



Audit and Standards Advisory Committee

Wednesday 12 June 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](#)

Membership:

Members

David Ewart (Chair)

Substitute Members

Councillors:

Chan (Vice-Chair)
Benea
Choudry
Kabir
Long
Molloy
J.Patel

Councillors:

Agha, S Butt, Chohan, Conneely, Ketan Sheth and Smith

Councillors:

Kansagra and Maurice

Independent Co-opted Members

Rhys Jarvis and Stephen Ross

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Tel: 020 8937 2063; Email: 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 a 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**

1 Apologies for absence and clarification of alternate members

2 Declarations of Interest

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.

3 Deputations (if any)

To receive any deputations requested by members of the public in accordance with Standing Order 67.

4 Minutes of the previous meeting 1 - 26

4.1 To approve the minutes of the previous meeting held on Thursday 28 March 2024 as a correct record.

(Agenda republished on 10 June 2024 to include the final minutes)

4.2 To note the updated log of actions arising from previous meetings of the Committee.

5 Matters arising (if any)

To consider any matters arising from the minutes of the previous meeting.

Standards Items

6 Standards Report (including quarterly (Q4) update on gifts and hospitality) 27 - 32

The purpose of this report is to update the Audit and Standards Advisory Committee on gifts and hospitality registered by Members during Q4 2023-24 and on member training.

Audit Items

7 Annual Counter Fraud Report 2023-24 33 - 50

This report presents the Council's Annual Counter Fraud Report for the financial year 2023-24.

8 Internal Audit Annual Report 2023-24 51 - 116

This report summarises the activity of Internal Audit for the financial year 2023-24, including an update on work completed since the previous report in December 2023. In addition, the report sets out the Annual Internal Audit opinion, provided by the Deputy Director Organisational Assurance and Resilience (as the Head of Internal Audit), on the adequacy and effectiveness of the Council's framework for governance, risk management and control, which is used to support the Council's Annual Governance Statement and presents revised Internal Audit Charter, reflecting the recent change in the role of the Head of Internal Audit.

9 External Audit Enquiries of Management 117 - 176

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

Members are asked to note that the report has been resubmitted for consideration following initial review at the previous meeting in March 2024.

Finance Items

10 Draft Statement of Accounts 2023-24 Update 177 - 410

To receive an update on the Council's Draft Annual Statement of Accounts 2023-24.

(Agenda republished on 10 June 2024 to include the Draft Statement of Accounts)

Governance & Effectiveness Items

11 Annual Report of the Chairs of the Audit and Standards Committee and Audit and Standards Advisory Committee 411 - 418

This report summarises the work of both the Audit & Standards Advisory Committee and the Audit & Standards Committee for the Municipal Year 2023-24 in accordance with the requirements and principles as set out within CIPFA's Position Statement regarding Audit Committees ('Practical Guidance for Local Authorities and Police').

12 Annual Governance Statement 2023-24 419 - 450

This report sets out the draft Annual Governance Statement (AGS) for

2023-24 as required by the Accounts and Audit Regulations 2015.

Members are asked to note that the AGS is being presented to the Audit & Standards Advisory Committee for consideration, in advance of referral on to the Audit and Standards Committee for formal approval.

13 External Audit Progress Report and Sector Update 451 - 468

The paper provides the Audit and Standards Advisory Committee with a report on progress in delivering Grant Thornton's responsibilities as the Council's external auditors.

14 Audit & Standards Advisory Committee Forward Plan and Work Programme 2024-25 469 - 470

To consider the Committee's Work Programme for the 2024-25 Municipal Year.

15 Exclusion of Press & Public

No items have been identified in advance of the meeting that will require the exclusion of the press and public.

16 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Deputy Director Democratic Services or their representative before the meeting in accordance with Standing Order 60.

Date of the next meeting: Wednesday 24 July 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 Room, Brent Civic Centre on Thursday 28 March 2024
at 6.00 pm

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

Independent Advisor: Vineeta Manchanda.

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

Also present: Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance, Resources & Reform), Andrew Hudson (Chair i4B & FWH Ltd Boards) and Julie Byrom (Independent Person – attended online).

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

Apologies for absence were received from Councillor J.Patel with Councillor Kansagra attending as a substitute.

2. **Declarations of Interest**

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

Councillor S.Butt declared a personal interest in Agenda Item 8 (I4B Holdings Ltd & First Wave Housing (FWH) Ltd performance) as a Council appointed Director on the Board of both i4B Holding Ltd and FWH Ltd.

3. **Deputations (if any)**

There were no deputations considered at the meeting.

4. **Minutes of the previous meeting**

RESOLVED that the minutes of the previous meeting held on Tuesday 6 February 2024 be approved as a correct record, subject to:

- Deletion of reference to David Ewart as a councillor in the attendance list; and
- Correction of the spelling of Cllr J.Patel in the attendance list

Members noted the following updates provided in relation to items listed on the Action Log, including circulation of the following update papers via email in advance of the meeting:

- Update on Green Finance Options available to Council – Having reviewed the paper members were invited to feedback (via the Vice-Chair) any comments/issues arising from the briefing paper it was felt may need to be

covered in more detail as part of the Committee's 2024-25 work programme;
and

- Final Treasury Management Strategy 24-25

As a further comment in relation to the following action:

- External Audit Progress and Plan 2023-24: It was agreed that an update be sought from Grant Thornton on the progress in resolving the outstanding regional Bus Lane camera objection as part of the ongoing work around the Statement of Accounts external audit process.

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

None.

6. **Order of Business**

The Chair agreed to amend the order of business so that the Strategic Risk Report (Agenda Item 11) was considered in advance of the Internal Audit Strategy 2024-2027 & Internal Audit Plan 2024 – 25 (Agenda Item 10). The minutes reflect the order in which the items were considered at the meeting.

7. **Annual Standards and Governance Report for 2023 (including quarterly update on gifts and hospitality)**

Debra Norman, Corporate Director of Governance, introduced a report updating the Audit and Standards Advisory Committee (ASAC) 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. The Committee noted the following key points:

- The summary of the work undertaken by the Audit & Standards Advisory Committee during 2023 on standards related issues (as detailed within section 3.2 of the report) which had included regular monitoring updates in relation to members declaration of gifts and hospitality and attendance at mandatory training sessions as well as updates on standards related Ombudsman and other relevant legal cases. Members noted that the Audit & Standards Committee has also met on one occasion during 2023 (in relation to governance and standards issues) to formally approve the Annual Governance Statement.
- Following the appointment of Rhys Jarvis (in September 2024) to join Stephen Ross as Independent co-opted Members (both Standards focussed) on the Advisory Committee, it was noted that Full Council would also be asked to confirm (at the Annual Council meeting in May 2024) the ongoing appointment of the three existing Independent Persons – William Goh, Keir Hopley and Julie Byrom for the 2024-25 Municipal Year
- During 2023, six complaints were received against different Councillors for alleged breaches of the Members Code of Conduct, on which a summary had been provided within Appendix A of the report. Members were advised that

three of these complaints had been resolved at Initial Assessment Stage and three concluded at Assessment Stage. None of the complaints had been upheld.

- The details of Gifts and Hospitality registered by members in the final quarter of 2023-24 (Jan – March 24) as detailed in section 3.11 and Appendix B of the report. In terms of the overall summary, members noted that the main types of declarations had related to FA tickets at Wembley Stadium, as well as various dinners, awards, ceremonies, and theatre shows.
- Five Monitoring Officer Advice Notes (MOANs) had been issued to date during 2023 addressing (as part a focus on the Members Code of Conduct) use of resources, respect, outside bodies, gifts and hospitality, impartiality and bringing members individual office/the Council into disrepute.
- The update provided in relation to member attendance at mandatory training sessions, with the Committee advised that all mandatory training had now been completed by members, with the exception of one member still required to complete Data Protection training as a result of being on maternity leave.
- The update provided on a recent legal case relating to the prosecution of a member of a District Council for failure to disclose a disclosable pecuniary interest, as detailed within section 3.17 – 3.18 of the report.

The Committee was then invited to raise any comments/issues on the update provided, which are summarised below:

- In welcoming the update provided on the resolution of complaints relating to alleged breaches of the member code of conduct, further details were sought on any related actions that may have been identified as a result. In response, Debra Norman advised that whilst no complaints had been upheld a number of cases had resulted in specific actions being taken by the member against whom the allegation had been made in order to remedy the matter with the trend in numbers of complaints and outcomes identified as similar to previous years.
- In response to a request made at the meeting, Debra Norman advised that she would ensure the Independent co-opted members and Independent Persons were added to the distribution list for all future MOANs and sent a copy of those issued during the current Municipal Year.
- In response to a query raised by Councillor Kansagra about a member conduct issue identified during the February 2024 Council meeting, Debra Norman advised that in order to be progressed the matter would need to be lodged as a formal complaint, on which she would send further details regarding the process to be followed.

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

8. **Review of the Member Development Programme and Member Expenses**

Amira Nassr, Head of Chief Executive & Member Services introduced a report that provided members with a summary of the Member Learning and Development (MLD) Programme since the last report to Committee in March 2023, and information regarding the Members' Expenses Scheme as well as an update on the

annual review of the financial and procedural rules governing the Mayor's Charity Appeal.

In considering the report the Committee noted:

- The role of the Member Learning and Development Steering Group in providing constructive input to shape and evaluate development of the Member Learning & Development programme with an outline of upcoming sessions detailed within Appendix 1 of the report.
- Whilst most Member and Learning Development sessions continued to be delivered online as the preferred method of learning and development identified by members, the benefits and effectiveness of in person face to face training had also been recognised. The use of hybrid sessions had also been trialled as a further alternative means of delivery with the offer of this type of training session moving forward to be reviewed as part of the planning of future training opportunities.
- The feedback provided on the current Member Learning & Development Programme, as detailed in Appendix 2 of the report, which it was noted would be used to assist shaping development of the future programme of activity.
- The offer of individual Personal Development Plan (PDP) sessions to all members to support identification of individual training needs and assist in shaping future training programmes. Details of the offer provided were set out in section 8 of the report with 31 of 57 members having taken the opportunity since 2022 for a PDP. A summary of the key priorities identified as a result were detailed within section 8.2 of the report with the core attributes identified for development focussed around chairing and facilitation skills. A further programme of follow up reviews had been scheduled from June 2024 with Brent's Councillor Development Charter Plus re-assessment also due to undertaken during 2024-25.
- The update provided in relation to Members Allowances and expense claims, as detailed within section 9 and Appendix C of the report. Members were advised that most expense claims related to training as well as caring duties.
- The update provided in relation to the review of the financial and procedural rules governing the Mayors Charity Appeal, as detailed in section 10 of the report, which had resulted in no changes or modifications being identified for consideration.
- The update provided in relation to Personal Safety training for members and way in which incidents reported by members were logged, as requested at the previous meeting. In terms of trends, members were advised that there had been one incident relating to members personal safety reported in 2020, five in 2022 and three during 2023 with an online training session held in January 2023 as part of the LGA Civility in Public Life Programme. Safeguarding guidance and personal safety support continued to be offered to all members with future training needs and opportunities continuing to be explored through the Member Learning & Development Steering Group.

The Committee was then invited to raise questions on the report, which focused on the areas highlighted below:

- Referring to the feedback on Member Learning & Development sessions, members sought details on how issues highlighted were picked up following

each session, with comments specifically provided in relation to members experience with hybrid learning and development sessions regarding their structure, facilitation, and technology. In response, members were advised that, whilst a preference for some members, the challenges in operating and managing hybrid learning and development sessions to ensure all those participating were fully engaged had been recognised. Feedback was sought following each session and would continue to be reviewed by the Member Learning & Development Steering Group with it agreed that the comments highlighted during the meeting would also be fed back as part of the ongoing review of the offer and arrangements for delivery of future sessions.

- In response to a query regarding Charter Plus, members were informed that they were an organised used to perform the member Personal Development Plan reviews and for the purpose of seeking accreditation as part of the LGA Councillor Development Charter.
- As a final comment, further details were sought on the process in seeking to encourage member attendance and engagement in the Learning & Development Programme and on the way claims for expenses in relation to attendance at external events were managed. Whilst outlining the different methods used to publicise learning and development sessions and to encourage members to engage in the programme (including regular emails, WhatsApp & text messages and the Member Bulletin) it was recognised that levels of attendance had varied depending on the type of sessions being offered and their timing. Efforts would, however, continue to be made to encourage attendance, including the use of targeted communication where it was felt sessions may benefit or be of interest to particular members, and updates provided for the Member Learning & Development Steering Group. In relation to expense claims, confirmation was provided that whilst no specific limit had been set, efforts were made to secure the most advantageous travel, conference and accommodation booking rates although that could sometimes be difficult to achieve in cases where late amendments needed to be made in travel arrangements or attendees.

As no further issues were raised, the Chair thanked Amira Nassr for the update provided and the progress made in the Member Development Programme. The Committee **RESOLVED** to

- (1) Note the work being undertaken by the Member Learning & Development Steering Group to ensure effective training and development for Brents elected representatives (as detailed within Appendix 1 of the report).
- (2) Note the feedback on Member Learning & Development sessions, requests for future training and personal development plans (as detailed within Appendix 2 of the report).
- (3) Note the expenses claimed by Members in the course of their work during 2023 (as detailed within Appendix 3 of the report).
- (4) Note the outcome of the annual review of the financial and procedural rules governing the Mayor's Charity Appeal.

At this stage in the meeting, the Chair advised that he intended to allow a short pause in proceedings to enable those members observing Ramadan to break for

Iftar. The meeting was therefore paused at 6:25pm for a period of 20 minutes with proceedings recommencing at 6:45pm.

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

Ahead of the formal introduction of the item, the Chair reminded members of the change in reporting arrangements for i4B Holdings Ltd (i4B) and First Wave Housing Ltd (FWH) with the role of the Audit & Standards Advisory Committee now focussed around assurance relating to the arrangements the Council, as Shareholder (in the case of i4B) and Guarantor (in the case of FWH), had in place to oversee the governance and performance of both companies rather than on their detailed operational management & performance, which would be monitored through the Council's scrutiny function.

Minesh Patel, Corporate Director of Finance & Resources then introduced the reports that updated the Committee on the governance arrangements of both i4B and FWH, including updates on issues considered at the most recent Shareholder and Guarantor meetings in relation to delivery against each respective Business Plan, financial and operational performance along with outline of key risks and the reports provided for the most recent Shareholder and Guarantor meetings attached as an appendix to the update reports on i4B (Agenda Item 8.1) and FWH (Agenda Item 8.2).

Key issues highlighted were as follows:

- The Committee's attention was drawn to section 3.4 in both the i4B and FWH reports which detailed the governance arrangements in place relating to both companies along with the updates provided in section 3.5 of both reports on the key issues covered at the most recent Shareholder meeting between the Council and i4B (February 2024) and Guarantor meeting between the Council and FWH (February 2024) relating to operational performance and financial performance as well as progress against each respective Business Plan.

The Chair welcomed Andrew Hudson to the meeting (as newly appointed Chair of the Boards for both i4B Holdings Ltd and FWH Ltd) and then invited the Committee to comment on the updates in relation to both i4B and FWH, with the following issues discussed:

- Further details were sought on the current structure of both companies and the consideration given to a potential merger in order to generate further efficiencies. In response, members were advised that expert advice had been sought on a merger in seeking to explore potential tax efficiencies, however, the advice provided had confirmed this would be difficult to achieve given the way both companies had been established particularly with FWH being limited by guarantee and with limited ability to dispose of its assets.
- In referring to the need for regular scrutiny to be established (under the new performance monitoring arrangements) in relation to the operational performance of i4B and FWH, further details were sought on progress in establishing the joint scrutiny Committee meeting between the Resources & Public Realm and Community & Wellbeing Scrutiny Committees to examine the companies in more detail and consider how the process could best be

- incorporated within the relevant sections of each Committee's work programme. In response, it was agreed by the Chair that a further update be requested on progress in seeking to establish a joint scrutiny work programme planning session to consider the arrangements and remit of each Scrutiny Committee in terms of their operational review of both i4B & FWH.
- Referring to the strategic risk register provided in relation to both companies, further details were sought on the mitigations in place covering the risk identified around the impact of high capital programme costs (including future climate change expenditure) and its impact on future viability of the Business Plan. In response, officers advised that current mitigations included the development of a costed asset management plan (including stock condition and energy surveys) and decarbonisation strategy designed to support financial and investment forecasts and delivery of the ongoing acquisition programme and each companies respective Business Plan.
 - In relation to the other key strategic risks identified, members were advised that whilst future capital cost decisions, including i4B properties at Granville New Homes, energy efficiency works and the schedule of planned company loan repayments remained a focus for the i4B Board and capital programme costs, health and safety compliance, rental affordability for the FWH Board both companies had mitigations in place to effectively manage the overall level of risk. This would include regular monitoring of the external environment, including economic factors such as inflation and interest rates, as well as changes in regulation and other contextual factors with regular updates provided for each Board in order to assess the impact on each companies tenants, financial and operational performance and overall Business Plan and strategy. In the case of i4B this had recently led to a pause in their street property acquisition programme due to unfavourable interest rates and the housing market environment which had now resumed following a further review of the property market. As further assurance, Andrew Hudson (as chair of both the i4B & FWH Boards) advised of the process being established to undertake specific deep dives in relation to the effectiveness of mitigation strategies for key risks as well as continue the process of horizon scanning for any future emerging issues.
 - Clarification was sought on reference within the i4B report to the Shareholders meeting in February 2024 (Appendix 1 - Agenda Item 8.1) to the option being explored (in support of the street property purchase programme) in acquiring new build property with off the shelf purchases through s106 schemes. In response, members were advised this would involve the potential to acquire property through s106 obligations placed on developers in terms of the provision of affordable housing units.
 - Following concerns raised at previous meetings regarding health and safety compliance, further details were sought (give the ongoing risk identified) on the timescale for all governance arrangements in this respect being recognised as compliant with the necessary standards. In response, members were advised of the health and safety compliance audits in relation to dwellings and blocks owned by both companies which had been completed and establishment of a monitoring system to track progress on the delivery of all compliance elements (including the issuing of electrical and gas safety certificates) which also involved monitoring updates being provided for both Boards in order for them to proactively track progress (as an area of priority) on a monthly basis. Alongside this, as a longer-term solution, use of the True Compliance system (procured by the Council) was also being developed to

track all elements of compliance as part of which all i4B and FWH properties were also being uploaded. In response to a further query, clarification was provided on the legal process followed to gain entry to individual properties in order to undertake necessary health and safety compliance checks where this could not be secured through the standard arrangements within each tenancy agreement and on the associated process for completing tenancy verification checks.

- In response to a query regarding the composition of the Boards for each company, members were advised that each Board was made up of an independent Chair, two Council Directors & one councillor (all Council representatives) and one independent non-executive Director. Neither company employed staff directly with support functions secured through a Service Level Agreement between each company and the Council. Responsibility for the Shareholder and Guarantor functions were represented through a separate structure within the Council involving the Chief Executive, Corporate Director of Finance & Resources and Deputy Leader in order to maintain a clear distinction of roles.
- Further details were sought on impact of the 2024-25 uplift in Local Housing Allowance rates in relation to i4B and the impact this would have in enabling an increase in rents ahead of business plan assumptions and in any acquisition price caps. In responding, Andrew Hudson took the opportunity to highlight the Board's ongoing strategic focus in seeking to maximise the company's contribution to the Council's wider priorities, with a specific focus in supporting the work being undertaken to tackle the demand for housing given the increase in levels of homelessness. As part of this approach, the Board were progressing workstreams aimed at seeking to increase i4Bs level of stock (utilising the rise in Local Housing Allowance (LHA) rates and increased price cap supported by discussions with the Council on the potential draw down of further funding) with initial activity focussed around the acquisition of 3-4 bed houses in the North West of the borough above the North Circular Road and small blocks as well as supporting tenants to move through i4B. As part of the package of support to tenants, further details were also sought on the work being undertaken through BEAM, who members were advised had been commissioned as a partner organisation to provide specific financial and employment support for tenants as part of a wider package of support measures the Shareholder and Board were keen to see developed.
- In response to comments regarding the economies of scale it might be possible to utilise across both companies in order to address projected growth, costs and performance, Andrew Hudson advised that whilst recognising the areas of operational performance that required focus these were not issues related predominately to scale with the approach instead based around implementation of the Value for Money Strategies which had been agreed by both Boards as a means of reducing costs and improving financial performance and with a particular focus on voids performance and financial controls.
- As a final issue raised, further assurance was sought on the variance identified between the Annual Maintenance, Service Charge and Supplies and Services cost categories within the 2023-24 financial monitoring forecast provided for i4B. In response, Officers advised that these variances reflected operational issues identified during previous years and had been accounted for as part of the company's ongoing financial position and within its Business Plan.

As there were no further questions the Chair thanked officers along with Andrew Hudson for presenting the report and responding to the Committee queries. The Committee **RESOLVED** to note the update on the work and governance of both i4B Holdings Ltd and First Wave Housing Ltd in terms of delivery against their 2023-24 Business Plan along with the update on development of their 2024-25 Business Plan.

10. **Review of the Use of Regulation of Investigatory Powers Act 2000**

Biancia Robinson, Senior Constitutional & Governance Lawyer, introduced a report providing an update on the Council's use and conduct of surveillance techniques in accordance with the Regulation of Investigatory Powers Act (RIPA) and in compliance with the annual review obligations within the Council's RIPA policy and procedures.

In considering the report the Committee noted:

- The Regulation of Investigatory Powers Act 2000 (RIPA) gave the Council significant powers to investigate serious matters and offences, enabling the Council to use covert surveillance, covert human intelligence sources (CHIS) and to acquire service user or subscriber information in relation to communications data.
- The Council was periodically inspected by the Investigatory Powers Commissioner's Office (IPCO). Brent's last inspection was in March 2020 with members advised of the change in process introduced since then involving an initial written assessment provided by each local authority on compliance with the relevant legislation, taking account of the general decrease in the use of covert powers by many authorities. Brent had been required to provide its initial written assessment in July 2023 with the IPCO confirming in August 2023 they were satisfied with the assurance provided in relation to the Council's compliance and would not require any further inspection during the current year.
- The outcome of the annual review of RIPA policy and procedures which, whilst not identifying the need for any substantive changes, had resulted in a number of proposed minor amendments to reflect changes made in the Council's organisational management structure as detailed within Appendix A of the report.
- The ongoing decline in use of RIPA over recent years, with zero RIPA Directed Surveillance or Covert Human Intelligence Source (CHIS) authorisations in Brent during 2023-24 and twenty requests (all pending applications in relation to three separate investigations) for Communications Data, as detailed within section 3 of the report. Members were advised that the predominant use of RIPA remained focussed on the enforcement of trading standards controls and in the context of serious fraud investigations.

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

- In response to a query on the use of facial recognition technology, members were advised that this type of technology would not fall within the scope of RIPA requirements.
- Further detail was also sought on the reasons for the decline in use of directed surveillance and RIPA authorisations, which members were advised was linked to improvements in the use of alternative investigative methods, including the increased use of communications data, social media and data matching and availability of wider enforcement and fraud prevention powers.
- In response to a Committee query regarding the thresholds to decide on making an application to use RIPA as opposed to alternative methods, it was confirmed that thresholds were high with significant prior intelligence needed to successfully support an application to the magistrates to use RIPA.

As there were no further comments raised the Chair thanked Bianca Robinson for the update and the Committee **RESOLVED**

- (1) To note the content of the report.
- (2) To note and approve the changes to the RIPA policies (as detailed in Appendix A of the report) to reflect the Council's organisational change and the new Chief Executive as an Authorising Officer.

11. **Strategic Risk Report**

Darren Armstrong, Head of Audit & Investigation, introduced the report providing the Committee with an update on the Council's Strategic Risks as of February 2024.

In considering the report the Committee noted:

- The Strategic Risk Register had been prepared in consultation with risk leads, Departmental Management Teams and the Council Management Team in accordance with the key elements of the Council's Risk Management Policy and Strategy.
- Since the report was last updated in February 2023, the Council had continued to operate in a heightened risk environment due to several external factors that included the current economic climate and the cost-of-living crisis with the Council's overall risk profile therefore continuing to reflect the challenging risk environment the Council was operating within.
- In terms of the main changes since September 2023, 11 of the risks reported were assessed as being on a stable risk trend in terms of scores remaining as previously reported and one risk (Strategic Risk K: non-compliance with statutory housing duties) having shown a small downwards movement in its risk score.
- The Committee's attention was drawn to the Strategic Risk Heat Map within the Strategic Risk Report which had shown six of the strategic risks located within the upper quartile with the highest scoring being the risks related to cost-of-living crisis (A); increase in Dedicated Schools Grant High Needs Block deficit (B); lack of supply of Affordable Accommodation(C) and increase in use of emergency temporary accommodation (D).

- Since the update in September 2023 two new risks had been added to the Strategic Risk Report. Both related to the climate emergency, with the first focussed around 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. The second related to reaching carbon neutrality, reflecting the risk that the Council may not be able to achieve its ambition of becoming a carbon neutral borough by 2030 due to a lack of funding and the extent to which behavioural change was still required to meet the scale of challenge identified. Members were advised that both risks had previously formed part of a wider suite of inherent risks held on departmental risk registers, however, following review had now been added as Strategic Risks in their own right. In this respect they had not been identified as new risks or escalated due to increased risk scores; they had been added to reflect a change in the Council's risk management approach as part of ongoing efforts to continue to improve and enhance the Council's risk management framework.
- The wider improvements made to the Council's risk management framework, as detailed within section 4.7 of the report along with the additional recommendations which had recently been made by the LGA in relation to risk management following a recent review of governance and financial challenges experienced by a number of other local authorities. Whilst noting the robust arrangements already established within Brent to satisfy the majority of the recommendations made, the Committee was advised how these would be used to continue guiding development of the Strategic Risk Report, with particular focus on the tracking of proposed actions to manage and mitigate risks.

The Chair thanked Darren Armstrong for his report and before moving on to invite comments from the Committee took the opportunity to remind members of the role of Internal Audit in working with risk sponsors and nominated risk leads, in an advisory capacity, to coordinate and update the risk report as opposed to being the owner of specific risks. If, as a result of any issues raised, further detail on specific risks/mitigations were required members were advised these would need to be sought from the relevant risk sponsor outside of the meeting. On this basis, the following comments/issues were raised:

- In response to a query, confirmation was provided that (with the exception of any loan arrangements) neither of the Council's Housing subsidiary companies i4B Holdings Ltd and First Wave Housing Ltd were included as part of the assessment relating to Strategic Risk L: Financial Resilience and Sustainability with members advised that both companies maintained and monitored their own specific risk registers.
- Further details were sought in relation to the LGA recommendations in relation to risk management and the way in which risks identified were being monitored and benchmarked against other local authorities in order to identify any more general trends. Whilst highlighting that each authority would have their own specific risk management frameworks, confirmation was provided that risk registers and management frameworks were subject to comparison with other local authorities in order to share best practice and examine trends with many of the risks identified being as consistent across other councils.
- In response to requests made for further detail on the mitigating measures in place to manage specific risks identified within the register relating to the

- physical impacts of climate change (including tower blocks and the promotion of more active forms of travel including dockless bikes), impact of demand on temporary accommodation (as a result of the recently introduced borough-wide landlord licensing scheme) and management of the relationship with external providers and partners in relation to cyber security, Darren Armstrong advised that these would need to be sought from the relevant strategic risk owners for circulation to members outside of the meeting.
- In addition to the role undertaken by the Committee in monitoring strategic risk, further clarification was sought on the approach towards managing risks at a departmental/operational level. In noting the Committee's focus around the management of risk at a strategic level across the Council, supported by the Corporate Management Team (CMT), and ability to commission deep dives around specific risks (if required) members were advised that each Council department would also be responsible for maintaining a departmental risk register to ensure that all operational risks were being effectively managed, and to ensure that, where required, risks could be escalated to the Strategic Risk Report via CMT with the Council's scrutiny function having responsibility to focus on these areas, as required. Details were also sought on the potential for developing a risk management dashboard to provide better insight in respect of the categorisation of all Council risks. Whilst the Committee advised they would be keen to explore the proposal in more detail, the existing support being provided by Internal Audit working with departments in relation to risk management was also noted as a means of providing further assurance around the completeness and reasonableness of the information provided and to ensure that audit resources were effectively being targeted at providing assurance on the highest risk areas with the need identified to recognise the progress made to date in relation to the maturity of the Council's overall risk management journey.
 - Referring to the overall trend in risk scores, which it was noted had remained flat across a number of areas, further details were sought on the way in which delivery of the controls and mitigating actions were being monitored and their impact tracked resulting in the suggested inclusion (supported by the Committee) of an action tracker within future versions of the Strategic Risk Report to assist in monitoring the implementation of mitigating actions. In response, members were reminded that this proposal had already been identified for inclusion as part of the planned enhancements to future iterations of the Strategic Risk Register.
 - As a final issue, details were also sought on the engagement of the Corporate Management Team (CMT) in review of the Strategic Risk Register with members advised of its collective ownership by CMT and each risk being assigned a Corporate Director as risk sponsor. The report presented to the Committee was also subject to prior review by CMT with risk management identified as a core element of the Council's corporate governance framework and closely aligned to the Borough Plan priorities.

As no further issues were raised, the Chair thanked Darren Armstrong and his team on behalf of the Committee for their hard work. The Committee **RESOLVED** to note the update on the Council's strategic risks as of February 2024, with further detail on the approach towards addressing the following risks to be sought from the relevant strategic risk owners:

- Tackling the physical effects of climate change and achieving carbon neutrality;

- Increase in use of emergency temporary accommodation – in terms of any impact arising from introduction of the Private Rented Sector Landlord Licensing scheme;
- Cyber Attacks – in terms of work being undertaken with third party providers by the Shared IT Service to support the Council’s Cyber Security Strategy.

12. **Internal Audit Strategy 2024-2027 and Internal Audit Plan 2024-25**

Darren Armstrong (Head of Audit & Investigations) introduced a report setting out the Internal Audit Strategy for the period 2024-2027 and the Internal Audit Plan 2024-2025. In presenting the report the following key areas were highlighted:

- The introduction of the Internal Audit Strategy as a newly developed document designed to outline the way in which the Council would continue to enhance the effectiveness and delivery of its Internal Audit function. In covering a three year period, the Strategy set out a number of objectives, priorities and initiatives to ensure that the work carried out by Internal Audit was aligned with the Council’s strategic objectives and assurance needs as well as introducing a new approach to audit planning and delivery.
- The requirement to develop and implement a strategy for the Internal Audit function had been introduced under the new Global Internal Audit Standards, which would officially come into force in January 2025, with the Strategy having been attached as Appendix 1 to the report.
- In view of the growing challenges and risks faced by the Council, and increasing demand and stakeholder expectations, the Strategy had identified the need to ensure the Internal Audit service remained agile, responsive and closely aligned with the strategic objectives, risks and needs of the Council and was able to provide a programme of robust assurance in the highest risk areas. In developing this strategy, the opportunity had therefore been taken to re-consider and evaluate how the level of assurance and advisory services were delivered with the following four strategic objectives being developed to guide and shape the services work across the next three years - To adopt a more agile and enhanced risk-based approach to planning and delivery; To provide an ongoing and robust programme of core assurance; To offer and provide high-quality insight, foresight and advise; and lastly To lead and coordinate the implementation of an integrated assurance framework.
- In addition to the Strategy, the Head of Internal Audit was also responsible for creating an Internal Audit Plan based on an assessment of the Council’s strategies, objectives and risks, informed by input senior management as well as the Internal Audit function’s understanding of the Council’s governance, risk management and control processes. Under the new Global Internal Audit Standards the Plan would now be subject to more frequent update and in view of these new requirements (and in-line with the objectives set-out within the supporting Strategy) the Committee were advised of the new approach and method to audit planning reflected within the Plan (attached as Appendix 2 to the report), which (whilst still focussed around the provision of assurance around core/key systems and processes) moved away from the more traditional ‘annual plan’ to a less rigid, more flexible and agile approach.
- The Plan had been divided into four sections split between core assurance work; a list of audit areas identified under an agile risk based approach designed to provide enhanced flexibility in order to respond to changing risks

and priorities; consultancy & advice work and finally follow up activity with a strategic and inherent risk assurance map also provided covering the three year plan period which also set out how Internal Audit resources would be utilised and deployed, underpinned by the Internal Audit Charter.

Prior to seeking comments on the Strategy & Plan and new approach outlined, the Chair felt it important to outline and clarify a change in role involving the current Head of Audit & Investigations under the realignment of senior management responsibilities across the Council due to be introduced at the start of April 2024. As a result of these changes members were advised that the current Head of Audit & Investigation role was due to be redesignated as Deputy Director Organisational Assurance and Resilience which in addition to the role relating to Audit & Investigations and Counter Fraud would now include responsibility for the Council's health and safety, insurance, emergency planning and resilience functions. In order to provide the necessary level of assurance relating to the continued independence of the internal audit function and avoid any conflicts of interest given the focus within the Audit Plan on the newly added areas of responsibility, members were advised that the delivery of audits and assurance on these areas would be managed through the Council's co-sourced audit partner PWC with the Internal Audit Manager also now having a direct reporting line (if required) to the Chair and Vice-Chair of the Audit & Standards Advisory Committee.

Members noted that Darren Armstrong in the redesignated role, would continue to fulfil the existing responsibilities in terms of the Head of Audit and Investigations, with continued direct access to senior management including the Chief Executive and Corporate Director Finance & Resources as well as the Chair of the Audit & Standards Advisory Committee. The changes would, however, require an amendment to the Internal Audit Charter to reflect the new role and additional controls established to maintain independence which members were advised had been a similar approach adopted across other local authorities and the External Auditor had also been advised of and raised no objection to.

In response to the update provided a request was made for an organisational structure chart to be provided for the Committee and independent co-opted members detailing the Council's senior management realignment and inclusion of the newly created Deputy Director Organisational Assurance and Resilience (incorporating the Head of Internal Audit) along with arrangements to maintain independence of the role, which Minesh Patel (Corporate Director Finance & Resources) advised he would arrange to provide.

Moving on, the Committee was then invited to raise any comments on the Strategy and Plan which are summarised below:

- In response to a query regarding the availability of resources to support the new approach identified, members were advised that the overall level of audit resource remained consistent. Whilst the new Plan would require a balance in resources to meet the new standards and requirements, the Head of Internal Audit remained satisfied that adequate resources were available for the provision of an effective internal audit function focussed around the provision of core assurance.
- Clarification was provided in relation to the action being taken to address an issue concerning the reconciliation of bank account payments as part of the

- work around the strategic risk relating to Financial Resilience and Sustainability which it was noted had now been completed.
- In relation to a query on Audit Ref RB7 (Health Inequalities) within the Internal Audit Plan, members were advised that the scope for this review was currently being developed and would include, as suggested, a focus on co-ordination with relevant health partners.
 - As a final issue, members were assured of the ongoing oversight by Audit & Standards Advisory Committee in relation to delivery and development of the Internal Audit Strategy and Plan with the intention to provide more regular updates for the Advisory Committee in September & December (in preparation for year end).

As no further issues were raised the Chair thanked Darren Armstrong for the update provided and having noted the assurance provided relating to the ongoing independence of the audit function it was **RESOLVED** to:

- (1) note and endorse the newly developed Internal Audit Strategy for 2024 – 2027.
- (2) approve the draft Internal Audit Plan for 2024 – 2025 developed to reflect the new approach towards audit planning and Internal Audit Strategy.

13. **London Borough of Brent Pension Fund Indicative Draft Audit Plan 2023 - 24**

The Chair welcomed Samantha Morgan to the meeting (representing Grant Thornton as Audit Manager following apologies submitted by Matt Dean – Key Pension Audit Partner) and invited her to introduce the External Audit Plan providing an overview on the planned scope and timing for the 2023-24 Brent Pension Fund audit process.

In presenting the report apologies the following key areas were highlighted:

- The key matters identified in terms of both the national and local context relating to the present challenges faced by Pension Funds in terms of the impact of inflationary pressures and wider geo-political issues on global investment markets and revised investment strategy guidance.
- 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 (in line with previous years) management of override controls, valuation of Level 3 investments and the revenue cycle including fraudulent transactions (rebutted).
- The approach identified towards materiality, which at the planning stage of the audit had been set at £18.6m for the Pension Fund (equating to 1.5% of the gross investment assets) and £5.9m for the Fund Account (equating to 10% 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 £0.93m. 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 response and progress identified against prior year audit findings and recommendations, with it noted that progress in terms of the management response against four of the seven recommendations were due to be finalised and confirmed within the Plan as part of the final year end audit.
- The outline of the approach to be adopted in relation to the IT audit strategy.
- The background to the audit fees which, whilst having increased from £55,771 to £94,414 for the 2023-24 financial year (including an additional £7,530 for the ISA 315 work), it was noted had been determined in accordance with the scale of fees specified within the current PSAA contract.
- The planned approach identified towards meeting the revised requirements in relation to ISA315 in relation to the Pension Fund Audit.
- 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:

- Following concerns expressed in response to the increase in audit fees, members highlighted what they felt was a need to ensure that the level of external audit fees and any additional charges incurred, or further increase in fees was kept under review. In recognising the concerns expressed, the Chair advised these had been raised but also felt it was important to recognise that the initial scale of fees had been set through the PSAA as part of the national procurement process with the External Audit contract having been retendered in 2023 leading to Grant Thornton being reappointed as Brent's auditor. Samantha Morgan also highlighted how the scale of fees had been developed to reflect the current basis of costs incurred in resourcing and undertaking the necessary standard of audit work which also reflected the introduction of enhanced accounting and auditing standards and with any variation in fee determined by PSAA in accordance with set procedures. In recognising the concerns expressed Minesh Patel (Corporate Director Finance & Resources) reassured members of the work undertaken with Grant Thornton to support the audit process and minimise any additional work required outside of the scope of the initial audit fee, but in recognising the concerns raised advised that officers would continue to ensure that the level of fees and any additional charges or increases were kept under ongoing review.

As no further issues were raised the Chair thanked Samantha Morgan for the update provided and it was **RESOLVED** to note the content of the Draft Pension Fund Audit Plan 2023-24.

14. **External Audit Enquiries of Management**

Ben Ainsworth (Head of Finance) introduced a report providing the Audit & Standards Advisory Committee with the opportunity to review the responses provided by management to the External Auditors Enquiries of Management 2023-24, in order to comply with the expectations of the Financial Reporting Council (FRC). Members were advised that the Enquiries of Management related to those charged with governance for both the Council and also Council's Pension Fund with the management responses detailed in Appendix 1 (Brent Council Enquiries of Management) and Appendix 2 (Pensions Fund Enquiries of Management).

The Committee noted the following key points:

- Confirmation was provided that the key issues identified as having a significant impact on the financial statements for 2023-24 had included the cost-of-living crisis, inflation, increase in demand for temporary accommodation, Dedicated Schools Grant High Needs Block deficit and pressures on the Housing Revenue Account.
- The confirmation provided in relation to the ongoing appropriateness of the accounting policies adopted by the Council which, subject to a minor technical change identified in relation to the treatment of cash in transit, remained in accordance with the CIPFA Code of Practice.
- The response had also identified no change in circumstances that would lead to any impairment in relation to non-current assets with all financial investments (covered under the accounting standards) also confirmed as being subject to an Expected Credit Loss review under IFRS9.
- The outcome of the fraud risk assessment, with no concerns or issues having been identified within the response in respect of fraud that may result in a material misstatement to the financial statements and assurance provided that all know material risks had been considered as part of the Council's Internal Audit planning process and key financial system/control programme of work. Reference was also included to the work of the Counter Fraud Team in seeking to prevent, detect and prosecute fraud and role of the Audit & Standards Advisory Committee in monitoring this activity.
- The response also provided assurance in relation to the Council's compliance with relevant laws and regulations highlighting the range of management controls in place to support the process including the recruitment and training of staff, robust policy and procedure framework and effective management oversight and control. These controls were supported by the inclusion of legal and financial considerations in all reports for decision alongside the independent and objective assurance provided through the Internal Audit function and Internal Audit Plan, with activity focussed around the highest risk areas for the Council and the scope for each audit review including compliance with policy, plans, law and regulations. In terms of the impact of any litigations and claims these were also subject to a detailed review process involving legal with any likely to impact on the financial statements disclosed as part of the Statement of Accounts as either provisions or contingent liabilities.
- The outline included as part of the response in relation to the arrangements for disclosure of related party transactions and related procurement policy as well as the audit approach adopted in relation to going concern and matters relating to the accounting estimates.
- The key questions asked in the Enquiries of Management were standard as they set a baseline for auditors to be able to focus in on certain areas as required.

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

- Further details were sought on the use of the responses provided by the External Auditors, with Samantha Morgan (Grant Thornton) advised that these formed an important part of the external audit risk assessment process and in

- supporting the development of a constructive working relationship with those charged with governance in preparing for the audit process and identifying any areas on which further assurance may be required.
- Having noted that some questions still required responses to be provided, members were advised that the returns were in the process of being finalised for submission, with clarification provided around the presentational structure of the responses under each section. Members were encouraged, as part of the process in finalising each response, to submit any further comments they may have on the Enquiries of Management via James Kinsella (Governance & Scrutiny Manager) in order for the returns to be finalised prior to the next Committee (June 2024) for approval and submission.
 - In response to a request for further clarification on the inclusion of any external bodies as part of the Enquiries of Management, confirmation was provided that the responses would only include those issues impacting directly on the Council's financial statements.

As there were no further issues raised, the Chair thanked Ben Ainsworth for the update provided and it was **RESOLVED** to note the current update and status of the responses included within the Brent Council Enquiries of Management (as detailed within Appendix A of the report) and Pension Fund Enquiries of Management (as detailed within Appendix 2 of the report, subject to members having the opportunity to submit any final comments/feedback via James Kinsella (Governance & Scrutiny Manager) prior to submission of the final reports to the next Committee for formal approval in June 2024.

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

It was **RESOLVED** to note the Committee's current Forward Plan and Work Programme for the 2024-25 Municipal Year with the provisional dates for meetings noted as:

- Tuesday 4 June 2024 (subsequently changed in the process of finalising the Council's municipal calendar of meetings for 2024-25 to Wednesday 12 June 2024)
- Wednesday 24 July 2024
- Tuesday 24 September 2024 (subsequently changed in the process of finalising the Council's municipal calendar of meetings for 2024-25 to Wednesday 25 September 2024)
- Wednesday 4 December 2024
- Tuesday 4 February 2025
- Tuesday 25 March 2025

Prior to closing the meeting, David Ewart (as Chair) also took the opportunity to welcome Councillor Mili Patel back from maternity leave as Deputy Leader and Cabinet Member for Finance, Resources & Reform before ending by advising members this was also due to be Vineeta Manchanda's final meeting, in her role as Independent Advisor to the Advisory Committee. In paying personal tribute, he thanked Vineeta (on behalf of the Committee) for all her effort and guidance in supporting both himself and the wider Committee as Independent Advisor and wished her all the best for the future.

16. **Any other urgent business**

None.

The meeting closed at 8.38 pm

DAVID EWART
Independent Chair

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Meeting Date	Agenda No.	Item	Actions	Lead Officer and Timescale	Progress
28 March 24	4.	Minutes of the previous meeting and Action Log	Members to feedback any follow up issues they feel need to be covered on the Committee work programme arising from the Green Finance Option briefing paper.	Minesh Patel	No items identified to date
	6	Annual Standards & Governance Report 2023 (including quarterly update on gifts and hospitality)	Independent co-opted members on Committee and Independent Persons to be added to distribution list for all future MOANs and sent a copy of those issued during the current Municipal Year.	Debra Norman	Action completed To be removed from Action Log
	7	Annual Review of Member Learning & Development (MLD) Programme and Member Expenses	Feedback provided during meeting regarding improvements to hybrid learning and development sessions (re technology, structure and facilitation) to be fed back to MLD Steering Group for consideration.	Amira Nassr	In progress – feedback to be provided for MLD Steering Group – 18 July 24
	8.	Performance & Governance review of i4B Holdings Ltd and First Wave Housing Ltd	Update to be provided on progress in finalising arrangements for a Joint Scrutiny work programme meeting to consider the arrangements and remit of each Scrutiny Committee in terms of their operational review of both i4B & FWH performance.	Amira Nassr	In progress – to be included for consideration as part of scrutiny work programme planning sessions arranged for June 24
		Internal Audit Strategy 2024-2027 & Internal Audit Plan 2024-2025	<ul style="list-style-type: none"> Organisational structure chart to be provided for the Committee and independent co-opted members detailing the Council's senior management realignment and inclusion of the newly created Deputy Director Organisational 	Minesh Patel	

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			<p>Assurance and Resilience (incorporating the Head of Internal Audit) along with arrangements to maintain independence of the role.</p> <ul style="list-style-type: none"> • Further update on progress with development and implementation of Internal Audit Plan to be provided for September & December Committee. • Scope being developed for Audit Ref RB7 (Health Inequalities) within Internal Audit Plan to include a focus on co-ordination with relevant health partners. 	<ul style="list-style-type: none"> • Darren Armstrong • Darren Armstrong 	<p>In progress – update on Internal Audit Plan included on work programme for Sept and Dec 24 committee meetings</p>
	11	Strategic Risk Report	<p>Updates to be sought from relevant strategic risk owners in relation to the areas highlighted for further response by the Committee.</p>	<p>Darren Armstrong</p>	<p>Completed – updates emailed to Committee May 24</p> <p>To be removed from Action Log</p>
			<ul style="list-style-type: none"> • To review the potential for developing a risk management dashboard to provide better insight in respect of the categorisation of all Council risks. • To include an action tracker within future versions of the Strategic Risk Report to track the implementation of mitigating actions (with effect from next update report in September 24). 	<ul style="list-style-type: none"> • Darren Armstrong • Darren Armstrong 	<p>In progress – further update to be provided as part of next Strategic Risk Report (Sept 24)</p> <p>In progress – to be incorporated in next Strategic Risk Report (Sept 24)</p>

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	12	External Audit Fees	Committee to continue to keep the level of external audit fees and any additional charges incurred or increase in fees under ongoing review.	Minesh Patel/Rav Jassar	In progress – review ongoing.
	13	External Audit Enquiries of Management	Members to feedback comments on Enquiries of Management following meeting with final response on the Enquiries of Management to be reported back to next Committee (June 24) for final approval.	Ben Ainsworth	In progress – listed on work programme for consideration June 24
6 February 2024	4.	Minutes of the previous meeting and Action Log	Update on DSG Recovery Plan to be included on 2024-25 Work Programme.	Minesh Patel/Nigel Chapman	In Progress - Update scheduled July 24
			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	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 added to the narrative report within the Statement of Accounts for 24-25.	Rav Jassar	In Progress – to be reviewed as part of 24-25 Statement of Accounts

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	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.	Tanveer Ghani/Russell Burnaby/Melissa Buckley	In Progress - Update included on 24-25 Committee work programme (July 24)
	10	Evaluating the Effectiveness of the Audit & Standards Advisory Committee	Additional training needs identified in relation to: <ul style="list-style-type: none"> • 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	Completed – updated provided for Committee March 24 To be removed from Action Log
			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

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					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	In progress – final response awaited from Grant Thornton
26 September 2023	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	Completed - update provided when the Strategic Risk Register presented to Committee in March 24. To be removed from Action Log
		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)	Ongoing – as part of 24-25 Work Programme.

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 <p style="font-size: 24pt; font-weight: bold; margin-top: 10px;">Brent</p>	<p style="font-size: 18pt; font-weight: bold;">Audit and Standards Advisory Committee</p> <p style="font-size: 16pt;">12 June 2024</p>
	<p style="font-weight: bold;">Report from:</p> <p style="font-weight: bold;">Corporate Director, Law & Governance</p>
	<p style="font-weight: bold;">Lead Member – Deputy Leader & Cabinet Member for Finance & Resources</p> <p style="font-weight: bold;">(Councillor Mili Patel)</p>
<p style="font-weight: bold; font-size: 16pt;">Standards Report (including update on gifts and hospitality)</p>	

Wards Affected:	All
Key or Non-Key Decision:	Not applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	One Appendix A: Gifts & Hospitality Register (Q 4)
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	<p>Debra Norman, Corporate Director Law & Governance 020 8937 1578 debra.norman@brent.gov.uk</p> <p>Biancia Robinson, Senior Constitutional & Governance Lawyer 020 8937 1544 biancia.robinson@brent.gov.uk</p>

1.0 Executive Summary

1.1 The purpose of this report is to update the Audit and Standards Advisory Committee on gifts and hospitality registered by Members and member training.

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.

Gifts & Hospitality

- 3.2 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.
- 3.3 Gifts and hospitality received by Members are published on the Council's website and open to inspection at the Brent Civic Centre.
- 3.4 For the final quarter of 2023/24 there have been nine gifts and hospitality recorded as being received, these are set out in further detail in Appendix A, together with the details of the receiving Councillor.
- 3.5 The Committee will recall that hospitality accepted by the Mayor in their civic role are recorded separately and published on the Council's website.

Member Training Attendance

- 3.6 At this Committee's request reports updating on the attendance records for Member's in relation to mandatory training sessions have become a standard reporting item.
- 3.7 All members have now completed their core mandatory (refresher) training.
- 3.8 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 2024 the Committee will receive regular updates on Members who have not completed the mandatory training sessions.

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) Equality, Diversity & Inclusion (EDI) 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, Law & Governance

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Appendix A Gifts & Hospitality, (Qtr 4)

Councillor	Date of gift	Gift received	Value £	From
M Butt	5.3.2024	Diversity and Leadership Awards	50.00	Asian Media Group
	26.3.2024	4 tickets for England v Belgium game	320.00	The Football Association (FA)
	21.4.2024	5 tickets for Coventry v Manchester United	400.00	The FA
K Sheth	8.2.2024	Guest speaker at The John Lyon School, Harrow-on-the-Hill, Middx HA2 0HN	30.00	The John Lyon School
	14.2.2024	Guest at Lunar New Year Gathering, Golden Dragon, 399 Edgware Road, London NW9 0FH	25.00	Oriental Chinese Community
	17.2.2024	An invitation to the Chinese New Year dinner. East Pan Asian Restaurant, Alperton, Middx HA0 1HQ	25.00	Brent Chinese Community Association
S Tatler	5.3.2024	Diversity and Leadership Awards	50.00	Asian Media Group
B Chohan	8.2.2024 to 11.2.2024	Guest speaker at Pravasi Gujarati Parv 2024 second edition, Ahmedabad, Gujarat, India	800.00	Pravasi Gujerati Parv
A Akram	21.04.2024	2 Semi final tickets - Coventry City v Manchester United. Value £50.00 x 2	100.00	From Wembley Hill Ward Resident Association

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 Brent	Audit and Standards Advisory Committee 12 June 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance & Resources (Councillor Mili Patel)
Annual Counter Fraud Report 2023-24	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	Two Appendix 1: Annual Counter Report 2023-24 Appendix 2: Annual Counter Fraud Plan 2024-25
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Darren Armstrong Deputy Director Organisational Assurance and Resilience 020 8937 1751 Darren.Armstrong@brent.gov.uk

1.0 Executive Summary

- 1.1 This report presents the Council’s Annual Counter Fraud Report for the financial year 2023-24.
- 1.2 The report is intended to support the Audit and Standards Advisory Committee in obtaining assurance that the Council has robust and sound counter fraud arrangements in place. It does this by providing a summary of the activity of the Counter Fraud team in-year across multiple fraud types (including internal fraud, housing tenancy fraud, external fraud and proactive work).

- 1.3 The report also fulfils the requirements of the Local Government Transparency Code 2015, which requires local authorities to publish details of their counter-fraud activity.

2.0 Recommendations

- 2.1 The Committee is asked to note the contents of the report, including the annual opinion of the Head of Internal Audit.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

- 3.1.1 As is the same for all local authorities, fraud remains an area of significant inherent risk to the Council. The tackling of fraud therefore remains a high priority as every penny that is lost to fraud is a penny that cannot be spent on delivering services to our residents.
- 3.1.2 The Council takes a well-developed approach to tackling fraud and corruption, which includes a combination of proactive prevention and detection activities in-line with best practice. An Annual Counter Fraud Plan is also prepared and delivered to ensure that resources are effectively targeted and deployed to prevent and detect fraud, which is underpinned by the Council's Anti-Fraud and Bribery and Whistleblowing policies.
- 3.1.3 The response of the Council to the activity of the Counter Fraud and Investigations service 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 work of the team is split between reactive and proactive activity. Reactive work largely consists of referrals to the team from the Internal, Housing or External fraud types. Proactive activity is usually generated from within the service in response to a range of fraud risks and can incorporate any of the reactive fraud types. A summary of all activity performed in 2023-24 is presented at **Appendix 1**.
- 3.2.2 The Counter Fraud Plan for 2024-25 is also presented at **Appendix 2**. This summarises how resources will be deployed and targeted to achieve the aims and objectives of the Council's anti-fraud policies. The plan is based on previous outcomes, stakeholder engagement and known and emerging risks.
- 3.2.3 The plan also includes a Fraud Awareness plan, which summarises the activities to be undertaken by the team to raise awareness of fraud risks amongst officers, residents and Members to help ensure that the Council's assets are adequately protected.

3.3 Internal Fraud

3.3.1 Internal fraud includes whistleblowing referrals and a range of case types such as staff conduct, financial and procedural irregularities. Proactive work and our review of the National Fraud Initiative (NFI) data-matched reports are covered in the '*Proactive*' section of **Appendix 1**. Internal fraud typically has the fewest referrals in any period but is generally more complex in nature.

3.3.2 With most cases under this category, the team will report to management with any recommendations to improve control and to mitigate future occurrences. It will also liaise with the Internal Audit team for wider consideration in the Internal Audit Plan. Recommendations arising from fraud investigations are followed up with the same rigour as those from Internal Audit.

3.4 Tenancy and Social Housing Fraud

3.4.1 The recovery of social housing properties by Counter Fraud and Investigations has a positive impact upon the temporary accommodation budget and remains a high priority fraud risk for the Council. Whilst this is an external fraud type, it is kept separate to reflect the high priority fraud risk. The counter-fraud activity for 2023-24 is summarised in section 2 of **Appendix 1**.

3.4.2 The team has previously utilised and reported an average notional saving value of £93,000 per property recovered, which is consistent with the formulae used by the Cabinet Office. From 2023-24, the team has adopted a lower notional figure of £42,000 to reflect the notional savings generated from tenancy recoveries. This follows extensive national research concluded in 2021-22 and undertaken by the Tenancy Fraud Forum (TFF) in partnership with the London Boroughs' Fraud Investigators' Group (LBFIG), and supported by the Cabinet Office's National Fraud Initiative, Northern Ireland Housing Executive, Fraud Advisory Panel, CIPFA, CIFAS, the Chartered Institute of Housing and the G15 group of housing associations.

3.5 External Fraud

3.5.1 External fraud includes all external fraud / irregularity that affects the Council. This will include (but is not limited to) fraud cases involving; Blue Badge, Direct Payments, Council Tax, Business Rates, insurance, finance, concessionary travel and grant applications. The counter fraud activity for 2023-24 is summarised in section 3 of **Appendix 1**.

3.6 Proactive and other activity

3.6.1 The team undertakes a broad range of proactive activity based on fraud risk and close working with the Internal Audit team and other stakeholders. This will include NFI data matching reviews, fraud workshops, targeted operations, and other planned fraud risk activity across all service areas. The counter fraud activity for 2023/24 is summarised in section 4 of **Appendix 1**.

4.0 Alternative Options Considered

4.1 N/A

5.0 Stakeholder and ward member consultation and enagement

5.1 As detailed within the report.

6.0 Financial Considerations

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

7.0 Legal Considerations

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

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



Annual Counter Fraud Report 2023-24

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- 3. External Fraud**
(Pages 6-7)
- 4. Proactive and other activity**
(Pages 8-10)

1. Internal Fraud

Internal fraud includes whistleblowing referrals and a range of case types such as staff conduct, financial and procedural irregularities. Internal fraud typically has the fewest referrals in any period but is generally more complex in nature. **Table A** sets out key figures in this area for **2023-24**. The team spent approximately 12% of its time on this fraud type in 2023-24.

27 new referrals were opened during this year from a variety of sources, including whistleblowing (this doesn't include proactive activity that is generated separately by the team). A summary of the main types of allegations received are as follows:

- Breach of financial / other regulations (3);
- Bribery and Corruption (3);
- External offences/conduct by staff (8),
- Conflict of Interest (7), and
- Recruitment irregularities (6).

The volume and type of referrals is consistent with recent years, and the trend suggests the service profile and engagement across the Council continues to be effective. Due to the confidential nature of these type of referrals, it is not appropriate to provide specific details of the allegations or subsequent investigations in this report.

There were also **20** cases concluded during the same period. In **10** of these instances a degree of fraud and/or irregularity was identified, broadly relating to;

- **Theft of cash/assets and/or misappropriation of funds (x2)**
 - in one instance assets were stolen following a break in at one of the council's properties. Recommendations were made to improve security and processes.
 - the other instance related to a misappropriation of funds. Recommendations made to improve controls and security.
- **Conflicts of Interest (x5)**
 - these cases broadly related to undeclared employment and/or business interests.

Table A - Internal Fraud	2023/24	2022/23	2021/22
New Referrals	27	20	24
Closed Cases	20	22	27
Fraud/Irregularity identified*	10	4	6
* Where closed cases do not identify fraud / irregularity, these are recorded as NFA (No Further Action)			

- **Recruitment irregularities (x1)**
 - this related to polygamous employment (multiple contract working).
- **External offences/breaches and/or conduct by staff (x2)**
 - in one instance an agency worker was found to have undisclosed a conviction, which led to termination of their contract.
 - in another instance member of staff was convicted of Blue Badge misuse.

There are currently **12** live investigations at various stages, with **one** of these categorised under whistleblowing (anonymous). Due to the nature of these cases, the team will regularly liaise with management, as appropriate, throughout the investigation to ensure that any issues in relation to controls, processes or organisational risks are addressed.

2. Tenancy and Housing Fraud

The recovery of social housing properties by the team has a positive impact upon the temporary accommodation budget and remains a high priority fraud risk for the Council.

Table B summarises the counter-fraud activity for 2023-24. The team spent approximately 22% of its time on this fraud type in 2023-24.

The total number of fraudulent housing cases concluded in this period was **16**. The total notional value of these cases (applying the value of £42k per property recovered or housing application stopped) is **£672,000**.

In one case, an investigation commenced following a housing needs review in respect of a homeless application. Enquiries found that the applicant had failed declare ownership of a property and residence with their undeclared partner at another property, and the application to be housed as homeless was successfully rejected.

In another case, a referral was received from a Housing Officer who had suspected fraudulent Discretionary Succession application. Enquiries revealed the applicant was linked to the tenancy address; however, the applicant was also the owner of two other properties and had prior links to these addresses. This resulted in the discretionary succession being declined and recovery of the property.

In addition, the team has completed **nine** tenancy verifications during an investigation where fraud was not identified but this helps to mitigate fraudulent Succession and Right to Buy applications.

The number of housing frauds detected and concluded this year is slightly lower when compared to an average of 19 tenancy recoveries over the previous three years (20, 27 and 11). Referrals from Housing Management (HM) have also declined compared over the last two years. Both teams continue to work together to increase the quality and quantity of referrals. Of the **129** referrals opened this year, **32** were from HM teams, which represents 24.8% of the new investigations opened and is consistent with the previous year (22.4%). In comparison, of the **16** successful fraudulent cases concluded this year, **11 (68.75%)** were from direct engagement with HM and the remaining cases from internal proactive work and other housing related teams. This emphasises the importance of receiving good quality referrals from housing staff through their normal engagement with Council tenants and housing applicants.

Table B – Tenancy and Housing Fraud	2023/24	2022/23	2021/22
New cases	129	174	204
Closed cases	161	155	192
Fraud/Irregularity identified*	16	20	27

** Notional value of recovered properties (including Housing and Right to Buy applications stopped, property size reduction and prevention of split tenancy) used for reporting purposes is £42,000. (£93,000 used previously and for concluded cases where a tenancy was recovered before 1st April 2023.)*

There are currently **65** live housing investigations – of these; **15** cases are involved with legal proceedings to recover the property, and a further nine cases have been concluded by the team with a report issued to HM and other Registered Social Landlords that recommends recovery action is instigated. The team works closely with the relevant teams to progress these cases.

The team has provided relevant Housing staff with appropriate access to anti-fraud systems to aid verification of Succession and Right to Buy applications. It continues to assist management in a variety of ways with its ongoing tenancy audit and anti-fraud strategies, which has included fraud risk training and support for staff and tenancy data matching.

3. External Fraud

'External fraud' includes all external fraud / irregularity that affects the Council. This will include (but is not limited to) fraud cases involving; Blue Badge, Direct Payments, Council Tax, Business Rates, insurance, finance, concessionary travel and grant applications.

Table C summarises the counter fraud activity for 2023-24. The team spent approximately 57% of its time on this fraud type in 2023-24.

There have been **300** new cases opened in this period, compared to 224 for the previous year.

Blue Badge allegations made up **75%** of new referrals with the majority of these arising from parking enforcement activities (84%). Other referrals mainly relate to benefits, support, discounts, allowances, grants, theft of client funds and other external allegations.

Blue Badges

There have been **213** successful outcomes this year (where fraud was detected), which is a significant increase compared to the previous year (70). This includes **38 successful prosecutions** (previously 24) and **126 cautions/warnings** (previously 32) issued for Blue Badge fraud. In addition to these outcomes, the cases where appropriate are filed to the Cifas National Fraud Database, which helps to further prevent and detect fraud.

In one case, a child's Blue Badge that had been reported as lost/stolen, had been fraudulently used on a vehicle and falsely claimed a Parking Enforcement Officer had sold him the badge. The defendant attended court and pleaded guilty. The court found that the defendant knew what they was doing and had deprived an 8-year-old child of their badge. The judgement made against defendant was as follows; Fine £576.00, Victim Surcharge £230.00, Costs £1,800.00 – total £2,606.00.

Criminal proceedings and cautions have been instigated (at various stages) with a further **13** live cases. The increase in prosecutions does place a resource challenge for the team to balance its overall capacity across all counter fraud activity. In most cases involving Blue Badge fraud, there are additional time-bar considerations that have to be prioritised to successfully prosecute a case. The team has worked closely with Parking Enforcement to efficiently obtain best evidence and reduce investigation time where possible. This fraud type is clearly prevalent within the borough and ultimately affects genuine users of the Blue Badge scheme.

Table C - External Fraud	2023/24	2022/23	2021/22
New Referrals	300	224	288
Closed Cases	322	197	224
Fraud/Irregularity identified	213	94	67
<i>* Where closed cases do not identify fraud / irregularity, these are recorded as NFA (No Further Action)</i>			

There are currently **72** live External cases, which includes; 50 Blue Badge and 11 Council Tax. Other case types include payments from Adults and Children services, theft of client funds, insurance and grants/support.

In Q1, the team took part in a coordinated London-wide Blue Badge enforcement operation involving multiple local authorities. The team coordinated the operation which included Police and Parking Enforcement teams. A total of 19 badges were checked in Willesden Green, which resulted in one Penalty Charge Notice (PCN) and a Blue Badge seized for unlawful use. A nation-wide operation is planned for Q1 of this year.

In addition, in Q1 the team took part in a Brent only enforcement operation involving multiple teams and assisted by the Police. The operation focussed on Hassop Road NW2 and resulted in 23 Blue Badges inspected, seven PCNs issued including three Blue Badge identified as being reported stolen. The team took part in a similar operation during Q4 that resulted in 17 badges inspected and seven PCNs issued unrelated to Blue Badges. The team have not directly taken part in other enforcement operations and limited its involvement during the year due to other activity and resources being required elsewhere, and because the team continue to train and support parking enforcement staff and have developed clear referral and anti-fraud processes.

Page 43 The theft and supply of stolen Blue Badges appears to be a widespread and increasing problem across all London boroughs. Almost all Blue Badge prosecutions this year relate to badges that were issued by other local authorities. It is not possible to comment with any degree of certainty on the illegal Blue Badge market, as stolen badges are essentially worth whatever someone is willing to pay for them. However, the continued collaboration and joint-working between internal and external partners, means that the Council maintains a zero-tolerance approach to all types of Blue Badge fraud within the borough. This collaboration is currently developing strategies to specifically prevent the physical thefts of badges from vehicles across the borough limiting this impact on borough residents and Police. It should be noted that whilst the strategies being developed should have a positive impact, we do not expect the level of Blue Badge fraud to immediately decrease because most stolen/lost badges identified are issued by other authorities.

4. Proactive and other activity

The team undertakes a broad range of proactive activity based on fraud risk and close working with Internal Audit and other stakeholders.

Activity will include NFI data matching reviews, fraud workshops, targeted operations and other planned fraud risk reviews across all departments to protect the Council from its highest fraud risks.

Table D summarises the counter fraud activity for 2023-24. The team spent approximately 9% of its time on this fraud type in 2023-24.

Table D - Proactive Cases	2023/24	2022/23	2021/22
New Proactive Reviews	131	4	110
Closed Cases	93	47	96
Fraud / Irregularity / Savings identified	3	8	7
Advice / Recommendations	1	1	2
Audit / Risk review	89	46	96

The mandatory data submissions for the National Fraud Initiative 2022 exercise is underway and new data matches were made available from Q4 (2022/23). The team have reviewed the majority of the matching reports, either directly or in conjunction with relevant services, and aim to complete all reviews by end of Q1 2024-25.

89 proactive cases were concluded this year, which included 88 NFI data matching reviews and three Blue Badge related proactive exercises.

One NFI review that has been completed relates to **Council Tax Single Persons Discount (SPD)**. The team worked with the Revenues Service and a third-party solution to undertake a full review all SPD records. NFI matches were cross-matched to the overall SPD caseload. The review resulted in the removal of 2,416 (6.3%) of SPD cases from the full borough SPD caseload. This equates to an annual saving for the council of **£1,129,121.38**. This savings figure is expected to increase when Council Tax Reduction (CTR) is removed or reduced if a household's circumstances are found to have changed since CTR was awarded. An estimate of the total savings, approximately 66% (c. £745,000) can be directly assigned to the matches on the NFI reports. Based on the positive outcomes from this exercise, a further exercise is currently underway which will focus on the NFI related reports.

The Council joined the NFI **London FraudHub** in 2022-23, which was for an initial period of two years. It is modelled on the existing NFI platform and the majority of London councils have joined. The hub allows for more real-time and cross boundary data matching, in addition to bespoke internal data matching. Hub members agreed to start with mortality screening against its Occupational Pension data, seeing immediate results in most cases; during the first year Brent Pensions screening had identified actual savings of £23,037 (with an estimated value of £2,341,714 based on the NFI methodology guidance if the irregularity was not identified). Another notable outcome is **269** live Blue

Badges were identified against deceased records and cancelled, which has a savings value of £175,500 (based on the same NFI methodology). The Cabinet Office has confirmed their values for the council's reported outcomes as follows; 2022/23 = £1,189,847 and 2023/24 = £3,310,035. Based on the success of the first two years, consideration is being given for continued membership.

During Q4, a successful pilot exercise relating to polygamous employment was undertaken utilising payroll and agency data from across all hub members. This type of conflict of interest is an emerging threat and is becoming increasingly more prevalent across all sectors in recent years, and which presents reputational and security risks. The exercise has generated 44 matches, which the team are reviewing and working closely with management and HR where enquiries reveal undeclared employment.

As FraudHub members, the council receives unlimited and free access to another application called **AppCheck**, which is also part of the NFI platform. It is primarily a screening tool and the team envisage it being a verification tool for various service teams across the council. The team is currently testing the system with two Housing Needs teams, to pilot use and monitor effectiveness. Further information on the FraudHub and AppCheck can be found [here](#) and the published Cabinet Office fees can be found [here](#).

The team also participated in **Fraud Awareness Week**, which is an international campaign that seeks to promote the importance of anti-fraud awareness and education. The team delivered a number of activities that including fraud awareness sessions, an information point in the foyer of the Civic Centre, a confidential advice and referral clinic, plus various communications including all-staff message, Yammer posts with case studies and flyers to highlight the period. Fraud awareness sessions with specific groups such as School Business Managers and Council DMTs were also undertaken, and CMT were asked to help promote across their departments, leading additional sessions.

The Council have now full membership access to the **Insider Threat Database** (ITD), formerly the Enhanced Internal Fraud Database, that has been developed and maintained by CIFAS (a not-for-profit UK fraud prevention service). The ITD is a repository of fraud risk information that can be used to reduce exposure to fraud and other irregular conduct and inform decisions according to risk appetite. This system is focussed on employee fraud and recruitment controls. The system will enable the Council to have additional assurance around agency and permanent recruitment and provide the team with additional resource when conducting internal investigations. The team and Cifas have worked with HR and Recruitment / Comensura to ensure the new system and vetting protocols went live on 1st November, and which applies to all recruitment. The team manages the new vetting protocols for agency staff, whilst Recruitment manage it as part of existing permanent recruitment onboarding. A summary of activity to 31st March is summarised below.

	Total searches	Positive matches	Employment status
Agency Staff	185	3	2 declined
HR Recruitment	189	3	1 declined

Annual Counter Fraud Plan 2024-25

A. Introduction and Objectives

The objective of the Counter Fraud Plan is to ensure that the resources of the Counter Fraud Team are effectively targeted and deployed to prevent and detect fraud. The plan is underpinned by the [Anti-Fraud and Bribery Policy](#) and the [Whistleblowing Policy](#), which set out the approaches and strategies that have been developed and established to tackle fraud and corruption.

