



Audit and Standards Advisory Committee

Wednesday 25 September 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 T Smith

Councillors:

Kansagra and Maurice

Independent Co-opted Members

Rhys Jarvis and Stephen Ross

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Tel: 020 8937 3287; Email: harry.ellis@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 & Action Log	
4.1 To approve the minutes of the previous meeting held on Wednesday 24 July 2024 as a correct record.	1 - 12
4.2 To note the updated log of actions arising from previous meetings of the Committee.	13 - 16
5 Matters arising (if any)	
To consider any matters arising from the minutes of the previous meeting.	
Governance & Effectiveness Items	
6 Report on i4B Holdings Ltd and First Wave Housing Ltd	17 - 52
This report provides the Audit and Standards Advisory Committee with an update on the work of the Housing Companies, i4B Holdings Ltd (i4B) and First Wave Housing (FWH) to deliver against their business plans for 2024-25, which were agreed by the Council as Shareholder of i4B and Guarantor of FWH.	
7 Emergency Planning and Resilience Update - September 2024	53 - 68
This report continues the cycle of regular updates that the Emergency	

Planning team provide for the Audit and Standards Advisory Committee. The report provides the Committee with an update on the work and priorities of the team since the last update in February 2024.

Standards Items

8 Standards Report (including Q1 update on gifts and hospitality) 69 - 78

The purpose of this report is to update the Audit and Standards Advisory Committee on (a) gifts and hospitality registered by Members (b) member training, and (c) a recent complaint concerning breaches of the Member's Code of Conduct which has been upheld against a councillor.

(Agenda republished to include the Standards Q1 Update report on 18 September 2024)

Audit Items

9 Internal Audit Activity Update for Quarters 1 and 2 2024-25 79 - 100

This provides an update on the activity of Internal Audit for Quarters 1 & 2 2024-25.

10 Brent Council & Pension Fund Audit Progress and Sector Update 101 - 126

This report provides the Committee with progress update from Grant Thornton on the delivery and responsibilities they are conducting as the Council's external auditors. The report also provides sector updates and further details on matters relating to audit progress.

11 Audit & Standards Advisory Committee Forward Plan & Work Programme 2024-25 127 - 128

To consider the Audit and Standards Advisory Committees future work programme 2024-25.

12 Exclusion of Press & Public

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

13 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: Thursday 31 October 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 Wednesday 24 July 2024 at 6.00 pm

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

Independent Co-Opted Members: Rhys Jarvis and Stephen Ross.

Also Present: Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance and Resources) and Asad Khan (External Auditors – Grant Thornton)

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

The following apologies were received:

- Councillor Benea, who was substituted by Councillor S Butt
- Darren Armstrong (Deputy Director Organisational Assurance and Resilience, Brent Council)

David Ewart (as Chair) also welcomed Amanda Healy in her new role as a Deputy Director Investment and Infrastructure.

2. **Declarations of Interest**

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

Councillor Kabir declared a personal interest in relation to Item 6 – DSG Deficit Management Plan Update as a Trustee of Compass Learning Partnership and the Chair of Governors at the Village School, both of which were special needs schools.

Independent Co-Opted Member Rhys Jarvis declared he was a Trustee of Multi Academy Trusts although none were operating within Brent.

3. **Deputations (if any)**

There were no deputations considered at the meeting.

4. **Minutes of the previous meeting and Action Log**

RESOLVED that the minutes of the previous meeting held on Thursday 28 March 2024 be approved as a correct record of the meeting, subject to the following amendments:

- Removal of reference within the list of those present at the meeting to David Ewart as a Councillor.
- A correction to page 3, bullet point 6, to the spelling of 'compared' within minute 7: Annual Counter Fraud Report 2023-24.

- A correction to page 4, bullet point 5, to add in the word 'to' before 'Tenancy and Housing' within minute 7: Annual Counter Fraud Report 2023-24.
- A correction to page 7, paragraph 2 of bullet point 3, to change 'response' to 'respond' within minute 8: Internal Audit Annual Report 2023-24.

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

- In relation to the Draft Statement of Accounts 23-24 - the Chair advised the Committee that it was still possible for members to raise queries with officers regarding the accounts prior to their final consideration by the Committee.
- In relation to the Strategic Risk Report – the Committee sought clarification over whether the new government budget update would affect the timetable of the next update coming to Committee. Officers responded that risk registers were being updated on a more regular basis at Darren Armstrong's request and the timeline should not be affected. The Chair highlighted the importance of risk registers continuing to be monitored at all levels across the organisation.

With no further issues raised, the Committee **RESOLVED** to note the Action Log.

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

In relation to page 2 of the minutes – Action Log members were advised that the Committee would continue to be updated on development of the role for scrutiny in relation to overview of i4B and First Wave Housing and the relationship with the Audit & Standards Advisory Committee remit with a meeting scheduled with the Scrutiny Chair's to ensure the necessary roles were clarified.

6. **Dedicated Schools Grant (DSG) Deficit Management Plan Update**

Nigel Chapman (Corporate Director of Children and Young People, Brent Council) introduced the report, informing the Audit and Standards Advisory Committee of the Dedicated Schools Grant (DSG) deficit which had arisen due to overspend against the High Needs Block (HNB) used to support children and young people with Special Educational Needs and Disabilities (SEND). The report also provided the historical context to the deficit and detailed progress made against the DSG Deficit Management Plan to address the deficit.

In considering the report the following key issues were noted:

- The Committee noted that the deficit addressed in the paper was not a unique challenge to Brent alone, with many local authorities holding similar or higher deficits. The deficit challenges were described as a national systemic issue in the way local authorities were funded to support children and young people with SEND. The primary factor driving the deficit was the increase in demand for services in recent years, with Education Health and Care Plans (EHCPs) rising 44% in Brent over the past 4 years. This was due

to more children's needs being identified, and more children's needs being met within mainstream settings.

- Officers advised members that the situation was not improving and national reform was essential, with the previous government setting out a SEND Improvement Plan in 2023 to meet the challenges. The plan noted the systemic nature of the problem, partly driven by market issues and a reliance on the independent sector to provide placements for children in school where the local system could not meet demand. Brent was part of a Department for Education (DfE) programme trying to mitigate some of those pressures through the 'delivering better value' programme and had received DfE funding to mitigate pressures on the HNB.
- There were a number of activities in place to manage demand more effectively and reduce growth in EHCP numbers by supporting families at an earlier stage. Brent was building more capacity in the system, with 400 additional placements and a new special school being built which would be managed by the RISE Partnership.
- In terms of scrutiny of the deficit position, this happened internally within the Council with the Section 151 Officer taking part in regular challenge sessions with the Children and Young People department to consider progress. The Schools Forum considered the role of the DSG and pressures in the system, and there was quarterly reporting to the DfE on progress against the deficit management plan. In addition, the department would be attending the Community and Wellbeing Scrutiny Committee in September 2024 which would review broader issues in relation to SEND.
- Minesh Patel (Corporate Director of Resources and Finance (and Sec 151 Officer)) addressed factors relating to the statutory override set out by government to allow councils to carry a deficit reserve on the balance sheet. Brent's deficit was around £13.5m currently. He noted that when the override came to an end in 2025/26, the council would need to have funds in the General Fund to offset the deficit accumulated at that time. Currently, because the DSG was a ringfenced fund paid for through government grants and distributed to schools or education settings, the General Fund did not fund the DSG or its beneficiaries; however, if the government no longer provided that override after 2025/26 and did not write-off those deficits then the Council would need to offset the deficit through the General Fund. There were Councils in England with deficits that were substantial, some up to £80m, where paying the deficit would leave those Councils with no reserves, resulting in an influx of Section 114 notices. Officers were unsure whether the government would continue the override or write-off deficits, but highlighted the need for a system that would address those future challenges. Currently, Brent's Deficit Recovery Plan was allowing the deficit to remain stable and not increase, and officers were unaware of any Councils who had been able to reduce or repay their deficit.

The Chair then invited the Committee to raise questions on the report, with the responses summarised as follows:

- In response to a query regarding the exact causes of increased costs, Nigel Chapman noted that every EHCP came with additional costs for funding the need of each child, the cost of placing children within special schools, and the cost of support services for children with EHCPs such as Speech and Language Therapy and Occupational Health. Alongside that was the cost of equipment and required levels of staff. Officers noted that independent maintained specialist school places could cost the council as much as £75-80,000 pounds a year per child, so any increases in those placements significantly increased costs. A change in legislation in 2014 increasing the age range of children with SEND that the Council had a duty to support from 18 to 25 also increased the numbers of children and young people requiring support, in turn increasing costs. Options to provide support in a mainstream setting were being explored to reduce costs and the Council was progressing its own special school.
- Regarding the driving forces of the increase in EHCPs, Nigel Chapman explained that the 2014 EHCP reforms had caused considerable growth in demand. The system was now weighted more favourably towards parental preference, and, where parents had been unhappy with the decision of a local authority regarding an EHCP and took that to tribunal, 96% of cases were won by the parent, with no balance in the system for the local authority and professionals to challenge those decisions. At the same time, there had been a general increase in awareness of SEND, particularly autism where there was the greatest growth, resulting in more parents coming to professionals for help. Likewise, the reduced stigma in seeking help and the extended age range of up to 25 years old also drove growth.
- The Committee heard that agency work did not significantly impact the deficit, as a large number of staff were employed from the local authority and some were funded through the General Fund, although there was pressure around Educational Psychologists.
- In noting that Central Government planned a 20% VAT increase, the Committee queried whether that increase would impact on the deficit. They were advised that the VAT on private schools would not apply to independent maintained schools where EHCPs were state funded but the Council were still awaiting the policy on that.
- The Committee noted that school exclusion numbers had increased and asked whether that had been factored into the work being done. Officers noted that exclusions, permanent or otherwise, were relatively low in Brent, although elsewhere there were schools that were struggling to manage behaviours that staff felt ill-equipped to manage and were using exclusion as a tool to manage that. In Brent, alternative provisions at Brent River College and Roundwood School were made available, where there was a requirement for those schools to reintegrate children back into mainstream schools.
- On the subject of the statutory override coming to an end in 2025/26, the Committee asked whether there had been any discussions on a 'middle ground' where Councils paid a certain amount of their deficits from General

Fund reserves and the government made interventions where necessary. Minesh Patel explained that any option where the Council used ringfenced reserves would need to be communicated to residents to explain how funds were now going towards education.

- The Committee asked what measures were being taken to lobby the government on the issue, including with other London boroughs. Officers noted that the incoming government had recognised the pressure in the system and that the proposed plan set up in 2023 was not enough to mitigate the pressures. London Councils had been lobbying the DfE. Likewise, the LGA and Isops Partnership were releasing a report diagnosing the problem and putting forward a blueprint with recommendations for how the system should run, set to be released in the next few days following the meeting. Officers added that parents' had a perception that EHCPs were the first and only source of help and schools needed to take an early intervention approach in order to change that, which was another primary objective being lobbied for.
- Regarding newly established SEND School places, the Committee asked if 400 places were enough to fulfil students' needs. Members were aware of some parents' whose children were attending schools in other boroughs such as Barnet, who had expressed a wish to keep their children in those schools as opposed to moving them to schools with additional placements or the new special school. Noting the difficulty of getting parents to move their children, officers were asked if these cases would create significant financial constraints on the budget if the Council was required to pay more for out of borough placements. Officers responded that only the most complex cases cost £70-80,000 per child, with many children being sent to affordable placements outside of the borough. The new special school being built would have 150 places for secondary age pupils based on the business case showing the demand in the system. Recognising that parents would initially be reluctant to move their child with an EHCP, the Council had factored in a staggered move into the school, with between 60-70 children placed when the school opened and that gradually increasing.
- Members were advised that every child with an EHCP, even if they were in an out of borough school, would have an annual review, and at the age of 14 the school would plan with the child's family what support they would need when they reached 16. This gave the opportunity to step down some support if it was no longer needed or vice versa, but also gave the opportunity to look at moving the child to local provision at a sensible point in time where appropriate.
- Noting the backlog in access to Occupational Therapy for pupils, members queried whether clearing that backlog would result in increased costs, as there would be a potential for an increase in EHCPs. Nigel Chapman advised the Committee that, as part of the action plan submitted to DfE, the Council had made projections on what the growth of EHCPs was expected to be. Taking into account the Council's intervention focused approach, it was expected that EHCPs would grow at a slower rate in future at around 4-5% per annum, and that figure was then used as the target measure.

- The Committee asked how Brent's deficit compared to other local authorities and what the national average was to help inform political solutions. Minesh Patel responded, noting that 65% of all local authorities had accumulated deficit with a combined total of £1.6 billion. He stated that the additional supplement was insufficient and while Brent had managed to maintain the deficit well it had not reduced and equated to around 3% of the total DSG Brent received. Other Councils had been less successful and had growing deficits, some of which equated to as much as 39% of their DSG. Officers agreed to obtain data regarding where Brent compared to the rest of London.
- Noting the role of the NHS in providing support, officers asked if this was enough. Officers stated that at an Integrated Care Board (ICB) level, the partnership worked well together to support the council's objectives, particularly in the areas of speech and language therapy and assessment work. Officers noted a need for improvement in mental health and well-being support, particularly child and adolescent mental health services, where a business case had been made for levelling up funding which was still with the ICB for a decision.
- The Committee noted the cost of transport and asked whether more efficiency could be found there. Officers stated that transport had recently been moved under the Children, Young Peoples and Families Department and that Cabinet had agreed a new transport policy. The new policy included the offer of independent travel training for children and young people capable to travel on their own and the use of alternative modes of transport was being looked into. An action plan was also noted to be in place to address the issue of transport costs. In response to whether the opening of the new special school would increase transport costs, officers highlighted that the new school would have a positive impact on the transport budget because children would be retained within the borough who would have otherwise needed to travel out of borough.
- Discussing the Delivering Better Value (DBV) program the Committee asked what the remaining funding would be spent on. Officers highlighted that the workstreams were detailed in the report and focused on staffing for people working with schools, such as those working on the intervention first programme, commissioning arrangements, post-16 work, and the SEND Assurance Programme which aimed to manage the numbers of EHCPs in schools and levels of support provided by EHCPs.
- Responding to a query about section 6.1.2 of the report - SEND assurance to support the efficiency of 2 primary schools - Shirley Parks (Director Education, Safeguarding and Partnerships, Brent Council) explained that where a school had a large number of children with high levels of support identified, audits had been undertaken to see whether those levels of support were appropriate or could be reduced. The SEND Support Team had subsequently developed an approach to reviewing how needs were met where schools had high numbers of EHCPs with significant support needs and was working with 2 primary schools to develop a model of support for efficiency that could be then used for other schools. Officers agreed to send the details of those schools to the Committee (Shirley Parks).

As no further issues were raised the Chair thanked Nigel Chapman and Shirley Parks for the update provided.

The Committee **RESOLVED** to note the historical context to the deficit of the High Needs Block and the actions in place to reduce the deficit, including the DSG Deficit Management Plan and the Delivering Better Value in SEND programme as detailed within the report. In commending officers for their efforts the Committee requested to be kept updated on the ongoing progress regarding delivery of the DSG deficit recovery plan.

7. Treasury Management Outturn Report 2023-24

Amanda Healy (Deputy Director of Investment and Infrastructure, Brent Council) introduced the report, giving a brief outline of the Treasury management report before handing over to Nadeem Akhtar (Senior Finance Analyst, Brent Council) to outline the following key points:

- CIPFA guidelines required the Council to submit the report for scrutiny at the Audit and Standards Advisory Committee prior to going to Cabinet for approval and Full Council.
- The report outlined how the council complied with its prudential indicators for 2023-2024 as approved by Full Council in February 2024. This was detailed in Appendix 4, which included estimates for capital expenditure compared to capital financing requirements and loan balances against operational boundary limits for external debt.
- External loan balances were noted to have sat at £814m on the 31st of March, representing a 5% change from 1 April 2024 as a result of the council raising £130m pounds worth of new external loans and repaying £91m of maturing debt.
- In relation to borrowing, the Council's reasoning behind declining the proposed loan rate of 5.76% for a LOBO loan was detailed in section 3.5.12 of the report.
- Loan rates had now moved in the market and the total Capital financing requirements had changed from £1.14b to £1.24b, equating to a £100m difference which represented the amount of borrowing undertaken to fund the capital programme at year end.
- The Council's average debt pool rate had moved from 3.49% in March 2023 to 3.89% in March 2024 due to changing interest rate environments in the UK.

The Chair then invited the Committee to raise questions on the report, with the responses summarised as follows:

- Discussing the economic background of the report, the Committee wished to know how the report impacted the council's strategy over the next few years.

Amanda Healy noted that she did not foresee any change to the strategy, which was broad and enabled the Council to react to different scenarios. Where the Council could foresee rates increasing, for example, there was flexibility and the Council could seek advice on the best route forward. The fall in inflation had not resulted in prices declining, so any future capital projects would need to deal with higher prices. Currently, the necessary income of cashflow to help repay borrowing was not catching up with inflation, making it challenging to fulfil the Capital Programme. CFR models showed that capital expenditure plans over the next three to five years had dropped due to increased costs and officers expected that there would be a general decrease in new demand for borrowing.

