments from the Committee on the recommended approach outlined, the following comments/issues were raised:

- Whilst supportive of the approach outlined in relation to the 2023-24 self-assessment the Chair and Vice-Chair highlighted the importance in maintaining the continued learning and development programme for Committee members with additional training needs identified in relation to (a) Treasury Management Strategy; & (b) the focus on levels of internal control & defence mechanisms.

- The Committee, as a further suggestion to support the assessment process, also felt it would be helpful to seek views from other stakeholders and to benchmark against other local authorities (as a means of sharing best practice) in relation to the performance, operation and function of the Committee with members also keen, based on a suggestion from Sophia Brown (External Auditor – Grant Thornton), to continue monitoring how audit findings and management responses were being implemented along with any outcomes achieved as a result.
- Following on from the comments outlined, support was also expressed for the development of KPIs that could be used by the Committee in relation to monitoring actions/trends and implementation of audit findings along with the management responses provided, which it was noted had already been included on the Action Log for consideration within next the update on Internal Audit Plan.
- The need identified to ensure that efforts continued to be made to clarify how the work being undertaken by the Committee aligned with the key priorities identified within the Borough Plan with the Committee also noting the efforts being made to maintain the Committees independence from the Executive whilst also seeking to co-ordinate its work programme with those of the Council's two Scrutiny Committee's in order to ensure as joined up an approach as possible.

With no further issues raised, the Chair thanked officers for the report and also work undertaken to continue the Committee's process of continuous improvement and it was **RESOLVED** that the review of effectiveness of the Committee be undertaken as part of, and incorporated within, the Chair's Annual Report 2023-24 subject to members and independent co-opted members/advisor having the opportunity to submit any further comments/feedback either direct to the Chair or via James Kinsella (Governance Manager).

## 12. **Forward Plan and Agenda for the next meeting**

It was **RESOLVED** to note the Committee's current Forward Plan and Work Programme for the remainder of the 2023-24 Municipal Year.

In terms of the date for the next meeting in March 2024, the Committee were advised of a clash with an event taking place that same evening at the Stadium. As a result, it was **AGREED** that members be consulted on a change in date for the next meeting with the provisional date identified as 6pm on Thursday 28 March 24.

## 13. **Any other urgent business**

None.

The meeting closed at 7.55 pm

David Ewart  
Chair

London Borough of Brent  
Audit & Standards Advisory Committee – Action Log March 2024

Meeting Date	Agenda No.	Item	Actions	Lead Officer and Timescale	Progress
6 February 2024	4	Minutes of the previous meeting and Action Log	Update to be provided on options being considered to utilise Mayors Energy Efficiency Fund (MEEF) & Green Finance Fund. (Minesh Patel)	Minesh Patel	Update to be provided for the Committee in March 24.
			Update on DSG Recovery Plan to be included on 2024-25 Work Programme	Minesh Patel/Nigel Chapman	In Progress - Update included on 24-25 Work Programme.
	6	Annual Report on Complaints & Code of Conduct Complaints Procedure	Introduction of indicative 6 month time frame for submission of a complaint within Initial Assessment criteria to be clearly communicated as part of guidance on complaints procedure.	Debra Norman	Completed – Guidance issued.  To be removed from Action Log
			Committee to continue to monitor trends as part of future updates in terms of complaints and assurance around outcomes	Debra Norman/Biancia Robinson	In Progress - To be included as part of next Annual Complaints report
	7	CIPFA Financial Management Code & Redmond Review	Alignment of key financial strategies and programmes with the Committee work programme to be reviewed to ensure joined up approach as part of Financial Planning and budget setting process. (Minesh Patel)	Minesh Patel	In Progress – to be reviewed as part of 25-26 budget setting process
			Further update to be provided for Committee during 24-25 on progress in implementing the areas for improvement identified within the report as part of the ongoing development and implementation of FM Code.	Rav Jassar	In Progress – update scheduled to be provided for the Committee in February 2025.
			Redmond Review – Committee to review the summary of financial information section	Rav Jassar	In Progress – to be reviewed as part of 24-

London Borough of Brent  
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			added to the narrative report within the Statement of Accounts for 24-25.		25 Statement of Accounts
	8	Emergency Planning & Resilience Service Update	Progress update to be provided for Committee in 6 months on implementation of recommendations from external service review. This to include further detail on work planned to test resilience of IT system and cyber security as well as on role of London Resilience Forum in seeking to identify and analyse trends in incidents and associated learning/mitigations on a regional basis (Russell Burnaby/Tanveer Ghani)	Tanveer Ghani/Russell Burnaby/Melissa Buckley	In Progress - Update included on 24-25 Committee work programme (July 24)
	9	London Borough of Brent Draft Audit Plan 2023-24	Draft Pension Fund Audit Plan 23-24 to be presented to Committee in March 24 (Matt Dean – Grant Thornton)	Sophia Brown/Matt Dean (Grant Thornton)	Draft Pension Fund Audit to be provided at the Committee in March 24  Once considered action to be marked as completed and removed from Action Log
	10	Evaluating the Effectiveness of the Audit & Standards Advisory Committee	Additional training needs identified in relation to: • Treasury Management Strategy; & • focus on levels of internal control & defence mechanisms (Minesh Patel/Darren Armstrong)	Minesh Patel & Darren Armstrong	In Progress - included as part of the Committee's Training & Development Programme during 24-25
6 December 2023	8	Treasury Management Strategy 2024/25	The Committee requested that a background report on the current state of the green bonds market was provided at a future Committee.	Amanda Healy March 2024	Update to be provided for the Committee in March 24.



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			The Treasury Management Strategy to be presented back to the Committee once completed.	Amanda Healy (date tbc)	In progress – the strategy continues to be updated; the Committee will be advised when it is ready to be presented back to the Committee.
	9	Internal Audit Interim Report 2023/24	KPI's around outstanding actions/trends and implementation dates of agreed management response actions to be included in the next iteration of the report.	Darren Armstrong  June 2024	Ongoing – to be included when the next Internal Audit Report comes to the Committee in June 2024.
	10	Interim Counter Fraud Report 2023/24	Following provision of a breakdown of time spent on different categories of investigation (outside of Blue Badge fraud) at the February 24 meeting a further update to be provided as part of Counter Fraud Update (June 24).	Darren Armstrong  June 2024	In Progress - Update to be provided as part of Counter Fraud Update for the Committee in June 24.
	12	External Audit Progress Report and Sector Update	Grant Thornton to update the Committee in relation to the progress in resolving the minor objections received re bud lane cameras.	Sophia Brown/Sheena Phillips (Grant Thornton)  March 2024	Update to be provided at the next Committee in March 24
26 September 2023	7	To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd	Chair and Vice Chair to seek the views from the Chairs of Brent's Scrutiny Committees in relation to the addition of the scrutiny of i4B and First Wave Housing on future scrutiny work plans	David Ewart/Councillor Chan  February 2024	In progress.  One of the Scrutiny Chairs had not been available to meet, however a further meeting was being

London Borough of Brent  
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					arranged, with an update to be provided at the next Committee meeting in March 24.
	8	Strategic Risk Register	Officers to consider how the Committee will receive assurance over other key risk areas that aren't reflected in the Strategic Risk Register, including Climate Change and revenue risks.	Darren Armstrong March 2024	Further update to be provided when the Strategic Risk Register next comes to the Committee in March 24.
		Review the Committee's Forward Plan	Future planning to consider the management of agenda items to allow Members to focus on providing an appropriate level of challenge on the substantive items (Minesh Patel, Darren Armstrong, Debra Norman, Chair & Vice-Chair)	Minesh Patel/Debra Norman/Darren Armstrong/David Ewart (Chair) and Councillor Chan (Vice Chair)	In Progress - 24-25 Work Programme to be presented to Committee in March 24
7 Feb 2023	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	Minesh Patel	Completed – further review included on 24-25 work programme (following update at Feb 24 meeting)  To be removed from Action Log

	<b>Audit and Standards Advisory Committee</b> 28 March 2024
	<b>Report from:</b> <b>Corporate Director of Governance</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance, Resources &amp; Reform (Councillor Mili Patel)</b>
<b>Annual Standards and Governance Report for 2023 (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>	Two Appendix A: Summary Member Code of Conduct complaints considered during 2023 Appendix B: Gifts and hospitality register for Q4
<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 Executive Summary

- 1.1.1 This is the Monitoring Officer's Annual Report to the Audit and Standards Advisory Committee (ASAC) for 2023. 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

2023; together with the quarterly report on gifts and hospitality registered by Members and a recent case highlighting a prosecution for failing to disclose a disclosable pecuniary interest.

## **2.0 Recommendations**

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

## **3.0 Detail**

### Contribution to Borough Plan Priorities & Strategic Context

- 3.1. The reviewing and maintenance of high standards of member conduct supports the delivery of the borough plan by promoting confidence in the operation and good governance of the council.

### Committee's Work during 2022

- 3.2 The ASAC met on five occasions during 2023 and on each of these occasions discussed matters relating to standards related matters, as follows:
- (a) On the 07.02.23, the Committee considered an update report on gifts and hospitality registered by Members, and the attendance record for Members in relation to mandatory training sessions. The report also summarised a Local Government & Social Care Ombudsman (LGSCO) case on standards - where fault was found as the Council failed to follow due process when investigating alleged breaches of its code of conduct for elected councillors. The LGSCO found the Cllr was unfairly sanctioned with damage to his personal and professional reputation; his right to freedom of expression had been breached; and he spent unnecessary time and trouble in responding to the investigation and then seeking redress.
  - (b) On the 21.03.23 this Committee considered and noted the gifts and hospitality registered by Members, and the attendance record for Members in relation to mandatory training sessions. It considered a report addressing the annual review of the financial and procedural rules for governing the Mayor's Charity Appeal; the Monitoring Officer's Annual Report to the Audit and Standards Advisory Committee (ASAC) for 2022, and the annual review of the Council's use and conduct of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) 2000.
  - (c) On the 06.06.23, 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 and the recruitment steps to be undertaken to fill the second Independent Co-opted Members vacant post. Lastly, the report considered a First Tier Tribunal case regarding the Freedom of Information (FOI) regime. The First-Tier Tribunal concluded

that the public interest in disclosure did not outweigh legal professional privilege to justify fulfilling a councillor's FOI request to see legal advice obtained by her own local authority. Lastly, the committee considered the Annual Governance Statement (AGS) for 2022/23 as required by the Accounts and Audit Regulations 2015.

- (d) On the 26.09.23 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 on the recruitment exercise to fill the second Independent Co-opted Members vacant post and confirmation that Full Council's approval was sought on the 10.07.23. Further, it summarised a case involving Hull City Council recalling a councillor under the Local Government Act 1972 where the Cllr whilst active in her ward, failed to attend any council meetings for six months.
  - (e) On the 06.12.23 the Committee considered gifts and hospitality registered by Members and the attendance record for Members in relation to mandatory training sessions.
- 3.3 During January to December 2023, the ASC met on one occasion to discuss and ratify governance and standards matters, namely the Annual Governance Statement.

#### Independent/Co-opted members

- 3.4 The Committee will recall that the recruitment process for the Independent co-opted Members commenced in early 2023; with Full Council approving the final appointment of Rhys Jarvis in September 2024. Rhys Jarvis joins Stephen Ross as an Independent co-opted Member (Standards focussed) until 2027.
- 3.5 The Committee is asked to note that at its next meeting, Full Council will be asked to note and agree the three existing Independent Persons (Standards focussed) - Julie Byrom, William Goh and Keir Hopley to continue in their roles for the next municipal year.

#### 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 2023, 6 complaints were received against different Councillors for alleged breaches of the Members Code of Conduct. Three of these complaints were resolved at Initial Assessment Stage and three concluded at Assessment Stage. None of the complaints were upheld. A summary of the complaints considered during 2023 are attached as Appendix A. The committee received a more detailed report on complaints at its last meeting.

#### 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 note there has been regular declarations regarding gifts and hospitality during 2023. The main types of declarations relate to FA tickets at Wembley Stadium and various dinners, awards ceremonies and theatre shows.
- 3.11 For the final quarter of 2023/24, there have been ten gift and hospitality recorded as being received. A summary of gifts & hospitality received for the quarter is set out in Appendix B.
- 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 During 2023 five new Monitoring Officer Advice Notes (MOANs) were issued to Members addressing use of resources, respect, outside bodies, gifts & hospitality, impartiality and bringing your office/the council into disrepute. 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 as are copies of those which are still relevant.

#### 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:
- a) It is a requirement of the Members' Code of Conduct that all members' *"must attend mandatory training sessions on this Code or Members' standards in general, and in accordance with the Planning Code of Practice and Licensing Code of Practice"*.
  - b) The schedule for all mandatory sessions is ordinarily published and approved in the Council calendar at the May Annual Council meeting.
  - c) All internal training sessions attended by Members are published on the Council's Website and on individual Member profile pages.
  - d) For face-to-face training sessions, reminders are sent via email, calendar invitations, and text messages and, on some occasions, direct telephone calls to Members. The same reminder process is employed

for re-run(s) of sessions, where applicable, to take account of personal circumstances like work commitments and childcare arrangements etc.

- e) During 2023 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, officers are able to confirm all mandatory training for members, with the exception of the Data Protection Training for Cllr M. Patel who was on maternity leave, has been completed.

#### Prosecution – non disclosure of pecuniary interest

- 3.17 The Deputy Leader of Ashfield District Council pleaded guilty to two charges, under the Localism Act 2011, of failing without reasonable excuse to notify a disclosable pecuniary interest. The Deputy Leader was fined £2,400 at Nottingham Magistrates' Court for failing to disclose a pecuniary interest when he was re-elected in 2019 and 2021, which involved a £70,000 loan he made to friend. He allegedly loaned the money to a fellow councillor (Cllr B) in 2018. Cllr B used the money to buy a property, which she was registered as the legal owner of the Deputy Leader, who in turn failed to register it as a beneficial owner.
- 3.18 The Committee should note Deputy Chief Magistrate, stated "*It is not suggested by the prosecution that the defendant was dishonest. It is not suggested that he benefitted from any decision made in his role as a councillor*". When commenting, the Deputy Leader stated "*I pleaded guilty to a technicality of a paperwork error. My only crime was lending a friend some money, and I didn't record that loan as it was just to a friend. There have been no complaints about wrongdoing or any personal gain of any kind.*" The case acts as a reminder that prosecutions for non –disclosure do take place and members should be mindful of this type of situation which can place a disclosure obligation upon them.

## **4.0 Financial Considerations**

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

## **5.0 Legal Considerations**

- 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 Additional Considerations**

6.1 There are no additional considerations in relation to the following areas arising from the report

- a) Equity, Diversity & Inclusion considerations
- b) Stakeholder and ward member consultation and engagement
- c) Climate Change and Environmental considerations
- d) Human Resources/Property considerations (if appropriate)
- e) Communication considerations

**Report sign off:**

***Debra Norman***

Corporate Director Governance



## Complaints Received during 2023

### Resolved at Initial Assessment Stage

	Ref	Complainant (s)	Details of Complaint	Outcome	Review Requested	Review Outcome
1.	27.02.23	Member of Public	Neither of the councillors responded to an email from the complainant on 11 November 2022 about a fallen tree incident and they also failed to respond to a follow up email the complainant sent to them on 25 November 2022	Decision under Initial Assessment criteria.  Members against whom the allegation has been made has remedied or made reasonable endeavours to remedy the matter and the complaint does not disclose sufficiently serious potential breaches of the Code to merit further consideration.	No	N/A
2.	18.08.23	Member of Public	An account of a conversation between a resident's partner and a member of staff of the developer at a consultation meeting, for a proposed development, which indicated that a Cllr may have brought influence of an improper nature on the planning process.	Decision under Initial Assessment criteria.  Expectation is that serious concerns about a member's behaviour will be brought to the attention of the council within 6 months of the behaviour occurring. The formal complaint some 13 months after the behaviour was known and could have been brought sooner.  In view of the period since the alleged behaviour, and the evidential	No	N/A

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

				weaknesses, it is considered to be inequitable, unreasonable or otherwise not in the public interest to pursue.		
3.	27.11.23	Councillor	Cllr behaviour included repeatedly and persistently interrupting officers, raising their voice and questioning officer's professionalism and expertise.	Decision under Initial Assessment criteria.  Member against whom the allegation has been made has remedied or made reasonable endeavours to remedy the matter and the complaint does not disclose sufficiently serious potential breaches of the Code to merit further consideration.	No	N/A

## Resolved at Assessment Stage

1.	07.06.23	Member of Public	Cllr did not act "appropriately as a councillor" or "act as a neutral party" in a neighbour dispute.	Decision under Assessment Criteria.  No breach of the code. Cllr had investigated and sought to assist both parties.	Yes	Not upheld
2.	09.09.23	Member of Public	Cllr behaved in a manner which was racist when dealing with issues in relation to their ward, was biased by virtue of differential treatment, drafted communications which was to the detriment of residents, and behaved in a harassing and intimidatory manner.	Decision under Assessment Criteria.  Insufficient evidence to substantiate an allegation that the Cllr was harassing the complainant. On the contrary, information submitted by the Cllr demonstrated they had raised concerns in relation to the harassment, intimidation and safety arising from the complainant's	Yes	Not upheld

				<p>conduct preceding this complaint.</p> <p>The Cllr denied any suggestion of being racist and / or behaving in a manner which would be racist; and made reference to the positive relationships, supported by evidence, that they have with residents in their ward, who are from diverse backgrounds and the support they have received with respect to their written communications representing them.</p> <p>On the balance of probabilities there has been no breach of the Code</p>		
3.	09.09.23	Member of Public	<p>Cllr initially listened to the complainant's complaints but after speaking with a fellow ward Cllr refused to communicate with them thereafter.</p>	<p>Decision under Assessment Criteria:</p> <p>The Cllr confirmed they did listen to the complaint. It was upon speaking with the Chief Whip and the Leader that they were advised to limit her interactions with the complainant. This was in turn explained to the complainant.</p> <p>On the balance of probabilities there has been no breach of the Code</p>	Yes	Not upheld

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**28 November 2023 to 29 February 2024**

<b>Councillor</b>	<b>Date of gift</b>	<b>Gift received</b>	<b>Value £</b>	<b>From</b>
Donnnelly-Jackson	7.12.2023	Christmas Dinner	60.00	Brent Irish Advisory Service
Neil Nerva	28.11.2023	Place at the New Statesman Conference	95.00	New Statesman
	28.11.2023	Place at the lunch organised by Labour Friends of Israel	95.00	Labour Friends of Israel
	4.12.2023	Annual Dinner from City of London Corporation (Hampstead Heath, Highgate Wood and Queens Park Committee)	95.00	City of London Corporation
Ketan Sheth	16.1.2024	Chief Guest at the Graduation Ceremony (with lunch). The University of East London, Sportsdock, University Way, E16 2RD	100	University of East London
	26.1.2024	Invitation to India's 75th Republic Day Reception. Great Hall, Guildhall, London EC2V 7HH	25.00	High Commission of India
	1.2.2024	Special guest at the opening of Wembley Community Diagnostic Centre	10.00	Imperial College Healthcare NHS Trust
	7.2.2024	Invitation to Leaving Party. Northwick Park Golf Course, Harrow, Midd'x HA1 3TJ	20.00	London North West University Healthcare NHS Trust
Muhammed Butt	21.2.2024	4 tickets, Liverpool & Chelsea match on 25.2.2024 at Wembley Stadium. Approximate value £80.00 x 4	80 x 4	Football Association ( FA)
Krupa Sheth	19.2.2024	2 tickets, Liverpool & Chelsea match on 25.2.2024 at Wembley Stadium. Approximate value £80.00 x 2	80 x 2	Football Association ( FA)

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	<b>Audit and Standards Advisory Committee</b> 28 March 2024
	<b>Report from the Corporate Director of Governance</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance, Resources &amp; Reform (Councillor Mili Patel)</b>
<b>Annual Review of the Member Learning and Development (MLD) Programme and Members' Expenses</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	Three: Appendix 1: Upcoming MLD sessions Appendix 2: Feedback on the MLD Programme Appendix 3: Member Expenses Claims 2023
<b>Background Papers:</b>	N/A
<b>Contact Officer(s):</b> (Name, Title, Contact Details)	Amira Nassr, Head of Chief Executive and Member Services 020 8937 5436 <a href="mailto:Amira.Nassr@brent.gov.uk">Amira.Nassr@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 2023 along with information regarding the Members' Expenses Scheme and an update of the annual review of the financial and procedural rules governing the Mayor's Charity Appeal.

## 2.0 Recommendations

- 2.1 That the Committee notes the work being undertaken by the MLD Steering Group in continuing the effective training and development of Brent's elected representatives. (as detailed within Appendix 1)
- 2.2 That the Committee notes Member feedback on MLD sessions, requests for

future training, and personal development plans (as detailed within Appendix 2)

2.3 That the Committee notes the expenses claimed by Members in the course of their work in 2023 (as detailed within Appendix 3).

2.4 That the Committee note the outcome of the annual review of the financial and procedural rules governing the Mayor's Charity Appeal.

### **3.0 Background**

#### Contribution to Borough Plan Priorities & Strategic Context

3.1. The reviewing and maintenance of high standards of member conduct is supported by the MLD programme which in turn supports the delivery of the borough plan by promoting confidence in the operation and good governance of the council.

#### Detail

3.2 Members of the Audit and Standards Advisory Committee last reviewed the Member Development Programme in March 2023.

3.3 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.

3.4 The Member Learning and Development Steering Group provides constructive input and evaluation of the programme. A strong political lead on Member development from all three groups is essential to ensure Member ownership of the programme.

### **4.0 Member learning and flexibility**

4.1 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 understand how to use the 'hands up' button and 'chat function' as well as contributing orally.

4.2 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. Member feedback has shown they prefer the convenience of attending online sessions and overall, attendance levels at online (non-mandatory) meetings tends to be much higher than face-to-face meetings.

### **5.0 Member attendance**



5.1 For non-mandatory sessions, group sessions in 2023 have attracted anything between 4-39 Members (out of 57 members) per session. The three least popular sessions (in terms of attendance) have been:

- Introduction to Public Speaking (4 attendees)
- Stress at work and its impact on mental health for Members (5)
- Overview of the Procurement Strategy with a focus on social value (6)

The three most popular sessions this year have been:

- Housing and Selective Licensing Application (39)
- New online reporting for street issues (35)
- Member briefing session - Housing Needs (34)

5.2 The Executive Support Manager maintains a log of incidents reported by Members. In terms of trends, there was one incident reported in 2020, five in 2022 and three in 2023. An online training session hosted by the LGA in partnership with Miranda Smythe from the Baikie-Wood Consultancy Ltd, was held on 29 January 2023 focused on Personal Safety. This was part of the LGA's Civility in Public Life Programme. The session was attended by 17 Members. There was mixed feedback from the session although only three Members provided this. We will continue to explore this topic with Members.

5.3 'Data Protection' was the only mandatory session scheduled in 2023. There is only one Member outstanding who was on maternity leave when this was originally scheduled. Individual arrangements are now being made with this Member.

5.4 We have also delivered a handful of training sessions over lunchtime on Teams in 2023. Attendance at these sessions lies between 9-18 attendees, but verbal feedback suggests that these are unpopular with Members who work during the day. With this in mind, lunchtime sessions tended only to be scheduled in exceptional cases in 2023, but we are finding a congested calendar in 2024 means more lunchtime sessions are having to be scheduled given a lack of evening availability.

5.5 Hybrid sessions – which run on Teams and in person concurrently – have been trialled a handful of times at the request of the MLD Steering Group, most recently in February 2024. Feedback from these sessions has been mixed. Those attending sessions face-to-face find the session run smoothly enough, those who attend online feel neglected or sidelined with those in the room being perceived as receiving greater attention, and officers feel additionally stressed, especially if IT issues arise. In the February hybrid session, three of the online attendees rated their hybrid experience as "poor" or "very poor". This feedback will be fed back to the LMD Steering Group, for them to decide on the future of hybrid meetings.

5.6 Member attendance at internal learning and development sessions has varied for each session during the current municipal year. Reminders are issued regularly via Outlook calendar invitations and reminders, text and Whatsapp messages and email, in the fortnightly Members' Information Bulletin, as well as reminders by the respective political/admin assistants.

## **6.0 External Training Events**

- 6.1 Members have requested and attended sessions on topics including The Hate Crime conference, The Social Housing Services Conference, Leadership Masterclass as well as LGA conferences focused on LGBTQ, Young Councillor's and BAME Councillors. External trainers have also been used to provide training on Public Speaking and Dealing with Stress at Work. External trainers tend to attract a very small audience – usually at the trainer's request - and feedback received for their sessions tends to be excellent.

## **7.0 Feedback**

- 7.1 Feedback has been crucial to shaping and developing the MLD programme. Appendix 2 details feedback received for Member learning and development.
- 7.2 Generally, feedback remains positive, and Member comments on how we can change certain things continue to be fed back to the relevant teams and departments.

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

- 8.1 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.
- 8.2 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)
- 8.3 Charter Plus are also due to carry out PDP reviews from June 2024 (two years after they were first carried out). These are 1-2-1 sessions between Charter Plus and the Member who originally undertook their PDP in late 2022. Members who wish to undertake their PDPs for the first time will also be encouraged to do this.
- 8.4 Looking further ahead, Brent Council's re-assessment is due to take place between December 2024 and March 2025. This is an intense piece of work where the Member Services team are expected to provide a wealth of evidence and documents showing how we continue to meet Charter Plus requirements and how we continue to support our members. Once evidence is submitted, Charter Plus will grade this and submit their results as to whether Brent Council meets the standards it has signed up to achieve.

## **9.0 Members' expenses**

- 9.1 The Council's Allowance Scheme for Members, as detailed in Part 6 of the Council's Constitution, makes provision for the payment of certain expenses, in accordance with stipulated conditions.
- 9.2 The 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 £18,267 was claimed in 2023 for mandatory and general training courses, as well as for Caring duties. Please see Appendix 3 for more details.

## **10. Financial And Procedural Rules Governing The Mayor's Charity Appeal**

- 10.1 It was agreed by the committee last year that this annual report should in future also include the annual update on the financial and procedural rules governing the Mayor's Charity Appeal.
- 10.2 Each Mayor in their capacity as First Citizen chooses no more than three charities which they intend to support through donations/fund raising events during the Mayoral year.
- 10.3 The Financial and Procedural Rules (the Rules) governing the Mayor's Charity Appeal were updated in November 2021. To ensure the Rules remain transparent and accurate, a periodic review is undertaken by officers. If, following this review, it is proposed to make any substantive modifications, they are notified to this committee and require the formal approval of the Audit and Standards Committee. No such changes are proposed following this year's review.

## **11. Financial Considerations – Expenses**

- 11.1 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. There was no overspend in 2023.
- 11.2 The funds collected by the Mayor's Office on behalf of the charities are governed by trustee and charity law; they must be registered with the Charity Commission for England and Wales at the date they are selected.

## **12. Legal Considerations**

- 12.1 None for the Member Learning and Development Programme.
- 12.2 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.
- 12.3 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.

- 12.4 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.

### **13. Equity, Diversity & Inclusion Considerations**

- 13.1 This report contains no specific diversity implications.

### **14. Consultation with Ward Members and Stakeholders**

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

### **15. Human Resources/Property Considerations (if appropriate)**

- 15.1 N/A

### **16. Additional Considerations**

- 16.1 There are no additional considerations in relation to the following areas arising from the report
- a) Climate Change and Environmental considerations
  - b) Communication considerations

**Report sign off:**

**Debra Norman**

Corporate Director, Governance

## Appendix 1 – Upcoming MLD sessions March 2024 onwards

Session Date	Session Title	Type of Session	Who for	Method of delivery	To be facilitated by	Session time
05 Mar. 2024	Scam Awareness	Skills Development	All Members	online	Anu Prashar, Senior Regulatory Service Manager	6pm-8pm
11 Mar. 2024	Planning and Licensing Gambling Establishments	Briefing	All Member	online	Anu Prashar, Senior Regulatory Service Manager	6pm-7:30pm
12 Mar. 2024	Brent Council's upcoming Equity, Diversity, and Inclusion Strategy 2024-28	Skills Development	All Member	online	Tom Pickup, Policy, Partnerships & Scrutiny Manager and Angela Chaudhry, Strategy Lead - Equality, Diversity, and Inclusion.	12pm-1pm
19 Mar. 2024	Supporting Rough Sleepers in Brent	Briefing	All Members	online	Holly Cooper - Housing Led Practice Coordinator at Crisis Skylight Brent, Ryan Fuke - Brent Outreach and Prevention Manager at St Mungo's, Bridie Lane-Williams - Built for Zero Local Improvement Lead at Brent Council and Crisis.	12pm-1pm
20 Mar. 2024	ASC CQC Assurance	Briefing	All Members	online	Evelyn Amedoda, Head of Safeguarding and PSW & Kamila Quraishi, Service Improvement Manager	6pm-7pm
25 Mar. 2024	Lunchtime session on Adapt and Recover workshop	Skills Development	All Members	online	Red Cross	12pm-1:30pm
29 Apr. 2024	Learning session with Brent Law Centre	Briefing	All Members	online	Brent Law Centre	6pm-8pm

**Please note sessions may change at any time.**

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# Member Learning & Development Programme

February 2024

# Aim

This PowerPoint aims to look at feedback received on:

1. Member Learning and Development (MLD) sessions
2. Requests for future training
3. Personal Development

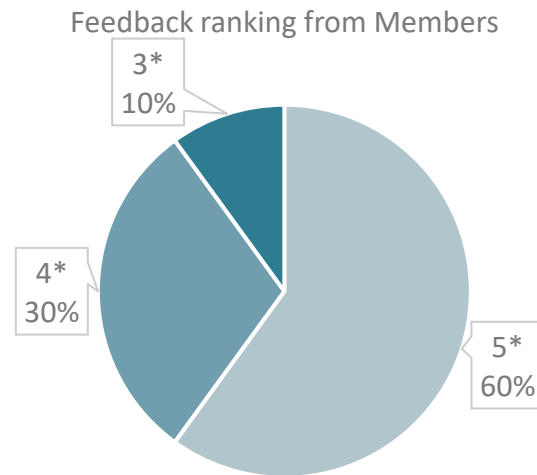


# 1. Learning and Member Development sessions

Feedback is requested at the end of every training session. Unfortunately, we don't get very much of it and since April 2023, we have received LMD feedback approx. 20 times. More generally, we tend to find we only get feedback where sessions went exceptionally well or exceptionally badly!

Since April we have received a scoring of at least 3/5 for the question "how do you rate this session overall" and "how would you rate the trainer(s)"?

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



## A selection of feedback received

“Very thorough  
and informative”

*Housing Needs  
session 3/4/23*

“I felt that the training was too simplistic not enough opportunity to reflect. ”

*ACT and Prevent session 5/6/23*

“The amount of detail  
was right for this  
session to understand  
how complex this topic  
is ”

*No Recourse to Public  
Funds – 27/11/23*

“Too much info for one session.”

*No Recourse to Public Funds –  
27/11/23*

“Very accessible and good  
presenter”

*No Recourse to Public  
Funds – 27/11/23*

“Presenter was  
highly  
authoritative  
and  
communicated  
very clearly”

*No Recourse to  
Public Funds –  
27/11/23*

“Gill was  
excellent and  
very  
encouraging ”

*Public Speaking  
Skills 4/9/23*

## 2. 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. Training requests received in 2023 include:

- Tackling discrimination and inequalities
- Public Sector Equality Duty
- Public speaking (in person session)
- Where we are on meeting Climate Change Targets for 2030

### 3. Personal Development Plans (PDP)

30 Members undertook a PDP in late 2022 with an external trainer. They were then asked for feedback on how they found the PDPs in summer 2023.

Found this helpful, and it helped me think about things I can develop. I have acted on some of the recommendations.

Yes, and I also got my main aim resolved quickly

Yes, quite useful

I found this useful in terms of preparing for my Mayoral role in terms of reading I was recommended.

Yes, I found this very useful, but I still need to go through it and work on my development plan properly.

Yes, found it quite useful, and have acted on some recommendations

Yes, found it useful and have been working my way through recommendations made by trainer

Yes, useful.

Yes, I always find it helpful to reflect on my practice. Not really looked at my PDP since December as I've been too busy, but I will take a look at it soon.

I have done this more than once and found it useful.

### 3. Cnt'd

I did this in the previous administration

No, I did this in the previous administration

No, I've been on mentorship programmes before and don't need it. My mentor and I work well together.

Yes, but not my cup of tea. I just thought he was information gathering and felt no real value from this.

No - have done this in the past so thought I'd let others have a go

I did this in 2018 or 2019, but not since then. I think we need a new provider.

Yes, but it only validated what I already knew.

No. I went to one of his other PDP sessions a few years ago and it wasn't my cup of tea.

Have done this twice now. Not much development stuff was offered.

Have done in previous years, so don't feel need to do it again

In a way, yes. I did it, but it was a tick box exercise. I did gain some knowledge, but I haven't looked at my recommendations. I don't think I would do this again.

### 3. PDP – next steps

As part of our contract with Charter Plus, we are due to revisit the PDPs every two years, and Members who undertook their PDPs in 2022 will be encouraged to revisit their plans with the same external trainer in mid 2024.

Members who missed out on getting a PDP the first-time round will also be encouraged to undertake this at the same time.

In addition, Brent Council's re-assessment will take place in early 2025. This will ask Brent to submit evidence that it is continuing to support Members with their development via mentoring, flexible learning solutions, sharing best practices and the training Members request and receive.

Appendix 3  
Member Training and Expenses  
Jan 2023 – March 2024

Councillor Name (Claimant)	Nature of expense	Date of event	Value of claim
Muhammed Butt	The Municipal Journal (MJ) subscription	04 January	£42.00
Neil Nerva	Health Services Journal – annual subscription	10 January	£250.00
Daniel Kennelly	LGBTQ event with LGA	04 - 05 February	£150.00
Liz Dixon	The Hate Crime Conference: Working in Partnership to Support Victims and Tackle Perpetrators	February	£205.00
Daniel Kennelly	Young Cllrs event with LGA (event + hotel)	March	£200
Kathleen Fraser	BAME Cllr's event with LGA (event + travel)	07 March	£178.10
Other	Publishing Member expenses reports in local media as per legal requirements	March	£624.20
Muhammed Butt, Mili Patel, Eleanor Southwood	Monthly subscription to Calendly (surgery/meeting management software). <i>This is paid out in US dollars but is roughly around £50 a month.</i>	April - October	£346.82
Robert Johnson	The Social Housing Services Conference	June	£383.04
Mili Patel	Hotel for LGA Annual Conference, Bournemouth	03 - 05 July	£597.00
Muhammed Butt	Hotel for LGA Annual Conference, Bournemouth	04 - 05 July	£398.00
Michael Maurice	Hotel for LGA Annual Conference, Bournemouth	03 - 05 July	£420.00

All members	MLD session: Stress at work and its impact on mental health for Members	July	£1000.00
Janice Long	Conference - Centre for Public Scrutiny	August	£195.00
All members	Public Speaking session	04 September	£410.00
All members	CfGS - Scrutiny of Council Finance, Budget and Essential Scrutiny	05 and 11 September	£2000
All members	Mental health training	12 September	£1000
Other	Publishing Member expenses reports in local media as per legal requirements	September	£142.40
Abdi Aden	Leadership Masterclass Weekend training, Coventry (training + travel)	28 October	£131.40
Neil Nerva	NCASC conference (hotel + travel)	02 - 03 November	£392.30
Neil Nerva	LGA Leading Healthier Places (travel + hotel)	30 November	£262.77
Janice Long	LGA Annual Licensing Conference 2024 - LGA	December	£118.80
Neil Nerva	Health Services Journal – annual subscription	February 2024	£249
Mili Patel	Dependency Allowance	Monthly between January – August	£6941.46
Sunita Hirani	Dependency Allowance	Monthly between Jan 23 – Feb 24	£1311.64
Kanta Mistry	Dependency Allowance	Monthly, between June 23 – Jan 24	£905.00
		<b>TOTAL</b>	<b>£18,853.93</b>



	<b>Audit and Standards Advisory Committee</b> 28 March 2024
	<b>Report from the Chief Executive and Corporate Director of Finance and Resources</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance, Resources &amp; Reform (Councillor Mili Patel)</b>
<b>Report on i4B Holdings Ltd</b>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not Applicable
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>No. of Appendices:</b>	One Appendix 1 i4B February 2024 Report to the Shareholder
<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. Executive Summary

- 1.1. This report provides the Audit and Standards Advisory Committee (The Committee, ASAC) with an update on the work of i4B Holdings Ltd (i4B; the company) to deliver against its business plan for 2023-24 which was agreed with the Council as Shareholder, and an update on the company's upcoming 2024-25 business plan.