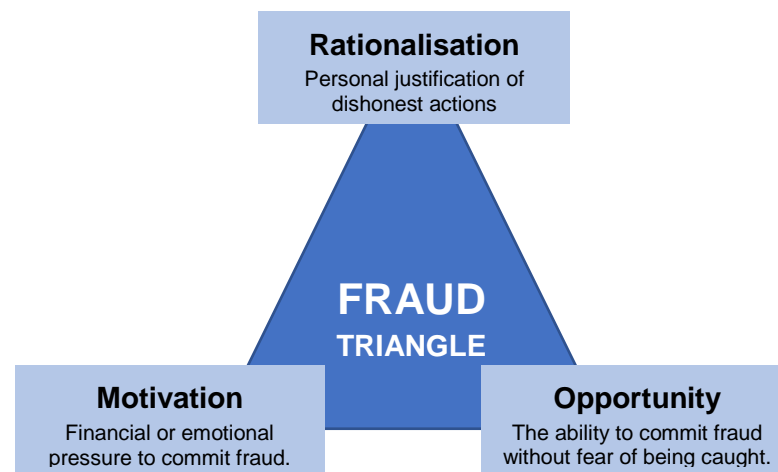
The plan is also prepared in consideration with the [Fighting Fraud and Corruption Locally Strategy](#), produced by the Fighting Fraud and Corruption Locally initiative, a partnership between local authorities and key stakeholders.

B. Background and Context

All local authorities continues to face a significant fraud challenge. The tackling of fraud therefore remains a high priority to ensure that every penny is invested in delivering high quality services to residents.

In recent times, the impacts of the Covid-19 pandemic and the cost of living crisis have further exacerbated the challenges the Council faces from fraud and corruption. Combined with the continued pressure and strain on the Council's resources, this has continued to create an ideal environment for fraudulent activity where all elements of the 'fraud triangle', in which fraud thrives, have been heightened.

The increased risk of fraud is therefore clear, and as a Council we must ensure that we remain proactive in looking for and identifying fraud, whilst embedding a counter fraud culture at the heart of the organisation.



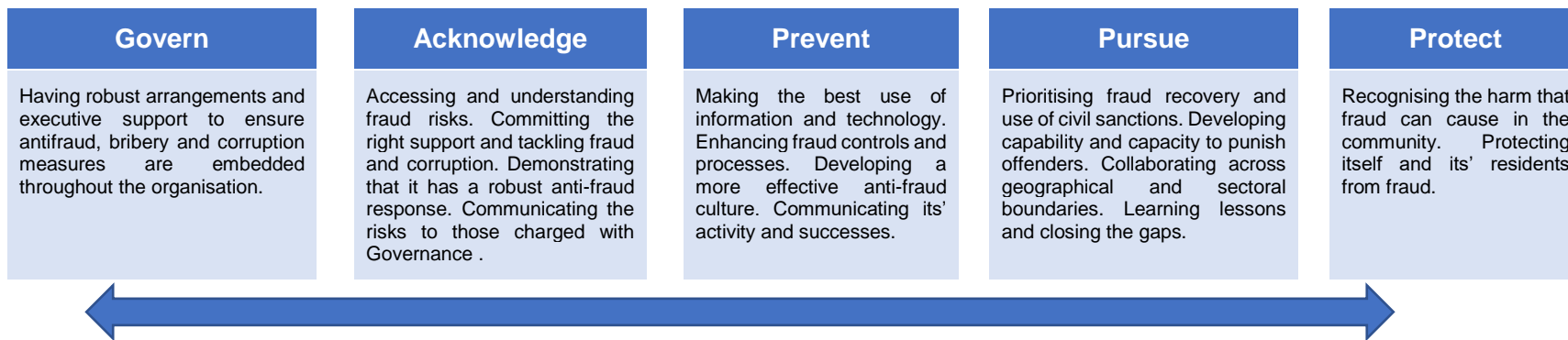
Appendix 2

C. Approach

The Council takes a well-developed approach to tackling fraud and corruption. A best practice and proactive approach is to tackle fraud through a combination of prevention and detection activities. The work of the Counter Fraud Team is therefore split accordingly between reactive and proactive activity.

- **Reactive activity** - largely comprising of referrals to the team in relation to internal, housing or external fraud types. All fraud referrals are subject to a robust risk assessment to ensure that resources are targeted and utilised effectively and efficiently
- **Proactive activity** - generated from within the team in response to a range of known and/or emerging fraud risks, and also incorporates issues flagged by the Internal Audit service. Proactive activities include data matching reviews, fraud workshops, targeted operations and other planned fraud risk reviews across all service areas.

Our approach and strategy is also aligned with the following five pillars set out within the [Fighting Fraud and Corruption Locally Strategy](#):



Appendix 2

D. Counter Fraud Plan 2024-25

For 2024-25 the Counter Fraud Plan, resources will be allocated and prioritised across the following fraud types.

Fraud Type	Description
Housing	<p>Housing remains a key fraud risk area and includes:</p> <ul style="list-style-type: none"> ▪ unlawful subletting; ▪ non-residency; ▪ successions / false assignments; ▪ housing/homeless applications: and ▪ Right to Buy. ▪ Proactive work, including involvement with 'Gas Forced Entries', succession applications and Right to Buy applications for council tenancies.
Internal/ Whistleblowing	<p>Internal fraud includes whistleblowing referrals and a wide-range of case types</p> <ul style="list-style-type: none"> ▪ Breach of financial / other regulations; ▪ Bribery and corruption; ▪ Fraudulent claims / allowances; ▪ External offences/conduct by staff; and ▪ Recruitment irregularities.
External	<p>External fraud' includes all external fraud / irregularity that affects the Council. This will include (but is not limited to) fraud cases involving:</p> <ul style="list-style-type: none"> ▪ Payments; ▪ Blue Badge; ▪ Direct Payments; ▪ Council Tax/ Business Rates; ▪ Insurance; ▪ Finance, concessionary travel and grant applications.
Proactive	<p>Proactive activities include data matching reviews, fraud workshops, targeted operations based on known intelligence, and other planned fraud risk reviews across all service areas.</p> <p>A proactive plan for 2024/25 will identify and cover the key risk areas for the council based on known intelligence and perceived risks, and in conjunction with Internal Audit, FFCL Strategy, and input from key stakeholders.</p>


Appendix 2

E. Fraud Awareness Plan

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

The plan, as set out below, will be reviewed each quarter and amended accordingly.

Activity	Description
Policies and Procedures	Maintain and update anti-fraud policies on intranet and internet pages including related content.
E-Learning	Maintain, update and facilitate the e-learning module for new starters and existing staff.
Fraud Risk and Awareness Workshops	Deliver fraud awareness sessions / workshops across council service areas, schools and other stakeholders.
Technology	Consider, evaluate and introduce cost-effective new technologies to prevent / detect fraud.
Consultancy and Advice	To work in collaboration with and provide consultancy and advice to all of the Council to develop and implement better controls to prevent and detect fraud.
Publicity	Utilise internal and external communication channels to promote Brent's zero-tolerance approach to fraud and corruption. To also use these channels as a means of reporting successful fraud outcomes, where appropriate.

 Brent	Audit and Standards Advisory Committee 12 June 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance, & Resources (Councillor Mili Patel)
Internal Audit Annual Report 2023-24	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	Two: Appendix 1: Internal Audit Annual Report 2023-24 Appendix 2: Internal Audit Charter
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Darren Armstrong Deputy Director Organisational Assurance and Resilience 020 8937 1751 Darren.Armstrong@brent.gov.uk

1.0 Executive Summary

- 1.1. This report summarises the activity of Internal Audit for the financial year 2023-24, including an update on work completed since the previous updated provided in December 2023.
- 1.2. The report is intended to support CMT and the Audit and Standards Advisory Committee in obtaining assurance that the Council has a sound framework of governance, risk management and internal control. It does this by summarising delivery of the Internal Audit plan, highlighting areas where recommendations have been made, and commenting on the level of implementation of audit recommendations by management.
- 1.3. The report also provides the Annual Internal Audit opinion, provided by the Deputy Director Organisational Assurance and Resilience (as the Head of Internal Audit), on the adequacy and effectiveness of the Council's framework

for governance, risk management and control, which is used to support the Council's Annual Governance Statement.

- 1.4 The report also presents the revised Internal Audit Charter, reflecting a recent change in the role of the Head of Internal Audit.

2.0 Recommendation

- 2.1 The Committee is asked to:

- a) note the outcomes of the internal audit work completed in 2023-24;
- b) note the Annual Internal Audit opinion on the adequacy and effectiveness of the Council's framework for governance, risk management and control;
- c) note the revised Internal Audit Charter and to confirm this accurately reflects the Committee's understanding and expectations of the internal audit function.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 The role and mission of the Internal Audit function is to enhance and protect organisational value by providing risk-based and objective assurance, advice and insight. Internal Audit helps the Council to accomplish its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of the governance, risk management and control processes in place.

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

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's Internal Audit function is delivered in accordance with the Accounts and Audit Regulations 2015 and the Public Sector Internal Audit Standards (PSIAS). The PSIAS set out the requirements for public sector internal auditing and encompasses the mandatory elements of the Institute of Internal Auditors (IIA) International Professional Practices Framework.

3.2.2 Both the Accounts and Audit Regulations 2015 and the PSIAS require the Head of Audit to provide an annual opinion on the overall adequacy of the Council's

framework of governance, risk management and internal control that can be used by the Council to inform its governance statement.

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

3.2.3 The Head of Audit's opinion is underpinned by the work undertaken by Internal Audit. To this end, the work performed by Internal Audit in 2023-24 was in accordance with the plan agreed by CMT and the Audit and Standards Advisory Committee in March 2023. The 2023-24 plan was developed to provide assurance against key risk areas that may threaten the achievement of the Council's corporate objectives and priorities. It was drafted from a number of sources including the Council's strategic risk register, an Internal Audit risk assessment, audit plans of other local authorities, intelligence from previous audits, and CIPFA good governance guidelines. The plan also sought to provide continued assurance over the Council's key systems and processes, including key financial systems, and areas where senior management has requested independent assurance.

3.3 **Annual Report 2023-24**

3.3.1 The Internal Audit Annual Report for 2023-24 is found at **Appendix 1**, and covers the following sections:

- Section 2 – Internal Audit Independence and Objectivity
- Section 3 - Delivery of the 2023-24 Internal Audit Plan
- Section 4 – Summary of risks/issues identified
- Section 5 - Follow-up activity
- Section 6 - Head of Internal Audit Opinion
- Section 7 - Quality Assurance and Improvement Plan
- Appendices:
 - A. Status and delivery of the 2023-24 Plan
 - B. Summary of audits completed in Q3-4 2023-24
 - C. Summary of follow-up activity
 - D. Overdue actions(high and medium risk)

3.4 **Internal Audit Charter**

3.4.1 In accordance with the Public Sector Internal Audit Standards (PSIAS), and the pending Global Internal Audit Standards that are due to come into force in January 2025, the Head of Internal Audit must develop and maintain an Internal Audit Charter that specifies the internal audit function's:

- Purpose of Internal Auditing;
- Commitment to adhering to the Standards;

- Mandate, including scope and type of services to be provided, and the expectations regarding management's support of the internal audit function; and
- Organisational position and reporting relationships.

3.4.2 Owing to a recent senior management re-alignment, the Charter has been updated to reflect a change in the Head of Internal Audit's role (now the Deputy Director Organisational Assurance and Resilience) and additional areas of responsibility. To this end, the Charter, as seen at **Appendix 2**, describes how the organisational independence of the Internal Audit function will continue to be preserved and safeguarded in light of the changes. Furthermore, a structure chart has also been included to demonstrate how the functional and administrative reporting lines of the Head of Internal Audit preserve independence.

3.4.3 In accordance with the standards, the proposed charter must be presented to the Committee to confirm that it accurately reflects their understanding and expectations of the internal audit function.

4.0 Stakeholder and ward member consultation and engagement

4.1 None.

5.0 Financial Considerations

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

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

9.1 None.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources

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Internal Audit Annual Report

2023-24

1. Introduction

- 1.1 This report outlines the work undertaken by Internal Audit in respect of delivery of the 2023-24 Internal Audit Plan.
- 1.2 The report is intended to support the Corporate Management Team (CMT) and the Audit and Standards Advisory Committee in obtaining assurance that the Council has a sound framework of governance, risk management and internal control. It does this by summarising delivery of the Internal Audit plan, updating on the performance of the function, highlighting areas where high priority recommendations have been made and commenting on the level of implementation of audit recommendations by management.

2. Internal Audit Independence and Objectivity

- 2.1 The Public Sector Internal Audit Standards (PSIAS) requires that the internal audit function must be independent and internal auditors must be objective in performing their work. To this end, the “Chief Audit Executive” (Head of Internal Audit) must confirm, at least annually, that the organisational independence of the internal audit function has been preserved.
- 2.2 The Deputy Director, Organisational Assurance and Resilience (Head of Internal Audit hereafter) is therefore pleased to report that there have been no actual or perceived threats to the independence and objectivity of the Internal Audit function in relation to the work carried out to deliver the 2023-24 internal audit plan. The Head of Internal Audit and all internal auditors have continued to receive unfettered access to CMT, senior management, officers and all information/records necessary to undertake our work. The internal audit function was subject to an External Quality Assessment (EQA) in 2022-23, which identified no concerns regarding the independence or objectivity of the function.
- 2.3 The PSIAS also requires that the Head of Internal Audit must report to a level within the organisation that allows the internal audit function to fulfil its responsibilities. The Head of Internal Audit reports directly into the Corporate Director Finance and Resources (S151), and functionally to CMT and the Audit and Standards Advisory Committee. In line with usual practice, the Head of Internal Audit also continues to have direct and unfettered access to the Chief Executive and the Chair and Vice-Chair of Audit and Standards Advisory Committee.

3. Delivery of the 2023-24 Plan

- 3.1 A risk-based Annual Internal Audit Plan for 2023-24 was approved by CMT and Audit and Standards Advisory Committee in March 2023. The plan originally included a total of 32 audits, excluding follow-up reviews, school audits and advisory work. In addition, 10 audits were carried forward from 2022-23.
- 3.2 As in previous years, the plan remained fluid and was adjusted in-year, in consultation with senior management and auditees, to ensure that the plan

continued to provide assurance against high-risk areas and to respond to any new or emerging risks/issues. To this end, eight audits were cancelled/deferred, and an additional six audits were added to the plan.

- 3.3 A summary of the performance against the 2023-24 Internal Audit Plan is shown in the below table. A more detailed summary of the status and outcome of each audit review can be seen at **Appendix A**.

Summary of Internal Audit Activity <i>(as at 30 April 2024)</i>	Number	%
❖ Audits included in the 2023-24 plan	32	
❖ Audits carried forward from 2022-23	10	
❖ (Audits cancelled/deferred)	(8)	
❖ Additional audits added to the plan	6	
❖ Total planned engagements for 2023-24	40	
- Completed	32	80%
- Draft report stage	2	5%
- Fieldwork completed	3	7.5%
- In progress	3	7.5%

- 3.4 **The following six audits remain in progress.** It is anticipated that these will be completed by end Q1 2024-25, with outcomes reported to the Audit and Standards Advisory Committee in 2024:

- Discretionary Housing Payments (fieldwork completed)
- True Compliance (fieldwork completed)
- Direct Payments - Adults (fieldwork completed)
- Procurement (in progress)
- Public Health Contract Management (in progress)
- Parking Services – permits (in progress)

- 3.5 **The following four audits have been carried forward** and will now be incorporated into Internal Audit's risk assessment and planning process for considered for completion in 2024-25:

- Section 106/Community Infrastructure Levy
- Starters and Leavers (now part of larger Recruitment review)
- Recruitment and Retention
- RLS Programme Closure

- 3.6 **The following four audits were cancelled** (in agreement with senior management and auditees).

- Performance Reporting
- Project Management (Property)
- Emergency Planning/Business Continuity
- Resident Support Fund

School Reviews

- 3.7 A programme of school audits is undertaken to provide assurance over the key governance arrangements and financial management controls in place within individual schools. Seven school audit reviews were scheduled to be carried-out as part of the 2023-24 plan. As of 30 April 2024 three reviews have been completed.
- 3.8 Management also requested Internal Audit to carry out a review of the Brent Music Service with the objective to provide assurance on the effectiveness and robustness of the Council's arrangements for management and monitoring of the Music Service. This review is currently at draft report stage.

Advisory Work

- 3.9 Internal Audit continue to carryout consultancy and advisory work where required or requested. During the year, various pieces of advisory work have been undertaken, including:
- Nursery Education Grant (NEG2) Overpayment
 - Alternative Provision Grant Brent River College
 - Adult Social Care Supported Living
 - Barham Park High-level consultancy review
 - Parks Invoicing
 - Cemetery Fees and Charges.
- 3.10 Internal Audit has also continued to carry out quarterly verification work for the Supporting Families Programme grant.

4. Summary of Risks/Issues Identified

- 4.1 For each review undertaken, where gaps or weaknesses in the design and operation of controls are highlighted, or where opportunities for the further improvement/optimisation of controls are identified, recommendations are raised and agreed with management.
- 4.2 Findings and issues raised by Internal Audit (and therefore the resulting recommendations) are graded in terms of the associated level of risk. An indication of the level of assurance and confidence provided from an audit review is therefore gained by examining the number and level of issues identified.
- 4.3 The following definitions are used to inform these ratings:

Critical	A finding that could have a: critical impact on operational performance; critical monetary or financial statement impact; critical breach in laws and regulations that could result in material fines or consequences; and/or a critical impact on the reputation or brand of the organisation which could threaten its future viability.
High	A finding that could have a: significant impact on operational performance; significant monetary or financial statement impact;

	significant breach in laws and regulations resulting in significant fines and consequences; and/or a significant impact on the reputation or brand of the organisation.
Medium	A finding that could have a: moderate impact on operational performance; moderate monetary or financial statement impact; moderate breach in laws and regulations resulting in fines and consequences; and/or a moderate impact on the reputation or brand of the organisation.
Low	A finding that could have a: minor impact on the organisation's operational performance; Minor monetary or financial statement impact; minor breach in laws and regulations with limited consequences; and/or a minor impact on the reputation of the organisation.

4.4 For work undertaken as part of the 2023-24 plan, Internal Audit raised a total of 84 issues. The below table summarises these against the four risk categories:

Summary of risk issues raised:	2023-24	%	2022-23 Comparator	%	2021-22 Comparator	%
Total issues raised:	100		108		72	
Critical risk	0	0%	0	0%	0	0%
High risk	28	28%	17	16%	10	14%
Medium risk	54	54%	70	65%	49	68%
Low risk	18	18%	21	19%	13	18%

4.5 2021-22 and 2022-23 figures have also been provided above for comparison purposes. However, whilst an increase or decrease in the number of risk issues raised per category may indicate an improvement or deterioration in the Council's internal control environment; there may also be a number of other factors behind this, including variations between the number and/or type of audit reviews that were completed in each year. As this table expands to incorporate additional years, senior management and the Audit and Standards Advisory Committee will be able to track and monitor trends across a wider period.

4.6 In December 2023 the Audit and Standards Advisory Committee received an internal audit progress report summarising completion of work against the agreed plan. As part of this update, details of any critical, high or medium risk issues raised was provided, alongside the responses and actions agreed by management/auditees. For audits completed since November 2023, a summary of issues identified (high and medium risk) and agreed with management can be seen at **Appendix B**.

5. Follow-up Activity

- 5.1 Agreed recommendations and actions emanating from all planned audit work is subject to follow-up to ensure that agreed actions have been implemented.
- 5.2 During 2023-24, 18 follow-up reviews were completed, which sought to evidence that 163 actions had been implemented as agreed. Outcomes are summarised in the table below. A further nine follow up reviews are currently in progress.

Implementation Status	High Risk	Medium Risk	Low Risk
Total Actions:	23	122	18
Implemented:	11	54	10
Partially Implemented:	8	34	3
Not Implemented:	4	34	5
No longer relevant/superseded:	0	0	0

- 5.3 Follow up reviews identified that 46% of agreed actions were implemented by their original due date. 28% were partially implemented and 26% were not implemented.
- 5.4 Further details relating to the follow-up activity undertaken in 2023-24 can be seen at **Appendix C**. It should be noted that follow-up outcomes included in this appendix are reported as at the time of concluding the follow-up review. As a result, owing to the time that may have elapsed since, the rate of implementation may have since changed. Internal Audit continue to review implementation of recommendations with Management, and in line with usual practice, will report any instances of persistent non-implementation of recommendations to the Committee.

Overdue actions

- 5.5 Where actions are found to remain partially or not implemented at follow-up, revised target dates are agreed with management. Outstanding actions are then monitored and reported via departmental 'action trackers', which are reported to Departmental Management Teams on a quarterly basis. These trackers contain all actions relating to audits or follow-up work completed since 2022-23, including those that may not yet be due for implementation, or where a follow-up is in progress.

5.6 In order to identify actions as 'overdue', the following criteria is applied:

- a) Internal Audit has undertaken/completed a follow-up review;
- b) The actions were assessed as being partially or not implemented; and
- c) The revised target implementation date has elapsed.

5.7 Using the above criteria, we can report the following position of overdue actions as of 30 April 2024:

Number of actions overdue (past revised target dates) <i>as of 30 April 2024:</i>	15	
Critical risk	0	0%
High risk	3	20%
Medium risk	11	73%
Low risk	1	7%

Details of each of the High/Medium overdue actions can be found in **Appendix D**.

5.8 It should be noted that this is a live and ongoing process, and therefore the position of overdue actions changes on a daily/weekly basis. Internal Audit continues to liaise with management to close all outstanding actions. Engagement with management continues to be positive, and any issues regarding the persistent non-implementation of actions will be raised with the Audit and Standards Advisory Committee as appropriate.

6 Head of Internal Audit Opinion

6.1 The Head of Internal Audit (HIA) is required to provide an annual opinion and report that can be used by the Council to inform its governance statement. The relevant standards require that the annual opinion must conclude on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. In addition, CIPFA's guidance on the '*Role of the Head of Internal Audit in Public Service Organisations*' requires that the Head of Internal Audit's overall opinion is objective and supported by sufficient, reliable, relevant, and useful information and evidence.

6.2 The following four ratings and definitions have been devised to assist with forming and articulating the HIA annual opinion:

Substantial Assurance	The overall arrangements for the Council's systems of internal control, risk management and governance are sound. Any improvement or enhancement recommended relates to best practice only.
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Reasonable Assurance	The adequacy and effectiveness of the overall arrangements for the Council's systems of internal control, risk management and governance are adequate, with some improvement required.
Limited Assurance	The adequacy and effectiveness of the overall arrangements for the Council's systems of internal control, risk management and governance are limited. There are a number of significant weaknesses that may put the achievement of key objectives at risk.
No Assurance	There are fundamental weaknesses within the Council's systems of internal control, risk management and governance, which jeopardise the achievement of key objectives.

6.3 The HIA opinion in relation to the financial year 2023-24 is:

Reasonable Assurance	The adequacy and effectiveness of the overall arrangements for the Council's systems of internal control, risk management and governance are adequate, with some improvement required.
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6.4 The information and evidence supporting this opinion is set out in the paragraphs below.

Scope

6.5 The HIA opinion is primarily supported by the delivery of the 2023-24 Internal Audit plan (the plan), which was agreed by the Council Management Team and the Audit and Standards Advisory Committee in March 2023. It is provided for consideration in the Council preparing its Annual Governance Statement for 2023-24, which is published alongside its financial statements for the year ended 31 March 2024.

6.6 In considering the HIA opinion, the following limitations should be recognised:

- the plan does not purport to address all risks facing the Council, and instead represents a deployment of limited audit resource. The Council Management Team and the Audit and Standards Advisory Committee acknowledged these limits in approving the plan;
- Assurance can never be absolute and neither can internal audit work be designed to identify or address all weaknesses that might exist;
- The responsibility for maintaining adequate and appropriate systems of internal control resides with management, and not Internal Audit.

Reliance on work undertaken

6.7 The 2023-24 plan was aligned to the Council's Strategic Risk Register and corporate priorities. In addition, Internal Audit undertook an independent risk

assessment and consulted with senior management to identify significant risks and to gain an understanding of the Council's assurance needs. As a result, the audits included on the plan focussed on areas with a high assurance requirement.

- 6.8 In-year, the plan has been delivered by a skilled and experienced in-house team, supported and complemented through the use of a co-sourced provider, PwC, who provide access to skills and specialisms, including IT audit. As detailed in section 7 of this report, Internal Audit was subject to an External Quality Assessment in 2022-23, which evidenced and confirmed conformance with the Public Sector Internal Audit Standards.
- 6.9 No specific reliance has been placed on external sources of assurance in forming the HIA opinion.
- 6.10 As reported in section 2 above, there have been no actual or perceived impairments to the independence or objectivity of the HIA or Internal Audit function.

Basis of opinion

- 6.11 The HIA opinion is supported by the wider contents of this report. A total of 37 reviews have been delivered in-year, including seven reviews that sought to provide assurance on the effectiveness of the controls and mitigating actions in place pertaining to the Council's strategic risks. A further five audits focussed on the effectiveness and robustness of the Council's key financial systems. In addition, a number of audits also focussed on providing assurance over key departmental and service level risks (as indicated within departmental risk registers).
- 6.12 No critical risk issues/concerns were identified in delivery of the plan. 26 high-risk issues have been raised within individual audit reviews, which is a slight increase from 2022-23; however, in the main, where weaknesses were identified during individual audits, these were not considered to be significant, in aggregate, to the Council's overall governance arrangements and system of internal control.
- 6.13 A number of pieces of unplanned/additional work was also undertaken at the request of management. This demonstrates a willingness on the part of management to proactively seek Internal Audit advice in relation to the improvement of controls and risk management, outside the delivery of the audit plan.
- 6.14 Internal Audit has also continued to closely and robustly monitor management's implementation of recommendations and actions arising from audit reviews. Each audit completed is subject to a thorough follow-up review, with outcomes reported to senior management and the Audit and Standards Advisory Committee, including where actions have been partially implemented and revised target dates set. In addition, overdue actions are also reported routinely

to departmental and corporate management teams, highlighting where actions have not been implemented past their revised target dates.

- 6.15 The section below under 'Areas for Improvement' identifies that the rate of implementation of audit actions has fallen in 2023-24. Whilst this is disappointing and a matter of concern in itself, this has not led to a more negative level of opinion provided by the HIA in 2023-24, primarily owing to the arrangements and willingness in place at a corporate level to actively review and scrutinise the outcomes of internal audit work (including follow-up activity). Furthermore, as reported in section 5.7, the number of audit actions classified as 'overdue' is low with 15 actions overdue at 30th April 2024, three of which are high risk. This suggests that the issue is in the implementation of actions within their *original* and agreed target dates, as opposed to there being a significant number of actions that remain not implemented. This issue has therefore been raised as an area where improvement is required within 2024-25.

Other considerations

- 6.16 In addition to the outcomes of the 2023-24 plan, in reaching the HIA opinion, the following was also considered:
- The HIA is satisfied that the Council's framework of governance for the year ended 31 March 2024 complies in all material respects with guidance on proper practices as set out the CIPFA/SOLACE publication "Delivering Good Governance in Local Government (2016)".
 - The Council's risk awareness and risk culture has continued to improve in 2023-24. Overall, there is a good awareness of the Council's risk management framework and strategic risks, although further work is necessary to enhance the quality and completeness of risk registers at a departmental and service level.
 - The role of the Assurance Board, which was set up in 2023, and how this has contributed to improving the effectiveness of the robustness and effectiveness of the Council's governance, risk and internal control environment by receiving reports on a range of governance and assurance related matters in-year.

Areas for improvement

- 6.17 In determining the annual opinion, the HIA has considered any key themes or issues emanating from audit work undertaken in 2023-24, and/or any areas where enhancements can be made to the Council's governance, risk management and internal control frameworks. The following observations are made:

Implementation of audit recommendations/actions

- 6.18 In 2022-23 the HIA opinion identified an area for improvement in 2023-24 was in relation to the implementation of audit actions to ensure that the risks identified and emanating from internal audit work are appropriately mitigated.

As shown in the table below, the rate of implementation of audit actions has fallen in 2023-24:

Implementation of audit actions within agreed timescales								
	Previous Year - 2022-23				Current Year - 2023-24			
	H	M	L	Total	H	M	L	Total
Total Actions	41	100	32	173	23	122	18	163
Implemented	32 (78%)	69 (69%)	17 (53%)	118 (68%)	11 (48%)	54 (44%)	10 (56%)	75 (46%)
Partially Implemented	7 (17%)	27 (27%)	14 (44%)	48 (28%)	8 (35%)	34 (28%)	3 (16%)	45 (28%)
Not Implemented	2 (5%)	4 (4%)	1 (3%)	7 (4%)	4 (17%)	34 (28%)	5 (28%)	43 (26%)

6.19 Whilst there are a number of caveats and limitations in comparing the implementation of actions from year-to-year, as shown in the table above the rate of implementation of all audit actions (high, medium and low risk combined) within originally agreed timescales has fallen significantly from 68% to 46%. Furthermore, the rate of implementation of high risk actions has also fallen from 78% in 2022-23 to 48% in 2023-24.

6.20 The level of audit actions not implemented within original timescales has also significantly increased in terms of both a number and percentage of total actions, with 43 (26%) actions not implemented in-year compared to 7 (4%) in 2022-23. It is acknowledged that things can happen that may prevent actions from being implemented within original timescales, and it is accepted that some slippage will occur. However, this does not explain this level of increase in non-implementation and it must therefore be attributable to a number of other factors, including the importance that is placed on implementing audit actions at an operational level. This view is further reinforced by the fact that as at 30th April 2024, only 15 actions are classified as overdue (actions not implemented past their revised target dates), which suggests that in some instances, actions are only implemented once details of non-implementation are reported to and scrutinised at a corporate level.

6.21 It is the view of the HIA that this is an area where improvement is required within 2024-25

'Second line' gaps in control

6.22 The HIA has previously reported that where *gaps* in control were identified by Internal Audit (as opposed to the effectiveness of the operation of controls), these were generally found to be in relation to the Council's 'second line' (of defence). In brief, the 'first line' is the provision of services and the application of an internal control framework to manage associated risks; and 'second line' responsibilities include the monitoring, reporting and challenge of the

effectiveness of 'first line' functions. The 'third line' is the independent and objective assurance provided by Internal Audit.

- 6.23 In work carried out during 2023-24, Internal Audit noted that there have been a number of enhancements to the Council's monitoring, reporting and challenge of first line controls at a corporate level. For example, the implementation of the new performance management framework and balanced score card approach, and the broadening of the scope of the Brent Assurance Board.
- 6.24 Despite these improvements, Internal Audit has continued to identify 'second line' gaps at departmental and operational levels. Internal Audit continues to report these gaps as part of routine updates brought to CMT and the Audit and Standards Advisory Committee.

Conclusion

- 6.25 In summary, the Head of Internal Audit is satisfied that the work undertaken by Internal Audit during 2023-24, as well as wider governance arrangements, has enabled an opinion to be formed on the Council's control framework, risk management and governance arrangements.
- 6.26 Internal Audit will continue to monitor the issues identified above and, where relevant, will provide support and guidance to help aid improvements.

7 Quality Assurance and Improvement Programme

- 7.1 The PSIAS require the HIA to develop and maintain a quality assurance and improvement programme (QAIP) that covers all aspects of internal audit activity. Internal Audit has therefore developed a QAIP that is designed to provide reasonable assurance to the various stakeholders of the service that Internal Audit:

- performs its work in accordance with the PSIAS (including the Definition of Internal Auditing and Code of Ethics) and the CIPFA Statement on the role of the Head of Internal Audit;
- operates in an effective and efficient manner;
- is perceived by stakeholders as adding value and continually improving its operations; and
- undertakes both periodic and on-going internal assessments, and commissions an external assessment at least once every five years.

External Assessments

- 7.2 The PSIAS require an external quality assessment (EQA) be undertaken at least every five years. As reported to the Audit and Standards Advisory Committee in February 2023, a review of Internal Audit's performance at the London Borough of Brent was undertaken in January 2023. The next EQA will be due in 2028.






- 7.3 The assessment found that the Internal Audit Service **Generally Conforms** with the PSIAS, which is the highest available level of assessment for local authorities.
- 7.4 Overall, the assessors commented that Internal Audit is a well led, professional and respected service that adds value and provides evidence based, reliable assurance over the Council's governance, risk management and internal controls. The full report can be seen [here](#).

Internal Assessments

- 7.5 In accordance with the PSIAS, internal quality and performance assessments are undertaken through both on-going and periodic reviews. On-going assessments are conducted as a matter of course, in-line with the service's protocols and audit methodology. These assessments include management supervision of audit activity, the application of a consistent audit methodology across audits, regular 1:2:1s between audit management and auditors to review and monitor performance, and the review and approval of all outputs by the Audit Manager and HIA.
- 7.6 Regular periodic assessments are also undertaken during the year to monitor and measure the impact of, and value added by the delivery of the annual audit plan. A key aspect of these assessments comprises of the quarterly progress reports presented to the Audit and Standards Advisory Committee, which summarise progress against the annual plan and key outcomes of audit activity. Furthermore, an annual assessment is undertaken in drafting the annual audit plan, which is aligned to the Council's Strategic Risk Register to ensure that the work of internal audit centres around the key risks that threaten the achievement of corporate objectives.
- 7.7 Other periodic assessments include (but are not limited to):
- annual self-assessments to ensure conformance with the PSIAS;
 - regular feedback from senior management and Council Management Team
 - benchmarking with other London Borough internal audit services, via the Cross Council Assurance Service and London Audit Group.
- 7.8 In summary, the Head of Internal Audit is confident that the Internal Audit function has continued to comply and conform with the PSIAS during 2023-24.

Key Performance Indicators

7.9 To complement and inform the ongoing and periodic assessments detailed above, Key Performance Indicators (KPIs) have been defined to measure the performance of the internal audit service. Achievement scores against each of these KPIs for 2023-24 are set out in the table below:

KPI	Details	Achievement (RAG)	Comments
KPI1	90% of the Annual Internal Audit Plan completed by 31 March (conclusion of fieldwork)	 Partially Met	79% of Plan completed by 31 March.
KPI2	100% of the Annual Internal Audit Plan completed by 30 April (conclusion of fieldwork)	 Partially Met	90% of Plan completed by 30 April.
KPI3	100% acceptance of all Critical and High-risk recommendations	 Met	100% acceptance of all High-risk recommendations (no Critical recommendations).
KPI4	Follow-up of all Critical and High-risk recommendations within (at least) 12 months of the final report being issued.	 Met	18 follow ups completed and 9 in progress. 100% of recommendations followed up within 12 months of final report.
KPI5	90% of client satisfaction surveys rated the service as good or better.	 Met	2 forms returned, both rated service as good or better.

Appendix A – Status and delivery of 2023-24 Plan

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
<p>Capital Programme</p> <p><i>A risk-based review to provide assurance over the effectiveness of the controls in place for the Council's approach and methodology to Capital Programme.</i></p>	Completed	-	1	-	<p>Outcomes reported to the Committee in November 2023.</p> <p><i>The Medium Risk action has since been implemented.</i></p>
<p>Key Financial Controls – Payroll</p> <p><i>A risk-based review to provide assurance over the design and operating effectiveness of the Council's key financial controls relating to payroll.</i></p>	Completed	2	2	-	<p>Outcomes reported to the Committee in November 2023.</p> <p>The high-risk issues related to:</p> <ol style="list-style-type: none"> 1. an over-reliance on line managers approval within the leavers process; and 2. The processing of overtime payments. <p><i>The follow up review is currently in progress.</i></p>
<p>Financial Strategy /Savings Programme</p> <p><i>A risk-based review to provide assurance on the processes and risks associated with the Medium-Term Financial Strategy (MTFS) and Savings Programme, with specific focus on governance and reporting and delivery plans.</i></p>	Completed	-	1	2	<p>Outcomes reported to the Committee in November 2023.</p> <p><i>Follow up completed – three medium actions remain partially implemented.</i></p>
<p>Family Wellbeing Centres</p> <p><i>A risk-based review to provide assurance on the relevant risks and implemented controls within Family Wellbeing Centres.</i></p>	Completed	-	3	1	<p>Outcomes reported to the Committee in November 2023.</p> <p><i>Follow up completed – three actions remain partially/not implemented</i></p>

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
<p>Key Financial Controls - NEC Northgate Housing Benefits</p> <p><i>The objective of this review was to ensure that the data relating to housing benefit payments is complete, accurate, valid, and properly recorded in the underlying accounts.</i></p>	Completed	2	1	-	<p>Outcomes reported to the Committee in November 2023.</p> <p><i>The high-risk issues related to</i></p> <ol style="list-style-type: none"> 1. Documented governance procedures; and 2. Documentation for periodic reconciliations between NEC, general ledger, and bank statements. <p><i>Follow up completed – the high risk actions remain partially/not implemented with a revised date of 31 October.</i></p>
<p>Licensing</p> <p><i>A risk-based review to provide assurance on the effectiveness and robustness of the Council's arrangements for issuing licenses and monitoring licensed establishments enabling the Council to comply with statutory obligations.</i></p>	Completed	1	4	-	<p>Outcomes reported to the Committee in November 2023.</p> <p>The high-risk issue related to the carrying out of licensing inspections.</p> <p><i>The follow up review is currently in progress.</i></p>
<p>Tenancy Management Organisation – Kilburn</p> <p><i>A risk-based review to ensure that management has assessed all relevant risks and implemented adequate and effective controls within Kilburn Park Tenancy Management Organisation.</i></p>	Completed	4	3	-	<p>Outcomes reported to the Committee in November 2023.</p> <p>The high-risk issues related to</p> <ol style="list-style-type: none"> 1. Budgetary controls 2. Purchasing and expenditure 3. Payroll and; 4. Contracts. <p><i>Follow-up anticipated to be undertaken In Q3 24-25.</i></p>

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
<p>Better Care Fund</p> <p><i>The objective of this audit was to assess the control design of the processes related to the planning of the delivery of the Better Care Fund (BCF) and monitoring and reporting of performance and budgets by the integrated service teams.</i></p>	Completed	1	3	-	<p>Outcomes reported to the Committee in November 2023.</p> <p>The high risk issue related to a lack of management oversight and mechanisms to record and track local spend of BCF.</p> <p><i>Follow up completed. Three high risk actions remain partially implemented with a revised date of 28 September 2024.</i></p>
<p>Private Sector Property Licensing (HMO)</p> <p><i>A risk-based review to ensure that management has assessed all relevant risks and implemented adequate and effective controls within the Houses of Multiple Occupation (HMO) License process.</i></p>	Completed	-	1	6	<p>Outcomes reported to the Committee in November 2023.</p> <p><i>The follow up review is currently in progress.</i></p>
<p>No Recourse to Public Funds (NRPF) and Intentionally Homeless</p> <p><i>A risk-based review to ensure that management has assessed all relevant risks and implemented adequate and effective controls when providing support to families that have No Recourse to Public Funds.</i></p>	Completed	-	1	2	<p>Outcomes reported to the Committee in November 2023.</p> <p><i>The follow up review is currently in progress.</i></p>
<p>Community Management Grants</p>	Completed	n/a	n/a	n/a	N/A – advisory review.

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
<i>An advisory review to examine the Council's revised arrangements surrounding the administration of NCIL and to provide recommendations to improve on the effectiveness and robustness of the grant funding process and to ensure that grants are administered and managed in accordance with the Authority's approved policies, procedures and practices.</i>					
Barham Park Accounts <i>To provide an independent examination and review of the Barham Park Trust ("the Trust") 2022-23 accounts.</i>	Completed	n/a	n/a	n/a	n/a – accounts certification.
Nursery Education Grant2 Overpayment <i>Management request to provide additional support and guidance to staff who are responsible for completing and approving payments to Providers of the Nursery Education Grants.</i>	Completed	1	2	-	Outcomes reported to the Committee in November 2023. The high-risk issue related to Validity Checks. <i>The follow up review is currently in progress.</i>
Annual Provision Grant - Brent River College (Additional Request) <i>Internal Audit acted as an independent examiner and reviewed Annual Certification of Expenditure for Brent River College for 2022-23.</i>	Completed	n/a	n/a	n/a	n/a – accounts certification.

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
Information Governance – Data Breaches <i>A risk-based review of the arrangements in place to prevent, identify and report data breaches.</i>	Completed	-	-	1	One low risk action raised in relation to the recording/storage of risk assessments. <i>The follow up review is currently in progress.</i>
Tenancy Management Organisation Watling Gardens <i>A risk-based review to ensure that management has assessed all relevant risks and implemented adequate and effective controls within Watling Gardens Tenancy Management Organisation.</i>	Completed	5	-	-	Outcomes reported below in Appendix B
Housing Compliance FRAs <i>A risk-based review to provide assurance of the controls in place over the Council's responsibilities for fire safety across its property portfolio.</i>	Completed	3	3	-	Outcomes reported below in Appendix B
ASC Supported Living <i>A risk-based review to provide assurance on the effectiveness and robustness of the Council's arrangements for supported living to ASC service users.</i>	Completed	3	2	3	Outcomes reported below in Appendix B
Pension Fund <i>A risk-based review to provide assurance on the effectiveness and robustness of the control framework for the Council's arrangements for the pensions' contributions management process.</i>	Completed	-	1	-	Outcomes reported below in Appendix B

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
<p>Cyber (3rd party risk)</p> <p><i>A risk-based review to assess and provide assurance on the robustness and completeness of the design of the Council's supply chain risk management control framework. Additionally, the audit will review the project plan for implementing the supply chain cyber security framework.</i></p>	Completed	3	8	-	Outcomes reported below in Appendix B
<p>Barham Park High-level Consultancy Review</p> <p><i>To independently review concerns raised in respect of the accuracy of the Barham Park Trust accounts for the year ended 31 March 2023 and to review the responses provided by officers in respect of the concerns raised to determine whether these provided accurate and sufficient information.</i></p>	Completed	n/a	n/a	n/a	n/a – advisory review.
<p>IT Disaster Recovery</p> <p><i>A risk-based review to provide assurance on the effectiveness and robustness of the Council's arrangements for managing business engagement and recovery prioritisation in the event of a major incident.</i></p>	Completed	1	5	-	Outcomes reported below in Appendix B
<p>Planning Enforcement</p> <p><i>A risk-based review to provide assurance on the operating effectiveness of key controls in place around planning</i></p>	Completed	-	2	-	Outcomes reported below in Appendix B

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
<i>enforcement to ensure that actions taken are appropriate and decisions are made in line with delegated officer responsibilities and guidance.</i>					
<p>STS (IT maturity ambition) <i>To review the implementation of actions from the report from the previous workshop relating to capacity and maturity of IT Service Management components. To assist STS with formulating an action plan for the next 6 to 12 months to address the recommendations raised within the previous report performed in 2022/23.</i></p>	Completed	n/a	n/a	n/a	Advisory memo issued to management.
<p>Cemetery Charges <i>Management request to provide assurance over charges to LB Harrow in respect of Carpenders Park Cemetery</i></p>	Completed	n/a	n/a	n/a	Advisory memo issued to management.
<p>MTFS/Savings Delivery Capital Programme <i>Scope to include testing of additional control areas to be determined in year.</i></p>	Completed	n/a	n/a	n/a	Extended follow up work on actions arising from 2022/23 review.
<p>Climate Change and Sustainability <i>Programme assurance regarding the delivery of the Council's climate change strategies and action plan.</i></p>	Completed	n/a	n/a	n/a	Risk advice and support provided to management.
Parks Invoicing	Completed	n/a	n/a	n/a	Risk advice and support provided to management.

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
<i>Management request to provide assurance over the invoicing in Brent parks/open spaces.</i>					
Accounts Receivable <i>A risk-based review to provide assurance on the robustness of the Council's controls in place in relation to accounts receivable, with a focus on invoice raising, debtors, reconciliations, and suspense accounts.</i>	Completed	-	5	1	Outcomes reported below in Appendix B
Accounts Payable <i>A risk-based review to provide assurance on the effectiveness and robustness of the Council's controls in relation to the accounts payable process.</i>	Completed	1	3	1	Outcomes reported below in Appendix B
Financial Planning, Monitoring and Sustainability – DSG High Needs Block and School Balances (merger of two audits) <i>A risk-based review to provide assurance on the effectiveness and robustness of the Council's arrangements for financial monitoring and support in maintained schools and for the Dedicated Schools Grant (DSG) High Needs Block.</i>	Completed	1	3	1	Outcomes reported below in Appendix B
IT Application Review - NEC Revenues and Benefits <i>A risk-based review to provide assurance on the effectiveness and robustness of</i>	Draft Report Issued				Draft report being agreed with Management. Outcomes to be reported to Committee in next update 2024-25

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
<i>the council's systems and processes relating to the NEC Revenues and Benefits application.</i>					
First Wave Housing Ltd / i4B Holdings <i>Risk based review to provide assurance over the effectiveness and robustness of the controls relating to billing processes for compensation payments, council tax payments made for void properties and refurbishment costs.</i>	Draft Report Issued				Draft report being agreed with Management. Outcomes to be reported to Committee in next update 2024-25
True Compliance <i>A risk-based review of True Compliance. The scope to consider data accuracy, access, monitoring and reporting.</i>	Fieldwork Completed				Fieldwork concluded and draft report being prepared. Outcomes to be reported to Committee in next update 2024-25
Discretionary Housing Payments <i>A risk-based review of Discretionary Housing Payments. The scope to consider policies and procedures, inspections, applications and approvals, reconciliations and monitoring.</i>	Fieldwork Completed				Fieldwork concluded and draft report being prepared. Outcomes to be reported to Committee in next update 2024-25
Direct Payments <i>A risk-based review to provide assurance on the effectiveness and robustness of the control framework and Council's arrangements for the administration and payment of direct payments using PFS pre-paid cards.</i>	Fieldwork Completed				Fieldwork concluded and draft report being prepared. Outcomes to be reported to Committee in next update 2024-25

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
Procurement <i>A risk-based review to provide assurance about the effectiveness and robustness of the control framework that supports the delivery of effective and economic procurement that aligns with the Council's key objectives.</i>	In Progress				Outcomes to be reported to Committee in next update 2024-25
Public Health Contract Management <i>Review to be undertaken in Public Health Contract Management.</i>	Review at planning stages				The scope and terms of reference is being agreed, fieldwork due to commence in Q1 2024-25. Outcomes to be reported to Committee in next update 2024-25
Parking Services <i>A risk-based review of key controls in Parking Services.</i>	Review at planning stages				The scope and terms of reference is being agreed, fieldwork due to commence in Q1 2024-25. Outcomes to be reported to Committee in next update 2024-25
Recruitment and Retention	Review did not proceed				Review did not proceed due to resource constraints. Review to be considered for completion as part of 2024-25 planning process.
Starters and Leavers	Review did not proceed				Review did not proceed due to resource constraints. Review to be considered for completion as part of 2024-25 planning process.
Section 106/CIL	Review did not proceed				Review did not proceed due to resource constraints. Review to be considered for completion as part of 2024-25 planning process.
Redefining Local Services (RLS) Programme	Review did not proceed				Review did not proceed due to resource constraints. Review to be considered for completion as part of 2024-25 planning process.

Audit / Indicative Scope (as per 2023-24 Plan)	Status	Summary of issues			Summary
		High Risk	Medium Risk	Low Risk	
Emergency Planning/Business Continuity	<i>Review did not proceed</i>				Review did not proceed as an external review was undertaken which provided assurance against this area of inherent risk.
Project Management (Property)	<i>Review did not proceed</i>				Review did not proceed due to resource constraints. Review to be considered for completion as part of 2024-25 planning process.
Performance Reporting	<i>Review did not proceed</i>				Review did not proceed due to implementation of new performance reporting framework. Review to be considered for completion as part of 2024-25 planning process.
Resident Support Fund	<i>Review did not proceed</i>				Review did not proceed due to resource constraints. Review to be considered for completion as part of 2024-25 planning process.

Appendix B – Summary of audits completed in Q4 2023-24

This appendix provides a summary of the high and medium risk issues emanating from audits completed since December 2023. Work completed earlier in 2023-24 was reported to the Committee in December 2023.

A. Tenancy Management Organisation Watling Gardens			
<i>Scope: To ensure that management has assessed all relevant risks and implemented adequate and effective controls within Watling Gardens Tenancy Management Organisation (TMO).</i>			
Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	Budgetary controls The TMO does not have a clear budget setting process and has not implemented adequate budgetary controls to review and monitor financial performance.	HIGH	Finance Officer 31 March 2024
2.	Starters & leavers Inconsistencies were identified in the management of starters and existing staff members. Documentation including ID, academic qualifications and references were not being retained. DBS checks have not been undertaken for any of the TMO's staff.	HIGH	Housing Manager 28 February 2024
3.	Contracts There is no contracts register in place. Additionally, there was no evidence that a tender exercise was undertaken to demonstrate best value as no supporting documentation of the procurement was retained. There are insufficient monitoring arrangements in place for payroll contract.	HIGH	Housing Manager 31 March 2024
4.	Governance Gaps in governance related controls including inquorate Board meetings, unclarified terms of office for existing members, failure to effectively follow-up actions arising, absence of a skills audit and incompleteness of DoI forms.	HIGH	Housing Manager 31 March 2024
5.	Purchasing and expenditure Issues surrounding purchasing and expenditure processes, including instances where purchase orders were not raised, invoices not approved prior to payment and not paid promptly.	HIGH	Housing Manager Finance Officer 31 March 2024

B. Housing Compliance Fire Risk Assessments (FRAs)

Scope: To provide assurance of the controls in place over the Council's responsibilities for fire safety across its property portfolio. For the purposes of this review, we only considered the responsibilities of the Council in relation to housing stock residential properties (owned by the Council) and Council managed hostels.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Tracking of remedial actions arising from FRAs</p> <p>The Council tracks remedial actions identified in high-rise buildings only; with no tracking in place for actions associated with low-rise buildings. For remedial works at high-rise properties, management does not retain evidence to verify completed remedial works.</p>	HIGH	Strategic Compliance Manager Head of Housing Property Services Contracts and Compliance Manager 30 June 2024
2.	<p>Expired FRAs</p> <p>The Council was not adhering to their own inspection frequencies for FRAs. One high-rise block had not been inspected within one year (six months overdue), Management could not locate any FRAs for one (low rise) property on their system and 12 low-rise blocks had not been inspected within the three-year inspection frequency.</p>	HIGH	Contracts and Compliance Manager 29 February 2024
3.	<p>Access to complete and accurate information</p> <p>The listing of properties that the Council has responsibility for maintaining FRAs contains some inaccuracies.</p>	HIGH	Asset Manager/Strategic Compliance Manager 31 March 2024
4.	<p>Oversight of FRA compliance</p> <p>No established, regular reporting of FRA compliance to senior management, including to Corporate Management Team (CMT) and above.</p>	MEDIUM	Head of Housing Property Services 30 June 2024
5.	<p>Policy and procedural documentation</p> <p>Several gaps/ issues with the current fire risk management policy and procedure.</p>	MEDIUM	Contracts and Compliance Manager Strategic Compliance Manager 29 February 2024
6.	<p>Quality assurance checks and contractor performance meetings</p> <p>Evidence of quality assurance checks was not provided. In addition, contractor performance meetings were not formally documented.</p>	MEDIUM	Contracts and Compliance Manager 29 February 2024

C. Adult Social Care Supported Living

Scope: A risk-based review to provide assurance on the effectiveness and robustness of the Council's arrangements for supported living to ASC service users.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Supported Living Programme Board Meetings</p> <p>Only two Supported Living Programme Board meetings were held in the 12-month period between October 2022 and September 2023. No minutes were taken, and actions only recorded at one of the meetings. In addition, no papers or reports were prepared by the Board for issue to the Housing Care Investment Board (HCIB) to provide management information.</p>	HIGH	Operational Director Social Care Head of Commissioning, Contracting and Market Management 31 January 2024
2.	<p>Tracking status of ASC Supported Living properties</p> <p>The ASC Supported Living team does not maintain a tracker to monitor the status (i.e., whether void, under repairs or occupied) of all ASC Supported Living properties.</p>	HIGH	Head of Housing and Neighbourhoods Head of Commissioning, Contracting and Market Management 1 March 2024
3.	<p>Monitoring of void properties</p> <p>There is no monitoring of void properties. This includes monitoring the number of void properties within the ASC portfolio, their turnaround times, and the financial cost to the Council.</p>	HIGH	Head of Housing and Neighbourhoods Head of Commissioning, Contracting and Market Management 1 March 2024
4.	<p>Governance documentation</p> <p>SLA between ASC and BHM was last reviewed in October 2020. The response times for repair works to void properties documented in the SLA were not aligned and the Supported Living elements of the ASC Standard Operating Procedure document was in draft.</p>	MEDIUM	Head of Housing and Neighbourhoods Head of Commissioning, Contracting and Market Management 1 May 2024
5.	<p>Property management roles and responsibilities</p> <p>Involvement of the key teams and the respective roles and responsibilities in the property management process were not documented.</p>	MEDIUM	Head of Housing and Neighbourhoods Head of Commissioning, Contracting and Market Management 1 May 2024

D. Pension Fund			
<i>Scope: To provide assurance on the effectiveness and robustness of the control framework for the Council's arrangements for the pensions' contributions management process.</i>			
Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Non-compliance with Pension Administration Strategy</p> <p>Pension contributions - the monthly return was submitted late by an average of 97 days, with the highest number of days late being 187 days.</p>	MEDIUM	Head of Finance Pensions and Housing Companies 31 March 2024

E. Cyber (3rd party risk)			
<i>Scope: To assess and provide assurance on the robustness and completeness of the design of the Council's supply chain risk management control framework. Additionally, the audit will review the project plan for implementing the supply chain cyber security framework.</i>			
Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Lack of Supply Chain Security Framework, Programme Plan and Roadmap</p> <p>STS do not have a supply chain framework, programme plan or roadmap which articulates a target operating model; or formally documented supply chain roles and responsibilities between STS, the Council and other suppliers.</p>	HIGH	Cyber and Compliance Manager 28 June 2024
2.	<p>Insufficient supplier inventory</p> <p>The current supplier inventory lists only contain contact related information and lacks data fields that are significant for supply chain security management.</p>	HIGH	Cyber and Compliance Manager 30 April 2024
3.	<p>Insufficient risk prioritisation /categorisation</p> <p>There is no risk prioritisation/categorisation of third parties from the inventory, based upon the criticality of services provided and business functions supported.</p>	HIGH	Cyber and Compliance Manager 30 April 2024
4.	<p>Late engagement of STS security team in the STS's procurement process</p>	MEDIUM	Cyber and Compliance Manager 30 April 2024

	The STS security team is not engaged early enough with the STS's procurement process. This makes it difficult for them to identify control gaps or leverage negotiations to close or reduce risk.		
5.	Supplier Security questionnaires are one-size fits all STS utilises three supplier questionnaires, which (apart from the UK ICO DPIA) are only completed once upon procurement. These questionnaires are not tailored to take into consideration the specifics of the services provided by a supplier or changes to the services.	MEDIUM	Cyber and Compliance Manager 30 April 2024
6.	Lack of centralised ownership of supply chain security Responses to cyber security questionnaires are performed by technical architects and not cybersecurity professionals; these are not tracked within centralised reporting nor mapped to a centralised supplier risk register.	MEDIUM	Cyber and Compliance Manager 30 August 2024
7.	Legacy supplier contracts with no cyber security involvement There is a backlog of contracts without appropriate clauses relating to cyber security. The STS cyber security team does not perform regular reviews of the backlog of existing contracts without appropriate clauses relating to cyber security. These are only reviewed when the contract is up for renewal.	MEDIUM	Cyber and Compliance Manager 30 August 2024
8.	No security incident response exercises performed on STS critical third parties While incident response tests are performed on STS's own infrastructure, they are not performed on a supply chain level.	MEDIUM	Cyber and Compliance Manager 30 December 2024
9.	Suppliers exit strategy There is no documented supply chain termination or exit strategy.	MEDIUM	Cyber and Compliance Manager 30 August 2024
10.	Training on supply chain security awareness No mandatory supply chain security specific training exists. The training that does exist has been the same for a number of years and is not advanced.	MEDIUM	Cyber and Compliance Manager 30 August 2024
11.	Limited view of fourth party risk STS has a limited view of fourth party risk and therefore there is limited understanding on the concentration risk across STS.	MEDIUM	Cyber and Compliance Manager 30 August 2024

F. IT Disaster Recovery

Scope: A risk-based review to provide assurance on the effectiveness and robustness of the Council's arrangements for managing business engagement and recovery prioritisation in the event of a major incident.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Command and Control procedure</p> <p>There was no evidence to support a process that helps coordinate a DR episode.</p>	HIGH	Head of Strategy and Technology Head of Operations 1 March 2024
2.	<p>Recovery order of critical systems</p> <p>There was no evidence to support the thinking behind how the criticality of an application or service was determined.</p>	MEDIUM	Head of Strategy and Technology Head of Operations 31 March 2024
3.	<p>Governance and documentation</p> <p>There was evidence of conflicting document references and/or missing structure with the wider Business Continuity and Disaster Recovery programme.</p>	MEDIUM	Head of Strategy and Technology Head of Operations 8 July 2024
4.	<p>ITDR aligns with BCM</p> <p>From the two Business Continuity documents submitted (being the 'Business Continuity Protocol 2023' and the 'STS BC Plan v1.5'), there was no mention of each other or reference to the ITDR programme.</p>	MEDIUM	Head of ICT Solutions Head of Operations 31 March 2024
5.	<p>ITDR Testing</p> <p>Terminology and content were misconstrued as well as key metrics were missing, such as criticality metrics; Recover Time Objectives (RTO)/Recovery Point Objectives (RPO); server listing depicting target locations; and stop/start times of recovery steps to feed into overall RTO.</p>	MEDIUM	Head of ICT Solutions Head of Operations 31 March 2024
6.	<p>BCM Continual Service Improvement (CSI)</p> <p>Whilst there was good evidence provided to support Infrastructure/Service Delivery Lifecycle best practices, there was no reference to DR requirements.</p>	MEDIUM	Head of Strategy and Technology 8 July 2024

G. Planning Enforcement

Scope: A risk-based review to provide assurance on the operating effectiveness of key controls in place around planning enforcement to ensure that actions taken are appropriate and decisions are made in line with delegated officer responsibilities and guidance.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Reporting</p> <p>Performance management information is not accurate, complete, relevant and timely to allow effective management decision making. The reporting out of Acolaid may not be complete and accurate.</p>	MEDIUM	Team Manager Enforcement Planning Systems Manager 31 May 2024
2.	<p>Investigations and Actions</p> <p>A clearly defined system for recording and monitoring planning enforcements and the decision outcome is not in place.</p>	MEDIUM	Team Manager Enforcement 31 May 2024

H. Accounts Receivable

Scope: A risk-based review to provide assurance on the robustness of the Council's controls in relation to accounts receivable, with a focus on invoice raising, debtors, reconciliations, and suspense accounts.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Debt write-offs and retention of evidence</p> <p>No evidence was provided to demonstrate that approval of write-offs had been made in line with the approval matrix.</p>	MEDIUM	Head of Transactional Services 31 May 2024
2.	<p>Timely authorisation of invoices</p> <p>Invoices are raised and authorised by the Accounts Receivable team following a request from service areas within five days following the request. Examples were seen of invoices not authorised in a timely manner.</p>	MEDIUM	Head of Transactional Services 31 May 2024
3.	<p>Long standing suspense items</p>	MEDIUM	Head of Finance (Communities and Regeneration/Chief Accountant) 31 December 2024

G. Planning Enforcement

Scope: A risk-based review to provide assurance on the operating effectiveness of key controls in place around planning enforcement to ensure that actions taken are appropriate and decisions are made in line with delegated officer responsibilities and guidance.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
	Long-standing unidentified balances are not reconciled or investigated. It is only when a claim is made from the customer with evidence of payment being provided, that a suspense line item is cleared.		
4.	<p>Monthly reconciliations between AR subledger and the general ledger</p> <p>No evidence on the reconciliation sheet to evidence who prepared the reconciliation and when. Reconciling differences had not been appropriately investigated and cleared.</p>	MEDIUM	Team Leader FSCC and Deputy Director of Finance. 31 May 2024
5.	<p>Oversight of debt chasing activities</p> <p>Automated debt reminder letters are initiated and sent to customers through the Oracle system. The debt collecting team do not have visibility on reminder letters sent for overdue debt.</p>	MEDIUM	Service Manager – Revenue and Debt 31 December 2024

I. Accounts Payable

Scope: A risk-based review to provide assurance on the design and effectiveness of the Council's controls in relation to the accounts payable process.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Supplier listing</p> <p>The approved list of suppliers is not adequately maintained and does not detail the type of service the current listed suppliers can provide. The approved list has not been reviewed since May 2022.</p>	HIGH	Head of Procurement 30 June 2024
2.	<p>Supplier onboarding</p> <p>There is a growing trend of supplier onboarding requests or PO creation by departments after services have already been delivered by the supplier.</p>	MEDIUM	Head of Procurement 30 June 2024

G. Planning Enforcement

Scope: A risk-based review to provide assurance on the operating effectiveness of key controls in place around planning enforcement to ensure that actions taken are appropriate and decisions are made in line with delegated officer responsibilities and guidance.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
3.	BACS payment file Evidence of the review and authorisation of BACS payment files is not documented by the AP Manager.	MEDIUM	Head of Transactional Services <i>Implemented</i>
4.	Payment terms Payment terms were not always met either due to a delay in receiving approval for invoice payment or the PO against which the invoice was received had insufficient funds.	MEDIUM	Head of Transactional Services Head of Procurement <i>Implemented</i>

J. Financial Planning, Monitoring and Sustainability – DSG High Needs Block and School Balances

Scope: A risk-based review to provide assurance on the controls relating to the Financial Planning, Monitoring and Sustainability for Schools, specifically: the DSG High Needs Block Deficit and general School Balances.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	Schools in Deficit Risk Criteria The risk formula that the School Finance team are using does not include pupil population compared to capacity which would affect the school's DSG allocation.	HIGH	Senior Finance Analyst 31 July 2024
2.	Delivering Better Value Project (DBV) Action Plan A significant number of the DBV actions have not been completed and the target dates have passed.	MEDIUM	Programme Manager and Director, Education, Partnerships and Strategy 31 May 2024
3.	Additional Schools in Deficit Without evaluating an approach that incorporates alternative partnerships for all schools as a strategic resolution, the deficit position of schools will not improve.	MEDIUM	Senior Finance Analyst and Head of Setting and School Effectiveness 30 June 2024

G. Planning Enforcement

Scope: A risk-based review to provide assurance on the operating effectiveness of key controls in place around planning enforcement to ensure that actions taken are appropriate and decisions are made in line with delegated officer responsibilities and guidance.

Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	Information Sharing No formal minutes/action points are recorded for the monthly meetings between the School Finance and the CYP School Effectiveness teams.	MEDIUM	Senior Finance Analyst and Head of Setting and School Effectiveness 30 June 2024

Appendix C - Summary of Follow-up Activity

* Follow-up outcomes reported in the table below are as at the time of concluding our follow-up review. As a result, owing to the time that may have elapsed since, the status of implementation may have since changed. Internal Audit continue to review implementation of recommendations with Management, and in line with usual practice, will report any instances of persistent non-implementation of recommendations to the Committee.

** The numbers in brackets are high risk actions that are partially or not implemented. All outstanding recommendations will continue to be monitored and reported via Departmental Management Teams.

Follow-up	Status	Follow-up Outcomes (as at first follow-up)				Comments
		Implemented	Partially Implemented	Not Implemented	No longer relevant	
Workforce and Succession Planning	Completed	1	6	0	0	Management continues to provide updates regarding the outstanding actions.
Key Financial Controls	Completed	9	1	0	0	Management continues to provide updates regarding the outstanding actions.
Council Companies and Governance	Completed	9	0	0	0	
Debt Management	Completed	4	1	0	0	Management continues to provide updates regarding the outstanding actions.
Fostering	Completed	7	0	4	0	Management continues to provide updates regarding the outstanding actions.
Purchasing Cards	Completed	6	8 (2)	2	0	Management continues to provide updates regarding the outstanding actions.
Contract Management	Completed	6	2	1	0	Management continues to provide updates regarding the outstanding actions.

Follow-up	Status	Follow-up Outcomes (as at first follow-up)				Comments
		Implemented	Partially Implemented	Not Implemented	No longer relevant	
Building Controls Finance	<i>Completed</i>	4	5	2	0	Management continues to provide updates regarding the outstanding actions.
Demand for Services	<i>Completed</i>	8	0	0	0	
Equality Strategy	<i>Completed</i>	2	0	8	0	Management continues to provide updates regarding the outstanding actions.
Grant Management	<i>Completed</i>	3	0	0	0	
Large Event Day Management	<i>Completed</i>	2	3	6	0	Management continues to provide updates regarding the outstanding actions.
MTFS and Delivery of Savings	<i>Completed</i>	3	3	0	0	Management continues to provide updates regarding the outstanding actions.
Capital Programme	<i>Completed</i>	1	0	0	0	
Voids	<i>Completed</i>	6	7 (3)	4	0	Management continues to provide updates regarding the outstanding actions.
Family Wellbeing Centres	<i>Completed</i>	4	2	1	0	Management continues to provide updates regarding the outstanding actions.
Better Care Fund	<i>Completed</i>	5	6 (3)	4 (3)	0	Management continues to provide updates regarding the outstanding actions.
NEC Northgate Housing Benefit	<i>Completed</i>	0	2 (2)	5 (1)	0	Management continues to provide updates regarding the outstanding actions.

Follow-up	Status	Follow-up Outcomes (as at first follow-up)				Comments
		Implemented	Partially Implemented	Not Implemented	No longer relevant	

The following follow-ups are in progress and will be reported in 2024-25:

- Website
- Property Valuations
- Digital Strategy
- KFC Payroll
- Private Sector Property Licensing (HMO)
- Licensing
- NEG2 Overpayment May 2023
- NRPF and Intentionally Homeless
- Information Governance Data Breaches

Appendix D – High and Medium Overdue Actions (as at 30 April 2024)

Audit	Recommendation	Agreed Action	Risk Rating	Original Target Date	Revised Target Date
IT Asset Management in Shared Service	Provide relevant training to key stakeholders as required including their responsibility for the management and use of IT assets.	As per recommendation.	High	30 September 2021	31 October 2023
Purchasing Cards	The backlog of PFS transactions due to a change in subjective code should be cleared promptly.	As per recommendation.	High	7 December 2023	29 February 2024
Purchasing Cards	All respective cost centre managers should be regularly reminded of any payments incurred with prepaid cards to facilitate adequate oversight over budgets.	As per recommendation.	High	7 December 2023	29 February 2024
Building Control Finance	Building Control should ensure that procedural guidance is put in place setting out the approach to managing and monitoring income.	Procedural guidance was in place back in 2010, however, this needs to be updated to reflect current practices and systems. We are looking for specialist assistance from within the Council to help with this and provided this is forthcoming, our aim is for this to be completed by January 2023.	Medium	31 March 2023	30 April 2024
Large Event Day Management	Management should implement a process to capture all large day event actions, including target dates and a responsible officer to bring to subsequent event planning meetings. The process should be embedded into business as usual processes rather than relying on individuals	There is a general acceptance that following the Casey review we have made a number of changes at pace to both address the recommendations of the Casey report with a primary focus on managing large event days to prevent future issues. Whilst	Medium	22 February 2024	30 April 2024

Audit	Recommendation	Agreed Action	Risk Rating	Original Target Date	Revised Target Date
	remembering what happened last time. The details should also be included in the Council's local procedures.	processes have not all been recorded, there has been a consistent approach to event day management with debriefs taking place after each event. A robust log is now standard practice to record activity throughout the day.			
GLA Affordable Housing Programme	Management should ensure that key data and documentation of completed schemes, are retained and secured appropriately in the event evidence is required.	As per recommendation.	Medium	9 February 2023	31 March 2023
Purchasing Cards	Review the annual spend of each cardholder to ensure agreed credit limits are still required.	Annual Review to be completed in March whereby cardholder spend is reviewed and will be reduced if agreed criteria are met.	Medium	7 December 2023	29 February 2024
Purchasing Cards	Where possible, staff members that require PFS cards should be provided a GPC Barclaycard.	GP Card will be promoted with new card requests.	Medium	7 December 2023	29 February 2024
Purchasing Cards	The number of PFS cards in use should be reduced to facilitate better management and oversight of expenditure.	PFS cards are given only to staff in exceptional circumstances, as defined in the new policy, where a GPC card is not appropriate; funds returned from existing PFS cards issued to staff.	Medium	7 December 2023	29 February 2024
Purchasing Cards	Ensure that all cardholders are provided adequate training and guidance regarding the importance of retaining a VAT receipt and recording the tax incurred for each purchase	As per recommendation.	Medium	7 December 2023	29 February 2024

Audit	Recommendation	Agreed Action	Risk Rating	Original Target Date	Revised Target Date
	when using the PFS cards. The PFS monthly expenditure form template should be amended to include fields to facilitate recording of VAT. The amended template should be provided to all PFS cardholders. Guidance document to be updated which will include points to address the recommendations above.				
Purchasing Cards	Liaise with Barclaycard to explore the possibility of making the 'tax coding' section within the BSM portal mandatory for all purchases - to be raised with Barclaycard	As per recommendation.	Medium	7 December 2023	29 February 2024
Purchasing Cards	Management should ensure that the submission of expenditure logs is recorded and monitored.	A note on expenditure logs to be included in the previously mentioned guidance documents and will include what will happen in the event of non-compliance.	Medium	7 December 2023	29 February 2024
Purchasing Cards	Management should ensure that delays in receiving expenditure logs are promptly followed up.	A monitoring document to be created which will keep record of who isn't submitting their expenditure logs.	Medium	7 December 2023	29 February 2024
Purchasing Cards	The Council should ensure that adequate and up-to-date guidance is in place for PFS and GPC cards and all guidance documents should be subject to a review on a periodic basis. All application form templates should be amended to include up-to date information.	Guidance to be updated and circulated.	Medium	7 December 2023	29 February 2024



Internal Audit Charter

June 2024

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Appendix 2 – Internal Audit Charter

1. Introduction

In accordance with the Institute of Internal Auditors International Professional Practices Framework (IPPF) and the Public Sector Internal Audit Standards (PSIAS) the Chief Audit Executive must develop and maintain an internal audit charter that specifies, at a minimum, the internal audit function's:

- Purpose of Internal Auditing.
- Commitment to adhering to the Global Internal Audit Standards.
- Mandate, including scope and types of services to be provided and the board's responsibilities and expectations regarding management's support of the internal audit function.
- Organisational position and reporting relationships.