- Regarding investment, the Committee noted the liquidity figure of £20m and asked if the ability to deposit in particular places and still get a high rate of return were utilised. Amanda Healy explained that legislation required a minimum balance of £10m at any point in time to be able to access any products on the market. Officers explained that the investment portfolio generally used money market funds as the more common option and the Council did invest with central government using their Debt Management Account Deposit Facility. Due to the current cash flow forecast and expected borrowing requirements there were no investments planned to last longer than 1 year, but the Council was looking at medium term options.
- On the subject of borrowing, the Committee queried why capital financing was forecast to rise between now and 2027-28. Amanda Healy responded that this would be due to the Council continuing with the capital programme. For example, the capital programme housing scheme was partially funded by grants and the remainder would need to be financed by borrowing. The Council owned those properties for social housing, meaning the money brought in from rent was used to generate funds to cover management, maintenance and borrowing elements.
- The Committee asked what the Council's appetite for LOBO loans was. The Committee was advised that LOBOs were loans with option dates in which the Lender could propose a new rate, and the Council had the option to pay back the loan without penalty. There were risks with that type of loan if the borrower opted to increase interest rates. These arrangements were entered into a number of years ago and remained as liabilities on the balance sheet. The holding was managed carefully and was discussed regularly with treasury management advisors to look at opportunities for early repayments or restructuring of LOBOs to avoid any ongoing risk. The Council had not actively pursued any new opportunities for LOBOs and had been successful in converting some into fixed-term loans historically, so the current proportion was much lower than it had been in the past meaning the risk was not as great. In response to a query about the average rates of LOBOs the Council was holding, officers explained that the LOBO balance had a mix of loans with the average rate comparing to the PWLB portfolio. Officers advised they would provide further details regarding the LOBO balance and rate.
- In relation to loans the Council was borrowing from other local authorities, the Committee asked what would happen if those local authorities issued a Section 114 notice. Officers responded that issuing a 114 notice would not

mean those authorities had no physical cash, but there was a risk to the Council and the Council would not look to place any further investments with that particular organisation. To manage and avoid this, the Council made an assessment of other authorities to scrutinise and assess risk for Councils Brent made transactions with.

- Regarding financial constraints on temporary accommodation, the Committee noted that borrowing less would mean less spending on social housing, which would further increase the cost of temporary accommodation. Officers acknowledged the additional pressure this was applying to the ongoing temporary accommodation emergency and formed part of the lobbying the Council and members were doing. The Council was looking at levers and alternative mechanisms to enable housing delivery projects to come forward, including rent level reviews and level of subsidies to help bridge the gap reviewing the role of the Council's subsidies.
- Using the example of Housing schemes, the Committee asked whether the Council's borrowing strategies took account of false economies. Officers advised that if the Council continued with a temporary accommodation housing scheme it would not provide enough cash to repay the debt, which would have an impact on the General Fund account meaning there would not be enough surplus to cover new debt repayments. This would also be the case if the Council delivered more secure forms of accommodation instead of temporary accommodation with a significant financial impact for the HRA on an annual basis. As such, the Council would be making a long-term commitment that could not be funded. The entire sector was exploring different avenues to bring these schemes forward, but some projects could not be continued.
- The Committee noted that the current debt profile was weighted heavily in the 20-year-plus area, at around 50% of debts. Officers responded that these debt arrangements aligned with the type of projects the Council was investing in. A significant amount of assets comprised of council dwellings, where debt was more likely to be in the longer term. The capital financing requirement was used to model what debt maturity was needed and indicated what borrowing durations the Council could utilise while taking opportunities in the market.
- In relation to Part A of Appendix 4 detailing capital expenditure and financing, the Committee asked if forecasting was done once a year. Officers noted that the capital programme budget was monitored monthly internally and reported quarterly to Cabinet where more up to date figures were included.
- In relation to the Capital Expenditure Table in Appendix 4, the Committee queried why there was a substantial increase in expenditure over the next 2 years and then a sudden decrease from 2026 onwards in the forecast for Regeneration. Officers advised members that the capital programme was purely project-based so officers would not be expecting the same expenditure each year. The Wembley Housing Zone, which was now under construction, was driving the current costs in Regeneration and as it was a

significant scheme that stood out. The Capital Programme was based on a 5-year rolling programme as capital projects often took time to ensure the necessary due diligence and compliance had been done, meaning the Council was often spending only a small proportion of a project's budget until it could build or acquire. As such, the Regeneration forecast would see those peaks and troughs throughout the 5-year period

- The Committee wished for clarification on the government's 'Invest to Save' scheme and what options this offered. Officers noted that the government was aiming to facilitate Councils to use capital receipts to fund 'invest to save' projects going forward, such as for a specific project with immediate expenditure upfront. A capital receipt referred to money created from the proceeds of the disposal of council assets. Within Brent, capital receipts were focused around the South Kilburn regeneration project, and the Council generally did not have sufficient capital receipts to use them for different mechanisms. Other authorities used capital receipts to offset MRP charges but Brent did not have the receipts to do that, and it was important to find the right balance in using those receipts and ensure it was prudent. Minesh Patel added that the government was looking to introduce a mechanism that allowed Councils to turn capital receipts into a revenue budget to generate savings. For example, where Councils had a deficit or could not set a balanced budget then they could borrow money that was normally ringfenced for capital purposes to use as revenue. However, this would result in borrowing more money to fund everyday services that would still need to be paid back with no mechanism to do that.

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

- (1) To note the outturn for the Council's Treasury Management Activities for 2023-24 and the update to members on borrowing and investment decisions in the context of prevailing economic conditions and the Council's Treasury Management performance.
- (2) To approve the submission of the report to Cabinet for approval in accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice.

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

The Committee received a verbal update from Asad Khan (External Auditors – Grant Thornton) on the progress of delivering Grant Thornton's responsibilities as the Council's external auditors.

In presenting the report the Committee noted:

- The ongoing progress in deliver of the audit on the Council's Statement of Accounts including the risk areas identified in relation to land and building valuations, council dwelling evaluations, pension fund liability, and overall management controls.

- Daily and bi-weekly meetings were occurring consistently, and it was also reported hot review had been scheduled for early August.

In response to the update provided the Committee highlighted comments on a number of issues, with the following responses provided:

- Noting the work programme for the September Committee meeting, members asked for assurance there would be sufficient time to fully review the statement of accounts and audit findings. The Chair advised he would discuss the structure of the September meeting with the Vice-Chair and officers to ensure sufficient consideration could be given to all agenda items.
- Members asked whether there were any issues the auditors needed to flag at this stage. Minesh Patel responded that there was nothing of note, but officers were conscious that the hot review stage could add new elements resulting in additional queries, that could cause delays. Officers would ensure the Committee was kept up to date with any arising issues.

As no further issues were raised the Committee **RESOLVED** to note the progress update provided by External Audit at the meeting.

9. **Audit & Standards Advisory Committee Forward Plan and Work Programme 2024-25**

It was **RESOLVED** to note the Committee's Forward Plan and Work Programme for the 2024-25 Municipal year. In considering the programme, the following points were raised:

- A further review would be undertaken on the number of items listed for the Committee agenda in September 24 in order to seek a more balanced approach and effective management of the agenda and consideration of items at the meeting.
- In order to support the effective management of the agenda for the next meeting members were encouraged to feedback any comments relating to the draft Statement of Accounts 23-24 to officers in advance of the accounts being submitted for formal approval to the Committee.
- The Vice-Chair advised he would provide further updates on the following items once available - temporary accommodation, progress/lack of progress made on blue badges, GT external audit training session and treasury management training. (Cllr. Chan)
- Members were advised that the Chair and Vice-Chair were in discussions about an external audit development session and another treasury management strategy session.

10. **Exclusion of Press & Public**

There were no items of business considered at the meeting which required the exclusion of the press and public.

11. **Any other urgent business**

The Chair invited Minesh Patel to provide a brief update on the global IT outage that had affected many users of Crowd Strike on 19 July 2024. Members noted that Brent Council was a customer of Crowd Strike, which was a cyber security product and had been impacted by the outage. Once picked up, an emergency response team was put together to immediately respond who utilised backups available prior to the update installation. By 10:30am on the morning of the outage all of Brent's Tier 0 applications were running and by 2pm all applications were running. Officers felt that Brent plans and response had been effective and it was an overall successful recovery from a major event.

The Chair requested members to send any questions to Minesh Patel via email and for Minesh to pass the Committee's thanks on to the team and officers involved.

The meeting closed at 19:45pm

David Ewart
Independent Chair

London Borough of Brent
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Meeting Date	Agenda No.	Item	Actions	Lead Officer and Timescale	Progress
24 July 24	6	Dedicated Schools Grant – Deficit Management Plan	<ul style="list-style-type: none"> Officers to feedback to the Committee on the SEND private school initiative. The Committee to be kept updated on progress regarding delivery of the DSG deficit recovery plan. 	Nigel Chapman Minesh Patel	In progress Further update to be scheduled (as required) on work programme.
	7	Treasury Management Outturn Report 23-24	To provide the Committee with a detailed breakdown of the number of LOBO loans held by the Council.	Amanda Healy	In progress
12 June 24	7	Annual Counter Fraud Report 2023-24	Further details to be circulated on completion of mandatory data submission under National Fraud Initiative and outcome of the work supported in relation to Council Tax Single Person Discount.	Darren Armstrong	In progress
	10	Draft Statement of Accounts 2023-24	Final report back to Committee to include further detail on main changes and movements included within Financial Outturn from original budget during 2023-24 along with detail on basis of level of balances held within HRA Reserve (Ben Ainsworth/Minesh Patel)	Ben Ainsworth/Minesh Patel	In progress – update to be provided with final submission of Statement of Accounts – Sept 24 Committee
28 March 24	7	Annual Review of Member Learning & Development (MLD) Programme and	Feedback provided during meeting regarding improvements to hybrid learning and development sessions (re technology, structure and facilitation) to be feedback to MLD Steering Group for consideration.	Amira Nassr	In progress – feedback to be provided for MLD Steering Group – 18 July 24

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		Member Expenses			
	8.	Performance & Governance review of i4B Holdings Ltd and First Wave Housing Ltd	Update to be provided on progress in finalising arrangements for co-ordination of monitoring the performance and governance of both i4B & FWH performance between the scrutiny function and Audit & Standards Advisory Committee.	Minesh Patel	In progress – update to be provided following scrutiny work programme planning sessions (delayed due to General Election) arranged for July 24
		Internal Audit Strategy 2024-2027 & Internal Audit Plan 2024-2025	<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. 	Darren Armstrong	In progress – update on Internal Audit Plan included on work programme for Sept and Dec 24 committee meetings
	11	Strategic Risk Report	<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 (now moved to October 24)</p> <p>In progress – to be incorporated in next Strategic Risk Report (now moved to October 24)</p>
	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.

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			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
	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 (September 24)
	10	Evaluating the Effectiveness of the Audit & Standards	Additional training needs identified in relation to: <ul style="list-style-type: none"> Treasury Management Strategy; & 	Minesh Patel & Darren Armstrong	In Progress - included as part of the Committee's Training & Development

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		Advisory Committee	<ul style="list-style-type: none"> focus on levels of internal control & defence mechanisms (Minesh Patel/Darren Armstrong) Role of External Audit – added as action following 12 June 24 Committee 		Programme during 24-25
6 December 23	9	Internal Audit Interim Report 2023/24	KPI's around outstanding actions/trends and implementation dates of agreed management response actions to be included in the next iteration of the report.	Darren Armstrong June 2024	Ongoing – to be included when the next Internal Audit Report comes to the Committee in June 2024.
26 September 23		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.

 <p>Brent</p>	<p>Audit and Standards Advisory Committee</p> <p>25 September 2024</p>
<p>Report from the Chief Executive and Corporate Director of Finance and Resources</p>	
<p>Report on i4B Holdings Ltd and First Wave Housing Ltd</p>	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
No. of Appendices:	Two Appendix 1: i4B September 2024 Report to the Shareholder Appendix 2: FWH September 2024 Report to the Guarantor
Background Papers:	N/A
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Hal Chavasse Strategy & Delivery Manager 020 8937 4649 Harry.Chavasse@brent.gov.uk

1.0. Executive Summary

1.1. This report provides the Audit and Standards Advisory Committee (The Committee, ASAC) with an update on the work of the Housing Companies, i4B Holdings Ltd (i4B) and First Wave Housing (FWH) to deliver against their business plans for 2024-25, which were agreed by the Council as Shareholder of i4B and Guarantor of FWH.

2.0. Recommendation(s)

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

3.0. Detail

3.1. Introduction

3.1.1. In November 2016, Cabinet agreed to establish its wholly owned investment company, i4B Holdings Ltd. The Company was set up with the purpose of acquiring, letting, and managing a portfolio of affordable, good quality PRS properties. Properties would be let to homeless families at Local Housing Allowance (LHA) levels. This would enable the Council to either prevent or discharge its homelessness duty and therefore reduce Temporary Accommodation costs.

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

3.2. Contribution to Borough Plan Priorities & Strategic Context

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

3.3. Reporting and Governance Arrangements

3.3.1. This report provides information and assurance on the arrangements the Council, as Shareholder of i4B and Guarantor of FWH, has in place to oversee the good performance and governance of the companies. This approach is in-line with best practice as set out in CIPFA's Audit Committees guidance.

3.3.2. Moving forward, operational performance for the companies will be scrutinised by the Community & Wellbeing Scrutiny Committee and the performance of the companies in contributing to the Council's strategic priorities will be scrutinised by the Resources & Public Realm Scrutiny Committee. The companies presented a report to this latter committee on 4th September 2024.

3.3.3. i4B and FWH hold six-monthly meetings with the Chief Executive, Corporate Director of Finance & Resources and Deputy Leader who represent the Council as Shareholder/Guarantor. The most recent Shareholder & Guarantor meetings took place in February and September 2024. Section 3.4 provides an update on the key discussions at the September meeting.

3.4. Update from Shareholder & Guarantor Meeting

3.4.1. The latest Shareholder/Guarantor meeting between the Council and i4B/FWH took place on 12th September 2024.

3.4.2. The independent Chair of the i4B and FWH Boards, Andrew Hudson, presented a report on the company's acquisition programme, operational performance, financial performance, 2024-25 business plan progress, risks and governance to the Council's Corporate Director of Finance & Resources.

3.4.3. The full report for i4B can be found in Appendix 1, and for FWH in Appendix 2. This section provides a summary of key discussions at the meeting.

3.4.4. *Operational Performance*

3.4.5. The Chair of the Board noted that voids performance continued to be a key area of focus for both companies, with a deep dive review meeting to be held with i4B/FWH directors, officers and housing colleagues in order to identify ways of improving the efficiency of the voids management process. This would have a particular focus on turning round more simple voids as quickly as possible, while acknowledging that more complex cases will take longer, e.g. due to pest control issues or roofing works. It was also noted that the overall number of voids for FWH had halved since the last report in February, which shows good progress in reducing overall void numbers and associated void rent loss, with both companies having a low turnover and eviction rate.

3.4.6. The Corporate Director of Finance and Resources asked for specific narrative on individual void cases to be added to future reports, to give context to the small sample size of voids for the companies.

3.4.7. The companies were also asked to add in additional narrative to future reports on work being done to address remaining gaps in health & safety compliance, such as outstanding electrical certificates, to assure the Shareholder/ Guarantor that all possible steps were being taken to improve performance. i4B/FWH officers agreed to explore new solutions such as asking electrical contractors to attend at the same time as gas contractors, who are legally able to force entry to inaccessible properties in order to carry out works.

3.4.8. Tenant satisfaction metrics for both companies are well below the Council's benchmarks and where the Board would like to be. Further work is being done alongside Council colleagues to determine the specific causes of low satisfaction and develop and implement an improvement plan.

3.4.9. For legal disrepair cases, overall numbers coming in had reduced and the list of existing cases were being properly processed, with the majority of cases either at or reaching settlement. However, it was likely that a greater number of new cases would come through over the winter months due to the effect of bad weather. Reporting from the Legal service on i4B/FWH cases, progress, works and compensation has improved following the introduction of a monthly report.

3.4.10. *Acquisitions*

3.4.11. After pausing acquisitions in 2023/24 due to high interest rates, and resuming its purchasing programme later in that year, i4B exceeded its acquisition target for 2023/24 - purchasing 14 properties against a target of 12. i4B is similarly on track to exceed its target of 25 properties for 2024/25; the company expects to acquire circa 40 properties in the year. This is due to a combination of favourable loan rates, property market conditions, and an increase in Local Housing Allowance which allows the company to charge higher rents while remaining affordable to tenants.

3.4.12. The Shareholder confirmed that i4B has its continued support to move forward with further acquisitions, subject to loan rates and market conditions

continuing to combine positively to make acquisitions viable within i4B's financial criteria. This is expected to be a combination of block and portfolio acquisitions related to private landlords exiting the market, and i4B's ongoing street property purchases.

3.4.13. The Chair and Guarantor confirmed that FWH also remains available to take advantage of any opportunity available to it as a Registered Provider, for example government grants issued via the Greater London Authority. The Council and company are awaiting further information on potential grant funding from central government, and the group affirmed its desire to explore all options that would enable FWH to contribute to increasing housing supply.

3.4.14. *Financial Performance*

3.4.15. The Chair advised that the i4B 2023-24 outturn position had shown a higher surplus for the company than in 2022-23, though this was partly due to large increases in the asset revaluation.