## 2.0. Recommendation(s)

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

### **3.0. Detail**

#### **3.1. Introduction**

- 3.1.1. 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 Temporary Accommodation costs.

#### **3.2. Contribution to Borough Plan Priorities & Strategic Context**

- 3.2.1. The work of i4B contributes to the Borough Plan strategic priority of 'Prosperity and Stability in Brent: Safe, Secure and Decent Housing' as its core business activity involves increasing the supply of good quality affordable housing in the borough and reducing the use of Temporary Accommodation.

#### **3.3. Reporting Arrangements**

- 3.3.1. As agreed at the ASAC meeting in September 2023, this report provides information and assurance on the arrangements the Council, as Shareholder of i4B, has in place to oversee the good performance and governance of the company. This approach is in-line with best practice as set out in CIPFA's Audit Committees guidance.
- 3.3.2. Biannual reports to the Committee will outline the governance arrangements in place between the Council and company, provide a report on the most recent i4B-Shareholder meeting, and present the company's annual business plan and annual accounts.
- 3.3.3. Moving forward, operational performance for the company will be scrutinised by the Community & Wellbeing Scrutiny Committee. In 2024, a joint meeting of the Community & Wellbeing and Resources & Public Realm Scrutiny Committees will be convened to review the housing companies. A final date for this has not been confirmed, but is expected to be either in April or June 2024.

#### **3.4. Governance Arrangements**

- 3.4.1. i4B is governed by a Shareholder's Agreement with Brent Council, which outlines the matters and decision-making powers which are reserved to the Council as sole Shareholder. This includes approval of the annual business plan, which is agreed by Cabinet each year; the Board is unable to deviate from this plan without Shareholder agreement.
- 3.4.2. The i4B Board meets on a monthly basis and is made up of an independent Chair, two Council directors, one councillor and one independent non-executive director. In the past year, the Board has met 13 times; this includes 11 scheduled meetings – the Board does not meet in August – as well as two

extraordinary strategy sessions, one to review the results of consultancy work which the company had commissioned in relation to development opportunities and a business planning strategy session for 2024-25.

- 3.4.3. In addition, i4B has six-monthly meetings with the Chief Executive, Corporate Director of Finance & Resources and Deputy Leader who represent the Council as Shareholder. The Council and company are continuing to review governance arrangements and are considering scheduling additional touch-point meetings between these six-monthly meetings. The most recent Shareholder meetings took place in August 2023 and February 2024.
- 3.4.4. A 30-year business plan is in place for i4B to ensure long-term financial standing. This is reviewed annually and is supported by monthly monitoring reports. The company produces and files annual statutory accounts.
- 3.4.5. The Company has a financial model that guides all acquisitions. A net yield target is set for all i4B purchases. This ensures that property purchases are viable and the Company is able to meet future financial commitments. The financial model is regularly reviewed to ensure its appropriateness and therefore the Company's ongoing financial viability.
- 3.4.6. Loans to fund asset acquisitions are on a long-term fixed rate basis which is an appropriate de-risking tool for financing the purchase of long term assets held for rent rather than for sale. Interest charges are included in the plan and are paid to the Council. As all loan finance is provided by the Council, the Council retains substantial freedom to restructure i4B's financial and ownership arrangements should it be necessary in order to secure the ongoing viability of the company or to safeguard the Council's financial interests.
- 3.4.7. i4B maintains a risk register covering both strategic and operational matters. Risks are aligned to the company's long-term strategic objectives, and are reviewed and reported to the Board on a quarterly basis as well as to the Shareholder on a biannual basis.
- 3.4.8. i4B scores each of its risks based on likelihood and impact, and for each risk mitigating actions with owners and deadlines are in place. These mitigating measures are having a positive impact on the Company's risk profile; at the last review in January 2024 likelihood scores for six risks were reduced. By closely monitoring and responding to risks i4B is able to effectively maintain a grip on ensuring that potential issues affecting the Company do not materialise.
- 3.4.9. The current key risks for i4B relate to monitoring health and safety compliance, rental affordability for tenants, high capital programme and decarbonisation costs, and uncertainty in the external operating environment.
- 3.4.10. The Company has been working to mitigate and reduce these risks. Recently completed and ongoing actions to do so include:

- A full review of health and safety compliance at all i4B properties and blocks, and the creation of a comprehensive tracker which is reported each month to the Board.
- The Council-wide procurement of the True Compliance system to track all compliance elements, which is due to be fully implemented in the coming months.
- The introduction of a Nominations Panel to carry out additional affordability and suitability assessments on all applicants put forward to i4B from Housing Needs, to improve oversight of the allocations process and enhance rental affordability and tenancy sustainment.
- Delivering greater cost certainty by factoring the results of stock condition and energy surveys and associated costs into the financial business plan, which has demonstrated that the financial impact of future capital obligations on the Company is lower than previously forecast.
- Regular monitoring of the external environment – including economic factors such as inflation and interest rates, as well as changes in regulation and legislation and wider national and international contextual factors – and reporting to the Board on how this impacts the Company's tenants, finances and operational performance, and any implications for the Company strategy. For example, i4B recently paused purchasing due to an unfavourable interest rate and housing market environment, but has now resumed its street property acquisition programme following a recent review of the property market.

3.4.11. As noted, these measures have been successful in reducing a number of scores at the latest review of the risk register, including the majority of highest-scoring risks, demonstrating that i4B is effectively managing overall risk and showing a positive direction of travel.

3.4.12. In response to an external audit recommendation, a risk in relation to the housing companies has been recorded on the Council's Resident Services departmental risk register. This is to ensure that the Council as Shareholder of i4B is maintaining appropriate grip on the operations, governance and viability of the Company. It does this through a range of measures discussed in this report including regular i4B-Shareholder meetings, reports to the Audit & Standards Advisory and Scrutiny committees, and annual Shareholder appraisals of the Chair of the i4B Board. As with the Company's internal risk monitoring processes, the arrangements in place between the Company and Council ensure that risk is effectively monitored and managed.

3.4.13. Furthermore, i4B has a robust internal audit programme with the current audit plan having been assurance mapped against the company's risk register and agreed by the Board, and the results of audit findings being reported back to the Board. Focuses of recent audits include health and safety compliance, as well as the Council's governance arrangements in relation to the company. An audit into the company's financial controls, with a focus on the monitoring and charging of repairs costs, is currently underway and is due to be completed in early Q1 of 2024-25.

- 3.4.14. The annual external audit is another means to demonstrate financial resilience and sustainability. This audit not only provides assurance on all financial matters that occurred during the year, it also provides assurance on the company's overall financial position and going concern status. A letter of representation is sent to the external auditor from the Director of Finance & Resources confirming Brent undertakes to provide continuing financial support to enable i4B to fund its liabilities as they fall due and to allow the financial statements of i4B to be prepared on a going concern basis.
- 3.4.15. Since the last report to ASAC in September 2023, Martin Smith has stepped down as Chair of i4B. Following a selection process, Cabinet confirmed the appointment of Andrew Hudson as Chair and he took up post in January 2024.

### **3.5. Update from Shareholder Meeting**

- 3.5.1. The latest Shareholder meeting between the Council and i4B took place on 8<sup>th</sup> February 2024.
- 3.5.2. The Chair of the i4B Board presented a report on the company's acquisition programme, operational performance, financial performance, 2024-25 business plan proposals, risks and governance to the Council's Chief Executive and Corporate Director of Finance & Resources.
- 3.5.3. The full report can be found in Appendix 1. This section provides a summary of key discussions at the meeting.

#### *Operational Performance*

- 3.5.4. Regarding health and safety compliance, the Shareholder noted that it would be more beneficial to receive a full compliance scorecard showing property numbers rather than percentages. The report in Appendix 1 has been amended to reflect this.
- 3.5.5. It was noted that some progress had been seen on voids; however, some outstanding long-term legacy voids were keeping turnaround figures high. It was therefore requested that these legacy voids be reported on separately until the small number of legacy voids were cleared.
- 3.5.6. i4B directors noted that void rent loss had reduced, which showed that progress was being made, and expressed a desire to understand best practice in London. The Company wanted to create a culture of being very good at turning around more simple voids, while acknowledging the challenges brought by more complex cases.
- 3.5.7. On disrepair, the Shareholder asked whether it would be more cost effective for the Company to pay to settle claims more quickly, while ensuring that all necessary works were carried out, rather than entering lengthy legal proceedings. On this, officers were planning for future reporting to provide a breakdown of compensation costs, works costs and legal costs to inform a future approach, and were continuing to look at overall stock condition in order

to pre-empt issues at specific properties. Regarding earlier payments, i4B would consider this approach but it was noted that this could bring the risk of prompting a greater number of claims from tenants as well as associated potential reputational damage to the Company.

#### *Financial Performance*

- 3.5.8. The Shareholder noted that corporation tax for Company seemed to be high. i4B had commissioned tax advice, which confirmed that the Company's current tax position and structure were as appropriate and effective as possible.
- 3.5.9. Any option to look at Company structures – such as a merger with First Wave Housing – would be challenging especially as First Wave Housing is limited by guarantee and has limited ability to dispose of its assets, and would be likely to make the group of companies less efficient overall. i4B has received expert advice on this previously.
- 3.5.10. It was noted that the 2024/25 uplift in Local Housing Allowance rates would be positive for the Company. This would allow i4B to increase rents ahead of business plan assumptions and would increase the Company's acquisition price caps.
- 3.5.11. The Shareholder requested more information on how this would impact the Company's position over the life of the business plan.

#### *Business Plan*

- 3.5.12. The Shareholder was presented with a draft of i4B's business plan priorities for 2024-25, and asked for feedback on these as well as overall Company strategy.
- 3.5.13. The Shareholder noted that i4B and First Wave Housing have authority from the Council to consider and pursue all appropriate opportunities to acquire more properties.
- 3.5.14. In addition to this, the Shareholder expressed a desire to do more for current tenants in order to support their financial position and employment situation, and help them to be able to move on from i4B accommodation. i4B noted that it had recently commissioned an organisation, BEAM, to provide this form of assistance. In the first instance, BEAM would be working with the 100 i4B tenants in the highest level of arrears.
- 3.5.15. The Shareholder would consider this further before the next meeting in July-August 2024, and provide any further input in line with the Council's overall change priorities.

#### *Risk*

3.5.16. The Shareholder asked what i4B directors felt were the key risks to the company. It was noted that future capital cost decisions represented a potential future risk to the Company, for example regarding i4B properties at Granville New Homes, energy efficiency works and loan repayments. Directors also highlighted the need to carry out further horizon scanning as a Board.

#### **4.0. Stakeholder and ward member consultation and engagement**

4.1. N/A

#### **5.0. Financial Considerations**

5.1. Financial considerations are outlined in the appendix.

#### **6.0. Legal Considerations**

6.1. N/A

#### **7.0. Equity, Diversity & Inclusion (EDI) Considerations**

7.1. N/A

#### **8.0. Climate Change and Environmental Considerations**

8.1. N/A

#### **9.0. Human Resources/Property Considerations**

9.1. N/A

#### **10.0. Communication Considerations**

10.1. N/A

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

**Kim Wright**  
Chief Executive

**Minesh Patel**  
Corporate Director of Finance and Resources

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## **i4B Holdings Limited Shareholder Meeting**

**8 February 2024**

### **Update on i4B Performance and Business Plan**

<b>No. of Appendices</b>	1 – i4B Risk Register
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#### **1.0 Purpose of the Report**

- 1.1 This report provides an update on the performance of i4B Holdings Ltd (i4B) and presents a summary of its draft Business Plan for 2024/25.

#### **2.0 Recommendation(s)**

- 2.1 The Shareholder notes the update on i4B's financial and operational performance, risks and compliance.
- 2.2 The Shareholder notes the update on the 2024/25 i4B Business Plan.
- 2.3 The Shareholder provides feedback on the Business Plan proposals.

#### **3.0 Key Points**

- 3.1 i4B's business objective is to maximise affordable housing consistent with maintaining the Company's ongoing financial viability. The Company is designed to offer a delivery option for the Council's affordable housing and reducing homelessness objectives.
- 3.2 In May 2023; i4B's street property purchase programme resumed and is forecast to purchase 12 properties in the current financial year, with a further 25 predicted for 2024/25. i4B will also be exploring the option of acquiring a new build, with off-the-shelf purchases through s.106 schemes or bulk purchases representing a viable route for the company.
- 3.3 i4B is forecasting a loss of £770k, significantly diverging from the budgeted £197k profit, indicating a deficit of £967k. Variances are set out in Section 5.
- 3.4 Operational performance is generally stable. The Company's main operational challenges continue to be void times and rent collection, however performance in both areas is improving as a result of improvement projects. The i4B Board will continue to closely track this progress throughout 2024/25.

3.5 i4B's draft 2024/25 business plan priorities are set out within the framework of the Company's medium-to long-term objectives. These are:

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

#### **4.0 Update on Purchasing**

4.1 As of February 2024, i4B has purchased 428 private sector homes and switched the tenure to an affordable PRS product.

4.2 i4B's street property purchase programme resumed in May 2023, following agreement to draw down loan funding at the 3.45% interest rate. By way of comparison, current Public Works Loan Board (PWLB) rates are over 5%. This resulted in more opportunities becoming viable for the company. i4B is forecast to purchase 12 properties in the current financial year, with a further 25 predicted for 2024-25.

4.3 Additionally, the company agreed to explore the option of acquiring a new build. i4B commissioned consultants Red Loft to analyse the housing development market and explore potential acquisition routes. It was agreed that off-the-shelf purchases through s106 schemes or bulk purchases would represent a viable route for the companies.

4.4 NE02 is a Quintain development in Wembley Park with a mixture of 1, 2 and 3-bedroom units, due to be ready for handover in 2025. Following the announcement of uplifted Local Housing Allowance (LHA) rates for 2024-25, an affordable price for i4B has been worked up at an estimated loan interest rate of 5.5%.

4.5 Pending advice from the Council's Regeneration team, this will be passed on to the Property & Assets team to proceed with negotiations with Quintain.

#### **5.0 Update on Financial Performance**

5.1 The financial monitoring forecast is set out in Table 1 below. The company is forecasting a loss (before taxes) of £770k against a budget profit of £197k, this is an adverse variance of £967k. The loss after tax £1.76m, adverse variance of £714k.

<b>Financial Year 2023-24 i4B</b>	<b>Budget Full Year £</b>	<b>Forecast Full Year £</b>	<b>Variance Full Year £</b>	<b>Variance %</b>
Gross Rental Income	10,070	9,804	(266)	-3%
Void loss	(399)	(399)	-	0%
<b>Net Rental Income</b>	<b>9,671</b>	<b>9,405</b>	<b>(266)</b>	<b>-3%</b>
<b>Cost Categories</b>				
Corporate SLA	301	301	(0)	0%
HRA SLA	436	436	0	0%
Home Counties Management Costs	99	99	(0)	0%
Annual maintenance	891	1,237	(345)	-39%
Utilities	95	95	-	0%
Council Tax	55	49	6	12%
Service Charges	586	854	(268)	-46%
Insurance	51	88	(37)	-73%
Audit Fees	42	42	-	0%
Legal Fees	41	41	-	0%
Professional Services	96	96	-	0%
Supplies and Services	2	104	(102)	-6600%
Bad Debts	986	940	46	5%
Depreciation	500	500	-	0%
<b>Total Operating Costs</b>	<b>4,182</b>	<b>4,883</b>	<b>(701)</b>	<b>-17%</b>
<b>Operating Profit</b>	<b>5,489</b>	<b>4,522</b>	<b>(967)</b>	<b>-18%</b>
Interest & Similar Charges	5,292	5,292	-	0%
<b>Profit/(Loss) Before Tax</b>	<b>197</b>	<b>(770)</b>	<b>(967)</b>	<b>-491%</b>
Corporation Tax	1,244	991	253	20%
<b>Profit/ (Loss)</b>	<b>(1,047)</b>	<b>(1,761)</b>	<b>(714)</b>	<b>68%</b>

- 5.2 Net rental income is forecast at £9.4m, this is an adverse variance of £266k. This is mainly due to budgeted rental income from acquisitions which were not achieved in the year.
- 5.3 Operating expenditure is forecast to be £701k greater than budget of £4.18m. This is mainly made up of overspend on maintenance costs (repairs and voids costs). A zero-based approach was taken in setting the budget for 2024/25 to ensure adequate budget provision is made in the year.
- 5.4 Overspend on service charges is as a result of prior year invoice payments to third party managing agents. Measures have been put in place to ensure all costs are captured in the year they fall due.

- 5.5 The full year contract for third party managing agents is reviewed to ensure full year costs are captured in the year the costs are incurred; this exercise will be carried out across all expense lines for the year.
- 5.6 There are incidences of unbudgeted expenditure such as compensation payments on disrepair cases. This is also reflected in the variance on operating expenditure. Going forward, the different components of compensation costs (legal costs, repair costs and compensation to residents) are reported separately to understand the true costs relating to damp and mould and other disrepair cases.
- 5.7 The 30-year business plan for 2024/25 has been prepared and acquisition plan for the balance of the £40m loan incorporated. Future acquisition programmes based on the new 2024 LHA rates as well as increased interest rates are excluded for now. The plan will be reviewed in another six months to update on the future plans of the company as they become clearer.
- 5.8 Although there is a loss forecast for the year, the company has a healthy cash position, so there is no risk of insufficient liquidity to carry out its normal business activities. Additionally, the business plan for 2024/25 shows the company returning to profit from 2024/25 onwards.

## 6.0 Update on Operational Performance

- 6.1 Tables 2, 3 and 4 give a summary of current operational performance.

Table 2 – Key Performance Indicators

Indicator	Target	Performance at January 2023 (YTD)	Performance at January 2024 (YTD)
Number of PRS units	429 by April 2024	PRS: 415 Key Worker: 153	PRS: 428 Key Worker: 153
Average cost per property	£363,000	£368,467	£370,415
Net yield of whole portfolio	1.22%	1.31%	1.32%
Instruction to Legal to Purchase	120 days	147 days	149 days
Minor void times	35 days	New purchases: 111 days Re-lets: 162 days	New Purchases: 95 days Re-lets: 138 days
Major void times	72 days	New purchases: 126 Re-lets: 206 days	New Purchases: 212 days Re-lets: 282 days
Rent collection	98.5%	HM: 92.1% Mears: 90.5%	HM: 94.26% Mears: 89.66%
Landlord gas safety record	100%	Brent Housing Service – 100% Mears – 100%	Brent Housing Service – 100% Mears – 95.2%

## 6.2 Acquisitions

6.2.1 As outlined in Section 4, the Company's street property purchase programme resumed in May 2023. As of February 2024, i4B has met its acquisition target of 12 properties in the financial year, and has circa £13.5m remaining in loan funding.

## 6.3 Voids Performance

6.3.1 Despite major and minor void times remaining out of target, there have been recent signs of improvement following Brent Housing Service's temporary introduction of a Voids Hit Squad. The team comprises three officers and a manager overseeing the end-to-end voids and lettings process. They are responsible for ensuring that delays are prevented, and void turnaround times are brought back within target. Performance is expected to remain outside of target until legacy cases, which are currently impacting the overall average, have been cleared. Legacy voids include: 275 Kestrel House in Ealing, which has been void for 266 days but is nearing completion; 65 Canada Crescent in Acton, which has been void for 115 days but is now ready to let; and 42 Gloucester Close in Stonebridge, which has been void for 125 days and continues to be impacted by prolonged pest baiting programmes at the block. Further work is being carried out to report on these legacy voids separately.

6.3.2 Moving forward, the voids process will be overseen by the Operational Manager. The Board will continue to closely track this progress during 2024/25.

6.3.3 Mears' void performance has been impacted by difficulties letting the larger properties in the Home Counties. i4B will consider the disposal of these properties if improvements to turn around times are not seen.

6.3.4 Table 3 shows the current number of void and occupied properties. Currently, 23 of the company's 428 PRS properties and four properties at Lexington are void. Of the 23 PRS properties, four are recent acquisitions, 17 are re-let voids (including six Home Counties properties) and two are out of management.

Table 3 – Refurbishment and Lettings

Refurbishment & Lettings	Performance at December 2022	Performance at February 2024
Properties Let	PRS: 401 Lexington: 150 <b>Total: 551</b>	PRS: 405 Lexington: 149 <b>Total: 554</b>
Properties void	PRS: 25 Lexington: 3 <b>Total: 28</b>	PRS: 23 Lexington: 4 <b>Total: 27</b>

6.3.4 As of the end of December 2023, i4B has housed 449 families and 1010 children.

Table 4 – Breakdown of families directed to i4B as of December 2023

Previous Accommodation	No. of families	No. of children
Direct to i4B	116	216
Women's Refuge	2	15
TA Stage 1 – B&B	294	665
TA Stage 2 – Leased	37	114
<b>Total</b>	<b>449</b>	<b>1010</b>

#### 6.4 *Rent collection*

6.4.1 Rent collection for i4B also remains below target. Of the management agents, Brent Housing Service is the highest performing, with a year-to-date collection rate of 94.26%. Mears has a collection rate of 89.66%.

6.4.2 The i4B portfolio typically experiences lower collection rates compared to First Wave Housing (FWH). This is influenced by factors such as higher rent levels in i4B and a larger proportion of temporary accommodation tenancies in FWH, leading to more tenants receiving Housing Benefit, directly credited to the rent account, in contrast to Universal Credit, where payments are primarily made to the applicants.

6.4.3 To address this, Brent Housing Service have set up a dedicated housing management team for the housing companies; this team have reviewed the sign-up, tenancy sustainment, rent collection and arrears management processes and have evaluated historic highest arrears cases to assess ongoing suitability. Subsequently, the sign-up process has now been revised and is in a pilot phase. Ongoing improvements will be made to rent collection and arrears management, with the aim of providing a more comprehensive service for 2024/25.

6.4.4 i4B are beginning to see positive improvements from this work and will continue to work with management agents to monitor rent collection performance and work towards the target of 98.5%.

#### 6.5 *Compliance*

6.5.1 Table 5 provides an update on health & safety compliance. Aside from one gas safety certificate and a number of outstanding electrical safety certificates, i4B has achieved full compliance in the relevant areas. The one missing LGSR is for a property managed by Mears, and the legal escalation route to gain access is being followed. On EICRs, the legal process to gain access continues to be followed for each outstanding certificate; however, it is not possible to force entry to properties that refuse access, as is the case with gas certificates.

Table 5 – Compliance Scorecard

Compliance Area	Certification	No. of Applicable Properties/ Blocks	No. of Compliant Properties/ Blocks	Compliance Rate
Electrical Safety (Property)	EICR	HMS: 507 Mears: 77	HMS: *374 Mears: *71	HMS: 82.93% Mears: 93.4%
Gas Safety (Property)	LGSR	HMS: 303 Mears: 67	HMS: *303 Mears: *66	HMS: 100% Mears: 98.5%
Asbestos (Block)	Asbestos survey	7	7	100%
Legionella (Block)	Legionella risk assessment	7	7	100%
Electrical Safety (Block)	Communal EICR	3	3	100%
Lifts (Block)	Inspection report	1	1	100%
Fire Safety (Block)	FRA	2	2	100%

*\*Data does not include void properties*

## 7.0 Risk update

7.1 The i4B risk register is included in Appendix 1. The main risks the Company faces are detailed below:

- 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.
- i4B's policies, knowledge and governance arrangements are not sufficiently effective to monitor regulatory and legal standards on health & safety compliance.
- Tenant non-payment of rent increases due to unaffordability of rent.
- High Capital Programme costs, including future climate change expenditure, undermine the viability of the business plan.
- Greater uncertainty in the external operating environment brings greater risk to i4B's financial modelling.

7.2 The Company's risk register is reviewed quarterly. Throughout the risk register, business plan assumptions, mitigations and actions are updated. Mitigating measures are in place to help to minimise the impact and likelihood of all risks. A wider review of the risk register, including the overall format as well as detailed risk wording and scoring, is planned for the coming months. A copy of the full Company risk register has been included in Appendix 1.

7.3 *Mitigating Measures*

- 7.3.1 In response to an audit on health and safety compliance i4B carried out a full review into compliance at its dwellings and blocks and produced a monitoring tracker that tracks all compliance elements. Compliance updates are reported to the Board each month.
- 7.3.2 Alongside this, as a longer-term solution, Brent Housing Service has procured True Compliance. All i4B properties have been successfully loaded onto the True Compliance system and work to get the system fully set up for all compliance areas is progressing.
- 7.3.3 The introduction of a Nominations Panel, who carry out affordability assessments on all applicants put forward to i4B from Housing Needs has improved oversight into the affordability and suitability of properties and enhanced tenancy sustainment.
- 7.3.4 A report on energy performance, requirements and the decarbonisation potential of the portfolio has been received from the Asset Management team and is being factored into the financial business plan. Initial analysis suggests that the financial risk to the companies is not as high as previously anticipated.
- 7.3.5 All of the above-mentioned measures, have had a positive impact and led to the reduction of 6 risk likelihood scores at the last review, in January.

## **8.0 Update on the Content and Proposals of the Draft 2024/25 i4B Business Plan**

- 8.1 Table 4 shows the timetable for the i4B Board to approve the 2024/25 Business Plan. The i4B Board met and discussed the Business Plan on 25<sup>th</sup> January 2024. A revised version will now be produced for final approval by the Board.

<b>Proposed Paper</b>	<b>Paper Deadline</b>	<b>Board Meeting</b>
Business Plan Final Draft and Board Sign Off	19 January 2024	25 January 2024

- 8.2 Table 5 shows the timetable for the Shareholder to approve the 2024/25 Business Plan. The Business Plan will be presented to the Shareholder at the following meetings:

<b>Meeting</b>	<b>Paper Deadline</b>	<b>Meeting Date</b>
i4B Guarantor Meeting	5 February 2024	8 February 2024
Council Management Team – Final Draft	9 February 2024	14 February 2024
PCG	16 February 2024	21 February 2024
Cabinet – Final Approval	4 March 2024	11 March 2024

- 8.3 The 2024/25 Business Plan outlines the Company's strategic priorities for the year. Priorities for 2024/25 are set out within the framework of the medium to long-term objectives of Brent's Housing Companies. A summary of business plan proposals for each objective is below.



#### *8.4 Providing a Consistently Good Housing Service*

- 8.4.1 i4B will focus on reviewing initial responses to the Regulator's new tenant satisfaction measures and improve its oversight of complaint handling. Through the SLA with Brent Housing Service, the newly implemented Operational Team will continue to focus on rental affordability and sustainment for i4B tenants. The company will also focus on the re-tendering of its management contract for its properties in the Home Counties.

#### *8.5 Delivering safe and sustainable homes*

- 8.5.1 i4B will continue to further embed improved practices in the areas of compliance, disrepair and asset management and energy efficiency. This entails overseeing the successful implementation of True Compliance, ensuring all requirements of the Building Safety Act are met and carrying out further work on modelling and planning for future property management and decarbonisation works.

#### *8.6 Running a viable business*

- 8.6.1 In 2024/25, i4B will focus on implementing its value for money strategy, agreed by the Board in September 2023, to reduce costs and improve financial performance, with a particular focus on voids performance and financial controls. Additionally, i4B will also assess the outcome of a value for money review of voids from external contractor Ridge, to improve oversight of void costs, and a void works pilot with a smaller contractor. Following this, i4B will work with Property Services to implement any necessary improvements.

#### *8.7 Increasing the Supply of Affordable Housing in the Borough*

- 8.7.1 i4B's primary aim is to improve the Council's affordable housing offer through the acquisition and letting of properties in Brent and neighbouring boroughs. For 2024/25, i4B will continue to explore the acquisition of both street properties and blocks, with a forecast of using the majority of its remaining finance during 2024/25. This will include acquiring a target of 25 street properties as well as continuing to review the market for new build opportunities and identify viable options for acquisition or leasing. The Council has allocated a provision of £40m in its 2024-25 budget for potential loan funding to the housing companies. This offers flexibility to i4B and First Wave Housing during the year to pursue a range of opportunities, including a potential block purchase and a continuation of the street property acquisition programme beyond the use of existing drawn-down funding.


### **9.0 Update on Governance**

- 9.1 Since the last report to the Shareholder in August 2023, Martin Smith has stepped down as Chair of i4B. Andrew Hudson was appointed as Chair and took up post in January 2024.

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H&B Strategic Risks																	
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							
	Safe and Sustainable Homes	H&B does not meet H&S requirements	H&B lacks the policies, knowledge and governance arrangements to effectively monitor regulatory and legal standards on compliance.	Lack of reliable monitoring reports to Board	4	5		3	5	15	↓	Review policies, controls and reporting arrangements.	Monitor implementation of True Compliance system and revised compliance policies	Head of Property Services	Strategic Support Officer	Dec-23	Compliance policies now agreed by Board. Updated reports have been received from True Compliance and reviewed, widgets in the process of being set up to ease reporting. Risk score reduced as regular reporting from TC now in place.
1	Safe and Sustainable Homes	H&B 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 H&B being non-compliant with its statutory obligations.	Inadequate controls on record creation; lack of KPIs and monitoring processes	3	5	15	3	5	15		Review asset records and the controls around creation and update. Produce a regular compliance report to Board covering all compliance requirements.	Continue short-term monitoring and reporting of each compliance area	Strategic Support Officer		Ongoing	Monitoring and reporting to Board continues on a monthly basis.
													Monitor implementation of True Compliance system	Head of Property Services	Strategic Support Officer	Dec-23	Compliance policies now agreed by Board. Updated reports have been received from True Compliance and reviewed, widgets in the process of being set up to ease reporting. Regular reporting from TC now in place.
2	Safe and Sustainable Homes	H&B does not meet H&S requirements	Compliance actions are not effectively identified, followed up and monitored when issues arise, leading to non-compliance with statutory obligations.	Inadequate controls on the recording, follow-up and reporting of mitigation actions identified.	3	5	15	3	5	15		Ensure effective monitoring and reporting processes on compliance.	Monitor implementation of True Compliance system	Head of Property Services	Strategic Support Officer	Dec-23	Compliance policies now agreed by Board. Updated reports have been received from True Compliance and reviewed, widgets in the process of being set up to ease reporting. Regular reporting from TC now in place.
3	Running a Viable Business	H&B 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.	Head of Housing & Neighbourhoods	Strategy and Delivery Manager	Completed	
												Carry out review of arrears, including: allocation of Homelessness Prevention Grant; review of sign-up and rent collection processes; and review of long-term suitability of high arrears cases			Sep-23	The sign-up process has been revised and is in a pilot phase, with lettings officers now assisting with Universal Credit and Council Tax applications, as well as advance payments. A newly introduced welcome pack and Notifications Panel are ready for implementation to enhance tenancy sustainment. Additionally, ongoing improvements are being made to rent collection and arrears management, with a focus on providing a more comprehensive service.	
4	Running a Viable Business	H&B 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.	Implement project plan to reduce void costs and improve void turnaround times	Head of Property Services / Responsive Repairs and Voids Manager	Strategic Support Officer	Jan-24	Voids to speed now in place, with updates on outcomes to be provided to the Board at the January Board. All voids are now handled by Wates Living Space and undergo pre-inspection, in-progress inspection, and a joint post-inspection by a Wates Supervisor and a Brent Surveyor. The cost of void works has been reduced by carefully scrutinising specifications and implementing an approved hierarchy. In addition to the initial void inspection, a surveyor checks the quality and progress of void works part way through the process to ensure they are on target for completion. The Void H&B Squad monitors all void stages, focusing on efficiency and reporting to senior management. Risk score remains pending performance improvements.
5	Running a Viable Business	H&B cannot trade as a going concern	High Capital Programme costs, including future climate change expenditure, undermine the viability of the business plan.	Uncertainty on investment requirements in stock, including decarbonisation and compliance	5	5	25	3	5	15	↓	Development of a costed asset management plan with viable options.	Develop asset management and decarbonisation strategy	Head of Property Services	Strategy and Delivery Manager	Sep-23	Report from Asset Management Team on energy performance, asset management requirements and decarbonisation potential of portfolio has been received and is being factored into the financial business plan. This will be finalised for the start of the 2024-25 Business Plan; risk likelihood has been reduced based on initial outcomes showing a reduced risk to company finances.
6	Running a Viable Business	Financial and reputational damage	H&B is deemed to have failed a statutory requirement in its corporate role following developments in the regulatory environment such as the Hachitt 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 building standards and compliance with these.	Carry out review of governance arrangements and compliance with regulatory standards	Strategic Support Officer		Completed	Completed for 2023 - next review in June 2024
												Work with Asset Management Team to provide information on how compliance with Building Safety Act and other key legislation will be achieved.	Strategic Support Officer		Mar-24	There are three key actions for Lewington in response to the Building Safety Act: 1. Registration with Government/Building Safety Regulator - this has been completed in collaboration with Quinlan. 2. Registration with London Fire Brigade - initial registration has been completed, and the Compliance team are working on providing additional detailed block information to the LFB. 3. Preparation of Building Safety Case to the Building Safety Regulator. The deadline for this is 31 March 2024, and an initial meeting with Quinlan has been held to agree plans and responsibilities for preparing this. Deadline updated to reflect this - on track.	
7	Running a Viable Business	Financial and reputational damage	Substantial variations in inflation and interest rates compared to the business plan adversely affect financial performance and viability.	Cost inflation exceeds income; rent collection levels decrease; new unaffordable expenditure requirements such as decarbonisation costs are identified	4	5	20	3	5	15	↓	Regular review of costs and assumptions, and stress testing of the business plan.	Regular monitoring of economic environment and actual performance, and 6 monthly stress testing of business plan.	Senior Finance Analyst		Jul-23	Completed for 2022/23 outcome and review of financial model; next stress test to be carried out as part of 2024/25 business planning. Risk reduced to reflect Bank of England forecast that inflation will
												Develop cost estimates on decarbonisation and stock condition works and feed into asset management & decarbonisation strategy	Strategic Support Officer		Sep-23	Report from Asset Management Team on energy performance and decarbonisation potential of portfolio has been received and is being factored into the financial business plan. This will be finalised for the start of the 2024-25 Business Plan; risk likelihood has been reduced based on initial outcomes showing a reduced risk to company finances.	
8	Running a Viable Business	Financial and reputational damage	Tax inefficiency in the H&B company structure makes property acquisition and decarbonisation works unaffordable	Increasing interest payments on loans cannot be offset against tax liabilities	4	5	20	3	5	15	↓	Carry out a tax planning review of the H&B business plan	Carry out a tax planning review of the H&B business plan	Senior Finance Analyst		Completed	EV advice and conclusions presented to October Board; regular tax planning reviews to be introduced from June 2024, and risk score reduced to reflect improved monitoring
9	Increasing Supply of Affordable Housing	H&B cannot increase affordable housing supply	There is an insufficient volume of properties on the market that meet H&B's financial criteria.	Change in market conditions	3	3	9	3	3	9		Regular review of market and financial viability model.	Regularly review street property market throughout 2023/24 with a view to re-enter the market.	Strategy and Delivery Manager		Completed	Acquisition programme is proceeding to plan following decision to resume purchasing, with changes to modelling and new L&A rates increasing H&B's purchasing power
10	Increasing Supply of Affordable Housing	H&B cannot increase affordable housing supply	There is an insufficient amount of development opportunities that meet H&B's development criteria.	Change in market conditions	4	3	12	3	3	9	↓	Regular review of market and financial viability model.	Review feasibility of a block acquisition or new build purchases during 2023/24.	Strategy and Delivery Manager		Completed	Strategy session with Red Leaf held in May 2023, and Board agreed to explore s106 and bulk purchase opportunities where appropriate. Risk score reduced to reflect ongoing exploration of viable opportunities.
11	Increasing Supply of Affordable Housing	H&B cannot increase affordable housing supply	H&B has insufficient capital to fund new acquisitions.	Change in market interest rates or a failure to negotiate new funding	5	3	15	3	3	9	↓	Monitoring of market rates and agreeing financing options with the Council.	Discussions to take place between H&B Board and Council around future investment in Company.	Senior Finance Analyst		Completed	The Council has indicated that future loan finance would be available to the housing companies following the use of remaining loan funding; the affordability of acquisitions at this point will be dependent on the interest rate environment. Risk score reduced to reflect ongoing exploration of viable opportunities and Council willingness to provide further funding for these.