The Chief Audit Executive must discuss the proposed charter with the board and senior management to confirm that it accurately reflects their understanding and expectations of the internal audit function.

Definitions

The Global Internal Audit Standards (the standards), as suggested by their name, are to guide the worldwide professional practice of internal auditing and serve as a basis for evaluating the quality of the internal audit functions. The Standards are therefore not specific to the UK, or the public sector, and as a result they contain terminology that is broadly unfamiliar to that of a local authority. Therefore, for the purposes of this Internal Audit Charter, the following definitions have been applied to assist with interpreting and understanding how the internal audit function will operate within the Council:

The Board	<p>In the Standards, the term '<i>the Board</i>' refers to the body/bodies authorised to provide the internal audit function with the appropriate authority, role, and responsibilities. For the Council, this is the Audit and Standards Committee, which also meets as the Audit and Standards Advisory Committee with additional independent members.</p> <p>For the purpose of this Charter, the term 'the Board' is therefore replaced by and becomes 'the Audit and Standards Advisory Committee'.</p>
Senior Management	<p>In the Standards, the term '<i>senior management</i>' refers to the highest level of executive management of an organisation that is ultimately accountable to the board for executing the organisation's strategic decisions, typically a group of persons that includes the chief executive officer or head of the organisation.</p> <p>For the purpose of this Charter, the term 'senior management' is therefore replaced by and becomes the Council's 'Corporate Management Team' (CMT).</p>

Appendix 2 – Internal Audit Charter

Chief Audit Executive	<p>In the Standards, the term '<i>Chief Audit Executive</i>' refers to the leadership role responsible for effectively managing all aspects of the internal audit function and ensuring the quality performance of internal audit services in accordance with Global Internal Audit Standards. This is more commonly known as 'The Head of Internal Audit'.</p> <p>The Council's designated Head of Internal Audit is the Deputy Director Organisational Assurance and Resilience. For ease of reference, the term 'Head of Internal Audit' will be used throughout the Charter and therefore replaces the use of 'Chief Audit Executive'.</p>
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2. Purpose

The purpose of the internal audit function, as defined within the standards, is to strengthen the Council's ability to create, protect, and sustain value by providing The Audit and Standards Advisory Committee and management with independent, risk-based, and objective assurance, advice, insight, and foresight. To this end, the internal audit function enhances the Council's successful achievement of its objectives; governance, risk management, and control processes; decision-making and oversight; reputation and credibility with its stakeholders; and ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the standard, which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to The Audit and Standards Advisory Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adhering to the Global Internal Audit Standards

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements. The Head of Internal Audit will report annually to the Audit and Standards Advisory Committee and CMT regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement programme.

Statutory Requirements

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

Section 151 of the Local Government Act 1972 also states that '*every local authority shall make arrangements for the proper administration of the financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs*'. To this

Appendix 2 – Internal Audit Charter

end, the CIPFA Statement of the Role of the Chief Financial Officer in Local Government also states that the Chief Financial Officer must:

- Ensure an effective Internal Audit function is resourced and maintained;
- Ensure that the authority has put in place effective arrangements for the Internal Audit of the control environment and systems of internal control, as required by professional standards and in line with CIPFA's Code of Practice on Local Authority Accounting in the United Kingdom;
- Support the authority's internal audit arrangements, and
- Ensure that the Audit and Standards Advisory Committee receives the necessary advice and information, so that both functions can operate effectively.

3. Mandate

Authority

The Council's Audit and Standards Advisory Committee grants the internal audit function the mandate to provide the Committee and CMT with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the Committee. Such authority allows for unrestricted access to the Committee, including the Chair and Vice-Chair of the Committee.

The Committee authorises the internal audit function to:

- have full and unrestricted access to all functions, data, records, information, physical property, and personnel pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information.
- allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- obtain assistance from the necessary personnel of Brent and other specialised services from within or outside Brent to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

The Head of Internal Audit will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function.

The Head of Internal Audit reports functionally to the Audit and Standards Advisory Committee, and meets regularly with the Chair and Vice-Chair, outside of Committee meetings, to raise any issues or matters of concern. The Head of Internal Audit (as the Deputy Director Organisational Assurance and Resilience) reports administratively to the Corporate Director for Finance and Resources, and also has a 'dotted line' into the Chief Executive. This positioning provides the organisational authority and status to bring

Appendix 2 – Internal Audit Charter

matters directly to CMT and escalate matters to the Committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity. A structure chart/organigram is attached at **Appendix A**.

The Head of Internal Audit will confirm to the Audit and Standards Advisory Committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the Head of Internal Audit will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The Head of Internal Audit will disclose to the Committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the Head of Internal Audit, Audit and Standards Advisory Committee and CMT on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- a significant change in the Internal Audit Standards.
- A significant reorganisation within the organisation.
- Significant changes in the role of the Head of Internal Audit, the Audit and Standards Advisory Committee, and/or CMT.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

4. Audit and Standards Advisory Committee Oversight

To establish, maintain, and ensure that Brent's internal audit function has sufficient authority to fulfil its duties, the Audit and Standards Advisory Committee will:

- Discuss with the Head of Internal Audit and CMT (via the Corporate Director for Finance and Resources) the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the Head of Internal Audit has unrestricted access to and communicates and interacts directly with The Audit and Standards Advisory Committee, including in private meetings without CMT present.
- Discuss with the Head of Internal Audit and CMT other topics that should be included in the internal audit charter.
- Participate in discussions with the Head of Internal Audit and CMT about the “essential conditions,” described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter with the Head of Internal Audit to consider changes affecting the organisation, such as the employment of a new Head of Internal Audit or changes in the type, severity, and interdependencies of risks to the organisation; and approve the internal audit charter.
- Approve the risk-based internal audit plan.
- Collaborate with CMT to determine the qualifications and competencies the organisation expects in a Head of Internal Audit, as described in the Global Internal Audit Standards.
- Review the Head of Internal Audit's performance.
- Receive communications from the Head of Internal Audit about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement programme has been established and review the results annually.
- Make appropriate inquiries of CMT and the Head of Internal Audit to determine whether scope or resource limitations are inappropriate.

5. Head of Internal Audit Roles and Responsibilities

Ethics and Professionalism

The Head of Internal Audit will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The Head of Internal Audit will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the Head of Internal Audit determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the Council or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Brent employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the Head of Internal Audit, Audit and Standards Advisory Committee, management, or others.

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- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Head of Internal Audit - Other Areas of Responsibility

The Head of Internal Audit (as the Deputy Director Organisational Assurance and Resilience) is responsible for the management of other areas/functions within the Council, specifically:

- Counter Fraud and Investigations;
- Health and Safety;
- Insurance; and
- Emergency Planning and Resilience

Where the work of Internal Audit is employed on areas that fall under the management of the Head of Internal Audit, appropriate measures and safeguards will be put in place to preserve independence and objectivity. These will include:

- The work being managed and led by the Internal Audit Manager, independently from the Head of Internal Audit.
- Utilising the Internal Audit function's external co-sourced provider (where possible/appropriate) to undertake the work to enable an additional layer of separation.
- The outcomes of the work, including conclusions, to be reported directly to the Corporate Director Finance and Resources, Brent Assurance Board, CMT and the Audit and Standards Advisory Committee.
- Where relevant, the Internal Audit Manager meeting privately with the Corporate Director for Finance and Resources and/or the Chair and Vice-Chair of the Committee to discuss the outcomes and conclusions of the work undertaken.

Managing the Internal Audit Function

The Head of Internal Audit has the responsibility to:

- At least annually, develop an agile risk-based internal audit plan that considers the input of the Audit and Standards Advisory Committee and CMT. Discuss the plan with the Audit and Standards Advisory Committee and CMT and submit the plan to both for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the Audit and Standards Advisory Committee and CMT.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Council's business, risks, operations, programmes, systems, and controls.

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- Communicate with the Audit and Standards Advisory Committee and CMT if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the Audit and Standards Advisory Committee and CMT for each engagement as appropriate.
- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies and qualifications needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Council and communicate to the Audit and Standards Advisory Committee and CMT as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Council's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to The Audit and Standards Advisory Committee and CMT.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the Head of Internal Audit cannot achieve an appropriate level of coordination, the issue must be communicated to CMT and if necessary escalated to The Audit and Standards Advisory Committee.

Communication with the Audit and Standards Advisory Committee and CMT

The Head of Internal Audit will report quarterly to the Audit and Standards Advisory Committee and CMT regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Internal audit budget.
- Significant revisions to the internal audit plan and budget.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement programme, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.

Appendix 2 – Internal Audit Charter

- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the Audit and Standards Advisory Committee.
- Results of assurance and advisory services.
- Resource requirements.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Council's risk appetite.

Quality Assurance and Improvement Programme

The Head of Internal Audit will develop, implement, and maintain a quality assurance and improvement programme that covers all aspects of the internal audit function. The programme will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The programme also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the Head of Internal Audit will communicate with the Audit and Standards Advisory Committee and CMT about the internal audit function's quality assurance and improvement programme, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be conducted at least once every five years by a qualified, independent assessor or assessment team from outside of the Council.

6. Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all Brent's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to The Audit and Standards Advisory Committee and management on the adequacy and effectiveness of governance, risk management, and control processes for Brent.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Council's strategic objectives are appropriately identified and managed.
- The actions of officers, directors, management, employees, and contractors or other relevant parties comply with Brent's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programmes are consistent with established goals and objectives.
- Operations and programmes are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Council.
- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Counter Fraud

The primary responsibility for the prevention and detection of fraud lies with management who are also responsible for the management of fraud risks. Managers are required to report all suspicions of theft, fraud and irregularity to the Counter Fraud and Investigations team. The Head of Internal Audit (as the Deputy Director Organisational Assurance and Resilience) manages and controls all investigations and will ensure that investigators are fully trained in carrying out their responsibilities.

Internal Audit's role in any fraud or corruption related work will be in accordance with the Council's Anti-Fraud and Corruption Strategies and with resources approved by the Audit and Standards (Advisory) Committee in the annual audit plan. However, Internal Auditors will have sufficient knowledge to evaluate the risk of fraud and the manner in which it is managed by the organisation. In addition, the service may assist or lead, as needed, in

Appendix 2 – Internal Audit Charter

the identification and investigation of suspected fraudulent activities within the Council and notify CMT and the Audit and Standards (Advisory) Committee of the results.

Risk Management

Internal Audit is responsible for facilitating the Council's Risk Management strategy and framework. This includes advice and guidance to services on best practice and collating and reporting risk information to key stakeholders. Safeguards will be put in place to ensure that functions deemed as inappropriate in the IIA's guidance on *The Role of Internal Auditing in Enterprise-Wide Risk Management*, are not undertaken by Internal Audit. Safeguards will be put in place to ensure that the Audit and Standards Advisory Committee and CMT receive separate, clear and objective messages from each function.

Third Parties

Internal Audit may carry out assurance work for third parties (i.e. organisations outside of the Council), where requested and deemed appropriate to do so. This may include Council subsidiaries, charitable, voluntary sector and other community-based organisations.

All internal audit, consultancy and advisory, and assurance work provided to third-party organisations is carried out in accordance with the standards and requirements set out within this Charter.

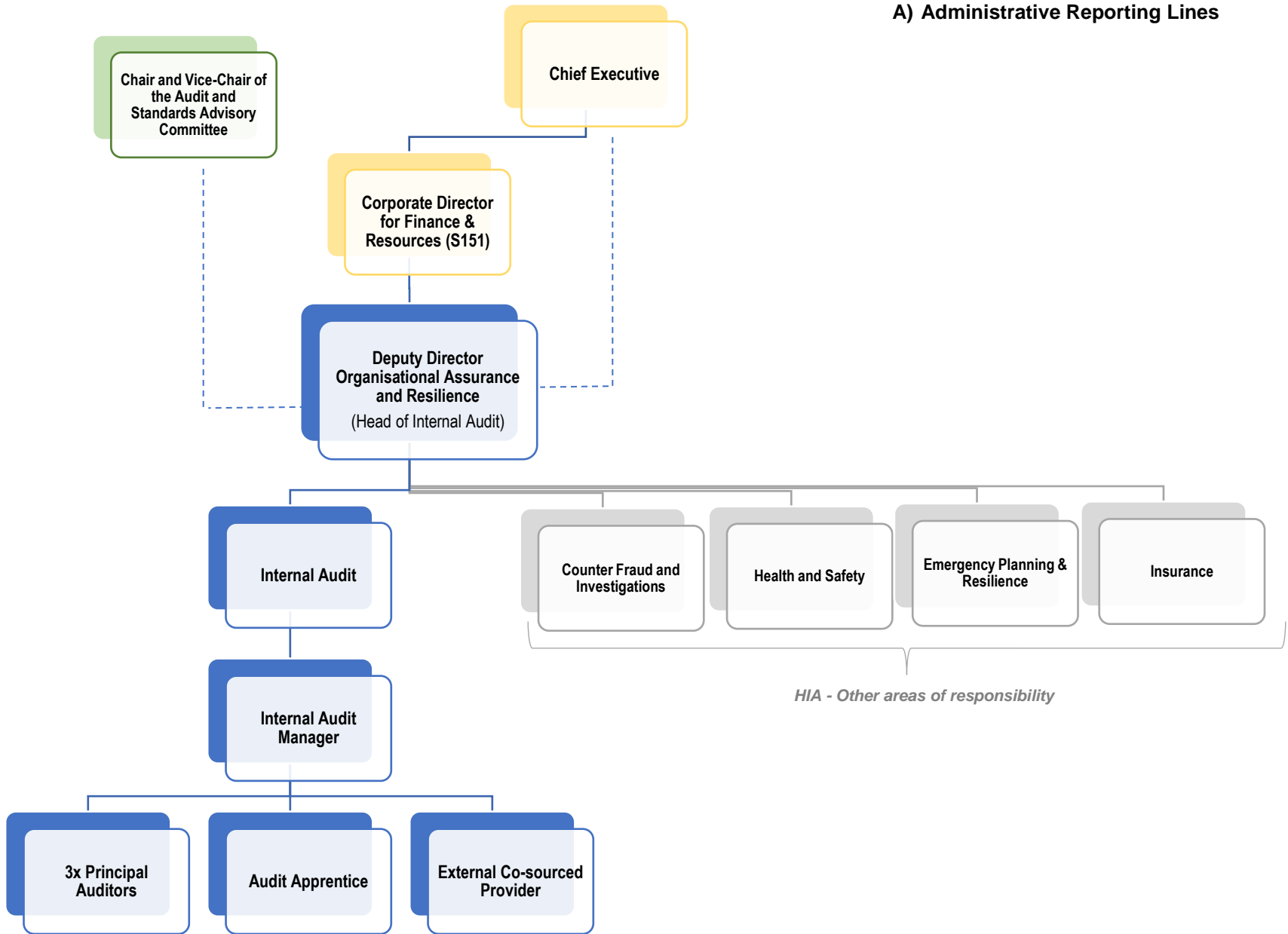
Internal Audit also operates a co-sourced delivery model, with a portion of the annual plans delivered by an external provider. The provider is required to work to the same standards and audit methodology as detailed within this Charter.

7. Approval

[To be reviewed and approved by the Audit and Standards Advisory Committee at its meeting on 12 June 2024.]

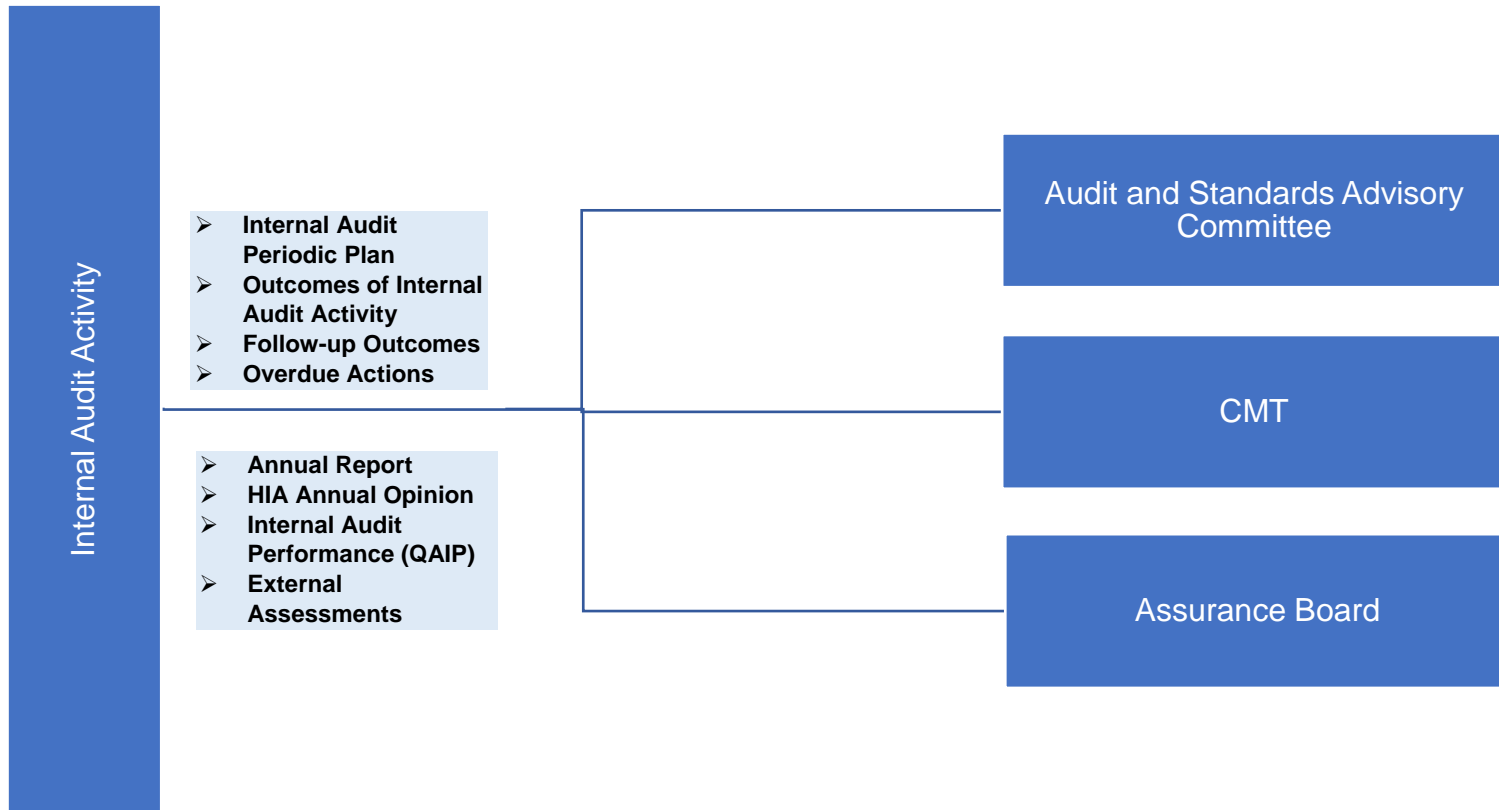
Appendix A – Internal Audit Administrative and Functional Reporting Lines

A) Administrative Reporting Lines



Appendix A – Internal Audit Administrative and Functional Reporting Lines

B) Functional Reporting Lines



Appendix B – Internal Audit Code of Ethics and Professionalism

Principle / Standard	Requirement
Principle 1 – Demonstrate Integrity	<p>Internal auditors demonstrate integrity in their work and behaviour.</p> <p>Integrity is behaviour characterised by adherence to moral and ethical principles, including demonstrating honesty and the courage to act based on relevant facts, even when facing pressure to do otherwise, or when doing so might create potential adverse personal or organisational consequences. In simple terms, internal auditors are expected to tell the truth and do the right thing, even when it is uncomfortable or difficult.</p> <p>Integrity is the foundation of the other principles of ethics and professionalism, including objectivity, competency, due professional care, and confidentiality. The integrity of internal auditors is essential to establishing trust and earning respect.</p>
Standard 1.1 Honesty and Professional Courage	<p>Internal auditors must perform their work with honesty and professional courage.</p> <p>Internal auditors must be truthful, accurate, clear, open, and respectful in all professional relationships and communications, even when expressing scepticism or offering an opposing viewpoint.</p> <p>Internal auditors must not make false, misleading, or deceptive statements, nor conceal or omit findings or other pertinent information from communications. Internal auditors must disclose all material facts known to them that, if not disclosed, could affect the organisation’s ability to make well-informed decisions.</p> <p>Internal auditors must exhibit professional courage by communicating truthfully and taking appropriate action, even when confronted by dilemmas and difficult situations.</p> <p>The Head of Internal Audit must maintain a work environment where internal auditors feel supported when expressing legitimate, evidence-based engagement results, whether favourable or unfavourable.</p>
Standard 1.2 Organisation’s Ethical Expectations	<p>Internal auditors must understand, respect, meet, and contribute to the legitimate and ethical expectations of the organization and must be able to recognise conduct that is contrary to those expectations.</p> <p>Internal auditors must encourage and promote an ethics-based culture in the organisation. If internal auditors identify behaviour within the organisation that is inconsistent with the organisation’s ethical expectations, they must report the concern according to applicable policies and procedures.</p>
Standard 1.3 Legal and Ethical Behaviour	<p>Internal auditors must not engage in or be a party to any activity that is illegal or discreditable to the organisation or the profession of internal auditing or that may harm the organisation or its employees.</p> <p>Internal auditors must understand and abide by the laws and/or regulations relevant to the industry and jurisdictions in which the organisation operates, including making disclosures as required. If internal auditors identify legal or regulatory violations, they must report such incidents to individuals or entities that have the authority to take appropriate action, as specified in laws, regulations, and applicable policies and procedures.</p>
Principle 2 Maintain Objectivity	<p>Internal auditors maintain an impartial and unbiased attitude when performing internal audit services and making decisions.</p> <p>Objectivity is an unbiased mental attitude that allows internal auditors to make professional judgments, fulfil their responsibilities, and achieve the Purpose of Internal Auditing without compromise. An independently positioned internal audit function supports internal auditors’ ability to maintain objectivity.</p>
Standard 2.1 Individual Objectivity	<p>Internal auditors must maintain professional objectivity when performing all aspects of internal audit services. Professional objectivity requires internal auditors to apply an impartial and unbiased mindset and make judgments based on balanced assessments of all relevant circumstances. Internal auditors must be aware of and manage potential biases.</p>

Appendix B – Internal Audit Code of Ethics and Professionalism


Principle / Standard	Requirement
Standard 2.2 Safeguarding Objectivity	<p>Internal auditors must recognise and avoid or mitigate actual, potential, and perceived impairments to objectivity.</p> <p>Internal auditors must not accept any tangible or intangible item, such as a gift, reward, or favour, that may impair or be presumed to impair objectivity.</p> <p>Internal auditors must avoid conflicts of interest and must not be unduly influenced by their own interests or the interests of others, including CMT or others in a position of authority, or by the political environment or other aspects of their surroundings.</p> <p>When performing internal audit services:</p> <ul style="list-style-type: none"> • Internal auditors must refrain from assessing specific activities for which they were previously responsible. Objectivity is presumed to be impaired if an internal auditor provides assurance services for an activity for which the internal auditor had responsibility within the previous 12 months. • If the internal audit function is to provide assurance services where it had previously performed advisory services, the Head of Internal Audit must confirm that the nature of the advisory services does not impair objectivity and must assign resources such that individual objectivity is managed. Assurance engagements for functions over which the Head of Internal Audit has responsibility must be overseen by an independent party outside the internal audit function. • If internal auditors are to provide advisory services relating to activities for which they had previous responsibilities, they must disclose potential impairments to the party requesting the services before accepting the engagement. The Head of Internal Audit must establish methodologies to address impairments to objectivity. • Internal auditors must discuss impairments and take appropriate actions according to relevant methodologies.
Standard 2.3 Disclosing Impairments to Objectivity	<p>If objectivity is impaired in fact or appearance, the details of the impairment must be disclosed promptly to the appropriate parties.</p> <p>If internal auditors become aware of an impairment that may affect their objectivity, they must disclose the impairment to the Head of Internal Audit or a designated supervisor. If the Head of Internal Audit determines that an impairment is affecting an internal auditor's ability to perform duties objectively, the Head of Internal Audit must discuss the impairment with the management of the activity under review, The Audit and Standards Advisory Committee, and/or CMT and determine the appropriate actions to resolve the situation.</p> <p>If an impairment that affects the reliability or perceived reliability of the engagement findings, recommendations, and/or conclusions is discovered after an engagement has been completed, the Head of Internal Audit must discuss the concern with the management of the activity under review, the Audit and Standards Advisory Committee, CMT, and/or other affected stakeholders and determine the appropriate actions to resolve the situation.</p> <p>If the objectivity of the Head of Internal Audit is impaired in fact or appearance, the Head of Internal Audit must disclose the impairment to the Audit and Standards Advisory Committee.</p>
Principle 3 Demonstrate Competency	<p>Internal auditors apply the knowledge, skills, and abilities to fulfil their roles and responsibilities successfully. Demonstrating competency requires developing and applying the knowledge, skills, and abilities to provide internal audit services. Because internal auditors provide a diverse array of services, the competencies needed by each internal auditor vary. In addition to possessing or obtaining the competencies needed to perform services, internal auditors improve the effectiveness and quality of services by pursuing professional development.</p>
Standard 3.1 Competency	<p>Internal auditors must possess or obtain the competencies to perform their responsibilities successfully. The required competencies include the knowledge, skills, and abilities suitable for one's job position and responsibilities commensurate with their level of experience. Internal auditors must possess or develop knowledge of The IIA's Global Internal Audit Standards.</p> <p>Internal auditors must engage only in those services for which they have or can attain the</p>

Appendix B – Internal Audit Code of Ethics and Professionalism

Principle / Standard	Requirement
	<p>necessary competencies. Each internal auditor is responsible for continually developing and applying the competencies necessary to fulfil their professional responsibilities. Additionally, the Head of Internal Audit must ensure that the internal audit function collectively possesses the competencies to perform the internal audit services described in the internal audit charter or must obtain the necessary competencies.</p>
<p>Standard 3.2 Continuing Professional Development</p>	<p>Internal auditors must maintain and continually develop their competencies to improve the effectiveness and quality of internal audit services. Internal auditors must pursue continuing professional development including education and training. Practicing internal auditors who have attained professional internal audit certifications must follow the continuing professional education policies and fulfil the requirements applicable to their certifications.</p>
<p>Principle 4 Exercise Due Professional Care</p>	<p>Internal auditors apply due professional care in planning and performing internal audit services. The standards that embody exercising due professional care require:</p> <ul style="list-style-type: none"> • Conformance with the Global Internal Audit Standards. • Consideration of the nature, circumstances, and requirements of the work to be performed. • Application of professional scepticism to critically assess and evaluate information. <p>Due professional care requires planning and performing internal audit services with the diligence, judgment, and scepticism possessed by prudent and competent internal auditors. When exercising due professional care, internal auditors perform in the best interests of those receiving internal audit services but are not expected to be infallible.</p>
<p>Standard 4.1 Conformance with the Global Internal Audit Standards</p>	<p>Internal auditors must plan and perform internal audit services in accordance with the Global Internal Audit Standards. The internal audit function’s methodologies must be established, documented, and maintained in alignment with the Standards. Internal auditors must follow the Standards and the internal audit function’s methodologies when planning and performing internal audit services and communicating results. If the Standards are used in conjunction with requirements issued by other authoritative bodies, internal audit communications must also cite the use of the other requirements, as appropriate. If laws or regulations prohibit internal auditors or the internal audit function from conforming with any part of the Standards, conformance with all other parts of the Standards is required and appropriate disclosures must be made. When internal auditors are unable to conform with a requirement, the Head of Internal Audit must document and communicate a description of the circumstance, alternative actions taken, the impact of the actions, and the rationale. Requirements related to disclosing nonconformance with the Standards are described in Standards 8.3 Quality, 12.1 Internal Quality Assessment, and 15.1 Final Engagement Communication.</p>
<p>Standard 4.2 Due Professional Care</p>	<p>Internal auditors must exercise due professional care by assessing the nature, circumstances, and requirements of the services to be provided, including:</p> <ul style="list-style-type: none"> • The organisation’s strategy and objectives. • The interests of those for whom internal audit services are provided and the interests of other stakeholders. • Adequacy and effectiveness of governance, risk management, and control processes. • Cost relative to potential benefits of the internal audit services to be performed. • Extent and timeliness of work needed to achieve the engagement’s objectives. • Relative complexity, materiality, or significance of risks to the activity under review. • Probability of significant errors, fraud, noncompliance, and other risks that might affect objectives, operations, or resources. • Use of appropriate techniques, tools, and technology.

Appendix B – Internal Audit Code of Ethics and Professionalism

Principle / Standard	Requirement
Standard 4.3 Professional Scepticism	<p>Internal auditors must exercise professional scepticism when planning and performing internal audit services.</p> <p>To exercise professional scepticism, internal auditors must:</p> <ul style="list-style-type: none"> • Maintain an attitude that includes inquisitiveness. • Critically assess the reliability of information. • Be straightforward and honest when raising concerns and asking questions about inconsistent information. • Seek additional evidence to make a judgment about information and statements that might be incomplete, inconsistent, false, or misleading.
Principle 5 Maintain Confidentiality	<p>Internal auditors use and protect information appropriately.</p> <p>Because internal auditors have unrestricted access to the data, records, and other information necessary to fulfil the internal audit mandate, they often receive information that is confidential, proprietary, and/or personally identifiable.</p> <p>This includes information in physical and digital form as well as information derived from oral communication, such as formal or informal meeting discussions. Internal auditors must respect the value and ownership of information they receive by using it only for professional purposes and protecting it from unauthorised access or disclosure, internally and externally.</p>
Standard 5.1 Use of Information	<p>Internal auditors must follow the relevant policies, procedures, laws, and regulations when using information. The information must not be used for personal gain or in a manner contrary or detrimental to the organisation’s legitimate and ethical objectives.</p>
Standard 5.2 Protection of Information	<p>Internal auditors must be aware of their responsibilities for protecting information and demonstrate respect for the confidentiality, privacy, and ownership of information acquired when performing internal audit services or as the result of professional relationships.</p> <p>Internal auditors must understand and abide by the laws, regulations, policies, and procedures related to confidentiality, information privacy, and information security that apply to the organisation and internal audit function.</p> <p>Considerations specifically relevant to the internal audit function include:</p> <ul style="list-style-type: none"> • Custody, retention, and disposal of engagement records. • Release of engagement records to internal and external parties. • Handling of, access to, or copies of confidential information when it is no longer needed. <p>Internal auditors must not disclose confidential information to unauthorised parties unless there is a legal or professional responsibility to do so.</p> <p>Internal auditors must manage the risk of exposing or disclosing information inadvertently.</p> <p>The Head of Internal Audit must ensure that the internal audit function and individuals assisting the internal audit function adhere to the same protection requirements.</p>

 Brent	Audit and Standards Advisory Committee 12 June 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance & Resources (Councillor Mili Patel)
External Audit's Enquires of Management	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	Two Appendix 1: Brent Council Enquires of Management Appendix 2: Pension Fund Enquires of Management
Background Papers:	
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Corporate Director of Finance and Resources 020 8937 4043 minesh.patel@brent.gov.uk Ben Ainsworth, Head of Finance 020 8937 1731 benjamin.ainsworth@brent.gov.uk

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 ap16a-feedback-analysis-derecognition-of-financial-liabilities-through-electronic-transfer.pdf (ifrs.org) 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?	TBC	

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"> • Local Partnerships around PFI/PPP contracts • LG Futures for Business Rates and especially the mini-London pool • Arlingclose Ltd - Treasury management advisors consulted on ongoing Treasury Management activities and provide regular market and regulatory updates. • EY – Provide a tax advice service to the council covering All taxes. Advice sought principally relates to VAT and employment taxes.
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>

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"> 1) Quarterly Internal Audit and Counter Fraud progress reports are reported to CMT and the Audit and Standards Advisory Committee. 2) Internal Audit reports and Investigation reports are shared with all appropriate stakeholders and senior management. 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. 4) The HIA sits on the Council's Corporate Governance Group, and provides updates surrounding IA and counter fraud activities.
<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"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <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><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></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>
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

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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? If so please summarise:</p> <ul style="list-style-type: none"> • the nature of the relationship between these related parties and London Borough of Brent • whether London Borough of Brent has entered into or plans to enter into any transactions with these related parties • the type and purpose of these transactions 	<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. All Members are required to submit register of interest 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. 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"> • Impact on collection rates from cost of living crisis • Insurance claims provision • Purchase Order Accruals are reviewed each year. This year historic purchase order accruals are written off, reviewed and then re accrued where required. • Property, plant and equipment (PPE) valuation and depreciation
<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
<p>6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<ul style="list-style-type: none"> • Employ external experts where there is limited knowledge (e.g. PFI). Accruals to have supporting workings. • External solicitors' consultation by exception. • Professional judgement of the service areas involved. • Additional specific external training for Staff
<p>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>	<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>
<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?</p>	<ul style="list-style-type: none"> • HoF/SFA review of accruals proposed by Service and material estimates • 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.
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> - Management's process for making significant accounting estimates - The methods and models used - The resultant accounting estimates included in the financial statements. 	<ul style="list-style-type: none"> • All of the homecare and other material accruals will be based on the YTD expenditure trend, with adjustments made for exceptional in-year items. • Senior finance review of material estimates. • Using third party evidence and confirmations where possible.

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"> • Guidance and advice provided by advisors/external consultants and reviewed by SFAs & HoF against the Accounting Code of Practice. • The Chief Accountant's team also provide technical guidance and training to the finance team
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
PFI 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"> 1) Quarterly Internal Audit and Counter Fraud progress reports are reported to CMT and the Audit and Standards Advisory Committee. 2) Internal Audit reports and Investigation reports are shared with all appropriate stakeholders and senior management. 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. 4) The HIA sits on the Council's Corporate Governance Group, and provides updates surrounding IA and counter fraud activities.
<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"> the existence of internal controls, including segregation of duties; and the process for reviewing the effectiveness the system of internal control? <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><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></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 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"> 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 the type and purpose of these transactions 	<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 in 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

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Accounting Estimates - General Enquiries of Management

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

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"> • Guidance and advice provided by advisors/external consultants and reviewed by finance team against the Accounting Code of Practice. • The Chief Accountant's team also provide technical guidance and training to the finance team.
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?
Page 174 Actuarial PV of Retirement Benefits	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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 Brent	Audit & Standards Advisory Committee 12 June 2024
	Report from the Corporate Director of Finance & Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance & Resources (Councillor Mili Patel)
Draft Statement of Accounts 2023/24	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	One Appendix 1: Draft Statement of Accounts 2023/24
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel Corporate Director of Finance and Resources Tel: 020 8937 4043 Email: Minesh.Patel@brent.gov.uk Rav Jassar Deputy Director of Finance Tel: 020 8937 1487 Email: Ravinder.Jassar@brent.gov.uk

1.0 Executive Summary

1.1. This report presents the Council's draft 2023/24 Statement of Accounts to members of the Audit & Standards Committee.

2.0 Recommendation(s)

2.1 That the Committee notes the draft Statement of Accounts for 2023/24 submitted to external audit.

3.0 Detail

3.1 Contribution to Borough Plan Priorities and Strategic Context

3.1.1 The statement of accounts is the formal audited accounts of the Council. The purpose of the statement of accounts is to give clear information on the Council's overall finances and demonstrate stewardship of public money for the year. Being able to independently demonstrate that the Council's financial affairs are sound, will ensure the Council can achieve its Borough Plan priorities and objectives.

3.2 Background

3.2.1 The council's draft Statement of Accounts for 2023/24 has now been published.

3.2.2 The accounts have been published a month earlier than last year to reflect the earlier statutory deadline for publication of 31 May 2024. This has involved considerable work to shorten the timescale for production of the accounts.

3.2.3 Publication was slightly delayed beyond the statutory deadline due to additional general fund valuations undertaken for the 2023/24 Statement of Accounts compared to recent years.

3.2.4 There is a small amount of work outstanding connected with the valuations, that is not expected to have a material impact on the final accounts. It is expected that this will principally move money between unusable reserves.

3.2.5 This delay will have no impact on the audit, which is scheduled to start on 24 June 2024.

4.0 Stakeholder and ward member consultation and engagement

4.1 There are no direct considerations arising out of this report.

5.0 Financial Considerations

5.1 The narrative statement included in the draft accounts provides a detailed commentary on the Council and its performance during the year, its main objectives and strategies and the principal risks that it faces.

6.0 Legal Considerations

6.1 There are no specific legal considerations in agreeing this report.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 None

8.0 Climate Change and Environmental Considerations

8.1 None

9.0 **Human Resources/Property Considerations (if appropriate)**

9.1 There are no HR or property considerations arising out this report.

10.0 Communication Considerations

10.1 None

Report sign off:

Minesh Patel

Corporate Director of Finance & Resources

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London Borough of Brent
Statement of Accounts
2023/24

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Introduction

I am very pleased to present Brent Council's Statement of Accounts for 2023/24. Whilst by their very nature the accounts can be backward looking, they do provide the context of the financial position for Brent at the end of the financial year as well as the numerous challenges presently facing the local authority sector and which are likely to do so for the foreseeable future.

Minesh Patel
Corporate Director of
Finance and Resources

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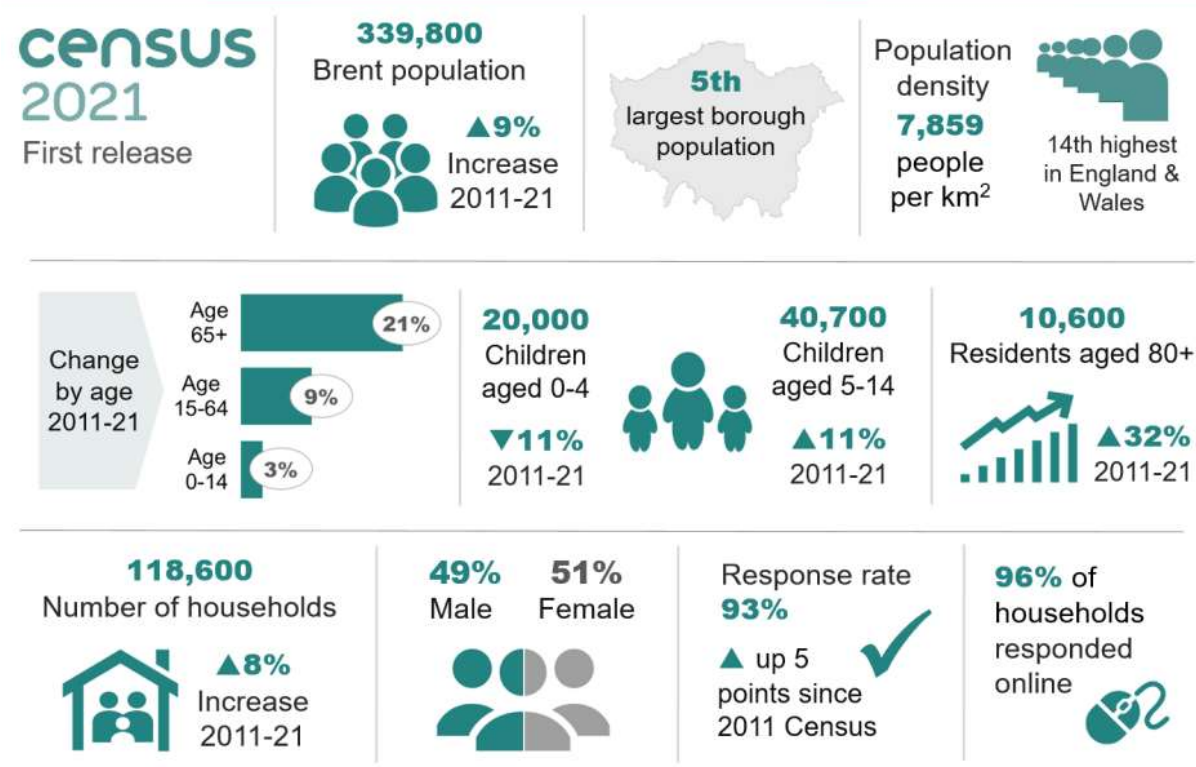
Background

1. Brent is situated in north-west London, bordering the boroughs of Harrow to the north-west, Barnet to the north-east, Camden to the east, the City of Westminster to the

south-east, and the Royal Borough of Kensington and Chelsea, Hammersmith and Fulham to the west, and Ealing to the south.

- It covers an area of 4,325 hectares, making it London’s fifteenth largest borough; about 22% of this is green space. Brent’s major districts are Kilburn, Willesden, Wembley and Harlesden as well as Stonebridge, Kingsbury, Kensal Green and Queen's Park. There is a mixture of residential, industrial and commercial land with districts in the east having an inner-city character, while the west is more suburban. Within Brent lie Wembley Stadium, the country's largest stadium by capacity, as well as other notable attractions such as the Kiln Theatre, the Swaminarayan Temple, Wembley Arena and the Welsh Harp reservoir.

Brent Summary



Population

- The census counted 339,800 people resident in Brent in 2021 – making Brent the capital’s fifth most populous borough. Brent has seen strong population growth over the decade, rising by 9% between 2011 and 2021 (+28,600 in number). Since 2021, Brent has seen a ‘post-pandemic’ bounce back in its population: the latest projections suggest the borough’s population is now around 352,000 (as at 2023).
- Brent is a densely populated borough, with an average of 7,859 people per square kilometre – the 14th highest population density in England & Wales, and the highest in Outer London.
- In common with other London boroughs, Brent has a younger age profile compared with England & Wales, characterised by more adults aged 20-44 and fewer older residents. Around 12% of Brent residents were aged 65 and over compared with 19% nationally.

6. However, in line with wider trends, the Brent population is ageing. The latest projections suggest the number of older residents, aged 65 and over, will rise by 76% over the period 2021-2041. This equates to an additional 30,000 older residents aged 65 and over by 2041.

Characteristics

7. Brent is one of the most diverse areas in the country and has long attracted a wide range of residents from across the globe. Around 56% of the local population were born abroad, the largest percentage across England & Wales. The top five countries of birth in Brent (after the UK), were: India, Romania, Poland, Somalia and Pakistan.
8. Around two thirds (65%) of residents were from Black, Asian and other minority ethnic groups – the 2nd highest rate in England & Wales. The largest single ethnic group is the Indian population who comprise almost one in five residents (19%) – the 5th highest rate nationally. Brent also has a large white minority population, which includes those from Europe: over one in five Brent residents have EU nationality (22%) - the highest rate nationally.
9. Brent has a large Hindu population comprising 16% of the population – the 3rd highest rate nationally. The borough also has a relatively large Muslim population: 21% of residents were Muslim – the 15th highest rate nationally.
10. Around one third of residents (34%) use a language other than English as their main language – the second highest rate in England & Wales. At least 150 different languages are spoken in the borough. The five most common languages in Brent, after English, were: Gujarati, Romanian, Arabic, Portuguese and Polish.

Financial Context

11. In the current and medium term, the economic environment is weak, with the country just coming out of a shallow recession, and many people and organisations still suffering from the cost-of-living crisis. Looking to the future, there is political uncertainty with a general election in July 2024 and economic forecasts of little or no growth.
12. As of February 2024, the Bank of England forecasts that inflation will fall to close to 2% before rising slightly. As a result interest rates are currently being held high at 5.25% and forecast to drop slowly to 3.5% in 2026.
13. The residents of Brent face an equally challenging economic environment with the effects of the cost-of-living crisis exacerbated by levels of unemployment above national and London averages. After effects of the recent high level of inflation, and continuing high interest rates mean that the cost-of-living crisis is unlikely to end in the near future.
14. The Council will need to assist residents and local businesses through these difficult economic times, for instance by extending the temporary Resident Support Fund.

15. The Council is seeing the effect of Brent's precarious economic position through a post COVID-19 decline in both council tax and business rates collection which is below the London average, and is not recovering as quickly as elsewhere in London.
16. The impact of COVID-19 scarring is another issue, and it will not be known for some time the exact extent of any impact from this.

Local Government Funding

17. The government's Autumn Statement and Local Government Finance Settlement provided figures in sufficient detail to enable effective resource planning for the next year. A major concern is that hard decisions on reducing public sector spending have been put back until the 2025/26 budget round. That will be after the next general election and the task of making substantial reductions in public expenditure will therefore fall to the incoming government. There is no indication how much of any expenditure reductions will be targeted at local government but given the high level of the national savings requirement from 2025/26 onwards set out in the Autumn Statement, it would be reasonable to assume that most parts of the public sector will be affected including local government. There is therefore a real risk of a new round of austerity.
18. Whilst there is cross-party recognition of adult social care funding pressures and in particular the adverse effect bed blocking has on the NHS, that consideration alone is unlikely to protect local government from a significant reduction in funding.
19. Future cuts to public sector expenditure may have been put off until 2025/26, but they are not the only items deferred until then. The fair funding review of local government finances, the reset of the business rates baseline, and the introduction of a cap on care costs are just some of the other major policy decisions currently on hold until after the next general election.

Medium Term Financial Strategy (MTFS)

20. When updating the MTFS, the Council's budget approach has very much focused on delivering efficiencies in order to achieve a balanced budget in the face of government funding reductions. As part of this, the Council has been successful in delivering a savings programme without significant reductions in service provision or adverse impact on the most vulnerable. There is a limit on the level of efficiencies that can be made and significant cuts in government funding could eventually lead to reductions in service provision.
21. The financial outlook is uncertain with potential funding reductions on the horizon. The Council therefore needs to be cautious and prudent in its financial planning by acting to strengthen its financial resilience so that it can overcome future funding risks, particular in the 2025/26 cliff edge year.
22. The MTFS for the next four years is more challenging than at any time in the recent past. The overspends detailed in the Review of Financial Year below, coupled with any potential constraint or reduction in central government funding from 2025/26 onwards mean that the council will have to find significant savings to balance its budget over the medium term.

Strategic Vision - Borough Plan

23. The 2022/23 financial year was the final year of the 2019-23 Borough Plan. A new Borough Plan was agreed during this period.
24. The Borough Plan 2023-27 sets out the Council's vision for the next four years and its primary aim is 'Moving Forward Together'. There is an emphasis how the Council will work with others to support people through the cost-of-living crisis, realise climate change ambitions and harness the diverse range of communities. Central to these ambitions is making Brent the best it can be for everyone who lives and works in the borough.
25. In his introduction to the new 2023-27 Borough Plan, Cllr Muhammed Butt, Leader of Brent Council, set out his vision for the borough:

"We will look to continue our record as the Council of the Year, the award we received back in 2020 – recognising that despite the challenges, Brent Council will always take tough decisions in seeking to ensure that no one is left behind. We will continue to prioritise the most vulnerable in our community and make sure that essential services like waste collection, libraries, education, public health and care are protected.

"In Brent, like every London borough – we face a constant balancing act between the many challenges that await us. We face unprecedented demand in housing services; many more residents requiring round the clock care in later life; an increase in interventions by children's social services; and the ever present need to keep our borough safe, secure and clean."

2023-24 Strategic themes

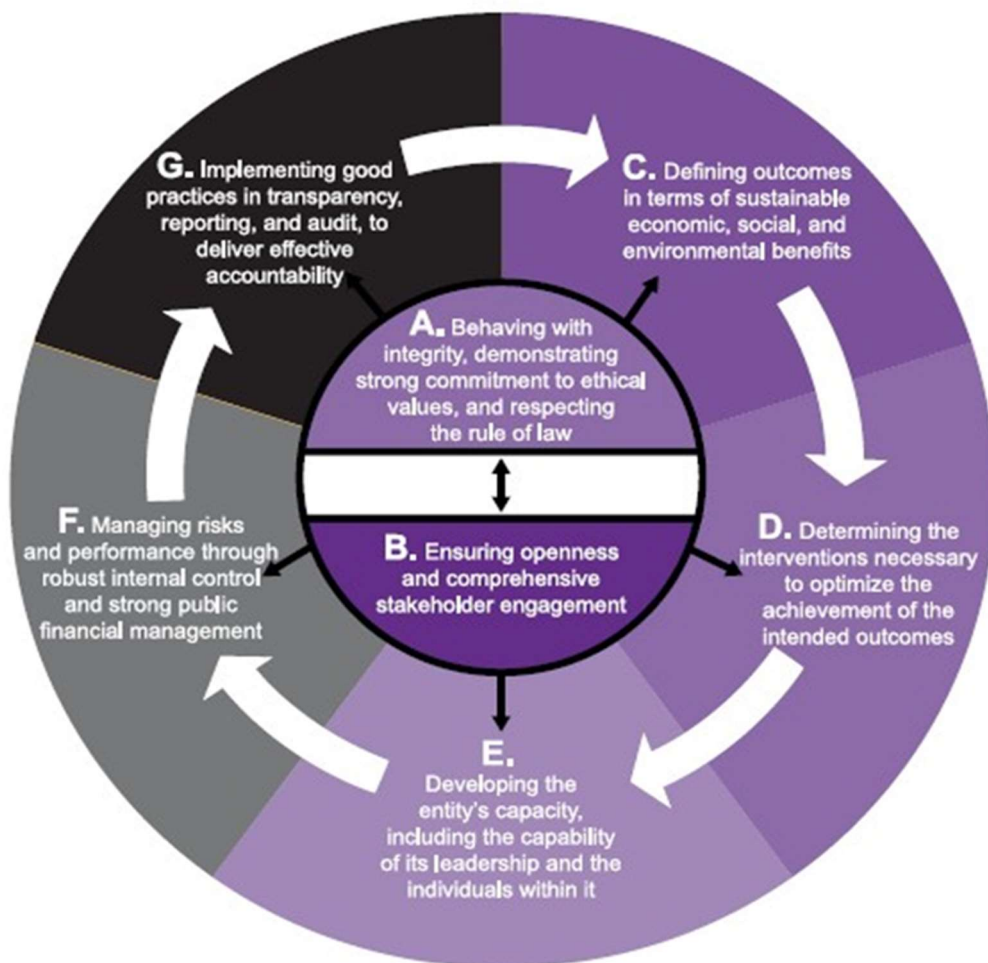


26. The Borough Plan is reviewed regularly to ensure it is still relevant, reflects the national policy landscape, local priorities and context. The council monitors progress against the outcomes set out in the Plan based on a suite of performance measures. These are reported to Cabinet twice a year.

Governance

27. The Council has a well-established and robust corporate governance framework. This includes the statutory elements such as the posts of Head of Paid Service, the Monitoring Officer and the Section 151 Officer in addition to the current political arrangements. An overview of this governance framework is provided within the Annual Governance Statement for 2023/24. This includes a detailed review of the effectiveness of the Council's governance arrangements.

28. The principles that underpin the governance framework are shown in this graphic:



29. The Finance Department undertakes periodic reviews of the financial governance arrangements to ensure decisions to commit resources are at all times robust. The Council has also tested the resilience of the finance functions and business continuity plans to make sure that the most important elements (running payroll, paying suppliers, core reporting) can continue even with significant risks such as staff absences.

Political Structure

30. In 2023/24 Brent was divided into 21 electoral wards and three parliamentary constituencies: Brent North, Brent Central, and Hampstead and Kilburn. The Hampstead and Kilburn parliamentary constituency also includes part of the London Borough of Camden.



Chief Officer Structure

31. During 2023/24 the Council maintained the structure of its departments although there was some change in senior the senior management team. This chart shows the senior management team as at March 2024:

OUR TOP TEAM

Kim Wright
Chief Executive

Nigel Chapman
Corporate Director
Children and Young People

Rachel Crossley
Corporate Director
Adult Social Care and Health

Peter Gadsdon
Corporate Director
Resident Services

Minesh Patel
Corporate Director
Finance and Resources

Debra Norman
Corporate Director Governance

Alice Lester
Corporate Director
Communities and Regeneration

Brent

32. There was a restructure of the responsibilities senior management team on the 1st April 2024, which will affect next year's accounts.

Review of Financial Year

33. The 2023/24 financial year proved challenging for the Council. In common with many other London boroughs, there has been a large increase in demand for temporary accommodation (12%) which has led to a £13.0m overspend on temporary accommodation.
34. There are also pressures in social care, Childrens Social Care overspend by £1.1m due to increased demand for placements and additional costs for agency cost to cover vacant roles. Adult Social Care overspend by £1.9m, caused by: additional costs identified for prior years, less income from Health than expected, and withdrawal from the market of a Community Equipment supplier.
35. A key part of the council's strategy to control housing costs in previous years has been to purchase housing for the council or its subsidiaries to reduce costs. This approach was more challenging in 2023/24 as the costs have increased significantly without an similar increase in the income available to the council or its subsidiaries for operating such properties
36. Spending controls implemented in response to the overspend on temporary accommodation helped reduce the overspend on services to £13.5m.
37. The local government financial settlement for 2023/24 was no worse than expected. The government has however pushed a number of significant funding decisions to the other side of the general election, meaning that the 2025/26 financial year could see substantial reductions in government support for local authorities. At present this is considered a significant risk that needs to be factored into the Council's financial plans.
38. Demographic changes, compounded by the adverse economic environment, have increased service demand for social care across both the Children and Young People's and Care, Health and Wellbeing departments. Providers are also increasing their prices, resulting in significant inflationary pressures. Homelessness continues to be a significant pressure. The upwards trend is compounded by the combination of constrained economic environment and increasing costs for rented accommodation within London.

Summary of Financial Performance

39. The Council's General Fund position is breakeven as a transfer from corporate contingency covered overspends in the Resident Services of £11.2m, Children and Young People (CYP) service of £1.1m and Care, Health and Wellbeing of £1.9m, while other General Fund services out turned with modest underspends. The Dedicated Schools Grant (DSG) shows a breakeven position, while the Housing Revenue Account (HRA) underspent by £2m. This is detailed in table 1.

Revenue Expenditure

Table 1
– Outturn Position 2023/24

Area	Revised Budget £m	Actual Transactions £m	Over/(Under) Spend £m
Care, Health and Wellbeing	134.0	136.0	1.9
Children and Young People	72.5	73.6	1.1
Communities and Regeneration	7.9	7.6	(0.2)
Finance and Resources	13.1	13.0	(0.1)
Governance	14.6	14.2	(0.4)
Resident Services	84.8	96.0	11.2
Service Expenditure	326.9	340.4	13.5
Central Items and Budgeted Contingency	(326.9)	(342.9)	(16.0)
General Fund (GF) Budgets / Outturn	0.0	(2.5)	(2.5)
DSG Funded Activity	0.0	0.0	0.0
Housing Revenue Account (HRA)	0.0	(2.0)	(2.0)
Total (GF, HRA, DSG)	0.0	(4.5)	(4.5)

The detailed breakdown of these figures is in Note 14.

Service Revenue Expenditure

Care, Health and Wellbeing (CHW)

40. The CHW department overspent by £1.9m in 2023/24.
41. Public Health report a break-even position. This includes a planned draw-down from the Public Health earmarked reserve of £0.6m, this was to fund activity not completed in the prior-year.
42. The overspend therefore comes from the Adult Social Care department. This pressure has arisen mainly from:
 43. Large adjustments required to care packages relating to prior years. Either due to delays in recording the packages, or uplifts required to the recorded rates.
 44. A review of clients receiving care jointly funded by Health meant that some care packages were identified as already split funded, and therefore could not be recharged as expected.

45. The supplier who provided Community Equipment to ASC clients withdrew from the contract mid-year. A new provider was subsequently found, but there has been some delays and cost pressures with the new contract in 2023/24.
46. Controls have already been put in place by the department to ensure that these pressures do not reoccur in 2024/25:
47. Processes have been updated and reminders to the team that care packages should be entered onto the system as soon as the panel decision is made regarding the package. Large one-off payments will also require the approval of the Director or Corporate Director.
48. Meetings have already taken place with Health to review the joint funded packages. The department are working to revert to the process of all packages paid for by the Council and recharged to Health.
49. The community equipment contract will be entering its second year, and therefore it is expected to be more established and stable. Monthly monitoring of the contract will continue.
50. The department has faced pressures with the recruitment and retention of social care staff, which is a nationwide problem. The department has taken steps to resolve this, which was assisted by the new The Market Sustainability and Improvement Fund (MSIF) Workforce Fund confirmed in August 2023.

Children and Young People (CYP)

51. The Children and Young People department's General Fund budget overspent by £1.1 million which is £0.8million more than the Q3 reported position of £0.3m. The increase is largely due to pressures against the Placements budgets in Forward Planning, Performance and Partnerships (FPPP) as it had emerged that some elements of the care leavers semi-independent cost pressures had not been factored into the Q3 forecast and going forward regular reconciliations and continued management oversight will prevent this reoccurring. The Placements budget is also dependent on various income and internal recharge sources which were less than anticipated as at Q3.
52. This pressure across the department has mainly arisen because of two cost drivers namely, the demand for placements for looked after children and the use of agency staff to fill vacant social worker roles because of the challenge of recruiting and retaining social workers.
53. Pressures against the placement budgets sufficiency challenge are a combination of the impact of inflation and increased costs because Brent's looked after children often enter care late, with complex needs and require higher levels of support and this has also been evident in the care leavers cohort in semi-independent placements where a number of young people require high levels of additional support.
54. The department continues to face pressures due to the national challenge of recruitment and retention of social workers leading to a reliance on agency staff. A shortage of social workers and other case holding staff is also an acknowledged regional issue, which requires a coordinated regional approach over the medium term. CYP management continue to take

steps to improve recruitment and retention of social workers including several recruitment drives, a weekly Establishment Board created to scrutinise all agency recruitment, and corresponding activity to achieve permanency through conversations with agency staff to convert to permanent roles and in 2023/24 there were 14 agency conversions to permanent staff.

Resident Services

55. The Resident Services department is reporting a net overspend of £11.2m for 2023/24.
56. Customer Services are showing an underspend of £0.2m, which is due to the service holding a budget attributable to the Resident Support Fund, of which a proportion was allocated to Discretionary Housing Payments and expenditure was incurred elsewhere in the Council. Customer Services also continued to support residents through the cost-of-living crisis. The Council allocated £3m from reserves to the Resident Support Fund to support residents experiencing financial difficulty. The Government continued to fund the Household Support Fund and the Council has been granted £5.6m which was used to support households receiving free school meals for holiday period, 0-4 year old children whose parents or guardians are on Housing Benefits, food banks, careers in Brent, Housing Benefits residents who did not qualify for any government help, as well as reactive food support through supermarket vouchers. In addition, £2m of the Household Support Fund has been made available for the Resident Support Fund for reactive support through applications. The Household Support Fund has been announced to be extended for a further six months, to the end of September 2024. For Brent this is an additional £2.8m.
57. Environment and Leisure are reporting a net overspend of £0.1m. This position is predominately a result of budgetary pressures associated with additional costs due to data cleansing and settling historic energy bills and pressures on the leisure centres budgets being partially offset with over recovery of parking income and cost reductions achieved as a result of the expenditure controls put in place.
58. Housing report an overspend of £13.0m, which is consistent with reported forecasts during the year and is primarily due to extreme pressures on the Housing Needs service. An extremely high level of demand for homelessness services is a national issue, but it is particularly acute in London. The Housing Needs Service in Brent has seen a 12% increase in homelessness approaches in 2023/24 (7300) compared to 2022/23 (6529). As at the end of March 2024, the total number of homeless households living in B&B and Annexe accommodation has risen to 751, broken down between 485 families and 266 single people.
59. The Affordable Housing & Partnerships service has achieved a £0.4m underspend attributable to the expenditure controls put in place during the year. This has helped to offset pressures on the Housing PFI contract within the same service.
60. Within the Transformation service there was a £0.7m overspend which is largely attributable to an increase in a cost of service delivery. The increase in users alongside an increase in costs relating to inflation resulting in third party suppliers increasing prices for system licenses and other items. In addition, there were increases in usage of services such as print and cloud storage.

Communities and Regeneration

61. Communities and Regeneration has underspent by £0.2m, reflecting the impact of spending controls on the budget.
62. One off additional income, pausing some spend in Communications whilst the new Communications strategy was developed and holding posts vacant in Communities generated an underspend of £0.8m.
63. This underspend offset an overspend of £0.6m in Regeneration on Building Control. This overspend is due to income in Building Control not returning to the pre-pandemic levels that were budgeted for.

Finance & Resources

64. The Finance & Resources department reports an underspend of £0.1m. This is primarily attributable to an underspend from the Finance department.

Governance

65. The Governance department had a net underspend of £0.4m that is overall consistent with the latest reported forecast. An early achievement of 2024/25 savings within the Human Resources and the Executive and Member services, as well as staffing related underspends within the Human Resources and the Procurement services more than offset overspends within the Legal service that are attributable to additional staffing costs as a result of additional demand for the services.

Schools and Dedicated Schools Grant (DSG)

66. The ring-fenced DSG funds local authority schools' budgets, and this is the main source of income for schools. In 2023/24, maintained school balances have decreased by £1.9m from £14.9 million to £13 million. This reduction in school balances is mainly attributable to inflationary pressures. Of the 56 maintained schools, 24 increased their balances and 32 decreased their balances. Also included in this total are 7 schools in deficit and at the end of 2023/24, 4 schools that were previously in deficit recovered their deficit, however 4 new schools have closed with deficit balances. The challenge remains that school budgets are under considerable pressure due to rising costs. In some cases, reduced funding levels have resulted from a reduction in the number of pupils on the school roll.
67. At the end of 2023/24, the overall DSG deficit has reduced from the brought forward balance of £13.8 million to £13.2 million following a net in-year surplus of £0.572m. The in-year surplus was mainly driven by surpluses against the Schools Block (£0.6m) due to an underspend against the pupil growth budget which was top sliced from schools' funding allocations to account for in year pupil growth in primary and secondary schools, Early Years Block (£1m) under-spend mainly driven from additional funding provided by the DfE in September 2023, to account for rate increases for the 2, 3&4 year old childcare provisions in Brent and lower take up of childcare provisions in the financial year, compare to the funding received. The EY Block funding is based on headcounts at January census points therefore, there is a risk that the DfE may claw back some of the funding received in 2023/24 following confirmation of the final January 2024 census. This surplus will be held in reserves

to offset any potential clawback. The Central Schools Services Block (£0.3m) underspend is mainly attributable to staff vacancies and less reliance on the use of external consultants.

68. These surpluses were offset by a pressure against the High Needs Block which saw a deficit of £1.4m. There was an increase in the number of children requiring Education, Health, and Care Plans (EHCPs) which was 3,576 as at March 2024 compared to 3,309 as at March 2023 an increase of 8.1%. This led to increases in the top-up funding for in-borough mainstream academies and special schools, placements in independent day special schools and alternative education for children awaiting placements as well as the post-16 provision.
69. The cumulative deficit of £13.2million will be carried forward to 2024/25. A HN Block Deficit Recovery Management Plan is in place with longer-term actions to recover the deficit and a task group has been set up by the council to coordinate and monitor these actions. Some of these actions to reduce costs include managing demand through ceasing plans, the impact of the use of a graduated approach, developing Alternative Provision education in the borough, increasing the amount of special provision within the borough, particularly for secondary phase pupils and 16–25-year-old SEND students and various financial management actions. In 2023/24 the cost avoidance achieved as a result of these actions was £2.6m.
70. The deficit will be disclosed as an earmarked unusable reserve in line with DfE regulations (the School and Early Years Finance (England) Regulations 2022). The regulations make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG and carried forward to be funded from future year's funding and/or recovery plans agreed with the DfE. This also means that authorities cannot fund a deficit from the General Fund without the secretary of state's approval. This arrangement is expected to be in place till the end of the financial year 2025/26.
71. Brent is also a part of the DfE programme called Delivering Better Value (DBV) in SEND to provide dedicated support and funding to help local authorities reform their high needs systems. The Council received a grant of £1 million grant funding allocated over two financial years i.e., 2023/24 and 2024/25 to deliver the actions in the Management Plan as well as cost benefits identified as part of the programme. The DBV programme will not address the historic deficit, but the current Management Plan and efficiencies identified from the programme may allow funds to be released to address historic deficits. The financial impact of the DBV benefits will be monitored in 2024/25 when they are expected to materialise. A combination of these longer-term recovery actions and anticipated funding increases will reduce the deficit.

Housing Revenue Account (HRA)

72. The Housing Revenue Account is a ring-fenced account, which manages income and expenditure in relation to 8,211 units of Council owned housing stock. When compared to the previous year, stock levels have a net reduction of 10 units, which is a result of additions from ongoing investment in the affordable housing programme being offset by stock reductions from Right to Buy sales and decommissioned properties for housing re-development in South Kilburn. The Council has a target to directly deliver 1,700 new council

homes by 2028. Against these targets, the Council has developed and let 911 new Council homes to Brent households and there are a further 1171 homes being built on site.

73. The HRA reported an underspend of £2m in 2023/24. Budgetary pressures associated with disrepair claims, increased demand on responsive repairs and service charges on owned blocks were mitigated through underspends in staffing, interest payments, review of support service costs and revised expected credit losses on balances owed to the Council. The HRA operating reserve balance stands at £2.4m.
74. Looking ahead, increased levels of inflation on repairs contract re-procurement, stock condition and rising interest rates pose a financial risk to the HRA. This has an impact on the cost of materials and contracts as well as the cost of new build schemes.
75. For 2024/25, the government guideline rates on rent uplifts were applied. The average rent currently sits at £144.40 per week, an increase of 7.7% when compared to the previous year. This represented a £4.1m increased income into the HRA. The HRA has had to modify service delivery and achieve considerable savings in order to close the gap between the rental income raised and the increased cost of delivering the service as a result of inflation and previous year rent cap. There is no provision in the current rent regulations to allow anything more than the maximum (CPI plus 1%) increases in future years and therefore no scope to catch up the income lost through the rent freeze and reductions that were applied in prior years. HRA finances will be continuously monitored with an updated position reported in the Medium-Term Financial Strategy (MTFS).
76. The operating reserve is necessary to manage unexpected deficits, or for smoothing in-year budget pressures due to timing differences between the cost of building new homes and receiving rental income, so that it can offset the increased borrowing costs. In addition to the need for the HRA to balance competing demands, such as investing in supply of new homes, pandemic, cost-of-living crisis and inflation have further stressed the importance of maintaining adequate level of reserves.
77. The current HRA reserve balance is £2.4m. Brent's reserve balance is 4% of gross rent and is lower than the peer average. Within the HRA Business Plan, the minimum working balance requirement is assumed at 5% of gross income, which works out at circa £2.7m. If Brent was to increase the level of its reserves, this will require some trade-off on budget reductions elsewhere which may have an impact on key targets such as delivery of 1,700 affordable housing and stock refurbishment programmes.

Capital Expenditure

78. Capital expenditure is money spent on creating or improving assets where the benefits last for more than 12 months. This consists of spending on buying, constructing or improving buildings, land, vehicles or equipment which can be used over a long period of time. It also includes grants and advances that authorities make to other organisations that are for capital purposes.
79. The Council's corporate strategy drives an ambitious five-year capital investment programme totalling £478.4m which is financed from a combination of capital receipts, grants, contributions, reserves and external borrowing.
80. For 2023/24 the Council spent £213.0m which equates to 95% of the approved capital programme budget and was under spent compared to budget by £11.2m as shown in Table 2 below. Because of the project-based nature of capital expenditure, there can be relatively larger variance in expenditure as compared with revenue expenditure.

Table 2 – Capital Expenditure

Board	Revised Budget	Outturn	Over / (Under) Spend
	(£'m)	(£'m)	(£'m)
Corporate Landlord	10.1	10.0	(0.1)
Regeneration	9.0	4.5	(4.5)
St Raphael's	0.8	0.6	(0.2)
Housing GF	101.4	99.4	(2.0)
Housing HRA	40.9	42.8	1.9
Schools	12.4	11.7	(0.7)
South Kilburn	22.6	18.9	(3.7)
Public Realm	26.9	25.1	(1.8)
Total	224.2	213.0	(11.2)

81. The current UK economic outlook pose multifaceted challenges and opportunities and for Brent Council, increasing supply of affordable housing amidst constrained budgets and higher borrowing costs to meet significant demand for low-cost housing is a key challenge. The broader economic slowdown and technical recession have exacerbated these challenges, limiting the financial tools available for expanding social housing stocks.