3.4.16. Similarly for FWH, the company had a higher surplus for 2023-24 than in 2022-23 and remained close to its budget for the year, with FWH's revaluation showing a decrease in asset values. The Corporate Director of Finance and Resources asked the i4B/FWH Finance Team to review the valuation methodology and results, as it would be expected that valuations for both companies would move in the same direction in a given year.

3.4.17. *Risk*

3.4.18. The Shareholder asked what i4B/FWH directors felt were the key risks to the company. These principally related to the operational performance areas highlighted elsewhere in the report, for which improvement plans are in place.

4.0. Stakeholder and ward member consultation and engagement

4.1. N/A

5.0. Financial Considerations

5.1. Financial considerations are outlined in the appendices.

6.0. Legal Considerations

6.1. N/A

7.0. Equality, Diversity & Inclusion (EDI) Considerations

7.1. N/A

8.0. Climate Change and Environmental Considerations

8.1. N/A

9.0. Human Resources/Property Considerations

9.1. N/A

10.0. Communication Considerations


10.1. N/A

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources

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	<p align="center">i4B Holdings Ltd Shareholder Meeting 12 September 2024</p>
	<p align="center">Report from the Chair of i4B Holdings Ltd</p>
<p align="center">Update on i4B Performance</p>	
<p>No. of Appendices</p>	<p>1 – i4B Risk Register</p>
<p align="center">Author</p>	<p>Hal Chavasse Strategy & Delivery Manager 020 8937 4649 Harry.Chavasse@brent.gov.uk</p>

1.0 Purpose of the Report

1.1 This report provides an update on the performance of i4B Holdings Ltd (i4B).

2.0 Recommendation(s)

2.1 The Shareholder notes the update on i4B’s acquisition pipeline, financial and operational performance, risks and governance.

2.2 The Shareholder notes the update on the 2024/25 i4B Business Plan.

2.3 The Shareholder considers potential further loan funding provision to i4B for the continuation of its acquisition programme.

3.0 Key Points

3.1 i4B’s business objective is to maximise affordable housing consistent with maintaining the company’s ongoing financial viability. The company is designed to offer a delivery option for the Council’s affordable housing and reducing homelessness objectives.

3.2 Cabinet agreed i4B’s 2024/25 business plan in March 2024. Priorities for the year are set out with the framework of the strategic objectives of the Housing Companies (i4B and First Wave Housing (FWH)):

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

3.3 i4B is on track to purchase circa 40 properties in 2024/25, above its target for the year of 25. This will use up the majority of the company’s available loan funding.

3.4 In the 2023/24 financial year, the company made an operational profit (excluding depreciation, revaluations and tax) of £1.393m compared to £0.853m in 2022/23.

3.5 Operational performance for i4B is generally stable with the main focus for performance improvements continuing to be void turnaround times and rent collection – a number of improvement initiatives are in place to address this. The results of tenant satisfaction surveys were disappointing, and i4B is looking at how to address this.

3.6 This report provides an update on progress of the 2024/25 business plan priorities so far, including operational & financial performance, acquisitions and risks.

4.0 Update on Purchasing

4.1 As of the start of September 2024, i4B has purchased 456 private sector homes and switched the tenure to an affordable PRS product. Table 1 provides a breakdown of the current i4B portfolio.

Table 1 – i4B portfolio as of September 2024

	1 Bed	2 Bed	3 Bed	4 Bed+	Total
Purchased Properties	62	195	144	55	456

4.2 For 2024/25, i4B has a street property acquisition target of 25; as of September 2024, i4B have purchased 15 street properties with a further 16 in conveyancing and due to complete by the end of the financial year. In addition, i4B has recently acquired a new build development of nine units in Brent, which have now been handed over and are due to be mostly let by the end of the week of 02/09/2024.

4.3 The full pipeline of 40 puts the company ahead of its target for the year, and also commits the majority of current loan finance available to the companies that was previously drawn down at a 3.45% interest rate.

4.4 Further to this, i4B has agreed the acquisition of five units in Brent as part of a portfolio purchase opportunity. To facilitate this, additional loan funding of £2.202m (purchase price plus estimated refurbishment cost) is being arranged between the Council and i4B at current interest rates. i4B is also

provisionally appraising various acquisition opportunities, including specific opportunities from owners in the borough looking to sell.

- 4.5 As i4B is due to use its remaining funding by the end of the financial year, the Shareholder is asked to consider and provide feedback on potential future funding to i4B, for such unique larger opportunities as in 4.4 and/or for the overall continuation of the street property acquisition programme.

5.0 Financial Performance

- 5.1 In the 2023/24 financial year, i4B Holdings Ltd, made an operational profit, (excluding depreciation, revaluations and tax), of £1.393m compared to £0.853m in 2022/23. Void turnaround times and low-income collection rates remain the key drags on financial performance. The purchase programme for 2023/24 was above target by 4 units, as the target for 2023/24 was 12 units.

5.2 Summary Financial Outturn

- 5.2.1 The financial outturn for the year is below. The key points are:

- In the 2023/24 financial year, i4B made an operational profit, (excluding depreciation, revaluations and tax), of £1.393m compared to £0.853m in 2022/23.
- Financing costs remain the same as 2022/23 as there was no further drawdown of loan facility. However, interest received increased by £659k as interest rates on cash balances increased.
- Rent turnover, after voids, for the year is £9.062m; this is an adverse variance of £609k against budget. Contributing to the adverse variance was the overstating of rent and service charges income and rental income on acquired properties which was only for part of the year and not the full year. Void losses are largely in line with budget for the year, at an adverse variance of £3k.

Table 2 - Financial Outturn 2023/24

i4B 2023/24 Outturn	Budget 23/24	March 24 Forecast	March 24 Outturn	Variance to budget	Variance to forecast
	£,000	£,000	£,000	£,000	£,000
Income	9,671	9,611	9,062	(609)	(549)
Expenditure	(3,682)	(4,749)	(3,573)	109	1,176
Surplus on disposals	0	0	47	47	47
Financing	(5,292)	(4,143)	(4,143)	1,149	0
Profit (Loss) before tax, revaluations and depreciation	697	719	1,393	696	674

5.3 Income and Expenditure Statement

5.3.1 Profit excluding depreciation, revaluations and tax is £1.393m compared to £0.853m in 2022/23.

5.3.2 The key changes compared to the prior year were:

- Increased income due to annual rent increase and property acquisitions during the year.
- A positive revaluation gains due to increases in the property values market.
- Financing costs remained the same as 2022/23 as there was no further drawdown of loan facility. However, interest received £1.149M, 2023-24 increased by £659k, (£489k, 2022-23).
- Service Level Agreements (SLA) - expenditure was higher than budget by £89k, which was due to additional variable costs of the Housing Management Call Centre as well as a portion of the Operational Manager's costs.
- Supplies and Services expenditure for 2023/24 was £78k, £77k higher than budget, (£1.5k).
- Annual Maintenance and Home Countries Management Costs expenditure for 2023/24 was £1.63m, £647k higher than budget, (£990k).
- Insurance, Legal and professional expenditure 2023/24 was £314k, £125k higher than budget, (£189k).

Statement of comprehensive income for the year ended 31st March 2024

	2023/24	2022/23
	£000	£
Turnover	9,464	8,688
Cost of sales	(403)	(338)
Gross profit(loss)	9,062	8,350
Administrative expenses	(3,574)	(2,771)
Depreciation	(543)	(519)

Surplus on disposals	47	30
Surplus (Loss) on revaluation	8,955	5,825
Operating Profit	13,948	10,914
Interest Received	1,149	490
Interest payable and similar charges	(5,292)	(5,216)
Profit on ordinary activities	9,805	6,188
Tax on Loss on ordinary activities	(3,149)	(2,096)
Profit (Loss) on ordinary activities after taxation	6,656	4,092
Unrealised Gain (Loss) on Property Plant and Equipment	(1,980)	2,893
Deferred Tax charge	(631)	(593)
Total Comprehensive Income for the year	4,045	6,392

5.4 2024-25 Financial Update

5.4.1 The current year to date financial forecast as at 31st July 2024 for i4B is as follows:

<u>i4B 24/25 July Forecast</u>	Budget Full Year (£'000)	Variance Full Year (£'000)
Income	11,021	(546)
Expenditure	(3,743)	0
Financing	(5,292)	0
Profit (Loss) before tax, revaluations and depreciation	1,986	(546)

Income

5.4.2 Forecast Gross Rental Income for the full year is calculated, based on the estimated collection rate (95.1% of budgeted income).

Void Rent Loss

5.4.3 Forecast void loss has been calculated at £443k for the year based on Brent housing data only for the first 4 months. Data on void loss for Mears managed properties was unavailable at the time of publication. The forecast will be updated once data becomes available.

Operating Costs

5.4.4 Forecast spends on operating costs are based on budget and will be updated once data becomes available. Certain areas of expenditure such as Leasehold Service Charges and Property Maintenance Costs show a surplus earlier in the year with billing picking up later in the year. Financing costs related to interest payments are fixed.

5.4.5 The i4B Holdings Ltd 30 Year business plan approved earlier this year projected an overall profit before tax for the last year in the model (2053/54) of £8.999m.

6.0 Operational Performance

6.1 For i4B, the majority of housing management services are carried out by Brent Council's Housing Service via a Service Level Agreement or by Mears (for the Home Counties properties): the Board of i4B have a responsibility to monitor and drive good performance and do so on an ongoing basis including via monthly performance reports. Operational performance for i4B is generally stable with the main focus for performance improvements being void turnaround times and rent collection. Tables 3-5 provide an update on current operational performance.

Table 3 – i4B Key Performance Indicators

Indicator	Target	i4B Brent Managed	i4B Mears Managed	Council
Overall Customer Satisfaction (TSM data year end 2023/34)	N/A	40%	Data unavailable	52%
Rent Collection	98.5%	90.3%	91.9%	98.01%
Major void re-let times	72 days	154 days	Data unavailable	255 days
Minor void re-let times	35 days	50 days	Data unavailable	170 days

Properties with a valid gas safety certificate	100%	100% 320/320 properties	100% 69/69 properties	100%
Blocks with a valid Fire Risk Assessment	100%	100% 3/3 blocks	100% 1/1 blocks	99.82%
Properties with a valid electrical safety certificate	100%	81.4% 465/571 properties	96.1% 73/76 properties	93.64%
Emergency repairs completed within 24 hours	100%	100%	96.5%	Data unavailable
Urgent repairs completed within 7 days	95%	100%	Data unavailable	Data unavailable
Routine repairs completed within 28 days	95%	100%	97.6%	Data unavailable

6.2 Acquisitions

6.2.1 As outlined in Section 4, i4B has continued its purchase programme in 2024/25 and brought its total stock to 456 units.

6.3 Customer Satisfaction

6.3.1 i4B is working to improve tenant satisfaction and monitors this regularly. During 2023-24, new tenant satisfaction measures were implemented and some transactional feedback from tenants was received. The findings of the survey reveal that overall satisfaction with i4B has decreased, with areas such as repairs, tenant engagement and neighbourhood management presenting particular concern. The board has discussed this in detail, and the results are being examined to identify and carry out specific actions to improve tenant satisfaction. The Board compared performance with First Wave Housing and Brent Housing generally, and has asked for benchmarking information with other London councils. The Board will be returning to this issue in October.

6.4 Rent Collection

6.4.1 The year-to-date rent collection figure is 90.3%, which falls well below the target of 98.5%. Collection figures during the first part of the year were negatively impacted by delays in Universal Credit processing following the annual rent increase. This is because the responsibility falls on tenants to report their updated housing costs to ensure their payments are adjusted accordingly. Once resolved, collection rates are expected to improve to at or above the 2023-24 collection rate of 95.1%.

6.5 Voids

6.5.1 Voids remain a significant challenge, and the Board will be holding a deep-dive discussion on voids performance in the early autumn.

- 6.5.2 Void turnaround times have improved during Q1 of 2024-25, though difficult individual cases continue to impact overall performance figures, especially as sample sizes are small. One key improvement initiative has been the commissioning of a voids pilot, where circa 10 voids would be assigned to a smaller contractor to evaluate whether there was a reduction in turnaround times or costs. While the pilot is still ongoing, initial feedback has been positive, and a more detailed report will come back to the Board in the autumn.
- 6.5.3 Additionally, i4B engaged external consultants to review the accuracy of the specification and charging of i4B’s voids, which has led to process improvements being made.
- 6.5.4 Challenges such as pest control and delays from third-party freeholders in completing communal repairs are particularly impactful. These external factors often extend the time it takes to return properties to a lettable standard. To mitigate these delays, we have strengthened our tracking and monitoring processes, ensuring that voids are closely managed through regular meetings and detailed performance reports.
- 6.5.5 Table 4 shows the current number of void and occupied properties. Currently, 35 of the company’s 456 PRS properties and four properties at Lexington are void. Of the 35 PRS properties, 21 are recent acquisitions (including the 9 units at Tailor Court and Creeks Mews) and 14 are re-let voids (including four Home Counties properties). The increase in both void and occupied PRS properties is driven by new acquisitions within the year.

Table 4 – Refurbishment and Lettings

Refurbishment & Lettings	Performance at February 2024	Performance at September 2024
Properties Let	PRS: 405 Lexington: 149 Total: 554	PRS: 421 Lexington: 149 Total: 570
Properties void	PRS: 23 Lexington: 4 Total: 27	PRS: 35 Lexington: 4 Total: 39

- 6.5.6 As of July 2024 i4B has housed and discharged the Council’s housing duty to 473 families and 1075 children. The majority of these families were previously housed in stage one TA. The number of families housed is higher than i4B’s PRS portfolio due to a number of families moving on to other accommodation, with new families moving in.

Table 5 – Breakdown of families accommodated by i4B as of July 2024

Previous Accommodation	No. of Families	No. of Children
Direct to i4B	116	216
Women’s Refuge	2	15
TA Stage One – B&B	316	724

TA Stage Two - Leased	39	120
Total	473	1075

6.6 Repairs

6.6.1 In the year to date, 100% of all emergency repairs have been responded to within 24 hours. Although current performance for urgent and routine repairs is stable, this has fluctuated over the last 12 months. The Board will receive benchmarking information to compare i4B with the rest of the Council and other housing providers in London and beyond in October, to support efforts to improve and stabilise performance.

6.7 Health & Safety Compliance

6.7.1 Aside from a number of outstanding electrical safety certificates (EICRs), i4B have achieved full compliance in all relevant areas. On EICRs, the problem in most cases is gaining access to the property: the legal process to gain access continues to be followed for each outstanding certificate. Unlike for gas certificates, it is not possible to force entry to properties that refuse access.

6.8 Mears currently provide housing management, repairs, compliance and voids management services for 75 properties in the Home Counties. The overall performance has been generally in line with Brent. However, void turnaround times are consistently out of target. Part of the reason for this is the difficulty in letting properties to families wishing to remain in Brent. This contract is due to go out to re-tender in the autumn in line with planned timescales.

6.9 Wider Support for Residents

6.9.1 The board has taken an interest in the wider support to tenants and in the role the companies play. They will be receiving a report shortly on the employment support from BEAM, and considering other possible support, in liaison with other council services. The companies also consulted partners to ensure that the Lexington key worker accommodation was still focused on priority occupations.

7.0 Update on Risk

7.1 The i4B risk register outlines the main risks the company faces; these are detailed below:

- Poor rent collection performance due to unaffordability of rent for tenants
- High void turnaround times, costs and rent loss lead to financial losses for i4B
- High capital programme costs, including stock condition and energy efficiency expenditure, adversely affect the company business plan
- Company cash flow (capital and revenue) is insufficient to manage expenditure

- i4B does not effectively manage its contract for the remote management of Home Counties properties, leading to poor performance and risk to tenant satisfaction
- 7.2 The Company's risk register is reviewed on a quarterly basis. Throughout the risk register, business plan assumptions, mitigations and actions are updated. Mitigating measures are in place to help to minimise the impact and likelihood of all risks, and the format of the register has been updated to make the connection between actions and anticipated risk scoring clearer. A recent risk scanning exercise carried out at the July Board meeting has highlighted areas for greater focus in future iterations of the risk register from October.
- 7.3 As a result of mitigating actions, a number of risk scores were reduced at the last Board review in July 2024.

8.0 Progress of the 2024/25 Business Plan

8.1 An update on the progress of key tasks within the 2024/25 i4B business plan is provided for each of the company's long-term strategic objectives below.

8.2 Providing a consistently good housing service

8.2.1 This objective relates to improving tenant satisfaction, ensuring tenants are able to afford their rent and sustain their tenancies, and overall providing an effective and consistent housing service.

8.2.2 During 2023/24, new tenant satisfaction measures were implemented and some transactional feedback from tenants was received. While the initial results were in line with Council benchmarks, they fell short of the levels we would have liked to achieve. The companies are actively working to improve these outcomes with regular monitoring and collaborative work with the Quality Assurance and Standards Manager to implement an improvement plan that focuses on making tangible changes to enhance tenant experiences. One of the key initiatives is the development of more robust complaints reporting to better identify recurring themes and areas for improvement, with the company-specific reporting set to begin in October 2024.