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	<b>Audit and Standards Advisory Committee</b>
	28 March 2024
	<b>Report from the Chief Executive and Corporate Director of Finance and Resources</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance, Resources &amp; Reform (Councillor Mili Patel)</b>
<b>Report on First Wave Housing Limited</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 1: FWH February 2024 Report to the Guarantor
<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 the work of First Wave Housing Ltd (FWH; the company) to deliver against its business plan for 2023-24 which was agreed with the Council as Guarantor, and an update on the company's upcoming 2024-25 business plan.

## 2.0. Recommendation(s)

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

## 3.0. Detail

### **3.1. Introduction**

- 3.1.1. FWH is a Registered Provider of Social Housing wholly owned by Brent Council. FWH is limited by guarantee and owns a stock of 216 units.

### **3.2. Contribution to Borough Plan Priorities & Strategic Context**

- 3.2.1. The work of FWH contributes to the Borough Plan strategic priority of 'Prosperity and Stability in Brent: Safe, Secure and Decent Housing' as its core business activity involves providing good quality affordable housing in the borough to reduce homelessness and alleviate the use of Temporary Accommodation.

### **3.3. Reporting Arrangements**

- 3.3.1. As agreed at the ASAC meeting in September 2023, the report provides information and assurance on the arrangements the Council, as Guarantor of FWH, has in place to oversee the good performance and governance of the company. This approach is in-line with best practice as set out in CIPFA's Audit Committees guidance.
- 3.3.2. Biannual reports to the Committee will outline the governance arrangements in place between the Council and company, provide a report on the most recent FWH-Guarantor meeting, and present the company's annual business plan and annual accounts.
- 3.3.3. Moving forward, operational performance for the company will be scrutinised by the Community & Wellbeing Scrutiny Committee. In 2024, a joint meeting of the Community & Wellbeing and Resources & Public Realm Scrutiny Committees will be convened to review the housing companies. A final date for this has not been confirmed, but is expected to be either in April or June 2024.

### **3.4. Governance Arrangements**

- 3.4.1. FWH is governed by a Guarantor's Agreement with Brent Council, which outlines the matters and decision-making powers which are reserved to the Council as sole Guarantor. This includes approval of the annual business plan, which is agreed by Cabinet each year; the Board is unable to deviate from this plan without Guarantor agreement.
- 3.4.2. The FWH Board meets on a monthly basis and is made up of an independent Chair, two Council directors, one councillor and one independent non-executive director. In the past year, the Board has met 13 times; this includes 11 scheduled meetings – the Board does not meet in August – as well as two extraordinary strategy sessions, one to review the results of consultancy work which the company had commissioned in relation to development opportunities and a business planning strategy session for 2024-25.
- 3.4.3. In addition, FWH has six-monthly meetings with the Chief Executive, Corporate Director of Finance & Resources and Deputy Leader who represent the Council

as Guarantor. The Council and company are continuing to review governance arrangements, and are considering scheduling additional touch-point meetings between these six-monthly meetings. The most recent Guarantor meetings took place in August 2023 and February 2024.

- 3.4.4. A 30-year business plan is in place for FWH to ensure long-term financial standing. This is reviewed annually and is supported by monthly monitoring reports. The company produces and files annual statutory accounts.
- 3.4.5. FWH maintains a risk register covering both strategic and operational matters. Risks are aligned to the company's long-term strategic objectives, and are reviewed and reported to the Board on a quarterly basis as well as to the Guarantor on a biannual basis.
- 3.4.6. FWH scores each of its risks based on likelihood and impact, and for each risk mitigating actions with owners and deadlines are in place. These mitigating measures are having a positive impact on the Company's risk profile; at the last review in January 2024 likelihood scores for three risks were reduced. By closely monitoring and responding to risks FWH is able to effectively maintain a grip on ensuring that potential issues affecting the Company do not materialise.
- 3.4.7. The current key risks for FWH relate to monitoring health and safety compliance, rental affordability for tenants, and high capital programme and decarbonisation costs.
- 3.4.8. The Company has been working to mitigate and reduce these risks. Recently completed and ongoing actions to do so include:
- A full review of health and safety compliance at all FWH properties and blocks, and the creation of a comprehensive tracker which is reported each month to the Board.
  - The Council-wide procurement of the True Compliance system to track all compliance elements, which is due to be fully implemented in the coming months.
  - The introduction of a Nominations Panel to carry out additional affordability and suitability assessments on all applicants put forward to FWH from Housing Needs, to improve oversight of the allocations process and enhance rental affordability and tenancy sustainment.
  - Delivering greater cost certainty by factoring the results of stock condition and energy surveys and associated costs into the financial business plan, which has demonstrated that the financial impact of future capital obligations on the Company is lower than previously forecast.
- 3.4.9. As noted, these measures have been successful in reducing a number of scores at the latest review of the risk register, including the majority of highest-scoring risks, demonstrating that FWH is effectively managing overall risk and showing a positive direction of travel.

- 3.4.10. In response to an external audit recommendation, a risk in relation to the housing companies has been recorded on the Council's Resident Services departmental risk register. This is to ensure that the Council as Guarantor of FWH is maintaining appropriate grip on the operations, governance and viability of the Company. It does this through a range of measures discussed in this report including regular FWH-Guarantor meetings, reports to the Audit & Standards Advisory and Scrutiny committees, and annual Guarantor appraisals of the Chair of the FWH Board. As with the Company's internal risk monitoring processes, the arrangements in place between the Company and Council ensure that risk is effectively monitored and managed.
- 3.4.11. Furthermore, FWH has a robust internal audit programme with the current audit plan having been assurance mapped against the company's risk register and agreed by the Board, and the results of audit findings being reported back to the Board. Focuses of recent audits include health and safety compliance, as well as the Council's governance arrangements in relation to the company. An audit into the company's financial controls, with a focus on the monitoring and charging of repairs costs, is currently underway and is due to be completed in early Q1 of 2024-25.
- 3.4.12. As a Registered Provider, FWH reviews its compliance with the Regulator of Social Housing's regulatory standards on an annual basis. This includes ensuring compliance with the Rent, Governance & Financial Viability and Value for Money standards.
- 3.4.13. The annual external audit is another means to demonstrate financial resilience and sustainability. This audit not only provides assurance on all financial matters that occurred during the year, it also provides assurance on the company's overall financial position and going concern status. A letter of representation is sent to the external auditor from the Director of Finance & Resources confirming Brent undertakes to provide continuing financial support to enable FWH to fund its liabilities as they fall due and to allow the financial statements of FWH to be prepared on a going concern basis.
- 3.4.14. Since the last report to ASAC in September 2023, Martin Smith has stepped down as Chair of FWH. Following a selection process, Cabinet confirmed the appointment of Andrew Hudson as Chair and he took up post in January 2024.

### **3.5. Update from Guarantor Meeting**

- 3.5.1. The latest Guarantor meeting between the Council and FWH took place on 8<sup>th</sup> February 2024.
- 3.5.2. The Chair of the FWH Board presented a report on the company's operational performance, financial performance, 2024-25 business plan proposals, risks and governance to the Council's Chief Executive and Corporate Director of Finance & Resources.
- 3.5.3. The full report can be found in Appendix 1. This section provides a summary of key discussions at the meeting.



### *Fulton Road*

- 3.5.4. The Guarantor asked for an update on progress with work to agree a leasing mechanism between the Company and Council at Fulton Road, a site under construction that the Council has acquired. Officers confirmed that a deadline of April 2024 had been set to work up the model, with onsite completion planned for 2025.

### *Operational Performance*

- 3.5.5. Regarding health and safety compliance, the Guarantor noted that it would be more beneficial to receive a full compliance scorecard showing property numbers rather than percentages. The report in Appendix 1 has been amended to reflect this.
- 3.5.6. It was noted that some progress had been seen on voids; however, some outstanding long-term legacy voids were keeping turnaround figures high. It was therefore requested that these legacy voids be reported on separately until the small number of legacy voids were cleared.
- 3.5.7. FWH directors noted that void rent loss had reduced, which showed that progress was being made, and expressed a desire to understand best practice in London. The Company wanted to create a culture of being very good at turning around more simple voids, while acknowledging the challenges brought by more complex cases.
- 3.5.8. On disrepair, the Guarantor asked whether it would be more cost effective for the Company to pay to settle claims more quickly, while ensuring that all necessary works were carried out, rather than entering lengthy legal proceedings. On this, officers were planning for future reporting to provide a breakdown of compensation costs, works costs and legal costs to inform a future approach, and were continuing to look at overall stock condition in order to pre-empt issues at specific properties. Regarding earlier payments, FWH would consider this approach but it was noted that this could bring the risk of prompting a greater number of claims from tenants as well as associated potential reputational damage to the Company.

### *Business Plan*

- 3.5.9. The Guarantor was presented with a draft of FWH's business plan priorities for 2024-25, and asked for feedback on these as well as overall Company strategy.
- 3.5.10. The Guarantor noted that First Wave Housing, alongside i4B, have authority from the Council to consider and pursue all appropriate opportunities to acquire more properties.

3.5.11. The Guarantor would consider this further before the next meeting in July-August 2024, and provide any further input in line with the Council's overall change priorities.

**4.0. Stakeholder and ward member consultation and engagement**

4.1. N/A

**5.0. Financial Considerations**

5.1. Financial considerations are outlined in the appendix.

**6.0. Legal Considerations**

6.1. N/A

**7.0. Equity, Diversity & Inclusion (EDI) Considerations**

7.1. N/A

**8.0. Climate Change and Environmental Considerations**

8.1. N/A

**9.0. Human Resources/Property Considerations**

9.1. N/A

**10.0. Communication Considerations**

10.1. N/A

**Report sign off:**

***Kim Wright***  
Chief Executive

***Minesh Patel***  
Corporate Director of Finance and Resources



# First Wave Housing Limited Guarantor Meeting 8 February 2024

## Update on FWH Performance and Business Plan

No. of Appendices	1 – FWH Risk Register
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### 1.0 Purpose of the Report

- 1.1 This report provides an update on the performance of First Wave Housing Ltd (FWH) and presents a summary of its draft Business Plan for 2024/25.

### 2.0 Recommendation(s)

- 2.1 The Guarantor notes the update on FWH's financial and operational performance, risks and compliance.
- 2.2 The Guarantor notes the update on the 2024/25 FWH Business Plan.
- 2.3 The Guarantor provides feedback on the Business Plan proposals.

### 3.0 Key Points

- 3.1 Operational performance is generally stable. Void times have improved as a result of a Council-wide improvement project although legacy cases continue to impact overall performance for FWH.
- 3.2 FWH's forecast operating surplus for 2023/24 is £1.62m, showing a £180k decrease from the original position and below the £1.80m budget. Variances are set out in Section 5.
- 3.3 FWH's draft 2024/25 business plan priorities are set out within the framework of the Company's medium-to long-term objectives. These are:
- Providing a consistently good housing service;
  - Delivering safe and sustainable homes;
  - Running a viable business; and
  - Increasing the supply of affordable housing in the borough;

### 4.0 Update on Purchasing

- 4.1 First Wave Housing and i4B have a common acquisition and development strategy, under which opportunities are progressed through either company in the way that is most beneficial to the overall Council housing group. For example, i4B carries out the companies' ongoing street property acquisition programme. As a Registered Provider, FWH is eligible for certain grant opportunities not available to i4B.

- 4.2 The Council has agreed to the acquisition of a 294-unit development at Fulton Road in Wembley Park, currently under construction. As part of this, the possibility of leasing a number of these units to FWH is being explored; this is likely to be 118 units to be let at London Living Rents.
- 4.3 Once arrangements have been finalised with the GLA and developer, the company will look to agree heads of terms and enter into a lease agreement with the Council for the units if an agreeable proposal for both the Council and Company can be identified and agreed.
- 4.4 The Company will hold discussions with the Guarantor as necessary when opportunities arise.

## 5.0 Update on Financial Performance

- 5.1 The financial position is set out in Table 1 below. The forecast operating surplus £1.62m against a full year budget of £1.80m, this is £180k lower than original position.

<b><u>FWH - Forecast 2023/24</u></b>	<b>Budget 23/24</b>	<b>Forecast 23/24</b>	<b>Variance</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
<b>Rents</b>				
<b>Gross Rental</b>	<b>3,549</b>	<b>3,509</b>	<b>(40)</b>	<b>-1%</b>
Void rent loss	<b>(177)</b>	<b>(142)</b>	<b>35</b>	<b>-20%</b>
<b>Rent Turnover</b>	<b>3,372</b>	<b>3,367</b>	<b>(5)</b>	<b>0%</b>
<b>Operating Costs</b>				
Management Fee SLA	244	244	(0)	0%
Corporate SLA	222	222	(0)	0%
Audit Fees and Consultants	41	75	(34)	-83%
Provision for Doubtful Debts	135	140	(5)	-4%
Leasehold Service Charges	283	369	(86)	-30%
Insurance	31	31	0	0%
Property Maintenance Costs	491	491	0	0%
Utilities	25	25	0	0%
Supplies and Services	96	146	(50)	-52%
<b>Total Costs Excluding Depreciation</b>	<b>1,568</b>	<b>1,744</b>	<b>(175)</b>	<b>-11%</b>
<b>Operating Profit / (loss)</b>	<b>1,804</b>	<b>1,624</b>	<b>(180)</b>	<b>-10%</b>

- 5.2 Forecast on Rent Turnover is largely in line with budget at £5k variance.
- 5.3 Total expenditure forecast (excluding depreciation charges) is higher than budget by £175k. This is mainly due to unbudgeted expenditure such as compensation payments for disrepair cases as well as few cases of prior year payments.
- 5.4 Service charge spend to December is over budget by £86k. Upon investigation, some of the adverse variance is due to prior year invoices. The

adverse variance is also reflected in the forecast. The prior year charges are from third party managing agents, who legally have an 18-month window to invoice and still have their invoices paid. Adequate process to capture such un-invoiced charges have to be put in place by the company to ensure such charges are accrued for in the year they fall due.

- 5.5 The full year contract for third party managing agents is reviewed to ensure full year costs are captured in the year the costs are incurred; this exercise will be carried out across all expense lines for the year.
- 5.6 Forecast overspend in 'Supplies and Services' is as a result of compensation costs which were not provided in the budget. This is the same with consultancy costs where additional provision is made for services received in the year that were not in the budget.
- 5.7 Going forward, the different components of compensation costs (legal costs, repair costs and compensation to residents) are reported separately to understand the true costs relating to damp and mould and other disrepair cases.

## 6.0 Update on Operational Performance

- 6.1 FWH has not purchased any new properties; therefore, performance is based solely on housing management. Table 2 below gives a summary of operational performance at January 2024.

Table 2 – Key Performance Indicators

Indicator	Target	Performance at June 2023	Performance at January 2024
Rent collection	98.5%	105.46%	99.83%
Minor voids	35 days	88 days	115 days
Major voids	72 days	194 days	162 days
Emergency repairs (24 hours)	100%	100%	100%
Urgent repairs (7 days)	95%	100%	99%
Routine repairs (28 days)	95%	69%	78%
Landlord gas safety record	100%	100%	100%

### 6.2 Rent Collection

- 6.2.1 The year-to-date rent collection figure is strong and remains above the 98.5% target at 99.83%. However, performance has slightly decreased from June 2023 due to the ongoing cost of living crisis which is expected to continue to reduce affordability for tenants and potentially negatively impact rent collection.
- 6.2.2 To address this, Brent Housing Service have reviewed the sign-up, tenancy sustainment, rent collection and arrears management processes and have evaluated historic highest arrears cases to assess ongoing suitability. Subsequently, the sign-up process has now been revised and is in a pilot phase. Ongoing improvements will be made to rent collection and arrears

management, with the aim of providing a more comprehensive service for 2024/25.

### 6.3 Voids Performance

6.3.1 Despite major and minor void times remaining out of target, there have been recent signs of improvement following Brent Housing Service's temporary introduction of a Voids Hit Squad. The team comprises three officers and a manager overseeing the end-to-end voids and lettings process. They are responsible for ensuring that delays are prevented, and void turnaround times are brought back within target. Performance is expected to remain outside of target until legacy cases, which are currently impacting the overall average, have been cleared. Legacy voids include: 134A Church Road, which has been void for 345 days and requires significant roofing work for which a pavement licence has recently been obtained; and 32C Sellons Avenue, which has experienced a prolonged baiting programme but is due to be let by 12/02/2024. Further work is being carried out to report on these legacy voids separately.

6.3.2 Moving forward, the voids process will be overseen by the Operational Manager. The Board will continue to closely track this progress during 2024/25.

### 6.4 Repairs

6.4.1 In the year to date, 100% of all emergency repairs have been responded to within 24 hours. The number of urgent repairs completed within 7 days is currently 99%, which is above the target of 95%. The percentage of routine repairs completed within 28 days is currently below target at 76%. However, there is an upward trend in performance compared to the same period last year, where performance was 73.5%.

### 6.5 Compliance

6.5.1 Table 3 provides an update on health & safety compliance. Aside from a number of outstanding electrical safety certificates, FWH has achieved full compliance in the relevant areas. On EICRs, the legal process to gain access continues to be followed for each outstanding certificate; however, it is not possible to force entry to properties that refuse access, as is the case with gas certificates.

Table 3 – Compliance Scorecard

Compliance Area	Certification	No. of Applicable Properties/ Blocks	No. of Compliant Properties/ Blocks	Compliance Rate
Electrical Safety (Property)	EICR	216	*188	92.20%
Gas Safety (Property)	LGSR	195	*195	100%
Asbestos (Block)	Asbestos survey	1	1	100%
Legionella (Block)	Legionella risk assessment	2	2	100%
Electrical Safety (Block)	Communal EICR	3	3	100%

Lifts (Block)	Inspection report	1	1	100%
Fire Safety (Block)	FRA	2	2	100%

*\*Data does not include void properties*

## 7.0 Risk Update

7.1 The full company risk register is included in Appendix 1. The main risks FWH currently faces are:

- 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.
- FWH's policies, knowledge and governance arrangements are not sufficiently effective to monitor regulatory and legal standards on health and safety compliance.
- Tenant non-payment of rent increases due to unaffordability of rent.
- High Capital Programme costs, including future climate change expenditure, undermine the viability of the business plan.
- Greater uncertainty in the external operating environment brings greater risk to FWH's financial modelling.

7.2 The Company's risk register is reviewed quarterly. Throughout the risk register, business plan assumptions, mitigations and actions are updated. Mitigating measures are in place to help to minimise the impact and likelihood of all risks. A wider review of the risk register, including the overall format as well as detailed risk wording and scoring, is planned for the coming months. A copy of the full Company risk register has been included in Appendix 1.

### 7.3 Mitigating Measures

7.3.1 In response to an audit on health and safety compliance FWH carried out a full review into compliance at its dwellings and blocks and produced a monitoring tracker that tracks all compliance elements. Compliance updates are reported to the Board each month.

7.3.2 Alongside this, as a longer-term solution, Brent Housing Service has procured True Compliance. All i4B properties have been successfully loaded onto the True Compliance system and work to get the system fully set up for all compliance areas is progressing.

7.3.3 The introduction of a Nominations Panel, who carry out affordability assessments on all applicants put forward to FWH from Housing Needs has improved oversight into the affordability and suitability of properties and enhanced tenancy sustainment.

7.3.4 A report on energy performance, requirements and the decarbonisation potential of the portfolio has been received from the Asset Management team and is being factored into the financial business plan. Initial analysis suggests that the financial risk to the companies is not as high as previously anticipated.

- 7.3.5 All of the above-mentioned measures, have had a positive impact and led to the reduction of three risk likelihood scores at the last review, in January.

## **8.0 Update on the Content and Proposals of the draft 2024/25 FWH Business Plan**

- 8.1 Table 3 shows the timetable for the FWH Board to approve the 2024/25 Business Plan. The FWH Board met and discussed the Business Plan on 25<sup>th</sup> January 2024. A revised version will now be produced for final approval by the Board.

<b>Proposed Paper</b>	<b>Paper Deadline</b>	<b>Board Meeting</b>
Business Plan Final Draft and Board Sign Off	19 January 2024	25 January 2024

- 8.2 Table 4 shows the timetable for the Guarantor to approve the 2024/25 Business Plan. The business plan will be presented to the Guarantor at the following meetings:

<b>Meeting</b>	<b>Paper Deadline</b>	<b>Meeting Date</b>
FWH Guarantor Meeting	5 February 2024	8 February 2024
Council Management Team – Final Draft	9 February 2024	14 February 2024
PCG	16 February 2024	21 February 2024
Cabinet – Final Approval	4 March 2024	11 March 2024

- 8.3 The 2024/25 FWH Business Plan outlines the Company's strategic priorities for the year. Priorities for 2024/25 are set out within the framework of the medium to long-term objectives of Brent's Housing Companies. A summary of business plan proposals for each objective is below.

### **8.4 *Providing a consistently good housing service***

- 8.4.1 FWH will focus on reviewing initial responses to the Regulator's new tenant satisfaction measures and improve its oversight of complaint handling. Through the SLA with Brent Housing Service, the newly implemented Operational Team will continue to focus on rental affordability and sustainment for FWH tenants.

### **8.5 *Delivering safe and sustainable homes***

- 8.5.1 FWH will continue to further embed improved practices in the areas of compliance, disrepair and asset management and energy efficiency. This entails overseeing the successful implementation of True Compliance, ensuring all requirements of the Building Safety Act are met and carrying out further work on modelling and planning for future property management and decarbonisation works.

### **8.6 *Running a viable business***

- 8.6.1 In 2024/25, FWH will focus on implementing its value for money strategy, agreed by the Board in September 2023, to reduce costs and improve financial performance, with a particular focus on voids performance and financial controls



## *8.7 Increasing the supply of affordable housing in the borough*

- 8.7.1 As outlined in the update on purchasing, FWH will continue to explore viable development opportunities, and progress these where appropriate.

## **9.0 Update on Governance**


- 9.1 Since the last report to the Guarantor in August 2023, Martin Smith has stepped down as Chair of FWH. Andrew Hudson was appointed as Chair and took up post in January 2024.

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## FWH Strategic Risks

Ref	Business Plan Objective	Strategic Risk	Risk	Trigger	Likelihood	Impact	Score	Likelihood	Impact	Score	Risk Trend	Mitigation	Actions	Owner	SLA Lead	Due Date	Action Update
1	Safe and Sustainable Homes	FWH does not meet H&S requirements	FWH's policies, knowledge and governance arrangements are not sufficiently effective to monitor regulatory and legal standards on health & safety compliance.	Lack of reliable monitoring reports to Board	4	5	20	3	5	15	↓	Review policies, controls and reporting arrangements.	Monitor implementation of True Compliance system and revised compliance policies	Head of Property Services	Strategic Support Officer	Dec-23	Compliance policies now agreed by Board. Updated reports have been received from True Compliance and reviewed, widgets in the process of being set up to ease reporting. Risk score reduced as regular reporting from TC now in place.
2	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; lack of KPIs and monitoring processes	3	5	15	3	5	15		Review asset records and the controls around creation and update. Produce a regular compliance report to Board covering all compliance requirements.	Continue short-term monitoring and reporting of each compliance area	Strategic Support Officer		Ongoing	Monitoring and reporting to Board continues on a monthly basis.
3	Safe and Sustainable Homes	FWH does not meet H&S requirements	Compliance actions are not effectively identified, followed up and monitored when issues arise, leading to non-compliance with statutory obligations.	Inadequate controls on the recording, follow-up and reporting of mitigation actions identified.	3	5	15	3	5	15		Ensure effective monitoring and reporting processes on compliance.	Monitor implementation of True Compliance system	Head of Property Services	Strategic Support Officer	Dec-23	Compliance policies now agreed by Board. Updated reports have been received from True Compliance and reviewed, widgets in the process of being set up to ease reporting. Regular reporting from TC now in place.
4	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	4	16	3	4	12	↓	Regular modelling and business plan reviews, and monitoring of changes in Government policy.	Re-test the business plan as part of the 2022/23 final accounts outturn process	Senior Financial Analyst		Completed	
5	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.	Re-test the business plan as part of the 2024/25 business plan setting process				Jan-24
6	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.	Implement project plan to reduce void costs and improve void turnaround times	Head of Property Services / Responsive Repairs and Voids Manager	Strategic Support Officer	Jan-24	Voids hit squad now in place, with an update on outcomes to be provided to the Board at the January 2024 AGM. All voids are now handled by Wales Living Space and undergo pre-inspection, in-progress inspection, and a joint post-inspection by a Wales Supervisor and a Brent Surveyor. The cost of void works has been reduced by carefully scrutinising specifications and implementing an approval hierarchy. In addition to the initial void inspection, a surveyor checks the quality and progress of void works part way through the process to ensure they are on target for completion. The Void Hit Squad monitors all void stages, focusing on efficiency and reporting to senior management. Risk score remains pending performance improvements
7	Running a Viable Business	FWH cannot trade as a going concern	High Capital Programme costs, including future climate change expenditure, undermine the viability of the business plan.	Uncertainty on investment requirements in stock, including decarbonisation and compliance	5	5	25	3	5	15	↓	Development of a costed asset management plan with viable options.	Develop asset management and decarbonisation strategy	Head of Property Services	Strategy & Delivery Manager	Sep-23	Report from Asset Management Team on energy performance, asset management requirements and decarbonisation potential of portfolio has been received and is being factored into the financial business plan. This will be finalised for the start of the 2024-25 Business Plan; risk likelihood has been reduced based on initial outcomes showing a reduced risk to company finances.
8	Running a Viable Business	Financial and reputational damage	Substantial variations in inflation and interest rates compared to the business plan adversely affect financial performance and viability.	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.	Regular monitoring of economic environment and actual performance, and 6 monthly stress testing of business plan.	Senior Finance Analyst		Completed	Completed for 2022/23 outturn; next stress test to be carried out as part of 2024/25 business planning
9	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.	Develop cost estimates on decarbonisation and stock condition works and feed into asset management & decarbonisation strategy	Strategic Support Officer		Sep-23	Report from Asset Management Team on energy performance of portfolio and decarbonisation potential of stock has been received and is being factored into the financial business plan. This will be finalised for the start of the 2024-25 Business Plan.
10	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.	Carry out review of governance arrangements and compliance with regulatory standards	Strategic Support Officer		Completed	Completed for 2023 - next review in June 2024

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	<b>Audit and Standards Advisory Committee</b> 28 March 2024
	<b>Report from the Corporate Director of Governance</b>
	<b>Lead Member – Deputy Leader &amp; Cabinet Member for Finance, Resources &amp; Reform (Councillor Mili Patel)</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: Changes to RIPA policy & Procedures - Appendix 1-4
<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>  Tola Robson, Chief Lawyer Litigation and Licensing 020 8937 1455 <a href="mailto:Omotolani.Robson@brent.gov.uk">Omotolani.Robson@brent.gov.uk</a>

## 1.0 Executive Summary

- 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.

## **2.0 Recommendations**

That the Committee notes:

- 2.1 The contents of this report.
- 2.2 The changes to the RIPA policies to reflect the Council's organisational change and new Chief Executive as an Authorising Officer.

## **3.0 Detail**

### **Contribution to Borough Plan Priorities & Strategic Context**

- 3.1 The appropriate use of, and compliance with RIPA and RIPA related powers ensures confidence in the operation and good governance of the council and supports delivery of the Borough Plan.

### **Background**

- 3.2 The Regulation of Investigatory Powers Act 2000 (RIPA) gave the Council significant powers in order to investigate serious matters and offences. It enables the Council to use covert surveillance, covert human intelligence sources (CHIS) and the acquisition of service user or subscriber information in relation to communications data in a manner which is compatible with Article 8 of the European Convention on Human Rights (which governs an individual's right to respect for their private and family life). Before the Council may undertake covert surveillance, there are various criteria which must be met including approval of the application by a Magistrate.
- 3.3 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**

- 3.4 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.
- 3.5 During 2023, IPCO reviewed the way in which Inspections / oversight of local authorities was conducted. It ceased undertaking routine inspections instead, requiring each local authority to provide a written update, in the first instance, on its compliance with the legislation. Responses were then assessed followed by a determination as to whether or not a remote, or in some cases, in-person

inspection was required. This approach takes cognisance of the general decline in the use of covert powers by many local authorities. In July 2023 officers provided a written response addressing a range of matters identified by the Inspector which included internal governance and oversight, policy refreshes; annual updates to Elected Members; ongoing training and awareness raising; internal compliance etc. In August 2023 the Inspector confirmed “I am satisfied that your reply provides your assurance that ongoing compliance with RIPA 2000 and the Investigatory Powers Act 2016 will be maintained. As such, your Council will not require further inspection this year.”

#### Changes to RIPA policy

- 3.6 The RIPA Policy and procedures were last revised in 2023 in relation to a further power to extract (Communications) Data held on electronic devices.
- 3.7 Substantive changes to the RIPA Policies and Procedures requires formal Cabinet approval. Whilst no substantive changes are recommended as a result of this review, it is proposed to make minor amendments to reflect the Council's recent organisational changes. Extracts of the changes to the RIPA Policy are produced as Appendix A for Members consideration.

#### Oversight

- 3.8 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.
- 3.9 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).
- 3.10 In February 2024, RIPA Refresher training was provided for all officers involved in the RIPA regime and identified in the RIPA Policy at Appendices 1-4. The

training included a refresher of the legislation, recent guidance from the Investigatory Powers Commissioners Office and current thinking.

- 3.11 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

- 3.12 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 over the last five 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>2023/24</b>	<b>0</b>
2022/23	0
2021/22	0
2020/21	0
2019/20	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	
2022/23	2	Fraudulent subletting a council property Fraudulent use of blue badge concession.
2023/24	20*	Fraudulent use of blue badge concession. Car trader investigation



		Rogue roofer investigation
--	--	----------------------------

\*At the time of writing this report, these are all pending applications in relation to the three separate investigations.

- 3.13 RIPA powers are now predominantly used to assist Trading Standards investigations. They are also used in the context of serious fraud investigations both by Trading Standards and the council's Audit and Investigations team.

#### **4.0 Financial Considerations**

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

#### **5.0 Legal Considerations**

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

#### **6.0 Equity, Diversity & Inclusion (EDI) Considerations**

- 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.

#### **7.0 Additional Considerations**

- 7.1 There are no additional considerations in relation to the following areas arising from the report

- a) Stakeholder and ward member consultation and engagement
- b) Climate Change and Environmental considerations
- c) Human Resources/Property considerations
- d) Communication considerations

**Report sign off:**

**Debra Norman**

Corporate Director Governance

## APPENDICES

### APPENDIX 1: Senior Responsible Officer (SRO) Contact Details

Debra Norman, Corporate Director, Law & Governance and Monitoring Officer: |  
Debra.Norman@brent.gov.uk; 020 8937 1578

### APPENDIX 2: List of Authorising Officers and Contact Details

Kim Wright, Chief Executive/Head of Paid Service: Kim.Wright@brent.gov.uk; 020 8937 1101

Minesh Patel, Corporate Director Finance & Resources: Minesh.Patel @brent.gov.uk; 020 8937 6528

Chris Whyte, ~~I~~Director ~~Environment and Leisure~~Public Realm: Chris.Whyte@brent.gov.uk; 020 8937 5342

Simon Legg, Head of Regulatory Services: Simon.Legg@brent.gov.uk; 020 8937 5522

Michael Cassel, Counter Fraud Manager: Michael.Cassel@brent.gov.uk; 0208 937 1265

### APPENDIX 3: Prosecution Lawyers


Tola Robson, Chief ~~Lawyer~~: Criminal Litigation and Licensing-: Omotolani Robson: |  
Omotolani.Robson@brent.gov.uk; 020 8937 1455)

Priscilla Pryce, ~~Senior Legal Assistant~~Lawyer: Priscilla.Pryce@bent.gov.uk; 020 8937 4330

### APPENDIX 4: Designated Senior Officer's Contact Details

Communications Data Designated Senior Officer: Simon Legg, Head of Regulatory ~~services~~Services: Simon.Legg@brent.gov.uk; 020 8937 5522

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	<b>Audit and Standards Advisory Committee</b> 28 March 2024
	<b>Report from the Corporate Director of Finance and Resources</b>
	<b>Lead Member - Deputy Leader and Cabinet Member for Finance, Resources &amp; Reform</b>
<b>Internal Audit Strategy 2024-2027 and Internal Audit Plan 2024-25</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>List of Appendices:</b>	Two: Appendix 1 – Internal Audit Strategy 2024-2027 Appendix 2 – Internal Audit Plan 2024-25
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Darren Armstrong, Head of Audit and Investigations 020 8937 1751 <a href="mailto:Darren.Armstrong@Brent.gov.uk">Darren.Armstrong@Brent.gov.uk</a>

## 1.0 Executive Summary

- 1.1 This report sets out the Internal Audit Strategy for the period 2024-2027, and the Internal Audit Plan for 2024-2025.
- 1.2 The Internal Audit Strategy is a newly developed document that outlines the ways in which we will continue to enhance the effectiveness and delivery of the Council's Internal Audit function over the next three-year period. It sets out a number of objectives, priorities and initiatives to ensure that the work carried out by Internal Audit is in alignment with the Council's strategic objectives and assurance needs. The strategy also introduces a new approach to audit planning and delivery.
- 1.3 In-line with usual practice, we have also prepared an Internal Audit Plan for the financial year 2024-2025. As a direct response to the new Internal Audit

Strategy, and the pending Global Internal Audit Standards (due to come into force from January 2025) which introduces new requirements for audit planning, we have adopted a revised methodology that moves away from the traditional 'annual plan' approach.