82. Brent must continue to navigate these economic hurdles while also responding to the rising demand for housing assistance, especially as private market rents climb, making social housing even more vital for low-income residents. However, with inflation beginning to trend downwards in recent months, there is an increasing expectation that the Bank of England base rate will see reductions from the current high of 5.25%. This could provide fiscal space to enable more economically feasible financing options for housing projects. This situation requires strategic utilisation of any available funding to expand and maintain the social housing infrastructure. Moreover, Brent is also tasked with managing other community needs, such as education, transportation, and public health, which may compete with housing for limited resources. In this complex landscape, innovative solutions and partnerships will be crucial for local authorities to effectively support housing stability and broader community well-being.

83. In 2023/24, the outturn against the revised budget highlighted the challenges of budget control, characterised by slippage and accelerated spend. These fluctuations against budget arose from unexpected project advancements, delays, or adjustments in timelines, emphasising the complexities of delivering multi-year capital projects. Brent faced notable operational challenges, especially delays caused by extended negotiations, slower than anticipated contract processes, and unexpected setbacks.

Corporate Landlord

84. Corporate Landlord recorded a minor overall underspend of £0.1 million compared to the revised budget. Significant activities included an accelerated £0.9 million expenditure on ICT due to early laptop replacements, countered by a £0.6 million delay in IT Licenses renewals and a £0.2 million delay in Civic Centre Development. Future forecasts for the Civic Centre project are exceeding the allocated budget, primarily due to unforeseen increases in roofing costs and other expenses, with budgets for 2026/27 still pending finalisation.

Regeneration

85. The Regeneration program reported spending that was £4.5 million lower than anticipated. Key variances included a shift of a £2.1 million CIL payment to Wates' liability and a £1.0 million delay in the Housing Zones due to contract signing delays. Additional slippages involved £0.5 million at the Wembley Medical Centre and £0.3 million lower spending at Picture Palace due to previous over receipting adjustments. Final works price from the contractor on Morland Gardens resulted in a budget underspend of £0.5m. The Morland Garden mixed development project experienced delays in the appointment of a design and build contractor for the development and delays in the delivery whilst the outstanding objections to the stopping up order were being considered. Unspent funds from the UK Shared Prosperity Fund will be carried over to future periods.

St Raphael's

86. The St Raphael's Board has recorded an underspend of £0.2m against the current year's budget, with this expenditure now deferred to subsequent periods. Budget allocations primarily covered planning and design costs across multiple project phases, alongside minor improvement works not requiring formal planning consent.

Housing - GF

87. At outturn, the Housing General Fund (GF) reported an underspend of £2.0m. Several factors contributed to this variance: Demand led the Private Sector Homes Adaptations to exceed the budget by £1.1m, while the Empty Private Sector Homes Programme was £0.9m under budget, influenced by competition from the private market. The Learie Constantine development underspent by £1.0m due to a later than planned project completion. The Clock Cottages scheme, which is still under construction, showed a spending over the budget totalling £0.3m, due to an acceleration in the programme. BICC Redevelopment concluded with £1.9m under the budget, correlating to delayed payments to contractors. The Nail Acquisition & Refurbishment reported £0.4m in deferred spending with anticipated future spend. The Edgware Road Project commenced earlier than planned, resulting in £1.1m in advance payments and is expected to see significant cost increases due to design changes.

Housing – HRA

88. At the year-end, the Housing HRA board reported an overspend against the current year budget, with spend surpassing the annual budget by £1.9m, largely due to spending at two developments. Claire Court saw an accelerated spend of £3.0m as the project advanced more swiftly than initially expected. In contrast, Windmill Court; the now-discontinued project is recording a £0.5m overspend resulting from the Council's strategic decision to repurchase properties, thereby surpassing the revised budget. Additionally, the HRA Board is managing slippages across Grand Union and RTB Acquisitions, with postponed expenditures amounting to £1.2m.

Schools

89. The schools' capital programme faced a £0.7 million spending shortfall, largely due to the delayed commencement of the London Road SEND school. Budget adjustments were also made to incorporate staff capitalisation costs directly into project spends, affecting overall budget utilisation. Accelerated spending on Devolved Formula projects and the Schools Asset Management Plan slightly offset these delays

South Kilburn

90. The South Kilburn projects underspent by £3.7 million mostly from slipped expenditure to future periods. Negotiations and buyback issues caused significant delays and budget slippages at several sites. Stringent financial control is now in place, with unutilised contingency funds and re-profiled exploratory work for the Single Delivery Partner and District Energy Network projects adjusting to the new timelines.

Public Realm

91. Public Realm spending ended the year £1.8 million below the revised budget. Accelerated expenditures included £1.3 million on the RLS waste vehicle project and £0.3 million on increased contractor works for highways management. Lower than anticipated spending on several large infrastructure projects and external grant-funded road patching contributed to overall underspend, with future budgets adjusted to reflect delayed project starts and ongoing funding allocations.

Pension fund

92. The Pension Fund is a contributory defined benefit pension scheme administered by Brent Council to provide pensions and other benefits for pensionable employees of Brent Council and a range of other scheduled and admitted bodies.

93. Brent Council had a net pension liability of £167m at 31 March 2024 which is a net reduction of £95m on an IAS 19 basis. This represents the difference between the estimated cost of pensions payable in the future (£1,262m), and the value of assets in the pension fund (£1,095m).

94. The net pension liability presented in this set of accounts is calculated on an accounting basis and is significantly higher compared to the basis used in the funding valuation. The methodology and assumptions used in the accounting valuation are different and most of the assumptions are prescribed by the relevant accounting standard.

95. The main reason for the decreased net liability on the IAS 19 basis is due to returns on assets. Investment performance returns have been higher than the expected return and this results in an improvement in the overall position.

96. During 2023/24, the value of the Pension Fund's investments increased to £1,261m (2021/22 £1,120m). This is due to strong returns in some markets, particularly global equities and the multi asset credit strategy.

97. Total contributions received from employers and employees was £69m for the year, an increase from the previous year. Total benefits paid to scheme beneficiaries, in the form of pensions or other benefits, was £52m, an increase on the previous year's £48m. As in 2022/23, the Pension Fund is in a positive cash-flow position because its contributions exceed its outgoings to members. This means that the Pension Fund is able to invest some of the contributions from members in order to further increase the assets available to pay future benefits. This is in contrast to some Local Government Pension Scheme funds, who have to use some of their investments each year, reducing the assets on which they can make returns.

98. The Brent Pension Fund is revalued every three years by an independent actuary. This is a detailed appraisal that uses economic and demographic assumptions in order to estimate future liabilities and set employer contribution rates. It was agreed in the 2022

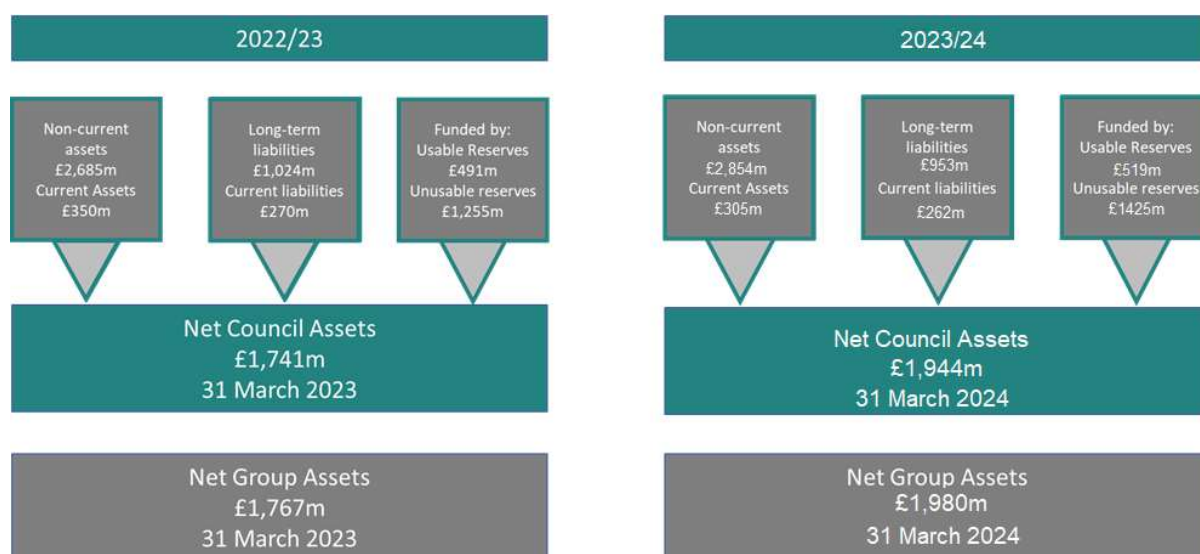
valuation that Council contributions can be reduced by 1.5% of pay per year for the next 3 years. This is consistent with the Fund’s deficit recovery plan to clear its deficit within 20 years of the balance sheet date.

99. The 2022 Triennial Valuation revealed that the Fund’s assets, as 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 was a significant increase on the 78% funding level as at the March 2019 valuation.

Group Financial Performance

100. The group accounts combine the Council’s main accounts with its interests in subsidiaries, associates and joint ventures. The council has maintained a strong balance sheet with sufficient funding to repay both long and short-term liabilities as these fall due. The group accounts consolidate the accounts of:

- First Wave Housing - provide housing in Brent and is wholly owned by Brent Council.
- Barham Park Trust - a charity that is controlled by the Council as the Council appoints all the trustees and is included in Brent’s Group accounts as a subsidiary.
- I4B Holdings Limited - a company wholly owned by Brent Council to deliver the housing options defined in the Temporary Accommodation reform plan.
- LGA Digital Services - a company that is 50% owned by the Council and 50% owned by the Local Government Association.



Other significant financial results

Borrowing

101. The Council’s external borrowing increased by £39.4m to £814.3m (2022/23: £774.9m) to fund the Council’s growing Capital Programme. The breakdown of the Council’s borrowing portfolio is detailed below and includes borrowing from the PWLB (Public Works Loan Board), LOBO loans, fixed rate loans from the marketplace, and

short-term loans with other councils. Previously the Council has held interest free rate loans with Salix but these have all been repaid as at 31 March 2024.

Table 3 – Borrowing

Balance Sheet Classification	Loan Type	2022/23	Movement	2023/24
		£m	£m	£m
Short-term	PWLB	9.4	4.3	13.7
Short-term	LOBO	11.0	(11.0)	0.0
Short-term	Private Placement	0.0	0.0	0.0
Short-term	Local Authority	70.0	0.0	70.0
Short-term	Salix	0.7	(0.7)	0.0
Long-term	PWLB	529.3	46.8	576.1
Long-term	LOBO	59.5	0.0	59.5
Long-term	Private Placement	95.0	0.0	95.0
Long-term	Local Authority	0.0	0.0	0.0
Long-term	Salix	0.0	0.0	0.0
	Total Debt Outstanding	774.9	39.4	814.3
Short-term	Accrued Interest	6.1	3.9	10.0
	Total Debt and Accrued Interest Outstanding	781.0	43.3	824.3

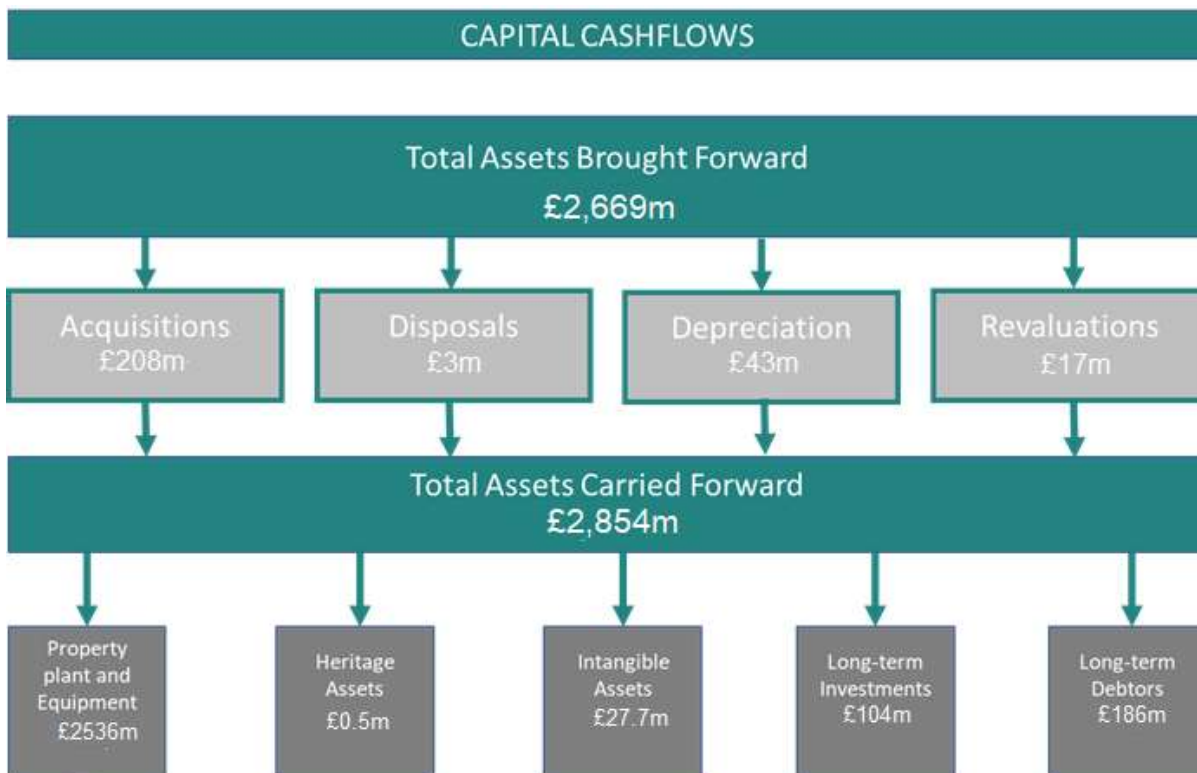
102. The Council raised £130.0m of new loans and repaid back £90.6m of loans resulting in a net movement of £39.4m increase in the debt portfolio. The Council found best value in borrowing from the PWLB during the year with £60m of new loans secured on an Equal Instalment Principal (EIP) structure; and £70m secured from the local authority market. This borrowing requirement was driven by the demands of delivering the capital programme not already funded through grants, contributions, capital receipts or reserves.

103. During the year the Council repaid back £90.6m of loans that were held with the PWLB (£8.9m); local authorities (£70.0m); LOBO loan (£11.0m) and Salix loans (£0.7m). The PWLB loans consisted of EIP loans whilst the local authority loans were temporary loans held for cashflow purposes. A LOBO loan held with Commerzbank AG was repaid following the Lender exercising the Call Option in accordance with the loan agreement. An alternative rate was offered by the Lender, which was higher than the current loan rate but the offer was declined by the Council following an option appraisal of alternative options that were available to the Council at the time that offered better value. The LOBO loan was repaid from existing cash balances.

104. The Council's cash balances held in its Money Market Funds (MMF) decreased from £116.2m to £90.6m, a change of 22%. A further £5m was deposited with a local Authority as at 31 March 2024 on a short-term basis to capitalise on high interest rates within the inter-authority capital market. The change in cash balances has been a result of the need to fund the Councils daily cashflow requirements including the funding of its capital programme in lieu of borrowing. Consequently, net debt (excluding accrued interest) grew from £658.7m to £718.2m, a change of 9%.
105. The Council's Capital Financing Requirement (CFR), the underlying need to borrow, changed from £1,138.8m to £1,235.4m. This represents a change of 96.7m and is a direct reflection of the Council's ambition to improve the lives of borough residents through the investment in its capital programme. The capital programme must be financed and all projects in the General Fund are designed to be repaid based on their asset lifespan through the application of an Minimum Revenue Charge (MRP) which is an charge representing the repayment of debt. MRP is charged to the CIES.
106. The 2023/24 MRP charge was £18.1m and was calculated in accordance with the Council's approved MRP policy. The HRA is not required to make an MRP charge, whilst service loans MRP charge is equivalent to the loan principal repaid by the respective service area. Service loans liability was reduced by £0.9m during the year through the debt repayments collected. A total of £10.8m of assets were appropriated from the HRA to the General Fund to enable regeneration. The valuation of the assets was based on the last certified value obtained from a qualified property Surveyor. Subsequently the respective CFRs have been adjusted. The Council's total CFR is £1,235.4m which is split between the General Fund £934.8m and the HRA £300.7m and reflects the in-year service loan repayments, appropriations and MRP charge.
107. The Council has an overall under borrowed position when compared to its CFR position. In essence this means that external debt is lower than the Council's CFR and therefore the Council has an internal borrowing position of £421.6m, which will need to be externalised (i.e. replaced with actual loans) at some point in the future. Internal borrowing occurs through the Council's cashflow management process when the Council uses cash resources that are intended for use on other objectives other than financing the capital programme, and due to a timing difference, the cash is used to fund capital invoices instead of borrowing cash.
108. There were three base rate rises seen throughout the year to curb inflation which have resulted in a rise in new long-term and short-term borrowing costs partially offset with an increase in short term investment income. The base rate peak during the year was higher than anticipated at budget setting. The Council drew down an additional £5.4m from its capital financing reserve to meet in year overspends against the capital financing budget as a result higher than budgeted debt related costs.

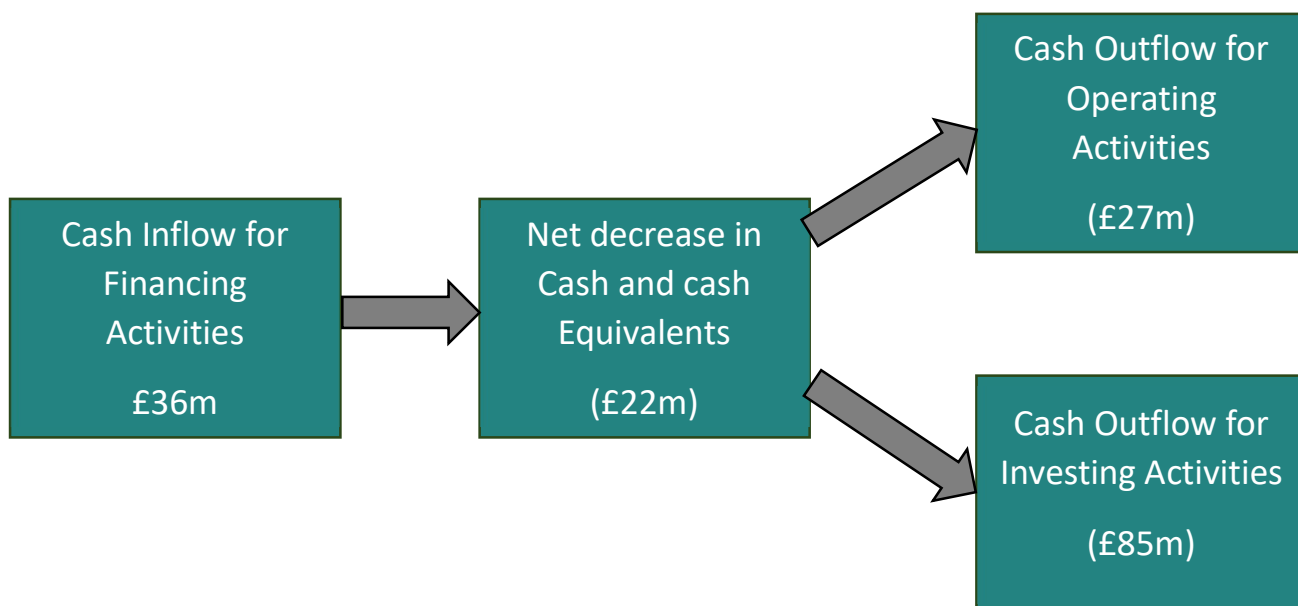
Cashflow and Assets

109. Brent manages a portfolio of long term assets valued at £2,854m on 31 March 2024.



110. The council has seen a net reduction in cash and cash equivalents of £22m, which consists of:

- Cash inflow of £36m for financing activities (which represents the net change in borrowing by the council)
- Cash outflow of £27m for investing activities (£193m of capital investment, less funding of £89m from grants and £26m from property sales)
- Cash outflow of £27m for operating activities (which is the net of the cash received and cash utilised to provide the council's services)



Key Risks

Cost-of-Living Crisis/inflation

111. From early 2021 onwards, Consumer Prices Index (CPI) inflation increased rapidly, peaking at 11.1% in October 2022, more than five times the Bank of England's target of 2%. This led the Bank of England's Monetary Policy Committee to increase the interest base rate successively from historic lows of 0.5% to 5.25%, where it has remained since August 2023.
112. The combination of high inflation pushing up costs in all areas and the impact of high interest rates on both mortgage holders and their tenants created a cost-of-living crisis in the United Kingdom. In Brent, this has been exacerbated by levels of unemployment above national and London averages.
113. During 2023/24 CPI has fallen significantly (2.3% as of April 2024), but remained high throughout the year and costs are continuing to increase against a higher base. Interest rates are also expected to remain high and forecast to drop slowly to 3.5% in 2026. As a result, there is likely to be a continuing upward pressure on rents in future years, meaning that the impact will continue to be felt by individuals and businesses for some time after the initial inflation crisis is over.
114. Brent's budget will continue to be impacted in future years through increased prices for goods and services and interest on borrowing for capital expenditure. There is likely to also be some increase in demand on services as a result of the pressures experienced by residents and businesses in the borough during this period.

Homelessness

115. Homelessness is anticipated to remain one of the biggest pressures on the Council's budgets in the coming years. Homelessness is a significant issue nationally with housing demand increasing rapidly and less supply available, which quickly widens the budget gap. The increase in demand for emergency temporary has resulted in a significant

budgetary pressure for the Council in 2023/24, which is expected to remain in the coming years.

116. Once the Council accepts that a household is eligible as homeless, as defined by legislation, the Relief Duty to take reasonable steps to help the applicant secure that accommodation becomes available for at least six months is triggered. If the applicant is also deemed to be in priority need, as defined by legislation, there is an immediate statutory duty to secure suitable interim accommodation, pending further enquiries into the application.
117. The supply of settled Temporary Accommodation properties, leased from private owners and used to move families out of Bed & Breakfast and Annexe accommodation has also contracted. This is due to fewer new properties being procured under Private Sector Leasing (PSL) schemes, and owners not renewing the lease for existing stock, when the lease ends. London Councils' findings suggest that London's PRS (Private Rented Sector) is affected by multiple factors driving a reduction in the availability of properties for rent. The demand for housing is continuing to increase while supply is reducing across the whole market. Greater reliance on the PRS to house lower income households and increasingly limited housing benefits are making accommodation less affordable and available. It appears to be supply side factors notably taxation, interest rate changes and uncertainties about future regulation that are reducing availability at the lower end of the PRS.
118. As these issues are London wide, the availability of Bed & Breakfast and Annexe accommodation is severely restricted across the capital, with many Councils being forced to book rooms in commercial hotels to meet statutory duties. This lack of availability of accommodation is resulting in having to use expensive providers and at times outside of Brent, which also causes significant financial pressures to the families placed there due to additional travel costs for children at schools in Brent.
119. The type of accommodation provided as TA also has a bearing on entitlement to housing benefit subsidy for the payments made. Where a family occupies more than one room in a hotel and those rooms are not connected only one room will be eligible for subsidy. Depending on whether the accommodation is self-contained (exclusive use of a kitchen, bathroom and toilet) or non-self-contained (one or more facilities is shared), there is a cap on the subsidy entitlement based on the applicable Local Housing Allowance (LHA). Payments above the LHA cap are ineligible for HB subsidy.
120. The main Homelessness Prevention grant for 2023/24 was £7.3m, only a 4.2% increase when compared to the previous year, with an additional £1.8m top-up announced and allocated during the year. For 2024/25, the grant is set to increase by 3.6%.
121. A programme of works has been designed to focus on managing the demand and budgetary pressures on the housing services. Officers are actively looking to renegotiate prices and identify alternative arrangements that would allow to move some of the most expensive cases or those with the highest subsidy loss with the aim of reducing costs to the Housing Needs service and associated overall subsidy losses. Circa £3m has been avoided in accommodation costs and subsidy losses in 2023/24. In addition, 516 Housing Benefit applications have been assessed that relate to a backlog from the previous year, which helped to collect £6.9m of Housing Benefit contributions towards

rent arrears. Officers also continue to carefully consider and assess the needs of homelessness applications, where almost half of the approaches the Council has not accepted duty for.

122. Cabinet also approved an acquisitions budget of £52.7m to provide 133 homes and to help alleviate the demand pressure for temporary accommodation. This was in addition to any acquisitions already approved by Cabinet. Any new supply would help to avoid additional housing costs and mitigate the risk of the budgetary pressures increasing.

Housing Revenue Account Reserves

123. The operating reserve is necessary to manage unexpected deficits, or for smoothing in-year budget pressures due to timing differences between the cost of building new homes and receiving rental income, so that it can offset the increased borrowing costs. In addition to the need for the HRA to balance competing demands, such as investing in supply of new homes, pandemic, cost-of-living crisis and inflation have further stressed the importance of maintaining adequate level of reserves.

124. The current HRA reserve balance is £2.4m. It was reduced by £1m in 2021/22 due to partially funding a provision for identified capital works to Granville New Homes blocks that were transferred to the HRA from First Wave Housing on 1st April 2022. HRA reserves were used to cover the timing difference and the provision will be released when works commence. In 2023/24, the HRA operating reserves was increased by £2m as a result of the achieved surplus for the year.

125. Brent's reserve balance is 4% of gross rent and is lower than the peer average. Within the HRA Business Plan, the minimum working balance requirement is assumed at 5% of total income, which is circa £2.7m. If Brent was to increase the level of its reserves, this will require some trade-off on budget reductions elsewhere which may have an impact on key targets such as delivery of 1,700 affordable housing and stock refurbishment programmes.

General Fund Reserves

Resident Services

126. A number of non-ringfenced Resident Services reserves have been repurposed where reasonable in order to mitigate against the Council's wider budgetary pressures. A reduction in reserves decreases the department's ability to fund certain projects and programmes of work meaning that these need to be carefully reevaluated and prioritised and core budgets might need to be redirected where required. Presently, the department's reserves are considered to be adequate and sufficient.

127. Local government has faced an extremely challenging financial outlook following a prolonged period of austerity, disproportionate growth in demand for services as well as pressures associated with the cost-of-living crisis. Since 2010 the Council has delivered savings of £210m including £13.5m agreed as part of the 2023/24 budget. This has been delivered through a combination of effective financial management, cost control and more innovative approaches to investment and demand management. As government funding has been cut, the population has grown. This population growth has been particularly pronounced in the very oldest and very youngest age groups, which are

statistically most likely to require services from the Council, thus adding to the cost pressures. Homelessness has also become a big issue nationally leading to significant pressures within the housing services. Coupled with the impact of legislative change and uncertainty on the outcome of proposed reforms to local government funding, this has created substantial financial pressures.

128. The cost-of-living crisis has continued to hit Brent residents who face high levels of unemployment, rising interest rates, sluggish economic growth and high rates of inflation. To provide assistance to the most vulnerable and needy, the Council has created a Resident Support Fund. This has dispersed £3m in 2020/21 and 2021/22, £6m in 2022/23 and £3m in 2022/23. This is funded from reserves. £1m of recurring funding has been allocated in the MTFs from 2024/25 to continue supporting residents.

Childrens' Social Care

129. The key risks for Children's social care are mainly due to rising demand of high-cost highly complex support packages, the volatility of placement costs and the impact of the cost of inflation and market pressures within the sector. The risk remains of additional cost pressures being passed on to local authorities, due to the DfE's introduction of mandatory national standards, which will be overseen by an Ofsted-led registration and inspection regime for semi-independent provisions. This risk is expected to be mitigated to some extent in future years by utilising more cost-effective in-house foster cares and ensuring that income collection, such as housing benefits for the clients that are entitled to claim housing benefit, is maximised.

130. Recruitment and retention challenges are still an issue nationally and for Brent this has led to a reliance on qualified social worker agency staff. There is continued management action to take steps to undertake recruitment drives and actively seek to encourage agency conversions to permanent position.

Adults' Social Care

131. Within Adult Social Care, demographic and inflationary pressures, spend on agency staff, as well as uncertain implications of the fair cost of care and social care reforms, all pose financial risks to the service. Whilst the planned social care charging reforms have been delayed from October 2023 to October 2025, the sector is still working to ensure sustainable rates for care are paid.

132. The cost-of-living crisis and the rise in inflation are having an impact on spot placement requests from providers who are looking to recover all of the additional costs they are incurring. Any placement fee increase requests from providers are also being reviewed and considered in great detail.

133. As with the situation in Childrens' Social Care, there are challenges with the recruitment and retention of qualified social workers and occupational therapists. Progress is ongoing with the process of encouraging agency staff to convert to permanent staff.

Dedicated Schools Grant

134. The DSG deficit at the end of 2023/24 is £13.2m and the main cost driver of the DSG funding is the increasing number of children requiring Education Health and Care Plans (EHCPs) and the risk remains that as demand increases, the High Needs Block funding will not increase in line with continued growth. At the end of 2023/24, there was an 8.1% increase in the number of EHCPs however, the 2024/25 growth in funding is 3%. There are cost avoidance measures in place as part of the deficit management plan, costs benefits identified through the Delivering Better Value (DBV) in SEND Programme and a contribution of 0.5% from the Schools Block of the DSG to manage the pressure but there remains a risk that a pressure may still arise.

135. The DfE in agreement with the Department for Levelling Up, Housing and Communities (DLUHC) have allowed a statutory override which permits local authorities to carry forward a deficit balance against the DSG and this is due to come to an end by the financial year 2025/26. There remains a risk for the council if the expectation is that local authorities' balances should cover the DSG deficit beyond this period.

Capital Programme and Borrowing

136. The current interest rate environment continues to remain a risk for the Council and the ongoing delivery of the capital programme, which is dependent on debt financing. The cost of cost of finance could potentially slow the delivery of the capital programme and could require the need to revisit project viability plans and business case to measure the impact of debt finance on the project hurdle rate. The cost of debt will impact the revenue budget in the form of higher interest cost, Debt finance risk can be mitigated by obtaining other sources of financing.

Financial Outlook

Current reserves position

137. The financial outturn position 2023/24 shows a balanced position on the General Fund. At 31 March 2023 the Council held total usable reserves of £519.1m made up of the general fund balance of £20.2m and reserves set aside for a specific purpose of £489.9m.
138. The Council has a Reserves Strategy which defines the operational framework for the type of reserve that the Council holds.

Table 4 – Usable Reserves

Reserves Summary	2023/24 £m
Working Balances	35.7
Contingency Reserves	9.4
Capital Reserves	405.5
Statutory and Ring-fenced	16.4
Uncertainty and Smoothing	15.1
Service Reserves	35.6
	517.7

139. **Working Balances** (£35.7m) – The General Fund balance has been increased by £2.4m to reflect inflation, and the HRA balance has been increased by £2, whilst school reserves fell by £2m.
140. **Contingency Reserves** (£9.4m) – these reserves exist both to cover unexpected events and forecast future expenditure requirements where the level of the expenditure is unknown. At present the Council maintains a Future Funding Risks reserve, which is earmarked to manage any unexpected disruptions to funding and service pressures as a result of changes to the local government finance system, such as the Fair Funding Review and reforms to business rates, and inflationary pressures expected to continue after 2023/24.
141. **Capital Reserves** (£405.5m) - These include the Capital Receipts Reserve, the Major Repairs Reserve and the Capital Grants Unapplied reserve. The reserves relating to the Community Infrastructure Levy (CIL) and s106 are held as part of the Capital Grants Unapplied reserve. The total value of CIL and s106 is £206.8m. These reserves can only be used to support capital expenditure.
142. **Statutory and Ring-fenced Reserves** (£16.4m) - These reserves can only be used for a specific purpose. They can be capital or revenue. This category includes reserves legally ring fenced for bodies such as the maintained schools, the Housing Revenue Account and Public Health.
143. **Uncertainty and Smoothing Reserves** (£15.1m) – these reserves are used to smooth out expenditure that by its nature will vary considerably from year to year and to avoid uncontrollable under- and over-spends, for example insurance claims, PFI contracts, redundancy and pension costs.
144. **Service Reserves** (£35.6m) – These are set aside by departments to cover specific initiatives.

Summary of reserves position

145. The overall level of reserves may appear high, but an analysis of the reserves shows that £489.0m (96%) can only be used for a specific purpose, leaving only £20.2m (4%) which is generally usable for any purpose.
146. Generally usable reserves are necessary for the Council to deal with unforeseen events and unexpected financial pressures in any particular year and are a key indicator of financial resilience. As part of the Reserves Strategy, the Corporate Director of Finance and Resources has assessed that the optimum level of general reserves to be

held by the Council is 5% of net expenditure. As at 31 March 2024 general reserves at the increased value of £20.2m were at 6.2% of the budgeted net revenue expenditure for 2023/24 of £326.9m. Overall, the Council recognises the importance of holding adequate reserves to meet the net financial impact of risks facing the Council to ensure it continues to operate in a financially resilient and sustainable manner.

Projected financial position

147. Despite the unprecedented financial situation, the Council has set a balanced budget for 2024/25. The budget includes £33.0m of growth and £8.1m of efficiency savings, all of which have been identified and are subject to an extensive process of consultation, scrutiny and equality analyses. The local government sector has faced significant reductions in central government grant funding and the Council has successfully achieved budget savings of £210m since 2010, demonstrating a good track record of strong financial management

148. The Council has a well-established process for the development of its Capital Strategy. As with the revenue budget, it is reported to Cabinet each year along with the Treasury and Investment Strategy which ensures that the Council maintains a capital programme which is prudent, sustainable and affordable. The Council has an ambitious capital programme for 2024/25 to 2028/29 totalling £797m.

The Council's balance sheet

149. The balance sheet shows net assets of £1,944m at 31 March 2024 (£1,741m at 31 March 2025) This includes the pension liability of £167.4m at 31 March 2023 (£262.1m at 31 March 2023). Accounting standards require the pension liability to be calculated using actuarial assumptions which will vary from year to year in line with market conditions. The pension liability continues its trend downwards, and is the major factor in the overall movement on net assets, this reflects a policy of reducing the pensions liability by a combination of additional contributions and investment. This shows that this strategy has worked to date. Therefore, including the pensions liability, the Council's balance sheet position remains healthy.

Basis of Preparation

Going Concern

150. As with all local authorities, the Council is required to compile its Statement of Accounts in accordance with the Code of Practice on Local Authority Accounting for 2023-24. In accordance with the Code the Council's Statement of Accounts is prepared on the basis that the Council will continue to operate in the foreseeable future and that it is able to do so within the current and anticipated resources available. It therefore naturally follows that the Council expects to realise its assets and settle its obligations in the normal course of business.

Statute and regulations

151. The Council cannot be created or dissolved without statutory prescription; it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis. It is also extremely likely that, as in the case of other councils, Central Government would step in to provide support and assistance if any council ran into financial difficulties.

Explanation of Accounting Statements

152. The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2024. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards.
153. The Core Statements are:
154. The **Comprehensive Income and Expenditure Statement** (CIES) – records the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area; the bottom half deals with corporate transactions and funding.
155. The **Movement in Reserves Statement** (MiRs) - summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects, smoothing change over time or service improvements, and "unusable" which must be set aside for specific legal or accounting purposes.
156. The **Balance Sheet** - "snapshot" of the Council's assets, long- and short- term liabilities, cash balances and reserves at the year-end date.
157. The **Cash Flow Statement** – explanation of the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).
158. The **Annual Governance Statement** - the statement that sets out the governance structures of the Council and its key internal controls.
159. The **Group Accounts**
160. The statements of the single entity accounts combined with the assets and liabilities of companies and similar entities, which the Council either controls or significantly influences.
161. The **Supplementary Financial Statements** are:
162. The **Housing Revenue Account** – this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
163. The **Collection Fund**, which summarises the collection and redistribution of council tax and business rates income
164. The **Pension Fund Account**, which reports the contributions received, payments to pensioners and the value of net assets invested in the Local Government Pension Scheme.
165. The Notes to these financial statements provide further detail about the Council's accounting policies and individual transactions.

166. A **Glossary** of key terms can be found at the end of this publication.

FINANCIAL STATEMENTS

Core Statements

The Council's accounts are presented in 4 main statements in line with statutory requirements and supported by additional notes.

Balance Sheet

Balance Sheet Detail	31-Mar 2024 £m	31-Mar 2023 £m	Notes
Property, Plant & Equipment	2,536.4	2,368.2	1
Heritage Assets	0.5	0.5	-
Intangible Assets	27.7	23.9	1
Long Term Investments	103.8	103.8	24
Long Term Debtors	186.0	172.6	24
Long Term Assets	2,854.4	2,669.0	-
Short Term Investments	0.4	0.2	24
Short Term Debtors	190.0	221.6	2
Assets Held for Sale	2.8	2.8	-
Cash and Cash Equivalents	112.1	134.5	3
Current Assets	305.3	359.1	-
Short Term Borrowing	(93.7)	(85.7)	24
Short Term Creditors	(166.0)	(177.7)	7
Grant Receipts in Advance- Revenue	(0.5)	(1.4)	19
Provisions	(2.2)	(2.2)	9
Current Liabilities	(262.4)	(267.0)	-
Long Term Creditors	0.0	0.0	24
Provisions	(24.1)	(27.6)	9
Long Term Borrowing	(730.5)	(695.3)	24
Other Long Term Liabilities	(198.3)	(297.1)	8
Long Term Liabilities	(952.9)	(1,020.0)	-
Net Assets	1,944.2	1,741.1	-
Usable Reserves	(519.1)	(491.1)	-
Unusable Reserves	(1,425.1)	(1,250.0)	-
Total Reserves	(1,944.2)	(1,741.1)	-

The Movement in Reserves Statement

Movement in reserves 2023/24	General Fund Balance (£m)	School Balances (£m)	Earmarked General Fund Reserves (£m)	HRA (£m)	Earmarked HRA Reserves (£m)	Capital Receipts Reserve (£m)	Major Repairs Reserve (£m)	Capital Grants Unapplied (£m)	Total Usable Reserves (£m)	Unusable Reserves (£m)	Total Reserves (£m)
Balance as at 31 March 2023	(17.8)	(15.1)	(144.5)	(0.4)	(1.7)	(15.4)	(2.9)	(293.3)	(491.1)	(1,250.0)	(1,741.1)
Movement in reserves during 2023/24: (Surplus) or deficit on the provision of services	(75.5)	0.0	0.0	1.8	0.0	0.0	0.0	0.0	(73.7)	0.0	(73.7)
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(129.4)	(129.4)
Total comprehensive income & expenditure	(75.5)	0.0	0.0	1.8	0.0	0.0	0.0	0.0	(73.7)	(129.4)	(203.1)
Adjustments between accounting basis & funding basis under regulations	85.5	0.0	0.0	(4.8)	0.0	(8.4)	(5.6)	(21.0)	45.7	(45.7)	0.0
Net (increase)/decrease before transfers to earmarked reserves	10.0	0.0	0.0	(3.0)	0.0	(8.4)	(5.6)	(21.0)	(28.0)	(175.1)	(203.1)
Transfers (to)/from earmarked reserves	(12.4)	2.0	10.4	1.0	(1.0)	0.0	0.0	0.0	0.0	0.0	0.0
(Increase)/decrease in 2023/24	(2.4)	2.0	10.4	(2.0)	(1.0)	(8.4)	(5.6)	(21.0)	(28.0)	(175.1)	(203.1)
Balance as at 31 March 2024	(20.2)	(13.1)	(134.1)	(2.4)	(2.7)	(23.8)	(8.5)	(314.3)	(519.1)	(1,425.1)	(1,944.2)

Further detail is included in Note 10 – Transfers to/from Earmarked Reserves, in the HRA statement and notes, and in the Movement in Reserves Detail in the Additional Reconciliation disclosures.

Movement in reserves 2022/23	General Fund Balance (£m)	School Balances (£m)	Earmarked General Fund Reserves (£m)	HRA (£m)	Earmarked HRA Reserves (£m)	Capital Receipts Reserve (£m)	Major Repairs Reserve (£m)	Capital Grants Unapplied (£m)	Total Usable Reserves (£m)	Unusable Reserves (£m)	Total Reserves (£m)
Balance as at 31 March 2022	(15.1)	(17.0)	(193.7)	(0.4)	(1.7)	(7.0)	(0.9)	(220.1)	(455.9)	(630.3)	(1,086.2)
Movement in reserves during 2022/23: (Surplus) or deficit on the provision of services	(44.2)	0.0	0.0	8.5	0.0	0.0	0.0	0.0	(35.7)	0.0	(35.7)
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(619.2)	(619.2)
Total comprehensive income & expenditure	(44.2)	0.0	0.0	8.5	0.0	0.0	0.0	0.0	(35.7)	(619.2)	(654.9)
Adjustments between accounting basis & funding basis under regulations	92.0	0.0	0.0	(7.9)	0.0	(8.4)	(2.0)	(73.2)	0.5	(0.5)	0.0
Net (increase)/decrease before transfers to earmarked reserves	47.8	0.0	0.0	0.6	0.0	(8.4)	(2.0)	(73.2)	(35.2)	(619.7)	(654.9)
Transfers (to)/from earmarked reserves	(50.5)	1.9	49.2	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Increase)/decrease in 2022/23	(2.7)	1.9	49.2	0.0	0.0	(8.4)	(2.0)	(73.2)	(35.2)	(619.7)	(654.9)
Balance as at 31 March 2023	(17.8)	(15.1)	(144.5)	(0.4)	(1.7)	(15.4)	(2.9)	(293.3)	(491.1)	(1,250.0)	(1,741.1)

Further detail is included in Note 10 – Transfers to/from Earmarked Reserves, in the HRA statement and notes, and in the Movement in Reserves Detail in the Additional Reconciliation disclosures.

Comprehensive Income and Expenditure Statement

Directorate	2023/24 Gross Expenditure (£m)	2023/24 Gross Income (£m)	2023/24 Net Expenditure (£m)	2022/23 Gross Expenditure (£m)	2022/23 Gross Income (£m)	2022/23 Net Expenditure (£m)	Notes
Care, Health and Wellbeing	183.5	(40.3)	143.2	164.4	(35.5)	128.9	
Children & Young People (GF)	111.2	(39.1)	72.1	104.6	(32.8)	71.8	-
Children & Young People (DSG)	242.0	(243.3)	(1.3)	222.7	(223.5)	(0.8)	-
Communities and Regeneration	21.2	(16.8)	4.4	27.7	(14.9)	12.8	
Finance and Resources	52.8	(4.8)	48.0	32.7	(6.7)	26.0	
Governance	14.2	(1.0)	13.2	16.0	(1.3)	14.7	
Resident Services (GF)	197.8	(103.8)	94.0	191.1	(86.9)	104.2	
Resident Services (HRA)	60.9	(63.0)	(2.1)	63.8	(58.5)	5.3	-
Central Items	226.8	(293.8)	(67.0)	249.0	(290.2)	(41.2)	-
Cost of Services	1,110.4	(805.9)	304.5	1,072.0	(750.3)	321.7	-
Other operating expenditure	-	-	(19.9)	-	-	25.4	11
Financing and investment income & expenditure	-	-	29.8	-	-	33.1	12
Taxation and non-specific grant income	-	-	(388.3)	-	-	(415.9)	13
(Surplus) or Deficit on Provision of Services	-	-	(73.9)	-	-	(35.7)	-
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	-	-	(40.4)	-	-	(127.2)	-
Actuarial (gains)/losses on pension assets and liabilities	-	-	(89.0)	-	-	(492.0)	-
Other Comprehensive Income and Expenditure	-	-	(129.4)	-	-	(619.2)	-
Total Comprehensive Income and Expenditure	-	-	(203.3)	-	-	(654.9)	-

Cash Flow Statement

Cash Flow	2023/24 (£m)	2022/23 (£m)	Notes
Net surplus or (deficit) on the provision of services	73.9	35.7	-
Adjustment to surplus or deficit on the provision of services for non-cash movements	68.3	20.4	4
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(115.6)	(136.3)	4
Net cash inflows/(outflows) from Operating Activities	(26.6)	(80.2)	-
Net cash inflows/(outflow) from Investing activities	(84.7)	(8.3)	5
Net cash inflows/(outflow) from Financing activities	35.6	86.6	6
Net increase/(decrease) in cash and cash equivalents	(22.4)	(1.9)	-
Cash and cash equivalents at the beginning of the reporting period	134.5	136.4	-
Cash and cash equivalents at the end of the reporting period	112.1	134.5	3

Notes and Disclosures to the Core Statements

Non-Current Assets

Note 1a – Significant movements on balances of property, plant and equipment

Movements in 2023/24	Council Dwellings (£m)	Land & Buildings (£m)	VPF&E (£m)	Surplus Assets (£m)	Asset under Construction (£m)	Total (£m)	**PFI Assets (£m)
Cost or Valuation							
At 1 April 2023	839.6	1,115.0	58.3	14.4	163.4	2,190.7	103.4
Additions	26.7	31.1	0.7	2.6	49.3	110.3	1.0
Depreciation written out	-	(12.2)	-	-	-	(12.2)	-
Revaluation increases (decreases) in the Revaluation Reserve	5.3	44.0	-	0.2	0.1	49.6	-
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	-	(5.0)	-	(5.3)	-	(10.3)	-
Derecognition – Disposals	(3.0)	-	-	-	-	(3.0)	-
Reclassifications (to/from Assets Held for Sale)	-	-	-	-	-	-	-
Other movements in Cost or Valuations	0.9	55.4	(1.9)	(0.1)	(55.7)	(1.3)	-
At 31 March 2024	869.6	1,228.3	57.1	11.8	157.1	2,323.9	104.4

Depreciation and Impairments

At 1 April 2023	(11.8)	(17.2)	(45.2)	-	(1.3)	(75.5)	(8.7)
Charge for 2022/23	(11.4)	(15.8)	(1.8)	-	-	(28.9)	-
Depreciation written out	-	12.1	-	-	-	12.1	-
Impairment losses (reversals) recognised in the Revaluation Reserve	(9.5)	(4.8)	-	-	-	(14.3)	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	-	(7.7)	-	-	-	(7.7)	-
Derecognition – Disposals	0.1	-	-	-	-	0.1	-
Reclassifications (to/from Assets Held for Sale)	-	-	-	-	-	-	-
Other Movements in Depreciation & Impairments	(0.4)	(0.7)	2.0	-	(0.1)	0.9	-
At 31 March 2024	(33.0)	(34.1)	(44.9)	-	(1.4)	(113.4)	(8.7)

Balance Sheet Net Book Values (NBV)

Balance Sheet NBV at 31 March 2024	836.6	1,194.3	12.2	11.8	155.8	2,210.6	95.7
Balance Sheet NBV at 1 April 2023	827.8	1,097.8	13.1	14.4	162.1	2,115.2	94.7

**Note 1: PFI Assets included within Land & Buildings, VP&E, intangibles and infrastructure are presented in a separate memorandum column to show their total value within the Council's overall PP&E. Intangible assets are shown in Note 1e.

Movements in 2022/23	Council Dwellings (£m)	Land & Buildings (£m)	VPF&E (£m)	Surplus Assets (£m)	Asset under Construction (£m)	Total (£m)	**PFI Assets (£m)
Cost or Valuation							
At 1 April 2022	808.1	1,034.0	57.2	11.1	103.2	2,013.6	93.2
Additions	19.8	11.0	1.1	13.6	72.2	117.7	1.0
Depreciation written out	(10.7)	(11.8)	-	-	-	(22.5)	(1.1)
Revaluation increases (decreases) in the Revaluation Reserve	36.3	92.5	-	-	-	128.8	10.3
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(14.5)	7.6	-	(0.1)	-	(7.0)	-
Derecognition – Disposals	(2.9)	(18.3)	-	(10.2)	(5.7)	(37.1)	-
Reclassifications (to/from Assets Held for Sale)	(2.8)	-	-	-	-	(2.8)	-
Other movements in Cost or Valuations	6.3	-	-	-	(6.3)	-	-
At 31 March 2023	839.6	1,115.0	58.3	14.4	163.4	2,190.7	103.4

Depreciation and Impairments

At 1 April 2022	(11.2)	(15.7)	(42.3)	-	-	(69.2)	(8.5)
Charge for 2022/23	(11.1)	(13.8)	(2.9)	-	-	(27.8)	(1.3)
Depreciation written out	10.7	11.8	-	-	-	22.5	1.1
Impairment losses (reversals) recognised in the Revaluation Reserve	(0.1)	(1.5)	-	-	-	(1.6)	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(0.1)	(2.2)	-	-	(1.3)	(3.6)	-
Derecognition – Disposals	-	4.2	-	-	-	4.2	-
Reclassifications (to/from Assets Held for Sale)	-	-	-	-	-	-	-
Other Movements in Depreciation & Impairments	-	-	-	-	-	-	-
At 31 March 2023	(11.8)	(17.2)	(45.2)	-	(1.3)	(75.5)	(8.7)

Balance Sheet Net Book Values (NBV)

Balance Sheet NBV at 31 March 2023	827.8	1,097.8	13.1	14.4	162.1	2,115.2	94.7
Balance Sheet NBV at 1 April 2022	796.9	1,018.3	14.9	11.1	103.2	1,944.4	84.7

**Note 1: PFI Assets included within Land & Buildings, VP&E, intangibles and infrastructure are presented in a separate memorandum column to show their total value within the Council's overall PP&E. Intangible assets are shown in Note 1e.

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued every five years. Revaluation is carried out externally as at 1st April 2023. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Yearly desktop revaluation based on index rates are applied as at 31st March 2024, these are signed off by the Council's External Valuers.

Note 1b- Highways Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2023/24	2022/23
Infrastructure Assets	£m	£m
Net Book Value at 1 April	253.0	242.5
Additions	83.5	19.2
Derecognition	-	-
Depreciation	(10.5)	(8.7)
Impairment	-	-
Other movements in cost	(0.2)	-
Net Book Value at 1 April	325.8	253.0

<i>Infrastructure reconciliation</i>	31-Mar-24	31-Mar-23
	£m	£m
Infrastructure assets	325.8	253.0
Other PPE assets	2,210.6	2,115.2
Total PPE assets	2,536.4	2,368.2

Note 1c- Capital Commitment

As at 31/03/2024 the Council is entered into a number of contracts for the construction or enhancement of property, plant and equipment with future years budgeted to cost £325,262,142.38. The major commitments are:

Capital Commitment	31/03/2024
	£m
Wembley Housing Zone	120.1
Church End Regen	40.5
Fulton Road	34.3
Claire Court and Watling Gardens (TMO)	29.7
Grand Union	17.1
Clock Cottages	2.2
Pharamond and Longley	0.9
New Bridge Park Centre	1.8
Total	246.6

Note 1d- Valuation breakdown

The table below shows the value of assets revalued each year:

Valuation of Assets	Council Dwellings	Land and Building*	Surplus Assets
	£m	£m	£m
Valuation in 2023/24	836.6	1,191.9	11.8

Valuation in 2022/23	2.5	410.6	10.9
Valuation in 2021/22	825.3	84.3	-
Valuation in 2020/21	-	96.3	0.8
Valuation in 2019/20	-	318.1	0.2
Total:	1,664.4	2,101.2	23.7

*Land and building under Note 1- significant movements on balances of property, plant and equipment contains £0.8m of Community assets which is excluded from this table as Community assets are held at depreciated historical cost.

Note 1e- Intangible Assets

Movements	2023/24 Internally generated assets £m	2023/24 Other assets £m	2023/24 Total £m	2022/23 Internally generated assets £m	2022/23 Other assets £m	2022/23 Total £m
------------------	---	--	---------------------------------	---	--	---------------------------------

Cost or Valuation at 1 April	35.3	1.5	36.8	27.8	1.3	29.1
Additions	6.9	-	6.9	7.5	0.2	7.7
Depreciation written out	-	-	-	-	-	-
Revaluation increases (decreases) in the Revaluation Reserve	-	-	-	-	-	-
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	-	-	-	-	-	-
Derecognition - Disposals	-	-	-	-	-	-
Reclassifications (to/from Assets Held for Sale)	-	-	-	-	-	-
Other movements in Cost or Valuations	-	-	-	-	-	-
Cost or Valuation at 31 March	42.2	1.5	43.7	35.3	1.5	36.8

Amortisation and Impairments at 1 April	(12.6)	(0.3)	(12.9)	(9.6)	(0.2)	(9.8)
Charge for the year	(3.0)	(0.1)	(3.1)	(3.0)	(0.1)	(3.1)
Amortisation written out						
Impairment losses (reversals) recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-
Derecognition – Disposals						
Reclassifications (to/from Assets Held for Sale)	-	-	-	-	-	-

Other Movements in Amortisation & Impairments	0.1	-	0.1	-	-	-
Amortisation and Impairments at 31 March	(15.5)	(0.4)	(15.9)	(12.6)	(0.3)	(12.9)

Balance Sheet Net Book Values (NBV)

Balance Sheet NBV at 31 March	26.7	1.1	27.8	22.7	1.2	23.9
Balance Sheet NBV at 1 April	22.7	1.1	23.8	18.2	1.1	19.3

Current Assets

Note 2 – Debtors

Short Term Debtors	31-Mar-2024	31-Mar-2023
	£m	£m
Trade receivables Outstanding	135.8	154.8
Less impairments	(26.1)	(25.2)
Net Trade receivables	109.7	129.6
Prepayments	4.0	5.2
Local Taxation receivables Outstanding	68.6	58.3
Less impairments	(34.6)	(25.4)
Net Local Taxation receivables	34.0	32.9
Other receivables amounts Outstanding	80.5	92.4
Less impairments	(38.2)	(38.5)
Net Other receivable amounts	42.3	53.9
Total	190.0	221.6

Breakdown of net local taxation receivables

Local Taxation receivable amounts Outstanding	31-Mar-2024	31-Mar-2023
	£m	£m
Less than one year	12.7	12.6
More than one year	21.3	20.3
Total	34.0	32.9

Note 3 – Cash and Cash Equivalents

Cash and Cash Equivalents	31-Mar-2024	31-Mar-2023
	£m	£m
Bank current accounts	(1.3)	0.4
School bank accounts	18.1	17.9
Short-term deposits	95.3	116.2
Total	112.1	134.5

Cash Flow Notes

Note 4 – Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

Cash Flow Item	2023/24	2022/23
	£m	£m
Interest received - cash inflow	16.2	14.4
Interest paid - cash (outflow)	(34.0)	(27.9)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

Cash Flow Item	2023/24	2022/23
	£m	£m
Depreciation	39.5	36.6
Impairment and downward valuations	23.2	10.6
Amortisation	3.1	3.1
Increase/(decrease) in creditors	(9)	(25.6)
(Increase)/decrease in debtors	27.8	(70.0)
(Increase)/decrease in impairment for bad debts	(9.8)	2.8
Movement in pension liability	(5.7)	32.1
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	2.9	32.8
Other non-cash items charged to the net surplus or deficit on the provision of services	(3.5)	(2.0)
Total	68.5	20.4

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

Cash Flow Item	2023/24 £m	2022/23 £m
Proceeds from short-term (not considered to be cash equivalents) and long-term investments (includes investments in associates, joint ventures and subsidiaries)	(0.8)	(0.5)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(26.1)	(10.8)
Any other items for which the cash effects are investing or financing cash flows	(88.7)	(125.0)
Total	(115.6)	(136.3)

Note 5 – Cash Flow Statement - Investing Activities

Cash Flow Item	2023/24 £m	2022/23 £m
Purchase of property, plant and equipment, investment property and intangible assets	(200.3)	(144.6)
Purchase of short-term and long-term investments	(1,104.9)	0.0
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	26.1	10.8
Proceeds of sale of short and long term investments	1,105.7	0.5
Other receipts from investing activities	88.7	125.0
Net cash flows from investing activities	(84.7)	(8.3)

Note 6 – Cash Flow Statement - Financing Activities

Cash Flow Item	2023/23 £m	2022/23 £m
Cash receipts of short and long term borrowing	130.0	210.0
Cash inflow/(outflow) relating to Private Finance Initiative schemes	(3.7)	(2.9)
Repayments of short and long term borrowing	(90.6)	(120.5)
Total	35.6	86.6

Liabilities

Note 7 – Short Term Creditors

Short Term Creditors Item	31-Mar-2024 £m	31-Mar-2023 £m
Trade payables	(98.0)	(94.6)
Other payables	(68.0)	(83.1)
Total	(166.0)	(177.7)

Note 8 – Long-Term Liabilities

Long Term Liabilities Item	31-Mar-2024 £m	31-Mar-2023 £m
Pension Fund Liability	(167.4)	(262.1)
Deferred Income	(6.1)	(8.1)
PFI Liability	(16.7)	(18.8)
Finance Leases	(7.7)	(7.7)
Other Liabilities	(0.4)	(0.4)
Total	(198.3)	(297.1)

Note 9 – Provisions

Short Term Provisions Detail:

Short Term Provisions	Outstanding Legal Cases	Compensation Claims	Other Provisions	Total
Balance at 1 April 2023	0	(2.2)	0	(2.2)
Net (additions) reductions to provisions made in 2023/24	0	0	0	0
Balance at 31 March 2024	0	(2.2)	0	(2.2)

Long Term Provisions Detail:

Long Term Provisions	Outstanding Legal Cases	Compensation Claims	Other Provisions	Total
Balance at 1 April 2024	(0.9)	(3.7)	(23.0)	(27.6)
Net (additions) reductions to provisions made in 2023/24	0.9	0.0	2.6	3.5

Long Term Provisions	Outstanding Legal Cases	Compensation Claims	Other Provisions	Total
Balance at 31 March 2024	0.0	(3.7)	(20.4)	(24.1)

Provisions over both short and long term have been made based on estimations for:

- Outstanding legal claims such as disrepair cases for Council tenants and leased properties;
- Compensation claims for uninsured losses that are reviewed annually; and
- Other provisions for items such as leased equipment, NDR appeals and Income shortfalls on PFI contracts.

The £2.6m decrease in long term other provision consists of:

- NDR Appeals: net increase of £4.2m due to the introduction of the 2023 list following the revaluation of non-domestic properties at 1st April 2023.
- Housing BCE PFI: net reduction of £3.9m. As anticipated, there was an in-year difference in 23-24 on the Brent Co-Efficient PFI between the rent collected and the government PFI grant received, versus the unitary payments and base revenue costs. This difference amounted to £3.9m, which was released from the provision set aside for this purpose (a reduction in the provision). Furthermore, there was an indication that the provision required for the end of 28/29 contract life needed to be increased by £6.1m.

Earmarked Reserves

Note 10 – Transfers to/from Earmarked Reserves

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement and below.

Capital and other Statutorily ring-fenced reserves

Capital and other statutorily ring-fenced Reserve Type	Reserve	Balance at 31-03-2023 £m	Transfer to/from reserves £m	Balance at 31-03-2024 £m
Ring-fenced	HMO Licensing	(2.5)	(1.6)	(4.0)
Ring-fenced	Housing Revenue Account	(1.7)	(1.0)	(2.7)
Ring-fenced	Regeneration & Environment	(1.3)	0.8	(0.5)
Ring-fenced	Public Health	(10.6)	0.6	(10.0)
Ring-fenced	Schools and other DSG	(15.0)	2.0	(13.1)
Ring-fenced	Migration related	(0.2)	0.2	(0.0)
Ring-fenced	Edward Harvist Trust	(0.2)	0.0	(0.1)
Ring-fenced	Total	(31.5)	1.0	(30.5)
Capital Finance Related	South Kilburn	(5.6)	(0.1)	(5.7)
Capital Finance Related	CWB (GF)	(0.1)	0.0	(0.01)
Capital Finance Related	General Fund Capital funding	(57.5)	4.3	(53.1)
Capital Finance Related	Total	((63.1)	4.2	(58.9)
Capital and other statutorily ring-fenced reserves	Overall Total	(94.6)	5.3	(89.3)

Committed Reserves

Reserve Type	Reserve	Balance at 31-03-2023 £m	Transfer to/from reserves £m	Balance at 31-03-2024 £m
Sinking fund and other smoothing reserves	PFI	(5.0)	0.8	(4.2)
Sinking fund and other smoothing reserves	Universal Credit staffing	(1.2)	0.8	(0.4)
Sinking fund and other smoothing reserves	Redundancy	(1.7)	0.0	(1.7)
Sinking fund and other smoothing reserves	Insurance	(5.3)	0.0	(5.3)
Sinking fund and other smoothing reserves	Children & Young People	(0.2)	0.2	(0.0)
Sinking fund and other smoothing reserves	Other Central	(0.4)	(2.6)	(3.1)
Sinking fund and other smoothing reserves	Temporary Accommodation Housing Benefits	(4.5)	4.5	0.0
Sinking fund and other smoothing reserves	Total	(18.3)	3.6	(14.7)

Other Earmarked reserves

. Reserve Type	*Restated Reserve	*Restated Balance at 31-03-2023 £m	Transfer to/from reserves £m	Balance at 31-03-2024 £m
Service reserves	Care, Health and Wellbeing	(7.1)	(0.1)	(7.3)
Service reserves	Children & Young People	(3.0)	(1.0)	(4.0)
Service reserves	Resident Services	(14.7)	1.0	(13.6)
Service reserves	Communities & Regeneration	(6.3)	(2.2)	(8.5)
Service reserves	Governance	(2.1)	0.3	(1.8)
Service reserves	Finance and Resources	(0.9)	0.2	(0.7)
Service reserves	Total	(34.1)	(1.9)	(36.0)
Transformation/Service Pressures Reserves	Future funding risks	(10.3)	1.0	(9.4)
	Total	(10.3)	1.0	(9.4)
COVID-19 reserves	Total	(3.4)	3.4	0.0
Other Earmarked reserves	Overall Total	(47.9)	2.5	(45.4)
Grand Total		(160.8)*	11.4	(149.4)*

*This consist of the Schools Balance, Earmarked General Fund Reserves and HRA Earmarked Reserve from the Movement in Reserves Statement.

Descriptions of Earmarked Reserves

- **Capital and other statutory ring-fenced reserves** -These are monies received under specific powers, such as Section 106 of the Town and Country Planning Act 1990 and Community Infrastructure levy, for ring-fenced activities, such as the Dedicated Schools Grant, the Housing Revenue Account and the Public Health grant, and funds identified to smooth the impact of capital financing costs and represents revenue contributions set aside to meet commitments included in the Capital Programme.
- **Committed reserves** - These reserves are held to cover specific known or predicted financial liabilities. They mainly arise as a result of differences in timing between the reserve being established and the expenditure being incurred and are therefore, in effect, committed reserves. Most of these are long term and spread costs over a number of years, such as the PFI sinking fund that equalises the costs of the annual unitary charge over the 25 years of the contract. This also includes the insurance fund, redundancy and pension costs. There is also a reserve to manage volatility in Collection Fund income. These reserves “smooth” expenditure that by its nature will vary considerably year to year, avoiding uncontrollable under and over spends.
- **Other Earmarked Reserves** - This contains reserves managed by departments, for example unspent government grants with ring fenced commitments set aside to meet expenditure pressures. It also includes reserves that are earmarked to manage any unexpected service pressures, unforeseen emergencies or future funding risks. This is primarily in place to manage any unexpected disruptions to funding as a result of changes to the local government finance system such as the Fair Funding Review and reforms to business rates.

Movement in the unusable reserves are detailed in Note 39- Note to Movement in Reserves statement.

Comprehensive Income and Expenditure Notes

Note 11 – Other Operating Expenditure

Other Operating Expenditure	2023/24	2022/23
	£m	£m
Levies	3.2	3.2
Payments to the Government Housing Capital Receipts Pool	0	0.1
(Gains)/losses on the disposal of non-current assets	(22.5)	22.1
Total	(19.9)	25.4

Note 12 – Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure	2023/24	2022/23
	£m	£m
Interest payable and similar charges	34.0	27.9
Pensions interest cost and expected return on pensions assets	12.0	19.6
Interest receivable and similar income	(16.2)	(14.4)
Total	29.8	33.1

Note 13 – Taxation and non-Specific Grant Incomes

Taxation and non- Specific Grant Incomes	2023/24	2022/23
	£m	£m
Council tax income	(150.9)	(138.0)
Business Rates	(88.2)	(82.4)
Other government grants & taxation	(60.5)	(70.5)
Capital grants and contributions	(88.7)	(125.0)
Total	(388.3)	(415.9)

Expenditure and Funding Analysis Notes

Note 14 – Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices are presented more fully in the Comprehensive Income and Expenditure Statement.

Directorate	Total expenditure (£m)	Total income (£m)	Below cost of services on CIES (£m)	Subtotal (Surplus) or Deficit on Provision of Services (£m)	Adjustments for capital purposes (£m)	Net change for Pension Adjustments (£m)	Other Statutory Adjustments (£m)	Transfers to/from reserves (£m)	Subtotal Movement in Reserve (£m)	Position on HRA and General Fund* (£m)
Care, Health and Wellbeing	183.5	(40.3)	(1.1)	142.1	(0.6)	2.0	0.0	(7.7)	(6.3)	135.8
Children & Young People (CF)	111.1	(39.1)	0.0	72.0	(0.5)	3.0	0.0	(1.0)	1.5	73.5
Children & Young People (DSG)	242.0	(243.3)	0.7	(0.6)	(2.2)	4.1	0.0	(1.3)	0.6	(0.0)
Communities and Regeneration	21.2	(16.8)	(37.0)	(32.6)	34.6	1.5	0.0	4.0	40.1	7.5
Finance and Resources	52.8	(4.8)	(0.8)	47.2	(33.9)	1.8	0.0	(2.1)	(34.2)	13.0
Governance	14.1	(1.0)	0.0	13.1	0.0	1.1	0.0	(0.1)	1.0	14.1
Resident Services (GF)	197.8	(103.8)	1.6	95.6	(4.0)	4.8	0.0	(0.3)	0.5	96.1
Resident Services (HRA)	60.9	(63.0)	3.9	1.8	(5.7)	0.9	0.0	1.0	(3.8)	(2.0)
Central Items	226.8	(293.8)	(345.3)	(412.3)	92.4	(13.2)	(5.4)	(3.9)	69.9	(342.4)
Total	1,110.2	(805.9)	(378.0)	(73.7)	80.1	6.0	(5.4)	(11.4)	69.3	(4.4)

*This is also the position on GF and HRA as per Table 1 Outturn position 2023/24 on the Narrative Statement

Expenditure and Funding Analysis for 2022-23

Directorate	Total expenditure (£m)	Total income (£m)	Below cost of services on CIES (£m)	Subtotal (Surplus) or Deficit on Provision of Services (£m)	Adjustments for capital purposes (£m)	Net change for Pension Adjustments (£m)	Other Statutory Adjustments (£m)	Transfers to/from reserves (£m)	Subtotal Movement in Reserve (£m)	Position on HRA and General Fund* (£m)
Care, Health and Wellbeing	164.4	(35.5)	(1.0)	127.9	0.4	(1.2)	0.0	2.3	1.4	129.4
Children & Young People (GF)	104.6	(32.8)	0.6	72.4	(0.9)	(1.6)	0.0	(1.1)	(3.6)	68.8
Children & Young People (DSG)	222.7	(223.5)	0.7	(0.1)	2.7	(2.5)	0.3	(0.4)	0.1	0.0
Communities and Regeneration	27.7	(14.9)	(43.2)	(30.4)	37.3	(0.8)	0.0	4.0	40.6	10.1
Finance and Resources	32.7	(6.7)	1.1	27.1	(6.1)	(1.0)	0.0	(5.4)	(12.5)	14.6
Governance	16.0	(1.3)	0.0	14.7	0.0	(0.7)	0.0	0.5	(0.2)	14.5
Resident Services (GF)	191.1	(86.9)	29.3	133.5	(50.5)	(2.8)	0.0	(1.6)	(54.9)	78.6
Resident Services (HRA)	63.8	(58.5)	3.2	8.5	(7.4)	(0.5)	0.0	(0.6)	(8.5)	0.0
Central Items	249.0	(290.2)	(348.1)	(389.3)	110.4	(21.0)	29.9	(48.7)	70.6	(318.7)
Total	1,072.0	(750.3)	(357.4)	(35.7)	85.9	(32.1)	30.2	(51.0)	33.0	(2.7)

In Year Movements on Housing Revenue Account and General Fund Balances:

Opening Balance 2022-23 (£m)	Transfers to/from Earmarked Reserves (£m)	Movement on HRA and General Fund before transfers to/from Earmarked Reserves (£m)	Closing Balance 2022-23 (£m)	Balance	Opening Balance 2023-24 (£m)	Transfers to/from Earmarked Reserves (£m)	Movement on HRA and General Fund before transfers to/from Earmarked Reserves (£m)	Closing Balance 2023-24 (£m)
(0.4)	(0.6)	0.6	(0.4)	Housing Revenue Account	(0.4)	1.0	(3.0)	(2.4)
(1.7)	0.0	0.0	(1.7)	Housing Revenue Account Earmarked Reserves	(1.7)	(1.0)	0.0	(2.7)
(2.1)	(0.6)	0.6	(2.1)	HRA Subtotal	(2.1)	0.0	(3.0)	(5.1)
(15.1)	(50.5)	47.8	(17.8)	General Fund	(17.8)	(12.4)	10.0	(20.2)
10.7	51.1	0.0	(159.6)	General Fund Earmarked Reserves and Schools Balances	(159.6)	12.4	0.0	(147.2)
(225.8)	0.6	47.8	(177.4)	General Fund Subtotal	(177.4)	0.0	10.0	(167.4)
(227.9)	0.0	48.4	(179.5)	TOTAL HRA and General Fund	(179.5)	0.0	7.0	(172.5)

Additional Disclosures

Note 15 – Pooled Budgets

The Council has entered into a partnership agreement under Section 31 of the Health Act 1999, with NHS North West London Integrated Care Board (NHS NWL ICB) for provision of occupational therapy equipment via the Integrated Community Equipment Service (ICES).