8.2.3 The Housing Companies Tenant Services Managers are also increasing their contact with tenants through more frequent phone communications, as well as conducting home and estate visits. These efforts will build stronger relationships with tenants and ensure that any concerns are promptly addressed.

8.2.4 Additionally, i4B are in the process of re-tendering the Home Counties contract, with a focus on refining the contract specifications and management arrangements. These improvements are intended to enhance the quality and efficiency of the services provided, ensuring that our housing operations consistently meet the needs and expectations of our tenants.

8.3 *Delivering safe and sustainable homes*

8.3.1 This objective involves ensuring that homes are of a good quality, safe, legally compliant, and environmentally sustainable.

8.3.2 During 2022-23, i4B and FWH commissioned an audit of their health and safety compliance arrangements, managed primarily through its Service Level Agreement with Brent Housing Service. The audit identified potential risks to health and safety compliance including a lack of detailed oversight. In response, Brent's Housing Management Service (HMS) have adopted the True Compliance system for long-term monitoring and reporting of compliance across all areas, and this system has now been fully implemented and is used for performance reporting to Board. Health and safety compliance across the portfolios remains strong.

8.3.3 i4B is focussed on ensuring that its housing stock not only meets current safety standards but also aligns with future sustainability goals. Addressing disrepair is a key priority, and we have taken proactive measures to identify and rectify potential issues early on. This approach is critical in safeguarding the health and wellbeing of our tenants.

8.3.4 In response to the Building Safety Act 2022, i4B have prepared a comprehensive building safety case for Lexington; a higher risk building over 7 storeys. This ensures that we are fully compliant with the new regulations, reflecting our commitment to tenant safety.

8.3.5 Furthermore, the companies are developing an asset management strategy. A significant focus of this strategy is on improving the energy performance of our housing stock, with the goal of bringing all properties up to a minimum EPC C rating, to achieve the government's 2030 target. This initiative is essential for both maintaining the value and quality of assets and supporting broader sustainability objectives and is expected to bring health and financial benefits to tenants.

8.4 *Running a viable business*

8.4.1 This objective relates to improving i4B's operational and financial performance in order to remain financially viable and thus continue to bring benefits to the Council.

8.4.2 The key operational issue for i4B and FWH is high void times. Efforts to manage and reduce voids have faced several challenges. One issue is the difficulty in letting Home Counties properties to accepted Brent homeless applicants, who often prefer to remain within the borough rather than relocating further afield. Additionally, delays caused by third-party freeholders in completing necessary repairs have further impacted our turnaround times for voids. As set out in the section on operational performance, a number of improvement actions and projects are in place, which will be brought together in a deep-dive session led by the Board to identify further opportunities for reducing void times and rent loss.

8.4.3 An internal audit of the financial controls and billing arrangements for the Companies was carried out in May 2024. Several areas for improvement were identified and recommendations have been implemented:

- Lack of oversight of legal disrepair claims – there was inadequate communication regarding disrepair claims, leading to situations where the companies were unaware of claims until they are resolved. To improve oversight, officers working for the companies have worked with the Council’s Legal section to introduce a monthly performance report in addition to the quarterly report that is already in place. This new report provides a comprehensive overview of open and recently closed cases, including progress and costs.
- Oversight and inspection of void works – following the audit, direct billing between the companies and Wates has been introduced to improve financial monitoring and forecasting. Additionally, an action log has been introduced into the bi-weekly i4B/FWH voids meetings, detailing owners and target resolution dates for any follow up actions set.
- Council tax billing processes – following improvements recommended in the audit the companies have worked with the Council Tax team to develop a clear and effective process for reviewing and paying council tax liabilities. This process has been formalised in a procedure document to ensure consistency and clarity.
- Lack of policies and procedures – there was previously no comprehensive documentation outlining the billing and management processes for legal disrepair, council tax, or void repair work outside of the SLA between the Council and the companies. The companies’ management team has drafted and circulated process notes that clearly outline the roles, responsibilities, and arrangements for managing and monitoring new voids, council tax, and disrepair cases.

8.4.3 During 2023/24, the Board approved a value for money strategy for i4B and FWH, with focus on improving performance levels, efficiencies and outcomes for tenants and other stakeholders in the following key areas:

- Voids performance
- Income recovery and arrears management
- Asset management and energy efficiency
- Housing management costs
- Tax efficiency
- Value for money for tenants

8.4.5 Improvement plans and actions in these areas are closely monitored by the Board through dedicated quarterly reports.

8.5 *Increasing the supply of affordable housing in the borough*

8.5.1 i4B is on track to exceed its acquisition targets for 2024/25, which will include the company using the majority of its available loan finance; please see Section 4 for further detail on this.

9.0 Update on Governance

9.1 Alongside its monthly internal Board meetings and twice-yearly meetings with the Council as Shareholder, i4B reports every six months to the Audit and Standards Advisory Committee (ASAC) on risks, operational & financial performance, and progress in implementing the company's business plan.

9.2 On 4 September 2024, i4B also presented a report to the Resources and Public Realm Scrutiny Committee on how effective it and First Wave Housing have been as investment decisions for the Council in achieving its key strategic priorities. Cabinet representatives noted that the housing companies had performed effectively in delivering for the Council, particularly in the number of families housed and the associated cost avoidance of expensive Temporary Accommodation, and the Committee asked the companies to ensure they were doing as much as possible to increase housing supply.

9.3 Although not formally regulated, on an annual basis i4B also reviews its compliance with the economic standards set out by the Regulator of Social Housing, in the areas of value for money, rent, governance and financial viability. i4B has commissioned an updated market rental assessment to ensure full compliance with the Rent Standard. The company is also working closely with Council colleagues on assessing against and responding to the Regulator's newly introduced consumer standards.

9.4 i4B also uses the Council's Internal Audit service to carry out audits on areas where it is seeking additional assurance. The most recent audit focused on financial billing arrangements in the areas of void refurbishments, legal disrepair cases and Council Tax, with process improvement recommendations now implemented.

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I4B Risk Register		Pre-mitigation score										Post-mitigation score							
Strategic objective	Strategic risk	Ref	Risk	Level of control	Recent developments	Likelihood	Impact	Score	Trend	Mitigating action	Owner (I4B)	Owner (SLA)	Timescale	Action status and update	Likelihood	Impact	Score		
Delivering safe and sustainable homes	I4B does not meet health & safety requirements - risk of injury or death to tenants, damage to property, financial and reputational damage	1	Issues with health & safety compliance certification and data lead to I4B being non-compliant with regulatory and statutory obligations	Significant control through SLA	Positive trend - True Compliance is fully set up and reporting will be led by Brent Housing from September 2024, improved confidence in data and all necessary steps to address areas of non-compliance. Includes compliance with Building Safety Act	2	5	10	↓	Fully implement True Compliance and integrate into scorecard	Strategic Support Officer	Head of Property Services	Sep-24	To be marked as complete from September. Some unavoidable risk remains (for example due to non-access into properties) but from September actions will be to continue ongoing monitoring of H&S compliance and following up identified actions. Risk score reduced to reflect this	2	5	10		
		2	Third party freeholders do not provide compliance information to I4B for communal areas in third party blocks, meaning I4B cannot verify that adequate compliance controls in place	Reliant on third party freeholders	Engagement continues to be challenging in this area and this is expected to continue to be the case. As agreed by Board, I4B will continue to only acquire freehold properties or leasehold properties in blocks owned by local authorities and housing associations	2	5	10	↓	Take forward strategy to delay payments for service charges etc. and engage with freeholders where information has not been provided	Strategy & Delivery Manager		Ongoing	Strategy to be taken forward, no positive engagement as a result so far. Risk score reduced following Board feedback due to low likelihood of an incident arising	2	5	10		
Running a viable business	I4B does not manage its costs and performance well - risk of financial and reputational damage, or inability to trade as a going concern	3	Poor rent collection performance due to unaffordability of rent for tenants	Significant control through SLA	Rent collection rates for early 2024-25 are lower than expected, but are expected to increase once some outstanding benefits delays are resolved. Work by the Operational Team and organisations such as BEAM is hoping to drive appropriate nominations and good collection rates	4	4	16	↓	Implement plans to improve rent collection rates	Strategic Support Officer	Head of Housing & Neighbourhoods	Mar-25	Detailed rent report presented to July Board showing improvements to weekly collection performance in comparison to last year, despite challenges with benefits this year. Continuing to manage this closely including legal action where appropriate	3	3	9		
		4	High void turnaround times, costs and rent loss lead to financial losses for I4B	Significant control through SLA	While turnaround times for some individual cases remain high, improvements in processes and collaboration are bringing down overall times	4	3	12	↓	Implement plans to reduce void turnaround times	Strategic Support Officer	Head of Property Services	Mar-25	Two successful outcomes via BEAM which are positively affecting rent collection for those accounts, working on integrating referrals to BEAM as core part of service	3	3	9		
		5	High capital programme costs, including stock condition and energy efficiency expenditures, adversely affect the company business plan	Subject to market fluctuations, governmental requirements, availability of grant, etc.	Asset management and decarbonisation strategy in progress using stock condition and energy survey data. Strategic decisions to be taken on approach to planned / capital works	3	5	15		Develop asset management and decarbonisation strategy	Strategy & Delivery Manager / Senior Finance Analyst	Head of Property Services	Sep-24	A number of actions including changes to the nomination process, piloting a smaller contractor and close monitoring of voids through regular meetings are progressing. Risk score reduced to reflect initial performance improvements seen, although some individual void turnaround cases remain out of target	2	4	8		
		6	I4B fails to repay loan funding to Council	Significant control through budget management	All I4B loans are on a fixed rate and long-term, with the first 30-year loans coming due in 2047/48. Recent loans are on 30-year terms. The risk is currently low as all repayment requirements are known, and the company needs to manage long-term rental income against operational costs and interest to ensure assumptions of financial acquisition appraisals are being met. An unexpected rent cap or freeze, or a long period of poor rent collection performance could lead to an increase in likelihood	1	5	5		Regularly monitor financial performance, including biannual stress testing of business plan	Senior Finance Analyst			Regular reviews are in place with next full business plan review due for September	1	5	5		
		7	Substantial variations in inflation and interest rates compared to the business plan adversely affect financial performance and viability (Company cash flow (capital and revenue) is insufficient to manage expenditure	No control over external environment, can exercise caution through business planning	National inflation levels are now stabilising following a period of extremely high inflation due to a variety of external factors including Covid, the war in Ukraine, etc. CPI is now at around 2% with future rent increases expected to be back at CPI+1% levels. Long-term inflation forecasts are inherently uncertain but risk has been reduced due to current position	2	5	10	↓	Regularly monitor economic environment and financial performance, including biannual stress testing of business plan	Senior Finance Analyst			Regular reviews are in place with next full business plan review due for September	2	5	10		
		8	Cash flow is predominantly dependent on income from rent collection, which is impacted by rate of new acquisitions. Regularly monitored by company via bimonthly monitoring reports, and the business plan provides assurance of long-term cash flow needs - approved for 2024/25	Significant control through budget management	Cash flow is predominantly dependent on income from rent collection, which is impacted by rate of new acquisitions. Regularly monitored by company via bimonthly monitoring reports, and the business plan provides assurance of long-term cash flow needs - approved for 2024/25	3	5	15		Regularly monitor financial and rent collection performance, including biannual stress testing of business plan	Senior Finance Analyst			Regular reviews are in place with next full business plan review due for September	2	5	10		
		9	Changing inflation or Government policy on rents and benefits means I4B cannot increase rents at business plan assumptions	None other than link to Council lobbying role, can exercise caution through business planning	Recent change in Government, rent policy to be determined later in year but no increases assumed for coming years in business plan	2	3	6		Regularly monitor economic environment and Government policy, including biannual stress testing of business plan	Senior Finance Analyst			Sep-24	Next stress test to take place in September 2024	2	3	6	
		10	Costs of remediation to the Granville and Princess Road blocks exceed business plan estimates	I4B is major leaseholder in works programme being commissioned by Brent Council; reasonable input into design and costings	Design, specification and procurement are being managed by the Council's Major Works and Refurbishment team. I4B will be liable for approx. 22% of the cost of preliminary work in 2024/25 and work on site in 2025/26	3	2	6		Receive regular updates from council on procurement process	Strategy & Delivery Manager			Ongoing	Cost certainty will increase as the project moves along, and the business plan will be kept up-to-date accordingly. I4B representatives attend design workshops etc	1	2	2	
		Providing a consistently good housing service	I4B's properties are not managed effectively - risk of tenant dissatisfaction, increase in complaints and reputational damage	11	I4B does not effectively manage its contract for the remote management of Home Counties properties, leading to poor performance and risk to tenant satisfaction	Reasonable control through contract	Mears performing in line with Brent Housing. Contract due to be shortly handed over to Greystone, brings increased risk and requires close management. Procurement is underway but Procurement team are encountering staffing issues	3	4	12	↑	Closely monitor performance under the contract through regular meetings, performance reporting and Board attendance	Strategy & Delivery Manager		Mar-25	The team are preparing for the handover to Greystone and setting up similar meeting and reporting arrangements to Mears. This will also include communications to tenants. Risk score has increased due to uncertainty around new contractor and ongoing procurement, but will be closely managed	2	3	6
				12	Poor service delivery gives rise to low tenant satisfaction	Significant control through SLA	While not regulated, I4B aims to meet all regulatory standards including the newly introduced consumer standards. Initial results suggest I4B and Brent more widely are below national and London standards, so a Council-wide piece of work will be underway over the coming months	3	3	9	↑	Regularly measure tenant satisfaction against performance, and develop and implement targeted improvement plans	Strategic Support Officer	Head of Housing & Neighbourhoods	Mar-25	New regulation now in force and likely to be greater focus for company, and initial results suggest significant work to be done in improving satisfaction. Risk score increased as a result	2	3	6
13	Poor complaints management procedures lead to low tenant satisfaction			Significant control through SLA	Also part of consumer standards, and separate complaints hierarchies have been set up on the system for the housing companies - reporting to be agreed with Board	3	3	9	↑	Regularly measure complaints performance and tenant satisfaction, and develop and implement targeted improvement plans	Strategic Support Officer	Head of Housing & Neighbourhoods	Mar-25	Complaints reporting to be introduced from September 2024, will go alongside tenant satisfaction work and has accordingly been increased as above	2	3	6		
14	Disrepair in properties leads to poor tenant satisfaction, reputational damage and an increase in costs through legal settlements			Reasonable control through SLA	Over the past 1-2 years a notable increase in disrepair cases has been seen. The amount of new cases coming through has settled, but instances of tenants being advised to not allow access for works and more general works and settlement costs create an ongoing risk for I4B. There is a clear legal framework for the management of disrepair cases	3	3	9		Closely monitor, manage and report on disrepair cases	Strategic Support Officer			Ongoing	Monthly report has now been set up by Legal providing operational and financial updates on all I4B disrepair cases, which will be fed into performance reports and financial reports	2	3	6	
Increasing the supply of affordable housing	I4B is unable to acquire properties and cannot contribute to increasing affordable housing supply in the borough	15	There is an insufficient volume of street property acquisition properties on the market that meet I4B's financial criteria	Subject to market conditions	I4B's pipeline remains healthy, and the company has agreed the full use of its remaining loan funding. The Company is now considering drawing down further loan funding for additional purchases	2	3	6		Continue street property acquisitions	Strategy & Delivery Manager		Ongoing	Risk remains low here. I4B expects to exceed its target of 25 purchases during 2024-25, which will bring financial benefits to the company, and is exploring further funding as in Risk 10	2	3	6		
		16	There is an insufficient amount of development opportunities that meet I4B's financial criteria	Subject to market conditions	I4B is in the final stages of acquiring a new build development of 9 units in Brent.	3	2	6	↓	Continue to review potential block acquisitions and new build purchases	Strategy & Delivery Manager		Ongoing	I4B has one opportunity in the pipeline. Risk score reduced as no developments are assumed in the business plan, so any progressed opportunities will represent an additional benefit to the company and Council. I4B team links with teams in Council such as Property, Development and Planning are improving	2	2	4		
		17	I4B has insufficient capital to fund new acquisitions	Subject to market conditions and strategic direction of Council	I4B is in conversation with the Council regarding potential further funding for street property acquisitions, using the £40m provision in the Council's budget	2	3	6	↓	Engage the Council on future investment in I4B	Strategy & Delivery Manager		Ongoing	Risk reduced as the Council has demonstrated willingness to provide further funding for I4B to continue its acquisition programme, including a specific opportunity for a purchase of 5 portfolio units - although a Government decision on the Local Authority Housing Fund is pending	2	2	4		

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	<p style="text-align: center;">First Wave Housing Ltd Guarantor Meeting 12 September 2024</p>
	<p style="text-align: center;">Report from the Chair of First Wave Housing Ltd</p>
<p>Update on FWH Performance</p>	
<p>No. of Appendices</p>	<p>1 – FWH Risk Register</p>
<p style="text-align: center;">Author</p>	<p>Hal Chavasse Strategy & Delivery Manager 020 8937 4649 Harry.Chavasse@brent.gov.uk</p>

1.0 Purpose of the Report

1.1 This report provides an update on the performance of First Wave Housing Ltd (FWH).

2.0 Recommendation(s)

2.1 The Guarantor notes the update on FWH's financial and operational performance, risks and governance.

2.2 The Guarantor notes the update on the 2024/25 FWH Business Plan.

3.0 Key Points

3.1 Cabinet agreed FWH's 2024/25 business plan in March 2024. Priorities for the year are set out with the framework of the strategic objectives of the Housing Companies (FWH and i4B Holdings Ltd (i4B)):

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

3.2 In the 2023/24 financial year, the company made an operational profit of £0.968m compared to £0.543m in 2022/23.

3.3 Despite continuing challenges in areas such as voids, housing management performance remains reasonably strong and is improving.