## **2.0 Recommendations**

2.1 The Committee is asked to:

- (a) consider and note the Internal Audit Strategy for 2024-2027;
- (b) review and agree the draft Internal Audit Plan for 2024-2025

## **3.0 Detail**

### **3.1 Contribution to Borough Plan Priorities & Strategic Context**

- 3.1.1 The role of the Internal Audit function is to contribute to the overall success of the Council by bringing a systemic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes throughout the Council. This is primarily achieved through providing independent, risk-based and objective assurance and advisory services. The assurance suite of work involves assessing how well the systems and processes are designed and operating in order to effectively mitigate risk, while advisory activities aid with the improvement in systems and processes where necessary.
- 3.1.2 The function also plays a key role in enhancing the Council's ability to serve its residents and the public interest by providing assurance on matters such as operational efficiency, reliability of reporting, compliance with laws and regulations, safeguarding of assets, and ethical culture.
- 3.1.3 The response of the Council to the activity of Internal Audit should lead to the strengthening of governance arrangements and the control environment, and therefore, contribute to the achievement of strategic objectives.

### **3.2 Background**

- 3.2.1 The Council has a statutory duty to maintain an adequate and effective internal audit function. In exercising its duties, the Internal Audit function should seek to:
  - 1) provide assurance to the Chief Executive, S151 Officer, senior management, the Audit and Standards Advisory Committee and other key stakeholders that the Council has effective arrangements in place to deliver its strategic objectives and manage key risks;
  - 2) meet the statutory responsibility to arrange for the continuous, independent internal audit of the Council;

- 3) meet the requirements of professional internal audit standards in order that the Head of Internal Audit is able to deliver an annual opinion on the Council's arrangements for governance, risk management and control; and
- 4) maximise the use and deployment of resources.

### **3.3 Internal Audit Strategy**

- 3.3.1 Under the new Global Internal Audit Standards, which will officially come into force in January 2025, the Chief Audit Executive (Head of Internal Audit) must develop and implement a strategy for the Internal Audit function that supports the strategic objectives and success of the organisation and aligns with the expectations of the board, senior management and other key stakeholders. To this end, the Internal Audit Strategy at **Appendix 1** sets out the strategic vision and objectives for the Internal Audit function for the three-year period 2024-2027.
- 3.3.2 In view of the growing challenges and risks faced by the Council, and increasing demand and stakeholder expectations, it is more important than ever that we deliver an Internal Audit service that is agile, responsive and closely aligned with the strategic objectives, risks and needs of the Council. Above all else, Internal Audit must also provide a programme of robust assurance in the areas where it is needed most. In developing this strategy, we have therefore taken the opportunity to re-consider and evaluate how we deliver assurance and advisory services to the Council and have identified four strategic objectives that will guide and shape our work across the next three years.
- 3.3.3 In determining the strategy, we have sought to ensure that we strike the right balance between being responsive to the changing risks, priorities and needs of the Council, whilst avoiding an over-emphasis on shorter-term issues to the detriment of providing a balanced programme of assurance.

### **3.4 Internal Audit Plan**

- 3.4.1 The Head of Internal Audit is also responsible for creating an Internal Audit Plan that supports the achievement of the Council's objectives. This must be based on a documented assessment of the Council's strategies, objectives and risks, and informed by input from CMT and senior management, as well as the Internal Audit function's understanding of the Council's governance, risk management and control processes.
- 3.4.2 The new Global Internal Audit Standards suggest that if the organisation's environment is dynamic, the internal audit plan may need to be updated as frequently as every six months, quarterly or even monthly. In view of this new requirement, and in-line with the objectives set-out within our strategy, we have adopted a new approach and method to audit planning that moves away from the traditional 'annual plan' approach. Our Internal Audit plan for 2024-2025 will therefore be less rigid and more flexible and agile than previously, whilst

appreciating there remains a need to provide assurance over core/key systems and processes.

- 3.4.3 The plan, as seen at **Appendix 2**, sets out how Internal Audit resources will be utilised and deployed in 2024-2025, and is underpinned by the Internal Audit Charter, which defines the purpose, role, mission, responsibility and position of the Internal Audit function at Brent Council.

#### Information Sources

- 3.4.5 In drafting the plan, we have utilised a number of information sources including an internal audit risk assurance, assurance mapping against the strategic risk report, and consultation with senior management via Departmental Management Team meetings.
- 3.4.6 Audits identified that have been 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.

#### Delivery and Resourcing

- 3.4.7 The Head of Internal Audit is responsible for identifying the resources necessary to deliver the 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 plan for 2024-2025 will deliver c700 days and the Head of Internal Audit 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 portion of the plan (c200 days) delivered by our co-sourced partner, PwC.

#### Progress and Reporting

- 3.4.8 Progress reports and outcomes of internal audit work will continue to be reported to CMT and the Audit and Standards Advisory Committee in accordance with existing reporting arrangements. In addition, any revisions to the plan as proposed at *Appendix 2* will be reported in-year as appropriate. As a minimum, an updated plan will be presented in September (mid-year point) and January/February (in preparation for year-end).

### **3.5 Assurance Ratings**

- 3.5.1 The Internal Audit function does not currently provide an assurance rating/opinion on conclusion of each individual audit engagement. To date, this has been in-line with the Public Sector Internal Audit Standards, which have not mandated this as a requirement. This was supported and corroborated during an External Quality Assessment undertaken in February 2023, with the examiner confirming conformance to the standards.



3.5.2 The new Global Internal Audit Standards will change this stance as they prescribe increased requirements relating to assurance conclusions, including *“assurance engagement conclusions must include the internal auditors’ judgement regarding the effectiveness of the governance, risk management, and/or control processes of the activity under review”*.

3.5.3 Furthermore, the standards also state that *‘the chief audit executive’s methodologies for the internal audit function may provide a rating scale indicating whether reasonable assurance exists regarding the effectiveness of controls*.

3.5.4 As a result, the Internal Audit function will re-introduce assurance ratings for all assurance-related engagements relating to the 2024-2025 plan.

#### **4.0 Stakeholder and ward member consultation and engagement**

4.1 None

#### **5.0 Financial Considerations**

5.1 The Internal Audit Strategy 2024-2027 and plan for 2024-2025 will be delivered in accordance with the approved budget.

#### **6.0 Legal Considerations**

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

#### **7.0 Equity, Diversity & Inclusion (EDI) Considerations**

7.1 None

#### **8.0 Climate Change and Environmental Considerations**

8.1 None

#### **9.0 Communication Considerations**

10.1 None

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

**Minesh Patel**

Corporate Director of Finance and Resources

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# **Internal Audit Strategy**

## **2024-2027**

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## A. Executive Summary

This Internal Audit Strategy outlines the framework for enhancing the effectiveness and delivery of the Council's Internal Audit function for the period 2024-2027. Due to the environment in which the Council is currently operating in with high levels of uncertainty, an increasing number of emerging risks, and significant financial challenges, it is more important than ever that the work of Internal Audit is agile, responsive, and closely aligned with strategic objectives and needs of the Council.

Our **vision** is to therefore become an established trusted advisor and strategic partner to senior management, providing independent and objective assurance, insight and challenge that contributes to informed decision-making, improved governance, and enhanced organisational performance.

To achieve this vision, we have identified the following **four strategic objectives**. These objectives will be supported by a number of key initiatives and priorities, as set out within the sections that follow. Through delivering on this strategy, we will help to enhance the Council's governance, risk management and control framework, which will ultimately contribute to the achievement of the Council's corporate priorities and objectives.

### 1. To adopt a more agile and enhanced risk-based approach to planning and delivery.

We will implement and embed an enhanced risk-based approach to audit planning and delivery that identifies and prioritises key risks that the Council faces and ensures audit resources are allocated efficiently and effectively to areas with the highest assurance need. To aid this approach, we will also make better use of data, information and technology to drive and inform the work of internal audit.

### 2. To provide an ongoing and robust programme of core assurance.

In developing an enhanced risk-based approach, we are also conscious of striking the right balance between being responsive to the changing needs and risks of the Council, whilst also continuing to provide a continuous cycle of assurance over the Council's core systems and processes. We will therefore develop a comprehensive programme of assurance over core and key areas to provide a balanced perspective and to prevent our work from being solely focussed on short-term issues. This will involve conducting regular audits of critical process, systems and controls on a cyclical basis.

### 3. To offer and provide high-quality insight, foresight and advice.

We will seek to maximise our value-added by undertaking work beyond traditional assurance activities, such as advisory reviews, control/process optimisation exercises, identifying and reporting on emerging trends, risks and issues, and aiding the Council's change programme through carefully considered risk versus control advice.

### 4. To lead and coordinate the implementation of an integrated assurance framework.

We will take the lead in developing an integrated assurance framework/model, including the championing, mapping and coordinating of other sources of assurance from across the Council to enable a more joined-up, informative approach to reporting and to ensure any gaps or overlaps are managed.

## B. Introduction

The Head of Internal Audit is responsible for leading and managing the Council's Internal Audit function in accordance the Internal Audit Charter and relevant professional internal audit standards. This responsibility includes developing and implementing a strategy for internal audit that supports the strategic objectives and priorities of the Council and aligns with the expectations of the Council Management Team (CMT), senior management, the Audit and Standards Advisory Committee and other key stakeholders.

### Role of Internal Audit

Our principle role is to contribute to the overall success of the Council by bringing a systemic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes throughout the Council. This is primarily achieved through providing independent, risk-based and objective assurance and advisory services. We also play a key role in enhancing the Council's ability to serve its residents and the public interest by providing assurance on matters such as operational efficiency, reliability of reporting, compliance with laws and regulations, safeguarding of assets, and ethical culture.

### Core Values and Principles

We are committed to providing a **high quality, professional and customer-focussed service** that ensures the function remains a trusted source of assurance, advice, insight and foresight across the Council. The core values and principles shown in the diagram (right) underpin the delivery of all aspects of internal audit work:

### Objectives of the Strategy

The Internal Audit Strategic Plan has been prepared to cover the period 1 April 2024 to 31 March 2027 and sets out the operating model for delivering an effective Internal Audit function that:

1. Provides assurance to CMT, senior management, the Audit and Standards Advisory Committee and other key stakeholders that the Council has effective arrangements in place to deliver its strategic objectives and manage key risks;
2. Meets the statutory responsibility to arrange for the continuous, independent internal audit of the Council;
3. Meets the requirements of professional internal audit standards for the Head of Internal Audit to deliver an annual opinion on the Council's arrangements for governance, risk management and control; and
4. Maximises the use and deployment of resources.



## C. Aligning the Strategy with Council Objectives

A key consideration in developing this strategy was ensuring that the work of Internal Audit remains aligned with the assurance needs of the Council. This consideration is not limited to ensuring a comprehensive understanding of the Council's corporate priorities and objectives, but also extends to an understanding of the Council's operations and performance (financial and operational); the risks and issues it is currently facing; and those it is likely to face in the future. To this end, in preparing this strategy a number of information sources have been utilised as set out in the sections below.

### Understanding the Council's Objectives

The Borough Plan 2023-27 sets out the Council's vision and ambitions, including a focus on five strategic priorities:

- Prosperity and Stability in Brent
- A Cleaner, Greener Future
- Thriving Communities
- The Best Start in Life
- A Healthier Brent

In addition, there are a wide number of supporting plans and strategies in place to enable the delivery of the Borough Plan. Those most relevant and pertinent to the work of Internal Audit include (but are not limited to) the *Medium-term Financial Strategy*, the *Digital Strategy*, *Data and Insight Strategy* and the *Risk Management Strategy*. A robust Internal Audit strategy, and therefore the work carried out by Internal Audit, should contribute to the achievement of the Council's strategic priorities and objectives.

It is acknowledged that the Council's priorities and objectives may alter and shift to reflect and respond to emerging risks or issues, and it is therefore important that the Internal Audit function remains in-tune with any change. To this end, we will ensure an ongoing cycle of communication and consultation with Senior Leadership and Management teams, including attendance at Departmental Management Team meetings and participation in Senior Leadership Team events.

### Understanding the Risk Environment

A fundamental part of Internal Audit's role is to provide assurance over the Council's risk management framework, and how well the Council is managing risk. In order to understand the Council's assurance needs, it is important that we understand what the key and critical areas of risk that may threaten the achievement of the Council's strategic objectives and ensure that these are prioritised accordingly.

This understanding is primarily achieved and demonstrated through aligning our work to the Council's Strategic Risks, which, at the time of preparing this strategy, were as follows:

- |   |  |
|---|--|
| A. Cost of Living Crisis  | H. Serious child protection incident or wider safeguarding concern |
| B. Increase in Dedicated Schools Grant High Needs Block (HNB) Deficit | I. Recruitment and Retention                                       |
| C. Lack of supply of affordable accommodation                         | J. Safeguarding Incident - Adults                                  |
| D. Increase in the use of emergency Temporary Accommodation           | K. Non-Compliance with Statutory Housing Duties                    |
| E. Cyber Attacks  | L. Financial Resilience and Sustainability                         |
| F. Climate Emergency (Adapting to climate risks)                      | M. Contract Management   |
| G. Climate Emergency (Reaching carbon neutrality)                     |  |

*Strategic Risks as at March 2024*

Each of the current strategic risks are a separate and specific issue in their own right; however, most of these are driven by an uncertain economic environment; continued financial challenges; and the need to deliver a challenging savings and change programme – all of which are themes that are likely to continue throughout the duration of this strategy and will therefore remain topical and pertinent to all aspects of our work.

In addition to the strategic risks, the Council also manages a number of *inherent* risks including, business continuity/ emergency planning, information governance, fraud and corruption, health and safety and legislative/regulatory compliance; and a number of risks are also held and managed at a departmental level. To that end, the Council is accountable for delivering a wide-range of services in a fast-paced, complex and changing environment, and there is an element of inherent risk associated in every activity that the Council undertakes. It is therefore not realistic for Internal Audit to have coverage across all risk; however, this does bring a need for us to work more closely with other assurance providers, and to take a leading role in developing a Council-wide assurance framework that shares, maps and reports on assurance in a more joined-up way.

It is also appreciated that the risks faced by the Council will inevitably change and develop over time, with new and emerging areas of risk arising during the delivery of this strategy. We will therefore continue to stay abreast of any changes through regularly re-aligning our programme of work against the strategic risks, inherent risks and key departmental/service level risks accordingly. We will also continue to horizon-scan and consider external factors in identifying new risks, including benchmarking against other local authorities.

### Understanding how the Council works

In developing this strategy, we have also utilised our inherent knowledge and understanding of how the Council works and operates, including key governance, risk management and control processes, as shown below:

- |   |   |
|---|---|
| ✓ The Council's governance framework, structure and policies  | ✓ The availability, reliability and integrity of management information |
| ✓ Legislative and regulatory requirements                     | ✓ Performance management arrangements                                   |
| ✓ Key decision-making processes                               | ✓ Financial management arrangements                                     |
| ✓ The Council's appetite to risk                              | ✓ Key controls and processes, including known gaps and deficiencies     |
| ✓ The Council's risk maturity and processes for managing risk | ✓ Assurance expectations from senior management and wider stakeholders  |

In addition, key themes raised within previous audit work and the annual audit opinion have also been considered, specifically the issues surrounding the effective design and operation of the Council's '2<sup>nd</sup> line' control monitoring functions.



## D. Our Strategic Objectives

In view of the growing challenges and risks faced by the Council, and increasing demand and stakeholder expectations, it is more important than ever that we deliver an Internal Audit service that is agile, responsive, closely aligned with the strategic objectives, risks and needs of the Council – and above all else – provides a programme of robust assurance in the areas where it is needed most.

To this end, we have identified the following four objectives that will guide and shape the delivery of our work across the next three years. In determining these priorities, we have sought to ensure that we strike the right balance between being responsive to the changing risks, priorities and needs of the Council, whilst avoiding an over-emphasis on shorter-term issues to the detriment of providing a balanced programme of assurance.

### **Objective 1: To adopt a more agile and enhanced risk-based approach to planning and delivery.**

#### **Rationale:**

We have historically prepared an annual risk-based audit plan that set out a list of prescribed audit work across a 12-month period. Whilst these plans were never inflexible, they generally remained unchanged throughout the course of the year and our success and performance was largely judged upon how much of this plan we completed. Due to the environment in which the Council is now operating in, this approach no longer feels fit for purpose and we must therefore change and adapt accordingly.

To this end, we will implement and embed an enhanced risk-based approach to audit planning and delivery that identifies and prioritises the key risks that the Council is facing and ensures audit resources are allocated efficiently and effectively to areas with the greatest assurance need. This move is in-keeping with the new Global Internal Audit Standards that will come into force in 2025, which require the Head of Internal Audit to frequently review and update the internal audit plan as necessary.

Clearly, a key part in implementing this new approach will be making the better use of data, information and technology.

#### **What we will do:**

- Implement a more agile, fluid and risk-based approach to audit planning and delivery.
- Review, revise and update our programme of work at regular intervals throughout the year to respond to changing risks and priorities.
- Make better use of data, information and technology to develop a rolling risk assessment.

## **Objective 2: To provide an ongoing and robust programme of core assurance.**

### **Rationale:**

In view of the 1<sup>st</sup> objective above, we are also conscious of striking the correct balance between being responsive to the changing needs and risks of the Council, whilst continuing to provide a robust programme of assurance over the Council's core systems and processes.

We will therefore develop and deliver a comprehensive programme of assurance over the Council's core and key controls that ensures that, irrespective of changing priorities and risks, we continue to deliver timely assurance over the fundamental elements of the Council's governance, risk management and internal control framework.

Whilst this will mean we continue to focus on more 'traditional' audit areas, we feel this is necessary to ensure that the Council continues to 'do the basics right'. This work also remains a crucial source of assurance to the S151 Officer, the Head of Internal Audit's annual opinion, and the Audit and Standards Committee's review and approval of the Annual Governance Statement.

### **What we will do:**

- Identify the core systems and processes that will be scheduled for coverage on a periodic and cyclical basis, rather than a pure risk basis, with all scheduled to be covered at least once during the duration of this strategy.
- Ensure that outcomes, including follow-up outcomes, are reported and communicated to all stakeholders in a clear and joined-up way.

## **Objective 3: To offer and provide high-quality insight, foresight and advice.**

### **Rationale:**

An important part of our role has always been the provision of consultancy and advisory work; however, this has often been seen as a secondary role and an 'add-on' to our traditional assurance related work. It is our view that our consultancy and advisory offer is as equally important as our assurance work, particularly in the unstable and fast-changing environment that we currently operate within – and in our ambition to become an established and trusted advisor. We will therefore seek to maximise our value-added by undertaking additional work beyond traditional assurance activities, such as advisory reviews, control/process optimisation exercises, identifying and reporting on emerging trends, risks and issues, and aiding and supporting the Council's change programme through carefully considered risk versus control evaluations.

In undertaking this advisory and consultancy work, it will also help us to remain at the forefront of the Council's strategic direction and the issues it is facing – which in-turn, will benefit our agile and risk-based planning.

### **What we will do:**

- Be more proactive and engaging to promote our consultancy and advisory services.
- Ensure our involvement in significant and key transformation and key change initiatives.
- Improve reporting of consultancy/advisory work to the Audit and Standards Advisory Committee (in advance where possible).
- Utilise our relationships with other Councils and external partners to provide increased opportunity for benchmarking and cross-council learning.

### **Objective 4: To lead and coordinate the implementation of an integrated assurance framework.**

#### **Rationale:**

In view of the increasing number of risks faced by the Council, it is more important than ever that timely, reliable and robust assurance is provided and received over how the Council is performing, delivering on its duties, and fulfilling its commitments made to residents. However, as acknowledged in the sections above, for a number of reasons including resourcing constraints, it is not possible for internal audit to provide assurance across all areas of risk.

Whilst Internal Audit is unique in that it provides independent and objective assurance – it is not the only source of assurance within the Council. There is also a wide range of additional assurance available that is provided as a matter of course across the Council, both operationally but also functionally to senior management, Boards and Committees. We will therefore leverage our unique position within the Council to champion and coordinate the development of a coordinated and integrated assurance framework that makes the link between the Council's objectives, risks and assurance outcomes.

#### **What we will do:**

- We will take the lead in developing an integrated assurance framework/model, including the mapping and coordinating of other sources of assurance from across the Council to ensure any gaps or overlaps are managed.
- Develop a more joined-up, informative approach to reporting assurance to senior management and the Audit and Standards Advisory Committee.
- Work more closely with other assurance providers to share resources, information and intelligence.

These four objectives have been set to guide the delivery of our services over the period 2024-2027; however, we will review these at the beginning of each financial year to ensure they remain appropriate, relevant and fit for purpose.

## E. Delivering the Strategy

### Annual Planning

We will continue to prepare an annual plan/programme of work in consultation with CMT and the Audit and Standards Advisory Committee in accordance with standard practices; however, in accordance with the objectives set out above, our planning and delivery will need to be less rigid and more flexible than in the past. To this end, to ensure that the plan is more responsive to changing risks and challenges, whilst retaining the necessary core assurance work, it will be presented in the following format and sections:

- 1) **Core assurance work** – this will list the core/key systems and processes that *will be subject to an internal audit review* in each respective financial year, including proposed timescales and an indicative scope. Whilst there may still be a need to flex this plan in response to significant changes or risks, it is anticipated that this aspect of the plan will remain relatively stable and unchanged.
- 2) **Risk-based assurance work** – this work will be a significant element of how we deliver the strategy and provide the flexibility and responsiveness that the Council requires in order to ensure audit coverage keeps pace with the changing needs and risks of the organisation. This part of the plan will be determined via a number of methods, including a rolling risk assessment, assurance mapping against strategic and key inherent risks, horizon-scanning to identify new/emerging areas of risk, and ongoing consultation with senior management. Under this part of the plan, at the beginning of each financial year we will produce a list of anticipated and potential audit areas, alongside a supporting scope and/or rationale for inclusion. However, the plan will be reviewed, updated and re-prioritised as appropriate by the Head of Internal Audit. To that end, revisions to the plan will be reported to the Audit and Standards Advisory Committee as appropriate; however, as a minimum, an updated plan will be presented at the September (mid-year point) and January/February (in preparation for year-end) meetings of the Committee.
- 3) **Advisory and consultancy work** – this work is often reactive to requests from senior management, and therefore we will retain a portion of time each year to accommodate these (circa 15%). However, moving forward we will also indicate any planned consultancy/advisory activities, which will be reported to the Audit and Standards Advisory Committee in accordance with the timescales set out above under point 2. Examples of this work include advising on the design and implementation of new policies, processes or systems; providing training; and facilitating discussions around risks and controls.
- 4) **Follow-up Activity** – we will continue with our established follow-up process, tracking actions through to confirmed implementation, to provide confirmation that improvements in the Council's governance, risk management and control have been embedded.

### Ensuring Quality and Value for Money

Operationally, we will continue to operate with defined quality standards for the planning, execution and reporting of all internal audit work. Our reports and outputs will be balanced, clear, concise, and constructive, and will provide an independent and objective assessment and opinion on the effectiveness and efficiency of controls. We will also make recommendations, where necessary, to highlight areas for improvement and to provide insight and share best practice.

We will also continue to provide regular reports to senior management, Assurance Board, CMT and the Audit and Standards Advisory Committee to provide assurance over how well Council risks are being managed, and the adequacy, effectiveness and efficiency of the Council's governance and internal control framework. The Head of Internal Audit will also provide a statutory Annual Internal Audit Opinion to those charged with governance, timed to support the approval of the Council's Annual Governance Statement.

The successful delivery of this strategy relies on the effective deployment of the collective skills, abilities and resources of the Internal Audit function. To this end, we continue to operate a co-sourced model whereby the in-house team (comprising the Head of Internal Audit, Audit Manager, 3x Principal Auditors and an Audit Apprentice) is complemented using an external contractor (PwC). This delivery model provides a number of benefits, including an in-depth understanding of Brent specific issues via the in-house team; increased flexibility, capacity and operational resilience; and access to specialist assurance and advisory services.

In addition, we continue to be outward-looking and engage with peers in other local authorities via the London Audit Group and the Cross-Council Assurance Service, which provide opportunities for learning, improvement and collaboration. Priority areas for improvement will be identified collectively through the function's Quality Assurance and Improvement programme (reported annually), and more specifically via individual staff 1:1s, appraisals and performance monitoring arrangements. We have a number of processes in place to ensure quality across all aspects of our work, including clearly defined standards for the planning, execution and reporting of all internal audit work; tailored supervision; and the review and approval of all outputs by the Head of Internal Audit before issue. Internal Auditors are also required to undergo continued professional development to ensure that they maintain up-to-date knowledge and skills and can respond to the needs of the internal audit function and changes in the professional practice of internal audit.

## Risks and Opportunities

To support this strategy and to assist with identifying further opportunities for improvement, we have undertaken a Strengths, Weaknesses, Opportunities and Threats (SWOT) analysis, as summarised below. In addition, we continue to identify, assess and manage risks that may threaten the achievement of our objectives via our service-level risk register.

Based on outcomes of the SWOT exercise, the following improvement and development commitments will underpin the delivery of this strategy:

- 1) To develop agile auditing methods and techniques;
- 2) To utilise technology, including data analytics;
- 3) A continued commitment to internal audit apprenticeships; and
- 4) A continued commitment to professional development.

<b>Strengths</b> <ul style="list-style-type: none"> <li>→ Skilled and experienced team.</li> <li>→ Robust processes and ways of working.</li> <li>→ Positive EQA assessment.</li> <li>→ Well positioned within the organisation.</li> <li>→ Good profile and reputation.</li> <li>→ Access to specialisms.</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>→ Recruitment and retention of staff.</li> <li>→ Limited resources / capacity.</li> <li>→ Timeliness and promptness of reporting.</li> <li>→ Limited use of data/technology.</li> </ul>
<b>Opportunities</b> <ul style="list-style-type: none"> <li>→ To capitalise on emerging technology.</li> <li>→ Increasing demand and scope for Internal Audit.</li> <li>→ To make key contributions to the change programme.</li> <li>→ New Global Internal Audit Standards.</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>→ Demand exceeds supply.</li> <li>→ Over-reliance on Internal Audit.</li> <li>→ Competing/ conflicting demands and priorities.</li> <li>→ Significant governance /control/ fraud issue.</li> </ul>

**SWOT Analysis**

## F. Reviewing and Reporting

### Measuring Success

The continuous monitoring and evaluation of our work is essential to ensure that we remain aligned with the Council's strategic objectives, deliver value to stakeholders, and operate with optimal levels of efficiency and effectiveness. The following Key Performance Indicators have therefore been established to measure performance:

<b>Planning &amp; Coverage</b> <ul style="list-style-type: none"><li>✓ % of Core Assurance Plan completed across the 3-year cycle <i>(target 100%)</i></li><li>✓ % of strategic risks/ key inherent risks covered across 3-year cycle <i>(target 100%)</i></li></ul> <b>Delivery</b> <ul style="list-style-type: none"><li>✓ Timeliness in raising issues with Management - end of fieldwork to draft report &lt;10 working days.</li><li>✓ % of acceptance to audit recommendations <i>(target 100%)</i></li><li>✓ Number of requests for consultancy/advisory services</li></ul>	<b>Follow-up</b> <ul style="list-style-type: none"><li>✓ % of Critical and High-risk actions followed-up within 1 month of due date <i>(target 100%)</i></li><li>✓ % of audit actions implemented within original timescales <i>(target 75%)</i></li></ul> <b>Quality</b> <ul style="list-style-type: none"><li>✓ % of audit satisfaction surveys rated as 'good or better' <i>(target 100%)</i></li><li>✓ Conformance to the Public Sector Internal Audit Standards</li></ul>
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The critical success factor to any Internal Audit function is in how it adds value to an organisation. This can be measured in a broad number of ways, including levels of engagement and requests for work, the rate and level of the implementation of recommendations, and stakeholder feedback; however, in order to gather a true reflection of the value added by Internal Audit a more holistic view is required other than exclusively relying on KPIs. To that end, in addition to monitoring the above KPIs, we will also seek to:

- Obtain regular and formal feedback from Senior Management (including the Chief Executive and S151 Officer) and the Audit and Standards Advisory Committee;
- Highlight areas and occasions where the work of internal audit has led to significant improvements (i.e. through improved processes and controls).
- Highlight areas and occasions where the work of internal audit has led to significant savings or income generation.

### Reviewing and reporting progress

We will review and update the strategy at the beginning of each financial year to ensure it remains relevant and in-line with expectations. Our progress towards delivering the strategy will be reported to CMT and the Audit and Standards Advisory Committee in accordance with established protocols.

# Internal Audit Plan

## 2024-2025

## A. Core Assurance Work

This section of the plan lists the work that will be undertaken in-year to provide assurance over the Council's core/key systems and controls. In order to ensure a balanced view of assurance is delivered across these areas, a number of core systems and processes have been scheduled for coverage on a periodic basis, rather than on a pure risk basis, with all scheduled to be covered at least once across a three-year period – see the full three-year cyclical plan at **Section E**.

Whilst there may still be a need to flex this plan in response to significant changes or risks, it is anticipated that this aspect of the plan will remain relatively stable and unchanged in-year.

Ref	Core System / Process	Rationale / Indicative Scope	Planned Quarter
<b>Key Financial Systems</b>			
CA1	General Ledger	To provide assurance over the effectiveness and efficiency of key controls.	Q2/3
CA2	Budgetary Control	To provide assurance over the effectiveness and efficiency of key controls.	Q2/3
CA3	VAT	To provide assurance over the effectiveness and efficiency of key controls.	Q2/3
CA4	Treasury Management	To provide assurance over the effectiveness and efficiency of key controls.	Q2/3
CA5	Insurance	To provide assurance over the effectiveness and efficiency of key controls.	Q2/3
<b>Cyber Security / IT Network and Infrastructure</b>			
CA6	Cyber Security, IT Network and Infrastructure.	<p>The following risk-based reviews have been proposed relating to the Shared Technology Service:</p> <ul style="list-style-type: none"> <li>- Procurement, including arrangements for supplier selection.</li> <li>- Project Management, including arrangements for managing the implementation of key projects relating to Cyber Security; and</li> <li>- Financial Management, including a review of STS key financial management controls.</li> </ul> <p><i>An IT audit plan is agreed in collaboration with Internal Audit teams from the other participating Boroughs, which outputs shared across all Councils.</i></p>	<p>Q1-4 Subject to coordination with STS and other boroughs.</p>



Ref	Core System / Process	Rationale / Indicative Scope	Planned Quarter
	<b>Core Systems/Processes</b>		
CA7	Housing Compliance	A continued and rolling programme of assurance over this key area of inherent risk. Scope to be determined in-year – to focus on a specific aspect of housing compliance (Fire, Legionella, Asbestos, Gas, Electrical).	Q1/2
CA8	Recruitment (Vetting, Starters, Leavers)	To provide assurance over the effectiveness and efficiency of key recruitment and vetting controls.	Q3
CA9	Adults Safeguarding	A risk-based review over key controls and processes in place to manage risks relating to adults safeguarding. Scope to include any issues/actions following the CQC inspection.	Q4
CA10	Health and Safety	A risk-based review over an aspect of Health and Safety. Scope to be determined in-year.	Q4
CA11	School Reviews	Risk-based reviews of a sample of schools (to be determined in conjunction with CYP). To also include the design and coordination of a controls self-assessment for schools to complete.	Q1-4
CA12	Supporting Families	Independent certification and verification of the supporting families grant.	Q1-4

## B. Agile Risk-based Plan

This section of the plan provides a list of potential audit areas, alongside a supporting scope and/or rationale for inclusion. These areas have been determined through a comprehensive planning exercise, including:

- an Internal Audit risk assessment.
- assurance mapping against the strategic and key inherent risks.
- horizon-scanning to identify new/emerging risks, and
- consultation with senior management.

This section of the plan needs to be flexible to respond to changing risks and priorities, and to ensure audit resources are allocated efficiently and effectively to areas with the greatest assurance need. It has therefore been presented in two parts: the first part lists the audits we are proposing to undertake in Quarters 1 and 2; and the second part lists the remaining potential audit areas that will be considered for completion in Quarters 3 and 4.

It should be noted that resources required to deliver all the audits listed in this section (in conjunction with those audits listed in the sections above and below) exceeds the resources available to the Internal Audit function. The list below is therefore not a rigid plan, and nor is it a list of formal commitments. The Head of Internal Audit will determine, adjust and revise this plan as necessary in-year, with updates reported to CMT and the Audit and Standards Advisory Committee as appropriate. As a minimum, an updated plan will be presented at the September (mid-year point) and January/February (in preparation for year-end) meetings of the Committee.

Ref	Audit/Area	Risk Assessment / Assurance Need	Potential Scope
<b>Audits Identified for Quarters 1 to 2</b>			
RB1	Financial Resilience / Sustainability	High	To provide assurance over the Council's financial resilience and sustainability controls, including long-term planning, reserves strategy, deferring/scaling back projects / programmes etc.
RB2	Temporary Accommodation	High	To provide assurance on the effectiveness and robustness of the Council's arrangements to provide temporary accommodation including procurement and governance.
RB3	Housing Revenue Account	High	To provide assurance over the financial management of the HRA, including budgetary control and savings plans.
RB4	Debt Management	High	To provide assurance on the effectiveness and robustness of the Council's controls and processes around the collection of debt, including rents and service charges.

Ref	Audit/Area	Risk Assessment / Assurance Need	Potential Scope
RB5	IT Asset Management	High	To provide assurance over the key controls around new device rollout/programme.
RB6	Child to Adult Care Transition	High	To provide assurance on the effectiveness and robustness of the Council's arrangements for child to adult care transition.
RB7	Health Inequalities	High	To provide assurance on the effectiveness of the Council's strategy and programme to address health inequalities.
RB8	S106/CIL	High	To provide assurance that the processes and controls around S106/CIL are operating robustly and effectively. Strategic – collection and spend and/or Neighbourhood CIL – possible advisory piece as a separate review following current round closure 31/3 looking at grants and reviewing new process.
<b>Potential Audit Areas for Quarters 3 to 4</b>			
RB9	Budget Pressures	High	To perform a deep-dive review into an area of budgetary/ financial pressure to determine whether this is being managed effectively.
RB10	Housing Voids	High	To provide assurance on the effectiveness and robustness of the Council's arrangements for Housing Voids.
RB11	Performance Management (Cross-cutting)	High	To provide assurance over the Council's Performance Management framework, including data quality/integrity over a sample of KPIs.
RB12	Income Management/ Strategy	High	To provide assurance over the Council's Income Management Strategy and Action Plan, across the six key areas of billing, payment, allocation, reporting, recovery and governance.
RB13	Commissioning and Placements (Childrens)	High	To provide assurance on the effectiveness of key controls surrounding commissioning and placements, including payments to providers.
RB14	Support for Carers (Adults)	Medium	To provide assurance around the arrangements for carer support including assessment, payments and monitoring.