Additionally, there is a pooled fund agreement under section 75 of the National Health Service Act 2006 between the Council and the ICB to administer the Government's Better Care Fund to support the integration of health and social care. Partnership income and expenditure for 2023/24 is shown in the table below:

Funding	Integrated Community Equipment Service (ICES) <i>£m</i>	Better Care Fund <i>£m</i>
LB of Brent	(0.9)	(20.5)
NHS NWL ICB	(1.5)	(30.5)
Total Funding	(2.4)	(51.0)
Expenditure	3.6	51.0
2023/24 Net Overspend/(Underspend)	1.2	0.0
2022/23 Net Overspend/(Underspend)	0.5	0.0

For 2023/24, for ICES, the share of overspend attributed to NHS NWL ICB is £0.7m (£0.3m in 2022/23) and £0.4m to Brent Council (£0.2m in 2022/23).

Note 16 – Members' Allowances

Total payments including National Insurance costs in 2023/24 were £1.2m (£1.2m in 2022/23). Details of the Members' Allowances scheme are available on Brent's website.

Note 17 – External Audit Costs

The Council's external auditor for 2023/24 and 2022/23 is Grant Thornton.

Detail	2023/24 £'000	2022/23 £'000
External audit services for in-year	503	232.0
Certification of grant claims and returns for in-year	56.1	44.5
Total	559.1	276.5

Note 18 – Contingent Liabilities

The Council has a number of contingent liabilities.

The best estimate of the liability for all the issues is in the region of zero (estimated at £1.4m in 2022/23), but due to the nature of the contingent liabilities this is subject to significant change.

Figures are not shown against contingent liabilities where there are legal proceedings or the disclosure would adversely affect the outcome.

Note 19 – Grant Income – Applied

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement either as part of the services direct gross income or within the Council's Taxation and non-specific grant income:

Revenue Grants: Housing Benefit	2023/24 £m	2022/23 £m
Mandatory Rent Allowances: subsidy	(173.6)	((185.3)
Mandatory Rent Rebates outside HRA	(16.9)	(14.4)
Rent Rebates Granted to HRA Tenants: subsidy	(19.4)	(19.4)
Housing Benefit Administration	(1.3)	(1.5)
Total	(211.2)	(220.6)

Revenue Grants: Schools	2023/24 £m	2022/23 £m
Dedicated Schools Grant (DSG)	(220.9)	(207.9)
Pupil Premium Grants	(6.6)	(6.3)
Sixth forms funding from Learning and Skills Council (LSC)	(4.0)	(4.1)
Universal Infant School Meal	(3.1)	(2.7)
Teachers' Pension Employer Contribution Grant	(0.2)	(0.5)
Teachers' Pay grant	0.0	(0.1)
Mayor of London - Universal Free School Meals	(4.0)	0.0
Mainstream Schools Additional Grant	(3.7)	0.0
Special Educational Needs	(0.8)	0.0
Teachers Pay Additional Grant	(1.5)	0.0
Early Years Supplementary Grant	(1.5)	0.0
Other Schools	(0.9)	(1.3)
Schools Supplementary Grant	0.0	(3.1)
Total	(247.2)	(226.0)

Revenue Grants: Other	2023/24 £m	2022/23 £m
COVID-19 Grants	(0.9)	(4.0)
Discretionary Housing payments	(1.6)	(1.6)
Private Finance Initiative *	(5.5)	(5.5)
Public Health	(23.6)	(22.9)
Revenue Support Grant	(29.1)	(25.9)
Section 31	(26.0)	(33.1)
New Homes Bonus	0.0	(3.1)
Asylum Leaving Care (Post 18) Grant	(3.7)	(5.1)
Adults Social Care Support Grant	(22.3)	(13.7)
Adults Social Care Improved Better Care Fund	(13.3)	(13.3)
Flexible Homeless Grant	(9.1)	(8.2)
Shared Prosperity Fund	(0.6)	0.0
Rough Sleeping Initiative Grant	(1.2)	(1.7)
Adult Education	(4.0)	(3.5)
Supporting Families Grant	(3.5)	(2.4)
Household Support Grant	(5.7)	(5.7)
New Burdens Grant	0.0	(0.1)
Homes for Ukraine	(1.6)	(3.3)
Council Tax Energy Bill Rebate- Discretionary	0.0	(1.8)
Council Tax Support Fund - Discretionary	(0.4)	0.0
European Social Fund	(2.0)	0.0
Supplementary Substance Misuse Treatment and Recovery	(0.6)	0.0
DLUHC - Service Grant	(3.6)	(6.1)
Other Miscellaneous Grants & Contributions	(15.5)	(15.9)
Total	(173.8)	(177.0)

*-2022/23 Revenue Grants-Other includes £5.5m Private Finance Initiative grant income which was not included in the audited 2022/23 Statement of Accounts.

Capital Grants & Contributions	2023/24	2022/23
Grants:	£m	£m
Department for Energy Security & Net Zero	(1.0)	0.0
School Condition Grant	(2.4)	(2.5)
Transport for London	(3.7)	(1.4)
Disabled Facilities	(5.8)	(5.3)
Other Grant	(3.7)	(4.3)
Education Funding- includes High and Basic Needs Grant	(6.8)	(16.6)
Greater London Authority - Outer London Fund	(18.0)	(51.3)

Capital Grants & Contributions	2023/24	2022/23
South Kilburn Housing Infrastructure Fund	(1.0)	0.0
Section 106 & Community Infrastructure Levy	(38.4)	(43.6)
New Homes Bonus	(7.9)	0.0
Total	(88.7)	(125.0)

The Authority has received a grant that have yet to be recognized as income as they have conditions attached to them that will require the monies to be returned to the giver. The balance at the year-end are as follows:

Current Liabilities: Grant receipts in advance (Revenue grant):	2023/24 £m	2022/23 £m
Energy Bills Support Scheme Alternative Funding		(0.6)
Non-Government: Children's Home pilot project		(0.6)
Non- Government: Mental Health Well-Being Support Fund		(0.2)
Greater London Authority Election Grant	(0.4)	
Mayor's Office for Policing grant	(0.1)	
Total	(0.5)	(1.4)

Note 20 – Capital Grants Unapplied

Capital Grants Unapplied	2023/24 £m	2022/23 £m
Section 106 & Community Infrastructure Levy	(206.8)	(181.3)
Basic Needs- Primary schools	(41.3)	(47.2)
School Condition Grant	(1.6)	(3.2)
Greater London Authority - Outer London Fund	(19.5)	(34.3)
Disabled Facilities	(0.5)	0.0
Transport for London	(1.2)	0.0
Adult Personal Social Services	(3.6)	(3.6)
Early Education	(1.6)	(1.6)
Devolved Formula Capital	(0.9)	(1.2)
Other Education grant	(5.4)	(5.4)
Other Grant	(32.0)	(15.2)
Department for Energy Security & Net Zero	0.0	(0.2)
Total	(314.4)	(293.2)

Note 21 – Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by the Dedicated Schools Grant (DSG), provided by the Department for Education (DfE) through the Education and Skills Funding Agency (ESFA).

The DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools' budget, as defined in The School and Early Years Finance (England) Regulations 2023.

In 2023/24, as in previous years, an element of the DSG was recouped by the DfE to fund academy schools in the borough. The schools' budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG received for 2023/24 are as follows:

Dedicated Schools Grant (DSG)	Central Expenditure £m	Schools Budget £m	Total £m
Final DSG for 2023/24 before academy and high needs recoupment			370.6
Academy and high needs figure recouped for 2023/24			148.5
Total DSG after academy and high needs recoupment for 2023/24			222.1
Plus: Brought forward from 2022/23			1.3
Less: Carry-forward to 2024/25 agreed in advance			(1.3)
Agreed initial budgeted distribution in 2023/24	91.0	131.1	222.1
In-year adjustments	0.0	(1.3)	(1.3)
Final budget distribution for 2023/24	91.0	129.8	220.8
Less: Actual central expenditure	93.8		93.8
Less: Actual ISB deployed to schools		126.4	126.4
Plus: Local authority contribution for 2023/24	0.0	0.0	0.0
In-year carry-forward to 2024/25	(2.8)	3.4	0.6
Plus: Carry-forward to 2024/25 agreed in advance			1.3
Carry-forward to 2024/25			1.9
DSG unusable reserve at the end of 2022/23			(15.1)
Addition to DSG unusable reserve at the end of 2023/24			0.0
Total of DSG unusable reserve at the end of 2023/24			(15.1)
Net DSG position at the end of 2023/24			(13.2)

At the end of 2023/24, the DSG has a deficit of £13.2 million, which will be carried forward into 2024/25, in line with the Department for Education's (DfE) regulations (The School and Early Years Finance (England) Regulations 2023). The regulations require that where the DSG is in deficit at the end of the preceding year, an authority must carry forward the deficit into the next funding period.

Note 22 – Related Party Transactions

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

Councillors and Chief Officers complete related party transaction forms each year.

A number of voluntary organisations which received grants from the London Borough of Brent in 2023/24 have Brent Members as Directors, Trustees or employees.

There were no material transactions disclosed in the Declarations of Related Party Transactions for 2023/24 obtained from Chief Officers.

London Borough of Brent Pension Fund - administrative support is provided to the Fund. The Pension Fund's accounts are shown separately in this document. The Council charged the Pension Fund £0.9m for administering the fund in 2023/24 (£1.3m was charged in 2022/23).

Pooled Budgets - Details of partnerships with NHS Brent CCG and the North-West London Mental Health Trust are shown in Note 15 to the Core Financial Statements.

Subsidiary Companies - Brent has a number of subsidiaries including First Wave Housing (FWH) (formerly Brent Housing Partnership (BHP)), LGA Digital and I4B Holdings Limited (formerly Investing 4 Brent Limited (I4B)).

FWH

First Wave Housing (FWH) is a registered provider of housing in Brent and is wholly owned by Brent Council. FWH was set up to manage properties previously owned by Brent Housing Partnership (BHP). The total invoiced transactions with the Council for the 2023/24 financial year were £2.1m, of which £0.7m relates to interest for loans to FWH (£0.7m in 2022/23). As of 31st March 2024, there were outstanding loans to Brent Council totalling £34.3m (£34.7m in 2022/23), which are secured against the company's properties. The board of directors for FWH includes the Corporate Director of Resident Services and the Director for Public Health, as well as Councillor Saqib Butt.

I4B

I4B Holdings Limited is a company wholly owned by Brent Council that was incorporated on the 16 December 2016. The primary purpose of the company is to deliver the housing options defined in the Temporary Accommodation reform plan. Total invoiced transactions with the Council relating to the 2023/24 financial year amounted to £6.6m, of which £5.3m related to the interest charge for loans to I4B. As of 31st March 2024, Brent Council had provided loans totalling £185.9m to I4B (£182.1m in 2022/23), which are secured against the company's properties. The board of directors for I4B includes the Corporate Director of Resident Services and the Director for Public Health, as well as Councillor Saqib Butt.

LGA digital

The Council entered into an agreement to partner with the Local Government Association for the provision of ICT services, including the implementation of new infrastructure for their offices, the hosting of their ICT services at the Brent Data Centres, and the ongoing provision of ICT support services on the 27 January 2016.

The Council established a company that is 50% owned by the Council and 50% by the Local Government Association to facilitate this arrangement. The board of directors for this organisation includes the Strategic Director for Customer and Digital Services and the Head of Finance for Community Wellbeing.

Barham Park

Barham Park Trust is a charity that that is controlled by the Council as a result of the Council appointing all the trustees and is included in Brent's Group accounts as a subsidiary. Brent held £0.6m on behalf of the Barham Park Trust. The Group Accounts can be found later in this document and combine the accounts of Brent, FWH, I4B, Barham Park Trust and LGA Digital Services.

Locata

Brent, in partnership with other London boroughs and Housing Associations, is operating a joint lettings scheme for housing tenants. A company called Locata (Housing Services) Limited has been set up for this purpose.

Brent is liable to contribute to the debts and liabilities of Locata up to £10, if it was wound up.

Locata's accounts have not been consolidated into Brent's group accounts because the sums involved are not material to the Council's accounts and because Brent has limited influence on the company (less than 20% voting rights). A copy of Locata's accounts can be obtained from Companies House: www.companieshouse.gov.uk

Capital Letters

Brent, in partnership with 15 other London boroughs, is a member of Capital Letters. This is a non-profit company, which secures accommodation to alleviate homelessness by financially incentivising landlords to rent their properties to eligible tenants suggested by the members.

The Board is accountable to a Borough Representative Body, comprised of a representative from each member council.

Capital Letters is a company limited by guarantee, not having share capital. Consequentially the liability of members is limited and upon a winding up would not exceed £1.

Capital Letters' accounts have not been consolidated into Brent's group accounts because Brent has limited influence on the company (less than 20% voting rights).

Note 23 – Capital Expenditure and Capital Financing

2022/23	2022/23	2022/23		2023/24	2023/24	2023/24
£m	£m	£m	Capital Investment	£m	£m	£m
HRA	GF	Total		HRA	GF	Total
44.6	92.3	136.9	Property, Plant & Equipment	42.6	157.1	199.7
0.0	7.9	7.9	REFCUS	0.0	7.5	7.5
0.0	40.0	40.0	Loans to Third Parties	0.0	5.8	5.8
44.6	140.2	184.8	Total	42.6	170.4	213.0

2022/23 £m HRA	2022/23 £m GF	2022/23 £m Total	Capital Financing	2022/23 £m HRA	2022/23 £m GF	2022/23 £m Total
0.0	(22.7)	(22.7)	Minimum Revenue Provision	0.0	(18.1)	(18.1)
0.0	(0.8)	(0.8)	Capital Loan Repayments*	0.0	(0.9)	(0.9)
0.0	(23.5)	(23.5)	Total Debt Repayments	0.0	(18.9)	(18.9)

2022/23 £m HRA	2022/23 £m GF	2022/23 £m Total	Sources of Finance	2022/23 £m HRA	2022/23 £m GF	2022/23 £m Total
(0.2)	(2.9)	(3.1)	Capital Receipts	(0.5)	(4.3)	(4.9)
(4.0)	(35.3)	(39.3)	Grants	(15.1)	(41.2)	(56.3)
0.0	(6.5)	(6.5)	S106 & CIL	0.0	(8.9)	(8.9)
0.0	(5.4)	(5.4)	Direct Revenue Contribution	0.0	(9.0)	(9.0)
(14.0)	0.0	(14.0)	Major Repairs Reserve	(10.4)	0.0	(10.4)
0.0	(3.5)	(3.5)	Earmarked Reserves	0.0	(0.9)	(0.9)
(18.2)	(53.6)	(71.8)	Total	(26.1)	(64.3)	(90.4)

2022/23 £m HRA	2022/23 £m GF	2022/23 £m Total	Explanation for Movements	2022/23 £m HRA	2022/23 £m GF	2022/23 £m Total
268.6	780.7	1,049.3	Opening Capital Financing Requirement	294.9	843.8	1,138.8
0.0	0.0	0.0	Appropriation between General Fund and HRA	(10.8)	10.8	0.0
0.0	0.0	0.0	Adjustment for i4B expenditure	0.0	(5.8)	(5.8)
26.4	63.9	90.3	(Decrease) / Increase in the underlying need to borrow	16.5	87.1	103.7
295.0	844.6	1,139.6	Closing Capital Financing Requirement	300.7	935.9	1,236.6

*The Council has provided service loans to the West London Water Authority; Alperton Academy; and First Wave Housing for capital purposes. As a Minimum Revenue Charge (MRP) is not charged on the respective capital expenditure, the annual repayment of loan principal is considered by the Council to be the equivalent MRP charge. For 2023/24 the loan repayments equated to £0.9m and the prior year charge was £0.8m.

Financial Instruments

Note 24 – Financial Instruments Categories

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes, benefits, and government grants, do not give rise to financial instruments. Fair value is defined as the price that would be received to sell an

asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The fair value of a financial asset is the price that would be received if it were sold.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- Long-term loans from the Public Works Loan Board and commercial lenders;
- Short-term loans from other local authorities;
- Lease payables detailed in note 27;
- Private Finance Initiative contracts detailed in note 28; and
- Trade payables for goods and services received.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following classifications under the Code of Practice:

1. Amortised cost (where cash flows are solely payments of principal and interest, and the Council's business model is to collect those cash flow) comprising:
 - cash in hand;
 - bank current and deposit accounts with the NatWest Bank;
 - loans to small companies and housing associations;
 - lease receivables detailed in note 27; and
 - Trade receivables for goods and services provided.
2. Fair value through other comprehensive income (where cash flows are solely payments of principal and interest, and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected to this category). The Council does not currently hold any financial assets with this category.
3. Fair value through profit and loss (all other financial assets) comprising of low volatility money mark funds that are used for cashflow purposes:

Financial assets held at amortised cost and some assets held at fair value through other comprehensive income are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Financial Instrument Balances

Financial Liabilities - The financial liabilities disclosed on the balance sheet are analysed across the following categories:

31-Mar-23			FINANCIAL LIABILITIES	31-Mar-24		
Long-term	Short-term	Total		Long-term	Short-term	Total
£m	£m	£m		£m	£m	£m
Amortised Cost						
695.3	85.7	780.9	Borrowing*	730.5	93.7	824.3
0.0	129.2	129.2	Trade Payables	0.0	125.7	125.7
26.9	1.7	28.6	PFI	22.8	2.0	24.8
7.7	0.0	7.7	Finance Leases	7.7	0.0	7.7
0.5	0.0	0.5	Other Liabilities	0.5	0.0	0.5
730.3	216.6	946.8	Total Liabilities Held at Amortised Cost	761.5	221.5	983.0
Liabilities not defined as financial instruments						
0.0	46.8	46.8	Non-Trade Payables	0.0	38.2	38.2
262.1	0.0	262.1	Other Liabilities	167.4	0.0	167.4
262.1	46.8	308.9	Total Liabilities not defined as financial instruments	167.4	38.2	205.6
992.4	263.4	1,255.8	Grand Total	928.9	259.7	1,188.6

* The total short-term borrowing includes £10m of accrued interest (2022/23: £6.1m)

During the reported financial year, the Council had repaid short-term principal debt of £91.1m. This comprised of short-term loans from other local authorities (£70.0m), which were raised to support the Council's daily cashflow needs; reclassified long-term PWLB debt (£9.4m) that was due during the year; and a LOBO loan of £11.0m. As of 31st March 2024 short term debt was valued at £93.7m, which consisted of reclassified long-term debt and accrued interest that is due in 2024/25 financial year. Short-term debt consists of PWLB debt (£13.7m); local authority loans (£70.0m) and accrued interest (£10.0m). There are no LOBO loans due for an interest rate review in 2024/25.

The Council raised £130.0m of new loans during the financial year and found best value in borrowing from the PWLB with £60m of new loans secured on an Equal Instalment Principal (EIP) structure; and £70m secured from the local authority market. This borrowing requirement was driven by the demands of delivering the capital programme not already funded through grants, contributions, capital receipts or reserves, and the repayment of maturing debt.

There were no changes in contract terms for financial instrument liabilities during the reported period. The Council does not offset financial assets and financial liabilities on its balance sheet.

Financial Assets – The financial assets disclosed on the balance sheet are analysed across the following categories: Financial Assets

31-Mar-23			FINANCIAL ASSETS	31-Mar-24		
Long-term	Short-term	Total		Long-term	Short-term	Total
£m	£m	£m		£m	£m	£m
Fair Value through profit or loss (FVTPL)						
0.0	0.0	0.0	Investments	0.0	0.0	0.0
0.0	116.2	116.2	Cash and Cash Equivalents	0.0	90.7	90.7
0.0	116.2	116.2	Total Financial Assets Held At FVTPL	0.0	90.7	90.7
Amortised Cost						
0.3	0.2	0.5	Investments	0.3	0.0	0.3
19.8	142.3	162.1	Debtors	32.4	115.7	148.1
0.0	18.3	18.3	Cash and Cash Equivalents	0.0	21.8	21.8
152.8	0.1	152.9	Soft Loan Debtors	153.5	0.0	153.5
103.5	0.0	103.5	Soft Loan Investment	103.5	0.0	103.5
276.4	160.9	437.3	Total Financial Assets Held at Amortised Cost	289.8	137.5	427.2
Fair value through other comprehensive income (FVOCI) - designated equity instruments						
0.0	0.0	0.0	Investments	0.0	0.0	0.0
0.0	0.0	0.0	Cash and Cash Equivalents	0.0	0.0	0.0
0.0	0.0	0.0	Total Financial Assets Held At FVOCI- Equity	0.0	0.0	0.0
Fair value through other comprehensive income (FVOCI) – Other						
0.0	0.0	0.0	Investments	0.0	0.0	0.0
0.0	0.0	0.0	Cash and Cash Equivalents	0.0	0.0	0.0
0.0	0.0	0.0	Total Financial Assets Held At FVOCI- Other	0.0	0.0	0.0
276.4	277.1	553.5	Total Financial Assets Defined as Financial Instruments	289.8	228.2	517.9
Financial Assets not Defined as Financial Instruments						
0.0	79.3	79.3	Debtors	0.0	74.3	74.3
0.0	0.0	0.0	Other Debtors	0.0	0.0	0.0
0.0	79.3	79.3	Total Financial Assets Not Defined as Financial Instruments	0.0	74.3	74.3
276.4	356.4	632.8	Grand Total	289.8	302.5	592.2

Note 25 - Material Soft Loans made by the Council

The Council lends to two wholly own subsidiaries, First Wave Housing (FWH) and I4B, to enable service delivery. The loans are classified as soft loans which are defined as those advanced at below market rates in support of the Council's service priorities.

The movements on material soft loans advanced to FWH and i4B are as follows:

2022/23		Company Loan Accounting	2023/24	
FWH	I4B		FWH	I4B

£m	£m		£m	£m
21.5	98.7	Opening balance	21.4	131.5
0.0	40.0	Nominal value of new loans granted in the year	0.0	0.0
0.0	(9.7)	Fair value adjustment on initial recognition	0.0	0.0
(0.4)	0.0	Loans repaid	(0.4)	0.0
0.0	0.0	Impairment losses	0.0	0.0
0.0	0.0	Increase in discounted Amount	0.0	0.0
0.3	2.5	Other changes	0.3	0.9
21.4	131.5	Closing balance at end of year	21.3	132.4
35.0	185.0	Nominal value at 31 March	34.9	185.9

Formerly known as BHP after a change to the loan terms, FWH is registered provider of social housing (RP) and its primary purpose is to manage, maintain and improve its stock and contribute to Brent's Housing Strategy. No new loans were raised by FWH during the year, whilst the Council received the timely repayment of the scheduled loan principal and interest. Other charges relate to soft loan accounting valuation.

I4B's primary purpose is to deliver the housing options defined in the Temporary Accommodation reform plan. Loans to I4B enable the company to acquire properties to support the Council's homelessness agenda.

The board of directors for I4B includes the Strategic Director for Children and Young People and the Strategic Director for Customer and Digital Services as well as Councillor Saqib Butt.

The loan to I4B is classed as a soft loan as it is set at a below-market rate of interest. As this loan is made to a company that is a subsidiary for group account purposes, the loss represented by the undercharge of interest remains in the group and the Council is deemed to be making an additional investment in the subsidiary. The loss on the initial investment of the loan is posted to the balance sheet as an investment, then over the life of the loan the Comprehensive Income and Expenditure Statement (CI&ES) is credited with the contractual interest receivable for the year, with the difference between that amount and the market rate used to write down the investment.

The interest rate used to calculate the fair value of the soft loan is with reference to the methodology laid out in the EU document - Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C14/02).

As at 31st March 2024, Brent Council had provided funding of £222.5m to I4B (£221.4m in 2022/23), comprised of a number of soft loans and equity. Funding to FWH and I4B can be analysed as follows:

2022/23		Company Funding Type	2023/24	
FWH £m	I4B £m		FWH £m	I4B £m
21.4	131.5	Soft loan	21.3	132.4
13.6	53.5	Soft loan investment	13.6	53.5
35.0	185.0	Total soft loan	34.9	185.9
0.0	36.4	Cash Equity	0.0	36.4
35.0	221.3	Overall Total	34.9	222.3

Fair Values of Assets and Liabilities

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including shares in money market funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2024, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans (Public Works Loan Board (PWLB) new loan rate for respective loan period). The calculation has been determined by adopting the PWLB redemption calculation.
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield rate.
- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g., bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g., interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g., non-market data such as cash flow forecasts or estimated creditworthiness

Fair value of financial liabilities:

Balance Sheet	Fair Value	FINANCIAL LIABILITIES	Fair Value Level	Balance Sheet	Fair Value
31/03/2023	31/03/2023			31/03/2024	31/03/2024
£m	£m			£m	£m
Financial Liabilities held at amortised cost:					
542.9	494.6	Loans from the PWLB	2	597.2	527.8

Balance Sheet	Fair Value	FINANCIAL LIABILITIES	Fair Value Level	Balance Sheet	Fair Value
31/03/2023	31/03/2023			31/03/2024	31/03/2024
£m	£m			£m	£m
70.5	87.6	LOBO loans	2	60.1	72.0
98.0	63.8	Other loans	2	95.1	60.6
70.0	70.0	Loans from Local Authorities	2	71.8	71.9
36.2	31.4	Lease payables and PFI liabilities	2	32.5	27.3
129.3	129.2	Trade Payables	N/A	125.7	125.7
946.9	876.6	Total liabilities defined as financial instruments		982.4	885.3
Liabilities not defined as financial instruments:					
46.8	46.8	Short-term creditors	N/A	38.2	38.2
262.1	262.1	Long-term liabilities	N/A	167.4	167.4
1,255.8	1,185.5	Grand Total		1,188.1	1,091.0

The fair value of financial liabilities is higher than the carrying amount because the Authority's portfolio of loans includes a number of loans where the interest rate payable is higher than the rates available for similar loans at the Balance Sheet date.

The fair value for total borrowings reflects the increase in PWLB rates because of the underlying increase in UK (United Kingdom) Gilt rates during 2023/24. The increase Gilt rates have been driven by inflationary pressures in the UK economy and consequently the Bank of England's response to controlling inflation by increasing the Bank Rate. The reduction in the fair value of borrowings represents a discount that would be achieved if the Authority had prematurely repaid its total loans at 31 March due to the discount rate being significantly higher than the fixed interest rates of the loans within the portfolio.

Fair Value of Financial Assets:

Balance Sheet	Fair Value	FINANCIAL ASSETS	Fair Value Level	Balance Sheet	Fair Value
31/03/2023	31/03/2023			31/03/2024	31/03/2024
£m	£m			£m	£m
Financial Assets held at Fair Value through profit or loss					
116.2	116.2	Money Market Funds	1	90.7	90.7
Financial Assets held at amortised cost:					
103.8	36.1	Long-term investments	2	103.8	37.0
188.3	76.9	Long-term debtors	2	186.0	70.5
0.0	0.0	Short-term deposits with Local Authorities	2	5.0	5.0
0.2	0.2	Short-term investments	3	0.0	0.0
126.7	126.7	Short-term debtors	3	115.7	115.7
18.3	18.3	Cash and cash equivalents	2	16.8	16.8
553.5	374.4	Total assets defined as financial instruments		514.0	517.9
Assets not defined as financial instruments:					
79.2	79.3	Short-term debtors	N/A	74.3	74.3

Balance Sheet	Fair Value	FINANCIAL ASSETS	Fair Value Level	Balance Sheet	Fair Value
31/03/2023	31/03/2023			31/03/2024	31/03/2024
£m	£m			£m	£m
		Other Long-term debtors	N/A	0.0	0.0
632.7	453.7	Grand Total		592.2	410.1

The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

Transfers between Levels of the Fair Value Hierarchy - There were no transfers between input levels 1 and 2 during the year.

Changes in the Fair Valuation Technique - There was no change in the valuation technique used during the year for financial instruments.

Collateral: During the reporting period the Council held no collateral as security.

Offsetting Financial Assets and Liabilities

Financial assets and liabilities are set off against each other where the Council has a legally enforceable right to sell off and it intends to either settle on a net basis or to realise the asset and settle the liability simultaneously. At 31 March 2024 the Council had no other financial assets or liabilities subject to an enforceable master netting arrangement or similar agreement.

Financial Instruments Gains and Losses

The gains and losses recognised in the surplus or deficit on the provision of services in relation to financial instruments consist of is shown in the table below.

Interest payable and similar charges increased by 17.0% when compared to the previous financial year as the Council continued to borrow short-term and long-term debt to support cashflow activities including financing maturing debt and funding capital programme activities. The increase in interest payable expenditure reflects the position of borrowing in a rising interest rate environment.

Dividend income increased by 129.3% year on year as surplus cash balances were invested in money market funds that continued to benefit from a risking Bank of England Bank Rate throughout the financial year.

Interest generated on cash investments that are classified as held at Amortised Cost (Bank Call Accounts; DMADF; Local Authority deposits) reduced by 32.7% year on year as the Council preferred to deposit surplus cash balances in money market funds that are deemed safer instruments than other available instruments, as well as having cash on demand.

Note 27 – Leases

A lease is an agreement whereby the lessor (person giving the asset) conveys to the lessee (person taking the asset), in return for a payment or series of payments for an agreed period of time, examples include leasing of vehicles for waste services, property rentals, rental of equipment (i.e. photocopiers, machinery).

Authority as Lessee

Finance Leases

Leases are classified as finance leases where the terms of the agreement transfer substantially all the risks and rewards of ownership of the leased asset. Key factors considered include the length of the lease term in relation to the economic life

of the asset, present value of the minimum lease payments in relation to the asset's fair value and whether the Council obtains ownership of the asset at the end of the lease term.

The current lease for Brent Council's waste collection services with an external contractor began in 2018/19, with assets worth £5.7m. Public Realm Service (PRS) oversees the commercial waste collection, household and recycling collection and cleaning services for the Council. Brent Council has recognised this as a Finance lease under IAS 17. The waste service assets are included under Plant, Vehicle and Equipment in the balance sheet.

On 8th March 2022, the London Borough of Brent Council signed (as lessee) a lease of property at 330 Ealing Road, Alperton, formerly the location of Alperton Bus Garage. The site will be developed into 155 units of affordable housing at the expense of the lessor, which the Council will then let to tenants. There are no lease payments during the first three years so will begin in 2025/26. The Council received a payment of £7.7m at the start of the lease which has been recorded as a long-term lease liability.

The Council is committed to making minimum payments comprising repayment of the outstanding liability and interest upon the outstanding liabilities. The minimum lease payments are made of the following amounts:

Minimum Finance Lease Payments:

31-Mar-23 £m	Finance Lease Liabilities Details	31-Mar-24 £m
0.0	Current	0.0
7.7	Non-current	0.0
0.0	Finance costs payable in future years	0.0
7.7	Minimum lease payments	0.0

These minimum lease payments are payable over the following periods:

Total Minimum Lease Payments:

Payment Period	2023/24 £m	2022/23 £m
Not Later than one year	0.0	0.0
Later than one year and not later than five years	0.0	7.7
Later than five years	0.0	0.0
Total	0.0	7.7

Present Value of Minimum Lease Payments Repayable

Payment Period	2023/24 £m	2022/23 £m
Not Later than one year	0.0	0.0
Later than one year and not later than five years	0.0	7.2
Later than five years	0.0	0.0
Total	0.0	7.2

Operating Leases (Authority as Lessee)

An operating lease is an agreement to use and operate an asset without ownership. Brent Council leases Land & Buildings, Office Equipment, vehicles, and telecommunications Equipment in order to provide its services.

The Future Minimum Payments under these Leases in Future Years:

2022/23 £m	Payment Period	2023/24 £m
2.7	Not later than one year	3.2
12.3	Later than one year and not later than five years	11.6
0.1	Later than five years	4.6
15.1	Total	19.4

The Following Future sublease payments are receivable:

2022/23 £m	Detail	2023/24 £m
4.6	Future Minimum Sublease Payments Receivable	4.6

The Expenditure charged to Comprehensive Income and Expenditure Statement for these Leases:

2022/23 £m	Comprehensive Income and Expenditure Detail	2023/24 £m
0.6	Minimum Lease payments	3.4
(0.2)	(Sublease payments receivable)	(0.3)
0.4	Total	0.4

Authority as Lessor

Finance Leases

Brent Council leases Northwick Park Golf course to a commercial operator on a finance lease with a remaining term of 84 years. In addition, there are three residential properties leases with an average minimum contractual duration of 999 years and one retail unit with a 150 year lease.

During 2020/21, the Council entered into a lease agreement for the phase 2 & 3 development of the Peel site within the South Kilburn redevelopment. This stage of the project will involve the construction of 68 affordable homes. The Council entered into a lease agreement for phase 4 of the development in 2023/24.

The Authority has a gross investment in the properties, which is the present value of future lease payments receivable under the contract. The gross investment is made up of the following amounts:

31-Mar-23 £m	Finance Lease Debtor Detail	31-Mar-24 £m
15.9	Current	24.6
3.2	Non-Current	2.1
19.1	Gross Investment in Lease	26.7
52.1	Unearned Finance Income	51.8
0.0	Unguaranteed Residual Value of Property	0
71.2	Gross Investment in the Lease	78.5

The gross investment in the lease and the minimum lease payments will be received from the commercial operator over the following periods:

Gross Investment in the Lease:

Periods	2023/24 £m	2022/23 £m
Not later than one year	11.7	16.4
Later than one year and not later than five years	12.7	0.7
Later than five years	54.1	54.1
Total	78.5	71.2

Present Value of Minimum Lease Payments:

Period	2023/24 £m	2022/23 £m
Not later than one year	24.6	15.9
Later than one year and not later than five years	-0.6	0.5
Later than five years	2.6	2.8
Total	26.6	19.2

In addition to the payments made by the commercial operator shown above, the Council receives contingent rent based on the turnover of the golf course.

Operating Leases (Authority as Lessor)

The Council leases out a number of its properties for both commercial use and service provision.

Future minimum lease payments expected under these contracts are:

2022/23 £m	Period	2023/24 £m
1.3	Not later than one year	1.1
2.9	Later than one year and not later than five years	2.2

2022/23 £m	Period	2023/24 £m
53.3	Later than five years	53.1
57.5	Total	56.4

The Council receives additional contingent rent for one of its properties based on the turnover of the lessee's business.

Note 28 – Private Finance Initiative (PFI) and Service Concessions

The Council has entered into three PFI projects which have generated assets to be used by the Council, these are:

- In 2006/07 a 25 year project to provide, operate and maintain a new sports centre and related facilities in Willesden; legal title to this sports centre transfers to Brent at the end of the contract.
- In 2008/09 the Council entered into phase 1 of a 20 year project to provide and maintain social housing, and replacement residential facilities for people with learning disabilities. Phase 2 of this contract was signed in 2010-11. Legal title to the residential facilities for people with learning disabilities transfers to Brent. Brent controls the residual value of 158 units of the housing stock at the end of the contract by a combination of restrictions on the sale and use of the social housing built and guaranteed nomination rights to 158 of the properties built. The complexities of this contract are further detailed below.

The Council has reviewed its contracts and identified the following agreements that meet the definition of a Service Concession:

- In 2005/06 a 32 year agreement was made to provide and maintain social housing within Stonebridge. Whether or not a block of flats or house paid for by this contract appears on Brent's balance sheet was determined by a tenant's vote at the start of the contract. The PFI operator manages and maintains these properties on behalf of Brent.

A provision of £11.9m is maintained to smooth any in-year gaps between rental income and PFI credits versus the costs of the contract within the Non-HRA Housing PFI. Please refer to note 9.

The assets that have been recognised on the balance sheet funded by PFIs and service concessions are shown in Note 1 on Plant, Property, and Equipment.

These assets are funded by the following liabilities which are repaid over the course of the contract to recompense the PFI operator for the capital expenditure they have incurred.

Movement in PFI Balance Outstanding:

2022/23 £m	PFI Detail	2023/24 £m
22.1	Balance outstanding at start of year	20.4
(1.7)	Payments during the year	(1.7)
20.4	Balance outstanding at end of year	18.7

The Following Future Payments Expected to be Made on the PFIs and Service Concessions:

Time Period Payable	Payment for Services £m	Reimbursement of Capital Expenditure £m	Interest £m	Total £m
Payable in 2024/25	4.0	1.3	2.1	7.5
Payable with two to five years	17.0	6.3	7.0	30.3
Payable within 6 to 10 years	10.5	5.3	7.4	23.2
Payable within 11 to 15 years	4.0	3.0	3.7	10.6
Total	35.5	15.9	20.1	71.6

Where a PFI asset is paid for by third party payments, it is a requirement to recognise the deferred income: this recognises the expected future third party payments.

Deferred Income Recognised on the Balance Sheet:

2022/23 £m	Deferred Income Detail	2023/24 £m
(10.1)	Deferred Income opening balance	(8.1)
2.0	Amortisation	2.0
(8.1)	Deferred Income closing balance	(6.1)

Employee Benefits

Note 29 – Senior Employees' Remuneration

Senior employees are Brent's Chief Executive, direct reports (other than administration staff), statutory chief officers and employees whose salary is £150k or more. No bonuses were paid during 2023/24.

Employee	Salary (including fees and allowances)	Employers pension contributions	Compensation for Loss of Office	Total remuneration including pension contributions
	£	£	£	£
Chief Executive - Carolyn Downs (Left 30 April 2023)	30,327	-	-	30,327
Chief Executive - Kim Wright (Started 01 May 2023)	209,973	70,341	-	280,314
Corporate Director Children and Young People - Nigel Chapman	171,808	57,560	-	229,368
Corporate Director Communities and Regeneration - Alice Lester	50,350	16,867	-	67,217
Corporate Director Communities and Regeneration - Zahur Khan (Left 25 February 2024)	136,560	45,747	-	182,307
Corporate Director Community Health and Wellbeing - Philip Porter (Left 2 July 2023)	44,549	14,924	-	59,473
Corporate Director Community Health and Wellbeing - Rachel Crossley (Started 23 October 2023)	79,704	26,701	-	106,405
Corporate Director Finance and Resources (Section 151 officer) - Minesh Patel	170,560	57,560	-	228,120

Corporate Director Law and Governance - Debra Norman	152,755	51,173	-	203,928
Corporate Director Partnerships Housing and Resident Services - Peter Gadsdon	178,148	59,680	-	237,828
Director Public Health - Melanie Smith	178,330	56,227	-	234,557

Salary and Pension Contributions for Senior Employees for 2022/23:

Employee	Salary (including fees and allowances) £	Employers pension contributions £	Compensation for Loss of office £	Total remuneration including pension contributions £
Chief Executive – Carolyn Downs	218,063	0	0	218,063
Corporate Director Adult Social Care and Health- Philip Porter	165,593	58,103	0	223,696
Corporate Director Resident Services- Peter Gadsdon	166,010	58,103	0	224,113
Corporate Director Finance and Resources (section 151 officer)- Minesh Patel	150,502	53,143	0	203,645
Corporate Director Governance- Debra Norman	141,034	49,362	0	190,396
Corporate Director Children and Young People- Nigel Chapman	147,010	51,458	0	198,468
Corporate Director Communities and Regeneration- Zahur Khan (started 6 th February 2023)	21,847	7,647	0	29,494
Assistant Chief Executive - Shazia Hussain (left 29 th August 2022)	46,636	15,756	0	62,392
Strategic Director Children and Young People- Gail Tolley (left 31 st August 2022)	74,278	23,411	0	97,689

Employee	Salary (including fees and allowances) £	Employers pension contributions £	Compensation for Loss of office £	Total remuneration including pension contributions £
Strategic Director Regeneration & Environment- Alan Lunt (left 30 th September 2022)	87,887	28,093	40,610	156,590
Director of Public Health- Melanie Smith	130,223	43,895	0	174,118

Note 30 – Officers' Remuneration

The table below presents the number of employees whose remuneration in 2023/24 and 2022/23 was £50,000 or more in bands of £5,000. The remuneration excludes employer's pension contributions and the table excludes senior employees whose individual remuneration disclosed in note 29,

2022/23 Schools Staff	2022/23 Officers	2022/23 Total	Remuneration Band £	2023/24 Schools Staff	2023/24 Officers	2023/24 Total
148	109	257	50,000 - 54,999	113	216	329
84	99	183	55,000 - 59,999	153	127	280
54	22	76	60,000 - 64,999	57	100	157
52	25	77	65,000 - 69,999	63	53	116
32	10	42	70,000 - 74,999	51	34	85
17	9	26	75,000 - 79,999	25	15	40
9	8	17	80,000 - 84,999	18	3	21
9	1	10	85,000 - 89,999	14	13	27
13	18	31	90,000 - 94,999	7	6	13
6	2	8	95,000 - 99,999	12	5	17
3	0	3	100,000 - 104,999	3	4	7
1	2	3	105,000 - 109,999	6	13	19
2	1	3	110,000 - 114,999	1	0	1
0	0	0	115,000 - 119,999	0	1	1
2	0	2	120,000 - 124,999	3	0	3
0	2	2	125,000 - 129,999	1	0	1
0	0	0	130,000 - 134,999	0	0	0
0	0	0	135,000 - 139,999	0	0	0
0	0	0	140,000 - 144,999	1	0	1
0	0	0	145,000 - 149,999	0	0	0
1	0	1	150,000 - 154,999	0	0	0
0	1	1	155,000 - 159,999	1	0	1
0	0	0	160,000 - 164,999	0	1	1
1	0	1	165,000 – 169,999	1	0	1
434	309	743	Total	530	591	1121

This note reports the number of school staff and council officers paid over £50,000 in 2023/24. The number of schools staff has increased by 96 and council officers increased by 282 compared to 2022/23.

Note 31 – Exit Packages

The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit Package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2022/ 23	2023/ 24	2022/ 23	2023/ 24	2022/ 23	2023/ 24	£'000 2022/ 23	£'000 2023/ 24
£0 - £20,000	12	13	49	15	61	28	629	227
£20,001 - £40,000	2	3	15	3	17	6	461	158
£40,001 - £60,000	0	0	5	2	5	2	250	82
£60,001 - £80,000	0	0	3	0	3	0	206	0
£80,001 - £100,000	0	0	1	1	1	1	96	90
£100,001 - £150,000	0	0	4	0	4	0	531	0
£150,001 - £200,000	1	0	2	0	3	0	521	0
£200,001 - £250,000	0	0	0	0	0	0	0	0
£250,001 - £300,000	0	0	2	0	2	0	511	0
Total cost included in bandings	15	16	82	21	97	37	£3,206	£557
ADD: amounts provided for in CIES not included in bandings							£0	£0
TOTAL cost included in CIES							£3,206	£557
Average cost of exit packages							£33	£15

The number of exit packages has decreased from 97 in 2022/23 to 37 in 2023/24 with the total costs of exit packages decreasing from £3.206m in FY 2022/23 to £0.557m.

The average cost of exit package has decreased from £33k in 2022/23 to £15k in 2023/24 the decrease in amount can be attributed to a reduction in exit packages within the cost bands of £80k and above.

Pension Notes

Note 32 - Pension Schemes Accounted for as Defined Contribution Schemes

In 2023/24, the Council paid £12.6m to Teachers' Pensions (£12.4m - 2022/23) in respect of teachers' retirement benefits, representing 23.68% in 2023/24 (23.68% - 2022/23) of pensionable pay. The Authority is responsible for the cost of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme.

Teachers employed by the Council are members of the Teachers' Pension Scheme administered by the Department for Education. The Scheme provides teachers with specified

benefits upon their retirement and the Council contributes towards the cost by making contributions based on a percentage of scheme members' pensionable salaries. The Scheme itself is a defined benefit scheme but is unfunded. The Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid.

Note 33 – Defined Benefit Pension Schemes

Participation in Pension Schemes

The Council participates in the Local Government Pension Scheme, this is a funded defined benefit scheme. The Council and employees pay contributions into the fund, this is calculated at a level intended to balance the pensions liabilities with investment assets.

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based on final pensionable pay and length of pensionable service, summarised in the following table:

	Service pre 1 April 2008	Service post 31 March 2008
Pension	Each year worked is worth 1/80 x final pensionable pay	Each year worked is worth 1/60 x final pensionable pay
Lump sum	Automatic lump sum of 3 x pension	No automatic lump sum

Part of the annual pension can be exchanged for a one-off tax-free cash payment. A lump sum of £12 is paid for each £1 of pension given up.

From 1 April 2014, the scheme became a career average revalued earnings (CARE) scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. There are a range of other benefits provided under the scheme including early retirement, disability pensions, and death benefits.

Brent Council Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from the pension fund. AVCs are paid to the AVC providers by employers and specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

Governance

The Council has delegated management of the fund to the Pension Fund Sub-Committee (the 'Committee') who decide on the investment policy most suitable to meet the liabilities of the Fund and have the ultimate responsibility for the investment policy.

The Committee reports to the Full Council and has full delegated authority to make investment decisions. The Committee considers views from Council Officers and obtains, as necessary, advice from the Fund's appointed investment advisors, fund managers and actuary.

In line with the provisions of the Public Service Pensions Act 2013 the Council has set up a local Pension Board to oversee the governance arrangements of the Pension Fund. The Board meets quarterly and has its own Terms of Reference. Board members are independent of the Pension Fund Sub-committee. The Section 151 Officer holds ultimate responsibility for the preparation of the Pension Fund Statement of Accounts.

Transactions Relating to Post-employment Benefits

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to fund the

payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions Agency on behalf of the Department for Education.
- The Local Government Pension Scheme, administered by Brent Council and the Local Pensions Partnership Administration (LPPA).

All of the above schemes provide defined benefits to members e.g. retirement lump sums and pensions, earned as employees working for the Council, or for related parties.

Under IAS 19 and Code requirements, the Council recognises the cost of post-employment benefits in the reported cost of services when they are earned by employees rather than when the benefits are eventually paid as pensions. However, the arrangements for the Teachers' Scheme mean that liabilities for these benefits cannot ordinarily be identified for the Council. These schemes are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

We recognise the cost of retirement benefits in the reported cost of services when they are earned by the employees, rather than when the benefits are paid in due course as pensions. Actuarial gains and losses on pension assets and liabilities are recorded as other comprehensive income and expenditure. The charge which Council is required to make against council tax is based on the cash payable in the year, therefore the real cost of post-employment/retirement benefits is reversed out of the general fund through the movement in the reserves statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

31 March 2023 £m	Comprehensive Income and Expenditure Statement	31 March 2024 £m
	Cost of Services:	
59.4	Current service cost	29.7
1.4	Past service costs (including curtailments)	1.4
0	Effects of business combinations and disposals	0
	Financing and investment Income and Expenditure:	
45.9	Interest cost	58.6
(26.3)	Expected return on scheme assets	(46.6)
80.4	Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	43.1
	Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	
(2.1)	Changes in demographic assumptions	(7.4)
(581.2)	Changes in financial assumptions	(56.2)
53.2	Other experience	41.6
38.1	Return on assets excluding amounts in net interest	(67.0)
(411.6)	Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(45.9)

31 March 2023 £m	Movement in Reserves Statement	31 March 2024 £m
44.5	Employers' contributions payable to the scheme	44.8
3.8	Contributions in respect of unfunded benefits	4.0
48.3	<i>Actual amount charged against the General Fund Balance for pensions in the year:</i>	48.8
(80.4)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(43.1)
(32.1)		(5.7)

Statements Pensions Assets and Liabilities Recognized in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

31 March 2023 £m	31 March 2024 £m
(1,243) Present value of the defined benefit obligation	(1,262)
<u>981</u> Fair value of plan assets	<u>1,095</u>
(262) Net liability arising from defined benefit obligation	(167)

Note 34 – Reconciliation of Assets and Liabilities in Relation to Post-Employment Benefits

Scheme Assets	2022/23			2023/24		Net Pensions Liability
	Pensions Obligations	Net Pensions Liability		Scheme Assets	Pensions Obligations	
£m	£m	£m		£m	£m	£m
967.7	1,689.7	(722.0)	Opening Balance at 1 April	981.1	1,243.2	(262.1)
			Service Costs			
0	59.4	(59.4)	Current Service Cost	0	29.7	(29.7)
0	1.4	(1.4)	Past Service cost and gains/losses on curtailments	0	1.4	(1.4)
26.3	45.9	(19.7)	Interest Income and Expense	46.6	58.6	(12.0)
			Re-measurements			
(38.1)	0	(38.1)	Return on Plan Assets	67.0	0	67.0
14.7	67.9	(53.2)	Other experience	0	41.6	(41.6)
0	(2.1)	2.1	Actuarial Gains and Losses arising from changes in demographic assumptions	0	(7.4)	7.4
0	(581.2)	581.2	Actuarial Gains and Losses from changes in Financial Assumptions	0	(56.2)	56.2
			Contributions			
48.3		48.3	The Council	48.8		48.8
8.4	8.4	0	Employees	8.8	8.8	0
			Payments			
(46.1)	(46.1)	0	Retirement Grants and Pensions	(57.6)	(57.6)	0
0		0	Effects of business combinations and disposals	0		0
981.1	1,243.2	(262.1)	Closing Balance at 31 March	1,094.7	1,262.1	(167.4)

Note 35 – Sensitivity Analysis

Change in assumptions at 31 March 2024	Approximate increase in Defined Benefit obligation	Approximate monetary amount
	%	£m
0.1% decrease in Real Discount Rate	2%	21.0
1 year increase in member life expectancy	4%	50.5
0.1% increase in the Salary Increase Rate	0%	1.2
0.1% increase in the Pension Increase Rate (CPI)	2%	20.2

Note 36 – Explanation of Change in Net Pension Liability

The Net Pension Liability has decreased by £94.7m (decreased by £459.9m in 2022/23).

The discount rate has increased from 4.75% to 4.80% leading to an increase in the net interest on the net defined benefit pension liability. There are also risks attached to the maturity of the members, as it can be seen that 44.2% of the liability related to pensioners.

Following the 2022 Triennial valuation, Employer's contributions for the period to 31 March 2025 are estimated to be approximately £41.8m. The deficit recovery period is 20 years. Contributions will decrease by 1.5% to 32.0% of pensionable pay for the majority of employers in 2024/25.

	Liability split (£'000s) as at 31 March 2024	Liability split (%) as at 31 March 2024
Active Members	354,743	28.91%
Deferred Members	330,274	26.91%
Pensioner Members	542,099	44.18%
Total Members	1,227,116	100.0%

Note 37 – Basis for Estimating Assets and Liabilities

The latest full actuarial valuation of the London Borough of Brent's liabilities took place as at 31 March 2022. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund and assessing discretionary benefit liabilities are set out below:

2022-23	Actuarial Assumptions:	2023-24
22.0	Longevity at 65 for current pensioners: Men	21.9
24.7	Women	24.5
23.0	Longevity at 65 for future pensioners: Men	22.9
25.9	Women	25.8
3.3%	Rate of increase in salaries	3.10%
3.0%	Rate of increase in pensions	2.80%
4.8%	Rate for discounting scheme liabilities	4.80%
50.0%	Take-up of option to convert annual pension into retirement lump sum (pre-April 2008 service)	50.0%

50.0%	Take-up of option to convert annual pension into retirement lump sum (post-April 2008 service)	50.0%
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Derivation of financial assumptions

Discount rate

The Accounting Standards state that the discount rate used to place a value on the obligations should be determined by reference to market yields on high quality corporate bonds at the reporting date. The currency and term of the high-quality corporate bonds used to set the discount rate should be consistent with the currency and term of the obligations.

Corporate bond yield curve

Updated Government bond yield curves are available on a daily basis from the Bank of England so we can easily identify a spot yield on Government bonds at any duration and at any date. However, a similarly accessible yield curve for corporate bonds is not so readily available. To set the discount rate, we construct a “Hymans Robertson” corporate bond yield curve based on the constituents of the iBoxx AA corporate bond index.

Weighted average duration

The discount rate should reflect the ‘term’ of the benefit obligation. We interpret ‘term’ to be the weighted average duration of the benefit obligation. We calculate the weighted average duration for each employer and categorise each employer’s duration. We set assumptions based on duration category as below:

Weighted average duration at most recent actuarial valuation	Duration category
Less than 17 years	Short
Between 17 and 23 years	Medium
More than 23 years	Long

Retail Price Inflation (RPI)

We use a market implied inflation curve over a range of maturities, derived from yields available on fixed interest and index linked government bonds to be consistent with the derivation of the discount rate. For each duration category we derive a cashflow weighted single RPI rate from this market implied inflation curve. Our RPI assumption allows for an Inflation Risk Premium (IRP) of 0bps pre-2030 and a post-2030 IRP of 30bps, giving an average IRP of 20bps over short durations; and 25bps over medium and long durations.

Consumer Price Inflation (CPI) – Pension Increases

We set the pension increases assumption in line with our default Consumer Prices Index (CPI) assumption. As a market in CPI linked bonds does not exist, we need to estimate the long-term wedge between RPI and CPI to derive a CPI assumption for accounting purposes. Our estimate is based on analysis of past and emerging future trends in the gap between these indices. Our CPI assumption allows for a wedge of 100bps pre-2030 and a wedge of 10bps post-2030 relative to RPI. The former reflects differences between RPI and CPI and the latter reflects differences between CPI and CPIH. The resulting average RPI/CPI gap is 0.35% over short durations, 0.30% over medium durations and 0.25% over long durations.

Salary Increases

We set our standard assumption for salary growth relative to CPI, using the same methodology as the Fund's most recent funding valuation. See the Fund's formal valuation report for further details on the salary growth assumption.

Proposed financial assumptions for the Accounting Date

We use financial assumptions from the beginning of the accounting period to calculate the service cost and net interest components of the pension expense. We propose the following standard assumptions at the Accounting Date.

Accounting Date – 31 March 2024	Weighted average duration at most recent Actuarial Valuation		
	Short	Medium	Long
	%p.a.	%p.a.	%p.a.
Discount Rate	4.80%	4.85%	4.85%
Retail Price Inflation (RPI)	3.20%	3.10%	3.05%
Consumer Price Inflation (CPI) – Pension Increase Rate	2.80%	2.75%	2.75%

Demographic assumptions

Longevity

We use baseline longevity assumptions consistent with the assumptions used at the latest funding valuation. We use future longevity improvements assumptions in line with the latest Continuous Mortality Investigation (CMI) results, namely the CMI 2022 model with a 25% weighting of 2022 data, 0% weighting of 2021 (and 2020 data) smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of 1.5% p.a. for both females and males.

Other demographic assumptions

We use other demographic assumptions (e.g. commutation, withdrawal, ill-health early retirements etc) which are the same as those used for the latest funding valuation. These were considered to be best estimate. Further details of these assumptions are set out in the Fund's formal valuation report.

Reasonableness of assumptions

There is a range of actuarial assumptions which are acceptable under the requirements of the Accounting Standard. We consider that the assumptions above are within the acceptable range.

Risks and uncertainties in relation to the assumptions

We have adopted assumptions which are in effect projections of future investment returns and demographic experience many years into the future. There is inevitably a great deal of uncertainty in what constitutes 'best estimate' with such projections. It is important to note that the Accounting Standard requires the discount rate to be set with reference to the yields on high quality corporate bonds irrespective of the Fund's actual investment strategy. As such, the figures presented in the Statement of Accounts are not likely to reflect the actual cost of providing the benefits. Similarly, the IAS 19 accounting valuation is not used in any way to calculate or certify employer cash contributions.

Sensitivity to assumptions

We have included details of the effect on the obligations of changes to the key assumptions in the Sensitivity Analysis section of the Statement of Accounts. The net discount rate is the difference between the discount rate and the assumed rates of increase of salaries/deferred pension revaluation/pension increases in payment. Changes in market conditions that affect the net discount rate can have a significant effect on the value of the obligations reported.

- A reduction in the net discount rate will increase the assessed value of obligations, as a higher value is placed on benefits paid in the future.
- A rise in the net discount rate will have an opposite effect of similar magnitude.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years from April 2022. Funding levels are monitored on an annual basis.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014. The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council anticipates paying £41.8m (main scheme) employer contributions in 2024/25. In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

Investment risk

The Fund holds investment in asset classes such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk

The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount the liabilities. As the Fund holds assets such as equities, the value of the assets and liabilities may not move in the same way.

Inflation risk

All the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

Longevity risk

In the event that the members live longer than assumed, a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in both Brent Council Pension Fund, there is an orphan liability risk, where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

Note 38 – Fair value of employers assets (bid value)

Brent’s share of the Pension Fund Assets as estimated within the statutory IAS19 report is shown below:

31-Mar-23				31-Mar-24				
Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets	Asset Category	Quoted prices in active markets	Quoted prices not in active markets	Total	Percentage of Total Assets
£m	£m	£m	%		£m	£m	£m	%
				Private Equity				
0	24.8	24.8	3.0%	All	0	17.9	17.9	2.0%
				Real Estate				
23.6	0	23.6	2.0%	UK Property	22.3	0	22.3	2.0%
				Investment Funds & Unit Trusts				
551.4	0	551.4	56.0%	Equities	560.3	0	560.3	51.0%
85.8	0	85.8	9.0%	Bonds	166.1	0	166.1	15.0%
0	51.6	51.6	5.0%	Infrastructure	0	59.5	59.5	5.0%
202.0	30.5	232.5	24.0%	Other	200.3	35.6	235.9	22.0%
				Cash and cash equivalents				
11.3	0	11.3	1.0%	All	32.8	0	32.8	3.0%
874.1	107.0	981.1	100.0%	Totals	981.8	113.0	1,094.8	100.0%

Note to Movement in Reserves Statement

Note 39 – Note to Movement in Reserves Statement 2023/24

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total (£m)
Comprehensive income & expenditure															
(Surplus) or Deficit on Provision of Services	(75.5)	1.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(73.7)
Surplus Or Deficit On Revaluation of Property Plant and Equipment Assets	0.0	0.0	0.0	0.0	0.0	0.0	(40.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(40.4)
Actuarial Gains/Losses On Pension Assets and Liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(89.0)	0.0	0.0	0.0	(89.0)
Total comprehensive income & expenditure (a)	(75.5)	1.8	0.0	0.0	0.0	0.0	(40.4)	0.0	0.0	0.0	(89.0)	0.0	0.0	0.0	(203.1)

Adjustments between accounting basis & funding basis under regulations

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total (£m)
Charges for Depreciation and Impairment of Non - Current Assets	(31.5)	(24.5)	0.0	0.0	0.0	0.0	9.5	46.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation losses on Property Plant and Equipment	(9.1)	(1.2)	0.0	0.0	0.0	0.0	0.0	10.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	(3.0)	0.0	0.0	0.0	0.0	0.0	0.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue expenditure funded from capital under statute	(7.5)	0.0	0.0	0.0	0.0	0.0	0.0	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amounts of Nca Written Off As Part of Gain/Loss On Disposal To Cies	0.0	(2.9)	0.0	0.0	0.0	0.0	0.5	2.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statutory provision for the financing of capital investment	18.1	0.0	0.0	0.0	0.0	0.0	0.0	(18.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditure charged against the General Fund and HRA balances	10.5	0.0	0.0	0.0	0.3	0.0	0.0	(10.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital Grants and Contributions Unapplied Credited To The Cies	86.1	0.0	0.0	0.0	(86.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total (£m)
Application of Grants To Capital Financing Transferred To The Caa	0.0	0.0	0.0	0.0	64.8	0.0	0.0	(64.8)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer of Cash Sale Proceeds Credited As Part of Gain/Loss On Disposal To Cies	18.5	7.0	0.0	(13.4)	0.0	0.0	0.0	0.0	(12.1)	0.0	0.0	0.0	0.0	0.0	0.0
Use of the Capital Receipts Reserve to finance new capital expenditure	0.0	0.0	0.0	5.0	0.0	0.0	0.0	(5.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reversal of Major Repairs Allowance credited to the HRA	0.0	16.0	0.0	0.0	0.0	(16.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total (£m)
Use of the Major Repairs Reserve to finance new capital expenditure	0.0	0.0	0.0	0.0	0.0	10.4	0.0	(10.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Difference Between Finance Costs Charged To Cies and Those Chargeable By Statute	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.8)	0.0	0.0	0.0	0.0	0.0
Reversal of Items Relating To Retirement Benefits Debited Or Credited To Cies	(41.7)	(1.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	43.1	0.0	0.0	0.0	0.0
Eers Pensions Conts and Direct Payments To Pensioners Payable In The Year	46.6	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(48.8)	0.0	0.0	0.0	0.0
Diff Between Officer Remuneration Charged To Cies and That Chargeable By Statute	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pension Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total (£m)
Diff Between Ct and NNDR Income Credited To Cies and That Collectable By Statute	(6.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.0	0.0	0.0
Statutory Transfer of Dedicated Schools Grant Deficit To Dedicated Schools Grant	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total adjustments between accounting basis & funding basis under regulations (b)	81.8	(4.8)	0.0	(8.4)	(21.0)	(5.6)	10.0	(39.4)	(12.1)	(0.8)	(5.7)	0.0	6.0	0.0	0.0

Earmarked reserve transfers (c)	(10.4)	(1.0)	11.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
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(Increase)/decrease in 2023/24 (a) + (b) +(c)	(4.1)	(4.0)	11.4	(8.4)	(21.0)	(5.6)	(30.4)	(39.4)	(12.1)	(0.8)	(94.7)	0.0	6.0	0.0	(203.1)
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Opening balance 2023/24	(17.8)	(0.4)	(161.3)	(15.4)	(293.3)	(2.9)	(836.3)	(680.7)	(17.9)	13.8	262.1	3.6	(9.7)	15.2	(1,741.0)
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Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)**	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total (£m)
Closing balance 2023/24	(21.9)	(4.4)	(149.9)	(23.8)	(314.3)	(8.5)	(866.7)	(720.1)	(30.0)	13.0	167.4	3.6	(3.7)	15.2	(1,944.1)

Note to Movement in Reserves Statement 2022/23

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)*	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total
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Comprehensive income & expenditure

(Surplus) or deficit on the provision of services	(44.2)	8.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(35.7)
Surplus or deficit on revaluation of Property, Plant and Equipment assets	0.0	0.0	0.0	0.0	0.0	0.0	(127.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(127.2)
Actuarial gains/losses on pension assets and liabilities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(492.0)	0.0	0.0	0.0	(492.0)
Total comprehensive income & expenditure (a)	(44.2)	8.5	0.0	0.0	0.0	0.0	(127.2)	0.0	0.0	0.0	(492.0)	0.0	0.0	0.0	(654.9)

Adjustments between accounting basis & funding basis under regulations

Charges for depreciation and impairment of non-current assets	(27.4)	(12.8)	0.0	0.0	0.0	0.0	8.5	31.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revaluation losses on Property Plant and Equipment	7.6	(14.6)	0.0	0.0	0.0	0.0	0.0	7.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)*	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total
Amortisation of intangible assets	(3.1)	0.0	0.0	0.0	0.0	0.0	0.0	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenue expenditure funded from capital under statute	(7.9)	0.0	0.0	0.0	0.0	0.0	0.0	7.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amount of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(29.5)	(3.3)	0.0	0.0	0.0	0.0	11.8	21.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Statutory provision for the financing of capital investment	22.7	0.0	0.0	0.0	0.0	0.0	0.0	(22.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital expenditure charged against the General Fund and HRA balances	9.2	0.0	0.0	0.0	0.0	0.0	0.0	(9.2)	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)*	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	118.7	0.0	0.0	0.0	(118.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Application of grants to capital financing transferred to the Capital Adjustment Account	0.0	0.0	0.0	0.0	45.5	0.0	0.0	(45.5)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2.9	7.4	0.0	(10.8)	0.0	0.0	0.0	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)*	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total
Use of the Capital Receipts Reserve to finance new capital expenditure	0.0	0.0	0.0	2.4	0.0	0.0	0.0	(2.4)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Reversal of Major Repairs Allowance credited to the HRA	0.0	16.0	0.0	0.0	0.0	(16.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)*	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total
Use of the Major Repairs Reserve to finance new capital expenditure	0.0	0.0	0.0	0.0	0.0	14.0	0.0	(14.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.8)	0.0	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)*	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(77.7)	(2.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	80.4	0.0	0.0	0.0	0.0
Employers pensions contributions and direct payments to pensioners payable in the year	46.2	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(48.3)	0.0	0.0	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)*	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total
Amount by which officer remuneration charges to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(0.3)	0.0	0.0	0.0
Amount by which council tax and NDR income credited to the CIES is different from council tax and NDR income calculated in accordance with statutory requirements	29.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(29.2)	0.0	0.0

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)*	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total
Statutory transfer of Dedicated Schools Grant deficit to Dedicated Schools Grant Adjustment Account	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total adjustments between accounting basis & funding basis under regulations (b)	92.0	(7.9)	0.0	(8.4)	(73.2)	(2.0)	20.3	(23.1)	0.5	(0.8)	32.1	(0.3)	(29.2)	0.0	0.0

Earmarked reserve transfers (c)	(50.5)	(0.6)	51.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Increase)/decrease in 2022/23 (a) + (b) + (c)	(2.7)	0.0	51.1	(8.4)	(73.2)	(2.0)	(106.9)	(23.1)	0.5	(0.8)	(459.9)	(0.3)	(29.2)	0.0	(654.9)
Opening balance 2021/22	(15.1)	(0.4)	(212.4)	(7.0)	(220.1)	(0.9)	(729.4)	(657.7)	(18.4)	14.6	722.1	3.9	19.4	15.2	(1,086.2)

Movement in Reserves Detail	Usable Reserve: General Fund (£m)	Usable Reserve: HRA (£m)	Usable Reserve: Earmarked Reserves Balance (£m)*	Usable Reserve: Capital Receipts Reserve (£m)	Usable Reserve: Capital Grants Unapplied (£m)	Usable Reserve: Major Repairs Reserve (£m)	Unusable Reserve: Revaluation Reserve (£m)	Unusable Reserve: Capital Adjustment Account (£m)	Unusable Reserve: Deferred Capital Receipts (£m)	Unusable Reserve: Financial Instruments ADJ A/C (£m)	Unusable Reserve: Pensions Reserve (£m)	Unusable Reserve: Short Term Accumulating Compensated Absences Reserve (£m)	Unusable Reserve: Collection Fund ADJ A/C (£m)	Unusable Reserve: Dedicated Schools Grant Adjustment Account (£m)	Total
Closing balance 2022/23	(17.8)	(0.4)	(161.3)	(15.4)	(293.3)	(2.9)	(836.3)	(680.8)	(17.9)	13.8	262.2	3.6	(9.8)	15.2	(1,741.1)

*Earmarked Reserves are analysed in Note 10

Statement of Accounting Policies

1. Code of Practice

The general policies adopted in preparing these accounts are in accordance with the current Code of Practice on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance Accountants (CIPFA), henceforth referred to as the "Code of Practice". This Code of Practice is based upon International Financial Reporting Standards (IFRS), with some adoptions from International Public Sector Accounting Standards (IPSAS).

Accounts drawn up under the Code assume that a local authority's services will continue to operate for the foreseeable future. This assumption is made because local authorities carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of Central Government).

1.1 Materiality

The Council has presented information in the accounts to provide a full picture of its performance and financial health, any of which, if omitted, might influence decisions made on the basis of these accounts. Information about transactions and balances of low financial value and which are non-influential for decision-makers (immaterial) have been omitted where possible to improve the readability of the statements.

1.2 Rounding

It is not the Council's policy to adjust for immaterial cross-casting differences between the main statements and disclosure notes.

1.3 Schools

The CIPFA Code of Practice on Local Authority Accounting confirms that the balance of control for local authority maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code of Practice also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the group accounts). Therefore schools' transactions, cash flows and balances are recognised in each of the financial statements of the authority as if they were the transactions, cash flows and balances of the authority.

2. Comprehensive Income and Expenditure Statement

2.1 Accruals of Expenditure and Income

The Statement of Accounts is prepared on an accruals basis with the effects of transactions and other events being recognised when they occur, and recorded in the accounting records and reported in the financial statements of the periods to which they relate. This means that:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

The exception to this is the Cash Flow Statement which is prepared in accordance with International Accounting Standard (IAS) 7.

2.2 VAT

Income and expenditure accounts are VAT exclusive, unless VAT is irrecoverable, in which case it is included.

2.3 Government grants and contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the authority when there is reasonable assurance that:

- the authority will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the capital grants unapplied reserve. Where it has been applied,

it is posted to the capital adjustment account. Amounts in the capital grants unapplied reserve are transferred to the capital adjustment account once they have been applied to fund capital expenditure.

The authority has elected to charge a Community Infrastructure Levy (CIL). The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (these include transport, flood defences and schools) to support the development of the area.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital. However, a proportion of the charges may be used to fund revenue expenditure.

2.4 Charges to Revenue

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

The provision for depreciation is charged to the surplus or deficit on provision of services section of the Comprehensive Income and Expenditure Statement to the relevant service.