3.4 This report provides an update on progress of the 2024/25 business plan priorities so far, including operational & financial performance, acquisitions and risks.

4.0 Update on Purchasing

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

4.2 The Council has agreed to the acquisition of a 294-unit development at Fulton Road in Wembley Park, currently under construction. As part of this, the possibility of leasing a number of these units to FWH is being explored; this is likely to be 118 units to be let at London Living Rents. Since the last Guarantor meeting, the principles of the lease model have been agreed and detailed models are being worked up by the respective finance teams for review and approval by the FWH Board and Council.

4.3 The Company will hold discussions with the Guarantor as necessary when further opportunities arise.

5.0 Financial Performance

5.1 In the 2023/24 financial year, the company made a profit, (excluding depreciation, revaluations and tax), of £0.968m compared to £0.543m in 2022/23.

5.2 Summary Financial Outturn

5.2.1 The financial outturn for the year is below. Rent turnover for the year is £3.335m, this is an adverse variance of £37k against budget. This is due to a number of variances between business plan weekly charges and actual charges in the Northgate system for void properties; these are timing differences between setting the budget and letting of the properties.

Table 1 - Financial Outturn 2023/24

FWH 2023/24 Outturn	Budget 23/24	March 24 Outturn	Variance to budget
	£,000	£,000	£,000
Income	3,372	3,335	(37)
Expenditure	(1,568)	(1,673)	(105)
Financing	(694)	(694)	0
Profit (Loss) before tax, revaluations and depreciation	1,110	968	(142)

5.3 *Income and Expenditure Statement*

5.3.1 Profit excluding depreciation, revaluations and tax is £0.968m compared to £0.543m in 2022/23.

5.3.2 Turnover for 2023/24 is £3.335m, compared to £3.292m in 2022/23, an increase of £43k.

5.3.3 The principal variations in outturn to the budget were mainly:

- Favourable variance in Provision for doubtful debts of £238k. This was because of a better performance in collection in the year.
- Property maintenance costs for the year were £10k higher than the original budget. This was due to an increase in Q4 property charges.
- Service Level Agreements (SLA) - expenditure was higher than budget by £101k, which was due to an overspend of £37k on the Corporate SLA. Management Fees SLA were overspent by £64k, due to additional variable costs of the Housing Management Call Centre as well as a portion of the Operational Manager's costs.
- Leasehold Service Charges Service Level Agreement expenditure for the year was higher than budget by £167k. Some of the adverse variance was due to prior year invoices from third party managing agents, who legally have an 18-month window to invoice and still have their invoices paid.
- There was an overall revaluation loss of £150k because of a revaluation loss on housing properties held for investment of £870k and an increase on social housing properties of £720k due to decreases and increases in the property market.

Statement of comprehensive income for the year ended 31 March 2024

	<i>Note</i>	2023/24	2022/23
		£'000	£'000
Turnover	5	3,335	3,292
Operating costs	6,7,8	(2,141)	(2,542)
Reversal of Revaluation loss on housing assets		0	(1)
Surplus on asset disposal	7	-	130
Surplus on revaluation of investment properties	11	(870)	1,260
Surplus on revaluation of commercial properties	11	0	0
Operating Surplus (Loss)	7	324	2,141
Interest payable and similar charges	15	(694)	(702)
Profit (Loss) on ordinary activities before taxation		(370)	1,440
Tax on surplus on ordinary activities	9	(200)	(494)
Profit on ordinary activities after taxation		(570)	946
Profit (Loss) Loss for the financial year	<i>SOCIE</i>	(570)	946
Unrealised gain / (loss) on revaluation of social housing properties	<i>SOCIE</i>	1,183	1,498
Total comprehensive income for the year		613	2,443

5.4 2024-25 Financial Update

5.4.1 The current Year to date financial forecast as at 31st July 2024 for FWH is as follows:

<u>FWH 24/25 July Forecast</u>	July 24 Actual (£'000)	Budget t YTD (£'000)	Budget Full Year (£'000)	Forecast Full Year (£'000)	Variance Full Year (£'000)
Income	1,173	1,174	3,430	3,430	0
Expenditure	(502)	(614)	(2,667)	(2,667)	0
Financing	0	0	(685)	(685)	0
Profit (Loss) before tax, revaluations and depreciation	671	560	78	78	0

Income

5.4.2 Gross Rental Income is understated by £3k, due to new tenancy rental income charged higher in the 2024/25 Budget.

Void Rent Loss

5.4.3 Void loss currently showing favourable surplus of £2k, due to average void loss at 3% over the first 4 months. The budget for the year has assumed a void loss of 4%. However, the commercial unit owned by FWH currently remains void.

Operating Costs

5.4.4 Overall Operating Costs are showing a favourable surplus of £112k, however, when broken down by individual costs:

5.4.5 Leasehold Service Charges are showing a surplus; this is due to the timing of billing, as this can be variable throughout the year with an increase in billing near to year end.

5.4.6 Property Maintenance Costs are also showing a surplus, for the same reasons cited for the above. However compensation costs as of July are over budget, which could contribute to a possible overspend on the allocated budget for the year.

5.4.7 FWH accounts as at the 31st July 2024 show a Profit before tax of £111k. However, this is only for expenditure captured to July 2024. Billing for expenditure is variable throughout the year with billing picking up near to year end, which aligning within budget should enable us to achieve the budgeted profit of £77k.

5.4.8 The FWH 30 Year business plan approved earlier this year projected an overall profit before tax for the last year in the model (2053/54) of £1.022m.

6.0 Operational Performance

6.1 FWH's housing management services are carried out by Brent Council's Housing Service via a Service Level Agreement. The Board of FWH have a responsibility to monitor and drive good performance and do so on an ongoing basis including via monthly performance reports. Despite continuing challenges in areas such as voids, housing management performance remains reasonably strong and is improving. The company is committed to continuing to move in the right direction despite a challenging operating environment; this will include improving tenant satisfaction to identify the most important areas of focus. Table 2 provides an update on current operational performance.

Table 2 – FWH Key Performance Indicators

Indicator	Target	FWH	Council
Overall Customer Satisfaction (TSM data year end 2023/34)	N/A	50%	52%
Rent Collection	98.5%	109.02%	98.01%
Major void re-let times	72 days	225 days	255 days
Minor void re-let times	35 days	299 days	170 days
Properties with a valid gas safety certificate	100%	100% 199/199 properties	100%
Blocks with a valid Fire Risk Assessment	100%	100% 4/4 blocks	99.8%
Properties with a valid electrical safety certificate	100%	87.7% 185/211 properties	93.6%
Emergency repairs completed within 24 hours	100%	100%	Data unavailable
Urgent repairs completed within 7 days	95%	95%	Data unavailable
Routine repairs completed within 28 days	95%	83%	Data unavailable

6.2 *Customer Satisfaction*

- 6.2.1 Overall customer satisfaction levels are at 50%, which falls well short of FWH's expectations. Council tenants' satisfaction levels are slightly higher at 52%. Improving tenant satisfaction is a priority, with a focus on increasing the amount of contact with tenants to ensure that any issues are promptly understood and addressed.
- 6.2.2 The Regulator of Social Housing has introduced new Consumer Standards in relation to tenant satisfaction from April 2024. As a Registered Provider FWH is bound by these as is Brent Council more widely. FWH is therefore working with Council colleagues to identify gaps in compliance and work up improvement plans to address these and improve tenant satisfaction, and ultimately ensure full compliance with regulations.
- 6.2.3 The Board compared performance with i4B Holdings and Brent Housing generally, and has asked for benchmarking information with other London councils. The Board will be returning to this issue in October.

6.3 *Rent Collection*

- 6.3.1 The year-to-date rent collection figure is strong and remains above the 98.5% target at 99.83%.

6.4 *Voids*

- 6.4.1 Voids remain a significant challenge, and the Board will be holding a deep-dive discussion on voids performance in the early autumn.
- 6.4.2 Despite major and minor void times remaining out of target, there have been improvements in Q1 of 2024-25, though some individual cases continue to impact overall performance figures, especially as sample sizes are small.
- 6.4.3 Challenges such as pest control and delays from third-party freeholders in completing communal repairs are particularly impactful. These external factors often extend the time it takes to return properties to a lettable standard. To mitigate these delays, we have strengthened our tracking and monitoring processes, ensuring that voids are closely managed through regular meetings and detailed performance reports.
- 6.4.4 As part of initiatives to improve voids performance, FWH engaged external consultants to review the accuracy of the specification and charging of company voids, which has led to process improvements being made.
- 6.4.5 Table 3 shows the current number of void and occupied properties. Currently, 6 of the company's properties are void, which is fewer than half the figure at the last report in February 2024.

Table 3 – Refurbishment and Lettings

Refurbishment & Lettings	Performance at February 2024	Performance at September 2024
Properties Let	Settled Homes: 155 Market: 43 Social: 5 Total: 203	Settled Homes: 161 Market: 44 Social: 5 Total: 210
Properties void	Settled Homes: 11 Market: 2 Social: 0 Total: 13	Settled Homes: 5 Market: 1 Social: 0 Total: 6

6.5 Repairs

6.5.1 In the year to date, 100% of all emergency repairs have been responded to within 24 hours. The number of urgent repairs completed within 7 days is currently 94%, which is just below the target of 95%. The percentage of routine repairs completed within 28 days is currently below target at 83%, which is a slight improvement compared to the same period last year, where performance was 81%.

6.6 Health & Safety Compliance

6.6.1 Aside from a number of outstanding electrical safety certificates, FWH have achieved full compliance in all relevant areas. On EICRs, the problem in most cases is gaining access to the property: the legal process to gain access continues to be followed for each outstanding certificate. Unlike for gas certificates, it is not possible to force entry to properties that refuse access.

6.7 Wider Support for Residents

6.7.1 The board has taken an interest in the wider support to tenants and in the role the companies play. They will be receiving a report shortly on the employment support from BEAM, and considering other possible support, in liaison with other council services.

7.0 Update on Risk

7.1 The FWH risk register outlines the main risks the company faces; these are detailed below:

- Poor rent collection performance due to unaffordability of rent for tenants
- High void turnaround times, costs and rent loss lead to financial losses for FWH
- High capital programme costs, including stock condition and energy efficiency expenditure, adversely affect the company business plan

7.2 The Company's risk register is reviewed on a quarterly basis. Throughout the risk register, business plan assumptions, mitigations and actions are updated.

Mitigating measures are in place to help to minimise the impact and likelihood of all risks, and the format of the register has been updated to make the connection between actions and anticipated risk scoring clearer. A recent risk scanning exercise carried out at the July Board meeting has highlighted areas for greater focus in future iterations of the risk register from October.

- 7.3 As a result of mitigating actions, a number of risk scores were reduced at the last Board review in July 2024.

8.0 Progress of the 2024/25 Business Plan

- 8.1 An update on the progress of key tasks within the 2024/25 FWH business plan is provided for each of the company's long-term strategic objectives below.

8.2 Providing a consistently good housing service

- 8.2.1 This objective relates to improving tenant satisfaction, ensuring tenants are able to afford their rent and sustain their tenancies, and overall providing an effective and consistent housing service.

8.2.2 During 2023/24, new tenant satisfaction measures were implemented and some transactional feedback from tenants was received. While the initial results were in line with Council benchmarks, they fell short of the levels we would have liked to achieve. The companies are actively working to improve these outcomes with regular monitoring and collaborative work with the Quality Assurance and Standards Manager to implement an improvement plan that focuses on making tangible changes to enhance tenant experiences. One of the key initiatives is the development of more robust complaints reporting to better identify recurring themes and areas for improvement, with the company-specific reporting set to begin in October 2024.

8.2.3 The Housing Companies Tenant Services Managers are also increasing their contact with tenants through more frequent phone communications, as well as conducting home and estate visits. These efforts will build stronger relationships with tenants and ensure that any concerns are promptly addressed.

8.3 Delivering safe and sustainable homes

- 8.3.1 This objective involves ensuring that homes are of a good quality, safe, legally compliant, and environmentally sustainable.

8.3.2 During 2022-23, FWH and i4B commissioned an audit of their health and safety compliance arrangements, managed primarily through its Service Level Agreement with Brent Housing Service. The audit identified potential risks to health and safety compliance including a lack of detailed oversight. In response, Brent's Housing Management Service (HMS) have adopted the True Compliance system for long-term monitoring and reporting of compliance across all areas, and this system has now been fully implemented and is used

for performance reporting to Board. Health and safety compliance across the portfolios remains strong.

8.3.3 FWH is focussed on ensuring that its housing stock not only meets current safety standards but also aligns with future sustainability goals. Addressing disrepair is a key priority, and we have taken proactive measures to identify and rectify potential issues early on. This approach is critical in safeguarding the health and wellbeing of our tenants.

8.3.4 Furthermore, the companies are developing an asset management strategy. A significant focus of this strategy is on improving the energy performance of our housing stock, with the goal of bringing all properties up to a minimum EPC C rating, to achieve the government's 2030 target. This initiative is essential for both maintaining the value and quality of assets and supporting broader sustainability objectives and is expected to bring health and financial benefits to tenants.

8.4 *Running a viable business*

8.4.1 This objective relates to improving i4B's operational and financial performance in order to remain financially viable and thus continue to bring benefits to the Council.

8.4.2 The key operational issue for FWH and i4B is high void times. Efforts to manage and reduce voids have faced several challenges. Delays caused by third-party freeholders in completing necessary repairs have further impacted our turnaround times for voids. As set out in the section on operational performance, a number of improvement actions and projects are in place, which will be brought together in a deep-dive session led by the Board to identify further opportunities for reducing void times and rent loss.

8.4.3 An internal audit of the financial controls and billing arrangements for the Companies was carried out in May 2024. Several areas for improvement were identified and recommendations have been implemented:

- Lack of oversight of legal disrepair claims – there was inadequate communication regarding disrepair claims, leading to situations where the companies were unaware of claims until they are resolved. To improve oversight, officers working for the companies have worked with the Council's Legal section to introduce a monthly performance report in addition to the quarterly report that is already in place. This new report provides a comprehensive overview of open and recently closed cases, including progress and costs.
- Oversight and inspection of void works – following the audit, direct billing between the companies and Wates has been introduced to improve financial monitoring and forecasting. Additionally, an action log has been introduced into the bi-weekly FWH/i4B voids meetings, detailing owners and target resolution dates for any follow up actions set.

- Council tax billing processes – following improvements recommended in the audit the companies have worked with the Council Tax team to develop a clear and effective process for reviewing and paying council tax liabilities. This process has been formalised in a procedure document to ensure consistency and clarity.
- Lack of policies and procedures – there was previously no comprehensive documentation outlining the billing and management processes for legal disrepair, council tax, or void repair work outside of the SLA between the Council and the companies. The companies' management team has drafted and circulated process notes that clearly outline the roles, responsibilities, and arrangements for managing and monitoring new voids, council tax, and disrepair cases.

8.4.3 During 2023/24, the Board approved a value for money strategy for FWH and i4B, with focus on improving performance levels, efficiencies and outcomes for tenants and other stakeholders in the following key areas:

- Voids performance
- Income recovery and arrears management
- Asset management and energy efficiency
- Housing management costs
- Tax efficiency
- Value for money for tenants

8.4.5 Improvement plans and actions in these areas are closely monitored by the Board through dedicated quarterly reports.

8.5 *Increasing the supply of affordable housing in the borough*

8.5.1 FWH is working with the Council to progress a leasing mechanism for 118 units at Fulton Road; please see Section 4 for further detail on this.

8.5.2 More generally, both companies are of course very interested in new opportunities which may come from the new Westminster government, and stand ready to work with the Council on maximising the benefit for Brent.

9.0 **Update on Governance**

9.1 Alongside its monthly internal Board meetings and twice-yearly meetings with the Council as Guarantor, FWH reports every six months to the Audit and Standards Advisory Committee (ASAC) on risks, operational & financial performance, and progress in implementing the company's business plan.

9.2 On 4 September 2024, FWH also presented a report to the Resources and Public Realm Scrutiny Committee on how effective it and i4B Holdings Ltd have been as investment decisions for the Council in achieving its key strategic priorities. Cabinet representatives noted that the housing companies had performed effectively in delivering for the Council, particularly in the number of families housed and the associated cost avoidance of expensive Temporary

Accommodation, and the Committee asked the companies to ensure they were doing as much as possible to increase housing supply.

- 9.3 On an annual basis, FWH also reviews its compliance with the economic standards set out by the Regulator of Social Housing, in the areas of value for money, rent, governance and financial viability. FWH has commissioned an updated market rental assessment to ensure full compliance with the Rent Standard. The company is also working closely with Council colleagues on assessing against and responding to the Regulator's newly introduced consumer standards.
- 9.4 FWH also uses the Council's Internal Audit service to carry out audits on areas where it is seeking additional assurance. The most recent audit focused on financial billing arrangements in the areas of void refurbishments, legal disrepair cases and Council Tax, with process improvement recommendations now implemented.