Ref	Audit/Area	Risk Assessment / Assurance Need	Potential Scope
RB15	Looked After Children and Permanency	Medium	To provide assurance around the controls and processes in place around Looked After Children, including the Fostering Team, and Leaving Care Teams and budgets for client subsistence.
RB16	Direct Payments (Childrens)	Medium	To provide assurance on key controls surrounding direct payments.
RB17	Contractors/Temporary Workers	Medium	To provide assurance around the controls and processes in place to monitor contractors/temporary workers, including spend controls and plans to permanently fill the posts.
RB18	Communities and Regeneration - Contract Management	Medium	To provide assurance that the processes and controls around contract management within Communities and Regeneration are operating robustly and effectively.
RB19	Recruitment and Retention	Medium	To provide assurance over the Council's recruitment and retention processes to ensure that the Council has the necessary knowledge, skills and experience to fulfil its responsibilities and achieve its objectives.
RB20	Contract Management – Social Value and Contract Variations	Medium	To provide assurance that the processes and controls around contract management - social value/variations are operating robustly and effectively.
RB21	Equal Pay	Medium	To provide assurance around the controls and processes in place to ensure the right to equal pay.
RB22	Care Homes (residential care and nursing care) (Adults)	Medium	To provide assurance around residential and nursing care providers including payments for services and mitigations in place to respond to supplier failure.
RB23	Home Care	Medium	To provide assurance over the key controls to monitor the quality and consistency of services provided.
RB24	Project Management	Medium	A cross-cutting review to provide assurance over the Council's Project Management framework within Communities and Regeneration and Property and Assets.

Ref	Audit/Area	Risk Assessment / Assurance Need	Potential Scope
RB25	Environmental Reporting	Medium	To provide assurance around the controls and processes in place for environmental reporting including effective follow up and enforcement and management of third parties.
RB26	Corporate Landlord Function	Medium	To provide assurance over the Council's Corporate Landlord responsibilities, including building/health and safety compliance.
RB27	Redefining Local Services (RLS) – Contract Management	Medium	To provide assurance over the contract management arrangements in place surrounding the RLS contracts (including Waste and Recycling, Street Cleansing, Grounds Maintenance, Highways Services and Parking Services).
RB28	Climate Change Programme	Medium	To provide assurance this area of strategic risk.

## C. Consultancy and Advisory Work

This work is often reactive to requests from senior management, and therefore we have retained a portion of time these. Below lists the consultancy and advisory engagements that have been requested in advance. We will indicate any further consultancy/advisory work carried out in-year within progress updates to CMT and the Audit and Standards Advisory Committee.

Ref	Audit/Area	Rationale / Indicative Scope	Planned Quarter
AW1	Social Housing (Regulation) Act – inspection preparedness	To undertake a 'dummy inspection' / preparedness review prior in anticipation of any inspection by the regulator.	Q2-3

## D. Follow-up Activity

We will continue with our established follow-up process, tracking actions through to confirmed implementation, to provide confirmation that improvements in the Council's governance, risk management and control have been embedded. The table below lists the key follow-ups planned for 2024-2025 (based on audits completed in 2023-2024).

Follow-up Audit/Area	Planned Quarter
Pension Fund	Q1
TMO - Watling Gardens	Q1
Housing Compliance Fire Risk Assessments	Q2
Adult Social Care Supported Living	Q2
TMO - Kilburn	Q2
IT Disaster Recovery	Q2
Cyber Security (3rd party risk)	tbc
Housing Benefits/ NEC Revs and Benefits	tbc
Accounts Receivable (KFS)	tbc

Follow-up Audit/Area	Planned Quarter
Accounts Payable (KFS)	tbc
DSG High Needs Block and School Balances	tbc
Planning Enforcement	tbc
Direct Payments (adults)	tbc
Procurement	tbc
True Compliance (Housing IT application)	tbc
Discretionary Housing Payments	tbc
Public Health Contract Management	tbc
Parking Services	tbc

## E. Core Assurance Three-Year Plan

The table below lists the Council's core/key systems and processes that *will be subject to an internal audit review* across a three-year period.

System/Process	Date of Last Audit Coverage	Three-Year Plan		
		2024-25	2025-26	2026-27
<b>Key Financial Systems</b> – <i>The following audits will primarily consist of substantive testing over the design and operation of key financial controls.</i>				
<input type="checkbox"/> Accounts Payable	2023/24	<i>Follow-up Work</i>		✓
<input type="checkbox"/> Accounts Receivable	2023/24	<i>Follow-up Work</i>		✓
<input type="checkbox"/> General Ledger	2019/20	✓	<i>Follow-up Work</i>	
<input type="checkbox"/> Budgetary Control	2018/19	✓	<i>Follow-up Work</i>	
<input type="checkbox"/> Fixed Assets	2022/23		✓	<i>Follow-up Work</i>
<input type="checkbox"/> Payroll	2022/23			✓
<input type="checkbox"/> Pensions	2023/24	<i>Follow-up Work</i>		✓
<input type="checkbox"/> VAT	2019/20	✓	<i>Follow-up Work</i>	
<input type="checkbox"/> Treasury Management	2020/21	✓	<i>Follow-up Work</i>	
<input type="checkbox"/> Capital Expenditure	2022/23		✓	<i>Follow-up Work</i>
<input type="checkbox"/> Insurance	2019/20	✓	<i>Follow-up Work</i>	
<input type="checkbox"/> Income and Debt Management	2022/23		✓	<i>Follow-up Work</i>
<input type="checkbox"/> Council Tax & Business Rates	2022/23		✓	<i>Follow-up Work</i>
<input type="checkbox"/> Housing Benefits (Northgate)	2023/24	<i>Follow-up Work</i>		✓

**Core Systems/Processes** – The below section provides broad headings for key areas of inherent risk. The scope of specific audit work undertaken against each areas will be tailored accordingly based on an assessment of risks.

<input type="checkbox"/> Cyber Security	2023-24	Annual Assurance due to level of inherent risk.		
<input type="checkbox"/> IT Network and Applications	2023-24	Annual Assurance due to level of inherent risk.		
<input type="checkbox"/> Housing Compliance	2023-24	Annual Assurance due to level of inherent risk.		
<input type="checkbox"/> Information Governance	2023-24	Follow-up Work		✓
<input type="checkbox"/> Procurement and Commissioning	2023-24	Follow-up Work	✓	Follow-up Work
<input type="checkbox"/> Health and Safety	2020-21	✓	Follow-up Work	
<input type="checkbox"/> Emergency Planning/ Business Continuity	2023-24	Follow-up Work		✓
<input type="checkbox"/> Recruitment (Vetting, Starters, Leavers)	2021-22	✓	Follow-up Work	
<input type="checkbox"/> Adults Safeguarding	2021-22	✓	Follow-up Work	
<input type="checkbox"/> Childrens Safeguarding	2022-23		✓	Follow-up Work
<input type="checkbox"/> School Reviews	Annual	5-8 schools to be audited annually – to be determined via joint risk assessment at the beginning of each year.		



## F. Strategic and Inherent Risk Assurance Map

The below table presents a mini assurance map to demonstrate Internal Audit coverage across the Council's strategic risks, including planned/anticipated coverage over the next three-year period. 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.

Strategic Risk	Details of Previous Audit Coverage		Three-Year Plan (Anticipated)		
	2022-23	2023-24	2024-25	2025-26	2026-27
<input type="checkbox"/> Cost of Living Crisis	✓ Ad-hoc Risk/Control support (energy support grants)	✓ Discretionary Housing Payments	✓ Follow-up activity relating to work performed in 23-24	TBD – subject to outcomes of rolling risk assessment.	
<input type="checkbox"/> Increase in Dedicated Schools Grant High Needs Block (HNB) Deficit	No direct assurance work	✓ DSG High Needs Block	✓ Follow-up activity relating to work performed in 23-24	TBD – subject to outcomes of rolling risk assessment.	
<input type="checkbox"/> Lack of supply of affordable accommodation	✓ Introductory Tenancies Housing Successions GLA Affordable Housing Programme	No direct assurance work.	✓ Temporary Accommodation (planned)	✓ Follow-up activity relating to work performed in 24- 25	TBD – subject to outcomes of rolling risk assessment.
<input type="checkbox"/> Increase in the use of emergency Temporary Accommodation	n/a – new risk introduced in 2023.	No direct assurance work.	✓ Temporary Accommodation (planned)	✓ Follow-up activity relating to work performed in 24- 25	TBD – subject to outcomes of rolling risk assessment.
<input type="checkbox"/> Cyber Attacks	✓ Cyber Remote Working Cyber Website Review	✓ Cyber Maturity Assessment Cyber 3 <sup>rd</sup> Party IT Application (NEC)	✓ STS Procurement STS Project Management 2023-24 Follow-up work	✓ Annual assurance work due to associated risks.	✓ Annual assurance work due to associated risks.
<input type="checkbox"/> Climate Emergency (Adapting to climate risks)	n/a – new risk introduced in 2023.	✓ Risk Advice/support provided	Review has been included under section 2 of the plan – subject to rolling risk assessment.	TBD – subject to outcomes of rolling risk assessment.	


<input type="checkbox"/> Climate Emergency (Reaching carbon neutrality)					
<input type="checkbox"/> Serious child protection incident or wider safeguarding concern	✓ Demand for Services Family well-being centres	✓ No resource to public funds	✓ Follow-up activity relating to work performed in 23-24	✓ Children Safeguarding review as per core assurance plan.	<i>TBD – subject to outcomes of rolling risk assessment.</i>
<input type="checkbox"/> Recruitment and Retention	No direct assurance work	No direct assurance work	✓ Recruitment Vetting review included under core assurance plan.	✓ Follow-up activity relating to work	<i>TBD – subject to outcomes of rolling risk assessment.</i>
<input type="checkbox"/> Safeguarding Incident - Adults	✓ Better Care Fund Adult Social Care Commissioning	✓ Direct Payments	✓ Adults Safeguarding review included under core assurance plan.	✓ Follow-up activity relating to work performed in 23-24	<i>TBD – subject to outcomes of rolling risk assessment.</i>
<input type="checkbox"/> Non-Compliance with Statutory Housing Duties	✓ Housing Compliance 1x TMO reviews	✓ Housing Compliance (Fire Risk) 1x TMO reviews HMO Licensing	✓ Annual assurance work due to associated risks.	✓ Annual assurance work due to associated risks.	✓ Annual assurance work due to associated risks.
<input type="checkbox"/> Financial Resilience and Sustainability	✓ Annual KFS Work Financial Strategy/Savings Capital Programme FM Code	✓ Annual KFS Work Financial Strategy / Capital Programme follow-up	✓ Annual KFS Work Financial Resilience / Sustainability planned for Q1	✓ Annual KFS Work Annual assurance work due to associated risks.	✓ Annual KFS Work Annual assurance work due to associated risks.
<input type="checkbox"/> Contract Management	✓ Contract Management	✓ Contract Management follow-up Procurement	✓ Review has been included under section 2 of the plan – subject to rolling risk assessment.	<i>TBD – subject to outcomes of rolling risk assessment.</i>	<i>TBD – subject to outcomes of rolling risk assessment.</i>

## G. Assurance Ratings

The following assurance ratings and opinions will be applied across all *assurance* reviews carried out in 2024-25 (assurance ratings/opinions are not provided for consultancy and advisory work). These opinions will be based on the number of critical, high and medium priority risks identified in the report.

Rating	Description
<b>Substantial Assurance</b>	There is a sound control environment with risks to key service objectives being satisfactorily managed. Recommendations will normally only be Advice and Best Practice
<b>Moderate Assurance</b>	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are Medium priority recommendations indicating weaknesses but these do not undermine the system's overall integrity. Any Critical recommendation will prevent this assessment, and any High recommendations would need to be mitigated by significant strengths elsewhere.
<b>Limited Assurance</b>	There are a number of significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are High recommendations indicating significant failings. Any High recommendations would need to be mitigated by significant strengths elsewhere.
<b>No Assurance</b>	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

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	<b>Audit and Standards Advisory Committee</b> 28 March 2024
	<b>Report from the Corporate Director of Finance and Resources</b>
	<b>Lead Member - Deputy Leader and Cabinet Member for Finance, Resources &amp; Reform</b>
<b>Strategic Risk Report</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>List of Appendices:</b>	One Appendix 1: Strategic Risk Report
<b>Background Papers:</b>	None
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Darren Armstrong, Head of Audit and Investigations 020 8937 1751 <a href="mailto:Darren.Armstrong@Brent.gov.uk">Darren.Armstrong@Brent.gov.uk</a>

## 1.0 Executive Summary

- 1.1. This report provides an update on the Council's Strategic Risks as of February 2024. The update has been prepared in consultation with risk leads and Departmental Management Teams and summarises the risks that are considered to be of an impact and/or likelihood of materialising, and which may have an adverse effect on the achievement of the Council's corporate objectives.

## 2.0 Recommendation(s)

- 2.1 The Committee is asked to note the report.

## 3.0 Detail

### 3.1 Contribution to Borough Plan Priorities & Strategic Context

- 3.1.1 Risk Management is a core element of the Council's corporate governance framework. The primary objective of risk management, as a process, is to

identify, assess, manage and control potential events or situations that may prevent the achievement of objectives. The Council's approach to risk management, including the preparing of the Strategic Risk Report, is therefore closely linked and aligned to the Borough Plan priorities and forms an integral part of decision-making, business planning and performance management practices.

- 3.1.2 The overarching vision of the Risk Management Strategy is to assist the Council with achieving its Borough Plan priorities and objectives through the application of best practice risk management principles.

## **3.2 Background**

- 3.2.1 The Strategic Risk Report, seen at **Appendix 1**, presents the Council's most significant risks which have the potential to significantly impact on the success of the Council as a whole. These risks are strategic, cross-cutting and have the potential to impact a range of different services or functions.
- 3.2.2 The Strategic Risk Report is owned collectively by the Corporate Management Team (CMT), with each risk assigned a Corporate Director as risk sponsor. The report is provided via a 'bottom-up' provision of risks from services and departments, which are deemed to require consideration at the higher level. Additionally, risks are also input directly via CMT.
- 3.2.3 Internal Audit is responsible for working with risk sponsors and nominated risk leads, in an advisory capacity, to coordinate the review and update all strategic risks.

## **4.0 Strategic Risk Overview**

### **4.1 Risk Exposure**

- 4.1.1 The Strategic Risk Report was last updated in September 2023. Since then, the Council has continued to operate in a heightened risk environment owing to a number of external factors, including the current economic climate and the cost of living crisis. The Council's overall risk profile therefore continues to reflect the challenging risk environment the Council is operating in, with eight of the eleven strategic risks sitting outside of their target risk score.
- 4.1.2 There have been a number of changes to the Strategic Risk Report since the previous iteration, which are described in sections below. 11 of the 13 strategic risks were reported and reflected in the September 2023 iteration of the report, and of these, 10 are reporting a stable risk trend with scores remaining consistent with those previously reported. In addition, one risk is showing a small downwards movement in risk score (-5).
- 4.1.3 Six strategic risks currently sit within the upper quartile of the heat map. The highest scoring risks, each with a risk score of 20, are as follows:
- Risk A. Cost of Living Crisis

- Risk B. Increase in Dedicated Schools Grant High Needs Block Deficit
- Risk C. Lack of Supply of Affordable Accommodation
- Risk D. Increase in the Use of Emergency Temporary Accommodation.

## **4.2 New Risks**

- 4.2.1 Two risks have been added to the Strategic Risk Report in relation to the Climate Emergency.
- 4.2.2 The first of these (Risk F) relates to adapting to climate risks and how Brent's infrastructure, public health and the natural environment may be adversely affected by the physical effects of climate change.
- 4.2.3 The second risk (Risk G) relates to reaching carbon neutrality and the risk that the Council may not achieve its ambition of becoming a carbon neutral borough by 2030 due to a lack of funding and the extent to which behavioural change is required to meet the scale of the challenge.
- 4.2.4 Both of these risks had previously formed part of a wider suite of inherent risks that the Council manages on an ongoing basis, and which were held and monitored at departmental risk register level. However, following a review of how the Council's strategic risks are reflected and presented, and to ensure a consistent approach, these risks have now been added to the Strategic Risk Report. This also helps to further improve alignment between the Council's strategic risks and borough plan priorities.
- 4.2.5 It is important to note that these are not 'new' risks, nor are they risks that have been escalated to the Strategic Risk Report due to increased risk scores or wider concerns. Instead, reflecting these risks presents a change in approach as part of ongoing efforts to continually improve and enhance the Council's risk management framework.

## **4.3 Closed Risks**

- 4.3.1 No strategic risks have been closed or de-escalated to a departmental level since the previous iteration.

## **4.4 Amendments to Risks**

- 4.4.1 Amendments have been made to the individual risk scores of existing risks, as illustrated by the 'previous' and 'updated' risk score columns. Amendments have also been made to the detailed risk plans (section 4), where appropriate.
- 4.4.2 Target risk scores, which were added to the report in February 2023, reflect the risk score that the Council is working towards achieving or maintaining. There have been no amendments to the target risk scores that were previously set.

## **4.5 Departmental Risk Registers**

- 4.5.1 All Council departments are responsible for maintaining their departmental risk registers to ensure that all operational risks are effectively managed, and to ensure that risks are escalated to the Strategic Risk Report, via CMT, where risk scores exceed agreed tolerances.
- 4.5.2 To this end, all departmental risk registers were reviewed and updated, as appropriate, prior to preparing the Strategic Risk Report. Internal Audit continues to liaise with all departments to provide risk management support and to assist with the updating of their risk registers. Internal Audit also comment on the completeness and reasonableness of the information provided and use the information within the risk registers to inform their annual and in-year audit planning processes. This helps to ensure that audit resource is effectively targeted at providing assurance on the highest risk areas.

## **4.6 Risk Management Strategy**

- 4.6.1 The Council's [Risk Management Strategy](#) was subject to a comprehensive review and update in Summer 2023. This presented a significant revamp that seeks to outline the Council's approach to risk management, to support a robust and consistent process for managing risks and opportunities.
- 4.6.3 The strategy was updated to ensure that the Council's risk management arrangements remain fit for purpose, but also complement other elements of the Council's governance processes.
- 4.6.4 A key addition to the strategy was the articulation of a risk appetite statement. Risk appetite is typically defined as the amount and type of risk that an organisation is willing to take in pursuit of its objectives and is a key component of effective risk management. The Council's risk appetite statement seeks to recognise that delivering the Council's strategic objectives is not without risk and some risks may need to be tolerated in order to innovate and improve. Equally, it is acknowledged that there are some risks that the Council should take every effort in managing and mitigating. The risk appetite statement therefore seeks to strike a balance between the Council's responsibility for managing risks against a need to work flexibly in delivering our strategic ambitions. To this end, the risk appetite statement defines six types of risks that the Council will seek to avoid at all cost.
- 4.6.5 Due to the significance and importance of the statement, it is envisaged that this will be reviewed and refreshed at regular intervals, where necessary and independently to the overall strategy, to reflect changes in the Council's risk profile. To this end, there have been no changes made to the Council's risk appetite statement during this period.

## **4.7 Improvement/Forward Plan**

- 4.7.1 Over the last two years we have made a number of significant improvements to the Council's risk management framework.



- Developing and implementing a new Risk Management Strategy;
- Defining the Council's risk appetite;
- Improved impact and likelihood metrics;
- Introducing target risk scores;
- Enhancing the number and level of risks at a strategic level; and
- A more comprehensive approach to presenting the Strategic Risk Report.

4.7.2 It is however acknowledged that further improvement and enhancement is required, and these will continue to be made on an iterative basis. To this end, the LGA has recently published a report on the learnings made from five councils with experience of finance and governance challenges which either led to a S114 report or a capitalisation direction. This report contains the following six recommendations for councils in relation to risk management:

1. Adopt stronger approaches for the management of long-term strategic risks and ensure appropriate awareness of the knock-on impacts of such risks.
2. Assign clearer roles and responsibilities for the implementation of mitigating actions.
3. Have processes to ensure that Internal Audit recommendations are addressed by the council's leadership.
4. Scrutinise mitigating actions to ensure they are implemented and have had the anticipated impact.
5. Report transparently on where mitigating actions have been successful and unsuccessful in managing risk levels.
6. Be more explicit in the recognition of the severity of the risks identified.

4.7.3 Whilst the Council already has robust arrangements in place to satisfy most of these recommendations, these will be used to guide and shape the improvements and enhancements to future iterations of the Strategic Risk Report. In particular, we will seek to introduce a better tracking of proposed actions to manage/mitigate risks.

## **5.0 Stakeholder and ward member consultation and engagement**

5.1 None.

## **6.0 Financial Considerations**

6.1 There are no specific financial implications arising from this report, other than those already set out within the report.

## **7.0 Legal Considerations**

7.1 All Local Authorities are required to have in place arrangements for managing risks, as stated in the Accounts and Audit Regulations 2015:

“A relevant authority must ensure that it has a sound system of internal control which:

(a) facilitates the effective exercise of its functions and the achievement of its aims and objectives

(b) ensures that the financial and operational management of the authority is effective; and

(c) includes effective arrangements for the management of risk.”

## **8.0 Equity, Diversity & Inclusion (EDI) Considerations**

8.1 None.

## **9.0 Climate Change and Environmental Considerations**

9.1 None

## **10.0 Communication Considerations**

10.1 None

### **Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources



# Strategic Risk Update

March 2024

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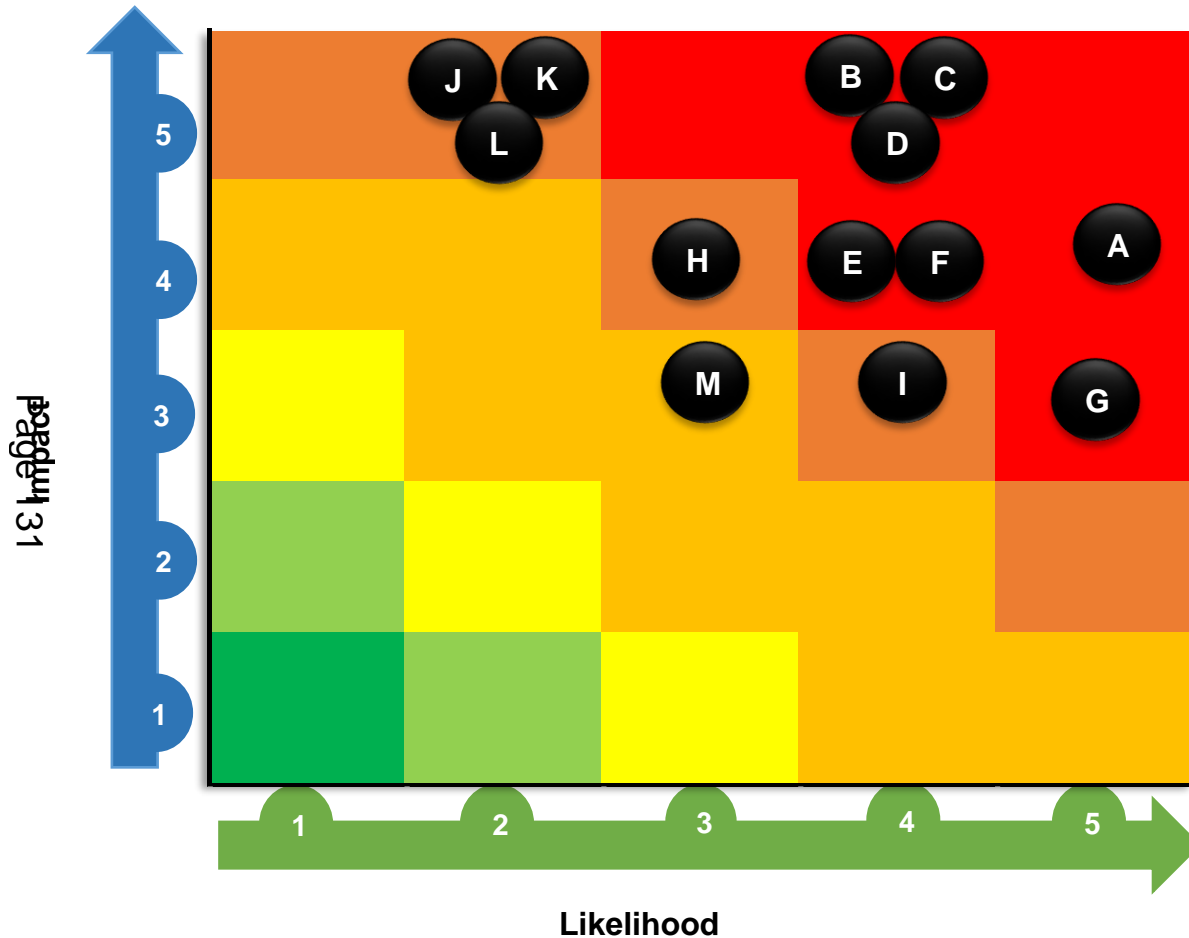
# 1. Risk evaluation matrix

The following impact and likelihood criteria are used to evaluate and articulate the Council's Strategic Risks.

Risk Impact Matrix				
Impact	Financial	Service Delivery	Health and Wellbeing	Reputation
5	Major Financial loss (above £2m)	Major disruption to a number of critical services	Multiple deaths / serious life-changing injuries / extreme safeguarding concerns.	Long term damage – e.g. adverse national publicity.
4	Significant Financial loss (above £1m)	Major disruption to a critical service.	Multiple casualties with life changing injuries / significant safeguarding concerns.	Medium to long term damage – e.g. adverse local publicity.
3	Moderate Financial Loss (less than £1m)	Moderate disruption to a critical service	Moderate risk of injury / noticeable safeguarding risks.	Medium term damage
2	Small Financial loss (less than £500k)	Moderate disruption to an important service.	Low level injuries / safeguarding risks.	Short term damage
1	Minor financial loss (less than £100k)	Brief disruption to important service	No immediate impacts to health or wellbeing	Some damage to specific functions

Risk Likelihood Matrix		
5	Very Likely	This event is expected to occur in most circumstances.
4	Likely	There is a strong possibility this event will occur.
3	Possible	This event might occur at some point and/or there is history of occurrence of this risk at this and/or other Councils.
2	Unlikely	Not expected, but there's a slight possibility it may occur at some point.
1	Rare	Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will.

## 2. Strategic Risk Heat Map




- A. Cost of Living Crisis
- B. Increase in Dedicated Schools Grant High Needs Block (HNB) Deficit
- C. Lack of supply of affordable accommodation
- D. Increase in the use of emergency Temporary Accommodation
- E. Cyber Attacks
- F. Climate Emergency (Adapting to climate risks)
- G. Climate Emergency (Reaching carbon neutrality)
- H. Serious child protection incident or wider safeguarding concern
- I. Recruitment and Retention
- J. Safeguarding Incident - Adults
- K. Non-Compliance with Statutory Housing Duties
- L. Financial Resilience and Sustainability
- M. Contract Management

### 3. Strategic Risk Dashboard

Ref	Risk Title	CMT Sponsor	Previous Risk Score (September 2023)	Current Risk Score (February 2024)	Trend	Target Risk Score	Difference between current and target score
A.	Cost of Living Crisis	Corporate Director Resident Services	20 (I:4 x L:5)	20 (I:4 x L:5)	↔	15 (I:3 x L:5)	+5
B.	Increase in Dedicated Schools Grant High Needs Block (HNB) Deficit	Corporate Director Children and Young People	20 (I:5 x L:4)	20 (I:5 x L:4)	↔	16 (I:4 x L:4)	+4
C.	Lack of supply of affordable accommodation	Corporate Director Resident Services	20 (I:5 x L:4)	20 (I:5 x L:4)	↔	10 (I:5 x L:2)	+10
D.	Increase in the use of emergency Temporary Accommodation	Corporate Director Resident Services	20 (I:5 x L:4)	20 (I:5 x L:4)	↔	10 (I:5 x L:2)	+10
E.	Cyber Attacks	Corporate Director Finance and Resources	16 (I:4 x L:4)	16 (I:4 x L:4)	↔	12 (I:3 x L:4)	+4
F.	Climate Emergency (Adapting to climate risks)	Corporate Director Resident Services	n/a – new strategic risk	16 (I:4 x L:4)	n/a – new strategic risk	16 (I:4 x L:4)	=
	Climate Emergency (Reaching carbon neutrality)	Corporate Director Resident Services	n/a – new strategic risk	15 (I:3 x L:5)	n/a – new strategic risk	15 (I:3 x L:5)	=
H.	Serious child protection incident or wider safeguarding concern	Corporate Director Children and Young People	12 (I:4 x L:3)	12 (I:4 x L:3)	↔	12 (I:4 x L:3)	=
I.	Recruitment and Retention	Corporate Director Governance	12 (I:3 x L:4)	12 (I:3 x L:4)	↔	6 (I:3 x L:2)	+6
J.	Safeguarding Incident - Adults	Corporate Director Adult Social Care and Public Health	10 (I:5 x L:2)	10 (I:5 x L:2)	↔	10 (I:5 x L:2)	=
K.	Non-Compliance with Statutory Housing Duties	Corporate Director Resident Services	15 (I:5 x L:3)	10 (I:5 x L:2)	↓	5 (I:5 x L:1)	+5
L.	Financial Resilience and Sustainability	Corporate Director Finance and Resources	10 (I:5 x L:2)	10 (I:5 x L:2)	↔	10 (I:5 x L:2)	=
M.	Contract Management	Corporate Director Governance	9 (I:3 x L:3)	9 (I:3 x L:3)	↔	6 (I:3 x L:2)	+3


## 4. Strategic Risks Plans – detailed information and action plans

A. Cost of living crisis			
Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p><b>The cost of living crisis caused by the war in Ukraine, Covid-19, Brexit and high rates of inflation impacts on Brent residents resulting in more families and households falling into hardship, leading to increased levels of service demand on the Council and additional pressure on front-line services.</b></p>	<p>The cost of living crisis has continued to have an impact on the residents of Brent and the Council is committed to doing what it can to support those in greatest need. Although inflation has begun to increase fall, there has been a continued increase in the cost of food and fuel and high interest rates are also having an impact. The impact on Brent, with its higher than average unemployment levels and lower wages for those in employment, is particularly severe.</p> <p>Service demand continues to rise with particular pressures on adults' and children's social care. Pressure on the homelessness service has also increased considerably, with an 11% increase in homelessness approaches in 2023 (6,839 approaches) compared to 2022 (6,164 approaches).</p> <p>The support services we have in place, including food and fuel support and the Resident Support Fund (RSF) are continuing to be well used. The RSF has supported 2,773 households with the cost of living in the period from August 2023 to December 2023 with a total spend of £2m. Support can be provided for household bills, arrears in rent, mortgage, Council Tax, food, fuel, digital equipment and emergency funds. The Government's Household Support Fund has been used to provide support with the cost of food and fuel. During 2023-24 £5,562,445 in HSF funding has been provided by the Government. £2m of this has been used for RSF with the other funds allocated to provide free school meals during school holidays as well as to support other vulnerable groups directly and via VCS partners.</p> <p>Demand for support from Brent Hubs continues to be high, most common needs which residents present with at the Hubs are food and fuel support (25%), housing costs (18%), homelessness (11%), form filling – such as RSF applications (16%), debt and money (7%), welfare benefits (7%), and other, for example, employment, general support, immigration etc (16%). VCS services are also seeing high demand.</p> <p>A number of interventions have been being tested as part of the Cost of Living outcome based review work. Evaluation has been presented to PCG and has fed into development of a new approach to resident support which will move from a focus on crisis support (based on Government grant funding) to a model which provides residents with the tools and support to improve their situation in the</p>	<p><b>Current:</b>  <b>I: 4</b>  <b>L: 5</b>  <b>T: 20</b></p> <p></p> <p><b>Previous:</b>  <b>I: 4</b>  <b>L: 5</b>  <b>T: 20</b></p> <p><b>Target:</b>  <b>I: 3</b>  <b>L: 5</b>  <b>T: 15</b></p>	<ul style="list-style-type: none"> <li>➤ The Brent RSF has been in place since August 2020. Up to £3m is available via the RSF in 2023-24 along with approx. £5.6m from the Government Housing Support and Family Food funds. Other support has been provided via government grants and the Council Tax Support scheme. However, no HSF has been announced for 24/25 and the Council's allocation for RSF is £1m. A new model has been developed moving from crisis support to longer term, more sustainable solutions and is coming to Cabinet in February 2024 (see Action 1 below).</li> <li>➤ A cross council steering group, chaired by the Corporate Director for Resident Services, is in place to oversee the Council's response with a wide range of support measures already in place.</li> <li>➤ A range of support has been put in place including a food and fuel poverty toolkit, the Brent Well and Warm scheme and warm spaces.</li> <li>➤ As part of the Cost of Living Outcome Based review, a number of interventions have been being tested including a community shop and kitchen based support scheme, a crisis response fund, and additional debt and immigration advice provision. This work has been evaluated and fed into the development of a new approach to Resident Support (see action 1 below)</li> <li>➤ A Financial Inclusion Dashboard has been developed which draws together data from</li> </ul>

	longer term. This model will come to Cabinet in February 2024 for agreement and be rolled out from 1 April.		across various datasets, including council tax support and benefits. This is used to identify residents who may need targeted supports (i.e. in arrears). It also provides a strategic oversight for senior management.
Action Plan		CMT Sponsor: Corporate Director Resident Services	
<div>1. To agree a future model for Resident Support, based on evaluation from prototyping activity, which will move from a focus on crisis support (based on Government grant funding) to a model which provides residents with the tools and support to improve their situation in the longer term (February 2024).</div> <div>2. To implement the new approach (from April 2024).</div> <div>3. To continue to enhance the FI Dashboard by adding additional data sets and using this (as well as using data from the 2021 Census) to get a better understanding of the impact of the crisis in Brent and to target residents in need of support (by March 2024).</div>			



## B. Increase in Dedicated Schools Grant High Needs Block (HNB) Deficit


Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>There is a risk that current deficit will continue to rise due to an increase in the number of children needing Education and Health Care Plans (EHCP). This could have an adverse impact on the ability to meet the needs of pupils who require special educational support and the Council's legal obligation to meet the educational needs of children in the borough. There is also likely to be an adverse impact on the ability to meet the DfE's requirement to produce a balanced DSG budget.</p>	<p>The DSG has carried a deficit balance since 2019/20 and the cumulative balance carried forward from 2022/23 was £13.8m. With the current in year forecast deficit of £0.8m, this will increase the overall deficit to £14.6m. The monitoring of the DSG is reported on a quarterly basis via the finance forecast reports taken to Cabinet and Schools' Forum. As at Quarter 3 of 2023/24, the forecast cost avoided against the management plan to address the deficit equates to c£2m. In addition, to mitigate the pressures against the High Needs Block of the DSG, a 0.5% transfer from the Schools Block i.e., £1.3m was agreed by the Schools' Forum and transferred to the HNB. The actions in the Management Plan and the 0.5% block transfer has reduced the HNB in-year deficit from a potential £4m deficit to the current deficit position of £0.8m.</p> <p>The range of actions in the Management Plan includes tighter financial management controls to ensure full cost recovery from other local authorities that place pupils in Brent special schools, reducing demand for EHCPs and building more local capacity to reduce the need for children to be educated out of borough. However, cost avoidance continues to be required over the next 5 years, despite an increase of 10% of HNB funding in 2023/24. The LA's modelling includes a forecast assumption of an increase of 8% in HNB funding in 2024/25 and 3% thereafter.</p> <p>The current Management Plan assumes a slowdown in the growth of EHCPs from 16% to 7% in response to a range of targeted actions as described above. The forecast for the mitigating actions and cost avoidance actions in the Management Plan, which have been quantified, will realise a reduction in spend of circa £8m by 2025-26. However, a reduction in the HNB funding in future years would have an impact on the reduction against the cumulative deficit if demand for EHCPs continues to grow.</p> <p>The Council is participating in the Department for Education Delivering Better Value in SEND support programme (DBV), that commenced in autumn 2022. The DBV is a 3 year transformation programme aimed at supporting 55 local authorities with substantial deficit issues to reform their high needs systems. A comprehensive diagnostic process has been undertaken to identify the underlying cost drivers of the high needs system and potential reforms to manage/mitigate these cost drivers more effectively. The DfE has provided Brent with £1m grant funding to pilot and implement system changes aimed at realising efficiencies. An updated management plan will be submitted to the DfE in January 2024 and will be monitored by DfE/CIPFA.</p> <p>There is limited opportunity to recover the historical deficit. This is due to the insufficient resources allocated to implement the Children and Family Act legislation in 2015. However, this is a national issue. The regulations that are in place to carry forward a deficit balance against the DSG were due to end in 2022/23. However, this statutory override has been extended for another three years until 2025/26.</p>	<p><b>Current:</b>  <b>I: 5</b>  <b>L: 4</b>  <b>T: 20</b></p> <p></p> <p><b>Previous:</b>  <b>I: 5</b>  <b>L: 4</b>  <b>T: 20</b></p> <p><b>Target:</b>  <b>I: 4</b>  <b>L: 4</b>  <b>T: 16</b></p>	<ul style="list-style-type: none"> <li>➤ Bi-Monthly task group led by Corporate Directors of CYP and Finance, the DSG management plan is realising some traction. There was no in-year deficit in 2022/23 despite additional cost burdens for special school staffing and pensions being funded through the HNB.</li> <li>➤ Delivery of the Management Plan to address cost pressures.</li> <li>➤ Brent's participation in the Delivering Better Value (DBV) programme. DBV analysis has demonstrated the impact of management controls – placement moves and number of EHCP – over the last 12 months. This will continue to be monitored as the DBV programme progresses.</li> </ul>

**Action Plan****CMT Sponsor: Corporate Director Children and Young People**


To reduce costs with the intention to achieve in year balanced budgets and then to start to recover the cumulative deficit through:

1. Looking to establish more SEND provision in the borough as part of the School Place Planning Strategy Refresh, including developing new Additionally Resourced Provisions in the academic years 2023/2024- 2024/25. This will reduce the need for young people to be placed in schools in other boroughs and in high cost non-maintained independent special schools.
2. As part of the DBV programme the council has been awarded £1m non-recurrent grant to pump prime a change programme in Brent over the 2023/24 and 2024/25 financial years. The programme of activity includes piloting an early targeted intervention programme for children under 7; a new quality assurance team; a review of banding costs and new commissioning approaches. The programme is overseen by the Corporate Director of Children and Young People and Corporate Director of Resources.
3. The introduction of the SEN Support service with the expectation to manage demand, as part of the Graduated Response Programme; improved quality EHCP assessment; and person centred planning and SMART annual reviews. Therefore, young people will be provided with earlier support, thereby reducing the need for an EHCP to trigger additional support. £0.5m has been approved by the Schools Forum for SEN Support.
4. Continued tighter financial management controls.
5. Continued central government lobbying.