This results in a charge to the General Fund for depreciation for all General Fund fixed assets used in the provision of services. The charge is allocated to each individual service on the basis of the capital employed in its provision. Depreciation charges are reversed out of the General Fund in the Movement in Reserves Statement.

Depreciation is a bottom line charge to the HRA. An amount equal to depreciation is credited to the Major Repairs Reserve via the Movement on the HRA statement, and the impact of this is offset by crediting the Movement on the HRA statement with the same amount from the Capital Adjustment Account.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to earmarked reserves are disclosed in the Movement in Reserves Statement and the notes to this statement.

2.5 Council Tax and Non Domestic Rates (NDR)

Council Tax included in the Comprehensive Income and Expenditure Statement (CIES) account is Brent's accrued income for the year including its share of the surplus or deficit arising. The collection of Council Tax on behalf of the Greater London Authority (GLA) is in substance an agency arrangement so these amounts are not shown in the surplus or deficit on provision of services section of the Comprehensive Income and Expenditure Statement. There will be a debtor / creditor position between Brent and the GLA to be recognised in Brent's balance sheet if the net cash paid to the GLA is not exactly its share of cash collected from Council Taxpayers. In this case, Brent's accrued income will be shown in the taxation and non-specific grant section of

the Comprehensive Income and Expenditure Statement. The 'Operating Activities' section of the cash flow statement only includes Brent's share of Council Tax cash collected during the year.

The income collected from NDR is shared between the Council, Central Government and the Greater London Authority (GLA) rather than being paid over to Government and redistributed, and so is now acting as a principal and an agent. Apart from its own share of NDR transactions, Brent accounts only for the effects of timing differences between the collection of NDR attributable to major precepting authorities and Central Government and paying it across.

2.6 Foreign Currency Transactions

Transactions in foreign currencies are accounted for in Sterling at the rate ruling on the date of the transactions. The Pension Fund accounting policies deal with the only foreign currency de-nominated assets disclosed on the balance sheet.

2.7 Jointly Controlled Operations

The Council has jointly controlled operations in the form of pooled budgets in conjunction with Brent Clinical Commissioning Group (CCG) and the Central and North West London NHS Foundation Trust (CNWLNFT). The Council's joint operations with Brent CCG relate to the Better Care Fund and the Brent Integrated Community Equipment Service. The Council's joint operation with CNWLNFT relate to the management of the joint Mental Health Service in Brent. The Authority recognises the income that it gains and expenditure that it incurs on the Comprehensive Income and Expenditure Statement. The Balance sheet recognises any assets and liabilities resulting to the Council from the pooled budget.

3. Balance sheet – Non Current Assets

3.1 Plant, Property and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment (PPE).

All expenditure on the acquisition, creation or enhancement of PPE above the Council's de minimis of £5,000 is capitalised on an accruals basis in the accounts. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. most repairs and maintenance) is charged as an expense when it is incurred.

Property, Plant and Equipment are initially measured and subsequently valued on the basis required by CIPFA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institute of Chartered Surveyors (RICS). This is performed by the Council's In-house Valuer and its appointed Valuers, Wilkes Head and Eve LLP. Property, Plant and Equipment are classified into the groupings required by the Code of Practice.

Individual categories of assets are valued on the following basis:

- Council dwellings are valued using a beacon principle (i.e. using sample dwellings) based on their Open Market Value (OMV) but adjusted to reflect their value as social housing. Currently this means that they are valued at 25% of their OMV and this is reflected in both the Council’s accounts and the Housing Revenue Accounts
- Other Land and Buildings are included in the balance sheet at their OMV. The exceptions to this are school buildings and Social Services establishments that are included at their Depreciated Replacement Cost (DRC).
- Surplus assets are included in the balance sheet at their OMV. The value are disclosed in accordance to the fair value hierarchy:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

Level 2: inputs other than quote prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

Level 3: unobservable inputs for asset or liability

- Community assets are included in the balance sheet at depreciated historic cost where appropriate otherwise they are included at a nominal value.
- Infrastructure assets, vehicles, plant, furniture and equipment have been valued at depreciated historic cost.
- Assets under construction are held at their historic cost on an accruals basis

Revaluations of Property, Plant and Equipment are planned on a five year cycle with a proportion of the asset base being revalued each year. Material changes to asset valuations resulting from works or similar investment outside of the agreed revaluation of the asset’s cycle will be adjusted in the period as they occur.

3.1.1 Depreciation and Amortisation

Depreciation is the measurement of the cost or revalued amount of the economic benefits of the tangible non-current assets that have been consumed during the financial year.

Amortisation is the measurement of the cost or revalued amount of the economic benefits of the intangible non-current assets that have been consumed during the financial year.

Consumption includes the wearing out, using up or other reduction in the useful economic life of a non-current asset whether arising from use, passing of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Depreciation is calculated on all building assets using the straight line method as set out below. Land Assets are not depreciated.

Straight Line Depreciation Method per Asset Class

Asset Class	Depreciation Method (Straight Line)
Buildings (including HRA)	5 – 60 years as determined by the Valuer
Infrastructure	25 years

Asset Class	Depreciation Method (Straight Line)
Buildings (including HRA)	5 – 60 years as determined by the Valuer
Plant, Vehicles, Equipment & Machinery	Up to 10 years
Community Assets	Not depreciated where held at nominal value

Housing Revenue Account dwellings are depreciated by an estimate of the consumption of economic benefits.

Where buildings assets are revalued, the accumulated depreciation at the beginning of the year is written down to the revaluation reserve.

3.1.2 Component Accounting

Local authorities are required to value the components of major assets, where the components are of material value and have a significantly different economic life to the asset itself.

Componentisation will be undertaken where the value of the individual component is over £2m and the value of that component is in excess of 20% of the total gross carrying value of the building and will be undertaken when buildings are valued or re-valued, or enhancement expenditure of £0.25m is incurred.

Where componentisation applies, the assets will be broken down into the following broad categories;

- Building main structure - including foundations, structure, doors, windows and internal finishes - Design life 60 years.
- Heating systems - boilers, hot water systems, piping, air ventilation, pumps - Design life 25 years.
- Electricals - fixed wiring, lighting - Design life 30 years.
- Mechanical plant - lifts - Design life 30 years.
- Roof structure - Design life 50 years.
- Externals - drains, service mains, car parks, play areas, landscaping - Design life 60 years.

The estimated life of the individual categories may vary and the above is intended as a guide. In some circumstances further break down to additional components maybe justified for unusual or specialist building elements.

The remaining life of each of the elements is given, then the blended remaining useful life is calculated and applied to the overall asset.

3.2 Investment Properties

Investment properties are properties held solely for capital appreciation or rental income. The Code of Practice requires that investment properties are not depreciated, but instead held at fair value, in this case OMV, and their book value is adjusted annually where there has been a material change in value.

3.3 Heritage Assets

Heritage Assets are defined as:

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture, or an intangible asset with cultural, environmental or historical significance.

Heritage assets are carried at valuation rather than fair value, reflecting the fact that exchanges of heritage assets are uncommon. The Council's valuation is as per an insurance valuation. Revaluations will be carried out as and when the insurance valuation is updated.

3.4 Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance. Expenditure on purchasing intangible fixed assets such as computer software has been capitalised at cost when it is probable that future economic benefit or service potential will flow to the Authority.

Amortisation is the equivalent of depreciation for intangible assets and is calculated using the straight line method based on estimated economic life of between 5 to 7 years.

3.5 Highways Network Infrastructure Assets

Highways network infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Measurement

Highways network infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost - opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are assessed by the Highways department using industry standards where applicable as follows. These numbers were used together with estimated gross replacement cost data from 2018 to calculate a weighted average for the entire network of 50 years.

Part of the highways network	Useful economic life
Carriageway	25
Footways + cycle tracks	25
Structures	25
Lighting	25
Traffic management	25
Street furniture	25

Disposals and derecognition

When a component of the Network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where a part of the network is replaced, an adaptation provided in a separate update to the Code assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

3.6 Impairment

Impairment reviews on groups of assets are undertaken on an annual basis by the valuer. Impairment is recognised where the asset's carrying value is greater than its net recoverable value in use or through sale, and the loss is specific to the asset, or a small group of assets. Losses not specific to the asset or a small group of assets, such as a general fall in market prices will be treated as revaluation losses.

Impairment losses are recognised against historic cost, and revalued net book value (for revalued assets). Losses for revalued assets will be recognised against the revaluation reserve to the limit of the credit balance for that asset in the revaluation reserve, and thereafter in surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement. Losses for non-revalued assets will be recognised in surplus or deficit on provision of services in the Comprehensive Income and Expenditure Statement.

The impairment review includes an annual assessment of whether there is indication that the recoverable value of any impaired assets has increased, reversing part or all of the impairment.

For Plant, Property and Equipment, and Intangible Assets, if there is indication that the recoverable value has increased, the Valuer will reassess the economic life of the asset for the purposes of determining depreciation. The impairment will be reversed to the extent that up to the carrying value of the asset had there been no impairment. This reversal will in the first instance be used to reverse any charge made to the surplus or deficit

on provision of services in the Comprehensive Income and Expenditure Statement, and then to the revaluation reserve.

4. Balance sheet – Current Assets

4.1 Inventories and Long Term Contracts

Inventories are valued at the lower of cost and net realisable value. The Council only obtains inventories through exchange transactions.

4.2 Cash and Cash Equivalents

IAS 7 defines cash and cash equivalents as cash, bank balances, and very short-term investments used for cash management purposes. The Council uses bank overdrafts as part of its cash management strategy, therefore these are disclosed as part of cash and cash equivalents in line with IAS 7. Short-term investments invested for three months or less with a known maturity value and date are included in cash and cash equivalents; the Council uses money market funds as an integral part of its cash management, so these investments are also disclosed as part of cash and cash equivalents.

4.3 Work in Progress (Construction contract) In accordance with IFRS 15 Revenue from Contracts with Customers where there is a contract the Code requires revenue to be recognised in a way that reflects the pattern in which goods or services are transferred to service recipients. It requires revenue to be transferred at an amount that reflects the consideration that are expected in exchanged for those goods or services.

As such the Council recognises its construction contracts by identifying performance obligations in a contract and determining the transaction price of each performance obligations, which is then allocated to each performance obligations. The Council recognises the transaction price when the relevant performance obligation has been met.

5. Balance sheet - Liabilities

5.1 Provisions, Contingent Liabilities, and Contingent Assets

The Council makes a provision in compliance with IAS 37 where there is a present obligation as a result of a past event where it is probable that the Council will incur expenditure to settle the obligation and where a reasonable estimate can be made of the amount involved.

In addition to the provisions listed in note 9 to the Core Financial Statements, there is a provision for unrecovered debts, this has been netted off against the debtors figure on the balance sheet (see note 2 to the Core Financial Statements).

The Code of Practice requires provisions to be split into current provisions (within a year) and long term provisions. The current provision for insurance is estimated by on the basis of professional advice provided on the insurance fund.

The Council makes provision for the outcome of Non-domestic ratepayers' appeals cases, the outcome of which is decided by the Valuation Office Agency. Appeals can be backdated by five years and so a calculation is done to estimate potential losses in each year taking in to account the relevant multiplier in that particular year and the success rate of previous appeals.

A contingent liability is disclosed in the notes to the accounts where there is either a possible obligation as a result of a past event where it is possible that the Council will incur expenditure to settle the obligation; or a present obligation as a result of a past event where it is either not probable that the Council will incur expenditure to settle the obligation, or where a reasonable estimate of the future obligation cannot be made.

A contingent asset is disclosed in the notes to the accounts where a possible asset arises from past events, and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

5.2 Employee benefits

The Council recognises a provision for the entitlement of its employees to benefits within the reported financial year. This provision is estimated based on the entitlement of the Council's employees to leave as at the 1 April for the previous financial year.

Regulations prohibit Council tax payers from being charged for this provision, so any movement in this provision is transferred to the Accumulated Absences Account.

The Council accounts for employee benefits in accordance with the Code which is based on IAS 19. The underlying principle of IAS 19 is that an organisation should account for employment and post-employment benefits when employees earn them and the Authority is committed to providing them, even if the actual provision might be many years into the future.

5.3 Reserves

Reserves are divided into usable and unusable reserves. Within the usable reserves there are amounts set aside for earmarked purposes out of the balances on the Council's funds.

6 Balance Sheet - Financial Instruments

6.1 Financial Assets

IFRS 9 requires three different models to be applied to the classification and measurement of financial assets, based on the business model used:

Model Number	Asset Classification	Measurement of Financial Asset
1.	Assets held to collect contractual cash flows	Held at amortised cost
2.	Assets held to collect contractual cash flows and sell	Held at Fair value through other comprehensive income
3.	Other, not 1 or 2	Held at Fair value through profit and loss

The Council currently only has significant financial assets that meet criteria 1, so these are held at amortised cost. This means that interest receivable is recorded through profit and loss using the effective interest rate, and any impairment is also recorded through profit and loss.

Impairment of financial assets is applied based on a three stage model:

1. Performing
2. Under-performing
3. Non-performing

The stage used for financial assets depends upon the credit quality of the assets, which is assessed each year. For this Statement of Accounts, all financial assets have been assessed as performing. Performing financial assets are impaired on the basis of 12 month expected losses and gross interest is applied. For trade receivables with no significant financing component, the Council uses the simplified model permitted by IFRS, which is to impair on the basis of lifetime expected losses.

Where debtor balances for the collection fund are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the financing and investment income and expenditure line in CIES. The impairment loss as measured as the difference between the carrying amount and the revised future cash flows.

For the Council's soft loans, the interest rate at which the fair value of the soft loan has been arrived at with reference to the methodology laid out in the EU document -Communication from the Commission on the revision of the method for setting the reference and discount rates (2008/C14/02).

6.2 Fair value measurement of non-financial assets

The authority's accounting policy for fair value measurement of financial assets is set out in note 26. The authority also measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings [other financial instruments as applicable] at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

The authority measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

6.3 Premature Redemption of Debt

The practice for the Comprehensive Income and Expenditure Statement is to amortise premia and discounts over a period which reflects the life of the loans with which they are refinanced determined as described below. This will not be followed in the following situations:

- Where it is permissible and advantageous to capitalise premia (in which case the question of amortisation will not arise)
- Where the loans redeemed are not refinanced (when premia and discounts will be taken directly to the Revenue Account)
- Where discounts and premia are amortised over a broadly similar period, for convenience they will be shown as a net figure.

The practice for the HRA is different. In this case, discounts and premia are amortised, individually, over the remaining life of the loan repaid or ten years, whichever is the shorter.

6.4 Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the surplus or deficit on the provision of services section in the Comprehensive Income and Expenditure Statement in the year of repurchase / settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount respectively would be deducted from or added to the amortised cost of the new or modified loan and the write down to the surplus or deficit on the provision of services section in the Comprehensive Income and Expenditure Statement spread over the life of the loan by an adjustment to the effective interest rate.

Where premia and discounts have been charged to the surplus or deficit on the provision of services section in the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund balance to be spread over future years. The Council has a policy of spreading the gain / loss over the term of the replacement loan, at present up to a maximum of thirty years. The reconciliation of amounts charged to the surplus or deficit on the provision of services section in the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

7 Capital Financing

7.1 Capital Expenditure

Capital expenditure on building assets is added to the value of the asset and depreciated over the remaining useful life.

Capital expenditure on HRA dwellings is added to the value of fixed assets.

Revenue expenditure funded from capital under statute (REFCUS) represents expenditure that may be capitalised under statutory provisions but does not result in the creation of tangible assets owned by the Council. Such revenue expenditure incurred during the year has been written off as expenditure to the relevant service revenue account in the year.

7.2 Leasing

The Council has acquired a number of assets, mainly vehicles, plant and computer equipment, by means of leases. The Council assesses whether or not leases have to be disclosed on the balance sheet in line with IAS 17, using guidance from the Royal Institute of Chartered Surveyors as directed by 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 under the other long term liabilities category. Other leases not reported on the balance sheet are known as operating leases.

Finance leases are initially recognised on the balance sheet with assets and liabilities equal to the net present value of the minimum lease payments. Where a contract does not detail an interest rate for a specific asset, or provide sufficient information for its calculation, the interest rate implicit in the lease will in the first instance be estimated based on interest rates for other assets within the lease. If there is no interest rate detailed in the lease then a suitable interest rate is applied.

Assets financed by finance leases are treated as having an economic life equal to the minimum length of the contract and are depreciated over this period.

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. Where a contract starts part way through a single financial year payments will be apportioned to that financial year based on the number of days of the contract year within the reported financial year.

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.

Two interpretations of the International Financial Reporting Standards apply to contracts and series of transactions where the substance of the contract or transactions may be a lease under International Financial Reporting Standards. The Council first assesses whether or not contracts contain a service concession under IFRS Interpretations Committee (IFRIC) 12, and then whether or not there is an embedded lease under IFRIC 4. The disclosure of service concessions is complex and dealt with in further detail below. Embedded leases are disclosed as set out in IFRIC 4, accounting policies for major embedded finance leases are set out below.

Implementation of IFRS 16 Leases for Local Government has been delayed until 1st April 2024, as such there are no changes to current year's accounting policy.

From 2024/25 IFRS 16 removes the previous lease classifications of operating and finance leases for lessees, instead it requires that a lessee recognises right of use of asset with a corresponding lease liability representing the lesser obligation to make lease payments for the asset. Any lease that does not fit the right of use classification will be an operating lease.

For Lessors, the finance and operating lease classification have been retained and the provision for lessors are substantially unchanged, although there are some changes in relation to sale and lease back transactions and the accounting for the structure of sub- leases.

The Council has reviewed the impact of this change and concluded it is likely to be immaterial.

7.2.1 Service Concessions and the Private Finance Initiative (PFI)

Contracts and other arrangements that have been determined as "service concessions" are accounted for under IFRIC 12, the Code of Practice and the additional provisions of IPSAS 32 Service Concession Arrangements: Grantor.

Where new assets are identified these assets are recognised at fair value being the relevant elements of the capital cost in the PFI operators' financial model.

Where the PFI operator's right to third party income is recognised in reductions to the unitary payment, a proportion of the finance lease liability is re-allocated to a deferred income balance based on the proportion of fixed payments (if any) from the Council and expected third party payments. The deferred income balance is amortised to the Comprehensive Income and Expenditure Statement on a straight line basis over the life of the PFI scheme.

The Council's ongoing liabilities for these service concessions are recognised on the balance sheet. This has been done by recognising a finance lease liability and written down accordingly.

The assets acquired with these service concessions will be depreciated over the useful estimated economic life of the assets; with the exception of the assets generated by a Social Housing PFI. Legal title to the majority of assets from the Social Housing PFI will remain with the PFI operator, so these assets will be depreciated over the life of the contract, not their useful economic life.

Lifecycle costs will be capitalised in line with the directions of the Code of Practice on capitalising expenditure for these service concessions. All lifecycle costs for the Street lighting PFI are treated as revenue maintenance expenditure due to the nature of maintaining street lighting.

7.3 Minimum Revenue Provision

The Minimum Revenue Provision (MRP) included within this year's Statement of Accounts has been calculated on the basis of the previous year's outturn position, amended for the inclusion of PFI projects as per the requirements of the statutory guidance on Minimum Revenue Provision. In accordance with the current regulations for the calculation of MRP the following policy for non-HRA assets has been applied:

For supported borrowing, the Council will use the asset life method (Option 3) and an 'annuity' approach for calculating repayments. Based on the useful economic lives of the Council's assets a single annuity has been calculated, which results in the outstanding principal being repaid over the course of 49 years.

For prudential borrowing, the Council will adopt Option 3, 'the asset life method', and an 'annuity' approach for calculating repayments. This option allows provision for repayment of principal to be made over the estimated life of the asset. The use of the 'annuity' method is akin to a mortgage where the combined sum of principal and interest are equalised over the life of the asset.

The proposed asset lives which will be applied to different classes of assets are as follows:

- Vehicles and equipment – 5 to 15 years;
- Capital repairs to roads and buildings – 15 to 25 years;
- Purchase of buildings – 30 to 40 years;
- New construction – 40 to 60 years;
- Purchase of land – 50 to 100 years (unless there is a structure on the land with an asset life of more than 100 years, in which case the land would have the same asset life as the structure).

The Council reserves the right to charge a nil MRP where it chooses to offset a previous year's overpayment.

These policies do not apply to HRA assets.

The statutory guidance in the Guidance on Minimum Revenue Provision (second edition) from the Department of Communities and Local Government directs local authorities to make an MRP charge equal to the writing down of the finance lease liability upon transition to IFRS, and a charge equal to the writing down of the finance lease liability in subsequent years for operating leases reclassified as finance leases. It states that this is equivalent to one of the other options provided by the guidance for MRP in other circumstances. In order to ensure consistent treatment of all finance leases, an MRP charge equal to the writing down of the finance lease liability will be made for all finance leases.

In line with the statutory guidance on Minimum Revenue Provision (MRP), MRP has been charged for PFIs at a rate equal to the writing down of the finance lease liability. In addition, to ensure that all capital costs are captured by MRP, MRP includes a charge equal to any capital lifecycle additions within the scheme, and a charge equal to the release of any deferred income. Where finance lease liabilities increase in year, this is recognised by a credit to MRP equal to the increase in liability. The net effect of this policy is to maintain revenue balances at the same level under IFRS as under UK GAAP which is considered the prudent course of action within Guidance on Minimum Revenue Provision.

Minimum Revenue Provision is charged against the General Fund in the Movement in Reserves statement.

For supported borrowing, the Council will use the asset life method (Option 3) and an 'annuity' approach for calculating repayments. A review of the useful economic lives of the Council's assets has resulted in the outstanding principal being repaid over the course of 49 years rather than the previous 100 year timeframe. This is as a result of land being recognised with a 50-year useful economic life as per the code rather than a 999 year useful economic life in line with the depreciation calculation. This has resulted in a retrospective charge of £6.9m and an additional in year charge for 2022/23 of £2.0m.

7.4 Income from the Sale of Plant property and equipment

Income from the disposal of Property, Plant and Equipment is known as capital receipts. Such income that is not reserved and has not been used to finance capital expenditure in the period is included in the balance sheet as capital receipts unapplied.

The treatment of HRA capital receipts is determined by the Local Government Act 2003 as amended from 1 April 2012 in order to make new provision for the pooling of housing receipts by:

- The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2012 (SI 2012/711); and
- The Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No.3) Regulations 2012 (SI 2013/1424).

As a result of these amendments, local authorities are able to retain the receipts generated by Right to Buy sales for replacement housing provided they can sign up to an agreement with Government that they will limit the use of the net Right to Buy receipts to 30% of the cost of the replacement homes within a 3 year period from the point of receipt. The London Borough of Brent has elected to enter into agreement with the Government to retain the net receipts from Right-to-Buy sales.

The regulations provide that receipts from Right-to-Buy sales will in future be applied as follows:

- The Council may deduct certain costs, namely: an amount to cover the housing debt supportable from the income on the additional Right to Buy sales; transaction and administration costs; and an amount which reflects the income the Council might reasonably have expected from Right to Buy sales prior to the new scheme;
- The Council must also pay the Government an amount which reflects the income which the Treasury expected from Right to Buy sales prior to the new scheme; and
- Once these costs are deducted, the remaining net receipts are available to fund (and must be applied to) replacement affordable rented homes.

7.5 Borrowing Costs

The Council may borrow to meet capital costs that are attributable to the acquisition, construction or production of a qualifying asset that has a life of more than one year. It is the Council's policy to capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Borrowing costs will be deemed as interest and other costs that the Council incurs in connection with the borrowing of funds, and a qualifying asset will be that which takes in excess of three years to get ready for intended use and has forecast expenditure in excess of £100m. Cessation of capitalisation will occur when substantially all the activities necessary to prepare the qualifying asset for its intended use are complete.

8 Group Accounts

The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions of the Council, its subsidiaries I4B Holdings Limited (I4B), First Wave Housing Limited (FWH) (formerly Brent Housing Partnership [BHP]), the Barham Park Trust and LGA Digital Services Limited. FWH was an Arm's Length Management Organisation (ALMO), but in 2017/18 the Council took back the management of its housing stock. FWH remains as a company which owns some housing independently of the Council. The Council remains the holder of the sole share in FWH. Barham Park Trust is a charity that is controlled by the Council as a result of the Council appointing all the trustees. LGA Digital Service Limited is 50% owned by the Council and 50% owned by the Local Government Association (LGA), but is controlled by the Council, which provides the company with 100% of the services it sells. The financial statements in the Group Accounts are prepared in accordance with the policies set out above.

I4B Holdings Limited records the properties it purchases as investment properties in its Statement of Accounts that are reported under FRS 102 as I4B holds these properties principally to generate a commercial return. When these properties are consolidated into the Council's accounts, they are consolidated as Plant, Property and Equipment as this reflects the fact that the Group Accounts are presented in accordance to The Code Interpretation of IAS40, which has a slightly different definition of Investment Properties, and these properties are used to provide services on behalf of the group.

Additional Supporting Information and reconciliation disclosures

In preparing the Statement of Accounts, the Authority has had to make judgements, estimates and assumptions that affect the application of its policies and reported levels of assets, liabilities, income and expenses. The estimates and associated assumptions have been based on historical experience, including the recovery of amounts due to the Council, current trends and other relevant factors that are considered to be reasonable. These estimates and assumptions have been used to inform the basis for judgements about the carrying values of assets and liabilities, where these are not readily available from other sources. Future events may result in these estimates and assumptions being revised and could significantly change carrying balances in subsequent years' financial statements.

Estimates and underlying assumptions are regularly reviewed. Changes in accounting estimates are adjustments of the carrying amount of an asset or a liability, or the amount of the periodic consumption of an asset, that results from the assessment of the present status of, and expected future benefits and obligations associated with assets and liabilities. Changes in accounting estimates result from new information or new developments, and accordingly are not correction of errors. Changes to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements made in the accounts:

- Treatment of PFI arrangements – The Council has made judgements as to whether PFI contracts require to be accounted for on the Balance Sheet. These judgements are based on whether:
 - a) Brent controls or regulates what services the operator must provide with the asset, to whom it must provide them, and at what price; and where
 - b) Brent– through ownership, beneficial entitlement or otherwise – holds any significant residual interest in the asset at the end of the term of the arrangement.

The Council is deemed to control the services provided under the following agreement and has significant residual interest through nomination rights at the end of the PFI term.

- In 2008/09 the Council commenced phase 1 of a 20-year project to provide and maintain social housing, and replacement residential facilities for people with learning disabilities. Phase 2 of this contract was signed in 2010-11 with Brent Co-Efficient Ltd, leaving the Council with a long-term liability of £47m. The Contract is due to come to an end in 2028/2029

The accounting policies for PFI schemes and similar contracts have been applied to this arrangement.

Key sources of estimation uncertainty which have a significant effect on the financial statements:

- **Plant, Property and Equipment Valuations -**

- Both Council dwellings (£831.3m) and Land and Buildings (£1,122.2m) valuations are dependent on professional judgements made by the valuers, such as the exact methodology each individual uses to estimate a valuation when they have to extrapolate values from a limited number of recent sales. When this issue has been considered by the courts, they have set an expectation that valuations by different valuers should differ by no more than 10%. Therefore, a change in the people carrying out the valuation could change the estimate by up to 10% as different people produce different reasonable estimates. If there was a change in valuer and this resulted in a 10% change in valuation, this would result in a £83.1m adjustment to council dwellings, and a £112.2m adjustment to Land and Buildings. Given that the council has a rolling five-year revaluation programme it may take up to five years to see the full impact of this, but even one fifth of these adjustments would be material.

- Land and Buildings Valuation – £563.2m of Land and Buildings is valued this year based on a Depreciated Replacement Cost (DRC) basis. The valuation is based on a modern equivalent replacement cost which estimates how much it would cost to replacement the building with a modern equivalent and relies on estimating the cost of construction. If the cost of construction were to change significantly over the following year, then these estimates would change materially. The Construction output price index (produced by the Office for National Statistics) shows 1.5% increase in March 2024 for the year. Given that this is a recent statistic, and global events make it hard to be certain about the future, this is a reasonable scenario. An 1.5% increase due to increased construction costs used for these valuations would result in a £8.4m adjustment..

- **Fair Value estimates**

- The closing balance for the Council's long-term borrowing was £730.5m as at the 31st March 2024. A small shift in the interest rate market used to calculate the fair values of the financial instruments would result in a significant change to the disclosures in the accounts which is highly likely in the current high inflation environment and expected interest rate rises. Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans. The discount rates for Lender Option Borrower Option loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software alongside our treasury advisors. If interest rates were to increase by 1%

this would have resulted in a movement in fair value by £89.3m which would have a material impact on the statement of accounts.

- The carrying amount of the PFI liabilities as 31st March 2024 is £24.8m. The carrying amount of the lease liabilities as 31st March 2024 is £7.6m. A small shift in the interest rate market used to calculate the fair values of the financial instruments would result in a significant change to the disclosures in the accounts which is highly likely in the current high inflation environment and expected interest rate rises. The discount rate used for the fair values of finance lease assets and liabilities and PFI scheme liabilities have been calculated by discounting the contractual cash flows at the market rate of borrowing with similar remaining terms to maturity on 31st March for the PFI agreements and the long-term inflation forecast for our lease agreements. If rates were to move by 1% this would cause a movement in fair value by £0.9m for the PFI liabilities and £0.1m for lease liabilities which would have a material impact on the statement of accounts.
- The carrying value of the Council's long-term investments at year-end were £103.8m and £186.0m for long-term debtors. A small shift in the interest rate market used to calculate the fair values of the financial instruments would result in a significant change to the disclosures in the accounts which is highly likely in the current high inflation environment and expected interest rate rises. The fair values of long-term investments and debtors have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March. If interest rates were to increase by 1% this would result in a movement in fair value by £182.3m across both long-term investments and debtors.

- **Expected Credit Loss**

- The carrying value of the assets under the remit of an expected credit loss calculation are the long-term investment balance of £103.8m and long-term debtors of £186.0m. Any significant increase to the risk of a counterparty would require the Council to calculate a lifetime credit loss which recognises the expected loss that results from all the possible default events over the expected life of the instrument. A recognition of a lifetime credit loss to any of the instruments would result in a significant change to the impairment required and is not likely given the credit quality of the counterparties the Council transacts with. The loss allowances have been calculated by reference to historic default data published by credit rating agencies and adjusted for current and forecast economic conditions. A two-year delay in cash flows is assumed to arise in the event of default. If a significant increase in the risk of a counterparty occurred, a lifetime credit loss would be required.

- **Pension Liability**

- Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. There are risks and uncertainties associated with whatever assumptions are adopted. The assumptions are in effect projections of future investment returns and demographic experience many years into the future therefore there is a great deal of uncertainty.
- The changes in key assumptions used in the 2022/23 and 2023/24 financial years, and their estimated impact are as follows:

Changes in Key Assumptions Regarding Rates in 2022/23 and 2023/24

Change in 2022/23	Estimated impact on the pension liability (£m)	Key Assumptions - Rates	Change in 2023/24	Estimated impact on the pension liability (£m)
(0.20%)	(38.5)	Inflation/pensions increase rate	(0.20%)	(40.3)
(0.20%)	(2.6)	Salary increase rate	(0.20%)	(2.4)
2.05%	(414.2)	Discount rate	0.05%	(10.5)

Changes in Key Assumptions Regarding Longevity in 2022/23 and 2023/24

Change in 2022/23	Estimated impact on the pension liability (£m)	Key Assumptions - Longevity	Change in 2023/24	Estimated impact on the pension liability (£m)
(0.1 years)	(5.0)	Current pensioners (Male)	(0.1 years)	(5.0)
0.2 years	9.9	Current pensioners (Female)	(0.2 years)	(10.1)
(0.2 years)	(9.9)	Future pensioners (Male)	(0.1 years)	(5.0)
(0.1 years)	(5.0)	Future pensioners (Female)	(0.1 years)	(5.0)

2. Assumption made about the future and other major sources of estimation uncertainty

The Council includes accounting estimates within the accounts; the significant accounting estimates relate to non-current assets, impairment of financial assets. The Council's accounting policies include details on the calculation of these accounting estimates.

The Council also carries out a review of all debtor balances, and uses past experience of debt collection rates across all categories to establish allowances for non-collection.

The appropriate level of non-earmarked reserves to be held by the Council is based on an assessment of financial risks facing the Council. These risks include future funding levels, delivery of planned savings and future demands on services.

3. Accounting Standards that have been issued but have not yet been adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the code.

As at the balance sheet date 31.03.2024, the following new standard had been published but not yet adopted by the Code of Practice for Local Authority Accounting in the United Kingdom and will be adopted in the new financial year, 2024/25.

IFRS 16 Leases: This will be implemented in the new year to recognise a right-of-use asset on the Balance Sheet for all leases where the Council is the lessee. The only exception being low value leases. When lease payments are made, they will be applied partly to write down the liability and partly charged as interest on the outstanding liability. The cost of the right-of-use asset will be reflected in depreciation charges in the Comprehensive Income and Expenditure Statement. Using our current minimum lease payments outstanding at end of 2023/24 it is estimated that that the change will result in the recognition of new liability of £13.6m.

IFRS 16 will additionally impact on the determination of the leasing category on lease and buy-back transactions. This change is not expected to significantly impact amounts held in the Council's balance sheet.

4. Significant changes in accounting policy introduced in 2023/24

There have been no significant changes introduced in 2023/24.

5. Events after the reporting period

There have been no events since 31 March 2024, and up to the date when these accounts were authorised that require any adjustments to these accounts

Housing Revenue Account

Income and Expenditure Statement for the Year Ended 31 March 2023

This statement reflects a statutory obligation to account separately for the Council's housing provision. It shows the major elements of housing expenditure and income.

Housing Income in 2021/22 and 2022/23:

2022/23		2023/24
£m	Income Detail	£m
(50.6)	Dwelling rents	(54.2)
(0.2)	Non-dwelling rents	(0.2)
(3.1)	Tenants charges for services and facilities	(3.9)
(0.6)	Contribution towards expenditure	(0.6)
(3.0)	Leaseholders charges for services and facilities	(3.1)
(1.0)	Other income	(1.1)
(58.5)	Total Income	(63.1)

Housing Expenditure in 2021/22 and 2022/23:

2022/23		2023/24
£m	Expenditure Detail	£m
15.0	Repairs and maintenance	16.8
15.7	Supervision and management	14.3
4.0	Rents, rates, taxes and other charges	5.8
11.3	Depreciation of non-current assets	12.2
1.8	Movement in the allowance for bad or doubtful debts	(1.6)
16.0	Impairments and revaluation losses to non-current assets	13.5
0.0	Granville refurbishment provision	0.0
63.8	Total Expenditure	61.0

Net Cost of Services included in the Council's Income and Expenditure Account in 2021/22 and 2022/23:

2022/23		2023/24
£m	Income and Expenditure Detail	£m
(58.5)	Total Income	(63.1)
63.8	Total Expenditure	61.0
5.3	Net Cost of Services included in the Council's Income and Expenditure Account	(2.1)

HRA Share of the operating income and expenditure included in the Council's income and expenditure:

2022/23 £m	HRA share of the operating income and expenditure included in the Council's income and expenditure	2023/24 £m
5.3	Net Cost of Services included in the Council's Income and Expenditure Account	(2.1)
0.0	Payment to capital receipts pool	0.0
(4.0)	(Gain) or loss on sale of HRA non-current assets	(4.0)
7.6	Interest payable and similar charges	8.9
(0.4)	Interest and investment income	(1.0)
8.5	(Surplus) or Deficit for the Year on HRA Services	1.8

Movement on the HRA Statement for 2020/21 and 2021/22:

2022/23 £m	Movement on the HRA Statement	2023/24 £m
(0.4)	Housing Revenue Account balance brought forward	(0.4)
8.5	(Surplus) or deficit on the provision of services	1.8
(7.9)	Adjustment between accounting basis and funding basis under regulations	(4.8)
0.6	Net (increase) or decrease before transfers to or from reserves	(3.0)
(0.6)	Transfers to/(from) Earmarked Reserves	1.0
0.0	(Increase) or decrease in year on the HRA	(2.0)
(0.4)	Balance as at 31 March carried forward	(2.4)

HRA Adjustments between Accounting Basis and Funding Basis under Regulations for 2021/22 and 2022/23:

2022/23 £m	HRA adjustments between accounting basis and funding basis under regulations	2023/24 £m
4.1	Gain or loss on sale of HRA non-current assets	4.0
4.6	Capital expenditure funded by HRA	4.5
(14.6)	Downward revaluation of non-current assets	0.0
0.0	Payments to the capital receipts pool	0.0
(0.6)	Employer's pensions contributions and direct payments to pensioners payable in the year	0.0
11.4	Transfers to major repairs reserve	0.9

2022/23 £m	HRA adjustments between accounting basis and funding basis under regulations	2023/24 £m
(12.8)	Transfers to capital adjustment account	11.5
(7.9)	Total adjustments between accounting basis and funding basis under Regulations	(4.8)

Notes to the Housing Revenue Account

Note 1 – Housing Stock

The Council's stock of dwellings decreased during the year from 8,221 to 8,211, a net increase of 83 dwellings. In addition to the units listed below, the Council also owns the freehold on 3,810 properties with leaseholders paying service charges and contributing towards the cost of major works to the block.

The number of dwelling units at the end of the year was made up as follows:

Stock Type	31-Mar-24			Dwellings Units
	Dwellings Units	Disposals	Additions	
Flats	6,148	(93)	71	6126
Houses	2,073	(10)	22	2085
Total Dwellings Units	8,221	(103)	93	8,211

Note 2 – Rent Arrears

The level of service charge and rent arrears at 31st March 2024 was £4.4m. Movement on the arrears and related allowances for future credit losses are shown below.

Movement on Rent Arrears between 31 March 2023 and 31 March 2024

	31-Mar-24	31-Mar-23
	£m	£m
Arrears from tenants	6.5	3.1
Arrears from leaseholders	6.1	6.5
Provision	(8.2)	(8.3)
Total Arrears	4.4	1.3

Note 3 – Non-current Assets

Total Non-Current Assets 2022/23 £m	Non-Current Assets Details	Council Dwellings 2023/24 £m	Non Council Dwellings 2023/24 £m	Total Non-Current Assets 2023/24 £m
808.1	Opening Net Book Value at 1 April	827.8	12.3	840.1
21.6	Revaluations	5.3	(1.7)	3.6

(0.2)	Impairments	(9.5)	-	(9.5)
19.8	Capital expenditure	26.7	-	26.7
(3.4)	Disposals	(2.9)	-	(2.9)
(11.3)	Depreciation for the year	(11.4)	(0.2)	(11.6)
(2.8)	Reclassifications	-	-	-
8.3	Other movements	0.6	0.1	0.7
840.1	Closing Net Book Value at 31 March	836.6	10.5	847.1

Note 4 – HRA Capital Receipts

2022/23 £m	Detail	2023/24 £m
(6.8)	Dwellings	(6.5)
(6.8)	Total Receipts	(6.5)

Note 5 – Net Interest Charged to the HRA

The net interest charge to the HRA, is calculated in accordance with Government regulation.

2022/23 £m	Detail	2023/24 £m
7.6	Interest on HRA mid-year Capital Financing Requirement	8.9
7.6	Total Interest	8.9

Note 6 – Major Repairs Reserve (MRR)

The MRR is a specific capital reserve held to fund the HRA capital programme or make repayments on amounts borrowed on historic HRA capital expenditure.

2022/23 £m	Detail	2023/24 £m
(0.9)	Balance at beginning of the year	(2.9)
(11.4)	Depreciation charge on HRA Assets	(16.0)
(4.6)	Other transfers to/(from) HRA	0.0
14.0	Reserve applied to fund the HRA capital programme	10.4
(2.9)	Balance at end of year	(8.5)

Collection Fund Statement

Collection Fund Account for the Year ended 31 March 2024

This is a statutory fund separate from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and Non-Domestic Rates on behalf of those bodies (including the Council's own General Fund) for whom the income has been raised. Administrative costs for Council Tax are borne by the General Fund.

Collection Fund Total Income for 2022/23 and 2023/24

2022/23			2023/24		
Council Tax	Business Rates	Total Collection Fund	Council Tax	Business Rates	Total Collection Fund
£m	£m	£m	£m	£m	£m
Statutory collections					
(184.0)	(112.8)	(296.8)	(200.2)	(127.0)	(327.2)
	(2.8)	(2.8)		(3.6)	(3.6)
		0.0		(11.8)	(11.8)
(184.0)	(115.6)	(299.5)	(200.2)	(142.3)	(342.5)

Collection Fund Total Expenditure for 2022/23 and 2023/24

2022/23			2023/24		
Council Tax	Business Rates	Total Collection Fund	Council Tax	Business Rates	Total Collection Fund
Precepts, demands & shares					
140.1	33.7	173.8	150.8	41.2	192.0
39.1	41.6	80.6	43.9	50.8	94.7
	37.1	37.1		45.3	45.3
	2.8	2.8		3.6	3.6
Share of surplus/(deficit)					
(2.1)	(16.6)	(18.8)	1.8	(1.5)	0.3
(0.5)	(20.5)	(21.0)	0.6	(1.9)	(1.2)
	(18.3)	(18.3)		(1.7)	(1.7)
Charges to the fund					
(6.4)	(6.5)	(12.9)	14.7	1.6	16.4
0.0	0.0	0.0	(0.5)	(3.9)	(4.4)
	0.4	0.4		0.4	0.4
	0.1	0.1		0.0	0.0
170.2	53.7	223.8	211.4	134.0	345.4

(13.8)	(61.9)	(75.7)	(Surplus)/Deficit in year	11.2	(8.3)	2.8
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Movement on Balances of Collection Fund (Surplus)/Deficit in 2022/23 and 2023/24

2022/23				2023/24		
Council	Business	Total		Council	Business	Total
Tax	Rates	Collection	Movements on Balances	Tax	Rates	Fund
1.4	61.2	62.7	(Surplus)/Deficit brought forward	(12.4)	(0.7)	(13.1)
(13.8)	(61.9)	(75.7)	(Surplus)/Deficit in year	11.2	(8.3)	2.8
(12.4)	(0.7)	(13.1)	(Surplus)/Deficit carried forward	(1.2)	(9.0)	(10.2)

Allocation of Collection Fund Balance for 2021/22 and 2022/23

2022/23				2023/24		
Council	Business	Total	Allocation of Collection Fund	Council	Business	Total
Tax	Rates	Collection	Balances	Tax	Rates	Fund
(9.5)	(0.2)	(9.7)	LB Brent	(1.0)	(2.7)	(3.7)
(2.9)	(0.3)	(3.2)	GLA	(0.2)	(3.4)	(3.6)
	(0.1)	(0.1)	Central Government		(2.9)	(2.9)
(12.4)	(0.7)	(13.1)	Total (Surplus)/Deficit	(1.2)	(9.0)	(10.2)

Notes to the Collection Fund

Note 1 – Council Tax

Council Tax income derives from charges raised according to the value of residential properties, classified into 8 valuation bands estimating 1 April 1991 values. Charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the precepting authorities (for Brent this is the GLA) and the Council for the forthcoming year and dividing this by the Council Tax Base (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts) to produce a standard Band D charge. For 2023/24 the standard Band D charge was £1,924.45 (£1,815.07 in 2022/23).

The standard Band D charge is multiplied by the proportion specified for each property to produce an individual amount due for every residential property.

Council Tax bills were based on the following proportions for Bands A to H, including the GLA share:

Band Name	Proportion of Band D Charge	Number of Band D Equivalent Properties
Band A	6/9	1,845
Band B	7/9	6,656
Band C	8/9	26,075
Band D	9/9	31,593
Band E	11/9	24,045
Band F	13/9	8,359
Band G	15/9	5,298
Band H	18/9	446

The total number of Band D equivalent properties is then multiplied by a percentage to allow for collection loss (97.0%) to give a tax base for budget setting purposes of 101,187. When multiplied by the Band D charge the total budgeted income is £194.7m, of which £150.8m is attributable to Brent and £43.9m to the GLA.

Note 2 – Non-Domestic Rate

The total Non-Domestic Rateable Value for 2023/24 was £375.6m (£314.6m in 2022/23). The increase in the rateable value is as a result of the revaluation of non-domestic properties by the Valuation Office Agency which took effect on 1st April 2023 (£65.3m), offset by a reduction in the underlying valuation of the properties (£4.3m) prior to the revaluation. The NNDR Small Business Rate Multiplier for 2023/24 was £0.50 (£0.50 in 2022/23).

Note 3 – Collection

For Council Tax, 92.2% of the debit relating to the 2023/24 financial year had been collected by 31 March 2024. This is down from the 93.4% achieved in 2022/23. For Non Domestic Rates the in-year collection rate increased from 93.0% to 93.2%.

Group Accounts

Local authorities are required to produce group accounts which include interests in subsidiaries, associates and joint ventures.

The group accounts consolidate the accounts of the First Wave Housing, Barham Park Trust, I4B and LGA Digital Services. First Wave Housing provide housing in Brent and is wholly owned by Brent Council. Barham Park Trust is a charity that is controlled by the Council as a result of the Council appointing all the trustees. I4B Holdings Limited is a company wholly owned by Brent Council to deliver the housing options defined in the Temporary Accommodation reform plan. LGA Digital Service Limited is a company that is 50% owned by the Council and 50% owned by the Local Government Association.

The following group financial statements have been prepared:

- Group Balance Sheet
- Group Movement in Reserves Statement (Group MIRS)
- Group Comprehensive Income and Expenditure Account
- Group Cash Flow Statement

A significant amount of information in these statements is identical to Brent's accounts on the preceding pages of this document. Information has not been reproduced in the group accounts where it can be readily seen in Brent's accounting statements.

Group Accounting Policies

The group accounts have been prepared using the same accounting policies as the Brent single entity accounts shown in this document. Additional details are included in the Accounting Policies section below.

Group Statements

Group Balance Sheet

31-Mar 2023 £m	Group Accounts Detail	31-Mar 2024 £m
2,607.7	Property, Plant & Equipment	2,797.1
0.5	Heritage Assets	0.5
14.1	Investment Property	13.2
23.9	Intangible Assets	27.7
0.4	Long Term Investments	0.3
20.4	Long Term Debtors	34.0
2,667.0	Long Term Assets	2,872.8
0.3	Short Term Investments	0.2
2.8	Assets Held for Sale	2.8
205.1	Short Term Debtors	188.0
156.2	Cash and Cash Equivalents	121.3
364.4	Current Assets	312.3
(85.7)	Short Term Borrowing	(93.7)
(153.4)	Short Term Creditors	(154.1)
(1.4)	Grants Receipt in Advance- Revenue	(0.5)
(2.9)	Provisions	(2.7)
(243.4)	Current Liabilities	(251.0)
0.0	Long Term Creditors	0.0
(28.8)	Provisions	(25.3)
(695.3)	Long Term Borrowing	(730.5)
(297.1)	Other Long Term Liabilities	(198.3)
(1,021.2)	Long Term Liabilities	(954.1)
1,766.8	Net Assets	1,980.0

Group Accounts Reserves for 2022/23 and 2023/24

31-Mar 2023 £m	Group Accounts Reserves	31-Mar 2024 £m
(467.5)	Usable Reserves	(512.2)
(1,299.3)	Unusable Reserves	(1,467.8)
(1,766.8)	Total Reserves	(1,980.0)

Group Consolidated Income & Expenditure Statement for 2023/24

Income and Expenditure Detail	2023/24 Gross Expenditure £m	2023/24 Gross Income £m	2023/24 Net Expenditure £m
Care, Health and Wellbeing	183.5	(40.3)	143.2
Children & Young People (GF)	111.1	(39.1)	72.0
Children & Young People (DSG)	242.0	(243.3)	(1.3)
Communities and Regeneration	21.2	(16.8)	4.4
Finance and Resources	52.8	(4.8)	48.0
Governance	14.2	(1.0)	13.2
Resident Services (GF)	197.8	(103.9)	93.9
Resident Services (HRA)	59.0	(75.8)	(16.8)
Central Items	226.8	(293.8)	(67.0)
Cost of Services	1,108.4	(818.8)	289.6
Other operating expenditure	-	-	(20.0)
Financing and investment income & expenditure	-	-	35.4
Taxation and non-specific grant income	-	-	(388.3)
(Surplus) or Deficit on Provision of Services	-	-	(83.3)
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	-	-	(38.2)
Deferred Tax Charge	-	-	(2.0)
Actuarial (gains)/losses on pension assets and liabilities	-	-	(89.0)
Other Comprehensive Income and Expenditure	-	-	(129.2)
Total Comprehensive Income and Expenditure	-	-	(212.5)

Income and Expenditure Detail	2022/23 Gross Expenditure £m	2022/23 Gross Income £m	2022/23 Net Expenditure £m
Care, Health and Wellbeing	164.4	(35.5)	128.9
Children & Young People (GF)	104.6	(32.8)	71.8
Children & Young People (DSG)	222.7	(223.5)	(0.8)
Communities and Regeneration	27.7	(14.9)	12.8
Finance and Resources	32.7	(6.7)	26.0
Governance	16.0	(1.3)	14.7
Resident Services (GF)	191.1	(87.0)	104.1
Resident Services (HRA)	67.8	(70.5)	(2.7)
Central Items	249.1	(290.2)	(41.1)
Cost of Services	1,076.1	(762.4)	313.7
Other operating expenditure	-	-	24.5
Financing and investment income & expenditure	-	-	42.4
Taxation and non-specific grant income	-	-	(415.9)
(Surplus) or Deficit on Provision of Services	-	-	(35.5)
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	-	-	(133.2)
Deferred Tax Charge	-	-	0.0
Actuarial (gains)/losses on pension assets and liabilities	-	-	(492.0)
Other Comprehensive Income and Expenditure	-	-	(625.2)
Total Comprehensive Income and Expenditure	-	-	(660.7)

Group Cashflow Statement

2022/23	Cash Flow Detail	2023/24
£m		£m
35.5	Net surplus or (deficit) on the provision of services	86.3
72.6	Adjustments for non-cash movements	47.1
(137.0)	Adjustments for investing and financing activities	(115.6)
(28.9)	Net cash inflows/(outflows) from Operating Activities	17.7
(44.2)	Net cash inflows/(outflow) from Investing activities	(84.5)
86.6	Net cash inflows/(outflow) from Financing activities	35.2
13.5	Net increase/(decrease) in cash and cash equivalents	(31.5)
142.7	Cash and cash equivalents at the beginning of the reporting period	153.0
156.2	Cash and cash equivalents at the end of the reporting period	121.5

Group Movement In Reserves

Detail	General Fund Balance £m	School Balances £m	Earmarked Reserves General Fund £m	HRA Balance £m	Earmarked Reserves HRA £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Council Reserves £m	Council's Share of Reserves of Subsidiaries, Associated and Joint Ventures £m	Total Group Reserves £m
Balance as at 1 April 2023	(4.9)	(15.1)	(144.5)	(0.3)	(1.7)	(15.4)	(2.9)	(293.3)	(478.1)	(1,250.0)	(1,728.1)	(38.7)	(1,766.8)
Movement in reserves during 2023/24 (Surplus) or deficit on the provision of services	(75.5)			1.8					(73.7)		(73.7)	(10.2)	(83.9)
Other comprehensive income & expenditure										(129.4)	(129.4)	0.2	(129.2)
Total Comprehensive income & expenditure	(75.5)	0.0	0.0	1.8	0.0	0.0	0.0	0.0	(73.7)	(129.4)	(203.1)	(10.0)	(213.1)
Adjustments between Group Accounts and Council Accounts	6.6								6.6		6.6	(6.6)	0.0
Net Increase/Decrease before Transfers	(68.9)	0.0	0.0	1.8	0.0	0.0	0.0	0.0	(67.1)	(129.4)	(196.5)	(16.6)	(213.1)
Adjustments between accounting basis & funding basis under regulations	85.5			(4.8)		(8.4)	(5.6)	(21.0)	45.7	(45.7)	0.0		0.0
Net (increase)/decrease before transfers to earmarked reserves	16.6	0.0	0.0	(3.0)	0.0	(8.4)	(5.6)	(21.0)	(21.4)	(175.1)	(196.5)	(16.6)	(213.1)
Transfers (to)/from earmarked reserves	(12.4)	2.0	10.4	1.0	(1.0)				0.0		0.0	0.0	0.0
(Increase)/decrease in 2023/24	4.2	2.0	10.4	(2.0)	(1.0)	(8.4)	(5.6)	(21.0)	(21.4)	(175.1)	(196.5)	(16.6)	(213.1)
Balance as at 31 March 2024	(0.7)	(13.1)	(134.1)	(2.3)	(2.7)	(23.8)	(8.5)	(314.3)	(499.5)	(1,425.1)	(1,924.6)	(55.3)	(1,979.9)

Detail	General Fund Balance £m	School Balances £m	Earmarked Reserves General Fund £m	HRA Balance £m	Earmarked Reserves HRA £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Council Reserves £m	Council's Share of Reserves of Subsidiaries, Associated and Joint Ventures £m	Total Group Reserves £m
Balance as at 1 April 2022	(15.1)	(17.0)	(193.7)	(0.4)	(1.7)	(7.0)	(0.9)	(220.1)	(455.9)	(630.2)	(1,086.2)	(19.9)	(1,106.1)
Movement in reserves during 2022/23 (Surplus) or deficit on the provision of services	(44.1)	0.0	0.0	8.6	0.0	0.0	0.0	0.0	(35.5)	0.0	(35.5)	0.0	(35.5)
Other comprehensive income & expenditure	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	(619.2)	(619.2)	(6.0)	(625.2)
Total comprehensive income & expenditure	(44.1)	0.0	0.0	8.6	0.0	0.0	0.0	0.0	(35.5)	(619.2)	(654.7)	(6.0)	(660.7)
Adjustments between Group Accounts and Council Accounts	12.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.8	0.0	12.8	(12.8)	0.0
Net Increase/Decrease before Transfers	(31.3)	0.0	0.0	8.6	0.0	0.0	0.0	0.0	(22.7)	(619.2)	(641.9)	(18.8)	(660.7)
Adjustments between accounting basis & funding basis under regulations	92.0	0.0	0.0	(7.9)	0.0	(8.4)	(2.0)	(73.2)	0.5	(0.5)	(0.0)	0.0	0.0
Net (increase)/decrease before transfers to earmarked reserves	60.5	0.0	0.0	0.7	0.0	(8.4)	(2.0)	(73.2)	(22.2)	(619.7)	(641.9)	(18.8)	(660.7)
Transfers (to)/from earmarked reserves	(50.5)	1.9	49.2	(0.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
(Increase)/decrease in 2022/23	10.2	1.9	49.2	0.1	0.0	(8.4)	(2.0)	(73.2)	(22.2)	(619.7)	(641.9)	(18.8)	(660.7)
Balance as at 31 March 2023	(4.9)	(15.1)	(144.5)	(0.3)	(1.7)	(15.4)	(2.9)	(293.3)	(478.1)	(1,249.9)	(1,728.1)	(38.7)	(1,766.8)

Notes to the Group Accounts

This shows the main differences between items in Brent's single entity accounts and the group accounts. Where there are intra-group entries these are adjusted in calculating the overall group position.

2023/24 main adjustments

Adjustment Detail	Consolidated accounts £m	Brent Council £m	I4B £m	FwH £m	Barham Park £m	LGA £m	Adjustments £m
Property, Plant & Equipment	2,797.1	2,536.4	51.8	41.0	0.9	0.0	167.00
Investment Property	13.2	0.0	169.4	13.2	0.0	0.0	(169.4)
Long Term Investments	0.4	103.8	0.0	0.0	0.0	0.0	(103.4)
Long Term Debtors	34.1	186.0	0.0	0.0	0.6	0.0	(152.5)
Short Term Debtors	188.0	190.0	5.7	1.7	0.0	0.1	(9.5)
Short Term Investments	0.3	0.4	21.0	0.0	0.0	0.0	(21.1)
Cash and Cash Equivalents	121.4	112.1	2.2	7.1	0.0	0.4	(0.4)
Short Term Creditors	(154.0)	(166.0)	(14.3)	(2.5)	0.0	(0.5)	29.3
Long Term Creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Borrowing	(730.4)	(730.5)	(182.1)	(33.8)	0.0	0.0	216.0
Usable Reserves	(512.4)	(519.0)	(30.8)	(0.4)	(1.6)	0.0	39.4
Unusable Reserves	(1,467.7)	(1,425.1)	(21.7)	(25.4)	0.0	0.0	4.5
Community Wellbeing (HRA)	(17.0)	(2.1)	(17.2)	(0.2)	0.0	0.0	2.5
Financing and investment income & expenditure	35.4	29.8	4.1	0.7	0.0	0.0	0.8
Taxation and non-specific grant income	(388.3)	(388.3)	0.0	0.0	0.0	0.0	0.0
(Surplus) or Deficit on Provision of Services	(83.1)	(73.6)	(13.1)	0.5	(0.1)	0.0	3.2
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	(38.2)	(40.4)	2.5	(0.3)	0.0	0.0	0.0
Other Comprehensive Income and Expenditure	(129.3)	(129.4)	1.3	(1.2)	0.0	0.0	0.0

I4B records its properties as investment properties under its accounting policies to comply with UK GAAP, whereas in the group accounts these have to be recorded as Property, Plant and Equipment to comply with the CIPFA Code. This explains the £167.0m transfer from Investment Properties to Property Plant and Equipment (PPE).

Removal of intra-group transaction relating to loans within the group, the main adjustments are £103.4m reduction in Long Term Investments and a £152.5m reduction in Long Term Debtors, combined with a £216.0m reduction in Long Term Borrowing, £39.4m reduction in Usable Reserves and £21.1m reduction in Short Term Investments.

Current Debtors have been reduced by £9.5m and Current Creditors have been reduced by £29.3m. These principally relate to:

- rents and housing benefit owed by the council to its subsidiaries,
- the remainder of the intra-company loan balances,
- monies owed by the subsidiaries to the council for services provided by the council,
- and amounts relating to money held by the council on behalf of Barham Park.

2022/23 main adjustments

Adjustment Detail	Consolidated accounts £m	Brent Council £m	I4B £m	FwH £m	Barham Park £m	LGA £m	Adjustments £m
Property, Plant & Equipment	2,607.7	2,368.2	54.3	40.3	0.9	0.0	144.0
Investment Property	14.1	0.0	146.2	14.1	0.0	0.0	(146.2)
Long Term Investments	0.4	103.8	0.0	0.0	0.0	0.0	(103.4)
Long Term Debtors	20.4	172.6	0.0	0.0	0.0	0.0	(152.2)
Short Term Debtors	205.1	221.6	7.1	2.9	0.7	0.1	(27.3)
Short Term Investments	0.3	0.2	26.8	0.0	0.0	0.0	(26.7)
Cash and Cash Equivalents	156.2	134.5	7.4	11.0	0.0	0.2	3.1
Short Term Creditors	(153.4)	(177.7)	(17.9)	(8.4)	0.0	(0.3)	50.9
Long Term Creditors	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long Term Borrowing	(695.3)	(695.3)	(182.1)	(34.3)	0.0	0.0	216.4
Usable Reserves	(467.5)	(491.1)	(16.3)	0.0	(1.6)	0.0	41.5
Unusable Reserves	(1,299.3)	(1,250.0)	(24.2)	(25.1)	0.0	0.0	0.0
Resident Services (HRA)	(2.7)	5.4	(8.8)	(1.5)	0.0	0.0	2.2
Financing and investment income & expenditure	42.4	33.1	4.9	0.7	0.0	0.0	3.7
Taxation and non-specific grant income	(415.9)	(415.9)	0.0	0.0	0.0	0.0	0.0
(Surplus) or Deficit on Provision of Services	(35.5)	(35.7)	(3.9)	(0.9)	(0.1)	0.0	5.1
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets	(133.2)	(127.2)	(2.3)	(1.5)	0.0	0.0	(2.2)
Other Comprehensive Income and Expenditure	(625.2)	(619.2)	(2.3)	(1.5)	0.0	0.0	(2.2)

I4B records its properties as investment properties under its accounting policies to comply with UK GAAP, whereas in the group accounts these have to be recorded as Property, Plant and Equipment to comply with the CIPFA Code. This explains the £146.2m transfer from Investment Properties to Property Plant and Equipment (PPE).

Removal of intra-group transaction relating to loans within the group, the main adjustments are £103.4m reduction in Long Term Investments and a £152.2m reduction in Long Term Debtors, combined with a £216.4m reduction in Long Term Borrowing, £41.5m reduction in Usable Reserves and £26.7m reduction in Short Term Investments. Current Debtors have been reduced by £27.3m and Current Creditors have been reduced by £50.9m. These principally relate to:

- rents and housing benefit owed by the council to its subsidiaries,
- the remainder of the intra-company loan balances,
- monies owed by the subsidiaries to the council for services provided by the council,
- and amounts relating to money held by the council on behalf of Barham Park.

Note 1 to the Group Accounts: Consolidated Plant Property and Equipment

Movements in Consolidated Plant, Property and Equipment for 2022/23

Movements in 2023/24	Council Dwellings £m	Land & Buildings £m	VPF&E £m	Surplus Assets £m	Asset under Construction £m	Total £m	**PFI Assets £m
Cost or Valuation At 1 April 2023	839.6	1,356.6	58.7	14.4	163.4	2,432.7	103.4
Additions	26.7	36.9	0.7	2.6	49.3	116.1	1.0
Depreciation written out	0.0	(14.4)	0.0	0.0	0.0	(14.4)	0.0
Revaluation increases (decreases) in the Revaluation Reserve	5.3	61.2	0.0	0.2	0.1	66.8	0.0
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	0.0	(4.3)	0.0	(5.3)	0.0	(9.6)	0.0
Derecognition - Disposals	(3.0)	(0.2)	0.0	0.0	0.0	(3.2)	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other movements in Cost or Valuations	0.9	55.4	(1.9)	(0.1)	(55.7)	(1.3)	0.0
At 31 March 2024	869.6	1,491.2	57.5	11.8	157.1	2,587.2	104.4
Depreciation and Impairments At 1 April 2023	(11.8)	(19.4)	(45.6)	0.0	(1.3)	(78.1)	(8.7)
Charge for 2023/24	(11.4)	(18.7)	(1.8)	0.0	0.0	(31.9)	0.0
Depreciation written out	0.0	14.9	0.0	0.0	0.0	14.9	0.0
Impairment losses (reversals) recognised in the Revaluation Reserve	(9.5)	(4.8)	0.0	0.0	0.0	(14.3)	0.0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	0.0	(7.7)	0.0	0.0	0.0	(7.7)	0.0
Derecognition - Disposals	0.1	0.0	0.0	0.0	0.0	0.1	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Movements in Depreciation & Impairments	(0.4)	(0.7)	2.0	0.0	(0.1)	0.9	0.0
At 31 March 2024	(33.0)	(36.5)	(45.3)	0.0	(1.4)	(116.2)	(8.7)
Balance Sheet NBV at 31 March 2024	836.6	1,454.7	12.3	11.8	155.8	2,471.1	95.7
Balance Sheet NBV at 1 April 2023	827.8	1,336.9	13.2	14.4	162.1	2,354.4	94.7

Movements in 2022/23	Council Dwellings £m	Land & Buildings £m	VPF&E £m	Surplus Assets £m	Asset under Construction £m	Total £m	**PFI Assets £m
Cost or Valuation At 1 April 2022	808.1	1,257.3	57.6	11.1	103.2	2,237.3	93.2
Additions	19.8	24.2	1.1	13.6	72.2	130.9	1.0
Depreciation written out	(10.7)	(11.8)	0.0	0.0	0.0	(22.5)	(1.1)
Revaluation increases (decreases) in the Revaluation Reserve	36.3	100.6	0.0	0.0	0.0	136.9	10.3
Revaluation increases (decreases) in the Surplus / Deficit on the Provision of Services	(14.5)	8.7	0.0	(0.1)	0.0	(5.9)	0.0
Derecognition - Disposals	(2.9)	(22.4)	0.0	(10.2)	(5.7)	(41.2)	0.0
Reclassifications (to/from Assets Held for Sale)	(2.8)	0.0	0.0	0.0	0.0	(2.8)	0.0
Other movements in Cost or Valuations	6.3	0.0	0.0	0.0	(6.3)	0.0	0.0
At 31 March 2023	839.6	1,356.7	58.7	14.4	163.4	2,432.8	103.4
Depreciation and Impairments At 1 April 2022	(11.3)	(17.9)	(42.4)	0.0	0.0	(71.6)	(8.5)
Charge for 2022/23	(11.1)	(16.4)	(3.2)	0.0	0.0	(30.5)	(1.3)
Depreciation written out	10.7	14.4	0.0	0.0	0.0	25.0	1.1
Impairment losses (reversals) recognised in the Revaluation Reserve	(0.1)	(1.5)	0.0	0.0	0.0	(1.6)	0.0
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	(0.1)	(2.2)	0.0	0.0	(1.3)	(3.6)	0.0
Derecognition - Disposals	0.0	4.2	0.0	0.0	0.0	4.2	0.0
Reclassifications (to/from Assets Held for Sale)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Movements in Depreciation & Impairments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
At 31 March 2023	(11.8)	(19.4)	(45.6)	0.0	(1.3)	(78.1)	(8.7)
Balance Sheet NBV at 31 March 2023	827.8	1,337.3	13.1	14.4	162.1	2,354.7	94.8
Balance Sheet NBV at 1 April 2022	796.9	1,239.6	14.9	11.1	103.2	2,165.7	84.7

Infrastructure Assets

	2023/24	2022/23
Infrastructure Assets	£m	£m
Net Book Value at 1 April	253.0	242.5
Additions	83.5	19.2
Derecognition	-	-
Depreciation	(10.5)	(8.7)
Impairment	-	-
Other movements in cost	(0.2)	-
Net Book Value at 1 April	325.8	253.0

Note 2 to the Group Accounts: Investment Property

Movements in Investment Property for 2022/23 and 2021/22

Movements	2023/24	2022/23	2021/22
	£m	£m	£m
Cost or Valuation At 1 April	14.2	12.9	12.6
Additions	0.0	0.0	0.0
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(0.9)	1.3	0.2
At 31 March	13.3	14.2	12.8

Note 3 to the Group Accounts: Detailed Cashflow

2022/23	Cash Flow Detail	2023/24
£m		£m
35.5	Net surplus or (deficit) on the provision of services	86.3
39.8	Depreciation	22.4
3.5	Impairment and downward valuations	24.6
3.0	Amortisation	3.1
(53.9)	Increase/(decrease) in creditors	2.9
13.0	(Increase)/decrease in debtors	30.4
32.1	Movement in pension liability	(9.8)
32.8	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(21.6)
0.5	Other non-cash items charged to the net surplus or deficit on the provision of services	(5.7)
1.8	Current tax	5.5

2022/23 £m	Cash Flow Detail	2023/24 £m
0.0	Proceeds of sale of short and long term investments (net)	(0.8)
(11.3)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(26.1)
(0.7)	Tax paid	(1.3)
(125.0)	Any other items for which the cash effects are investing or financing cash flows	(88.7)
(28.9)	Net cash inflows/(outflows) from Operating Activities	17.7
(157.8)	Purchase of property, plant and equipment, investment property and intangible assets	(206.1)
(26.8)	Purchase of short-term and long-term investments	(1,104.9)
14.9	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	26.3
0.5	Proceeds of sale of short and long term investments	1,111.6
125.0	Other receipts from investing activities	88.7
(44.2)	Net cash inflows/(outflows) from Investing Activities	(84.5)
210.4	Cash receipts of short and long term borrowing	130.0
(2.9)	Cash inflow/(outflow) relating to Private Finance Initiative schemes	(3.7)
(120.9)	Repayments of short and long term borrowing	(91.1)
86.6	Net cash inflows/(outflows) from Financing Activities	35.2
13.5	Net increase/(decrease) in cash and cash equivalents	(31.5)
142.7	Cash and cash equivalents at the beginning of the reporting period	153.0
156.2	Cash and cash equivalents at the end of the reporting period	121.5

Note 4 to the Group Accounts: Audit fees

Consolidated audit fees for Group Accounts for 2022/23 and 2021/22

Audit Fee Detail	2023/24 £'000	2022/23 £'000
External audit services for in-year	523.4	347.0
Fees for other services provided by external auditor for year (grants)	56.1	30.5
Total	559.1	377.5

Note 5 to the Group Accounts: Short Term Debtors

Short Term Debtors	31-Mar-2024	31-Mar-2023
	£m	£m
Trade receivables Outstanding	132.6	143.3
Less impairments	(26.1)	(25.2)
Net Trade receivables	106.5	118.1
Prepayments	4.0	5.2
Local Taxation receivables Outstanding	68.5	58.2
Less impairments	(34.6)	(25.4)
Net Local Taxation receivables	33.9	32.8
Other receivables amounts Outstanding	81.2	87.5
Less impairments	(38.2)	(38.5)
Net Other receivable amounts	43.0	49.0
Total	187.4	205.1

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Corporate Director for Finance and Resources;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Responsibilities of the Corporate Director for Finance and Resources

The Corporate Director for Finance and Resources is responsible for the preparation of the Council's statement of accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Council Accounting in Great Britain ('the Code of Practice'), is required to present fairly the financial position of the Council at the Accounting date and its income and expenditure for the year ended 31 March 2024.