FWH Risk Register												Pre-mitigation score			Post-mitigation score		
Strategic objective	Strategic Risk	Ref	Risk	Level of control	Recent developments	Likelihood	Impact	Score	Trend	Mitigating action	Owner (FWH)	Owner (SLA)	Timescale	Action status and update	Likelihood	Impact	Score
Delivering safe and sustainable homes	FWH does not meet health & safety requirements - risk of injury or death to tenants, damage to property, financial and reputational damage	1	Issues with health & safety compliance certification and data lead to FWH being non-compliant with regulatory and statutory obligations	Significant control through SLA	Positive trend - True Compliance is fully set up and reporting will be led by Brent Housing from September 2024; improved confidence in data and taking all necessary steps to address areas of non-compliance. Includes compliance with Building Safety Act	2	5	10	↓	Fully implement True Compliance and integrate into scorecard	Strategic Support Officer	Head of Property Services	Sep-24	To be marked as complete from September. Some unavoidable risk remains (for example due to non-access into properties) but from September actions will be to continue ongoing monitoring of H&S compliance and following up identified actions. Risk score reduced to reflect this	2	5	10
		2	Third party freeholders do not provide compliance information to FWH for communal areas in third party blocks, meaning FWH cannot verify that adequate compliance controls in place	Reliant on third party freeholders	Engagement continues to be challenging in this area and this is expected to continue to be the case	2	5	10	↓	Take forward strategy to delay payments for service charges etc. and engage with freeholders where information has not been provided	Strategy & Delivery Manager		Ongoing	Strategy to be taken forward, no positive engagement as a result so far. Risk score reduced following Board feedback due to low likelihood of an incident arising	2	5	10
Running a viable business	FWH does not manage its costs and performance well - risk of financial and reputational damage, or inability to trade as a going concern	3	Poor rent collection performance due to unaffordability of rent for tenants	Significant control through SLA	Rent collection rates for early 2024-25 are lower than expected, but are expected to increase once some outstanding benefits delays are resolved. Work by the Operational Team is hoping to drive appropriate nominations and good collection rates	4	4	16	↓	Implement plans to improve rent collection rates	Strategic Support Officer	Head of Housing & Neighbourhoods	Mar-25	Detailed rent report presented to July Board showing improvements to weekly collection performance in comparison to last year, despite challenges with benefits this year. Continuing to manage this closely including legal action where appropriate	3	3	9
		4	High void turnaround times, costs and rent loss lead to financial losses for FWH	Significant control through SLA	While turnaround times for some individual cases remain high, improvements in processes and collaboration are bringing down overall times	4	3	12	↓	Implement plans to reduce void turnaround times	Strategic Support Officer	Head of Property Services	Mar-25	A number of actions including changes to the nominations process, piloting a smaller contractor and close monitoring of voids through regular meetings are progressing. Risk score reduced to reflect initial performance improvements seen	3	3	9
		5	High capital programme costs, including stock condition and energy efficiency expenditure, adversely affect the company business plan	Subject to market fluctuations, governmental requirements, availability of grant, etc.	Asset management and decarbonisation strategy in progress using stock condition and energy survey data. Strategic decisions to be taken on approach to planned / capital works	3	5	15		Develop asset management and decarbonisation strategy	Strategy & Delivery Manager / Senior Finance Analyst	Head of Property Services	Sep-24	Circa 75% of the stock has been surveyed, and costs have been inputted to the business plan. Strategy work will look at these costs over the life of the plan, account for missing data, and recommend strategic approach based on this. Scoring kept the same for the present	2	4	8
		6	Substantial variations in inflation and interest rates compared to the business plan adversely affect financial performance and viability	No control over external environment, can exercise caution through business planning	National inflation levels are now stabilising following a period of extremely high inflation due to a variety of external factors including Covid, the war in Ukraine, etc. CPI is now at around 2% with future rent increases expected to be back at CPI+1% levels. Long-term inflation forecasts are inherently uncertain but risk has been reduced due to current position	2	5	10	↓	Regularly monitor economic environment and financial performance, including biannual stress testing of business plan	Senior Finance Analyst		Sep-24	Regular reviews are in place with next full business plan review due for September	2	5	10
		7	Changing inflation or Government policy on rents and benefits means FWH cannot increase rents at business plan assumptions	None other than link to Council lobbying role, can exercise caution through business planning	Recent change in Government, rent policy to be determined later in year but no increases assumed for coming years in business plan	2	3	6		Regularly monitor economic environment and Government policy, including biannual stress testing of business plan	Senior Finance Analyst		Sep-24	Next stress test to take place in September 2024	2	3	6
Providing a consistently good housing service	FWH's properties are not managed effectively - risk of tenant dissatisfaction, increases in complaints and reputational damage	8	FWH fails to meet the requirements of the Regulator's economic and consumer standards	Significant control through SLA	Following the introduction of the new consumer standards, Regulatory inspections are beginning for local authorities and larger housing associations. The Council is undergoing a large-scale project in response to the consumer standards and the companies will form a part of this	3	3	9	↑	Annual review of compliance with standards	Strategic Support Officer		Mar-25	Economic standards review completed in May 2024 and next review due in May 2025; consumer standards will also be included in this review but will be worked on outside of this process as below			
		9	Poor service delivery gives rise to low tenant satisfaction	Significant control through SLA	FWH is required to meet all regulatory standards including the newly introduced consumer standards. Initial results suggest FWH and Brent more widely are below national and London standards, so a Council-wide piece of work will be underway over the coming months	3	3	9	↑	Carry out project alongside Brent Housing to meet requirements of new regulatory consumer standards	Strategic Support Officer		Mar-25	A draft action plan will be presented to Council Management Team in July 2024, and a FWH-specific version of this will be brought to the Board in September 2024. The Quality Assurance & Standards Manager will attend the meeting to provide an overview of the work programme	2	3	6
		10	Poor complaints management procedures lead to low tenant satisfaction	Significant control through SLA	Also part of consumer standards, and separate complaints hierarchies have been set up on the system for the housing companies - reporting to be agreed with Board	3	3	9	↑	Regularly measure tenant satisfaction against performance, and develop and implement targeted improvement plans	Strategic Support Officer	Head of Housing & Neighbourhoods	Mar-25	New regulation now in force and likely to be greater focus for company, and initial results suggest significant work to be done in improving satisfaction. Risk score increased as a result	2	3	6
		11	Disrepair in properties leads to poor tenant satisfaction, reputational damage and an increase in costs through legal settlements.	Reasonable control through SLA	Over the past 1-2 years a notable increase in disrepair cases has been seen. The amount of new cases coming through has settled, but instances of tenants being advised to not allow access for works and more general works and settlement costs create an ongoing risk for FWH. There is a clear legal framework for the management of disrepair cases	3	3	9	↑	Regularly measure complaints performance and tenant satisfaction, and develop and implement targeted improvement plans	Strategic Support Officer	Head of Housing & Neighbourhoods	Mar-25	Complaints reporting to be introduced from September 2024, will go alongside tenant satisfaction work and has accordingly been increased as above	2	3	6
											Closely monitor, manage and report on disrepair cases	Strategic Support Officer		Ongoing	Monthly report has now been set up by Legal providing operational and financial updates on all FWH disrepair cases, which will be fed into performance reports and financial reports	2	3

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 Brent	Audit and Standards Advisory Committee 25 September 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance & Resources (Councillor Mili Patel)
Emergency Planning & Resilience Update	

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: External Review Action Plan Appendix 2: Training and Exercise Programme 2024-25
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Melissa Brackley Emergency Planning & Resilience Manager 020 8937 1767 melissa.brackley@brent.gov.uk

1.0 Executive Summary

- 1.1 This report continues the cycle of regular updates that the Emergency Planning team has shared with the Audit and Standards Advisory Committee since 2018.
- 1.2 The report provides the Committee with an update on the work and priorities of the team since the last update in February 2024, focusing on the steps and actions taken to drive further improvement to the Council's Emergency Planning and Resilience arrangements.
- 1.3 Throughout 2024, there has been progress in relation to the recommendations made in the external review in Oct 2023. In particular the increased capacity of the Emergency Planning and Resilience Team and the provision of training and exercising opportunities for those with response roles. Areas of improvement have also been influenced by the Resilience Standards for London, incidents and public inquiry recommendations

2.0 Recommendation(s)

2.1 The Committee is asked to note the report.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 The service updates provided in this report align with the following relevant priorities and outcomes within the Borough Plan:

- Prosperity and Stability in Brent - Building stronger partnerships with local organisations and supporting our community in the context of Emergency Planning and Resilience.
- Thriving Communities - Helping to support the creation of a safer borough through proactively planned interventions to reduce exposure to Emergency Planning and Resilience related risk.

3.1.2 The service updates provided in this report align with the following key corporate strategic documents:

- The Brent Borough Risk Register.
- Corporate Business Continuity Plan and Brent Recovery Plan.

3.2 External Service Review

3.2.1 An external review of the Council's Emergency Planning and Resilience (EP&R) capabilities was undertaken in October 2023. Since then the EP&R team has been working towards implementing the 22 recommendations that were raised.

3.2.2 The recommendations were RAG rated in terms of priority and included six rated as high priority. Five of these six high priority actions have now been completed. The outstanding recommendation relates to the grade of the Emergency Planning and Resilience Manager, which has been put on hold following the move of the team to the Organisational Assurance and Resilience Department.

3.2.3 In summary, of the 22 recommendations raised:

- 9 have been completed;
- It has since been decided that 2 will not be taken forward at this stage. These relate to how we deliver our on call arrangements and the recruitment of an additional Business Continuity Manager. Our on-call arrangements are broadly in line with the London standardised approach and the recommendation would move away from that approach.
- 11 are in progress.

- 3.2.4 A summary Action Plan is provided at **Appendix 1**. The aim is to complete all actions in progress by the end of the year, although the delivery of some of the proposed training may be in the 1st quarter of 2025, depending on trainer and attendee availability.
- 3.2.5 These recommendations are being progressed alongside actions that were identified as part of a self-assessment that was completed against the Resilience Standards for London (RSLs). The RSLs are a set of standards that all London Boroughs are expected to self-assess against on an annual basis. Boroughs are asked to assess if they are 'developing', 'established' or 'advanced' in relation to each standard.
- 3.2.6 Across the 11 standards, the Council has assessed itself (as at February 2024) as having four areas that are established and seven that are developing, which is broadly in-line with other boroughs across London. One of the key themes arising from the self-assessment is the need to generate greater awareness of emergency response and resilience across the Council.

3.3 Emergency Planning and Resilience Team – Recruitment

- 3.3.1 The EP&R team is now fully resourced with four FTE. The Emergency Planning & Resilience Manager moved into a permanent role in March and two Emergency Planning and Resilience Officer moved into permanent roles in July, alongside an existing Emergency Planning and Resilience Officer. Recent benchmarking across London confirms that the resourcing is now in line with the average across London.
- 3.3.2 As well as the permanent team, the Council's response arrangements are supported by volunteers from other parts of the Council. There are a number of roles that people can volunteer to undertake, including Loggists, Local Authority Liaison Officers (LALOs) and Rest Centre staff. There is currently a need to increase the number of volunteers that support the team, to ensure the Council has the resilience to sustain a protracted response if required. The team are in the process of trying to raise the profile of the volunteer roles.
- 3.3.3 Recent benchmarking has also highlighted that the Council pays those on call for emergency response arrangements one of the lowest levels in London. This is therefore being reviewed and recommendations will be made to bring this more in line with the London Average and across the Country.
- 3.3.4 The EP&R team have been allocated a Graduate to work with the team from October and their focus will be on improving the Council's Business Continuity Programme working with one of the Emergency Planning and Resilience Officers. As part of this work they will also pick up the develop of the BECC exercise, using Willesden Library as the location of the BECC. During September and October the team are hoping to train some additional volunteers who could work in a BECC and then ideally complete the exercise in late October, as this would be in time for the next planned power down of the Civic Centre.

3.4 Humanitarian Assistance

3.4.1 An additional officer has now undertaken Humanitarian Assistance Lead Officer (HALO) training, which means the Council currently has three people trained to fulfil this role. An additional officer is due to attend on the 26th September.

3.4.2 In addition to the HALOs, training has also been arranged in November for those from the Council and local partner agencies who may find themselves working in a Humanitarian Assistance Centre or Community Assistance Centre in the event of an incident. This training is being delivered by Dr Anne Eyre, a sociologist specialising in the psychosocial aspects of major incidents, emergency planning and disaster management. Anne has provided support and advice to those responding to many incidents over the last 20 years. Anne also delivers the London Resilience training for Humanitarian Assistance Lead Officers (HALOs). There has been a good level of interest in this session from within Children and Young People and Community Health and Wellbeing. Between now and November the EP&R team will be trying to ensure there is also representation from other teams who could need to support residents.

3.4.3 Following the revised London Humanitarian Assistance Framework and some feedback from our trained HALOs, our internal plans and procedures are also undergoing a review. Once these are finalised and the training is completed, the team are proposing to run a Humanitarian Assistance exercise. Dates for this are yet to be confirmed, but it is likely to be between December 2024 and February 2025.

3.5 Training and Exercising

3.5.1 To build on the training delivered in January and February 2024 for the Strategic (Gold) team and Tactical (Silver) team, a series of exercises were delivered on the 23rd July. Four small groups of Golds, Silvers, specialist advisors and members of EP&R team were presented with different scenarios to consider and asked to formulate a strategy and tactical plan. The scenarios covered a terrorist incident, a crush at a Wembley event, flooding, and a cyber-attack. The exercises were delivered by the same consultant who previously completed our external review and delivered the training in January and February. He has shared a number of recommendations following the session, which are as follows:

- **Template Placement:** Reference Gold and Silver Aide Memoire templates at the beginning of Council plans and update action cards to provide a clear prompt for initial actions.
- **Multi-Agency Exercise:** Arrange a table-top exercise for an event at Wembley Stadium to confirm roles and enhance inter-agency understanding.
- **Decision Loggists:** Expanding and training more Decision Loggists is crucial for accountability and effective post-incident analysis. Senior managers should encourage staff to volunteer and participate in future training.
- **Business Continuity Awareness:** Review and test BC plans and processes among junior managers and staff.

- **Borough Emergency Control Centre:** Test the activation of the full back BECC.
 - **Continued Training and Development:** Conduct regular exercises to maintain and improve the capability and understanding of incident management roles, ensuring that knowledge and skills are kept current.
- 3.5.2 As well as the multi-agency exercise mentioned above in the recommendations, the Borough Resilience Forum will be having a multi-agency exercise on the 13 November 2024. The scenario for this exercise will be unexploded ordnance, as chosen by members of the forum.
- 3.5.3 The team have also delivered a number of Local Authority Liaison Officer training sessions for our existing Emergency Response Officer (EROs) and have been recruiting new ERO, who should start to receive their training in September. Further recruitment is required for a number of volunteer roles to improve the level of resilience in place.
- 3.5.4 The Emergency Planning and Resilience Service, in partnership with Shared Technology Services (STS), have now delivered 2 cyber attack exercises. The first was in March and the impact focused on Housing Services. In August, the session was aimed at teams within Children and Young people and Community Health and Wellbeing. Both sessions have highlighted the need to socialise and embed the Council's Business Continuity arrangements.
- 3.5.5 The EP&R team have been working with colleagues from housing teams to explore how the Council responds to a large scale evacuation of the Council owned block. While the Council already has arrangements in place for the immediate response and the establishment of emergency rest centres, greater clarity is needed on the role of the Housing teams in the initial response and the handover of the longer term response after the first 24/48 hours. To support this work, the EP&R team delivered an discussion based exercise on the 19th August to help the teams talk through the requirements and start to map out the processes. This will be followed up by a live rest centre exercise.
- 3.5.6 In May 2024 the team delivered a briefing for key staff covering the annual launch of the heat health alerts in June and the actions needed in the event of alerts. The EP&R team are now working to prepare for the launch of the Cold Weather Alerts, ideally delivering a similar briefing but in partnership with the Public Health team.
- 3.5.7 As recommended in the external review, the EP&R team are also working on a handbook and training package for elected members. This is based on some materials previously developed by London Councils, but with Brent specifics. This is likely to be delivered as a online session to ensure as many as possible can attend and that a recording can be shared with those unable to attend.
- 3.5.8 To ensure that training is refreshed regularly and that exercises are planned in alignment with plan reviews, the EP&R team are developing a Training and Exercise Programme for the year ahead - see Appendix 2.