## C. Lack of supply of affordable accommodation

Risk Summary	Risk update (recent developments, progress, and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>There is a risk that because of the limited supply of affordable accommodation, in the PRS, settled Temporary Accommodation (TA) and Social Housing, there is insufficient supply of accommodation to meet the demand from homeless households and meet statutory duties. This has led to greater reliance on emergency temporary accommodation, which is having an impact on the wellbeing and quality of life for residents and is also an additional burden on the general fund.</p>	<p>The Housing Needs Service has seen a 122% increase in demand from families and single people who are either threatened with homelessness, or homeless from 2021/22 (2,936 applications) to 2022/23 (6,529 applications). Whilst the COVID – 19 pandemic, associated lockdowns and the ban on Private Rented Sector (PRS) evictions may have been a factor in this growth, demand for homelessness services continues to remain high. There have been 4,907 approaches in the first 3 quarters of 23/24. If demand continues at the same rate, the service will receive a total of 6,543 applications in 2023/24, an average of 125 applications every week. This is comparable to the 22/23 demand which suggests that demand has plateaued.</p> <p>This high demand is being driven by affordability issues and rising rents. The fact that Local Housing Allowance (LHA) rates have been frozen since April 2020, has significantly reduced the number of properties affordable in London under LHA. However, the Government has announced that the LHA rate will be increased from April 2024 to cover the cheapest third (30<sup>th</sup> percentile) of local market rents. The use of PRS properties are essential to help meet demand from homeless households, and this increase in LHA rates may increase the supply of affordable properties in the PRS.</p> <p>The greatest control we can exert on the model is building new Council-owned supply, and encouraging RSLs to build what we need. We can also exert control through social housing re-lets/voids, and private rented sector offers. The Housing Needs Team also support households to secure work, and to improve their economic circumstances as well as help at an earlier stage, to prevent homelessness. However, this is becoming increasingly more difficult due high demand and the lack of supply of affordable accommodation. The New Council Home Programme is under pressure financially due to significant changes in the market (both inflation and cost rises). As a result, the Council is having to consider cross subsidising schemes by converting some homes to shared ownership, reducing the number of homes available for homeless households.</p>	<p><b>Current:</b> <b>I:</b> 5 <b>L:</b> 4 <b>T:</b> 20</p> <p></p> <p><i>Previous:</i> <b>I:</b> 5 <b>L:</b> 4 <b>T:</b> 20</p> <p><b>Target:</b> <b>I:</b> 5 <b>L:</b> 2 <b>T:</b> 10</p>	<p>➤ A Housing Needs group, chaired by the Head of Housing Needs, is in place to monitor the Council's use of emergency accommodation.</p> <p>➤ Homelessness services focused on prevention to decrease demand.</p> <p>➤ Continued membership of Capital Letters to access a new acquisition scheme through Home Safe Housing (HSH).</p> <p>➤ PRS accommodation.</p> <p>➤ I4B created to increase supply of affordable PRS accommodation.</p> <p>➤ Two purpose built emergency TA schemes delivered, with a third due to be delivered in 2025.</p>
Action Plan		CMT Sponsor: Corporate Director Resident Services	
<p>1. To continue delivering the New Council Homes Programme to increase supply of affordable homes.</p> <p>2. To continue to acquire street properties through i4B.</p> <p>3. To ensure completion of a new temporary accommodation scheme that would provide an additional 100 units of temporary accommodation.</p> <p>4. To continue to work with Private Sector property owners to procure affordable accommodation.</p> <p>5. Continued emphasis on the prevention of homelessness and promote the Find Your Home scheme to encourage households who are threatened with homelessness to source their own PRS accommodation.</p> <p>6. To bring empty properties on the South Kilburn Regeneration scheme back into use as TA.</p> <p>7. To continue membership of Capital Letters to access affordable PRS accommodation through the Home Safe Housing (HSH) scheme.</p>			

## D. Increase in the use of emergency Temporary Accommodation

Risk Summary	Risk update (recent developments, progress, and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>There is a risk that because of increased demand from homeless households coupled with a lack of supply of affordable accommodation, there is an increased use of emergency Temporary Accommodation (TA). This greater reliance on nightly paid emergency temporary accommodation is leading to increased pressure on the Council's financial position via a projected revenue overspend and a subsidy loss.</p>	<p>Once the Council accepts that a household is Eligible, Homeless, and in Priority Need, as defined by legislation, there is an immediate statutory duty to secure suitable interim accommodation, pending further enquiries into the application. All families, with dependent children are automatically in Priority Need, and therefore trigger the duty to secure suitable interim accommodation. Other people must prove they are 'vulnerable,' which means they would be at much greater risk of harm than most people if they become homeless. Therefore, single people who meet this vulnerability test trigger the duty to secure suitable interim accommodation.</p> <p>Once enquiries are complete and the main homelessness duty is accepted, the household is usually moved on into either a Private Rented Sector (PRS) property to end their homelessness, or into settled TA (leased from private owners). However, there has been a severe contraction of affordable PRS properties that are available, which coupled with increased demand from homeless households, has led to a silting up of emergency TA.</p> <p>As these issues are London wide, the availability of B&amp;B and Annexe accommodation is severely restricted across the Capital, with many Councils being forced to book rooms in commercial hotels such as the Travelodge, to meet statutory duties. This lack of availability of accommodation has resulted in the service using an accommodation provider in High Wycombe, at higher rates than we would normally pay. This is leading to a projected overspend of £5.5m, as well as projected subsidy loss of £8.9m.</p> <p>Another important consequence is that non-self-contained accommodation is not deemed as suitable accommodation, for the purpose of the Homelessness (Suitability of Accommodation) (England) Order 2003, for a homeless applicant who is pregnant or has children in his / her household for a period longer than 6 weeks.</p> <p>The Council is currently in breach of this Suitability of Accommodation Order, with over 70 families currently in B&amp;B accommodation for over 6 weeks</p>	<p><b>Current:</b> I: 5 L: 4 T: 20</p> <p></p> <p><b>Previous:</b> I: 5 L: 4 T: 20</p> <p><b>Target:</b> I: 5 L: 2 T: 10</p>	<ul style="list-style-type: none"><li>➤ A Housing Needs group, chaired by the Head of Housing Needs, is in place to monitor the Council's use of emergency accommodation.</li><li>➤ Homelessness services focused on prevention to decrease demand.</li><li>➤ Continued membership of Capital Letters to access a new PRS acquisition scheme through Home Safe Housing (HSH).</li><li>➤ I4B created to increase supply of affordable PRS accommodation.</li><li>➤ 2 purpose built emergency TA schemes delivered, with a third due to be delivered in 2025.</li><li>➤ The cohort of families in B&amp;B over 6 weeks is closely monitored at a bi-weekly meeting on the use of emergency TA, where officers ensure that any self-contained rooms that become available, are allocated to these families.</li><li>➤ To decant homeless households out of the most expensive TA in High Wycombe. To date 44 households have been successfully moved on.</li></ul>
Action Plan		CMT Sponsor: Corporate Director Resident Services	
<ol style="list-style-type: none"><li>1. To continue delivering the New Council Homes Programme to increase supply of affordable homes.</li><li>2. To continue to acquire street properties through i4B.</li><li>3. To ensure completion of a new temporary accommodation scheme that would provide an additional 100 units of temporary accommodation.</li><li>4. To continue to work with Private Sector property owners to procure affordable accommodation.</li></ol>			

5. Continued emphasis on the prevention of homelessness and promote the Find Your Home scheme to encourage households who are threatened with homelessness to source their own PRS accommodation.
6. To bring empty properties on the South Kilburn Regeneration scheme back into use as TA.
7. To continue to ensure households living in TA have a live Housing Benefit claim to maximize income.
8. To continue to decant homeless households out of the most expensive TA.
9. To continue membership of Capital Letters to access affordable PRS accommodation through the Home Safe Housing (HSH) scheme.

## E. Cyber Attacks

Risk Summary	Risk update (recent developments, progress, and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>There is a heightened threat of Cyber-attacks. If attackers were successful, this would potentially impact all services, to the extent that service provision would be significantly affected in the first instance. Sensitive data may be published online resulting in significant fines from the ICO and reputational damage to the Council.</p>	<p>Several Councils have been subject to Cyber-attacks. The Cabinet Office are advising that there is a heightened security risk level at the current time. Shared Technology Services (STS) and strategic partners have deployed technologies and processes to enhance our cyber protection. The protection in place for the Council to prevent an intrusion is considered high however, recent attacks impacting councils and other public sector organisations have targeted backup systems and third party suppliers. STS and Brent have cyber strategies in place and are in the process of updating those strategies considering the prevailing threats. Considerable investment continues to be made to improve cyber security; we have recently enhanced our monitoring capabilities with the procurement of a third-party service from CrowdStrike for the monitoring of on-premises and cloud-based servers.</p> <p>However, the level and type of threat continues to evolve, shifting our focus to perimeter monitoring and protection. Learning from recent security exercises have been used to develop new plans to mitigate attacks, enabling Brent to better manage incidents when they arise. Brent will continue to work with strategic partners to combat cyber-security threats.</p> <p>Brent continues to benchmark its approach and learn from the experiences of others. A recent Cyber 360 review by the LGA included positive feedback about the cyber security culture and governance within the council.</p>	<p><b>Current:</b> I: 4 L: 4 T: 16</p> <p>↔</p> <p><b>Previous:</b> I: 4 L: 4 T: 16</p> <p><b>Target:</b> I: 3 L: 4 T: 12</p>	<ul style="list-style-type: none"><li>➤ Implemented tools to monitoring and detects abnormal activity.</li><li>➤ Security Logging and Endpoint Management.</li><li>➤ Enhanced awareness and training across specialist IT and all Brent users.</li><li>➤ Continuous development and testing of Cyber Playbooks.</li><li>➤ Developing strategic partnership with third party security specialists.</li><li>➤ investment in an enhanced backup solution.</li></ul>
Action Plan		CMT Sponsor: Corporate Director Finance and Resources	
<ol style="list-style-type: none"><li>1. We have now implemented a suite of tools (enabled partly by the recent investment in M365 E5 licenses), allowing greater security logging and event management through a centralised alerting platform.</li><li>2. We are seeking to onboard a third-party Security Operations Centre service to monitor and respond to incidents on our End User Compute estate, this will leverage Brent's investment in E5 technologies.</li><li>3. A table-top exercise with the Emergency Planning team for our Cyber Playbooks with executive-level involvement, has been arranged for February 2024.</li><li>4. Enhanced training for IT staff within STS and Brent IT teams on cyber, security and technology.</li><li>5. Carry out independent peer reviews of Tier 1 systems.</li><li>6. Test disaster recovery of key line of business systems.</li><li>7. Obtain supply chain cyber security assurance from application vendors.</li></ol>			



## F. Climate Emergency (Adapting to climate risks)


Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>There is a risk that Brent's infrastructure, public health, and natural environment will be adversely affected by the physical effects of climate change and the consequences of extreme weather at a local level. These impacts will exacerbate existing pressures on public health and wellbeing, infrastructure, the economy, local services and the natural environment; and are likely to be most acutely felt by Brent's most vulnerable residents.</p>	<p>Brent developed its Adaptation and Resilience Plan as part of the 2021-22 Delivery Plan, with a final version published in June 2022. We are currently one of only three boroughs in London who have a published plan of this kind. This document was approached as a form of risk register and examined the specific risks facing Brent from a rapidly changing and more unpredictable climate. The document sets out how the frequency and severity of extreme weather events in the future will depend on the amount of greenhouse gases the world emits, and the resulting increase in global warming. Experts believe that we currently have an opportunity to stop or reverse some of these risks, however many of these changes are now inevitable. Even in a 'low emission' scenario where global warming is limited to 2°C, we will still all need to prepare for hotter, drier summers and warmer, wetter winters. Brent, along with the rest of London, faces unique risks due to climate change.</p> <p>The city's dense population, urban built environment and lack of green space puts it at increased exposure to surface water flooding, extreme heat and drought in particular. Many homes in London are not resilient to extreme weather, with poorly ventilated buildings and flats at greater risk of overheating. London is also already water stressed, and population growth will put further pressures on public water supply. We have already seen this play out a local level through a number of instances of major flooding affecting 16 roads in recent years; and the Church End &amp; Roundwood area being identified as one of Britain's hottest neighbourhoods during the 2022 heatwave which saw Britain's hottest day ever recorded.</p> <p>The task for the council is to ensure that it is both proactively preparing for these risks and reactively dealing with emergencies caused by extreme weather. The current adaptation and resilience plan is due to reviewed and updated this summer and its recommended actions will be mainstreamed within the borough-wide 2024-26 Delivery Plan. The risks remain that implementing the recommended actions are depending on funding, and funding for adaptation work is also severely limited at the scope and scale required. It is also dependent on capacity and acting at pace to keep up with the level of extreme weather that is now inevitable in coming years, and reaching out to vulnerable residents in a coordinated way across relevant council teams and services to ensure that they are aware and prepared to keep themselves safe and well wherever possible in advance of an extreme weather event occurring.</p>	<p><b>Current:</b> <b>I: 4</b> <b>L: 4</b> <b>T: 16</b></p> <p><i>Previous: n/a – new strategic risk</i></p> <p><b>Target:</b> <b>I: 4</b> <b>L: 4</b> <b>T: 16</b></p>	<p>➤ The council has an existing Climate Adaptation and Resilience Plan which will be reviewed and actions mainstreamed this year.</p> <p>➤ The council has existing emergency planning/public health/communications protocols for different levels of extreme weather.</p> <p>➤ The council has included adaptation elements for developers to consider as part of the Environment and Sustainable Development Supplementary Planning Document.</p>
Action Plan		CMT Sponsor: Corporate Director, Resident Services	
<p>1. To review the June 2022 edition of the Climate Adaptation and Resilience Plan, starting with organising an adaptation workshop with key stakeholders</p> <p>2. To update and re-publish the June 2022 edition of Brent's existing Climate Adaptation and Resilience Plan</p> <p>3. To mainstream the recommended actions within the Adaptation and Resilience Plan into the next borough-wide Climate Emergency Delivery Plan 2024-26</p> <p>4. To develop a set of adaptation tools for boroughs within the West London Climate Emergency Group</p> <p>5. To continue to feed into the Green and Resilient Spaces workstream being led by LB Southwark and RBKC at a pan-London level</p> <p>6. To develop and formalise an Adaptation internal workstream of key officers that meet to discuss risks/actions on a semi-regular basis</p>			

## G. Climate Emergency (Reaching carbon neutrality)

Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>There is a risk that the council does not achieve its ambition of becoming a carbon neutral borough by 2030 due to a severe lack of funding, resources, and widespread behaviour change required to meet the scale of the challenge. This would have an adverse impact on the council's reputation and would mean that the co-benefits of tackling climate change (such as warmer homes, cleaner air, a healthier population, greener spaces, and a thriving local green economy) will have been missed.</p>	<p>The council unanimously declared a climate and ecological emergency in 2019 and pledged to do all in our gift to reach carbon neutrality by 2030. Demonstrating progress in reducing local authority emissions is a hugely difficult for all councils, and in practice, councils are only able to directly influence a small proportion of emissions within their local area.</p> <p>The UK government produces an annual breakdown of carbon dioxide emissions by Local Authority area as a subset of its annual inventory of greenhouse gas emissions. The most recent dataset available is from the 2021 calendar year and outlines that there were 943,700 tonnes of carbon dioxide emitted within the Brent boundary (41% from homes; 24% from transport; 35% from non-domestic properties). Indirect consumption emissions which arise the consumption habits of Brent's residents are estimated to be 3-5 times higher than this. Whilst Brent's carbon emissions have reduced by around 36% against since 2005, a substantial and sustained reduction in emissions would now be required to achieve carbon neutrality within six years which is immensely challenging.</p> <p>The council commissioned a carbon scenarios study in 2019 which estimated that the cumulative capital investment required for Brent to reduce carbon emissions at the scale required would cost £3.1bn. The current funding landscape for climate initiatives is severely limited, and whilst the council has been successful in obtaining nearly £11m in external grant funding since 2020, this is clearly below the level of investment and resources that are required for a genuine and transformative net zero transition.</p> <p>Brent is not alone in this challenge. All local authorities that have declared a climate emergency are facing similar challenges. The vast majority of London Boroughs have set more ambitious net zero targets than the government, and the Mayor of London has also pledged for London to be a net zero city by 2030. We are also clear that we cannot tackle this challenge alone and require all of Brent's communities to change behaviours and take advantage of opportunities at a local level to tackle climate change.</p>	<p><b>Current:</b> <b>I: 3</b> <b>L: 5</b> <b>T: 15</b></p> <p><i>Previous: n/a – new strategic risk</i></p> <p><b>Target:</b> <b>I: 3</b> <b>L: 5</b> <b>T: 15</b></p>	<ul style="list-style-type: none"><li>➤ The council's climate programme is overseen quarterly by a Corporate Sustainability Board, chaired by the Director of Environment and Leisure.</li><li>➤ We have recently developed a draft data dashboard which measures progress against 'proxy' metrics and shows the direction of travel for the council delivering on its existing delivery/ action plans.</li><li>➤ The council is actively linked into Pan-London and sub-regional West London workstreams which are seeking achieve similar objectives.</li><li>➤ The Brent Environmental Network and its sub-groups is the focal point for driving initiatives and behaviour change within the community.</li><li>➤ The council has recruited a Funding and Bid Writing Manager to continue to monitor the funding landscape</li></ul>
Action Plan		CMT Sponsor: Corporate Director, Resident Services	
<ul style="list-style-type: none"><li>1. To continue to deliver and complete actions within the 2022-24 borough-wide Delivery Plan</li><li>2. To continue to deliver and complete actions within the 2022-24 borough-wide Delivery Plan</li><li>3. To review and develop plans for South Kilburn and St Raphael's Estate (development-led Green Neighbourhoods)</li><li>4. To undertake a review of effectiveness of our current Green Neighbourhoods programme</li><li>5. To develop the next iteration of the 2024-26 Delivery Plan</li></ul>			




## H. Risk of a serious child protection incident or wider safeguarding concern involving children and young people

Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>There is a risk of a serious child protection incident or wider safeguarding concern involving children and young people due to increased demand and/or a failure in quality assurance processes. This could have an adverse impact on multi-agency partnership working, community confidence in local safeguarding practice, weakening of existing systems resulting in a downgrading of the local authority's Ofsted rating and pressure on the departmental budget to mitigate for any wider system failure.</p>	<p>The ILACS Inspection of CYP took place in February 2023 and judged the service to be Good in all areas including overall effectiveness. A Practice Improvement Plan is in place to ensure that the service continues to improve and updates provided to senior leaders on a regular basis to check that progress and impact is on track. This is supported by strong multi agency working, both at an operational level about individual children and via the various strategic forums in place.</p> <p>Demand for services remains high as well as the complexity of presenting casework. There are controls in place to ensure that caseloads are kept at manageable levels coupled with strong management support, training and reflective supervision of staff. This is further strengthened with an ongoing programme of regular quality assurance activity and staff briefings on high profile incidents.</p> <p>There is a national shortage of social workers and relatively high usage of agency staff as a result. The London Pledge is in place to maintain the consistency of agency rates being applied. There are a range of initiatives in place to recruit and retain permanent staff supported by a Workforce Development Plan, and a Workforce Development Group chaired by the Corporate Director of CYP. This includes a grow your own programme, step up to social work scheme and international recruitment.</p> <p>There is an overspend on the staffing budgets in social care teams due to the high use of agency staff. An Establishment Board is in place, chaired by the Director, Early Help and Social Care to monitor spend against established posts with controls in place to prevent over establishment recruitment taking place. This is enabling a tighter grip on recruitment and providing opportunities to target agency staff for agency to permanent recruitment, as well as helping to shape recruitment campaigns in specific difficult to recruit areas. This in turn will achieve cost avoidance and reduce the current overspend on staffing. Eleven agency staff have so far converted to permanent roles this year.</p>	<p><b>Current:</b> <b>I:</b> 4 <b>L:</b> 3 <b>T:</b> 12</p> <p></p> <p><b>Previous:</b> <b>I:</b> 4 <b>L:</b> 3 <b>T:</b> 12</p> <p><b>Target:</b> <b>I:</b> 4 <b>L:</b> 3 <b>T:</b> 12</p>	<p>➤ Bi-Monthly Workforce Development Group chaired by the Corporate Director of CYP to monitor initiatives in the Workforce Development Plan.</p> <p>➤ A fortnightly Establishment Board to ensure tighter oversight of recruitment of posts against the establishment and available budget.</p> <p>➤ Brent's participation in the London Pledge for agency staff recruitment to maintain day rates at agreed levels.</p> <p>➤ Practice improvement plan and implementation of existing quality assurance framework, reporting ¼ to DMT.</p>
Action Plan		CMT Sponsor: Corporate Director Children and Young People	
<p>1. Monthly monitoring of performance data to review demand, trends, throughput of casework and caseloads. Exception reporting on areas where there is pressure or work in the system that is performing below expected targets with additional monitoring in place.</p> <p>2. Learning on complex and high profile cases within service areas and within the existing safeguarding partnership structures.</p> <p>3. Targeted recruitment campaigns and continued focus on agency to permanent recruitment.</p> <p>4. Continued tighter financial management controls.</p>			

## I. Recruitment and Retention

Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p><b>Failure to recruit and retain sufficient permanent staff to a significant number of posts, including senior managers, leaves services without sufficient and/or sufficiently qualified staff leading to services being impaired and an over-reliance on agency/interim staff.</b></p> <p>08/09/2022 144</p>	<p>Since a sharp increase in staff turnover in the first 3 months of 2022, this rate has persisted. We are also experiencing increasing challenges in recruitment, particularly in respect of traditionally hard to recruit sectors but also some roles in Housing and Finance. This is believed to reflect the increased aspirations of applicants in respect of their employment following the changes in the work environment during and since the pandemic and due to the current cost of living crisis.</p> <p>The Council will be monitoring the impact on recruitment and retention of the changes to working patterns and office attendance requirements - 2 days per week from January and 3 days from October.</p>	<p><b>Current:</b></p> <p>I: 3</p> <p>L: 4</p> <p>T: 12</p> <p>↔</p> <p><b>Previous:</b></p> <p>I: 3</p> <p>L: 4</p> <p>T: 12</p> <p><b>Target:</b></p> <p>I: 3</p> <p>L: 2</p> <p>T: 6</p>	<ul style="list-style-type: none"><li>➤ A range of potential incentives have been implemented, including financial supplements that can be applied to 'hard to fill' posts, overseas recruitment and the Key Worker housing scheme.</li><li>➤ A number of new 'grow your own' incentives in Learning and Development have also been implemented, including coaching and mentoring programmes, leadership and development programmes, and expanding the upskilling of apprenticeships.</li><li>➤ Operationally, the new Oracle recruitment system is now in place which makes it easier for Managers to use, but also provides a better and more user-friendly experience for applicants.</li><li>➤ A new arrangement has been agreed with LinkedIn to promote Council adverts and vacancies.</li><li>➤ We have managed service provision for the supply of agency staff to mitigate the risks to services of vacancies while controlling cost and arrangements for approval of off contract spend.</li><li>➤ Head-hunting also continues via the MSP and external recruitment agencies for specialist/hard to recruit to roles.</li></ul>
<b>Action Plan</b>		<b>CMT Sponsor: Corporate Director Governance</b>	
<p>1. Working with job board providers to maximise the functionality on offer to increase the profile of jobs at Brent.</p> <p>2. Review of recruitment team operating model to increase the focus on direct sourcing activity.</p> <p>3. Review of the Council's policies in relation to market supplements and other R&amp;R allowances.</p> <p>4. Review controls in respect of agency staff pay rates.</p> <p>5. Monitoring of the impact of the office attendance requirements – e.g. exit interview data will be analysed and feedback from managers/applicants through recruitment campaigns gathered and analysed to understand impact</p>			


## J. Safeguarding Incident - Adults

Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>There is a risk that there is a serious safeguarding incident involving a vulnerable adult in Brent, meaning the Council would be required to investigate and respond, and minimise the risk to the individual wherever possible. Depending on the incident and response, this may attract adverse publicity and/or require a Safeguarding Adults Review.</p>	<p>ASC have a Safeguarding Adult Team that operate according to the Pan-London Safeguarding procedures, and who have been recently audited and found to have no significant areas of concern. The service works to minimise safeguarding concerns and prevent abuse wherever possible, however there is a realistic acceptance that not all safeguarding incidents can be avoided.</p> <p>There has been a sustained increase in referrals to the Safeguarding service since the relaxing of Covid lock-down measures which has put the team under considerable pressure to respond withing the necessary timeframes.</p> <p>Safeguarding is often termed to be ‘everybody’s business’ and requires robust information sharing to ensure the statutory criteria for decision making is evidenced. There continues to be a theme in Safeguarding Adult Review (SAR) where Brent needs to continue improving their collaboration with partner agencies and ensuring a co-production approach is maintained whenever possible, in line with commissioning services. Brent is working with the SAB and partners to develop a learning and development plan that reflects the required learning from SARs for all agencies. The aim is to implement this via the Safeguarding Adult Board. The operational team will continue to establish core-working relationships with partners to ensure we are able to deliver effective and creative care planning. Recording of information safeguarding concerns and timely progression of these are an ongoing development area. Staff has all been briefed on standard and expectation of which will be monitored of the next few months. It must correlate with current GDPR and Equality Rights legislation by Adults Social Care officers. These areas are continually under review and work is ongoing. Not doing this could result in an increase in cross agency failing vulnerable adults within Brent.</p> <p>The challenges faced by services involved in safeguarding, noting the Board is to continually have a focus on obtaining assurances that all agencies continued to work effectively together, to ensure all adult safeguarding needs are met and continues to be managed effectively. If this is not done there is a risk of cases falling through the net and could result in incidence of near misses or untimely death.</p>	<p><b>Current:</b> I: 5 L: 2 T: 10</p> <p></p> <p><b>Previous:</b> I: 5 L: 2 T: 10</p> <p><b>Target:</b> I: 5 L: 2 T: 10</p>	<ul style="list-style-type: none"><li>➤ There is a Safeguarding Adult Board in place, and it has an independent chair.</li><li>➤ The board set Annual priorities that are analysed across the system over the year.</li><li>➤ There is a Safeguarding Adults Review (SAR) Group in place that review all serious concerns and may recommend the case has a full review. These SAR enables the system to learn from any failings or near misses.</li><li>➤ Practice Audits are in place to drive a culture of personal and collective responsibilities and to identify areas for development across the service.</li><li>➤ The SAB has a responsibility to coordinate appropriate SA training for all partners annually.</li><li>➤ In addition, ASC commission SA training for staff based on training needs.</li></ul>
Action Plan		CMT Sponsor: Corporate Director ASC and Health	
<ul style="list-style-type: none"><li>1. The Department are due to undertake a 'Safety' self-assessment using the CQC framework to assure itself it has safe systems in place.</li><li>2. We have commissioned a Safeguarding review across the service, feedback will form our Safeguarding improvement plan</li></ul>			

## K. Non-compliance with Statutory Housing Duties

Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>Failure to comply with statutory Housing management service requirements and deadlines, may result in a serious health and safety incident or non-compliance with legislation, which may lead to serious injuries and/or fatalities, reputational damage, fines and/or imprisonment.</p>	<p>As a landlord we have to ensure we are complying with all of our statutory duties and health and safety compliance particularly Fire, Legionella, Asbestos, Gas and Electric (FLAGE) form part of those duties. Failure in any of the areas would be a breach of the consumer standards and the Council would be subject to sanctions from the Regulator of Social Housing (RSH).</p> <p>Following the Grenfell Tower inquiry findings published in October 2019, there was a number of recommendations made to prevent such a tragedy from ever happening again. The Government undertook to introduce new regulations based on these recommendations. These regulations take the form of the Fire Safety (England) Regulations 2022 and extend duties imposed by the Regulatory Reform (Fire Safety) Order 2005.</p> <p>The Building Safety Act 2022 was introduced to improve the housing safety standards for residents giving them more rights and protections. The Building Safety Regulator (BSR) will oversee the safety and performance of all buildings with a special focus on high rise buildings.</p> <p>The above have stipulated actions that have to be completed by certain deadlines to show assurance that our buildings are safe and to avoid any further actions by the Building Safety Regulator. One example is the preparation of Building Safety Cases for our 41 High Rise Blocks by April 2024.</p> <p>The Building Safety Act working group was formed in September 2023 and currently meet fortnightly to assess progress on adherence with the Act. The group has developed a process for updating vulnerable resident's details that are held in the secure information boxes. The group have also started to engage with residents in high-risk buildings. The first three block meetings were held in December to discuss building safety and the fire strategy for each block. All high-risk building were registered complete with structural and safety data within the deadline.</p> <p>We have not been successful in the permanent recruitment of the Building Safety Manager however we do not expect this to have an impact on any of our deadlines. We have commissioned a Building Safety Case pilot with consultants Penningtons Ltd with a view to instructing them on the other 39 blocks if the pilot is successful.</p> <p>Meetings are being held with consultants to assist the Council in determining how to receive, use and manage Building Information Management information. The draft Building Safety Engagement Strategy has gone out to residents' consultation and will go out again when the wider Engagement Strategy is published.</p>	<div><div><div>Current:</div><div>I: 5</div><div>L: 2</div><div>T: 10</div></div><div><div>↓</div></div><div><div>Previous:</div><div>I: 5</div><div>L: 3</div><div>T: 15</div></div><div><div>Target:</div><div>I: 5</div><div>L: 1</div><div>T: 5</div></div></div>	<div><div>➤ Monthly FLAGE compliance reporting to DMT.</div><div>➤ Monthly Building Safety Action Plan monitoring in HMB</div><div>➤ Fortnightly Building Safety Working group meetings.</div><div>➤ CMT bimonthly monitoring of Building Safety Action Plan.</div><div>➤ Quarterly compliance updates to RSH</div></div>
Action Plan		CMT Sponsor: Corporate Director Resident Services	
<div><div>1. Embed process for updating the vulnerable tenants list in secure boxes and providing evacuation information directly to all residents every 12 months (by March 2024).</div><div>2. All compliance information is uploaded to True Compliance (by January 2024).</div><div>3. Link True Compliance to Business Objects so reporting can be made easier (February 2024)</div><div>4. Provide building safety case reports for all high-risk buildings (by April 2024)</div><div>5. Agree a joint strategy corporately for all new buildings to ensure Golden Thread/BIM information is available to BHM through one system (by March 2024)</div></div>			