In preparing this statement of accounts, the Corporate Director for Finance and Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- assessed the Authority's [and the Group's] ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Authority (and the Group) will continue in operational existence for the foreseeable future; and
- maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Authority at 31 March 2024 and of its income and expenditure for the year then ended.



Minesh Patel

Corporate Director for Finance and Resources

Additional Reconciliations

Nature of Income and Expenditure for 2022/23 and 2023/24:

Income and Expenditure Detail	2023/24 £m	2022/23 £m
Depreciation & Impairment Losses	66.2	50.3
Employee Expenses	313.0	330.4
Premises Related Expenditure	113.2	69.3
Supplies and Services	133.0	154.9
Third Party Payments	233.8	215.6
Transfer Payments	236.6	236.2
Transport Related Expenditure	14.7	15.3
Total Gross Expenditure	1,110.5	1,072.0
Customer and Client Receipts	(206.4)	(152.8)
Government Grants	(565.8)	(561.4)
Other Grants, Reimbursements & Contributions	(33.7)	(36.1)
Total Gross Income	(805.9)	(750.3)
Net Cost of Services	304.6	321.7
Financing and Investment Income & Expenditure	29.8	33.1
Other Operating Expenditure	(19.9)	25.4
Taxation & non-specific grant income	(388.3)	(415.9)
Total Other Income & Expenditure	(378.4)	(351.4)
(Surplus) / Deficit on Provision of Services	(73.8)	(35.7)

Brent Pension Fund Accounts

Pension Fund Accounts as at 31 March 2024

2022/23		Notes	2023/24
£m			£m
	Dealings with members, employers and others directly involved in the fund		
(67.5)	Contributions	7	(68.9)
(6.3)	Transfers in from other pension funds	8	(7.8)
(73.8)			(76.7)
47.8	Benefits	9	52.0
7.8	Payments to and on account of leavers	10	7.8
55.6			59.8
(18.2)	Net (additions)/withdrawals from dealings with members		(16.9)
4.1	Management expenses	11	4.2
(14.1)	Net (additions)/withdrawals including management expenses		(12.7)
	Returns on investments		
(1.1)	Investment income	12	(10.9)
2.9	Taxes on income	13	(0.2)
25.8	(Profits) and losses on disposal of investments and changes in the market value of investments	14	(117.1)

27.6	Net return on investments	(128.2)
13.5	Net (increase)/decrease in the net assets available for benefits during the year	(140.9)
(1,133.8)	Opening net assets of the scheme	(1,120.3)
(1,120.3)	Closing net assets of the scheme	(1,261.2)

Net Assets Statement of the Pension Fund as at 31 March 2024

31 March 2023			31 March 2024	
£m		Notes	£m	
1,116.1	Investment assets	14	1,259.3	
1,161.1			1,259.3	
8.1	Current assets	20	3.5	
(3.9)	Current liabilities	21	(1.6)	
1,120.3	Net assets of the fund available to fund		1,261.2	
	benefits at the end of the reporting period			

The net asset statement includes all assets and liabilities of the Fund as at 31 March 2024 but excludes long-term liabilities to pay pensions and benefits in future years. The actuarial present value of promised retirement benefits is disclosed in Note 19.

Notes to the Brent Pension Fund accounts

1. Description of Fund

The Brent Pension Fund (the 'Fund') is part of the Local Government Pension Scheme (LGPS) and is administered by Brent Council.

The following description of the Fund is a summary only.

a) General

The Fund is a contributory defined benefit pension scheme administered by Brent Council to provide pensions and other benefits for pensionable employees of Brent Council and a range of other scheduled and admitted bodies.

b) Membership

Membership of the LGPS is voluntary and employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the Brent Pension Fund include:

- Scheduled bodies whose staff are automatically entitled to be members of the Fund
- Admitted bodies which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

There were 43 employer organisations with active members within the Brent Pension Fund at 31 March 2024, listed below:

Scheduled bodies

London Borough of Brent

Alperton Community School

ARK Academy

ARK Elvin Academy

ARK Franklin Academy

Braintcroft Primary School

Capital City Academy

Claremont High School Academy

Compass Learning Partnership

Crest Academy

Furness Primary School

Gladstone Park Primary School

Harris Lowe Academy

Kingsbury High School

Manor School
Michaela Community School
North West London Jewish Day School
Oakington Manor Primary School
Our Lady of Grace RC Infants School
Our Lady of Grace RC Juniors School
Preston Manor High School
Queens Park Community School
Roundwood School and Community Centre
St Andrews and St Francis School
St Claudine's Catholic School for Girls
St Gregory's RC High School
St Margaret Clitherow
Sudbury Primary School
The Village School
Wembley High Technology College
Woodfield School Academy

Admitted bodies

Alliance in Partnership (Gladstone Park)
Apleona HSG
Atalian Servest AMK
Barnardos
CATERLINK LTD
Continental Landscapes
Conway Aecom Ltd
DB Services
Edwards and Blake
Local Employment Access Project (LEAP)

National Autistic Society (NAS)

O'Hara Bros Surfacing

Prospects Services (BR)

Ricoh

Sudbury Neighbourhood Centre

Taylor Shaw

Veolia

Veolia (Ground Maintenance)

42	Number of employers with active members	43
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Number of employees in scheme

4,303	Brent Council	4,501
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1,758	Other employers	2,044
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6,061	Total	6,545
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Number of pensioners

6,341	Brent Council	6,487
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819	Other employers	880
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7,160	Total	7,367
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Deferred pensioners

7,218	Brent Council	7,091
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1,326	Other employers	1,363
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8,544	Total	8,454
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c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2024. Employee contributions are matched by employers' contributions which are set based on triennial actuarial funding valuations. The last such valuation was at 31 March 2022. During 2023/24, the most commonly applied employer contribution rate within the Brent Pension Fund was 33.5% of pensionable pay.

d) Benefits

Since April 2014, the scheme is a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate 1/49th. Accrued pension is updated annually in line with the Consumer Price index.

For a summary of the scheme before April 2014 and details of a range of other benefits provided under the scheme including early retirement, disability pensions and death benefits please refer to the LGPS website: www.lgpsmember.org

2. Basis of preparation

The Statement of Accounts summarises the Fund's transactions for the 2023/24 financial year and its position at year-end as at 31 March 2024. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The accounts summarise the transactions of the Fund and report on the net assets available to pay pension benefits. The accounts do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year. The actuarial present value of promised retirement benefits, valued on an International Accounting Standard (IAS) 19 basis, is disclosed at Note 19 of these accounts.

3. Summary of significant accounting policies

Fund Account – revenue recognition

a) Contribution income

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the Fund actuary in the payroll period to which they relate.

Employers' augmentation contributions and pensions strain contributions are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current financial asset. Amounts not due until future years are classed as long-term financial assets.

b) Transfers to and from other schemes

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with the Local Government Pension Scheme Regulations (see Notes 8 and 10).

Individual transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions (see section o below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see Note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

c) Investment income

i) Interest income

Interest income is recognised in the Fund Account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial carrying amount of the instrument and its amount at maturity calculated on an effective interest rate basis.

ii) Dividend income

Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iii) Distributions from pooled funds

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current financial asset.

iv) Movement in the net market value of investments

Changes in the net market value of investments are recognised as income and comprise all realised and unrealised profits/losses during the year.

Fund Account – expense items

d) Benefits payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the Net Assets Statement as current liabilities.

e) Taxation

The Fund is a registered public service scheme under section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

f) Administration expenses

All administration expenses are accounted for on an accruals basis. All staff costs of the pensions' administration team are charged direct to the Fund. Management, accommodation and other overheads are apportioned to the Fund in accordance with Council policy.

g) Investment management expenses

All investment management expenses are accounted for on an accruals basis. Fees of the external investment managers are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

The cost of obtaining investment advice from external consultants is included in investment management charges.

Net Assets Statement

h) Financial assets

Financial assets are included in the Net Assets Statement on a fair value basis as at the reporting date. A financial asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date, any gains or losses arising from changes in the fair value of the asset are recognised by the Fund.

The values of investments as shown in the Net Assets Statement have been determined as follows:

i) Market-quoted investments

The value of an investment for which there is a readily available market price is determined by the bid market price ruling on the final day of the accounting period.

ii) Fixed interest securities

Fixed interest securities are recorded at net market value based on their current yields.

iii) Unquoted investments

The fair value of investments for which market quotations are not readily available is determined as follows:

- Valuations of delisted securities are based on the last sale price prior to delisting, or where subject to liquidation, the amount the Fund expects to receive on wind-up, less estimated realisation costs.
- Securities subject to takeover offer – the value of the consideration offered under the offer, less estimated realisation costs.
- Directly held investments include investments in limited partnerships, shares in unlisted companies, trusts and bonds. Other unquoted securities typically include pooled investments in

property, infrastructure, debt securities and private equity. The valuation of these pools or directly held securities is undertaken by the investment manager or responsible entity and advised as a unit or security price. The valuation standards followed in these valuations adhere to industry guidelines or to standards set by the constituent documents of the pool or the management agreement.

- Investments in unquoted property and infrastructure pooled funds are valued at the net asset value or a single price advised by the fund manager.

- Investments in private equity/infrastructure funds and unquoted listed partnerships are valued based on the Fund's share of the net assets in the private equity/infrastructure fund or limited partnership using the latest financial statements published by the respective fund managers in accordance with the guidelines set out by the British Venture Capital Association.

iv) Limited partnerships

Fair value is based on the net asset value ascertained from periodic valuations provided by those controlling the partnership.

v) Pooled investment vehicles

Pooled investment vehicles are valued at closing bid price if both bid and offer prices are published; or if single priced, at the closing single price. In the case of pooled investment vehicles that are accumulation funds, change in market value also includes income which is reinvested in the fund, net of applicable withholding tax.

i) Contingent Assets

Admitted body employers in the Brent Pension Fund hold bonds to guard against possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the pension fund and payment will only be triggered in the event of employer default. Contingent Assets are disclosed in Note 25.

j) Foreign currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End-of-year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investments and purchases and sales outstanding at the end of the reporting period.

k) Derivatives

The Fund does not use derivative financial instruments to manage its exposure to specific risks arising from its investment activities in its own name. Neither does it hold derivatives for speculative purposes.

l) Cash and cash equivalents

Cash comprises cash in hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

m) Financial liabilities

The Fund recognises financial liabilities at fair value as at the reporting date. A financial liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date, any gains or losses arising from changes in the fair value of the liability are recognised by the Fund.

n) Actuarial present value of promised retirement benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 19 and relevant actuarial standards.

As permitted under IAS 26, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of a note to the Net Assets Statement (Note 19).

o) Additional voluntary contributions

Brent Pension Fund provides an additional voluntary contributions (AVC) scheme for its members, the assets of which are invested separately from those of the Pension Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (SI 2016/946) but are disclosed as a note only (Note 22).

4. Critical judgements in applying accounting policies

In applying the accounting policies set out in note 3, the Pension Fund has had to make certain judgements about complex transactions or those involving uncertainty about future events.

There were no such critical judgements made during 2023/24.

5. Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
Actuarial present value of promised retirement benefits (Note 19)	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Fund with expert advice about the assumptions to be applied.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% p/a decrease in the discount rate assumption would result in an increase in the pension liability of approximately £25m. A 0.1% increase in Pension Increase Rate (CPI) would increase the value of liabilities by approximately £24m, and a one-year increase in assumed life expectancy would increase the liability by around 4% (c. £56m).
Private equity / infrastructure / private debt	Private equity/infrastructure/private debt investments are valued based on the latest available information, updated for movements in cash where relevant. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	The total private equity/infrastructure/private debt investments in the financial statements are £122.8m. There is a risk that this investment may be under- or overstated in the accounts. There is a risk that this investment may be under- or overstated in the accounts up to 18% (an increase or decrease of £22m).

6. Events after the Reporting Date

There have been no events since 31 March 2024, and up to the date when these accounts were authorised that require any adjustments to these accounts.

7. Contributions receivable

By Category	2022/23	2023/24
	£m	£m
Employees' Contributions	10.6	11.1
Employers' Contributions:		
Normal contributions	55.0	55.5
Deficit recovery contributions	0.0	1.8
Augmentation contributions	1.9	0.5
Total Employers' contributions	56.9	57.8
Total contributions receivable	67.5	68.9

By Authority	2022/23	2023/24
	£'000	£'000
Administering Authority	54.3	53.1
Scheduled bodies	12.7	13.7
Admitted bodies	0.5	2.1
Total	67.5	68.9

8. Transfers in from other pension funds

2022/23 **2023/24**

	£m	£m
Individual transfers	6.3	7.8
Total	6.3	7.8

9. Benefits payable

By category

	2022/23	2023/24
	£m	£m
Pensions	41.4	45.2
Commutation and lump sum retirement benefits	6.1	6.0
Lump sum death benefits	0.3	0.8
Total	47.8	52.0

By authority

	2022/23	2023/24
	£m	£m
Administering Authority and Scheduled bodies	47.5	51.4
Admitted bodies	0.3	0.6
Total	47.8	52.0

10. Payments to and on account of leavers

	2022/23	2023/24
	£m	£m
Refunds to members leaving service	0.2	0.1
Group transfers	0.0	0.0
Individual transfers	7.6	7.7
Total	7.8	7.8

11. Management Expenses

2022/23	2023/24
£m	£m

Administration costs	1.4	1.6
Investment management expenses	2.5	2.4
Oversight and Governance costs	0.2	0.2
Total	4.1	4.2

The management fees disclosed above include all investment management fees directly incurred by the Fund including those charged on pooled fund investments. Audit fees were £86k (£38k 2022/23).

a) Investment management expenses

	2022/23	2023/24
	£m	£m
Management fees	2.4	2.4
Custody fees	0.1	0.0
One-off transaction costs	0.0	0.0
Total	2.5	2.4

Fund Manager	2023/24	Management	Custody	One-off
	Total	fees	fees	transaction
	£m	£m	£m	costs
Alinda	0.2	0.2	0.0	0.0
Capital Dynamics	0.1	0.1	0.0	0.0
Fidelity UK Real Estate	0.1	0.1	0.0	0.0
LGIM	0.1	0.1	0.0	0.0
LCIV MAC	0.2	0.2	0.0	0.0
LCIV JP Morgan Emerging Markets	0.2	0.2	0.0	0.0
LCIV Baillie Gifford DGF	0.4	0.4	0.0	0.0
LCIV Infrastructure Fund	0.1	0.1	0.0	0.0
LCIV Private Debt	0.0	0.0	0.0	0.0
LCIV Ruffer	0.8	0.8	0.0	0.0
London LGPS CIV LTD	0.1	0.1	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
UBS Triton	0.1	0.1	0.0	0.0
Northern Trust (Fund Custodian)	0.0	0.0	0.0	0.0
Cash	0.0	0.0	0.0	0.0
Total	2.4	2.4	0.0	0.0

Fund Manager	2022/23	Management	Custody	One-off
	Total	fees	fees	transaction
	£m	£m	£m	costs
Alinda	0.3	0.3	0.0	0.0
Capital Dynamics	0.2	0.2	0.0	0.0
Fidelity UK Real Estate	0.1	0.1	0.0	0.0
LGIM	0.0	0.0	0.0	0.0

LCIV MAC	0.1	0.1	0.0	0.0
LCIV JP Morgan Emerging Markets	0.2	0.2	0.0	0.0
LCIV Baillie Gifford DGF	0.5	0.5	0.0	0.0
LCIV Infrastructure Fund	0.1	0.1	0.0	0.0
LCIV Private Debt	0.0	0.0	0.0	0.0
LCIV Ruffer	0.7	0.7	0.0	0.0
London LGPS CIV LTD	0.1	0.1	0.0	0.0
Blackrock	0.0	0.0	0.0	0.0
UBS Triton	0.1	0.1	0.0	0.0
Northern Trust (Fund Custodian)	0.1	0.0	0.1	0.0
Cash	0.0	0.0	0.0	0.0
Total	2.5	2.4	0.1	0.0

12. Investment income

	2022/23	2023/24
	£m	£m
Pooled investments	0.0	8.4
Dividend income from private equities/infrastructure/property	0.3	0.5
Interest income from private equities/infrastructure/private debt	0.5	0.4
Interest on cash deposits	0.3	1.6
Total	1.1	10.9

13. Taxes on income

	2022/23	2023/24
	£m	£m
Withholding tax	2.9	(0.2)
Total	2.9	(0.2)

14. Investments

Investments asset	Market value 31 March 2023	Market value 31 March 2024
Pooled investments	947.9	1,068.4
Pooled property investments	25.0	24.1
Private equity/infrastructure/private debt	115.7	122.7
	1,088.6	1,215.2

14a. Investments 2023/24	Market value 31 April 2023	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2024
	£m	£m	£m	£m	£m
Pooled investments	947.9	82.5	(80.3)	118.3	1,068.4
Pooled property investments	25.0	0.0	0.0	(0.9)	24.1
Private equity/infrastructure /private debt	115.7	10.6	(3.3)	(0.3)	122.7
	1,088.6	93.1	(83.6)	117.1	1,215.2
Other investment balances: Cash Deposit	27.5				44.1
Investment income due	0.0				0.0
Net investment assets	1,116.1				1,259.3

14a. Investments 2022/23	Market value 31 April 2022	Purchases during the year	Sales during the year	Change in market value during the year	Market value 31 March 2023
	£m	£m	£m	£m	£m
Pooled investments	986.6	13.0	(13.0)	(38.7)	947.9
Pooled property investments	15.7	0.0	0.0	9.3	25.0
Private equity/infrastructure /private debt	101.3	26.2	(15.4)	3.6	115.7
	1,103.6	39.2	(28.4)	(25.8)	1,088.6
Other investment balances: Cash Deposit	24.1				27.5
Investment income due	0.0				0.0
Net investment assets	1,127.7				1,116.1

14b. Analysis of investments by category

	31 March 2023	31 March 2024
	£m	£m
Pooled funds - additional analysis		
UK		
Fixed income unit trust	41.9	61.8
Unit trusts	124.2	193.7
Diversified growth funds	232.5	220.4
Overseas		
Unit trusts	559.5	592.5
Total Pooled funds	947.9	1068.4
Pooled property investments	25.0	24.1
Private equity/infrastructure/private debt	115.7	122.7

14c. Analysis of investments by fund manager

Market Value					
31 March 2023			31 March 2024		
£m	%	Fund manager	£m	%	
557.9	51.2%	Legal & General	590.6	48.6%	
0.2	0.0%	London CIV	0.2	0.0%	
43.3	4.0%	LCIV - JP Morgan	42.7	3.5%	
27.0	2.5%	Capital Dynamics	19.7	1.6%	
123.7	11.4%	LCIV - Baillie Gifford	127.7	10.5%	
98.6	9.1%	LCIV - Ruffer	92.7	7.6%	
41.9	3.8%	LCIV - MAC (CQS)	61.8	5.1%	
36.8	3.4%	LCIV - Infrastructure	45.2	3.7%	
34.8	3.2%	LCIV - Private Debt	39.1	3.2%	
17.1	1.6%	Alinda	18.7	1.5%	
13.7	1.2%	Fidelity UK Real Estate	13.3	1.1%	
28.1	2.6%	Blackrock Low Carbon Global Equity	34.9	2.9%	

54.2 5.0% Blackrock

117.8 9.7%

14b. Analysis of investments by category

	31 March 2023	31 March 2024
	£m	£m
Pooled funds - additional analysis		
UK		
Fixed income unit trust	41.9	61.8
Unit trusts	124.2	193.7
Diversified growth funds	232.5	220.4
Overseas		
Unit trusts	559.5	592.5
Total Pooled funds	947.9	1,068.4
Pooled property investments	25.0	24.1
Private equity/infrastructure/private debt	115.7	122.7
Total investments	1,088.6	1,215.2

The

following investments represent over 5% of the net assets of the fund. All of the these companies are registered in the United Kingdom.

Security	Market value 31 March 2023	% of total fund	Market value 31 March 2024	% of total fund
L&G - Global Equities	488.1	43.3%	514.9	46.1%
L&G - UK Equities	69.8	6.2%	75.7	6.8%
Blackrock - Over 15 year Gilts	54.2	4.8%	117.8	10.6%
LCIV - Baillie Gifford DGF	123.7	11.0%	127.7	11.4%
LCIV - Ruffer DGF	98.6	8.7%	92.7	8.3%

14d. Stock lending

The London Borough of Brent Pension Fund does not operate a Stock Lending programme.

15. Fair Value – Basis of Valuation

The basis of the valuation of each asset class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted investments	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
Quoted bonds	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
Pooled investments – overseas unit trusts and property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
Unquoted equity	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2012)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cash flows, and by any differences between audit and unaudited accounts

15a. Sensitivity of assets valued at Level 3

Having analysed historical data and current market trends, and consulted with our independent investment advisor, the fund has determined that the valuation methods described above are likely to be accurate to within the following ranges and has set out below the consequent potential impact on the closing value of investments held at 31 March 2024.

	Assessed valuation range (+/-)	Value at 31 March 2023	Value on increase	Value of decrease
		£m	£m	£m
Private equity	31.2%	17.3	22.7	11.9
Infrastructure	13.6%	66.3	75.3	57.3
Private debt	8.8%	39.1	42.5	35.7

15b. Fair value hierarchy

The valuation of financial instruments had been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as Level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

Such instruments would include unquoted equity investments and fund of hedge funds, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Brent Pension Fund has invested.

These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP. Valuations are usually undertaken annually at the end of December. Cash flow adjustments are used to roll forward the valuations to 31 March as appropriate.

Transfers between levels will be recognised when there has been a change to observable mark data (improvement or reduction) or other change in valuation technique.

The following table provides an analysis of the financial assets and liabilities of the pension fund grouped into Levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2024	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets at fair value through profit and loss				
Pooled investments		1,068.4		1,068.4
Pooled property investments		24.1		24.1
Private Equity/Infrastructure/Private Debt			122.7	122.7
Subtotal Financial assets at fair value through profit and loss	0.0	1,092.5	122.7	1,215.2
Cash	44.1			44.1
Investment Income due	0.0			0.0
Subtotal Loans and receivables	44.1	0.0	0.0	44.1
Total Financial assets	44.1	1,092.5	122.7	1,259.3
Financial liabilities				
Current liabilities	(1.6)			(1.6)

Subtotal Financial liabilities at amortised cost	(1.6)	0.0	0.0	(1.6)
Total Financial liabilities	(1.6)	0.0	0.0	(1.6)
Net Financial assets	42.5	1,092.5	122.7	1,257.7

	Quoted market price	Using observable inputs	With significant unobservable inputs	
Values at 31 March 2023	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Financial assets at fair value through profit and loss				
Pooled investments		947.9		947.9
Pooled property investments		25.0		25.0
Private Equity/Infrastructure/Private Debt			115.7	115.7
Subtotal Financial assets at fair value through profit and loss	0.0	972.9	115.7	1,088.6
Cash	27.5			27.5
Investment Income due	0.0			0.0
Subtotal assets at amortised cost	27.5	0.0	0.0	27.5
Total Financial assets	27.5	972.9	115.7	1,116.1
Financial liabilities				
Current liabilities	(3.9)			(3.9)
Subtotal Financial liabilities at amortised cost	(3.9)	0.0	0.0	(3.9)
Total Financial liabilities	(3.9)	0.0	0.0	(3.9)
Net Financial assets	23.6	972.9	115.7	1,112.2

15c. Transfers between Levels 1 and 2

There were no transfers between levels 1 and 2 during the year

15d. Reconciliation of Fair Value Measurements within Level 3

	£m
Value at 31 March 2023	115.7

Transfers into Level 3	0.0
Transfers out of Level 3	0.0
Purchases	10.6
Sales	(3.3)
Issues	0.0
Settlements	0.0
Unrealised gains/losses	2.6
Realised gains/losses	(2.9)
Value at 31 March 2024	122.7

16. Classification of financial instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table analyses the carrying amounts of financial assets and liabilities by category and net assets statement heading. No financial assets were reclassified during the accounting period.

Fair value through profit and loss	31 March 2023			31 March 2024		
	Assets at amortised cost	Financial liabilities at amortised cost		Fair value through profit and loss	Assets at amortised cost	Financial liabilities at amortised cost
	£m	£m	£m	£m	£m	£m
			Financial assets			
947.9			Pooled investments	1,068.4		
25.0			Pooled property investments	24.1		
115.7			Private equity/infrastructure/private debt	122.7		
	27.5		Cash		44.1	
	8.1		Debtors		3.5	
1,088.6	35.6	0.0	Total Financial assets	1,215.2	47.6	0.0
			Financial liabilities			
		(3.9)	Creditors			(1.6)
0.0	0.0	(3.9)	Total Financial liabilities	0.0	0.0	(1.6)
1,088.6	35.6	(3.9)	Net Financial assets	1,215.2	47.6	(1.6)

16a. Net gains and losses on Financial Instruments

31 March 2023

£'000

31 March 2024

£'000

(25.8)	Fair value through profit and loss	117.1
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(25.8)	Total	117.1
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17. Nature and extent of risks arising from financial instruments

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e., promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk, and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. The Pension Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Sub-Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising the return on risk. In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. Except for shares sold short, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. Possible losses from shares sold short are unlimited.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored by the Pension Fund to ensure it is within limits specified in the Fund investment strategy.

Other price risk – sensitivity analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the fund's investment advisors, the council has determined that the following movements in market price risk are reasonably possible for the 2023/24 reporting period. (Based on data as at 31 March 2024 using data provided by investment advisors scenario model). The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Other price risk – sensitivity analysis

Asset Type	31/03/2024 Value (£m)	Potential market movements (+/-)
Bonds	117.8	7.2%
Equities		
UK Equity	75.9	16.0%
Global Equity	549.8	16.7%
Emerging Market Equity	42.7	23.0%
Other Pooled investments		
Diversified Credit	61.8	7.1%
LCIV Ruffer Multi Asset	92.7	7.9%
Baillie Gifford Multi Asset	127.7	11.7%
Pooled Property investments	24.1	15.6%
Private Equity	17.3	31.2%
Infrastructure	66.3	13.6%
Private debt	39.1	8.8%

Had the market price of the fund investments increased/decreased by 1% the change in the net assets available to pay benefits in the market price would have been as follows:

Asset Type	31/03/2024 Value	Potential value	Potential value on
		on increase	decrease
	(£m)	(£m)	(£m)
Bonds	117.8	126.3	109.3
Equities			
UK Equity	75.9	88.0	63.8
Global Equity	549.8	641.6	458.0
Emerging Market Equity	42.7	52.5	32.9
Other Pooled investments			
Diversified Credit	61.8	66.2	57.4
LCIV Ruffer Multi Asset	92.7	100.0	85.4
Baillie Gifford Multi Asset	127.7	142.6	112.8
Pooled Property investments	24.1	27.9	20.3
Private Equity	17.3	22.7	11.9
Infrastructure	66.3	75.3	57.3
Private debt	39.1	42.5	35.7
	1,215.2	1,385.6	1,044.8

Interest rate risk exposure asset type

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the relevant benchmarks.

The Fund's direct exposure to interest rate movements as at 31 March 2023 and 31 March 2024 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

	31 March 2023	31 March 2024
	£m	£m
Cash balances	27.5	44.1
UK Fixed income unit trust	41.9	61.8
Total	69.4	105.9

Asset type	Carrying amount as at 31 March 2024	+1%	-1%
	£m		£m
Cash balances	44.1	0.4	(0.4)
UK Fixed income unit trust	61.8	0.7	(0.7)
Total	105.9	1.1	(1.1)

Asset type	Carrying amount as at 31 March 2023	+1%	-1%
	£m		£m
Cash balances	27.5	0.3	(0.3)
UK Fixed income unit trust	41.9	0.4	(0.4)
Total	69.4	0.7	(0.7)

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (£UK). The Fund holds both monetary and non-monetary assets denominated in currencies other than £UK.

The Fund's currency rate risk is routinely monitored by the Pension Fund in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

The following table summarises the Fund's currency exposure as at 31 March 2024 and as at the previous period end:

Currency risk exposure - asset type	Asset value at 31 March 2023	Asset value at 31 March 2024
	£m	£m

Overseas unit trusts	559.5	592.5
Overseas pooled property investments	0.0	0.0
Overseas private equity/infrastructure/private debt	115.7	122.7
Total	675.2	715.2

A 1% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Assets exposed to currency rate risk	Asset value as at	+1%	-1%
	31 March 2024		
	£m	£m	£m
Overseas unit trusts	592.5	5.9	(5.9)
Overseas pooled property investments	0.0	0.0	0.0)
Overseas private equity/infrastructure/private debt	122.7	1.3	(1.3)
Total	675.2	7.2	(7.2)

Assets exposed to currency rate risk	Asset value as at	+1%	-1%
	31 March 2023		
	£m	£m	£m
Overseas unit trusts	559.5	5.6	(5.6)
Overseas pooled property investments	0.0	0.0	0.0
Overseas private equity/infrastructure/private debt	115.7	1.2	(1.2)
Total	675.2	6.8	(6.8)

b) Credit risk

Credit risk represents the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence, the Fund's entire investment portfolio is exposed to some form of credit risk. However, the selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

The Pension Fund's cash balance is held in an interest-bearing instant access deposit account with NatWest plc, which is rated independently and meets Brent Council's credit criteria.

The Pension Fund believes it has managed its exposure to credit risk and has had no experience of default or uncollectable deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements at 31 March 2024 was £44.1m (31 March 2023: £27.5m). This was held with the following institutions:

Credit risk exposure

	Rating	Balances at 31 March 2023	Balances at 31 March 2024
		£m	£m
Bank deposit accounts			
NatWest	A+	0.8	0.7
Northern Trust - Aviva Cash		0.1	0.1
Money Market deposits	AAA	26.6	43.3
Other short-term lending			
Local authorities		0.0	0.0
Total		27.5	44.1

c) Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Pension Fund therefore takes steps to ensure that it has adequate cash resources to meet its pensioner payroll costs and investment commitments.

The Pension Fund has immediate access to its cash holdings.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert into cash. At 31 March 2024 the value of illiquid assets was £146.8m, which represented 11.7% (31 March 2023: £140.7m, which represented 12.6%) of the total fund assets.

Periodic cash flow forecasts are prepared to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the Fund investment strategy.

All financial liabilities at 31 March 2024 are due within one year."

Liquidity Risk

	31-Mar-23	%	31-Mar-24	%
Pooled investments	947.9	84.9%	1,068.4	84.8%
Cash deposits	27.5	2.5%	44.1	3.5%
Investment income due	0	0.0%	0.0	0.0%
Total liquid investments	975.4	87.4%	1,112.5	88.3%
Pooled property investments	25.0	2.2%	24.1	1.9%
Private Equity/Infrastructure/Private Debt	115.7	10.4%	122.7	9.8%
Total illiquid investments	140.7	12.6%	146.8	11.7%
Total investments	1,116.1	100.0%	1259.3	100%

d) Refinancing risk

The key risk is that the Pension Fund will be bound to replenish a significant proportion of its financial instruments at a time of unfavourable interest rates. However, the Pension Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

18. Funding arrangements

In line with the LGPS Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022. The next valuation will take place as at 31 March 2025 and results are scheduled to be released by 31 March 2026.

The key elements of the funding policy are:

- to ensure the long-term solvency of the Fund, i.e., that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long-term cost of the Scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the administering authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations.

The aim is to achieve 100% solvency over a period of 20 years from 1 April 2022 and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2022 actuarial valuation the Fund was assessed as 87% funded, which is an improvement to the 78% valuation at the 2019 valuation. This corresponded to a deficit of £162m (2019 valuation: £248m) at that time. As a result, a deficit recovery plan is in place which aims to achieve 100% funding over a period of 20 years from April 2022.

Contribution increases or decreases may be phased in over the three-year period beginning 1 April 2023 for both Scheme employers and admitted bodies. The most commonly applied employer contribution rate within the Brent Pension Fund is:

Year	Employers' contribution rate
2023/24	33.5%
2024/25	32.0%
2025/26	30.5%

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 actuarial valuation report and the funding strategy statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement, or withdrawal from service. The main actuarial assumptions used for the 2022 actuarial valuation were as follows:

Discount rate	4.3% p.a.
Pay increases	3.0% p.a.
Pension increases	2.7% p.a.

Demographic assumptions

Future life expectancy based on the Actuary's fund-specific review was:

Life expectancy at age 65	Male	Female
Current pensioners	22.1 years	24.8 years
Future Pensioners retiring in 20 years	23.4 years	26.3 years

Commutation assumption

It is assumed that 50% of future retirements will elect to exchange pension for additional tax free cash up to HMRC limits.

19. Actuarial present value of promised retirement benefits

In addition to the triennial funding valuation, the Fund's Actuary also undertakes a valuation of the pension fund liabilities, on an IAS 19 basis, every year using the same base data as the funding valuation rolled forward to the current financial year, taking account of changes in membership numbers and updating

assumptions to the current year. This valuation is not carried out on the same basis as that used for setting fund contribution rates and the fund accounts do not take account of liabilities to pay pensions and other benefits in the future.

In order to assess the value of the benefits on this basis, the Actuary has updated the actuarial assumptions (set out below) from those used for funding purposes (see Note 18). The Actuary has also used valued ill health and death benefits in line with IAS 19.

Calculated on an IAS19 basis, the actuarial present value of promised retirement benefits at 31 March 2024 was £1,407m (31 March 2023: £1,380m). This figure includes both vested and non-vested benefits, although the latter is assumed to have a negligible value. The Fund Accounts do not take account of liabilities to pay pensions and other benefits in the future.

The liabilities above are calculated on an IAS 19 basis and therefore differ from the results of the 2022 triennial funding valuation because IAS 19 stipulates a discount rate rather than a rate which reflects market rates.

Financial assumptions

Inflation/pensions increase rate	2.8%
Salary increase rate	3.10%
Discount rate	4.80%

Longevity assumption

The average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.9 years	24.5 years
Future pensioners*	22.9 years	25.8 years

* Future pensioners are assumed to be currently aged 45

Commutation assumption

An allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits.

Sensitivity Analysis

Sensitivity to the assumptions for the year ended 31 March 2023	Approximate % increase to liabilities	Approximate monetary amount (£m)

0.1% p.a. decrease in the discount rate	2%	21
1 year increase in member life expectancy	4%	50
0.1% p.a. increase in the Salary Increase Rate	0%	1
0.1% p.a. increase in the Pension Increase Rate (CPI)	2%	20

The principal demographic assumption is the longevity assumption. For sensitivity purposes, it is estimated that a 1 year increase in life expectancy would approximately increase the liabilities by around 4% (c. £50m).

20. Assets

a) Current assets

	31 March 2022	31 March 2024
	£m	£m
Debtors:		
- Contributions due – employees	0.2	0.2
- Contributions due – employers	1.2	1.3
- Sundry debtors	6.7	2.0
Total	8.1	3.5

Analysis of debtors

	31 March 2023	31 March 2024
	£m	£m
- Central government bodies	0.9	1.0
- Other local authorities	5.8	0.7
- Other entities and individuals	1.4	1.8
Total	8.1	3.5

21. Current liabilities

	31 March 2023	31 March 2024
	£m	£m
Group transfers	0.0	0.0
Sundry creditors	3.9	1.6
	3.9	1.6

Analysis of creditors

	31 March 2023	31 March 2024
	£m	£m
Central government bodies	1.0	1.2
Other entities and individuals	2.9	0.4
Total	3.9	1.6

22. Additional voluntary contributions

	Market Value	Market Value
	31 March 2023	31 March 2024
	£m	£m
Clerical Medical	1.1	1.2
Equitable Life	0.0	0.0
Prudential	0.7	0.
	1.8	2.0

	Contributions	Contributions
	March 2022	March 2024
	£m	£m
Clerical Medical	0.0	0.0
Prudential	0.1	0.1
	0.1	0.1

For information, Prudential has since replaced Clerical Medical as the Fund's AVC provider with effect from 1 April 2014.

In accordance with Regulation 4(1)(b) of the Pension Scheme (Management and Investment of Funds) Regulations 2016, the contributions paid and the assets of these investments are not included in the Fund's Accounts.

23. Related party transactions

Brent Council

The Brent Pension Fund is administered by Brent Council. Consequently, there is a strong relationship between the Council and the Pension Fund.

The Council incurred costs of £0.92m (2022/23: £1.30m) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Pension Fund and contributed £43.9m to the Fund in 2023/24 (2022/23: £43.9m)

Governance

One member of the Pension Fund Sub-committee is in receipt of pension benefits from the Brent Pension Fund (chair Cllr R Johnson). Each member of the Pension Fund Sub-Committee is required to declare their interests at each meeting.

Key management personnel

The key management personnel of the fund are the Chief Executive, Corporate Director Finance and Resources (s.151 officer), Corporate Director Governance, Deputy Director of Finance and the Head of Finance (Pensions). The proportion of the total remuneration payable to key management personnel that is charged to the Pension Fund is set out below:

	31st March 2023	31st March 2024
	£m	£m
Short Term Benefits	0.091	0.099
Post-Employment Benefits	0.000	0.033
Termination Benefits	0.030	0.000
Total Remunerations	0.121	0.131

24. Contingent liabilities and capital commitments

Outstanding capital commitments (investments) at 31 March 2024 totalled £49.9m (31 March 2023 £60.5m)

	31st March 2023	31st March 2024
	£m	£m
Capital Dynamics	13.5	13.1
Alinda Fund II	2.4	2.4
Alinda Fund III	9.1	7.6
London CIV Infrastructure Fund	17.1	10.4
London CIV Private Debt Fund	18.4	16.4
Total	60.5	49.9

These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private equity and infrastructure parts of the portfolio. The amounts 'called' by these funds are

irregular in both size and timing over a period of between four and six years from the date of each original commitment.

25. Contingent Assets

Contingent assets

One non-associated admitted body employer in the Brent Pension Fund held insurance bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

	31st March 2023	31st March 2024
	£m	£m
Ricoh	0.1	0.1
Continental Landscapes	0.0	0.5
Total	0.1	0.6

26. Impairment Losses

The Fund had no Impairment Losses at 31 March 2024.

Chair of the Audit Committee

Independent auditor's report to the members of London Borough of Brent on the pension fund financial statements of Brent Pension Fund

Glossary

ACCRUALS

Amounts charged to the accounts for goods and services received during the year for which payments have not been made.

BALANCE SHEET

This shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services. The second category of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold.

CAPITAL EXPENDITURE

Expenditure on the acquisition of assets to be of value to the Council beyond the end of the financial year, e.g. purchase of land and buildings, construction of roads, etc or revenue expenditure which the Government may exceptionally permit the Council to capitalise e.g. redundancy payments.

CAPITAL RECEIPTS

Money received from the sale of land, buildings and plant. A prescribed portion of receipts received for HRA dwellings must be “pooled” and paid to central government.

CASH FLOW STATEMENT

Shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the

authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

COMMUNITY ASSETS

A classification of fixed assets that the Council intends to hold in perpetuity that may have restrictions on their disposal. Examples of such assets are parks, historic buildings and works of art.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

CONSISTENCY

The principle that the accounting treatment of like items should be treated the same from one period to the next.

CORPORATE AND DEMOCRATIC CORE

This comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a single purpose body managing the same service. There is no logical basis for apportioning these costs to services. It comprises of Democratic Representation and Management and Corporate Management.

COLLECTION FUND ADJUSTMENT ACCOUNT

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

CREDITORS

Amounts owed by the Council at 31 March for goods received or services rendered but not yet paid for.

DEBTORS

Amounts owed to the Council which are collectable or outstanding at 31 March.

EXPENDITURE AND FUNDING ANALYSIS

The purpose of this statement is to demonstrate to council tax and rent payers how the funding available to the authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

FINANCE LEASE

A lease that transfers substantially all of the risks and rewards of ownership of an asset to the lessee (the Council) and at the end of the lease term substantially all the asset value and interest payments have been made.

FIXED ASSETS

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

GOING CONCERN

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

GOVERNMENT GRANTS - SPECIFIC

Assistance by Government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the Council in return for past or future compliance with certain conditions relating to the activities of the Council.

INFRASTRUCTURE ASSETS

A classification of fixed assets, whose life is of indefinite length and which are not usually capable of being sold, e.g. highways, street lighting and footpaths.

LONG TERM INVESTMENTS

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments which do not meet the above criteria should be classified as current assets.

LEVIES

These are payments to London-wide bodies whose costs are borne by local authorities in the area concerned.

LONG-TERM CONTRACTS

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount the Council must charge to the revenue accounts each year to repay loans as defined by Government regulation.

MOVEMENT IN RESERVE STATEMENT

Shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The movement in Reserves Statement shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

NON DOMESTIC RATE (NDR)

A flat rate in the pound set by the Central Government and levied on all non-residential premises according to their rateable value collected by the Council.

OPERATING LEASES

The lessor is paid rental for the hire of an asset for a period, which is substantially less than the useful economic life of an asset. The lessor is taking a risk on the residual value at the end of the lease.

OPERATIONAL ASSETS/NON OPERATIONAL ASSETS

- Fixed assets held and occupied, used or consumed by the Council in the direct delivery of services for which it has either a statutory or discretionary responsibility.
- Non-operational assets, not directly occupied or surplus to requirements pending sale or development.

PRECEPTS

A charge made by another authority on the Council to finance its net expenditure. This Council has a charge on the collection fund by the Greater London Authority.

PRIOR YEAR ADJUSTMENTS

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PRUDENCE

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets the ultimate cash realisation of which can be assessed with reasonable certainty.

REVALUATION RESERVE

The Revaluation Reserve contains the gains made by the Authority arising from increases in the value of its Property, Plant and Equipment.


REVENUE SUPPORT GRANT

A general grant paid to local councils from national taxation.

ABBREVIATIONS

ALMO	Arm's Length Management Organisation
ASC	Adult Social Care
AVC	Additional Voluntary Contribution
BHP	Brent Housing Partnership
CIL	Community Infrastructure Levy
CIPFA	Chartered Institute of Public Finance and Accountancy / Code of Practice on Local Authority Accounting in the United Kingdom
DCLG	Department for Communities and Local Government
CIES	Comprehensive Income and Expenditure Statement
DfE	Department for Education
FTE	Full Time Equivalent
GAAP	Generally Accepted Accounting Principles/ Practice
GF	General Fund
GLA	Greater London Authority
HRA	Housing Revenue Account
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LBB	London Borough of Brent
LGPS	Local Government Pension Scheme
MHCLG	Ministry of Housing, Communities and Local Government's
MRA	Major Repairs Allowance
MRP	Minimum Revenue Provision
NAIL	New Accommodation for Independent Living
NDR	Non Domestic Rates (also called Business Rates)
PFI	Private Finance Initiative
PWLB	Public Works Loans Board

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 <p style="font-size: 24pt; font-weight: bold; margin: 0;">Brent</p>	<p style="font-weight: bold; margin: 0;">Audit and Standards Advisory Committee</p> <p style="margin: 0;">12 June 2024</p>
	<p style="font-weight: bold; margin: 0;">Report from the Corporate Director of Finance and Resources</p>
	<p style="font-weight: bold; margin: 0;">Lead Member - Deputy Leader and Cabinet Member for Finance, & Resources (Councillor Mili Patel)</p>
<p style="font-weight: bold; margin: 0;">Annual Report of the Chairs of the Audit and Standards Committee and Audit and Standards Advisory Committee</p>	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	None
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Minesh Patel, Corporate Director of Finance and Resources Tel: 020 8937 4043 Email: minesh.patel@brent.gov.uk

1. Executive Summary

- 1.1 This is the second annual report of the Audit and Standards (A&S), and the Audit and Standards Advisory (A&SA) Committees.
- 1.2 This report seeks to meet the requirements and principles as set out within CIPFA's Position Statement regarding Audit Committees ('Practical Guidance for Local Authorities and Police').
- 1.3 This report covers the work of the two Committees for the municipal year 2023-24. It has been prepared independently by the Chairs' of the A&S and A&SA Committees.

2. Recommendation

- 2.1. The Committee is asked to note the contents of the report, ahead of this being presented to Full Council on 8 July 2024.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 The Council's Audit and Standards Advisory Committee (ASAC) and the Audit and Standards Committee (ASC) play an important role in ensuring the good governance of the Council. The committees are a key component of the Council's governance framework. They contribute to the overall success of the Council by providing an independent and high-level focus on the adequacy of governance, risk and control arrangements to provide assurance and confidence to those charged with governance.

3.1.2 The ASAC is responsible for considering and advising the relevant council bodies on various governance matters relating to audit activity, the council's regulatory framework, and members' standards of conduct. The ASC is responsible for various governance matters including reviewing and approving the Annual Statement of Accounts, adopting the council's Annual Governance Statement and promoting high standards of conduct by members and co-opted members.

3.2 Introduction

3.2.1 The Audit and Standards Advisory Committee met seven times within the municipal year, and the Audit and Standards Committee meet three times. During the year the Committees covered a large amount of work, often with very short notice. Much of the work of the Committees has highlighted the high and increasing – if often well-managed – level of risk being faced by the Council, in common with most other authorities.

3.2.2 As we stated last year the importance of the work of the Committees continues to grow. The pressures on local authority finances, and details of the failures of governance and financial control at other authorities have become even clearer.

3.3 Overview

3.3.1 2023-24 continued to be a very active and interesting year, and one which is difficult to summarise; however, the key points that have come through from the matters consider by the Committees are as follows:

- a. Brent is still in a good position with regard to financial sustainability, with a relatively good level of reserves, but for the first time in some years did not bringing in expenditure within the budget. Brent was, however, one of the very few authorities to have the external audit of its accounts signed off before the deadline.
- b. Further a number of arising issues which may lead to future problems for the Council:
 - i. Due to the pressures on Council services the level of expenditure has and is likely to continue to rise above the base line; and

- ii. As pointed out in the Auditor's annual report, the level of external debt and hence the interest payments are due to the level of capital expenditure rising, which may be becoming an issue with higher interest rates looking like they will remain for some time.
- c. In terms of Governance, Brent also has sound arrangements in place, as confirmed by both the External Auditor's Value for Money report for 2022-23 and Head of internal Auditor's report and opinion issued in June 2023. However, there are a number of areas requiring attention particularly:
 - i. The continuing need to address the 'second line' of defence (i.e. the monitoring and reporting of information and data, by management, in respect of the effectiveness of the 'first line' of defence);
 - ii. The need to address the fact that policies and procedures are sometimes absent or outdated, and as such, roles and responsibilities are not always clearly defined and outlined;
 - iii. The need to review procedures where staff reductions may have weakened existing procedures or controls;
 - iv. The need to keep under review the governance arrangements for subsidiary companies;
 - v. The continuing need to strengthen the oversight of contract management; and
 - vi. The need for the committee to continue to review and improve its own performance, and work with officers and other member bodies, particularly the Scrutiny Function, to further improve the Council's risk management and allocation of work between the different bodies.

3.4 Standards Matters

- 3.4.1 Although as we stated last year, though Standards matters are not covered by the CIPFA Statement, this is one of the Committees' key roles, and one which is taken very seriously, particularly in view of the experience of some other authorities.
- 3.4.2 During the year the Committees considered a number Standards issues including Complaints against Members (though there were none upheld in 2023-24), oversight of Gifts and Hospitality, as well as Member Training and attendance.

3.5 Audit Matters

- 3.5.1 The Audit and Standards Advisory Committee has continued to be well served by the Internal Audit and Investigation staff and have received regular updates

on the progress of the 32 risk-based audits planned being undertaken during 2023-24, with 10 audits brought forward from 2022-23 (plus 6 audit added and 8 cancelled). This is addition to work on investigation of frauds and irregular activities being undertaken by Investigation team. The Committees also considered the following:

- In June, the Head of Internal Audit's Annual Report for 2022-23 which concluded that:

"The adequacy and effectiveness of the overall arrangements for the Council's systems of internal control, risk management and governance are adequate, with some improvement required".

However, in addition the following observations were noted:

- i. Second line gaps in control. Where gaps in control were identified by Internal Audit, these were generally found to be in relation to the Council's 'second line' (of defence). In brief, the 'first line' is the provision of services and the application of an internal control framework to manage associated risks; and 'second line' responsibilities include the monitoring, reporting and challenge of the effectiveness of 'first line' functions. The 'third line' is the independent and objective assurance provided by Internal Audit.
- ii. Implementation of audit recommendations/actions. A positive rate of implementation of high risk actions was noted. Whilst this is pleasing, it was found that only 69 of the 104 (66%) medium risk actions had been implemented. This suggests that further effort is required to implement all actions within agreed timescales to ensure that the risks identified during the original audit are appropriately mitigated.
- iii. Policies and procedures. Whilst relatively insignificant in terms of risk, Internal Audit again noted that policies and procedures were often absent or outdated, and as such, roles and responsibilities were not always clearly defined/outlined.

In summary, the Head of Internal Audit was satisfied that the work undertaken by Internal Audit during 2022-23, as well as wider governance arrangements, has enabled an opinion to be formed on the Council's control framework, risk management and governance arrangements as set out above.

Since drafting this section we have had sight of the Head of Internal Audit's report for 2023/24 and are pleased to note that the Head of Internal Audit has again been able to give a Reasonable Assurance rating, and that progress has been made with regard to a number of areas for improvement. This report is being presented to the Audit and Standards Advisory Committee on 12th June 2024.

- A report covering the Draft Internal Audit Strategic for 2024/27 and Plan for 2024/25, the key details of which are set out below.

The report introduced a new procedure for planning the use of internal audit resources, partly designed to implement the new Global Internal Audit Standards due to come into force from January 2025.

The proposed audits for 2024/25, includes the following, all of which are risk based and linked to the Council's risks and priorities:

- Five key financial systems audits (with proposals for all key systems to be audited in three years);
- A cyber security audit;
- Six core audits to be carried out in the first half year;
- Followed by 20 proposed audits to be prioritised on an agile risk basis.

The plan also makes provision for advisory work and follow up activities on previous recommendations.

The Annual Counter Fraud Plan for 2024/25 was delayed to the June 2024 meeting.

- The Audit and Standards Advisory Committee continued to receive updates on the work of the Council's external auditors Grant Thornton, (the audit of the 2022-23 accounts is considered in the Accounts section below). The key item considered was the Annual Value for Money report, which gave an independent review of the state of the Council's governance. The report was also considered at the Full Council meeting in February 2024.

The report was positive, with the overall finding being for all three areas (Financial Sustainability, Governance and Improving the three "e") reviewed being: "No significant weaknesses in arrangements identified, but improvement recommendation made."

However, it should be noted that the direction of travel recorded was downwards in the case of Financial Sustainability and the same as for 2021-22 for the other two. The report also contained a number of recommendations which require to be implemented.

- 2023-24 is the first year of the new contract period for external audit appointment by Public Sector Audit Appointments Limited (PSAA). Grant Thornton have remained the Council's auditors, but the audit lead has changed in 2023-24 and a separate lead has been appointed for the Pension Fund. The fee for the 2023-24 audit is about 150% higher than for 2022-23. This has been set by the PSAA

3.6 Regulatory Framework

3.6.1 The Committees continued to oversee a number of areas concerning the regulatory framework, including reviewing the use of RIPA powers by the Council.

3.6.2 The Audit and Standards Advisory Committee has continued to be deeply involved in the work of improving the Council's risk management structure, and the strategic Risk Management process. There have been major improvements in the strategic process which is now clearly linked to the Council's priorities, and considers a wider range of risks. However, concerns still remain over the risk management at departmental level, and the Chairs have continued liaising with the Chairs of the Scrutiny Committees over how to improve oversight of this area where there is overlap in roles.

3.6.3 The Committees also reviews the Annual Governance Statement, which is an important document as it set out the views of the Council's leadership and senior management on the state of the Council's governance. Although concluding that no significant governance issues have been identified, the covering report included the following areas identified for improvement:

- Implementation of the ASAC effectiveness action plan.
- Further work to embed succession planning and leadership development.
- Putting in place a new MTFs and long term planning process which will cover the whole period of an administration's Borough Plan and beyond.
- Improving the monitoring, reporting and challenge over 'first line' controls.
- Increasing the rate of implementation of 'medium risk' audit recommendations.

3.6.4 An area which has taken up a lot of the Audit and Standards Advisory Committee's time was the oversight of i4B and First Wave Housing. This is very important work, but it is again one where there is an overlap of responsibilities between the Audit and Standards Advisory Committee and the Scrutiny Committees. This has now been at least partially resolved with the Audit and Standards Advisory Committee now concentrating on the council's overview, supervision and overall governance of Companies, and the Scrutiny Committees on the performance of the Companies.

3.6.5 The Audit and Standards Advisory Committee also considered a number of reports most of which were also considered by Full Council on the Council's Treasury Management. The very detailed reports show the clear and careful planning and execution of the Council's Capital and Treasurer Management.

However, the Committee did raise concerns about the level of borrowing being planned by the Council, particularly in view of the higher level of interest rates,

at least compared with the last 20 years. Although there is nothing to suggest this will be a problem in the short term, it is something the Council should keep under review.

3.7 Statement of Accounts

- 3.7.1 The oversight of the Council's accounts is one of the key functions of both Committees. Brent has a proud record of having its accounts fully audited and signed off by the statutory publication date, which for the 2022-23 account was 30 September 2023. However, although the accounts were ready and the audit almost complete by that date, a number of minor issues resulted in the audit not being signed off until 23 October 2023. This, however, still put the Council in a better position than most authorities, with the PSAA reporting that only 5 of the 467 audits were signed off by the due date.
- 3.7.2 Members will be aware of the serious issue of the major problems concerning local authority audit, with nearly 1,000 audits of other authorities outstanding, and a resultant number of consultations on proposals to address this. However, with the Council's audit being up to date this will not affect the Council.

3.8 Review of the effectiveness of the Committees

- 3.8.1 The Committees are well placed, with the Audit and Standards Advisory Committee independently chaired, and both Committees now having the support of two independent, Standards-focused members, both of whom bring considerable experience. The Audit and Standards Advisory Committee has also received very valuable support from a recently departed Independent Advisor. The appointment of her replacement will be a key issue.
- 3.8.2 The two Committees have again been required to consider a large number of issues over the last year. This has resulted with some agendas being packed, and some members feeling they are overloaded. Furthermore, the need for additional training for members has been identified, and is being planned.
- 3.8.3 To help overcome this and generally improve the performance of the work of the Committees, a self-assessment was undertaken in 2022-23, with improved training for members planned.

3.9 Conclusion

- 3.9.1 We should like to thank the members of the two Committees, the former Independent Advisor, and the former and current Independent Co-opted Members (Standards-focused) and Independent Persons for all their support and assistance.
- 3.9.2 We should also like to express our gratitude to all the Council officers who have so diligently supported the Committees. These include particularly the Governance Officers who have supported us, the Head of Audit and Investigation and staff of that department, and the officers from the Finance and Legal Services.

4.0 Stakeholder and ward member consultation and engagement

4.1 None.

5.0 Financial Considerations

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

6.0 Legal Considerations

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

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 None.

8.0 Climate Change and Environmental Considerations

8.1 None.

9.0 Communication Considerations

9.1 None.

Report sign off:

Minesh Patel

Corporate Director Finance and Resources

 Brent	Audit & Standards Advisory Committee 12 June 2024 Audit and Standards Committee 12 June 2024
	Report from the Corporate Director of Law & Governance
	Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Mili Patel)
Annual Governance Statement 2023/24	

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Two Appendix A: Annual Governance Statement Appendix B: Local Code of Corporate Governance
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Debra Norman, Corporate Director Law & Governance 0208 937 1578 Debra.norman@brent.gov.uk Tel:

1.0 Executive Summary

1.1 This report sets out the draft Annual Governance Statement (AGS) for 2023/24 as required by the Accounts and Audit Regulations 2015.

2.0 Recommendation

2.1 That:

- a) the Audit & Standards Advisory Committee consider and recommend for approval by the Audit & Standards Committee the Annual Governance Statement as set out in Appendix A.
- b) the Audit & Standards Committee consider and approve the Annual Governance Statement as set out in Appendix A taking into account the observations of the Audit & Standards Advisory Committee.

3.0 Detail

Contribution to Borough Plan Priorities & Strategic Context

- 3.1. The Annual Governance Statement is required by the Accounts and Audit Regulations 2015. It not only supports but evidences the good governance arrangements in Brent which underpins and contributes to the delivery of all of the strategic priorities within the Borough Plan which supports and enhances the Council's activity.

Annual Governance Statement

- 3.2 The council is required to prepare an Annual Governance Statement and have it approved by the relevant Committee. The statement must be signed prior to the signing of the accounts. The statement must be signed by the Chief Executive and Leader of the Council.
- 3.3 CIPFA produced a refreshed framework document in 2016 setting out how local authorities could comply with the requirements to conduct a review and produce the Annual Governance Statement.
- 3.4 The guidance determines that the Annual Governance Statement should "provide a meaningful but brief communication regarding the review of governance that has taken place, including the role of governance structures involved. It should be high level, strategic and written in an open and readable style."
- 3.5 The seven core governance principles, applicable from 2016/17, are as follows:
- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law;
 - B. Ensuring openness and comprehensive stakeholder engagement;
 - C. Defining outcomes in terms of sustainable economic, social, and environmental benefits;
 - D. Determining the interventions necessary to optimise the achievement of the intended outcomes;
 - E. Developing the entity's capacity, including the capability of its leadership and the individuals within it;
 - F. Managing risks and performance through robust internal control and strong public financial management, and
 - G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- 3.6 The review of effectiveness is an ongoing process involving officers responsible for key elements of the governance framework as well as members of the Corporate Governance Group, who throughout the year have oversight of governance related issues.
- 3.7 A Code of Corporate Governance adopted by the Council is included in the Constitution and a copy is contained in Appendix B.
- 3.8 The final part of the statement covers significant governance issues relating to 2023/24. There are no such issues identified that arose this reporting year.
- 3.9 The following factors should be considered in determining significant issues:
- The issue has seriously prejudiced or prevented the achievement of a principal objective;
 - The need to seek additional funding or divert funding to resolve the issue;
 - The issue has had a material impact on the accounts;
 - The issue has attracted significant public interest or has damaged the reputation of the organisation, or
 - The issue has resulted in formal action being taken by a Statutory Officer.
- 3.10 Improvement areas to further enhance governance arrangements are identified in paragraph 5, table 1 of the AGS.

Improvement area 2024/25	Owner
Better use of the Member Hub to ensure that Members are regularly kept up to date with developments and have easy access to necessary documents stored in one central place.	Deputy Director Democratic Services
Quarterly monitoring and reporting of reports (to Council) that are submitted after the given deadline.	Deputy Director Democratic Services
To further enhance our approach to risk management by assigning clear roles and responsibilities for the implementation of mitigating actions, scrutinising mitigating actions to ensure they have had the anticipated impact, and transparently reporting on where mitigating actions have been both successful and unsuccessful.	Deputy Director Organisational Assurance & Resilience
Development of a programme of coaching, mentoring and leadership development with a focus on EDI to support the EDI strategy.	Director of Human Resources & Organisational Development/Learning & Development Manager

Embed new performance framework and balanced scorecard approach at corporate and directorate level.	Director of Communications, Insight & Innovation
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3.11 Progress in respect of the Improvement plan from last year is as follows:

Improvement Action	Progress on Improvement Plan	Owner
Implementation of the ASAC effectiveness action plan.	Complete. The Chair's of the Committee now prepare an annual report, which is reported to Full Council, that provides assurance to all those charged with governance that the Committee has fulfilled its purpose and also demonstrates the impact the Committee had in the past year. We have also taken further steps to improve the effectiveness of the Committee, including a refreshed training plan and the recruitment of two new independent members.	Corporate Director of Finance and Resources and Deputy Director Organisational Assurance & Resilience
Further work to embed succession planning and leadership development.	Once the planned HR restructure, is implemented we will have additional capacity to focus on working with managers to develop their succession plans.	Director of Human Resources & Organisational Development
Putting in place a new MTFS and long term planning process which will cover the whole period of an administration's Borough Plan and beyond.	Annual MTFS refreshed with quarterly reviews for short/medium term planning. Longer term Financial Planning has commenced but will be an iterative process requiring additional macro level data sets.	Corporate Director of Finance and Resources
Improving the monitoring, reporting and challenge over 'first line' controls.	Internal Audit has noted that there has been a number of enhancements to the council's monitoring, reporting and challenge over first line controls at a corporate level. This includes the implementation of the new performance management framework and balanced score card at a corporate and directorate level, and the widening of the scope of the Brent Assurance Board which meets quarterly to review key risk areas. However, further improvements are still required and continue to be made at operational levels as reported by Internal Audit. Moving forward, this action will be reported on as part of the Internal Audit progress reports.	Corporate Directors, with support from Internal Audit

<p>Increasing the rate of implementation of 'medium risk' audit recommendations.</p>	<p>In 2023-24, Internal Audit followed-up 122 'medium risk' actions. Of these 54 (44%) had been implemented within prescribed timescales, 34 (28%) partially implemented and 34 (28%) not implemented. Whilst there are caveats and limitations in comparing actions as these are not always like-for-like, this presents a downwards trajectory in comparison to a rate of 66% implemented within prescribed timescales in 2022-23. Internal Audit continue to report robustly follow-up outcomes to CMT, DMTs and the Audit and Standards Advisory Committee.</p>	<p>Corporate Directors, with support from Internal Audit</p>
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4.0 Financial considerations

4.1 None

5.0 Legal considerations

5.1 The Accounts and Audit Regulations 2015 require the council to prepare an annual governance statement and have this reviewed by a committee.

6 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 Law & Governance

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Brent Council Annual Governance Statement 2023/24

1. **Scope of Responsibility**

- 1.1 Brent Council ('The Council') is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The Council is responsible for ensuring that there is a sound system of governance (incorporating the system of internal control). This includes 'group activities' which in this context, refers to the activities and operations conducted by the Council and its wholly owned subsidiaries (I4B and FWH). The Council prepares and presents a set of group accounts, and therefore the AGS, which accompanies those accounts, must reflect the Council's governance arrangements over those subsidiaries.
- 1.2 Ensuring sound governance in group activities means that the Council is responsible for maintaining effective oversight, accountability and control mechanisms across all of its wholly owned subsidiaries/entities to ensure that align with the council's policies, goals and regulatory requirements.
- 1.3 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.
- 1.4 The Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the International Framework: Good Governance in the Public Sector. The statement is included in the annual review of the Constitution undertaken each year by the Corporate Director of Law & Governance. A copy of the Council's code is contained in Part 5 of the Council's Constitution and can be found on our website: <https://data.brent.gov.uk/dataset/2jgp6/constitution-brent-council>
- 1.5 This statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit (England) Regulations 2015, Regulation 6(1b), which requires all relevant bodies to prepare an annual governance statement.
- 1.6 To ensure all statutory requirements have been met the statement has been produced in accordance with the CIPFA Delivering Good Governance Framework 2016.

2. **The Purpose of the Governance Framework**

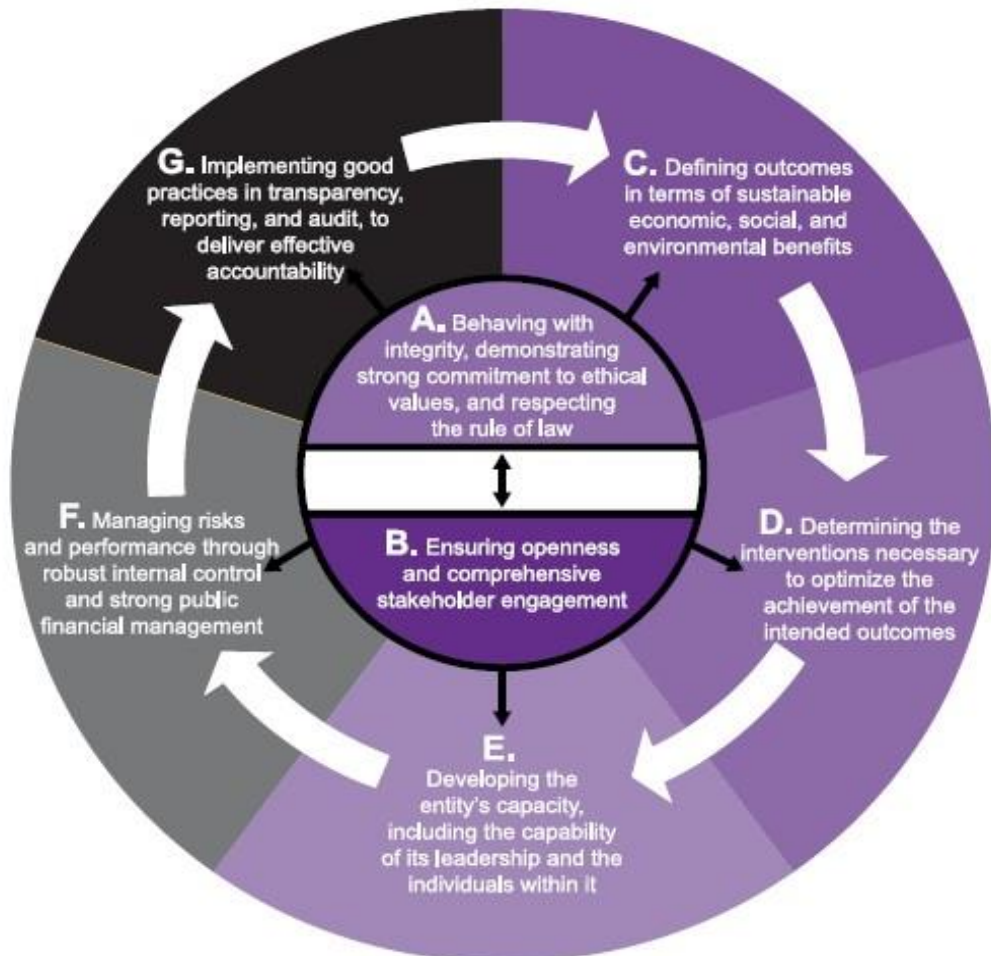
- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process, designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.

2.2 The governance framework has been in place for the year ended 31 March 2024 and up to the date of approval of the statement of accounts.

3. **The Governance Framework**

3.1 The key elements of the systems and processes that comprise the Council's governance arrangements are based on the seven core principles of the CIPFA/SOLACE Governance Framework, which are set out in the diagram below.

3.2 The arrangements for reviewing the effectiveness of the governance framework are detailed in section 4 of this statement.



3.3 **Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.**

3.3.1 The Constitution sets out how the Council operates, how decisions are made and the policies that are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution comprises six parts, which set out the basic rules for governing the Council's business, as well as detailed procedures and codes of practice.

3.3.2 The Constitution is regularly reviewed and was last updated in May 2024. The Constitution sets out the responsibilities of both members and officers. In particular, the Council has identified the following six statutory Chief Officer posts:

Legislation	Statutory Post	Officer
S4 Local Government and Housing Act 1989	Head of Paid Service	Chief Executive
Section 151 Local Government Act 1972	Section 151	Corporate Director of Finance and resources
S5 Local Government and Housing Act 1989	Monitoring Officer	Corporate Director of Law & Governance
S18 Children Act 2004	Director of Children's Services	Corporate Director Children and Young People
S6 Local Authority Social Services Act 1972	Director of Adult Social Services	Director Adult Services
Health and Social Care Act 2012	Director of Public Health	Director of Public Health

- 3.3.3 A Scheme of Delegation sets out the powers delegated to officers as part of the Constitution. The Financial Regulations are also part of the Constitution, together with the Code of Corporate Governance and the Contract Standing Orders. Changes to the Constitution (other than minor changes which can be approved by the Corporate Director of Law & Governance) are approved by the Council. All changes are published on the external website.
- 3.3.4 The Member Code of Conduct is set out in the Constitution, together with other codes. These are included in the annual constitutional review.
- 3.3.5 A register of member interests and gifts and hospitality is maintained, and entries are reported quarterly to the Audit & Standards Advisory Committee.
- 3.3.6 All Members (new and re-elected) receive mandatory training every four years. This includes Code of Conduct training updates, which was last conducted in summer 2022. Monitoring Advice Notes (MOAN) are published in the Members Bulletin and the Hub periodically.
- 3.3.7 All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the Council's policies are implemented in practice. Corporate Directors, Directors and Heads of Service are responsible for monitoring implementation of the Council's policies.
- 3.3.8 The Council has a number of key governance related policies. Officers are made aware of their responsibilities through general communications, such as Weekly Round Up, manager briefings, staff events and via the induction process.
- 3.3.9 The Council operates a robust anti-fraud and corruption culture and has an established Anti-Fraud and Bribery Policy and a separate Whistleblowing policy. These policies set out the duties of all staff in relation to acting with honesty and integrity and the reporting suspected fraud. The Anti-Fraud and Bribery Policy is published on the Council's webpage, along with details on how members of the public can report suspected fraud and corruption.