3.6 Incidents

- 3.6.1 Since our last update there have been further flooding incidents within the Borough on the 5th and 15th July, which were followed up by a meeting with the Environment Agency (EA) to discuss the ongoing situation. This meeting identified the need for a joint approach from the Council, Transport for London (TfL) and EA to resolve this issue.
- 3.6.2 TfL are responsible for part of the brook (which is causing the flooding) for the land in which they own and they have expressed an eagerness to resolve the situation, however, there is a lack of clarity over who owns the remaining land and they are working with Legal colleagues to try and resolve this.
- 3.6.3 A collective and coordinated effort is therefore required to ensure this issue is tackled and that residents concerns are dealt with fully. To that end, we arranged an internal meeting with Public Realm colleagues at the end of the July. At this meeting it was agreed that the Council will work with the TfL in the short term to get the brook cleared and to put in place a maintenance programme, while the discussions around legal responsibilities continue. Once ownership is clarified, all parties will explore further options to provide a longer term solution. Public Realm colleagues are meeting with both the EA and TfL again on 12th September to discuss progress and next steps.
- 3.6.4 There have been a number evacuations from the Civic Centre over the last few months, which has prompted some valuable discussions to ensure the decision making in the event of an evacuation is joined up and that potential business continuity implications are considered. The team are working with colleagues in the Facilities team to arrange some training on the Council's command and control arrangements, to ensure everyone understands how they fit into the bigger picture and who is responsible for which decisions.
- 3.6.5 Following the fire in Elm Road in January 2024, the EP&R team have arranged with the Housing Partnership team to have a slot at their annual event they organise for the housing providers within the borough. They will be covering the Council's response arrangements and how the organisation can support them in the event of a major incident, while setting out the council's expectations of the providers. We are also hoping the London Fire Brigade will be able to join us and update the housing providers on the risk of fires involving lithium batteries from bikes and scooters.
- 3.6.6 The borough has also been impacted by national incidents in recent months. On the 19th July 2024, the Council's IT was disrupted by the CrowdStrike incident that has global impacts. Fortunately the council's team were able to quickly get our systems back up and running, with minimal disruption in comparison to many organisations.
- 3.6.7 The events that followed the tragic incident in Southport on the 29th July also had an impact on Brent, with understandable concern amongst the community. Community Safety colleagues worked closely with the Police and other partners to offer reassurance to our community. While Brent was spared from the violence and disorder, the EP&R team took steps to consider how

they would respond if required, while trying to ensure the safety of our teams and those impacted.

3.6.8 The final report from the Grenfell Tower Fire was published on the 4th September. There were 10 recommendations related to Local Authority emergency planning and response arrangements. Each of the recommendations has been allocated a Local Authority Resilience Board or Professional Network to consider, consult, and propose actions necessary to support the way in which London Boroughs collectively address them, where necessary. Likewise, the London Resilience Forum (LRF) has an extraordinary meeting on 3rd October, with the intention to consider the findings and agree any which require collective action from the wider London Resilience Partnership. The EP&R team had already identified improvements in some of the areas identified and will continue to progress this work, while awaiting feedback from the resilience boards.

4.0 Stakeholder and ward member consultation and engagement

4.1 There are no implications from a stakeholder/ward member consultation and engagement perspective.

5.0 Financial Considerations

5.1 There are no specific financial implications leading from this report.

6.0 Legal Considerations

6.1 The Act provides the primary framework for dealing with large-scale emergencies under UK law and, Part 1 concerns the responsibility of various public bodies and certain private bodies (e.g., energy suppliers or telecommunications providers) to undertake contingency planning for emergencies.

6.2 The Act recognises an emergency as an event or situation that threatens damage to human welfare for the purposes of The Act only if it may cause:

- loss of human life
- human illness or injury
- homelessness
- damage to property
- disruption of a supply of money, food, water, energy or fuel
- disruption of a system of communication
- disruption of facilities for transport, or
- disruption of services relating to health

6.3 It is apparent that the definition of 'emergency' under the Act is capable of covering an extremely broad range of circumstances, ranging from disasters that are life-threatening and large-scale (e.g., a hurricane, major earthquake or nuclear attack), to relatively small-scale, discrete events that cause 'disruption' rather than outright damage a fuel strike or power failure affecting telephone lines.

6.4 Emergency planning should aim where possible to prevent emergencies occurring, and when they do occur, good planning should reduce, control or mitigate the effects of the emergency. It is a systematic and ongoing process which should evolve as lessons are learnt and circumstances change.

6.5 According to the Cabinet Office guidance, Category 1 responders are required to:

- Put in place emergency plans business continuity management arrangements informed by risk assessment.
- Put in place arrangements to make information available to the public concerning civil protection matters and maintain arrangements to warn, inform and advise the public in the event of an emergency.
- Co-operate and share information with other local responders to enhance co-ordination and efficiency.

6.6 Local authorities are also expected to provide advice and assistance about business continuity management to businesses and voluntary organisations.

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 There are no implications from an EDI perspective.

8.0 Climate Change and Environmental Considerations

8.1 There are no implications from a Climate Change and Environmental perspective.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no implications from a Human Resources/Property perspective.

10.0 Communication Considerations

10.1 There are no implications from a communications perspective.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources

Appendix 1 – External Review Action Plan

No.	Recommendations	Priority	Status	Action Plan / Update	Target Date
1	I would recommend the local multi-agency BRF formally risk assesses the site-specific risks or locations in the Borough, and they are included in the Borough Risk Register.	High	COMPLETE		
2	Sharing risk info with the neighbouring boroughs to collectively improve understanding of risks that may have a secondary or indirect impact. Enabling mutual aid to be considered.	Medium	COMPLETE		
3	Brent Major Emergency Plan include an early reference to recovery and the four components of recovery. Consider a brief explanation and prompts to guide thinking towards recovery in the early stages.	Medium	IN PROGRESS	<ul style="list-style-type: none"> • A revised Major Emergency Plan has been drafted – now aligning to other plan updates. • Next step is consultation, before it is finalised and signed off. 	End of Oct 2024
4	I would recommend that a local Humanitarian Assistance plan is developed incorporating local structures, resources, and assets, whilst exploring the training needs and delivery options available.	Medium	IN PROGRESS	<ul style="list-style-type: none"> • The Humanitarian Assistance plan is being reviewed. • Additional HALOs have been identified and booked on training. • Internal training arranged for 20th November. 	End of Feb 2025

				<ul style="list-style-type: none"> Exercise to be arranged once training and plan are completed. 	
5	I would recommend a short generic guide to provide guidance to all staff responding to a major emergency, ensuring a consistent approach to incident management.	High	COMPLETE		
6	I would recommend that the site-specific locations included Borough Risk Assessment be included in the Brent Major Emergency Plan (at an Appendix) with clear guidance on any specific actions.	Medium	IN PROGRESS	<ul style="list-style-type: none"> This is being built into the annual review of the risk register with partners and the update of the Major Emergency Plan. 	End of Nov 2024
7	I would recommend that the Critical Threat, Cyber and Multi-Faith Plans are put in place and tested.	Medium	IN PROGRESS	<ul style="list-style-type: none"> STS have a cyber plan. Loss of IT already covered in service level BC plans but needs to strengthen this section as most are based on a short-term outage. This will be completed as part the BC Programme Review. 2 Cyber exercises have been held in March 24 and Aug 24. Report from Aug exercise being finalised. Move to Critical action card has been updated and services have been briefed on their roles. The action card will be built into the revised Major Emergency Plan. 	End of Oct 2024

				<ul style="list-style-type: none"> Multi faith considerations to be weaved into exiting plans as updated, rather than a standalone plan. This will be ongoing as plans are updated. 	
8	I would recommend that Gold/Strategic refresher training is delivered annually.	High	COMPLETE		
9	I would recommend that Silver/Tactical Command refresher training is delivered annually.	High	COMPLETE		
10	I would recommend that the pool of 'Loggists' is established, reviewed, and steps taken to ensure that the Council Strategic/Gold Commanders can be adequately supported during an incident	Medium	IN PROGRESS	<ul style="list-style-type: none"> Training is scheduled. Interest in the role is low, so recruitment will need to be ongoing to sustain a reasonable size pool. 	Ongoing
11	I would recommend that a structured debriefing skills course is delivered to the EP Team, for post incident/exercise debriefing, to support the learning and development.	Medium	IN PROGRESS	<ul style="list-style-type: none"> Looking at dates and costs for the Emergency Planning College course and other providers. 	End of March 2025
12	I would recommend that greater emphasis is given over the next twelve months to developing Brents recovery capability, including a recovery exercise.	Medium	IN PROGRESS	<ul style="list-style-type: none"> Linked to recommendations 8/9, this was picked up as part of the scenario-based training exercise to be undertaken in July. The Recovery Plan is being reviewed. Additional reference to recovery has been added to 	End of Dec 2024

				<p>the revised Major Incident Plan.</p> <ul style="list-style-type: none"> • Further exercises opportunities being considered – Wembley Exercise in Jan 2025. 	
13	I would recommend an EP training package Elected Members.	Medium	IN PROGRESS	<ul style="list-style-type: none"> • Handbook and presentation in draft. • Next step is sign off and to arrange dates for session. 	End of Dec 2024
14	The Local Borough Resilience Forum considers a targeted user-friendly local risks style Community Risk Register.	Low	COMPLETE		
15	I would recommend that Council adopts the IEM process and embeds it into activities related to emergency preparedness and resilience.	Low	COMPLETE		
16	I would recommend the Council's Emergency Planning Team should comprise: a Service Manager; three Emergency Planning and Response Officers	High	COMPLETE		
17	I would recommend that a Business Continuity Manager should be considered as part of the Council's Emergency Planning Team.	Medium	Not Adopted		
18	I would recommend the Council's Emergency Planning team leader be graded at a higher level (minimum PO/7/8).	High	IN PROGRESS	<ul style="list-style-type: none"> • To be completed as part of the review of the new Organisational Assurance and Resilience Department. 	TBC


19	I would recommend the Council's Emergency Planning team manage the Emergency Duty Officers (EDO) on call function.	Medium	COMPLETE		
20	I would recommend the consideration be given to the Council's Emergency Planning team fulfilling the Councils initial Silver/Tactical Command role of incidents.	Medium	Not Adopted		
21	I would recommend the Business Continuity Manager and/or EP Team continues to train and exercise across the council to fully embed BC and ensure that it is recorded.	Low	IN PROGRESS	<ul style="list-style-type: none"> Recent exercises and training used to support this. Development of a Business Continuity Programme due to progress from Oct 2024, supported by graduate. 	End of March 2025
22	I would recommend the Business Continuity Manager and/or EP Team be tasked with providing advice and assistance to businesses and voluntary organisations about business continuity management.	Medium	IN PROGRESS	<ul style="list-style-type: none"> Information on our website being benchmarked against other London Council's websites and updated. The working relationship with Brent CVS is also being developed in the context of business continuity understanding/knowledge. Need to explore existing council links with businesses and voluntary organisations, so these can be used to support this workstream. 	End of March 2025

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Appendix 2 - Training and Exercise Programme 2024 /2025

2024
September 2024
Emergency Centre Manager Training – British Red Cross
Emergency Centre Officer Training – British Red Cross
Humanitarian Assistance Essentials for HALOs Training - Dr Anne Eyre & London Resilience
STAC Training – London Resilience
Decision Loggist Training - Internal
BECC Training – Internal
Drop in – Emergency Centre Kit – Internal
LALO Training – Internal
October 2024
Emergency Centre Manager Training – British Red Cross
Emergency Centre Officer Training – British Red Cross
STAC Training – London Resilience
Utility Sector Awareness Day – London Resilience & Utility Subgroup
Housing Provider Event – Internal
BECC Training - Internal
LALO Training - Internal
Severe Weather Winter Session - Internal
Back Up BECC Exercise – Internal
November 2024
Humanitarian Assistance Essentials for HALOs Training - Dr Anne Eyre & London Resilience
Emergency Centre Officer Training – British Red Cross
LALO training – Internal
Decision Loggist Training – Internal
BRF Multi Agency Tabletop Exercise – BRF
Humanitarian Assistance Training – Internal & Dr Anne Eyre
December 2024
Emergency Centre Manager Training– British Red Cross
Decision Loggist Training– Internal
LALO Training – Internal
Council Wide Briefings – Internal
2025
January 2025
Drop in – Emergency Centre Kit– Internal
LALO training Pre-Exercise Tabletop exercise – Internal
Rest Centre Exercise – Internal
Gold Refresher Session - TBC
February 2025
DDM Plan Council TableTop Exercise – Internal
Silver Refresher Session – TBC

LALO training / Exercise – Internal
Severe weather spring –Tabletop Exercise – Internal
Council Wide Briefings – Internal
March 2025
Humanitarian Assistance Essentials for HALOs Training - Dr Anne Eyre & London Resilience
Decision Loggist Training – Internal
LALO Training – Internal
April 2025
BECC Training – Internal
Drop in – Emergency Centre Kit– Internal
Council Wide Briefings – Internal
May 2025
BECC Training – Internal
June 2025
Council Wide Briefings – Internal
July 2025
Decision Loggist Training – Internal
Drop in – Emergency Centre Kit– Internal
August 2025
Council Wide Briefings – Internal
September 2025
LALO Training – Internal
October 2025
Decision Loggist Training – Internal
Drop in – Emergency Centre Kit – Internal
Council Wide Briefings – Internal

 <p>Brent</p>	<p>Audit and Standards Advisory Committee</p> <p>25 September 2024</p>
	<p>Report from:</p> <p>Corporate Director, Law & Governance</p>
	<p>Lead Member – Deputy Leader & Cabinet Member for Finance & Resources</p> <p>(Councillor Mili Patel)</p>
<p>Standard’s Report (including Q1 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 (Q1)
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	Debra Norman, Corporate Director Law & Governance 020 8937 1578 debra.norman@brent.gov.uk Biancia Robinson, Senior Constitutional & Governance Lawyer 020 8937 1544 biancia.robinson@brent.gov.uk (1)

1.0 Purpose of the Report/Executive Summary

1.1 The purpose of this report is to update the Audit and Standards Advisory Committee on (a) gifts and hospitality registered by Members (b) member training, and (c) a recent complaint concerning breaches of the Member’s Code of Conduct which has been upheld against Councillor Diana Collymore.

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 first quarter of 2024/25 there have been four 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 is recorded separately and published on the Council's website.

Member Training Attendance

3.6 At this Committee's request reports updating it on the attendance records for Member's in relation to mandatory training sessions has become a standard reporting item.

3.7 With the exception of Data Protection (DP), all members have completed their mandatory (refresher) training, including the newly elected Queens Park ward member, Cllr Smith. With respect to the DP training members have until Wednesday, 25 September 2024 to complete this training which consists of on online recording. Officers will update the Committee at its next meeting on the 04.12.24

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 2024/25 the Committee will receive regular updates on Members who have not completed the mandatory training sessions.

Member's Code of Conduct Complaint

The Complaint

- 3.9 On the 24.07.24, the manager of a Civil Enforcement Officer (CEO)¹ submitted a complaint. He asserted that on the 20.05.24 the CEO issued a Parking Contravention Notice (PCN) for a parked vehicle on a double yellow line. Cllr Collymore, on returning to and claiming the vehicle, behaved in such a manner that she breached the Member's Code of Conduct in terms of respect, failing to maintain a high standard of conduct and conducting herself in a manner which could reasonably be regarded as bringing her office into disrepute.
- 3.10 The Complainant alleged Councillor Collymore:
- after asking why a ticket had been issued, did not permit the CEO the opportunity to explain why the ticket had been issued,
 - repeatedly stated she did not require a response from him.
 - informed the CEO that he "does not know how to carry out his duties, that she will speak to someone higher in the council and, that she will report him to the immigration services."
 - repeatedly stated she is a councillor and will report the CEO to council officers.
 - stated "the officer got married to a woman in order to regularise his [stay] in the UK". Implying that the officer got his immigration document through an illegal means.

Alleged Breaches of the Code

- 3.11 The Complainant alleged the following provisions of the Code had been breached:
- para 4 – "You must maintain a high standard of conduct".
 - para 6 – "You must treat others with respect".
 - para 12 – "You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or the Council into disrepute".

¹ working on behalf of Brent Council for a third-party contractor

Whilst not specified by the Complainant, the below provisions of the Code were also invoked:

- Para 5 - you must comply with the seven principles of conduct in public life (with particular reference to 1.2 Integrity; 1.4 Accountability, 1.6 Honesty, and 1.7 Leadership).
- para 8 - "You must not bully any person".
- Para 15 "You must not use or attempt to use you position as a member improperly to confer on or secure for yourself an advantage..."

The Main Facts

3.12 A recording of the interaction was made through the CEO's headcam, which provided independent evidence as to what happened and a transcript was obtained. These have been reviewed as part of assessing this complaint. Following the incident Cllr Collymore contacted council officers to request that the PCN be set aside and, on being advised to do so, then lodged an appeal through the correct channels. Her appeal also included a stage 1 complaint against the CEO. The appeal against the PCN was not upheld and the stage 1 complaint was partially upheld on the basis "*..that the CEO ... did make some inappropriate and unnecessary comments*" in his communication with her.

3.13 On the 24.07.24 the Monitoring Officer received an apology email from Councillor Collymore with a request to apologise to the CEO in person. A meeting was duly arranged to facilitate the personal apology which took place on the 21.08.24. At the conclusion of the meeting the CEO accepted Councillor Collymore's apology.

Councillor Collymore's response

3.14 Councillor Collymore provided a written response to the complaint. In summary she:

- accepted that she parked on a double yellow line displaying her Blue Badge, but did not see any visible parking restrictions.
- accepted she asked the CEO why she had been given a PCN and that she informed him she "was refusing to listen to him".
- confirmed that she made reference to her status as a Councillor and her name.
- was "terribly upset because" she "believed" she "was receiving an unfair ticket."
- accepted the argument became personal between herself and the CEO.
- profusely apologised to the CEO and to the Council for her outburst.