## L. Financial Resilience and Sustainability

Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p>The budget setting process may not account for emerging unknowns and/or there may be delays in delivering planned savings, which may impact on the Council's overall financial resilience and sustainability. This may result in the Council not having sufficient resources to fund all of its priorities or needing to find further savings to meet budget gaps.</p>	<p>Since 2010, Brent has delivered total cumulative savings of £210m. In February 2023, Council agreed the budget for 2023/24, which included £18m of savings, with £4.5m to be delivered in 2024/25. Reports on the budget position have been brought to Cabinet throughout 2023/24, most recently in July and November 2023. In the draft budget in November 2023 it was estimated that a further £8m of savings would be required in 2024/25 and 2025/26, profiled £3.6m in 2024/25 and £4.4m in 2025/26. The reports also highlighted the significant risks, issues and uncertainties with regards to the Council's Medium Term Financial Strategy (MTFS) caused by economic turmoil resulting from war in Ukraine, unrest in the Middle East high levels of inflation, labour shortages, rising interest rates, increased demand for key services, the effects of the cost-of-living crisis and uncertainty in government funding.</p> <p>The 2024/25 Local Government Finance Settlement was the sixth annual one-year settlement for local government and continues the trend of real terms cuts to funding. The high-level of uncertainty over the economic environment and the future funding of local government makes long-term financial planning difficult. However, the Council still considered it to be a prudent approach to revert to the customary practice of setting a two year budget covering 2024/25 and 2025/26, to provide some certainty over the budget position. As 2025/26 is an election year, the current budget plan front-loads the savings requirement, with two thirds of the required savings across the two years being delivered in 2024/25. The exact gap is inherently uncertain, simply because of the number of variables to be estimated and the difficulty of doing so over longer periods of time. The accuracy of this is probably at best +/- 20%, and wider variations are entirely plausible.</p> <p>The new package of savings required to balance the budget for 2024/25 and 2025/26 is the cornerstone of the Council's MTFS as it demonstrates that the Council is able to operate in a financially sustainable and resilient way.</p> <p>In October 2023 Cabinet received the Quarter 3 forecast position for 2023/24, which set out significant in year pressures within the Housing Service. High levels of demand due to a rise in homelessness and reduction in supply of suitable accommodation are expected to result in an overspend of over £13m. A number of immediate and medium-term actions were taken to mitigate these pressures in order to maintain financial control over the current budget position, including the creation of a Budget Assurance Panel to provide additional oversight and scrutiny of its financial position and the imposition of a number of spending controls to provide more assurance over the Council's expenditure decisions and reduce the risk that the budget position deteriorates further. However, it remains possible</p>	<p><b>Current:</b>  <b>I: 5</b>  <b>L: 2</b>  <b>T: 10</b></p> <p></p> <p><b>Previous:</b>  <b>I: 5</b>  <b>L: 2</b>  <b>T: 10</b></p> <p><b>Target:</b>  <b>I: 5</b>  <b>L: 1</b>  <b>T: 5</b></p>	<ul style="list-style-type: none"> <li>➤ Each department monitors the delivery of planned savings, and mitigating actions where relevant, at its DMT.</li> <li>➤ A Savings Tracker is reported to CMT and Cabinet alongside the quarterly monitoring report.</li> <li>➤ Savings proposals are subject to challenge and review prior to inclusion in the budget.</li> <li>➤ Review of fees and charges and challenge of income assumptions. Workshops to review growth and savings proposals for realism and deliverability.</li> <li>➤ Regular update reports to members on the economic environment and national and local challenges facing the Council.</li> <li>➤ Budget Assurance Panel provides oversight and scrutiny of the Council's financial position, including in-year budget pressures and issues, mitigating actions and the delivery of agreed savings</li> <li>➤ Expenditure controls imposed across the Council</li> </ul>



	<p>that significant further savings will be required in 2025/26 if the current overspending is not brought under control in the short term.</p> <p>The Council monitors the delivery of planned savings, and mitigating actions where relevant, on a quarterly basis and these are reported to CMT and Cabinet. The significance of the financial risks cannot be underestimated and measures are being taken to ensure that the Council continues to operate in a financially sustainable and resilient way.</p>		
<b>Action Plan</b>		<b>CMT Sponsor: Corporate Director Finance and Resources</b>	
<p>1. To continue the ongoing robust budget monitoring regime and framework.</p> <p>2. To continue to support the Budget Assurance Panel in providing oversight and scrutiny of the Council’s financial position, including in-year budget pressures and issues, mitigating actions and the delivery of agreed savings.</p> <p>3. To regularly review the existing expenditure controls and implement new enhanced spending controls where required in order to return the budget to a sustainable position.</p>			

## M. Contract Management

Risk Summary	Risk update (recent developments, progress and concerns)	Risk Scores	Controls and Mitigating Actions:
<p><b>There is a risk that due to operational, commercial, environmental or relationship issues, an important, high profile front line service may start to fail causing reputational problems for the council.</b></p> <p>Page 149</p>	<p>Internal Audit have reviewed the Contract Management tools and operational performance and provided some recommendations. A joint paper with Procurement was taken to CMT to review and agree next steps in December 2022. The paper set out various options. CMT agreed to the option of creating a Strategic Contracts Register, where evidence of contract performance will form part of the Annual Procurement Strategy report. A further paper was taken to CMT in May 23 providing a list of contracts that would form part of the Strategic Contracts Register and this was formally agreed.</p> <p>The latest version of Councils Contract Register has been updated and is shared with approved officers within the Council. A new process has also been implemented via MS Forms where the Procurement team can formally make changes and add to the contracts register. This process is also available to wider council to ask for changes to be made to the register if any errors are identified.</p> <p>The Procurement Bill has now received Royal Assent. There are various aspects in the new Act related to transparency and how we manage our contracts, including making the public aware of how our key contracts are performing with various obligations that the Council would need to adhere to.</p> <p>Now Royal Assent has been given it is anticipated to go live October 2024. The Procurement team have a working group that will work on ensuring the various aspects of the Act are understood and accommodated as part of our processes in readiness of when the provisions go live.</p>	<p><b>Current:</b></p> <p>I: 3 L: 3 T: 9</p> <p>↔</p> <p><b>Previous:</b></p> <p>I: 3 L: 3 T: 9</p> <p><b>Target:</b></p> <p>I: 3 L: 2 T: 6</p>	<ul style="list-style-type: none"> <li>➤ The contract management framework has been reviewed, revamped and updated.</li> <li>➤ A Gateway 4 process has been agreed to work with the Directorates to review our commissioning intentions to determine if there are any opportunities through decommissioning, economies of scale or bottom line savings that can be delivered to support council objectives for contracts that require re-procuring for contracts up to Mar 24.</li> <li>➤ Reconciliation of the Contracts register and Online register has been undertaken to ensure all the contracts published online are on the Contracts register.</li> <li>➤ Segmentation of contracts has been undertaken from April 2022.</li> <li>➤ A contract review template was created and signed off for 'Gateway 3'. This is conducted at the mid-term period of a contract valued above £2m and assesses if suppliers are adhering to the performance KPIs / outcomes set out in the contract and if we should be looking to invoke the extension clauses when they come up.</li> <li>➤ All contracts that require a Gateway 3 and 4 will need to be presented at the Commissioning and Procurement Board for comments and agreement.</li> </ul>

			<ul style="list-style-type: none"> <li>➤ Each Directorate will be sent their extract of the Contracts Register for review and feedback on a quarterly basis for feedback and sign off. This will support the requirement to ensure that all information is being kept relatively up to date.</li> <li>➤ The Procurement working group are attending various workshops, meetings and conferences related to the new Procurement Act.</li> </ul>
<b>Action Plan</b>			<b>CMT Sponsor: Corporate Director Governance</b>
<ol style="list-style-type: none"> <li>1. Work with the various stakeholders across the Council to gather evidence to support good contract management is being undertaken across our Strategic Contracts Register.</li> <li>2. Ensure Procurement are prepared to implement the requirements of the new Procurement Act.</li> <li>3. Undertake a second round of Gateway 4 reviews of contracts due to be procured.</li> <li>4. Undertake a session with the Commissioning Network relating to contract management requirements and good practice.</li> </ol>			



# Indicative External Audit Plan

**Year ending 31 March 2024**

Brent Pension Fund

**28 March 2024**

This is an indicative Plan as we are still working through our planning and will provide a further update at the next Committee

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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 Pension Fund 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.

# Key matters

## National context

The national and international economic context continues to present challenges for pension funds. Inflationary pressures at home and abroad and wider geo-political issues mean there is volatility in global markets with a consequential impact on the investments held by pension funds. Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of local government pension funds and set employer contribution rates for the period 2023/24 – 2025/26. For Brent Pension Fund, the valuation was undertaken by Hymans Robertson LLP, and showed that during 2022/23, the most commonly applied employer contribution rate within the Brent Pension Fund was 35% of pensionable pay. This is consistent with the Fund's deficit recovery plan to clear its deficit within 20 years of the balance sheet date. This Triennial Valuation revealed that the Fund's assets, at 31 March 2022, were sufficient to meet 87% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. This is an increase on the 78% funding level as at the March 2019 valuation.

In November 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published the outcome of their consultation on local government pension scheme investments. The government will now implement proposals which include revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025, regulation to require funds to set a plan to invest up to 5% of assets in levelling up the UK and revised investment strategy statement guidance to require funds to consider investments to meet the government's ambition of a 10 % allocation to private equity. The Chancellor has also outlined plans that local government pension funds will be invested in pools of £200bn or more by 2040.

DLUHC have also consulted on proposals to require local government pension scheme administering authorities in England and Wales to assess, manage and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). Climate risk (TCFD) reporting in the LGPS is expected to commence from 1 April 2024, with first reports due in late 2025.

In planning our audit, we have taken account of this national and international context in designing a local audit programme which is tailored to your risks and circumstances.

# Key matters - continued

## Our Responses

- The contract with PSAA for Brent Pension Fund was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors for the next five years. As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out in this Audit Plan will be agreed with the Corporate Director of Finance and Resources. Page 25 of this Audit Plan, sets out the four contractual stage payments for this fee, with payment based on delivery of specified audit milestones.
- To ensure close working with our local audited bodies and an efficient audit process, our preference as a firm is to work on site with you and your officers. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. This is also in compliance with our delivery commitments in our contract with PSAA.
- We offer a private meeting with the Chief Executive twice a year, and with the Director of Finance quarterly as part of our commitment to keep you fully informed on the progress of the audit.

Page 154 At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit and Standards Advisory Committee, to brief them on the status and progress of the audit work to date.

- We will continue to provide you and your Audit and Standards Advisory Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.
- There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk with regard to management override of controls.
- We have identified a significant audit risk relating to the valuation of level 3 investments on page 10.



# Introduction and headlines

## Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Brent Pension Fund ('the Pension Fund') for those charged with governance.

## Respective responsibilities

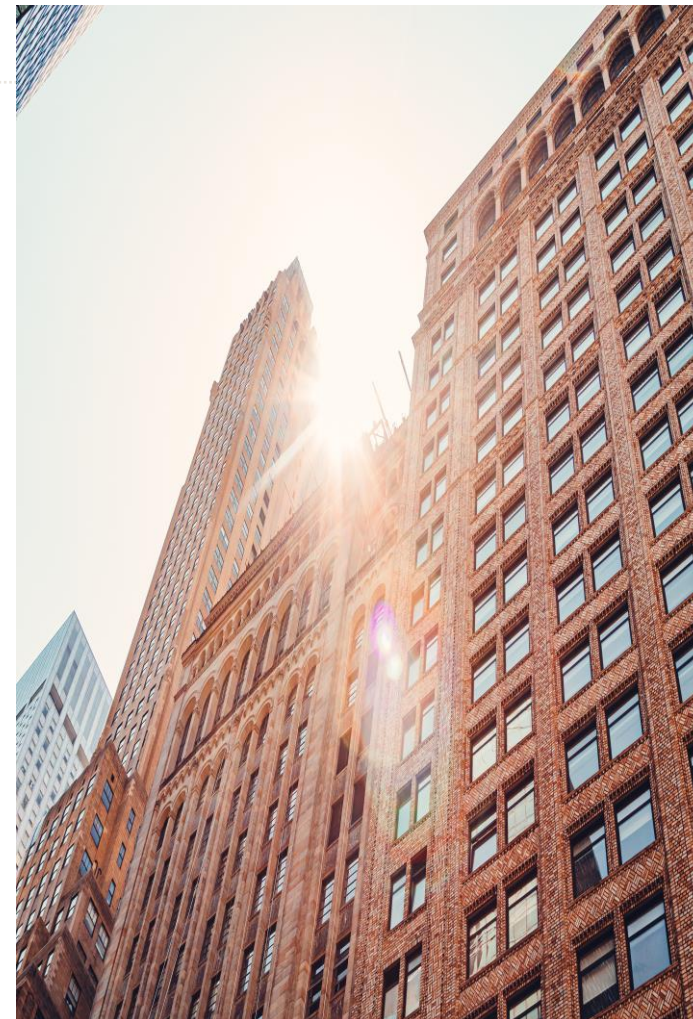
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. The NAO is in the process of updating the Code. This audit plan sets out the implications of the revised code on this audit. Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as your auditor. We draw your attention to these documents.

## Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Pension Fund's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit & Standards Advisory Committee).

The audit of the financial statements does not relieve management or the Audit & Standards Advisory Committee of your responsibilities. It is the responsibility of the Pension Fund to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Pension Fund is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Pension Fund's business and is risk based.



# Introduction and headlines

## Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management over-ride of controls
- Valuation of Level 3 Investments
- The revenue cycle includes fraudulent transactions – this has been rebutted on page 8

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

## Materiality

We have determined planning materiality to be £18.6 million (PY £16.8 million) for the Pension Fund, which equates to 1.5% of your gross investment assets as at 31 March 2023. We have determined a lower specific planning materiality for the Fund Account of £5.9 million (PY £4.7 million), which equates to 10% of the prior year gross expenditure on the fund account.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance.

Clearly trivial has been set at £0.93 million (PY £0.84 million).

## Audit logistics

Our planning visit will take place in February 2024, and our final visit will take place between July and September 2024. Our key deliverables are this Audit Plan and our Audit Findings Report.

Our preference is for all our work to take place on site alongside your officers.

Our proposed fee for the audit will be £94,414 (PY: £51,771) for the Pension Fund, subject to the Pension Fund delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

Our understanding is that the Custodian independently values some of the Pension Funds (Level 1/Level 2) Investments. This means we will be able to triangulate some of the valuations included in the financial statements for these investments to custodian and investment manager confirmations. However, where we are not able to triangulate valuations, we will carry out further audit procedures to gain assurance over the valuations of these investments, similar to that performed over level 3. See page 9 for further details regarding our approach to auditing the valuation of Level 3 Investments.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) 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.

# Significant risks identified

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.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Pension Fund faces external scrutiny of its spreading and its stewardship of its funds, this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Pension Fund, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• Evaluate the design effectiveness of management controls over journals.</li><li>• Analyse the journals listing and determine the criteria for selecting high risk unusual journals.</li><li>• Test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.</li><li>• Gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence.</li><li>• Evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.</li></ul>

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‘Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.’ (ISA (UK) 315)

# Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Presumed risk of fraud in revenue recognition ISA (UK) 240	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate revenue recognition</li><li>• opportunities to manipulate revenue recognition are very limited</li><li>• the culture and ethical frameworks of local authorities, including the Brent Pension Fund, mean that all forms of fraud are seen as unacceptable</li></ul> <p>Therefore, we do not consider this to be a significant risk for the London Borough of Brent Pension Fund.</p>	<p>Having considered the risk factors set out in ISA(UK&amp;I)240 and the nature of the revenue streams at Brent Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted.</p>

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Management should expect engagement teams to challenge areas that are complex, significant or highly judgmental. This may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies, with reference to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.



# Significant risks identified - continued

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of Level 3 Investments	<p>You value your investments on an annual basis with the aim of ensuring that the carrying value of these investments is not materially different from their fair value at the balance sheet date.</p> <p>By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (PY: £115.7 million) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Under ISA 315, significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.</p> <p>Management utilise the services of investment managers as valuation experts to estimate the fair value as of 31 March.</p> <p>We therefore have identified Valuation of Level 3 Investments as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> <li>• Evaluate management's processes for valuing Level 3 investments.</li> <li>• Review the nature and basis of estimated values and consider what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met.</li> <li>• Independently request year-end confirmations from investment managers and the custodian.</li> <li>• For a sample of investments, test the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports as at that date. Reconcile those values to the values on 31 March 2024 with reference to known movements in the intervening period.</li> <li>• We will evaluate the completeness, capabilities and objectivity of the valuation expert.</li> <li>• Where available review investment manager service auditor report on design and operating effectiveness of internal controls.</li> </ul>

Management should expect engagement teams to challenge areas that are complex, significant or highly judgmental. This may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies, with reference to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

# Other matters

## Other work

The Pension Fund is administered by London Borough of Brent (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements.

Therefore, as well as our general responsibilities under the Code of Practice a number of other audit responsibilities also follow in respect of the Pension Fund, such as:

- We read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority.
- We consider our other duties under legislation and the Code, as and when required, including:
  - Giving electors the opportunity to raise questions about your 2023/24 financial statements, consider and decide upon any objections received in relation to the 2023/24 financial statements;
  - Issue of a report in the public interest or written recommendations to the Fund under section 24 of the Act, copied to the Secretary of State.
  - Application to the court for a declaration that an item of account is contrary to law under Section 28 or for a judicial review under Section 31 of the Act; or
  - Issuing an advisory notice under Section 29 of the Act.
- We carry out work to satisfy ourselves on the consistency of the pension fund financial statements included in the pension fund annual report with the audited Fund accounts.

## Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

# Progress against prior year audit recommendations

We identified the following issues in our 2022/23 audit of the Pension Fund’s financial statements, which resulted in 7 recommendations being reported in our 2022/23 Audit Findings Report. At the stage of writing this report, discussions with management regarding progress against prior year recommendations are not yet concluded.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
(TBC)	<p>From our benefits payable testing, for 7 out of the 34 samples which we tested, the Pension fund could not provide us with the original notification letters which shows the annual pension. The Pension Fund explained to us that the reason for this is that some of them letters have not been sent to the by the previous administrators of the claimant pension fund if they transferred across or they original letter of notification date back to several years ago and they have been archived. The pension fund provided more recent notifications which sets out the annual pension.</p> <p><b>Risk</b></p> <p>Without the original notification letter which supports that the original annual pension is correct, it is difficult to know whether the amount in the more recent annual pension letters is correct or not. The benefits being paid could be more or less than what the pensioners are entitled to.</p> <p><b>Auditor Recommendation</b></p> <p>Management should aim to have a record of the original notification letter which sets out what the annual pension should be for pensioners .</p>	<p><b>Management Response</b></p> <p>Progress to be confirmed in final audit plan.</p>

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# Progress against prior year audit recommendations - Continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<div>●</div>	<p><b>Excessive access assigned to HR and Payroll users.</b></p> <p>IT Audit identified 19 members of the Payroll, Learning and Development, and Training teams have been assigned access to the Brent HCM Application Administrator security role</p> <p>The Council informed our IT team that the role is required to enable system configuration to be undertaken as part of this team, such as for pay awards and performance enrolments.</p> <p>The Brent HCM Application Administrator role provides these individuals with significant levels of access, enabling them to alter system behaviour and create workers in Oracle Cloud</p> <p><b>Risk</b></p> <p>Bypass of system enforced internal control mechanisms through inappropriate use of administrative access rights increases the risk of financial misstatement through fraud or error, as a result of users making unauthorised changes to transactions and system configuration parameters</p> <p><b>Auditor Recommendation</b></p> <p>It is recommended that the Council undertake a full review of all users who have been assigned access to the Brent HCM Application Administrator role and revoke access to those system administration roles which do not align with the user's roles and responsibilities.</p> <p>Should some elements of the role be required for the users concerned, management should consider the creation of a custom role that encompasses only the access required.</p>	<p><b>Management Response</b></p> <p>The Brent HCM Application Administrator role has now been removed from the Payroll, Learning and Development, and Training teams and a full review was undertaken to ensure no system administration roles were assigned to user's roles which do not align with the user's roles and responsibilities</p>

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# Progress against prior year audit recommendations - Continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<div>●</div>	<p><b>Segregation of duties (SoD) conflicts between finance / payroll and system administration roles in Oracle Cloud.</b></p> <p>IT Audit’s identified that a Senior Finance Analyst had access to the Application Implementation Consultant role</p> <p><b>Risk</b></p> <p>Bypass of system enforced internal control mechanisms through inappropriate use of administrative access rights increases the risk of financial misstatement through fraud or error, as a result of users making unauthorised changes to transactions and system configuration parameters</p> <p><b>Auditor Recommendation</b></p> <p>It is recommended that the Council 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</p>	<p><b>Management Response</b></p> <p>This was removed and a full review was undertaken to ensure no system administration roles were assigned to user’s roles which do not align with the user’s roles and responsibilities</p>

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# Progress against prior year audit recommendations - Continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
<div>●</div>	<p><b>Seeded roles with SoD conflicts</b></p> <p>IT Audit identified that the Council has cloned seeded roles provided by Oracle for use in day to day operations. Of these cloned seeded roles, it was identified that the Brent Collections Debt Manager (as well as the seeded Collections Manager role) contain the following privileges which allow a user to alter system behaviour and security</p> <ul style="list-style-type: none"><li>- FND_APP_MANAGE_DATA_SECURITY_POLICY_PRIV</li><li>- FND_APP_MANAGE_PROFILE_OPTION_PRIV</li><li>- FND_APP_MANAGE_PROFILE_CATEGORY_PRIV</li><li>- FND_APP_MANAGE_TAXONOMY_PRIV</li><li>- FND_APP_MANAGE_DATABASE_RESOURCE_PRIV</li></ul> <p><b>Risk</b></p> <p>Bypass of system enforced internal control mechanisms through inappropriate use of administrative access rights increases the risk of financial misstatement through fraud or error, as a result of users making unauthorised changes to transactions and system configuration parameters.</p> <p><b>Auditor Recommendation</b></p> <p>It is recommended that the Council undertake a full review of the identified security roles to identify whether the privileges can be removed from users in the production environment to reduce the risk of unauthorised changes to system behaviour</p>	<p><b>Management Response</b></p> <p>We have removed access for individuals to the Collections Manager role and have removed the privileges identified above from the Brent Collections Debt Manager Role.</p> <p>Subsequent to IT Audit’s review, they confirmed that Council have removed access for individuals to the Collections Manager role and have removed the privileges identified above from the Brent Collections Debt Manager Role</p>

# Progress against prior year audit recommendations - Continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
(TBC)	<p>From our journal testing, we identified one journal which had a wrong journal number assigned to it. There were 2 journals posted with the same journal number. This was due to human error as the two journals were posted by the same person.</p> <p>The person who posted the journals forgot to change the journal number for one of the journals. We have checked and ensured that there was appropriate and separate approval for both journals with the identical numbers, and we are satisfied that the accounting has not been affected because of this error.</p> <p><b>Risk</b></p> <p>This finding indicates that there is currently nothing in the system to prevent journals being posted with an identical journal number (lack of preventative controls), which increases the risk of error occurring and can result in journal duplications.</p> <p><b>Auditor Recommendation</b></p> <p>Management should put in place a control/procedure/checks which will prevent more than one journal from being posted with the same journal number.</p>	<p><b>Management Response</b></p> <p>Progress to be confirmed in final audit plan.</p>

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# Progress against prior year audit recommendations - Continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
(TBC)	<p><b>Lack of audit logging for configurations in Oracle Cloud</b></p> <p>IT Audit note that the Council have implemented audit logging for some areas however, this does not include key system configurations such as the AP_SYSTEM_PARAMETERS_ALL table.</p> <p><b>Risk</b></p> <p>Not enabling and monitoring audit logs increases the risk that unauthorised system configuration and data changes made using privileged accounts will not be detected by management, which could impact the security of Oracle Cloud and the integrity of the underlying database.</p> <p><b>Auditor Recommendation</b></p> <p>It is recommended that the Council implement audit logging for changes made to Oracle Cloud, such as changes to workflow approval rules or system configurations, for financially critical areas including, but not limited to:</p> <ul style="list-style-type: none"><li>• Accounts Payable</li><li>• Cash Management</li><li>• Accounts Receivable and</li><li>• General Ledger</li></ul> <p>It should be noted that audit logging does not have a significant detrimental effect on system performance such as that experienced in Oracle EBS</p>	<p><b>Management Response</b></p> <p>Progress to be confirmed in final audit plan.</p>

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# Progress against prior year audit recommendations - Continued

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
(TBC)	<p>Following our hot review, we challenged management about the currency risk disclosure as to why the currency risk disclosure in the financial instruments note was not analysed by currency . Whilst this is not a requirement in the CIPFA code , the disclosure will be clearer to the readers of the financial statements if it is analysed by currency. This is a best practice recommendation.</p> <p><b>Auditor Recommendation</b></p> <p>We recommend that management analyse the currency risk disclosure by currency to ensure that it is clear to the readers of the financial statements.</p>	<p><b>Management Response</b></p> <p>Progress to be confirmed in final audit plan.</p>

# 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.

Matter	Description	Planned audit procedures
1	<b>Determination</b> We have determined financial statement materiality by applying a reasonable measurement percentage to an appropriate benchmark. Materiality at the planning stage of our audit is £18.6 million, which equates to 1.5% of your gross investment assets as at 31 March 2023.	We determine planning materiality in order to: <ul style="list-style-type: none"> <li>– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;</li> <li>– assist in establishing the scope of our audit engagement and audit tests;</li> <li>– determine sample sizes and</li> <li>– assist in evaluating the effect of known and likely misstatements in the financial statements.</li> </ul>
2	<b>Other factors</b> An item does not necessarily have to be large to be considered to have a material effect on the financial statements.	An item may be considered to be material by nature where it may affect instances when greater precision is required. We have determined a lower specific planning materiality for the Fund Account of £5.9 million (PY £4.7 million), which equates to 10% of prior year gross expenditure on the fund account. The lower specific materiality for the fund account will be applied to the audit of all fund account transactions, except for investment transactions, for which materiality for the financial statements as a whole will be applied.

# Our approach to materiality

Matter	Description	Planned audit procedures
3	<p><b>Reassessment of materiality</b></p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
4	<p><b>Other communications relating to materiality we will report to the Audit Committee</b></p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit and Standards Advisory Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Pension Fund, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.93 million (PY £0.85 million). If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Standards Advisory Committee to assist it in fulfilling its governance responsibilities.</p>

# IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs. We say more about ISA 315 Revised on page 21.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

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IT system	Audit area	Planned level IT audit assessment
Oracle Cloud (General Ledger)	Financial reporting	<ul style="list-style-type: none"><li>The roll forward approach will be taken for Oracle Cloud, where our IT audit team will follow-up on previous year’s observations to ensure their remediation &amp; effectiveness of relevant controls.</li></ul>
Civica	Pension Administration	<ul style="list-style-type: none"><li>Full testing of design and implementation of the ITGCs</li></ul>

# ISA315 Revised

ISA 315 (revised July 2020) takes effect for accounting periods starting on or after the 15<sup>th</sup> December 2021. This ISA deals with the auditor's responsibility to identify and assess the risks of material misstatement in the financial statements. The revisions made in the ISA have increased the level of work required of auditors and detail of this extra work is set out below.

Area	What's changed?	Impact on the audit
Information Technology Environment	<p>The new requirement states certain aspects of the IT environment must be understood and documented for each significant classes of transactions, account balances and disclosures (SCOT+).</p> <p>The auditor is required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response.</p>	<p>The audit team will be required to:</p> <ul style="list-style-type: none"> <li>perform walkthroughs of the IT environment;</li> <li>identify and review relevant controls within the IT environment to ensure they are operational;</li> <li>obtain details of the relevant IT / technical infrastructure (i.e., server location, database type); and</li> <li>obtain details of the processes that operate within the IT environment (i.e., process to manage user access or manage a program or IT environment change).</li> </ul>
Considering IT risks related to internal controls relevant to the audit.	<p>The auditor is required to identify controls within a business process and identify which of those controls are controls relevant to the audit. For each internal control relevant to the audit, the auditor is required to evaluate the design of the control and evidence effective implementation of the control.</p> <p>The auditor is required to evaluate the design and determine the implementation of the general IT controls (ITGCs) that address the risks arising from the use of IT.</p>	<p>This requirement will lead to a significant change in practice, to the level of detail in which we will be required to understand the risks arising from the use of IT and associated general IT controls (ITGCs). There has been a significant increase in the number of detailed ITGC assessments required.</p>
Control reliance	<p>In previous years, where we had performed a walkthrough of your controls (such as operating expenditure), we were able to use the review of these controls to obtain comfort over the design effectiveness of your system. This would usually result in smaller sample sizes. The changes made to the ISA mean that design effectiveness will no longer grant a benefit when determining sample sizes.</p>	<p>There will be larger sample sizes across a number of areas. Key areas where we will likely see the biggest increase are:</p> <ul style="list-style-type: none"> <li>operating expenditure and payables;</li> <li>property, plant and equipment;</li> <li>non-contract income.</li> </ul> <p>This is not a complete list but these will be the areas we expect to be most affected.</p>

# Audit logistics and team



## Matt Dean - Key Audit Partner

Matt will be the main point of contact for the Section 151 Officer and Members for the Pension Fund. Matt will share his wealth of knowledge and experience across the sector providing challenge, sharing good practice, providing pragmatic solutions and acting as a sounding board with Members and the Audit and Standards Advisory Committee. Matt will ensure our audit is tailored specifically to you and is delivered efficiently. Matt will review all reports and the team's work.



## Samantha Morgan - Audit Manager

Samantha will work with the senior members of the finance team ensuring early delivery of testing and agreement of accounting issues on a timely basis. Matt will attend Audit and Standards Advisory Committees, undertake reviews of the team's work and draft reports ensuring they remain clear, concise and understandable to all. Samantha will also work with Internal Audit to secure efficiencies and avoid any duplication across the audit.

## Kieran McDermid - In-Charge Accountant

Kieran will lead the onsite team and will be the day to day contact for the audit. Kieran will monitor the deliverables, manage the query log with your finance team and highlight any significant issues and adjustments to senior management. Kieran will undertake the more technical aspects of the audit, coach the junior members of the team and review the team's work.

## Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

## Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes and the Annual Report
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit (as per our responses to key matters set out on slide 5)
- respond promptly and adequately to audit queries.

# Audit fees and updated Auditing Standards

Audit fees are set by PSAA as part of their national procurement exercise. This contract was re-tendered in 2023 and Grant Thornton have been re-appointed as your auditors for the next five years. The scale fee set out in the PSAA contract for the 2023/24 audit is £86,884.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here <https://www.psaa.co.uk/appointing-auditors-and-fees/fee-variations-overview/>

## Assumptions

In setting these fees, we have assumed that the Pension Fund will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

## Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

# Audit fees

	Proposed fee 2023/24
Brent Pension Fund Audit	£86,884
ISA 315	£7,530
Total audit fees (excluding VAT)	£94,414

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\*Note that fees for IAS 19 letters for employer body auditors were classed as non-audit fees prior to 2022/23. The National Audit Office have confirmed that the provision of IAS 19 assurances to auditors of local government and NHS bodies should be considered work undertaken under the Code of Audit Practice for 2022/23 onwards. Provision of IAS 19 assurances to auditors of any other type of entity remains non-Code work.

**Previous year**  
In 2022/23 the scale fee set by PSAA was £22,420. The actual fee charged for the audit was £51,771.

**Relevant professional standards**  
In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.



# Independence and non-audit services

## Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with 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.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund.

## Other services

No other services provided by Grant Thornton were identified.

# Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings Report
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

# Communication of audit matters with those charged with governance


Our communication plan	Audit Plan	Audit Findings Report
Identification or suspicion of fraud( deliberate manipulation) involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

## Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), 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.



	<b>Audit and Standards Advisory Committee</b> 28 March 2024
	<b>Report from the Corporate Director of Finance and Resources</b>
	<b>Lead Member - Deputy Leader and Cabinet Member for Finance, Resources &amp; Reform (Councillor Mili Patel)</b>
<b>External Audit's Enquires of Management</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>List of Appendices:</b>	Two Appendix 1: Brent Council Enquires of Management Appendix 2: Pension Fund Enquires of Management
<b>Background Papers:</b>	
<b>Contact Officer(s):</b> <small>(Name, Title, Contact Details)</small>	Minesh Patel, Corporate Director of Finance and Resources 020 8937 4043 <a href="mailto:minesh.patel@brent.gov.uk">minesh.patel@brent.gov.uk</a>  Ben Ainsworth, Head of Finance 020 8937 1731 <a href="mailto:benjamin.ainsworth@brent.gov.uk">benjamin.ainsworth@brent.gov.uk</a>

## 1.0 Executive Summary

- 1.1. As in recent years, there is an expectation that the Audit and Standards Advisory Committee review the Enquires of Management that are provided by the Council in response to requests from audit. This is in order to meet expectations of the Financial Reporting Council (FRC) for how audit should operate.
- 1.2. The detail is in the appendices following the format required by audit.

## **2.0 Recommendation(s)**

2.1 The Committee is asked to review the:

- Brent Council Enquires of Management at Appendix 1; and
- Pension Fund Enquires of Management at appendix 2

## **3.0 Contribution to Borough Plan Priorities & Strategic Context**

3.1 This report contributes to the effective communication between the Council's external auditors and the Audit and Standards Advisory Committee, as 'those charged with governance'. This enables the auditor to support the committee in fulfilling its responsibilities in relation to the financial reporting process. This activity strengthens the governance arrangements and controls environment of the Council and therefore contributes to the achievement of strategic objectives.

## **4.0 Stakeholder and ward member consultation and engagement**

4.1 Not applicable.

## **5.0 Financial Considerations**

5.1 No specific implications.

## **6.0 Legal Considerations**

6.1 No specific implications.

## **7.0 Equity, Diversity & Inclusion (EDI) Considerations**

7.1 No specific implications.

## **8.0 Climate Change and Environmental Considerations**

8.1 No specific implications.

## **9.0 Communication Considerations**

9.1 No specific implications.

### **Report sign off:**

***Minesh Patel***

Corporate Director of Finance and Resources

# Informing the audit risk assessment for London Borough of Brent 2023/24

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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 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 your business or any 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 based on the content of this report, as this report was not prepared for, nor intended for, any other purpose.



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## Purpose

The purpose of this report is to contribute towards the effective two-way communication between London Borough of Brent's external auditors and London Borough of Brent's Audit and Standards Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit and Standards Committee under auditing standards.

## Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit and Standards Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit and Standards Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Standards Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and Standards Committee and supports the Audit and Standards Committee in fulfilling its responsibilities in relation to the financial reporting process.

## Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the London Borough of Brent's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

## Purpose

This report includes a series of questions on each of these areas and the response we have received from London Borough of Brent's management. The Audit and Standards Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

# General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?</p>	<p>Cost of living crisis and inflation continue to impact across the council, many of the council's residents are continue to struggle with this</p> <p>In particular, we have seen a rapid increase in demand for temporary accommodation, causing a projected £13m forecast overspend as at Q3.</p> <p>The Dedicated Schools Grant (DSG) was forecast to overspend by £0.8m in Q3, this pressure has arisen against the high needs block of the DSG which mainly funds the education costs for children with Special Educational Needs and Disability.</p> <p>The Housing Revenue Account (HRA) is currently forecasting a break-even position, however there are a lot of budgetary pressures on this fund, whilst the level of HRA reserves is low</p>
<p>2. Have you considered the appropriateness of the accounting policies adopted by London Borough of Brent? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>The appropriateness of the accounting policies adopted have been considered and are still appropriate and in accordance with the CIPFA code of practice with one exception.</p> <p>The International Accounting Standards Board has been reviewing the treatment of "Cash in Transit" (see <a href="#">ap16a-feedback-analysis-derecognition-of-financial-liabilities-through-electronic-transfer.pdf (ifrs.org)</a> for example), and its analysis is different to the council's current accounting policies, in that the council recognises "cash in transit" when it receives notification that it will be paid or it issues a payment instruction, whereas the IASB focuses on the practical ability to use the cash, which would require the council to change its accounting policy to match.</p> <p>No other events or transactions have caused a change or adoption of new accounting policies, other than the changes to soft loan accounting arising from the last audit.</p>
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>No use of financial derivatives. Continue to transact in the same types of instruments as 2022/23.</p> <p>These include: Assets: Cash in hand; bank current and deposit accounts with NatWest bank; loans to small companies and housing associations; lease receivables; Trade receivables for goods and services provided; Money market fund</p> <p>Liabilities:</p> <p>Long-term loans from the Public Works Loan Board and commercial lenders; Short-term loans from other local authorities; Overdraft with NatWest Bank; Lease payables; Private Finance Initiative contracts; Trade payables for goods and services received.</p>
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>No</p>

# General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	No one off circumstance that would cause widespread impairment.
6. Are you aware of any guarantee contracts? If so, please provide further details	No
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	No

## General Enquiries of Management

Question	Management response	
8. Other than in house solicitors, can you provide details of those solicitors utilised by London Borough of Brent during the year. Please indicate where they are working on open litigation or contingencies from prior years?	<ul style="list-style-type: none"><li>TBC</li></ul>	

# General Enquiries of Management

Question	Management response
9. Have any of the London Borough of Brent's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	<ul style="list-style-type: none"> <li>• Local Partnerships around PFI/PPP contracts</li> <li>• LG Futures for Business Rates and especially the mini-London pool</li> <li>• Arlingclose Ltd - Treasury management advisors consulted on ongoing Treasury Management activities and provide regular market and regulatory updates.</li> <li>• EY – Provide a tax advice service to the council covering All taxes. Advice sought principally relates to VAT and employment taxes.</li> </ul>
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	All financial investments (covered within the accounting standard) will go through an Expected Credit Loss (ECL) review. Based on experience from prior years it is expected that the council will use the simplified approach model permitted under IFRS 9, using aged debt profile to determine expected levels of non-collection, subject to the outcome of the ECL review.

# Fraud

## Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Standards Committee and management. Management, with the oversight of the Audit and Standards Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Standards Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As London Borough of Brent's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Standards Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Standards Committee oversees the above processes. We are also required to make inquiries of both management and the Audit and Standards Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from London Borough of Brent's management.



# Fraud risk assessment

Question	Management response
<p>1. Has London Borough of Brent assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the London Borough of Brent's risk management processes link to financial reporting?</p>	<p>No concerns or issues have been identified in respect of fraud that may result in material misstatements to the financial statements.</p> <p>All known material risks are considered as part of our Internal Audit annual planning process. We also deliver a three-year rolling Key Financial Systems/controls programme of work.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Whereas all financial systems are inherently at risk of fraud, we are satisfied that there are currently none which exceed management's risk appetite.</p> <p>Additionally, Internal Audit work with management annually to identify all areas where independent assurance may be helpful. This includes identifying which key financial systems and processes should be included in the audit plan if there are any emerging risk factors.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within London Borough of Brent as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>We have a Counter Fraud team who seek to prevent, detect and prosecute fraud. There are a number of fraud categories which we manage. Full details of our counter fraud activity, including proactive work, is reported in our updates to the Audit and Standards Advisory Committee.</p>

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# Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Risk issues are reported in a broad number of ways, including:</p> <ol style="list-style-type: none"> <li>1) Quarterly Internal Audit and Counter Fraud progress reports are reported to CMT and the Audit and Standards Advisory Committee.</li> <li>2) Internal Audit reports and Investigation reports are shared with all appropriate stakeholders and senior management.</li> <li>3) The Head of Internal Audit (HIA) meets regularly on a 1:1 basis with the Chief Executive, Monitoring Officer, Director of Finance, and Chair and Vice Chair of the Audit Committee. Any risk issues are covered during these forums.</li> <li>4) The HIA sits on the Council's Corporate Governance Group, and provides updates surrounding IA and counter fraud activities.</li> </ol>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within London Borough of Brent where fraud is more likely to occur?</p>	<p>Like all local authorities, fraud is a significant inherent risk to the Council. We have a counter fraud plan in place which seeks to detect and prevent fraud against the highest known fraud risks.</p>
<p>6. What processes do London Borough of Brent have in place to identify and respond to risks of fraud?</p>	<p>Please refer to answers provided above.</p>

# Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for London Borough of Brent, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>These functions are part of the overall corporate governance and risk management framework. Internal Audit provide independent assurance on the effectiveness of these arrangements via annual plan delivery and reporting to those charged with governance.</p> <p>Robust controls in place for all approvals with the way Oracle Cloud has been designed for the business and within Finance. System restrictions prevent non-compliance. Treasury Management activities follow strict procedures and controls which are reviewed by management regularly.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>No areas are at elevated risk for misreporting, there are a range of controls in place, and the council's internal audit team monitor the effectiveness of controls across the council, and monitor implementation of action plans to address any risks identified.</p>

# Fraud risk assessment

Question	Management response
<p>9. How does London Borough of Brent communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>This is undertaken via the Council's Anti-Fraud and Corruption policies (including Whistleblowing); fraud awareness programmes, Intranet/ Yammer communications; and induction processes. The Code of Conduct for officers and members states it is everyone's responsibility to report suspected fraud.</p> <p>The Council's Anti-Fraud and Corruption states:</p> <p><b><i>As an employee, agency staff, contractor, teacher or support staff in schools - If you suspect fraud or bribery in any of the council's or school's activities, either committed by a member of the public or a member of staff, you have a duty to inform the Audit and Investigations Team. You can either do this directly or via your manager.</i></b></p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Fraud is an inherent risk to any organisation and cannot immediately be specified to high-risk posts.</p> <p>Within finance, the highest risk areas are around changing supplier's and staff bank details, and making payments, and there are a range of controls in place to reduce risk of fraud and corruption including segregation of duties and procedures for approval</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Not aware of any related party relationships or transaction that could give rise to instances of fraud.</p> <p>The council requires members and staff to declare any potential conflicts of interest. Managers are required to monitor and approve or reject some declarations by their members of staff. Members' interests are declared to the monitoring officer and disclosed publicly.</p>

# Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit and Standards Committee?</p> <p>How does the Audit and Standards Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>Internal Audit and Counter Fraud progress reports are reported to CMT and the Audit and Standards Advisory Committee. The Audit and Standards Advisory Committee questions the council's officers about these reports. These discussions are minuted and available via the council's website. Outcome is enhanced profile of the work of the counter fraud team.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>We receive a large number of fraud referrals and allegations from both employees and other parties. Full details of which are published in our interim and annual counter fraud reports, available on the Council's democracy webpages.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

# Law and regulations

## Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Standards Committee, is responsible for ensuring that London Borough of Brent's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Standards Committee as to whether the council is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

# Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does London Borough of Brent have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the council's regulatory environment that may have a significant impact on the council's financial statements?</p>	<p>Management gain assurance in this area from the range of management controls in place to manage all services - e.g. including recruitment and training of appropriately qualified staff, a robust policy and procedure framework and effective management oversight and control. Legal and Financial implications are required to be included in all reports for decisions by Cabinet members and member level decision-making bodies as well as in all key decision report to officers. Additionally, independent and objective assurance is provided by the Internal Audit function as well as other external assurance providers. We are not aware of any changes to the Authority's regulatory environment that may have had a significant impact on the Authority's financial statements.</p>
<p>2. How is the Audit and Standards Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The Internal Audit annual plan is the key source of assurance for ASAC. This plan is focused on the highest risk areas for the Council. Each Audit review will consider compliance with policy, plans, laws and regulation as part of the scope for that review.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details</p>	<p>No</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>These are reviewed and disclosed in the Statement of Accounts as either provisions or contingent liabilities.</p>

# Impact of laws and regulations

Question	Management response
5. What arrangements does London Borough of Brent have in place to identify, evaluate and account for litigation or claims?	<p>The council has reviewed claims received by its Legal team and through its Insurance claims processes, and followed the principles stipulated by the FRS and CIPFA.</p> <p>Other possible claims are identified by open communication with services through regular budget monitoring, Capital sub-boards and Capital Programme Board to raise and monitor any outstanding litigation</p>
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No



# Related Parties

## Matters in relation to Related Parties

London Borough of Brent are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by London Borough of Brent;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the council;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the council, or of any body that is a related party of the council.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the council's perspective but material from a related party viewpoint then the council must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

# Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in London Borough of Brent's 2022/23 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and London Borough of Brent</li> <li>whether London Borough of Brent has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>At the time of writing no changes to the council's related parties have been identified, although the year end review of related parties is still in progress.</p>
<p>2. What controls does London Borough of Brent have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Annual related parties return from Senior managers and Members where they'll disclose whether they have any related party transactions or relationship.</p> <p>All Members are required to submit register of interest</p> <p>Review of the GL transaction for related party transactions. Review process of the annual accounts (including review by the Director of Finance) to ensure related party relationship are captured.</p> <p>Staff are required to declare any conflicts of interest annually.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>The Council's procurement policy ensure contracts are awarded to the most suitable bidder. In addition the Council has various internal control for approving transactions such as segregation of duty and authorisation levels. And detective controls such as budget monitoring.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>The Council has various internal controls for approving transactions such as segregation of duties and appropriate authorisation levels. There are also detective controls in place such as budget monitoring.</p>

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, 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 body'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.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

# Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by London Borough of Brent will no longer continue?	Regular review of the impact of central government announcements. Monitored through regular senior management meetings and collaboration with wider London/national groups. Also reviewed as part of annual budget challenge sessions with senior Council officers and members.
2. Are management aware of any factors which may mean for London Borough of Brent that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No
3. With regard to the statutory services currently provided by London Borough of Brent, does London Borough of Brent expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for London Borough of Brent to cease to exist?	London Borough of Brent expects to continue to deliver their statutory services for the foreseeable future.
4. Are management satisfied that the financial reporting framework permits London Borough of Brent to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes

# Accounting estimates

## Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
  - How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
  - How the body's risk management process identifies and addresses risks relating to accounting estimates;
  - The body's information system as it relates to accounting estimates;
  - The body's control activities in relation to accounting estimates; and
  - How management reviews the outcomes of previous accounting estimates.
- As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit Committee to satisfy itself that the arrangements for accounting estimates are adequate.

# Accounting Estimates - General Enquiries of Management

Question	Management response
<p>1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?</p>	<p>This is still to be reviewed for year end 2023/24, currently it is expected to include:</p> <ul style="list-style-type: none"> <li>• Impact on collection rates from cost of living crisis</li> <li>• Insurance claims provision</li> <li>• Purchase Order Accruals are reviewed each year. This year historic purchase order accruals are written off, reviewed and then re accrued where required.</li> <li>• Property, plant and equipment (PPE) valuation and depreciation</li> </ul>
<p>2. How does the council's risk management process identify and address risks relating to accounting estimates?</p>	<p>Included in Corporate Risk Register and Internal Audit Reviews</p> <p>Where possible the Council would base our accounting estimates on external expert advice/opinion, such as for PPE valuation, Pension Fund valuation, Treasury management advisors and etc</p>
<p>3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>Corporate Finance, SLT, Service DMTs and Audit Committee reviews</p> <p>Where relevant the Council would also receive guidance from our external experts.</p>
<p>4. How do management review the outcomes of previous accounting estimates?</p>	<p>Review outturn against accruals made. Make improvements to accrual methodology based on this analysis. Sample checks of estimates.</p>
<p>5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?</p>	<p>The council has reviewed its de minimus limits and increased these in order to focus the attention of staff on the more significant items.</p>

# Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	<ul style="list-style-type: none"> <li>• Employ external experts where there is limited knowledge (e.g. PFI). Accruals to have supporting workings.</li> <li>• External solicitors' consultation by exception.</li> <li>• Professional judgement of the service areas involved.</li> <li>• Additional specific external training for Staff</li> </ul>
7. How does the council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	<p>For Plant, Property and Equipment (PPE) valuations the external valuer's revaluation is reviewed and challenged by the Council's Property team's expert. The Council's finance team also reviews the revaluation. Every asset on the revaluation list are reviewed. Each year management are required to submit returns notifying finance of any impairment to ensure the valuation estimate are appropriate.</p>
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	<ul style="list-style-type: none"> <li>• HoF/SFA review of accruals proposed by Service and material estimates</li> <li>• For PPE Valuations, the external Valuer's estimates are reviewed by experts in this field from the Property team. The valuation are also reviewed by Finance and any significant differences are challenged.</li> </ul>
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	<ul style="list-style-type: none"> <li>• All of the homecare and other material accruals will be based on the YTD expenditure trend, with adjustments made for exceptional in-year items.</li> <li>• Senior finance review of material estimates.</li> <li>• Using third party evidence and confirmations where possible.</li> </ul>

# Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	<ul style="list-style-type: none"> <li>• Guidance and advice provided by advisors/external consultants and reviewed by SFAs &amp; HoF against the Accounting Code of Practice.</li> <li>• The Chief Accountant's team also provide technical guidance and training to the finance team</li> </ul>
12. How is the Audit and Standards Committee provided with assurance that the arrangements for accounting estimates are adequate ?	<p>The Audit and Standards Advisory Committee is presented with this Inquiries of Management document each year, and asked to review it, including the information on arrangements for accounting estimates.</p> <p>Further, the draft Statement of Accounts is presented to Audit and Standards Committee annually, with opportunity for members of committee to ask questions about any element of this, including the accounting estimates presented.</p>



## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Our assets are revalued on a 5 years rolling basis. The revaluations are done by the external valuers Wilks, Heads and Eve. Operational assets are valued at existing use value, specialised assets are revalued at depreciated replacement cost and surplus assets are revalued at fair value. Our external valuers also provides a market review/indexation review report each year.	External valuers are used to provide estimates. These are then reviewed and where necessary challenged by Property experts in the Council's Property team	Yes - external valuers for the valuation. Also external surveyor where required.	Uncertainty for valuation is inherent. However our valuers' estimates are expert opinions based on best available estimates and in compliance with the CIPFA Code and the Statement of Asset valuation principles and guidance notes issued by the Royal institute of Chartered Surveyors (RICS). These estimates are also reviewed and were necessary challenged by our in house Valuers/experts	
Council dwelling valuations	Our assets are revalued on a 5 years basis. The revaluations are done by the external valuers Wilks, Heads and Eve. Council dwellings are valued using the beacon principle and at existing use value- social housing. Our external valuers also provides a market review/indexation review report each year.	External valuers are used to provide estimates. These are then reviewed and where necessary challenged by Property experts in the Council's Property team	Yes- external valuers for the valuation and UEL estimation	Uncertainty for valuation is inherent. However our valuers' estimates are expert opinions based on best available estimates and in compliance with the CIPFA Code and the Statement of Asset valuation principles and guidance notes issued by the Royal institute of Chartered Surveyors (RICS). These estimates are also reviewed and were necessary challenged by our in house Valuers/experts	
Investment property valuations	N/a	N/a	N/a	N/a	
Depreciation	Straight line depreciation. Useful economic life (UEL) range as per our Brent policy of: Buildings (including HRA) 5 – 60 years as determined by the valuer Infrastructure – based on expert review Plant, Vehicles, Equipment & Machinery Up to 10 years Community Assets Not depreciated where held at nominal value. Land is not depreciated	Buildings are the material items on our Property, plant and equipment. Their valuation and UEL are determined by our external valuers	Yes- external valuers for the valuation and UEL estimation	Uncertainty for valuation is inherent. However our valuers' estimates are expert opinions based on best available estimates and in compliance with the CIPFA Code and the Statement of Asset valuation principles and guidance notes issued by the Royal institute of Chartered Surveyors (RICS). These estimates are also reviewed and were necessary challenged by our in house Valuers/experts	

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Valuation of defined benefit pension fund liabilities	A roll forward approach from the 2022 valuation will be used if it is not possible to assess the accuracy of the estimated liability as at the year-end without conducting a full valuation.	Estimates are provided by an external expert, the pension fund actuary, Hymans Robertson, and reviewed by the Council's finance team.	Yes, Brent Pension Fund actuary – Hymans Robertson	Detail on assumptions will be provided by Hymans Robertson in the accounting report and covering report.	No
Fair value estimates	Fair values are estimated as the price the lender would receive to sell the loans to another market participant on 31st March, based on observed market rates for similar transactions. Fair values include accrued interest for 31st March to enable direct comparison with the amortised cost.	Estimates provided by our Treasury Management Advisor for greater accuracy and sector knowledge.	Yes - information provided by our Treasury Management Advisors Arlingclose	Not able to use any other method for fair value estimation.	No
Provisions	Calculated using the value of liability declared on summary forms by the Council's legal team.	Monitoring of rent collection rates in year and prior years' trends Legal Department's advice on legal cases if any  Finance ask the legal department to complete a summary form for each matter which includes the value of the liability, information on the matter and actions being taken to resolve.	Advice of the collective for the water charges case  The Council's in-house legal team	"Assume YTD expenditure trend continues for accrual period Assume that prior years' income collection rates will apply  Legal claims are inherently uncertain and the liability will depend on the outcome. A probability of success is used to calculate the provision.	
Income & Expenditure Accruals	Accruals based on YTD expenditure and any known future liabilities and receivables not yet invoiced	No	Assume YTD expenditure trend continues for accrual period	No	No

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Credit loss and impairment allowances	The allowances are calculated based on historic trends of performance, ongoing forecasting and the impact this may have on possible future collection rates on debts.	Historic trends and forecast information.	Not currently used however we may use external consultants to give us advice where needed	Assumption on the creditworthiness of a local authority who may be involved in the transaction based on guidance by credit rating agency.	No
Finance lease liabilities	<p>Finance lease repayments and interest payments are calculated using the actuarial method (allocating interest to the period it relates to) and assumes that a single payment is made at the end of the contract year.</p> <p>Rentals payable under operating leases are charged to revenue in the year in which they are paid and no provision is made for outstanding lease commitments.</p>	<p>Finance ask the properties team to provide information on any new leases in/out and review each of the current leases and provide information of any changes such as rent, lease duration and risks associated with the lease.</p> <p>We also have a lease accounting Model in regards to controls used to identify estimates.</p>	Arlingclose provide generic advice on how to account for leases and have provided guidance for understanding the impact of IFRS 16.	The Council assesses whether or not leases have to be disclosed on balance sheet in line with IAS 17, using guidance from the Royal Institute of Chartered Surveyors as directed by the CIPFA. Where the terms of the lease transfer substantially all the risks and rewards incidental to ownership leases are recorded on balance sheet as finance leases, other leases not reported on the balance sheet are known as operating leases.	No
PFI Liabilities	<p>The Liabilities are set out at the start of the PFI arrangements, depending on the agreement. It would be linked to the valuation of the asset received by the council.</p> <p>There is a fixed schedule to reduce the liability over the lifetime of the PFI, to reflect the payments made by the council.</p>	Accounting Model designed to help with the understanding	The Council would have used external PFI experts to agree and design the Accounting model.	There are no changes in accounting standard otherwise the liabilities that are set out at the beginning of the contract will have to change.	No



# Informing the audit risk assessment for Brent Pension Fund 2023/24

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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 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 your business or any 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.

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## Purpose

The purpose of this report is to contribute towards the effective two-way communication between Brent Pension Fund's external auditors and Brent Pension Fund's Audit and Standards Committee, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit and Standards Committee under auditing standards.

## Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit and Standards Committee. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit and Standards Committee and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Standards Committee in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and Standards Committee and supports the Audit and Standards Committee in fulfilling its responsibilities in relation to the financial reporting process.

## Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the Pension Fund's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.



## Purpose

This report includes a series of questions on each of these areas and the response we have received from Brent Pension Fund's management. The Audit and Standards Committee should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

# General Enquiries of Management

Question	Management response
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2023/24?	None
2. Have you considered the appropriateness of the accounting policies adopted by Brent Pension Fund? Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?	Management are not aware of any events or transactions that may cause us to change or adopt new accounting policies.
3. Is there any use of financial instruments, including derivatives? If so, please explain	The pension fund invests contributions from its members in a range of financial instruments in line with its investment strategy in order to pay member benefits and reduce the funding deficit. These will be disclosed in the accounts in line with the CIPFA Code of Practice. Assets include: Bank current account with NatWest bank, Money Market Funds and pooled funds for a range of asset classes including equities, debt, property and infrastructure.
4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?	Not aware of any significant transactions outside the normal course of business.

# General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	Not aware of any changes in circumstances.
6. Are you aware of any guarantee contracts? If so, please provide further details	Not aware of any guarantee contracts.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	Not aware of the existence of loss contingencies and/or un-asserted claims.
8. Other than in house solicitors, can you provide details of those solicitors utilised by Brent Pension Fund during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Brent Pension Fund used in house solicitors and external solicitors (Eversheds Sutherland LLP) during the year. They were not working on open litigation or contingencies from prior years.

# General Enquiries of Management

Question	Management response
9. Have any of the Brent Pension Fund's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	None reported.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	Hymans Robertson – Actuarial and investment consultancy advice
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Yes - we do not have credit losses

# Fraud

## Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Standards Committee and management. Management, with the oversight of the Audit and Standards Committee, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Standards Committee should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Brent Pension Fund's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Standards Committee regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Standards Committee oversees the above processes. We are also required to make inquiries of both management and the Audit and Standards Committee as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Brent Pension Fund's management.

# Fraud risk assessment

Question	Management response
<p>1. Has Brent Pension Fund assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Pension Fund's risk management processes link to financial reporting?</p>	<p>No concerns or issues have been identified in respect of fraud that may result in material misstatements to the financial statements.</p> <p>All known material risks are considered as part of our Internal Audit annual planning process. We also deliver a three-year rolling Key Financial Systems/controls programme of work.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Whereas all financial systems are inherently at risk of fraud, we are satisfied that there are currently none which exceed management's risk appetite.</p> <p>Additionally, Internal Audit work with management annually to identify all areas where independent assurance may be helpful. This includes identifying which key financial systems and processes should be included in the audit plan if there are any emerging risk factors.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Brent Pension Fund as a whole, or within specific departments since 1 April 2023? If so, please provide details</p>	<p>We have a Counter Fraud team who seek to prevent, detect and prosecute fraud. There are a number of fraud categories which we manage. Full details of our counter fraud activity, including proactive work, is reported in our updates to the Audit and Standards Advisory Committee.</p>

# Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>Risk issues are reported in a broad number of ways, including:</p> <ol style="list-style-type: none"> <li>1) Quarterly Internal Audit and Counter Fraud progress reports are reported to CMT and the Audit and Standards Advisory Committee.</li> <li>2) Internal Audit reports and Investigation reports are shared with all appropriate stakeholders and senior management.</li> <li>3) The Head of Internal Audit (HIA) meets regularly on a 1:1 basis with the Chief Executive, Monitoring Officer, Director of Finance, and Chair and Vice Chair of the Audit Committee. Any risk issues are covered during these forums.</li> <li>4) The HIA sits on the Council's Corporate Governance Group, and provides updates surrounding IA and counter fraud activities.</li> </ol>
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Brent Pension Fund where fraud is more likely to occur?</p>	<p>Like all organisations, fraud is a significant inherent risk to the Pension Fund. We have a counter fraud plan in place which seeks to detect and prevent fraud against the highest known fraud risks.</p>
<p>6. What processes do Brent Pension Fund have in place to identify and respond to risks of fraud?</p>	<p>Please refer to answers provided above.</p>

# Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment Brent Pension Fund, including:</p> <ul style="list-style-type: none"> <li>the existence of internal controls, including segregation of duties; and</li> <li>the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>These functions are part of the overall corporate governance and risk management framework. Internal Audit provide independent assurance on the effectiveness of these arrangements via annual plan delivery and reporting to those charged with governance.</p> <p>Robust controls in place for all approvals with the way Oracle Cloud has been designed for the business and within Finance. System restrictions prevent non-compliance.</p>
<p>8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>No areas are at elevated risk for misreporting, there are a range of controls in place, and the council's internal audit team monitor the effectiveness of controls across the council, and monitor implementation of action plans to address any risks identified.</p>



# Fraud risk assessment

Question	Management response
<p>9. How does Brent Pension Fund communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>This is undertaken via the Council's Anti-Fraud and Corruption policies (including Whistleblowing); fraud awareness programmes, Intranet/ Yammer communications; and induction processes. The Code of Conduct for officers and members states it is everyone's responsibility to report suspected fraud.</p> <p>The Council's Anti-Fraud and Corruption states:</p> <p><b><i>As an employee, agency staff, contractor, teacher or support staff in schools - If you suspect fraud or bribery in any of the council's or school's activities, either committed by a member of the public or a member of staff, you have a duty to inform the Audit and Investigations Team. You can either do this directly or via your manager.</i></b></p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Fraud is an inherent risk to any organisation and cannot immediately be specified to high-risk posts.</p> <p>Within finance, the highest risk areas are around changing supplier's and staff bank details, and making payments, and there are a range of controls in place to reduce risk of fraud and corruption including segregation of duties and procedures for approval</p>
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>Not aware of any related party relationships or transaction that could give rise to instances of fraud.</p> <p>The council requires members and staff to declare any potential conflicts of interest. Managers are required to monitor and approve or reject some declarations by their members of staff. Members' interests are declared to the monitoring officer and disclosed publicly.</p>

# Fraud risk assessment

Question	Management response
<p>12. What arrangements are in place to report fraud issues and risks to the Audit and Standards Committee?</p> <p>How does the Audit and Standards Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements to far this year?</p>	<p>Internal Audit and Counter Fraud progress reports are reported to CMT and the Audit and Standards Advisory Committee. The Audit and Standards Advisory Committee questions the council's officers about these reports. These discussions are minuted and available via the council's website. Outcome is enhanced profile of the work of the counter fraud team.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>We receive a large number of fraud referrals and allegations from both employees and other parties. Full details of which are published in our interim and annual counter fraud reports, available on the Council's democracy webpages.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No</p>

# Law and regulations

## Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Standards Committee, is responsible for ensuring that Brent Pension Fund's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Standards Committee as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

# Impact of laws and regulations

Question	Management response
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Brent Pension Fund have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Pension Fund's regulatory environment that may have a significant impact on the Pension Fund's financial statements?</p>	<p>Management gain assurance in this area from the range of management controls in place to manage all services - e.g. including recruitment and training of appropriately qualified staff, a robust policy and procedure framework and effective management oversight and control. Legal and Financial implications are required to be included in all reports for decisions by Cabinet members and member level decision-making bodies as well as in all key decision report to officers. Additionally, independent and objective assurance is provided by the Internal Audit function as well as other external assurance providers. We are not aware of any changes to the Authority's regulatory environment that may have had a significant impact on the Authority's financial statements.</p>
<p>2. How is the Audit and Standards Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The Internal Audit annual plan is the key source of assurance for ASAC. This plan is focused on the highest risk areas for the Council. Each Audit review will consider compliance with policy, plans, laws and regulation as part of the scope for that review.</p>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2023 with an on-going impact on the 2023/24 financial statements? If so, please provide details</p>	<p>No</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>These are reviewed and disclosed in the Statement of Accounts as either provisions or contingent liabilities.</p>

## Impact of laws and regulations

Question	Management response
5. What arrangements does Brent Pension Fund have in place to identify, evaluate and account for litigation or claims?	Claims will be evaluated on a case by case basis with support from the Council's internal legal team.
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	No

# Related Parties

## Matters in relation to Related Parties

Brent Pension Fund are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Brent Pension Fund;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Pension Fund;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Pension Fund, or of any body that is a related party of the Pension Fund.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Pension Fund's perspective but material from a related party viewpoint then the Pension Fund must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

## Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties including those disclosed in Brent Pension Fund's 2023/24 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and Brent Pension Fund whether Brent Pension Fund has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>At the time of writing no changes to the PF's related parties have been identified, although the year end review of related parties is still in progress.</p>
<p>2. What controls does Brent Pension Fund have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>Annual related parties return from Senior managers and Members where they'll disclose whether they have any related party transactions or relationship.</p> <p>All Members are required to submit register of interest</p> <p>Review of the GL transaction for related party transactions. Review process of the annual accounts (including review by the Director of Finance) to ensure related party relationship are captured.</p> <p>Staff are required to declare any conflicts of interest annually.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>The Council's procurement policy ensure contracts are awarded to the most suitable bidder. In addition the Council has various internal control for approving transactions such as segregation of duty and authorisation levels.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>The Council has various internal control for approving transactions such as segregation of duties and appropriate authorisation levels.</p>

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, 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 of accounting will apply where the body'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.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.



# Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Brent Pension Fund will no longer continue?	Management monitor industry announcements and collaborate with relevant stakeholders including the Fund Actuary, Investment Advisors, Fund Managers, London CIV, LPPA and officer forums.
2. Are management aware of any factors which may mean for Brent Pension Fund that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	No
3. With regard to the statutory services currently provided by Brent Pension Fund, does Brent Pension Fund expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Brent Pension Fund to cease to exist?	Yes - Brent Pension Fund expects to continue to deliver them for the foreseeable future
4. Are management satisfied that the financial reporting framework permits Brent Pension Fund to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Yes - management is satisfied the financial reporting framework permits Brent Pension Fund to prepare its accounts on a going concern basis and give a true and fair view of items in the accounts

# Accounting estimates

## Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the body's risk management process identifies and addresses risks relating to accounting estimates;
- The body's information system as it relates to accounting estimates;
- The body's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Standards Committee members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?

We would ask the Audit and Standards Committee to satisfy itself that the arrangements for accounting estimates are adequate.

# Accounting Estimates - General Enquiries of Management

Question	Management response
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	No significant additional accounting estimates
2. How does the Pension Fund's risk management process identify and address risks relating to accounting estimates?	Included in Corporate Risk Register and Internal Audit Reviews Where possible the PF would base our accounting estimates on external expert advice/opinion, such as investment managers and actuarial advisors.
3. How does management identify the methods, assumptions or source data, and the need for changes to them, in relation to key accounting estimates?	Corporate Finance, SLT and Audit Committee reviews Where relevant the PF would also receive guidance from our external experts.
4. How do management review the outcomes of previous accounting estimates?	Review of accruals made previously. Make improvements to accrual methodology based on this analysis. Sample checks of estimates and data received from external experts.
5. Were any changes made to the estimation processes in 2023/24 and, if so, what was the reason for these?	None

# Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	External advisors are engaged where this is usual practice or relevant.
7. How does the Pension Fund determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Senior finance management review all accruals.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Senior finance management review all accruals and estimates provided by any service providers/management experts.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	All material estimates will be reviewed and based on third party evidence and confirmations where possible. Further detail provided in Appendix A.

# Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	No
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	<ul style="list-style-type: none"> <li>• Guidance and advice provided by advisors/external consultants and reviewed by finance team against the Accounting Code of Practice.</li> <li>• The Chief Accountant's team also provide technical guidance and training to the finance team.</li> </ul>
12. How is the Audit and Standards Committee provided with assurance that the arrangements for accounting estimates are adequate ?	<p>The Audit and Standards Advisory Committee is presented with this Inquiries of Management document each year, and asked to review it, including the information on arrangements for accounting estimates.</p> <p>Further, the draft Statement of Accounts is presented to Audit and Standards Committee annually, with opportunity for members of committee to ask questions about any element of this, including the accounting estimates presented.</p>

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
<p>Page 236</p> <p>Actuarial PV of Retirement Benefits</p>	The promised retirement benefits are projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022.	Estimates are provided by the Fund actuary, Hymans Robertson	Hymans Robert son	The assumptions used are those adopted for the Administering Authority's IAS19 report. These assumptions will be supplied by the actuary at year end.	No
Level 2 investments	Asset valuations are provided by Northern Trust, the Fund's custodian on a monthly basis.	Estimates are provided by the Fund custodian Northern Trust	Northern Trust	Uncertainty for valuation is inherent for more illiquid asset classes. Estimates provided at fair value in line with the CIPFA code.	No
Level 3 investments	Asset valuations are provided by Northern Trust, the Fund's custodian on a monthly basis.	Estimates are provided by the Fund custodian Northern Trust	Northern Trust	Uncertainty for valuation is inherent for more illiquid asset classes. Estimates provided at fair value in line with the CIPFA code.	No
Contribution Accruals	Estimates based on amounts collected in previous months	Analysis of actual contributions received through the year.	No	Fairly certain – contributions are linked to staffing levels at a fixed % of payroll.	No



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	A	E	F	G	H	I	J
1	<b>A&amp;SAC FORWARD PLAN / WORK PROGRAMME / UPCOMING AGENDA 2024/25</b>						
2	Topic / Date	04-Jun-24	24-Jul-24	24-Sep-24	04-Dec-24	04-Feb-25	25-Mar-25
3	<b>Internal Audit &amp; Investigations</b>						
4	Internal Audit Annual Report, including Annual Head of Audit Opinion	X					
5	Annual/Interim Counter Fraud Report	X			X		
6	Internal Audit Plan Progress Update			X	X		
7	Internal Audit Strategy & Plan						X
8	<b>External Audit</b>						
9	External Audit progress report	X	X	X	X	X	X
10	Statement of Accounts & Pension Fund Accounts		X	X			
11	Draft External Audit Plan 2024-25					X	
12	Annual Auditor's Report			X		X	
13	<b>Financial Reporting</b>						
14	Treasury Management Mid-term Report				X		
15	Treasury Management Strategy				X		
16	Statement of Accounts & Pension Fund Accounts		X	X*			
17	Inquiries of Management and those charged with governance						X
18	Treasury Management Outturn Report		X				
19	Progress on implementation of FM Code					X	
20	DSG High Needs Block Recovery Plan- Progress Update		X				
21	<b>Governance</b>						
22	To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd			X			X
23	Review of the use of RIPA Powers						X
24	Receive and agree the Annual Governance Statement	X*					
25	<b>Risk Management</b>						
26	Strategic Risk Register Update			X			X
27	Emergency Preparedness		X			X	
28	<b>Audit Committee Effectiveness</b>						
29	Review the Committee's Forward Plan	X	X	X	X	X	X
30	Review the performance of the Committee (self-assessment)						X
31	Chair's Annual Report	X					
32	Training Requirements for Audit Committee Members (as required)						
33	<b>Standards Matters</b>						
34	Standards Report (including gifts & hospitality)	X		X	X		X
35	Annual Standards Report						X
36	Complaints & Code of Conduct					X	
37	Review of the Member Development Programme and Members' Expenses (incorporating Review of the Financial and Procedural Rules governing the Mayor's Charity Appeal)						X
38	<b>Committee Development</b>						
39	Treasury Management Training						
40	Levels of Control and Lines of Defence Training						
41	Review of Committee performance linked to Global Internal Audit Standards						
42	Grant Thornton presentation of their work						
43							
44	* Requires approval by Audit & Standards Committee						

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