3.4 Principle B: Ensuring openness and comprehensive stakeholder engagement.

- 3.4.1 The Strategy and Partnerships service is responsible for supporting statutory local partnership arrangements (Health and Wellbeing Board, Integrated Care Partnership Board, (ICP) Safeguarding Adults Board, Multi Agency Safeguarding Children Partnership and Children's Trust). The ICP Board covers services for all ages, and its priorities have been developed through engagement across the system, including the voluntary and community sector, and are signed off by the Health and Wellbeing Board. The team also supports a number of non-statutory partner organisations through a network of Thematic Leads across the borough. The Strategic Partnerships team coordinates a broad range of collaborative activities, which stem from the council's engagement with local public, private, voluntary sector organisations and faith groups. The Council incorporates good governance arrangements in respect of partnerships and other joint working and ensures stakeholder engagement is reflected across the Council's overall governance structures.
- 3.4.2 Regard to equity, diversity and human rights duties is embedded in the budget setting and business planning process. Templates for each require that officers and members take into consideration in an appropriate manner the equity, diversity and inclusion impacts of proposed decisions. The Council's approach is to embed equity, diversity and inclusion within all of its work so that equality considerations are part of the day-to-day management. Consultation on the Equity, Diversity and Inclusion strategy 24-27 has been completed and was approved by Cabinet in April 2024.
- 3.4.3 The Council adopted a Black Community Action Plan in July 2020 in response to the heightened concerns and to address the inequalities that our black communities continue to face. The aims of the plan, which the local community helped us to create, include building sustainable communities with Black leaders playing a role in decision-making, developing community spaces that members of the community will run and manage, and conducting an internal review of processes in the council. The plan is currently under review [Brent Black Community Action Plan | Brent Council](#).
- 3.4.4 Consultation and engagement with residents, stakeholders and the wider community are integral to the council's decision-making approach and processes, ensuring that a wide and diverse range of views are heard. In 2024 we will review how we engage with partners through the new community engagement framework that will underpin our priorities on "Community Power". This will include refreshing our more established methods of engagement such as the Brent Connects public forum meetings, a series of 'Time to Talk' events and resident attitude surveys.
- 3.4.5 Council, Cabinet and committee meetings are open to the public and most are live streamed. Our complaints outcomes and performance (including Ombudsman finding and compensation paid) are reported to Cabinet as is our performance in respect of requests received under the Freedom of Information Act 2000 and Subject Access Requests under the Data Protection Act 2018. Complaints are also reported annually to the Scrutiny committees.

3.5 Principle C: Defining outcomes in terms of sustainable economic, social and environmental benefits.

3.5.1 In March 2023, the Council adopted a new Borough Plan – Moving Brent Forward Together – for the period of 2023 to 2027 agreed by the Cabinet and Full Council. This document includes the corporate objectives of the Council; what the Council - will deliver for and with our communities; and how we will work with partners, such as other public agencies to realise our shared priorities. Key performance indicators which relate to the targets in the plan are monitored on a quarterly and annual basis and reported to the Corporate Management Team (CMT) and the Cabinet. The Borough Plan references other key relevant documents, such as the Community Engagement Framework and the Digital Strategy, the Local Plan, Climate and Ecological Strategy and Joint Health and Wellbeing Strategy.

3.5.2 The Borough Plan is available on the staff intranet and is regularly promoted via the Brent Magazine, the council's website, press releases and targeted campaigns. All new and subsequent strategies and plans will be underpinned by the Borough Plan's themes and priorities. Additionally, our Directorate Service Plans which are developed with the relevant Lead Member(s) are aligned with, and framed around the Borough Plan.

3.6 Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

3.6.1 The Borough Plan is focused on Moving Brent Forward Together. It sets out the Council's vision for 2027, emphasising how we will work with others to support people through the cost-of-living crisis, realise our climate change ambitions and harness our diverse range of communities, to name but a few priorities and intended outcomes. It is monitored through quarterly Performance Reports which includes our progress against the key performance indicators that drive our activity across the organisation and team plans.

3.6.2 The vision sets out how the Council will build on the successes achieved to-date while creating better outcomes for those residents with complex circumstances and remaining flexible to provide support to residents, partners, businesses and communities in response to the cost-of-living crisis. The plan highlights the need to concentrate resources on the things that matter the most, use resources in the most effective way and work better with partners to realise collective ambitions for Brent. The Borough Plan priorities are aligned to both the demographic and economic needs profile of the borough and the findings from the community engagement activities. A programme of activity is in place to support the delivery of this vision with reports on progress provided regularly to CMT and elected Councillors.

3.6.3 In preparing its Borough Plan, the Council adopted several approaches to ensure the Plan captures as many voices as possible from the vast range of communities across Brent. Over 1000 direct responses were received from residents and partners, through a variety of consultation and engagement tools, including:

- Workshops and focus groups with specific communities and groups,
- Drop-in session in Brent libraries that were open to everyone,
- Dedicated events with partners,
- A Borough Plan Survey as well as using other findings from other surveys such as the Residents Attitude Survey; and
- Forward Together, which are corporate sessions for all staff.

- 3.6.4 The Cabinet consider risks as part of their decision-making role on corporate policies, including the annual budget setting processes, major policy decisions and major projects.
- 3.6.5 The Council's Risk Management Strategy, refreshed in September 2023, sets out the general framework for the identification, assessment and management of risks across the council. It also clearly sets out the roles and responsibilities of key stakeholders and includes the Council's risk appetite statement. Risk management is a key element of the Council's governance framework and is aligned to the Council's corporate objectives and priorities to help ensure that these and resulting outcomes are achieved. All members and officers have responsibility and a role to play in managing risks.
- 3.6.6 The Council's Strategic Risk Register is reviewed and updated biannually and records the risks that are considered by senior management to be of impact and/or likelihood of materialising and which may have an adverse effect on the achievement of the Council's corporate objectives.
- 3.6.7 The Council has a community engagement framework which enables it to better understand the complex nature of our communities – the framework created flexible models for engagement and acted as a mechanism to create clear outcomes enabling residents to lead design and make decisions.
- 3.6.8 The community engagement framework provides details for all staff as follows:
- the standards and values of engagement we offer to residents,
 - guidance on using different methods and techniques,
 - an internal online resource available to staff,
 - best practice advice will be available from the central team, and the
 - collation of existing 'User Voices' to inform council work.
- 3.6.9 The framework provides a toolkit for service areas to enable bespoke development of approaches. These include:

Suitability: choosing the right level of participation for the work in question is important, both in terms of time and effort in planning and implementation but also in ensuring that the outcomes of the engagement meet the needs of the work and that expectations of participants are properly managed.

Accessibility: Regardless of the level of participation that is decided on, it is essential that it is designed and implemented in a way that gives full consideration to any barriers that might exist for residents. Whether this is ensuring that information can be accessed by all or that people have the means or necessary support to effectively contribute.

Quality: All engagement activities should meet a high standard and be fit for purpose, whether that is simply providing residents with information or creating opportunities for full decision making.

3.7 Principle E: Developing the entity's capacity, including the capability of its leadership and the individuals within it.

- 3.7.1 A full member learning and development programme is in place and there is a comprehensive induction programme for all Councillors within the first few weeks of their election to office. Training on the Council's Code of Conduct for Councillors is compulsory.

The Council has adopted specific codes of conduct for Councillors involved in planning or licensing decision-making and these Councillors receive additional training in these areas as a pre-condition of their participation. Entitlement to special responsibility allowances for some posts is dependent on mandatory training being attended. An Acceptable Use Policy has been developed which provides for the potential restriction of access to council systems by Councillors who have not completed the mandatory Data Protection training. A bespoke annual learning and development programme is provided for Councillors appointed as Members or Substitutes on the Scrutiny, Planning and Alcohol and Entertainment Licensing Committees. A report on the programme is considered annually by the Audit and Standards Advisory Committee and was considered in March 2024.

- 3.7.2 All Councillors have completed the mandatory training since their election in May 2022.
- 3.7.3 We have a comprehensive e-learning offer for staff for knowledge, skills and personal development and various internal training courses. Key initiatives for the next year include a further Middle Manager Development programme cohort and Leadership Programme and work to embed succession planning. There is a corporate induction programme in place for staff, which is a combination of e-learning and face-to-face activities. The Chief Executive and Leader both attend the face-to-face inductions so they can talk about the Council's priorities, challenges and opportunities, as well as take questions from the new starters. Key information and policies are highlighted to new staff and managers via 1-2-1 inductions and copies held on the intranet. Regular communication through events and other communication channels is maintained to advise staff of new learning opportunities. Additionally, our bi-annual 'Forward Together' all-staff events, provide an opportunity for staff to come together to engage with issues and opportunities facing the council as a whole and to understand how their work fits with Council priorities.
- 3.7.4 Directorates also create and implement development programmes tailored to their specific needs. For example, in the Community, Health, and Wellbeing directorate, development happens on three levels. They launched a programme centered on career development, providing mentoring opportunities for staff at all levels, and enhanced teamworking and collaboration through the 'Making Every Contact Count' training, which was open to all teams. Additionally, they introduced 'Leadership for Making Every Contact Count' for first-line managers. Moreover, the Adult Social Care (ASC) department established a Skills Academy to focus on and deliver specialised professional training.
- 3.7.5 We have an established Apprenticeship offer for both new apprentices and existing staff, who can gain professional qualifications via the apprenticeship route.
- 3.7.6 The Council has an established Mentoring programme, and a Mutual Mentoring Programme has been developed to ensure staff have the opportunity to play an active role in shaping Council policy.
- 3.7.7 In December 2021 the Cabinet agreed an investment of £9.3M in its Digital Strategy – 2022 to 2026. The Digital Strategy underpins the Borough Plan supporting the council and the people of Brent to be digitally confident. From delivering an innovative customer platform where residents can interact with the council to better using data to drive improvements to services, the Digital strategy is ensuring the council remains at the cutting edge of technology and how it's used. In addition, an investment of £4.2M is helping to tackle digital exclusion through a support fund for businesses and the provision of devices for digitally excluded households in Brent.

3.7.8 A strategic change programme has recently been adopted, designed to harness our strengths, focus our ambitions, and ensure that as an organisation we improve and evolve to tackle current and emerging challenges in meeting the needs of our local communities. The Change Programme is about the key cross-cutting enablers that form the building blocks of an effective organisation and will drive our operating model in the future. And at the heart, it is about how we will do things going forward, with a focus on developing a culture that enables us to work much more collaboratively with each other, with partners, and, crucially, with our residents, establishing a real sense of place. The change programme is organisation into the following nine workstreams:

- Organisational culture and workforce strategy
- Strategic Partnerships
- Community power and resilience
- Place making
- Strategic Commissioning and capacity building
- Digital
- Data
- Property and assets
- Customer Access

3.8 Principle F: Managing risks and performance through robust internal control and strong public financial management.

3.8.1 Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet model of decision making. Although some decisions are reserved for Full Council, most are made by the Cabinet or by Committees, sub-Committees or officers. In September 2018, individual member decision-making was introduced in a limited number of areas, supported by a governance process similar to that for Cabinet decisions. Cabinet members received a briefing about their new responsibilities and the related processes. The new process has worked well, and further powers were delegated by the Leader to Individual Cabinet Members from April 2021.

3.8.2 All forthcoming Key decisions by Cabinet, Cabinet Members, Cabinet Committees or officers are published in the Council's Forward plan published every month on the Council's website.

3.8.3 Reports and minutes of meetings are also published on the Council's website and are available in hard copy (upon request) at the Civic Centre. This includes urgent decisions, which are reported to the next formal meeting of Council.

3.8.4 The Council has an Audit and Standards Advisory Committee which usually meets at least six times during the year, with clear terms of reference and an annual work programme for internal audit, investigations and risk management. The Committee has an independent chair with a finance background, a co-opted (independent) member in addition to the chair with a focus on finance related issues and two co-opted (independent) members in relation to member conduct standards issues to help ensure it is effective in performing its duties.

3.8.5 In order to enhance the effectiveness of the Committee, it is constituted as an advisory Committee for most of its activities. This has enabled the independent Members to be equal voting members of the advisory Committee.

3.8.6 The Council maintains an Internal Audit service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom.

The Head of Internal Audit (Deputy Director, Organisational Assurance and Resilience) reports to the council's Section 151 Officer and has direct access to the Chief Executive, the Monitoring Officer, the Chair of the Audit Committee and the Chair of the Audit and Standards Advisory Committee.

- 3.8.7 The Audit and Investigations functions play an important role in helping the organisation deliver its strategic objectives by objectively assessing the adequacy of governance and the management of risks; and providing an objective and evidence-based opinion on governance, risk management and internal control.
- 3.8.8 The Chief Executive, in their senior level re-alignment of February 2024, created an Organisational Assurance and Resilience service by bringing together those services that are an integration of the Council's dedicated assurance and resilience functions. Previously they were separate teams broadly working in isolation. It is headed up by a new post of Deputy Director, Organisational Assurance and Resilience. This department will take the lead in developing a clear assurance framework/model, including the championing, mapping and coordinating of other sources of key/core assurance activities across the Council to enable a more joined-up, informative approach to reporting and to ensure any gaps or overlaps are managed. For example:
- coordinating and making the link between organisational priorities and assurance outcomes,
 - developing an assurance forward plan in respect of internal/external reviews,
 - coordinating and tracking outcomes of assurance activities, including implementation of any actions arising from these, and
 - making better use of relevant data, information and intelligence within the Council, such as aligning assurance activities with the performance management framework, and vice-versa.
- 3.8.9 It should be noted that this new department does not impact on, remove from or incorporate any form of management assurance activity which is provided by individual managers, as part of their "day job", for a specific process/system/objective etc. However, it is anticipated that by forming this Organisational Assurance and Resilience department it will generate greater capacity and enable a more holistic view and approach to assurance than is provided by each individual/specific assurance function under the previous model.
- 3.8.10 The Council's Strategic Risk Register is reported to DMTs (Directorate Management Teams), CMT and the Audit and Standards Advisory Committee twice a year. The report is written in conjunction with risk leads across the Council, and operationally, risk management continues to be embedded through service-level risk management workshops, targeted training sessions and ongoing support. The process is led by the Council's Deputy Director, Organisational Assurance and Resilience, in consultation with risk owners, DMTs and CMT. The Risk Register articulates the causes and consequences of strategic risks, alongside a summary of controls, and target risk scores. The work of Internal Audit, in accordance with its Annual Audit Plan, is directed towards the key risk areas as identified within the register. The work of Internal Audit therefore seeks to provide assurance to the senior management and members that the Council complies with relevant laws, regulations, internal policies and procedures. Internal Audit provides quarterly updates on delivery of the audit plan to the Audit and Standards Advisory Committee.

- 3.8.11 Robust business continuity management arrangements exist within the Council, with all critical services having business continuity plans in place. An external review of the Council's Emergency Planning function was undertaken in 2023, which identified a number of key areas of focus to take forward in 2024, including increasing the capacity of the team; a greater focus on training and development; and the use of simulated events/exercises that involve multi-agency response(s).
- 3.8.12 The Council has a Medium-Term Financial Strategy (MTFS), which is reviewed and updated annually as part of the budget setting process to support the achievement of the Council's corporate priorities. The budget and policy framework outlines the process and timetable to be followed each year when setting the Council's budget. The financial management framework includes regular budget monitoring reports to departmental management teams, Council Management Team and Cabinet.
- 3.8.13 CIPFA's Financial Management (FM) Code aims to embed sound financial management in local authorities. The Council has reviewed those areas where the FM Code requires compliance with existing codes of practice and has determined that the Council is fully compliant in those areas. Where the FM Code advocates a new approach, such as the use of a formal Financial Resilience Assessment to determine the robustness of the Council's financial position and its sustainability in the long-term, the Council believes that there is considerable benefit to be had from updating its current arrangements to implement the FM Code's recommended approach. The Council is working to put in place a new MTFS and long-term planning process which will cover the whole period of an administration's Borough Plan and beyond. The MTFS and improved service and financial monitoring arrangements will be closely linked to the overarching Borough Plan and the detailed service delivery plans.
- 3.8.14 The Council has two wholly owned subsidiary companies – i4B Holdings Limited (i4B) and First Wave Housing Limited (FWH). The work of the companies is agreed by the Cabinet through the annual business plan. Progress against delivery is reported to the Council as shareholder/guarantor via a bi-annual meeting and there are also regular reports to the Council's Audit and Standards Advisory Committee providing information and assurance on the arrangements the Council, as Guarantor/Shareholder, has in place to oversee the good performance and governance of the two wholly owned companies. Operational performance for the company will be scrutinised by the Community & Wellbeing Scrutiny Committee. In 2024, a joint meeting of the Community & Wellbeing and RPR Scrutiny Committees will be convened to review the housing companies.
- 3.8.15 FWH is limited by guarantee without share capital. The Board of the Company is chaired by an independent voting Director. The Company has a Service Level Agreement (SLA) with the Council to support the Company's operations. Under the SLA, the Council provides corporate services such as: governance services, financial services, and legal services.
- 3.8.16 I4B is limited by shares, providing affordable homes for households who might otherwise be housed in temporary accommodation. The Board of the Company is chaired by an independent voting Director. The Company has a Service Level Agreement (SLA) with Brent to provide a range of services to support the Company's operations such as corporate and financial services; property purchasing, refurbishment and housing management.

- 3.8.17 The Council also has a Shared Technology Service (STS) covering three councils (Brent, Lewisham and Southwark). A Joint Committee has been established to discharge executive functions on behalf of the three boroughs, in so far as they relate to joint activities or areas of common concern in relation to the provision of ICT infrastructure and related supporting services. An officer management board is also in place.
- 3.8.18 The council also has LGA Digital Services, which is a company limited by shares, jointly owned by the Local Government Association (LGA). LGA digital was set up in July 2015 to allow Brent to manage the ICT services for the LGA. Board and governance support is provided by the Council Communications, Insight and Innovation team. The Board of the Company is chaired by an LGA Head of Service, with remaining members being made up of Council and LGA representatives. Board meetings are held on a quarterly basis.
- 3.8.19 The Council is also a founder member of Capital Letters, a Government and London Councils sponsored company which seeks to increase the supply of affordable Private Rented Sector accommodation in Brent by working collaboratively and avoiding competition between London Councils for the same privately owned properties.
- 3.8.20 Capital Letters was established as a private company limited by guarantee and is wholly owned by the 10 London member boroughs who constitute limited liability members of the company. The governance arrangements of the company are set out in the Articles of Association of the company and Members Agreement. Critical matters are reserved to the Members and this is set out in the Members Agreement
- 3.8.21 The Council is also a founder member of Locata Housing Services (LHS), which is a private company limited by guarantee set up in 2001 by a group of 5 West London Boroughs and 3 Housing Associations which jointly own LHS. The company was set up to deliver a sub-regional Choice Based Lettings system, which is the system Brent uses to allocate our social housing stock. LHS now supplies IT services to housing authorities and housing associations around the country.

3.9 Principle G: Implementing good practices in transparency, reporting, and audit to deliver effective accountability.

- 3.9.1 Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and conducts its activities in a transparent manner. Both external and internal audit contribute to effective accountability.
- 3.9.2 The statutory Forward Plan is published monthly on the internet, and details all key decisions proposed to be made by the Council during the relevant period. Any key decision which is not on the Forward Plan may not be taken within that period, unless the report author is able to demonstrate to the Monitoring Officer and relevant members that urgency procedure requirements are met and, where required under Standing Orders, appropriate agreement of the Chief Executive or the relevant Chair of Scrutiny is obtained. All urgent decisions taken are monitored by the Monitoring Officer and regular reports taken to Full Council.
- 3.9.3 In addition, defined categories of decisions by officers which are not key decisions are required to be published.

- 3.9.4 Members are required to make sound decisions based on written reports which are prepared in accordance with the report writing guide and have to be cleared by both Finance and Legal. The Cabinet receives a briefing concerning the most important upcoming decisions at the Policy Co-ordination Group, which is the Cabinet's regular meeting with the Corporate Management Team, and Cabinet members can ask detailed technical questions of officers about those issues and other matters due to be determined by Cabinet. All reports must be reviewed and signed-off by, or on behalf of, the Corporate Director of Finance and Resources and the Corporate Director of Law & Governance and contain clear financial and legal advice to help members arrive at decisions.
- 3.9.5 In accordance with the Local Government Act 2000, the Council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Cabinet. These mechanisms involve the Scrutiny process including call-in. The conduct of the Council's business is governed by the Constitution, which includes Standing Orders and Financial Regulations.
- 3.9.6 All members and chief officers are required to complete an annual statement relating to third party transactions. A register of members' interests, which is updated by members, is maintained and published on the Council's website.
- 3.9.7 The Brent Council Code of Conduct for Members, reviewed in 2022, defines the standards of conduct expected of elected representatives, based on the Nolan principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership. Complaints under the Code are reported to the Audit and Standards Advisory Committee as are details of declared Gifts and Hospitality received by members and the mandatory training they have undertaken.
- 3.9.8 In addition, the following codes, protocols and systems are well established within the Council. All are regularly reviewed and updated to account for developments in governance arrangements and changes in local government. These include:
- a declaration of interest process for members and officers as described above,
 - the operation of organisation-wide performance appraisal and employee development schemes,
 - a corporate complaints procedure in place in line with Ombudsman good practice requirements; and
 - Whistle-blowing, anti-fraud and anti-corruption / bribery policies which are publicised in compliance with the national transparency agenda which includes the publication of senior officers' remuneration on the Council website.

2. Review of Effectiveness

- 2.1 The Governance Framework is subject to on-going review as part of the everyday business of the organisation. The reduction in resources within the public sector has increased the attention on ensuring that governance frameworks remain efficient and effective. The Council also has responsibility for conducting, at least annually, a formal review of the effectiveness of its governance framework including the system of internal control. This includes group activities where the activities are significant.
- 2.2 The review of effectiveness is informed by the work of the Corporate Directors and senior managers within the council who have responsibility for the development and maintenance of the governance environment, the work of the annual report from the Deputy Director of Organisational Assurance and Resilience and also by comments made by the external auditors and other review agencies and inspectorates, for example Ofsted.

- 2.3 The Council's review of the effectiveness of its system of internal control is informed by:
- Annual Assurance Opinion of the Deputy Director of Organisational Assurance and Resilience,
 - Performance against targets,
 - External Audit outcomes,
 - Internal Audit outcomes,
 - Scrutiny arrangements,
 - Reports from inspectorates,
 - 2023/24 Performance information,
 - Risk management arrangements,
 - Information governance arrangements; and
 - A review of the previous year's Annual Governance Statement.

2.4 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework is described below:

2.4.1 Performance Management

2.4.2 The Council has developed a new Performance Management Framework and balanced scorecard approach. These scorecards are regularly reviewed by CMT and PCG and are also now being rolled out at a directorate level, supporting regular discussions on the most up to date performance and finance indicators in monthly meetings with Cabinet Portfolio holders. Members play a regular role in performance management, providing challenge to officers. Performance is reported quarterly to Cabinet via the Quarterly Performance report.

2.4.3 Led by the Corporate Performance team in the Communications, Insight and Innovation department, this new approach has strengthened the strategic alignment of the Council's performance monitoring and reporting and demonstrates an increased focus on performance monitoring and on using data to drive improvements in delivery of services.

2.4.4 Management

The Corporate Management Team meets fortnightly to oversee the operations of the organisation and receives reports for both challenge and comment prior to formal decision-making processes. Reports will also be presented to provide the required assurances regarding the strategic risks the organisation faces. These include periodic reports from the groups and boards established in the identified high-risk areas such as Health and Safety; IT Governance; Business Continuity; Corporate Risk, Information Governance and the Commissioning and Procurement Board. The role and contribution that these groups make is reviewed on an on-going basis and is being subject to a specific detailed review in 2023/24 and 2024/25.

2.4.5 The Cabinet

The Cabinet makes key decisions in accordance with the Budget and Policy Framework. It conducts joint planning sessions with the Corporate Management Team to consider the Council's policy priorities and its linkages with the medium-term financial strategy. The Cabinet meets regularly with the Corporate Management Team to develop policy and to receive operational and financial performance information.

2.4.6 Scrutiny Committees

The Council has two Overview & Scrutiny Committees, these are the Community and Wellbeing Scrutiny Committee and the Resources and Public Realm (RPR) Scrutiny Committee.

Each of the Committees has discrete responsibilities for scrutinising the Council's Executive (Leader and Cabinet) and covers different parts of the local authority's services. Policy is reviewed by reports discussed at Committee as well as task groups set up to review a particular issue. In addition, a Budget task group, which is chaired by the chair of RPR Scrutiny Committee is established each year. In addition, there is scrutiny of Cabinet members and decision-making at individual Committee meetings of the two Committees. The two Committees have a statutory role in scrutinising policy and decision-making of external organisations and agencies.

2.4.7 The Audit and Standards Advisory Committee

2.4.8 The Audit and Standards Advisory Committee met seven times during 2023/24 and has considered the work of Internal Audit during the year, the annual report and opinion of the Deputy Director of Organisational Assurance and Resilience and the External Auditor's Annual Report. The Committee monitors the effective development and operation of risk management. It reviews the annual statement of accounts specifically to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from audits that need to be brought to the attention of the Council. The Audit and Standards Advisory Committee also considers the Treasury Management Strategy and the Annual Investment Strategy and reviews treasury management activity during the year. The Committee is also responsible for a number of matters related to member conduct and has received reports concerning these during the year.

2.4.9 Those matters which come before the Committee which require a formal exercise of Council functions (e.g. approval of accounts) will to be made by the Audit and Standards Committee, which will consist of the Councillor membership of the Audit and Standards Advisory Committee.

2.4.10 An exercise has been undertaken to consider the complementary roles of the RPR Scrutiny Committees and the Audit and Standards Committees and how they can best work together. Meetings have taken place between the Chairs of these bodies with a view to considering common issues and co-ordinating forward agenda planning to ensure issues are considered in the appropriate meeting and relevant intelligence is shared between them.

2.4.11 Following CIPFA's publication of its new guidance for Audit Committees in the Autumn of 2022, the Audit and Standards Advisory Committee conducted a review of its own effectiveness, the findings of which were reported in March 2023. The self-assessment questionnaire asked Members to consider the Committee's effectiveness across 40 separate questions (including sub-questions) covering a number of areas. Overall, the survey results indicated that the Committee is adequately fulfilling its duties across all areas set out and prescribed within the CIPFA guidance. However, a number of areas were identified where minor improvements were required to further enhance the effectiveness of the Committee. These included the preparation of an annual training plan for Committee members, the preparation of an Annual Report that provides assurance to all those charged with governance that the Committee fulfills its purpose and can demonstrate its impact, and, within that report, an evaluation of whether and how the Committee is adding value to the organisation. These actions were successfully implemented in 2024.

2.4.12 Corporate Assurance Board

This Board (also known as the Brent Assurance Board) was set up in 2023 to replace the Corporate Governance Group.

The Corporate Governance Group was an informal meeting of the Council's three corporate Statutory Officers together with the Deputy Director Organisational Assurance and Resilience and the Independent Adviser to the Audit & Standards Advisory Committee. The new Corporate Assurance Board is a more formal, internal, body which receives regular written reports on a range of governance and assurances related matters to ensure the statutory duties of the Council are effectively discharged, efficiently implemented and any issues/risks/lessons/good practice are shared. The membership of the new Board is the Council's three corporate Statutory Officers together with the Deputy Director of Organisational Assurance and Resilience. Together they oversee, scrutinise and hold to account the discharge of the statutory duties of the Council on matters such as risk management and audit assurance, Information governance, cyber security, Whistleblowing and Corporate Complaints; as well as Safeguarding, Health and Safety (including Corporate Landlord obligations); and governance matters to name a few.

2.4.13 Internal Audit

- 2.4.14 The Council receives assurance about the effectiveness of the corporate governance, internal control and risk management arrangements from the work of Internal Audit which provides independent and objective assurance across the whole range of the Council's activities. It is the duty of the Deputy Director of Organisational Assurance and Resilience to give an opinion (as the Council's Head of Internal Audit), at least annually, on the adequacy and effectiveness of internal control within the Council. This opinion has been used to inform the Annual Governance Statement.
- 2.4.15 The Deputy Director of Organisational Assurance and Resilience produces an annual report which will be presented to the Audit and Standards Advisory Committee. This report will outline the key findings of the audit work undertaken during 2023/24.
- 2.4.16 An External Quality Assessment (EQA) of the Internal Audit Service was conducted during Q4 2022/23. It concluded that the Service conformed to the Public Sector Internal Audit Standards. The outcome reflected a professional and successful Internal Audit service commanding a good level of respect and credibility across the Council and seen as a key part in supporting and developing good governance within the Council.
- 2.4.17 It is the opinion of the Deputy Director of Organisational Assurance and Resilience that, considering all available evidence from audit work undertaken in 2023/24, there is reasonable assurance over the adequacy and effectiveness of the Council's overall framework of governance, risk management and control during the financial year 2022/23.
- 2.4.18 In determining the annual opinion, the Deputy Director of Organisational Assurance and Resilience also considered any key themes of issues emanating from audit work undertaken in 2023/24. Three observations were noted:
- 1) 'second line' gaps in control, which includes the monitoring, reporting and challenge over 'first line' controls. This observation was also noted in 2021/22.
 - 2) the rate of implementation of 'medium risk' audit recommendations; and
 - 3) the absence and/or updating of policies and procedures.
- 2.4.19 Internal Audit did not review all of the wider governance mechanisms described in this report however there was no evidence to suggest any deficiencies in the arrangements described by senior stakeholders in this statement.

Furthermore, the Deputy Director of Organisational Assurance and Resilience is satisfied that the Council's framework of governance for the year ended 31 March 2024 complies in all material respects with guidance on proper practices as set out the CIPFA/SOLACE publication "Delivering Good Governance in Local Government (2016)".

2.4.20 External Audit

2.4.21 Grant Thornton UK LLP is the Council's appointed external auditor. As well as an examination of the Council's financial statements, the work of the Council's external auditor includes an assessment of the arrangements the Council have in place to deliver value for money in its use of resources. The external auditor is required to report on the Council's arrangements under specified criteria, which are financial sustainability, governance and improving economy, efficiency and effectiveness.

2.4.22 The Council ensures that it provides timely support, information and responses to external audit and properly considers audit findings and recommendations.

2.4.23 Risk Management

The Council managed its risks during 2023/24 in accordance with the Risk Management Strategy. The Corporate Management Team formally considers strategic risks, with twice yearly reports also presented to the Audit and Standards Advisory Committee. Risk management is a key element of the Council's governance framework and is aligned to the Council's corporate objectives and priorities to help ensure that these and resulting outcomes are achieved. Enhancements continue to be made to the Council's risk management framework, where deemed necessary and appropriate to do so. As part of the enhancements made in 2023/24, the Council reviewed and enhanced the Risk Management Strategy, which now provides a more robust framework for managing risks, and includes the Council's risk appetite statement. A number of new risks were also incorporated into the Strategic Risk Register in 2024, including risks relating to climate change.

2.4.24 Developing Capacity

The Council has operated procedures during the period covered by this statement to ensure the training needs of staff are assessed against core competencies and any key training needs are met. Additionally, the Council has provided and makes available ongoing training opportunities to Councillors to enable them to effectively fulfil their duties.

2.4.25 Engagement

Regular consultation is also undertaken with residents to ensure that the council makes decisions based on resident requirements and feedback regarding general provision and quality of service.

3. Significant Governance Issues

The CIPFA/SOLACE Governance Framework identifies the following as issues that constitute significant governance issues:

- the issue has seriously prejudiced or prevented achievement of a principal objective,
- the issue has resulted in a need to seek additional funding to allow it to be resolved,

- the issue has resulted in significant diversion of resources from another aspect of the business,
- the issue has led to a material impact on the accounts,
- the Audit Committee, or equivalent, has advised that it should be considered significant for this purpose; or
- the Head of Internal Audit has reported on it as significant in the annual opinion on the internal control environment.

During 2023/24, no significant governance issues were identified.

It is worth noting that as part of the external audit of the Council's 2022/23 statement of accounts, the report from the external auditor on value for money found no significant weaknesses in the Council's value for money arrangements and identified a number of improvement recommendations. All of the recommendations have been accepted and/or implemented.

Although no significant governance issues have been identified, the following improvement actions have been identified as a result of the annual review of governance to further enhance our governance arrangements:

Table 1

Improvement area 2024/25	Owner
Better use of the Member Hub to ensure that Members are regularly kept up to date with developments and have easy access to necessary documents stored in one central place.	Deputy Director Democratic Services
Quarterly monitoring and reporting of reports (to Council) that are submitted after the given deadline.	Deputy Director Democratic Services
To further enhance our approach to risk management by assigning clear roles and responsibilities for the implementation of mitigating actions, scrutinising mitigating actions to ensure they have had the anticipated impact, and transparently reporting on where mitigating actions have been both successful and unsuccessful.	Deputy Director Organisational Assurance & Resilience
Development of a programme of coaching, mentoring and leadership development with a focus on EDI to support the EDI strategy.	Director of Human Resources & Organisational Development/Learning & Development Manager
Embed new performance framework and balanced scorecard approach at corporate and directorate level.	Director of Communications, Insight & Innovation

4. **Conclusion and Evaluation**

As Leader and Chief Executive, we have been advised of the implications of the results of the review of the effectiveness of the Council's governance framework. Our overall assessment is that this Annual Governance Statement is a balanced reflection of the governance environment and that an adequate framework exists within Brent Council to ensure effective internal control is maintained. We are also satisfied that there are appropriate plans in place to address any weaknesses and ensure continuous improvement in the system of internal control.

Signed:

.....
Cllr Muhammed Butt
Leader of the Council

.....
Kim Wright
Chief Executive

Date:
.....

.....

Appendix B: LOCAL CODE OF CORPORATE GOVERNANCE

INTRODUCTION

Each local authority operates through a governance framework. The governance framework is an interrelated system that brings together an underlying set of legislative requirements, standards of behaviour, and management processes.

Good governance means that the way a local authority operates is based on sound and transparent decision making with an effective process to support this; acting in the public interest at all times.

This Code sets out the Council's governance framework. It is based on Guidance issued by the Chartered Institute of Public Finance and Accountancy ('CIPFA') and the Society of Local Authority Chief Executives ('SOLACE') guidance entitled Delivering Good Governance in Local Government Framework 2016 Edition.

There are seven core principles and further supporting principles identified by CIPFA/SOLACE which underpin and inform the way in which a local authority should perform its services and other functions. These principles inform the Council's governance framework, the Local Code of Corporate Governance and the standards by which the Council is audited.

The principles and standards set out below in this Code reflect those set out by the current CIPFA/SOLACE Guidance.

1. **BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW**

The Constitution sets out how the council operates, how decisions are made and the policies which are followed to ensure that these are efficient, transparent and accountable to local people. The Constitution comprises six parts which set out the basic rules for governing the council's business, as well as detailed procedures and codes of practice.

The Constitution is regularly reviewed. The Constitution sets out the responsibilities of both members and officers. In particular the council has identified the following six statutory posts:

Legislation	Statutory Post	Officer
S4 Local Government and Housing Act 1989	Head of Paid Service	Chief Executive
Section 151 Local Government Act 1972	Section 151	Corporate Director of Finance and Resources
S5 Local Government and Housing Act 1989	Monitoring Officer	Corporate Director of Law & Governance
S18 Children Act 2004	Director of Children's Services	Corporate Director Children and Young People

S6 Local Authority Social Services Act 1972	Director of Adult Social Services	Director Adult Social Care
Health and Director of Public Health Social Care Act 2012	Health and Director of Public Health Social Care	Director of Public Health

- A Scheme of Delegation sets out the powers delegated to officers as part of the Constitution. The Financial Regulations are also part of the Constitution, together with this Code of Corporate Governance and the Contract Standing Orders. The Constitution is reviewed regularly, with all changes (other than minor variations which may be made by the Monitoring Officer) approved by the Council and published on the external website.
- The Members' Code of Conduct is set out in the Constitution, together with other codes. These are kept under review and updated if necessary. The council has an Audit and Standards Committee and an Audit and Standards Advisory Committee to deal with member conduct issues and these Committees are politically balanced and consist of five members and, in respect of the latter, independent or co-opted members too. Independent Persons have also been appointed in accordance with the Localism Act 2011 and have an important role to play in respect of specific complaints. The standards remit of these Committees is supported by the Monitoring Officer. There is a register of member interests and gifts and hospitality.
- All councillors receive training on the requirements of the Members' Code of Conduct and related issues. Monitoring Officer Advice Notes give advice to members on decision making and standards of conduct.
- All staff, in particular managers, are responsible for ensuring that laws and regulations are complied with and that the authority's policies are implemented in practice. Corporate Directors, Directors and Heads of Service are responsible for monitoring implementation of the council's policies.
- The Council has a number of key governance related policies. Officers are made aware of their responsibilities through general communications, such as Weekly Round Up, manager briefings, staff events and via the induction process.

2. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

- The Neighbourhoods and Regeneration Directorate is responsible for supporting some statutory local partnership arrangements (i.e. the Health and Wellbeing Board, Safeguarding Adults Board and Children's Trust) and some non statutory partnerships such as Partners for Brent. The Strategic Partnerships Team co-ordinates a broad range of collaborative activities, which stem from the Council's engagement with local public, private and voluntary sector organisations.
- An overarching collaborative space or strong "Team Brent" identity is being initiated related to the new Change programme described in paragraph 5 below. To build on the Council's role as a convenor for the place, a partnership event will be held focused on sharing a collective assessment of the "state of the borough" with organisations contributing to a longer-term vision for Brent as a whole, for the local economy and for positive outcomes across employment, skills, health and

wellbeing for local people. This will provide a space to agree how partners can all work together as “anchors” in Brent as well as explore the concept and practice of community power.

- This will culminate in a more formal strategic partnership arrangement to facilitate wider involvement and engagement in the delivery and of public services across the borough and the concept of greater community power.
- At a Department level, the objectives of partnerships are documented in the Service Plans and within contract documentation. They are then reflected in staff's individual objectives.
- Commitments to deliver against our responsibilities in relation to equity and diversity feature strongly in the Council's Borough Plan. Regard to equity, diversity and human rights duties is embedded in the budget setting and business planning process, and templates for each require that officers and members take into consideration in an appropriate manner the equity, diversity and human rights impacts of proposed decisions. The Council's approach is to embed equity and diversity within all of its work so that equity considerations are part of day-to-day management. During 2024 a new officer board, the Equity, Diversity and Inclusion (EDI) Board has been established to oversee the council's EDI related activities and to ensure progress is being made.

3. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL AND ENVIRONMENTAL BENEFITS

- The Council has a Borough Plan for the period of 2023-2027 agreed by the Cabinet and Full Council. This document includes the corporate objectives of the Council and our shared partnerships priorities with other public agencies. Key performance indicators which relate to the priorities in the plan are monitored on a quarterly basis and reported to CMT and the Cabinet. The Borough Plan references other key relevant documents, including the following:
 - Health and Wellbeing Strategy;
 - Equality Strategy;
 - Climate and Ecological Emergency Strategy;
 - the Black Community Action Plan, and
 - the Poverty Commission Delivery Plan
- The priorities of the Borough Plan are regularly set out in The Brent Magazine, its website, press releases and targeted campaigns. Service priorities are extensively consulted on with users and other relevant stakeholders. Directorate Service Plans are discussed annually with Lead Members prior to finalisation.

4. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

- We are seeking to build on the successes achieved to-date in transforming the Council and the Borough while developing a much sharper focus on services designed around the individual and creating better outcomes for those residents with complex circumstances. We are directing our resources towards priorities which will have a more significant impact in improving local people's opportunities and life chances. Our approach is intended to facilitate much closer cross council and inter-agency working on common themes and address the big issues affecting the future of the borough. A programme of activity is in place to support delivery

of this vision with reports on progress provided regularly to CMT and elected councillors.

- The Cabinet consider risks as part of their decision making role on corporate policies, including the annual budget setting processes, major policy decisions and major projects. The Corporate Management Team review corporate risks through regular monitoring reports. Risks are identified within Service Plans and considered on a regular basis within Directorate management teams and key operational risks are reported through to the Corporate Management Team.

5. DEVELOPING THE ENTITY'S CAPACITY, INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

- A full member learning and development programme is in place and there is a comprehensive induction programme for all councillors within the first few weeks of their election to office. Training on the Council's Code of Conduct for Councillors is compulsory. The council has adopted specific codes of conduct for councillors involved in planning or licensing decision-making and these councillors receive additional training in these areas as a pre-condition of their participation. A bespoke annual learning and development programme is provided for Councillors appointed as Members or Substitutes on the Scrutiny, Planning and Licensing committees.
- There is a corporate induction programme in place for staff, which is largely e-learning based, and one for new managers, supplemented by various internal training courses. Within the New Manager Essential Programme the key objectives are for delegates to understand the roles and responsibilities (core standards and expectations) of the Brent Manager and the Management competencies. Key information and policies are highlighted to new staff and managers and held on the intranet.
- A Strategic change programme has recently been adopted, designed to harness our strengths, focus our ambitions, and ensure that as an organisation we improve and evolve to tackle current and emerging challenges in meeting the needs of our local communities. The Change Programme is about the key cross-cutting enablers that form the building blocks of an effective organisation and will drive our operating model in the future. And at the heart, it is about how we will do things going forward, with a focus on developing a culture that enables us to work much more collaboratively with each other, with partners, and, crucially, with our residents, establishing a real sense of place. The change programme is organised into the following eight workstreams:
 - Organisational culture and workforce strategy
 - Strategic Partnerships
 - Community power and resilience
 - Place making
 - Strategic Commissioning and capacity building
 - Digital and Data
 - Property and assets
 - Customer Access

6. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

- Decision making arrangements are set out in the Constitution. The Council operates a Leader and Cabinet model of decision making. Although some decisions are reserved for Full Council, most are made by the Cabinet, individual cabinet members or by committees, sub-committees or officers.
- All forthcoming Key decisions by Cabinet are published in the Council's Forward plan and published every month on the Council's website.
- Reports and minutes of meetings are also published on the council's website and are available through the Libraries. This includes urgent decisions, which are reported to the next formal meeting of Cabinet.
- The council has an Audit and Standards Advisory Committee which meets approximately 6 times during the year, and considers the findings of the council's annual governance review and recommends approval of the Annual Governance Statement by the Audit and Standards Committee in advance of approval of the annual statement of account. It also advises on member standards issues.
- The Audit and Standards Advisory Committee, has been established to enhance the effectiveness of the Audit and Standards Committee, with clear terms of reference and an annual work programme to consider and advise on internal audit and risk management. This enables the independent Members to be equal voting members of the committee.
- The Audit and Standards Committee meets at least twice a year to approve the Annual Governance Statement and the annual statement of accounts.
- The Council maintains an Internal Audit service that operates in accordance with the published internal audit standards expected of a local authority in the United Kingdom. The Head of Internal Audit (now the Deputy Director, Organisational Assurance and Resilience) has direct access to the Chief Executive, the Section 151 Officer, the Chair of the Audit and Standards Committee and the Chair of the Audit and Standards Advisory Committee.
- The council has established a counter fraud team to ensure a systematic, disciplined approach to investigation, evaluating and improving the effectiveness of fraud prevention and detection and the subsequent prosecution of individuals and organisations where appropriate.
- Robust business continuity management arrangements exist within the council, with all critical services having business continuity plans in place.
- The Council has a three year Medium Term Financial Strategy, which is reviewed and updated annually as part of the budget setting process to support the achievement of the council's corporate priorities. The budget and policy framework outlines the process and timetable to be followed each year when setting the council's budget. The financial management framework includes

regular budget monitoring reports to directorate management teams, Corporate Management Team and Cabinet.

7. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

- The statutory Forward Plan is published monthly on the internet, and details all key decisions proposed to be made by the council during the relevant period. Any key decision which is not on the Forward Plan may not be taken within that period, unless the report author is able to demonstrate to the Monitoring Officer and relevant members that urgency procedure requirements are met and, where required under Standing Orders, appropriate agreement of the Chief Executive or the relevant Chair of Scrutiny is obtained. All urgent decisions taken are monitored by the Monitoring Officer and regular reports taken to Full Council.
- Members are required to make sound decisions based on written reports which are prepared in accordance with the report writing guide and have to be cleared by both Finance and Legal. The Cabinet receives a briefing concerning the most important up-coming decisions at the Policy Co-ordination Group, (which is the Cabinet's regular meeting with the Corporate Management Team, and members can ask detailed technical questions of officers about those issues and other matters due to be determined by Cabinet. All reports must be reviewed and signed-off by or on behalf of the Corporate Director of Finance and Resources and the Corporate Director of Law & Governance and contain clear financial and legal advice to help members arrive at decisions.
- In accordance with the Local Government Act 2000, the Council has mechanisms in place to allow the effective, independent and rigorous examination of the proposals and decisions by the Cabinet. These mechanisms involve the Scrutiny process including call-in. The conduct of the Council's business is governed by the Constitution, which includes Standing Orders and Financial Regulations.
- All members and chief officers are required to complete an annual statement relating to third party transactions and a register of members' interests, which is updated by members, is maintained and published on the Council's website.
- The Brent Council Code of Conduct for Members, revised in 2022, defines the standards of conduct expected of elected representatives, based on the principles of selflessness, integrity, objectivity, accountability, openness, honesty and leadership.
- In addition, the following codes, protocols and systems are well established within the council. All are regularly reviewed and updated to account for developments in governance arrangements and changes in local government.

These include:

- A declaration of interest process for members and senior officers as described above;
- Rules and protocols are in place and are being further developed for all partnership working;
- Organisation-wide performance appraisal and employee development schemes are in operation;

- There is a corporate complaints procedure in place in line with Ombudsman good practice requirements;
- Whistle-blowing, anti-fraud and anti-corruption / bribery policies are in place and publicised in compliance with the national transparency agenda; senior officers' remuneration is published on the council website.

ANNUAL REVIEW AND REPORTING

Each year the council will carry out a review of the governance arrangements measured against this Code and the principles set out in the CIPFA/SOLACE Framework to ensure compliance with this Code, and the delivery of good governance within the local government framework and current good practice. The purpose of the review will be to provide assurance that governance arrangements are good and operating effectively and to identify any action required to improve effective governance in the future.

The outcome of the review will take the form of an Annual Governance Statement prepared on behalf of the Leader of the Council and the Chief Executive in accordance with the timetable for the preparation of the annual accounts. The findings of the review will be considered by the officers who make up the council's Assurance Board (the Chief Executive, the Monitoring Officer, the s151 officer and the head of internal audit) and the Corporate Management Team and then submitted to the Audit and Standards Advisory Committee and then the Audit and Standards Committee for consideration in accordance with the Audit and Accounts Regulations 2015. This requires findings of the review of the system of internal control to be considered by a committee, or by members of the council meeting as whole and that the Annual Governance Statement be approved by resolution of a committee, or members of the council meeting as a whole in advance of approving the statement of accounts.

The Governance Framework consists of a range of documents, policies and procedures developed, maintained and promoted by a number of different Directorates which are published and promoted to members, officers and others by publication on the council's website.

This Code will be reviewed annually and when any new CIPFA/SOLACE guidance is issued.

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Brent Council

Audit progress report and sector updates

June 2024



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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 the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

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

The paper also includes a series of sector updates in respect of these emerging issues which the Committee may wish to consider. Members of the Audit and Standards Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications:

<https://www.grantthornton.co.uk/industries/public-sector/local-government/>

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

Progress at June 2024

Financial statements audit

We undertook our initial planning for the 2023-24 audit in November 2023 to January 2024.

Our initial planning included:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Understanding how the Council makes material estimates for the financial statements

Early work on emerging accounting and auditing issues

Determining planning materiality and significant risks

February 2024 we issued a detailed audit plan, setting out our proposed approach to the audit of the Council's 2023-24 financial statements. In finalising our planning and risk assessment procedures we have not identified any additional risks for the 2023-24 financial statements audit and the audit plan issued in February 2024 remains final.

We will commence work on the final audit of your financial statements for 2023-24 from the week commencing 24 June 2024. Our work will be reported in the Audit Findings Report, and we will aim to give our opinion on the Statement of Accounts by 30 September 2024. There are no matters to report as of the date of this report.

The deadline for publishing audited local authority accounts has been 30 September from 2022-23 onwards.

Value for Money

Under the 2020 Code of Audit Practice, for local government bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

The National Audit Office (NAO) have issued Auditor Guidance Note 3 (AGN 03) in relation to Auditors' Work on Value for Money (VFM) Arrangements for 2023-24 audits.

The ongoing delays in local audit continue to significantly impact audited bodies and the financial reporting and auditing process and may therefore affect the timing of when the work on VFM arrangements set out in AGN03 is performed and reported.

The guidance states that the auditor should perform the procedures required as part of their work on VFM arrangements under AGN 03 and issue their Auditor's Annual Report when their work is complete.

The Auditor's Annual Report should be issued no more than three months after the date of the opinion on the financial statements for all local government bodies.

The VFM planning work will commence in late June with delivery timescales to be agreed with management at the mobilisation stage.

Audit deliverables

Below are some of the audit deliverables planned for 2023-24.

2023-24 Deliverables	Planned date	Status
<p>Council Audit Plan</p> <p>We are required to issue a detailed audit plan to the Audit and Standards Committee setting out our proposed approach in order to give an opinion on the Council's 2023-24 financial statements.</p>	February 2024	Complete
<p>Council Audit Findings Report</p> <p>The Council's Audit Findings Report will be reported to the Audit and Standards Committee.</p>	September 2024	Not yet due
<p>Council Auditor's Report</p> <p>This includes the opinion on your financial statements.</p>	September 2024	Not yet due
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Council's Value for Money arrangements.</p>	September 2024	Not yet due
<p>Pension Fund Audit Plan</p> <p>We are required to issue a detailed audit plan to the Audit and Standards Committee setting out our proposed approach in order to give an opinion on the Pension Fund's 2023-24 financial statements.</p>	September 2024	Not yet due
<p>Pension Fund Audit Findings Report</p> <p>The Pension Fund Audit Findings Report will be reported to the Audit and Standards Committee.</p>	September 2024	Not yet due

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period. However, our expectations is to complete all necessary work by 31/12/2024.

Audit deliverables – grants

2023-24 Audit related deliverables	Planned date	Status
Teachers Pensions Scheme		
- Certification 2021-22	June 2024	In progress
- Certification 2022-23	July 2024	In progress
- Certification 2023-24	November 2024	Not started
Page 456 This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform.		
Housing Benefit Subsidy		
- Certification 2022-23	July 2024	In progress
- Certification 2023-24	December 2024	Not started
This is the report we submit to Department of Work and Pensions based upon the mandated agreed upon procedures we are required to perform.		
Pooling of housing capital receipts		
- Certification 2023-24	February 2025	Not started
This is the report we submit to the Department for Levelling Up, Housing and Communities (“DLUHC”). based upon the mandated agreed upon procedures we are required to perform.		

*The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

Sector updates

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

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

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

- [Grant Thornton publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

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

Public Sector

Local
government

Audit backstop – update

As we have previously updated, the Government consulted in February 2024 on a proposal to introduce a series of statutory backstops to bring the local audit system back on track. The proposals also included a series of updates to the NAO’s Code of Audit Practice.

Our understanding was that the necessary regulations to enact the backstop legislation were due to be laid before Parliament prior to summer recess in July 2024. This would have enabled the legislative framework which would have enabled the 30 September 2024 backstop to be implemented.

The calling of a General Election on 4 July 2024 puts this timetable in considerable doubt. The elected Government will have to decide if it wants to implement the backstop solution and, if so, determine the timetable by which it happens. In the meantime, we will continue with the timeframe for your 2023-24 audit as outlined in the Audit Plan, aiming to complete our work by the end of September 2024.

Audit sign-offs update

As at the end of May 2024, we (Grant Thornton) have signed 136 2022-23 audits, representing 65% of our local government audited bodies. We envisage achieving a 75% sign-off rate by the end of September. This compares with a 7% sign-off rate for other firms at the end of May 2024 (18 audits). If the backstop is extended to the end of this calendar year, we envisage our completion figure to be an 80% completion rate.

We signed off 81% of our 2021-22 audits by the end of May 2024. We envisage achieving an 85% sign-off rate by the end of September 2024. Other firms signed off 48% of 2021-22 audits by the end of May 2024.

Audit year	Grant Thornton audits signed - May 2024	Forecast Grant Thornton audits to be signed - Sept 2024	Other firm audits signed
2022-23	65%	75%	7%
2021-22	81%	85%	48%
2020-21	92%	92%	81%

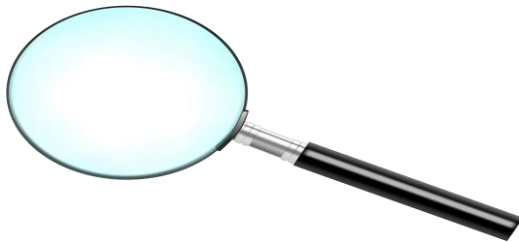
Change of external auditor – how to get the best out of new arrangements

With 2023-24 being the first year of a new five-year PSAA contract for external audit, and the year-end (31 March 2024) having just passed, many local authorities will now be starting to work closely with a new incoming external auditor. Audit delays from the past mean that for some local authorities this will be the first close experience of working with an external auditor for several years.

When it works well external audit can provide management with valuable insight and, at the same time, demonstrate to the public that there has been proper use of, and accounting for, public money. To get the best out of this year's audit many local authorities will need to take effective steps to close-down the prior year backlog whilst simultaneously ensuring a smooth transition between different external auditors.

A recent Local Government Association “Must know” guide on working with auditors may help with navigating the unique challenges that this year's audit cycle poses. The guide provides an oversight of internal and external audit functions and outlines what to expect from external audit, and when to expect it.

For the full guide, see [Must know guide: Working with auditors | Local Government Association](#).



Working well with a new external auditor

- **Understand the respective responsibilities of the Local Authority and the external auditor.**
- **Be open to early meetings between senior executives and the new external auditor.**
- **Understand that outgoing and incoming external auditors will need time to confer.**
- **Introduce the Head of Internal Audit.**
- **Facilitate introductions for the Audit Committee.**
- **Share the timetable and be clear about how timetable risk will be managed.**
- **Provide a named single point of contact and appropriate supporting resources.**
- **Provide early information around any new projects, including commercial projects.**
- **Provide appropriate access to IT systems and records.**
- **Respond promptly to requests for information.**
- **Ensure that all relevant staff affected by the external audit process understand what to expect and why it is important.**

Local government elections – what do they mean for audit committees?

With the 2 May 2024 local government elections having seen changes at many of the 107 local authorities that took part, for many local authorities it is now time to agree audit committee membership at the start of a new municipal year.

Whilst newly elected administrations will inevitably want to focus on new strategic vision and ‘fixing things’, it will be important to remember to continue to ‘defend things’ and protect the underlying mechanics of effective government as well.

The audit committee is one of the key lines of defence for a local authority. Its members oversee governance, risk management, internal and external audit, anti-fraud arrangements, financial reporting and statutory duties.

Following the local elections there may be changes to appointments to the audit committee. Experience shows that committees are more effective when: appointments are non-political; cover a range of relevant skills and experience (including financial expertise); and include at least one independent, co-opted member. Having two independent co-opted members is generally considered best practice.

Once appointed, the new audit committee will need to build relationships with internal audit, external audit, and senior management. It may also want to review its terms of reference. Training needs of new audit committee members will also need to be identified and training provide.

Annual reviews of audit committee effectiveness are common, but for the early days, new committees may wish to make use of the Local Government Association’s April 2024 ‘Ten Questions’ to make sure they start by steering on the right path.

For a full copy of the Local Government Association’s guide, see [Ten questions for audit committees](#)

Ten questions for a newly formed Audit Committee

- **How can we be an effective Audit Committee?**
- **What might we miss as an Audit Committee?**
- **How will we get assurance for ourselves and others regarding governance, risk management, internal control, and the accuracy of financial reporting?**
- **What is management doing to ensure there is an effective culture?**
- **How does management support and promote the role of audit (internal and external)?**
- **How will management provide us with practical support?**
- **What is internal audit’s role, scope, and mandate? How should internal audit be resourced?**
- **How does internal audit set its audit plan? Is internal audit providing assurance around business-critical risks?**
- **How do we know we have an effective internal audit function?**
- **How should internal and external auditors work together to complement each other?**
- **What are the 2-3 things we should be most worried about?**

LGA Improvement and Assurance Framework

On 24 May 2024 the Local Government Association (LGA) published an Improvement and Assurance Framework which is applicable to unitary, county, district and borough councils in England, and to English authorities with all types of governance system.

There has not previously been a document or framework which sets out, in one place, the various required components of local government assurance, how they all fit together, how to use them effectively and what improvement support is available to help. This framework aims to:

support councils to understand how to use the components within the framework and how they fit together;

increase the effectiveness of assurance in the sector. While it cannot itself prevent failures, its use may reduce the risk – and costs – of statutory or non-statutory intervention, whether by Oflog, central government or other regulators; and

- make it easier for local residents and businesses to understand how to hold their local authority to account.

The framework includes content on:

- A definition of assurance.
- How does accountability work?
- Components of the improvement and assurance framework.
- Working with auditors.
- Guidance on taking a structured and robust approach to considering commercial activity.

- Guidance for officers in key statutory roles and for key committees including the Audit Committee.
- How does the council hold itself to account?
- Key principles of good assurance and accountability.

The framework can be accessed here:

<https://www.local.gov.uk/publications/improvement-and-assurance-framework-local-government-0>



The State of the Locals

In April, shortly before the recent local government elections, a 'State of the Locals' report found that public trust in government at all levels is falling, but that public trust in local councillors and the local authorities they run is still almost twice as strong as public trust in the national UK government.

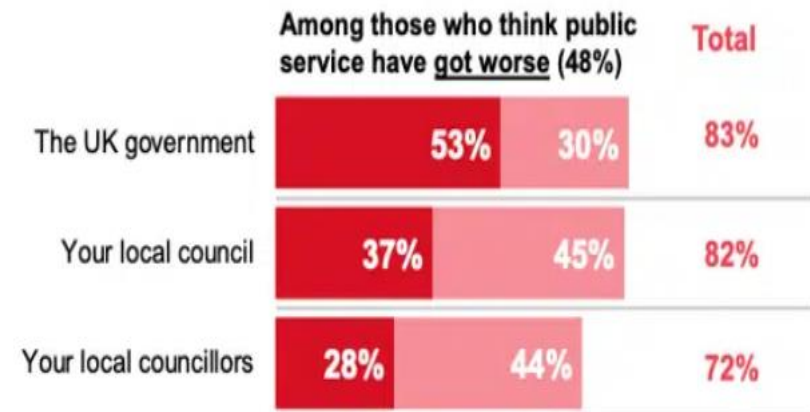
The report, published by the Local Government Information Unit (LGIU), found that the public do recognise the role that local authorities and their members play and do credit them when things go well. However, the report also found that the public believe services have got worse over the last five years overall; believe local authorities play a significant role in this (although not as great a role as national government); and do not always understand what local authorities do.

For new members joining local government for the first time and for the more experienced members starting or continuing their term, it's worth reflecting on LGIU findings. From the surveys that LGIU carried out, detailed findings show that people feel residents should be included more within decision-making processes; but there remains a low level of public awareness about what local government does.

This may be a good time to revisit communications strategies. Educating the public about the role and functions of local government, as well as the outcomes that members are actually able to achieve, might not only protect trust at its current level above national government, but also pave the way for a stronger level of trust overall in the future.

For a full copy of the LGIU report, see [The State of the Locals 2024 - LGIU](#)

State of the Locals extract: Who do the public think are responsible?



Productivity plans – new guidelines revealed and a note of caution

On 16 April 2024, Local Government Minister Simon Hoare wrote to all Local authority chief executives, asking them to formally begin compiling their productivity plans. Key things for members to be aware of are:

- There is no formal template and there are no specific metrics to report;
- Four categories are proposed for consideration. These surround: resources; technology; reducing wasteful spend; and the barriers preventing progress;
- Metrics and performance indicators are expected to be included in the plans, but local authorities can decide for themselves which ones are relevant to include;
- Plans should be three to four pages long and need to be returned to DLUHC by 19 July 2024, with members having endorsed them first; and
- For transparency, plans should then be published on the local authority's website, so that residents can see them and, over time, monitor progress.

Whilst this may feel like additional burden, there will presumably be scope for using key performance indicator metrics already available.

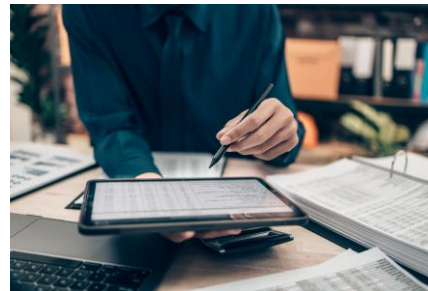
The current intention of government is not to use Productivity Plans for rating or scoring or for league tables, but rather to inform policy considerations in the future. However, most councils will remember that the Times recently used Office for Local Government data to compile and publish its own league table, so far without any redress from national government.

For Productivity Plan metrics, as for any other performance indicators, it will be important to be clear about what drives the metrics. Whether for a three-to-four-page productivity plan or for any other domain, simply obtaining data isn't enough. Understanding the data, explaining it to residents, and acting on it is ultimately what matters most.

For recent comments from the Local Government Lawyer on Simon Hoare's letter to Chief Executives and on the Times's league table see:

[Government reveals guidelines for new council 'productivity plans'](https://www.localgovernmentlawyer.co.uk/government-reveals-guidelines-for-new-council-productivity-plans/) ([localgovernmentlawyer.co.uk](https://www.localgovernmentlawyer.co.uk))

[Councils cry foul after Oflog data used for Times article on 'worst-performing councils'](https://www.localgovernmentlawyer.co.uk/councils-cry-foul-after-oflog-data-used-for-times-article-on-worst-performing-councils/) ([localgovernmentlawyer.co.uk](https://www.localgovernmentlawyer.co.uk))



Housing and homelessness – continuing crisis and a new reform

The Levelling-Up, Housing and Communities (LUHC) Committee published a report on the finances and sustainability of the social housing sector on 29 April 2024, arguing that the Government needs to deliver 90,000 more social homes for rent each year to alleviate the ‘continuing chronic shortage’ of social housing.

Just one day later, latest quarterly statistics on statutory homelessness and households in temporary accommodation were released. They made for sobering reading when compared with equivalent quarterly statistics from the previous year, underlining the real affect that our shortage of housing is having:

- 4.8% increase in overall initial assessments for homelessness year on year;
- 15.8% increase in households owed a relief duty this year compared to last;
- 15.3% increase in households owed a main homelessness duty;
- 12.1% increase in households in temporary accommodation; and
- 15% increase in households with children in temporary accommodation.

For short term responses to homelessness, the February 2024 announcement that the Government would top up local authority homelessness prevention grants by £109m will doubtless be helpful, as perhaps could be some certainty around the future of no-fault eviction laws. For a long-term solution, addressing the supply of housing stock itself may still the best means of addressing the root cause of homelessness issues.

A new reform came into effect on the same day that homelessness statistics were published. Since 30 April, local authorities have been empowered to buy land for development through using Compulsory Purchase Orders without paying inflated ‘hope value’ costs. ‘Hope value’ estimates the cost land could be worth if it was developed on in the future, often meaning that local authorities have been forced to pay potentially thousands more to buy the land they need for housing and/or have become entrenched in protracted disputes.

Housing and homelessness are complex areas and there is unlikely to be any quick fix solution. The new reform may help stimulate the building activity needed to address at least one part of the problem though, and in this respect is likely to be welcome.

For a full copy of the LUHC Committee report, see

[The Finances and Sustainability of the Social Housing Sector \(parliament.uk\)](https://www.parliament.uk/publications/2024/01/levelling-up-housing-and-communities-committee-report-on-the-finances-and-sustainability-of-the-social-housing-sector)

For the latest statistics on homelessness and households in temporary accommodation, see [Statutory homelessness in England: October to December 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/statistics/statutory-homelessness-in-england-october-to-december-2023)

For details of the new reform around hope values, see [New powers for councils to help build more affordable homes - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/new-powers-for-councils-to-help-build-more-affordable-homes)

Design for life – the smart regeneration journey to 2030

Leading think tank Localis published an analysis of local regeneration policy on 8 May 2024, making a series of recommendations to national government around how best to develop the public realm over the rest of this decade.

Localis highlighted that local regeneration projects, particularly in urban areas, are key to addressing the national housing crisis; national net zero targets; and national health aspirations.

Recommendations that the report called on national government to implement included:

- Return to strategic regional planning;
- Establish regional planning offices;
- Provide single revenue and capital budgets to local authorities instead of splitting the budgets;
- Stop loosening regulation over council asset sales;
- Mandate that local and regional development plans will include carbon assessments and promote urban sites;
- Provide long term financial settlements, to reduce fiscal uncertainty and encourage public-private partnership; and
- For health and wellbeing aspects of regeneration, base additional funding on demographic profiles.

Localis described local authorities as “the hinge around which regeneration actors revolve.” Whilst their recommendations would require changes in national policy, there are best practice questions that Local Authorities can be asking themselves now:

- Is our planning department properly financed?
- Are our regeneration goals sufficiently balanced across housing, carbon and community health needs?
- Do we have effective ongoing relationships with partners so that we can leverage short term funds quickly when they do become available?
- Can we scale up capacity for regeneration by pooling leverage with local NHS bodies, the third sector and community organisations?

For a full copy of the Localis report, see <https://www.localis.org.uk/research/design-life-smart-regeneration-journey-2030/>



Simpler Recycling – new rules

The Department for Environment, Food and Rural Affairs (DEFRA) announced on 9 May 2024 that simpler recycling rules are going to be introduced. Local authorities are likely to be required to comply by 2026. The new rules aim to simplify recycling processes and boost recycling rates, although they have met with significant criticism.

To be ready for compliance with the new rules, local authorities need to prepare for:

Standardisation – All local authorities in England will be required to collect a consistent set of recyclable materials: plastics; glass; metals; paper and card; and food waste. The intention is to remove uncertainty and variation around the country about what can and cannot be recycled.

- A three-bin arrangement – ‘Dry recycling’ items such as cardboard and paper, tins and glass will be collected in one bin. Organic waste (food and garden) will be collected in a second bin. Residual (non-recyclable) waste will be collected in a third.
- Weekly and fortnightly requirements – Food waste collection will be required weekly. Local authorities will be required to collect residual waste on a fortnightly basis, even if at present they have already successfully transitioned to a three-weekly cycle.

Critics have pointed out that mixed dry recycling may contaminate paper and lead to less of it being recycled; whilst the move away from three-weekly residual waste collection in favour of a fortnightly residual waste collection is likely to reduce recycling overall. Nevertheless, the reform has been passed and local authorities will need to be ready. Important steps to take now are:

- Review and update your Council’s Waste Management Strategy;
- Engage with finance business partners to ensure that activity will be accurately recorded and, in turn, translated to relevant new funding claims;
- Explore whether the changes in themselves generate new income opportunities; and
- Assess the readiness of contract delivery partners.

For DEFRA’s comments on the reform, see [Simpler bin collections for England to boost recycling - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/simpler-bin-collections-for-england-to-boost-recycling)



Audit committee resources

The Audit Committee and organisational effectiveness in local authorities (CIPFA):

<https://www.cipfa.org/services/support-for-audit-committees/local-authority-audit-committees>

LGA Regional Audit Forums for Audit Committee Chairs

These are convened at least three times a year and are supported by the LGA. The forums provide an opportunity to share good practice, discuss common issues and offer training on key topics. Forums are organised by a lead authority in each region. Please email ami.beeton@local.gov.uk LGA Senior Adviser, for more information.

Public Sector Internal Audit Standards

<https://www.gov.uk/government/publications/public-sector-internal-audit-standards>

Code of Audit Practice for local auditors (NAO):

<https://www.nao.org.uk/code-audit-practice/>

Governance risk and resilience framework: material for those with a leadership responsibility on good governance (CfGS):

<https://www.cfgs.org.uk/material-for-those-with-a-leadership-responsibility-on-good-governance/>

The Three Lines of Defence Model (IAA)

<https://www.theiia.org/globalassets/documents/resources/the-iias-three-lines-model-an-update-of-the-three-lines-of-defense-july-2020/three-lines-model-updated-english.pdf>

Risk Management Guidance / The Orange Book (UK Government):

<https://www.gov.uk/government/publications/orange-book>

CIPFA Guidance and Codes

The following all have a charge, so do make enquiries to determine if copies are available within your organisation.

Audit Committees: Practical Guidance For Local Authorities And Police

<https://www.cipfa.org/policy-and-guidance/publications/a/audit-committees-practical-guidance-for-local-authorities-and-police-2022-edition>

Delivering Good Governance in Local Government

<https://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

Financial Management Code

<https://www.cipfa.org/fmcode>

Prudential Code

<https://www.cipfa.org/policy-and-guidance/publications/t/the-prudential-code-for-capital-finance-in-local-authorities-2021-edition>

Treasury Management Code

<https://www.cipfa.org/policy-and-guidance/publications/t/treasury-management-in-the-public-services-code-of-practice-and-crosssectoral-guidance-notes-2021-edition>



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	A	E	F	G	H	I	J
1	A&SAC FORWARD PLAN / WORK PROGRAMME / UPCOMING AGENDA 2024/25						
2	Topic / Date	12-Jun-24	24-Jul-24	25-Sep-24	04-Dec-24	04-Feb-25	25-Mar-25
3	Internal Audit & Investigations						
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	External Audit						
9	External Audit progress report		X	X	X	X	X
10	Statement of Accounts & Pension Fund Accounts		X	X			
11	Draft External Audit Plan 2024-25	X				X	
12	Annual Auditor's Report			X		X	
13	Financial Reporting						
14	Treasury Management Mid-term Report				X		
15	Treasury Management Strategy				X		
16	Statement of Accounts & Pension Fund Accounts	X	X*	X*			
17	Inquiries of Management and those charged with governance	X					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	Governance						
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	Risk Management						
26	Strategic Risk Register Update			X			X
27	Emergency Preparedness		X			X	
28	Audit Committee Effectiveness						
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	Standards Matters						
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	Committee Development						
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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