Decision

3.15 As the evidence in respect of the complaint was primarily a recording and written materials, and Councillor Collymore acknowledged that her behaviour fell short of what is expected of a councillor, the Monitoring Officer was able

to determine that there has been a breach of the Code of Conduct without a more detailed investigation.

3.16 With respect to specific provisions of the Code being breached, the Monitoring Officer found:

Para 4 - You must maintain a high standard of conduct. Councillor Collymore acknowledged that she had fallen below expected standards of behavior.

Para 6 – “You must treat others with respect”. Councillor Collymore’s response to receiving the PCN was to make an unreasonable and excessive personal verbal attack on the CEO. Her comments were unequivocally and deliberately offensive, disparaging and discriminatory.

Para 8 - “You must not bully any person”. The Advisory, Conciliation and Arbitration Service (ACAS) characterises bullying as offensive, intimidating, malicious or insulting behaviour, an abuse or misuse of power through means that undermine, humiliate, denigrate or injure the recipient. This can be a one-off incident or a pattern of behaviour, but essentially bullying behaviour seeks to undermine an individual. In addition to the initial incident in which Councillor Collymore used language that was insulting and in which she appeared to seek to intimidate the CEO by referring to her councillor role and connections at the council, she also made a formal complaint about him.

Para 12 – “You must not conduct yourself in a manner which could reasonably be regarded as bringing your office or the Council into disrepute”. In line with The Local Government Association (LGA) guidance it was not found that behaviour was considered dishonest and/or deceitful in order to bring the local authority into disrepute. However, it was found that her behaviour in relation to the issuing of a PCN by a contractor working for the council did bring her office into disrepute, particularly given her office includes the important civic role of being the Deputy Mayor.

Para 15 “You must not use or attempt to use your position as a member improperly to confer on or secure for yourself.. an advantage...” It was found that the words and tone of the interaction captured on the headcam showed an intention to suggest that Councillor Collymore was in a privileged position in relation to the council and council officers who have oversight of parking enforcement on behalf of the council. Further, that she directly approached officers in relation to her PCN.

Para 5 - In particular, you must comply with the seven principles of conduct in public life set out in Appendix 1. Two principles in particular were considered, namely:

- Integrity: You should not place yourself in situations where your integrity may be questioned, should not behave improperly and should on all occasions avoid the appearance of such behaviour.
- Leadership: You should promote and support these principles by leadership, and by example, and should act in a way that secures or preserves public confidence.

- 3.17 In considering all of the above and following consultation with the Independent Person the Monitoring Officer found Councillor Collymore breached paragraphs 4, 5, 6, 8, 12 and 15 of the Members Code of Conduct in her interaction, and post action, with the CEO.

Sanctions

- 3.18 In considering the appropriate sanction, the Monitoring Officer took note of the actions already taken by Councillor Collymore to seek to remedy the breach, namely her written apology to the Council and meeting with the CEO to give a personal apology. The following sanctions were imposed:

- Censure or reprimand by way of a report for information to the Audit and Standards Advisory Committee, which has responsibility for oversight of Member standards issues, with a summary of this decision.
- Request that Councillor Collymore undertakes refresher Code of Conduct training and refresher equalities training.
- Providing a copy of the transcript of the headcam recording to the Leader of the Labour Group so the group can consider its relevance to council positions.
- It was also suggested that Councillor Collymore be given the information again about appropriate use of her blue badge.

- 3.19 Councillor Collymore initially accepted the finding which led to the implementation of refresher training scheduled for October 2024, a copy of the transcript being provided to the Leader of the Labour Group and information regarding the appropriate use of her blue badge to be sent to her. On the 11.09.24 Councillor Collymore exercised her right to request a review. After careful consideration and consultation with the Independent Person no information submitted in the request for review mitigated the conduct complained of and therefore the complaint that there has been a breach of the Code with sanctions, remains upheld. The Monitoring Officer's decision is final.

- 3.20 The Committee is reminded that the council's procedure for investigating complaints includes the following provision:

Finding of a breach of the Code without an investigation

A finding that the Code of Conduct has been breached without the need for an investigation will usually be appropriate in the following circumstances:

- It can clearly be shown from the information that has been provided by the subject member and the complainant that a breach of the Code has occurred.
- The subject member has admitted to the breach of the Code, whether or not they have offered to remedy the breach.
- It can be shown that an investigation is unlikely to be able to establish any further independent relevant evidence regarding the complaint or that the cost of obtaining any further evidence would not be justified having regard to the public interest and that on the evidence supplied a breach of the

Code can be shown.

- 3.21 A complaint would be referred to the Committee for formal consideration and decision where it has been referred for a formal investigation.

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 1

Councillor	Date of gift	Gift received	Value £	From
Cllr M Butt	25.5.2024	5 (at £80 each) tickets for FA Cup final.	400.00	The FA
	01.06.2024	1 ticket to Champions League	500.00	UEFA
Ajmal Akram	25.05.2024	4 (at £50 each) Final tickets - Manchester City vs Manchester United	200.00	From Local Resident Association for Wembley Hill Ward
Mili Patel	30.06.2024	2 tickets to Troubador Theatre production of Starlight Express.	202.00	Troubador Theatre

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 Brent	Audit and Standards Advisory Committee 25 September 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance, Resources & Reform (Councillor Mili Patel)
Internal Audit Activity – Q1 and Q2 Activity 2024-25	

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 Activity Update Q1 & Q2 Appendix 2: Summary of Risks and Issues from Audits Completed in Q1 & Q2
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 The Internal Audit Plan for 2024-25 was agreed by the Audit and Standards Advisory Committee in March 2024.
- 1.2 This plan was the first prepared under the new Internal Audit Strategy for 2024-2027 (also approved in March 2024), which proposed a new method for determining the activity of internal audit in-year and moved away from the more traditional ‘annual plan’ approach. This new approach was designed to enable the Internal Audit function to work more flexibly and to ensure it is more responsive to the Council’s changing risks, priorities and assurance needs.
- 1.3 This report provides an update on the activity of Internal Audit for Quarters 1

and 2 of 2024-25. It has been prepared as a light-touch update for information purposes, with a more comprehensive Interim Report for 2024-25 due in December 2024.

2.0 Recommendations

2.1 The Committee is asked to note:

- a) the progress made towards delivering the planned core assurance work.
- b) the Internal Audit Activity for Quarters 1 and 2 of 2024-25, and
- c) the potential audit areas for Quarters 3 and 4.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

3.1.1 The role of the Internal Audit function is to contribute to the overall success of the Council by bringing a systemic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and control processes throughout the Council. This is primarily achieved through providing independent, risk-based and objective assurance and advisory services. The assurance suite of work involves assessing how well the systems and processes are designed and operating in order to effectively mitigate risk, while advisory activities aid with the improvement in systems and processes where necessary.

3.1.2 The function also plays a key role in enhancing the Council's ability to serve its residents and the public interest by providing assurance on matters such as operational efficiency, reliability of reporting, compliance with laws and regulations, safeguarding of assets, and ethical culture.

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

3.2 Background

3.2.1 The new Global Internal Audit Standards, which come into force from January 2025, require that the Head of Internal Audit prepares an Internal Audit Plan that supports the achievement of the organisation's objectives.

3.2.2 The Standards further recommend that the plan should be updated as frequently as every six months, quarterly, or even monthly, to reflect changes in the organisation's operations, risks, programmes, systems, controls, and organisational culture.

3.2.3 To this end, and in-line with these new requirements, a new approach was adopted for developing the 2024-25 Internal Audit Plan, which moved away from the more traditional 'annual plan' method. Under this new approach, the plan was prepared to comprise of the following four sections:

- a) **Core Assurance Plan** – which lists the work that will be undertaken in-year to provide assurance over the Council’s core/key systems and controls. A three-year cyclical plan of core assurance activity was set out and agreed in March 2024.
- b) **Agile, Risk-based Plan** – which lists potential audit areas that have been identified via a number of methods, including a rolling-risk assessment, assurance mapping, and consultation with senior management. This section of the plan was designed to be flexible to enable Internal Audit to be responsive to emerging risks, issue and changing priorities. It is therefore not a rigid plan and the Head of Internal Audit reviews, updates and re-prioritises the list as appropriate.
- c) **Consultancy and Advice** – this section of the plan retained a portion of time to be reactive and responsive to requests from senior management for consultancy and advisory services.
- d) **Follow-up Activity** – which details the work to be undertaken by Internal Audit to follow-up and track agreed actions through to implementation, to ensure improvements to the Council’s governance, risk management and control arrangements are made.

3.3 Internal Audit Activity – Quarters 1 and 2

3.3.1 The Internal Audit team has continued to deliver a broad range of work in the first half of 2024-25. As is often typical of the first part of the year, the team has taken time to carefully scope and plan a number of audits that will take place later in the year. Core assurance work, in particular key financial system reviews, are intentionally undertaken in Quarters 3 or 4 to ensure that assurance is provided across as much of the financial year as possible to help underpin the Head of Internal Audit’s annual opinion.

3.3.2 Key highlights of Internal Audit activity across Quarters 1 and 2 are as follows:

- **Seven** reviews have been completed;
- **Five** high risk/high assurance need audits are at draft report stage, awaiting management responses.
- **Five** high risk/high assurance need audits are in progress, with fieldwork underway.
- **Ten** core assurance reviews are in progress, with fieldwork due to commence in Quarter 3 and 4.
- **Six** follow-up reviews have been concluded, with a further **twelve** in progress.

3.3.3 Further details of the audit work undertaken in Quarters 1 and 2, including the status of each individual audit, can be seen at **Appendix 1**.

3.3.4 A summary of the risks/issues identified in audits completed in Quarter 1 and 2 is also attached at **Appendix 2**. Comprehensive management responses have

been provided for each action and Internal Audit will undertake follow-up reviews upon the passing of implementation dates.

3.4 Projected Internal Audit Activity – Quarters 3 and 4

3.4.1 As detailed in **Appendix 1**, the Internal Audit team has made good progress towards delivery of the Core Assurance plan, with fieldwork for a number of audits due to commence within Quarters 3 and 4. It is anticipated that at least 90% of this plan will be completed by 31st March 2024 (draft report stage), which will enable the Head of Internal Audit to provide an informed and evidence based opinion as to the effectiveness of the Council's governance, risk management and control framework.

3.4.2 The Agile Risk-Based plan, also seen at **Appendix 1**, lists the potential high risk and high assurance audit areas that will be prioritised for delivery in Quarters 3 and 4. This list is fluid and subject to change in response to new/emerging risks and/or a change in priorities. This list does not purport to be a rigid plan or a list of audits that will be delivered, as the resources required to deliver all of this work significantly exceeds the resources available. The plan is therefore included to provide assurance in respect of how the work of Internal Audit will be determined and directed.

3.4.3 A further update on progress will be provided as part of the Interim Internal Audit Report in December 2024.

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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Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

A. Core Assurance Work

This section of the plan lists the work that will be undertaken in-year **to provide assurance over the Council’s core/key systems and controls**. In order to ensure a balanced view of assurance is delivered across these areas, a number of core systems and processes have been scheduled for coverage on a periodic basis, rather than on a pure risk basis, with all scheduled to be covered at least once across a three-year period (per schedule agreed in March 2024).

Core System / Process	Status	Progress / Update – as at 31 st August 2024
Key Financial Systems		
◆ General Ledger	Review in Progress	Key control testing. Terms of Reference agreed, with fieldwork due to commence in Q3.
◆ Budgetary Control	Review not proceeding as Planned	Due to cross-over and duplication, evaluation of key budgetary controls will be performed across other reviews, including the General Ledger .
◆ VAT	Review in Progress	Key control testing. Scoping underway, with fieldwork anticipated to commence in Q4.
◆ Treasury Management	Review in Progress	Key control testing. Terms of Reference agreed, with fieldwork due to commence in Q3.
◆ Insurance	Review in Progress	Key control testing. Terms of Reference agreed, with fieldwork due to commence in Q3.
Cyber Security / IT Network and Infrastructure		
◆ Shared Technology Service - Procurement	Review in Progress	Review to evaluate key purchasing and procurement controls in place within STS, including arrangements for supplier selection. Scoping underway, with fieldwork anticipated to commence in Q4.
◆ Shared Technology Service - Project Management	Review in Progress	Review to evaluate management and delivery of key STS ICT projects. Scoping underway, with fieldwork anticipated to commence in Q4.
◆ Additional Review (tbc)	Review Not Yet Commenced	Scoping discussions underway with STS and ICT colleagues (led by an internal audit risk assessment) to identify a third audit review to be undertaken in year.

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

Core System / Process	Status	Progress / Update – as at 31 st August 2024
Core Systems and Processes		
◆ Housing Compliance	Review Completed	A review of the “True Compliance” - the application used to monitor and record the Council’s Housing compliance obligations -was undertaken. Outcomes are reported in Appendix B
◆ Recruitment (Vetting, Starters, Leavers)	Review in Progress	Review to provide assurance over the effectiveness and efficiency of key recruitment and vetting controls. Scoping underway, with fieldwork anticipated to commence in Q3.
◆ Adults Safeguarding	Review not proceeding as Planned	A CQC inspection was undertaken in Summer 2024, with the outcome providing a positive rating relating to Safeguarding. This review will therefore no longer proceed as assurance has already been provided in this area.
◆ Health and Safety	Review in Progress	Review to provide assurance over key H&S controls. Scoping underway with management. Fieldwork anticipated to commence in Q4.
◆ School Reviews	Review in Progress	Two Schools have been identified and confirmed for Q3. A school control self-assessment has also been prepared by the team and will be circulated to a cohort of schools in Q3, with outcomes analysed and reported at the end of the year.
◆ Supporting Families	Review in Progress	Independent certification and verification of the supporting families grant. Claims are certified at regular intervals throughout the year.

B. Agile Risk-based Plan

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

This section of the plan was designed to be flexible to enable Internal Audit to be responsive to emerging risks and priorities. A list of potential audit areas – determined via a number of methods including a risk assessment, assurance mapping, and consultation with senior management – was presented to the Audit and Standards Advisory Committee in March 2024. However, this was not a rigid plan and it was agreed that the Head of Internal Audit would review, update and re-prioritise this list as appropriate in-year. The below table therefore provides an in-year update in respect of activity in Quarters 1 and 2; as well as the current risk assessment that will be used to guide and determine audit work for Quarters 3 and 4.

Audit Activity - Quarters 1 and 2

Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope	Status	Comments and Update
♦ First Wave Housing i4B Billing Arrangements	High	To provide assurance on the design and effectiveness of the controls in place over the billing arrangements at i4B Holdings Ltd (i4B) and First Wave Housing Ltd (FWH), collectively referred to in this report as “the companies”, for void repair works, legal disrepair cases and council tax payments.	Review Completed	Conclusion of audit carried forward from 2023-24. Outcomes are reported in Appendix B
♦ IT Application Review - NEC Revenues and Benefits	High	<i>Audit brought forward from 23-24.</i> To provide assurance on the effectiveness and robustness of the Council’s systems and processes relating to the NEC Revenues and Benefits application.	Review Completed	Conclusion of audit carried forward from 2023-24. Outcomes are reported in Appendix B
♦ Brent Music Service	Medium	<i>Management request.</i> To provide assurance on the effectiveness and robustness of the Council’s arrangements for the management and monitoring of BMS.	Review Completed	Additional review requested by Management. Outcomes are reported in Appendix B
♦ Brent River College - Annual Certificate of Expenditure	<i>n/a – grant certification</i>	Annual sign off of Certificate of Expenditure	Review Completed	Certification completed.
♦ Barham Park Accounts	<i>n/a – grant certification</i>	Annual sign off of Barham Park Accounts	Review Completed	Certification completed.

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope	Status	Comments and Update
◆ Procurement	High	<p><i>Audit brought forward from 23-24.</i></p> <p>To provide assurance on 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.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report anticipated to be issued by early October 2024.</p>
◆ Public Health Contract Management	High	<p><i>Audit brought forward from 23-24.</i></p> <p>To provide assurance on the management of the Tri-Borough inter-authority agreement of the commissioned integrated SRH service that London North-West University Healthcare NHS Trust provide.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report anticipated to be issued by early October 2024.</p>
◆ Direct Payments (Adults)	High	<p>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.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report anticipated to be issued by early October 2024.</p>
◆ Temporary Accommodation	High	<p>To provide assurance on the effectiveness and robustness of the Council's arrangements to provide temporary accommodation including procurement and governance.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report to be issued by end September 2024.</p>
◆ S106/CIL	High	<p>To provide assurance that the processes and controls around S106/CIL are operating robustly and effectively.</p>	Draft Report Issued	<p>Draft Report issued to Management – awaiting responses.</p> <p>Final Report anticipated to be issued by early October 2024.</p>

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope	Status	Comments and Update
◆ Financial Resilience / Sustainability	High	To provide assurance over the Council's financial resilience and sustainability controls, including long-term planning, reserves strategy, deferring/scaling back projects / programmes etc.	Review in Progress	Draft Terms of Reference prepared. A workshop with Finance colleagues to take place in Q3 2024-25.
◆ Section 20/20B – Major Works and Improvement Re-charges	High	<i>Management Request.</i> To provide assurance on the operating effectiveness of key controls in place around the Section 20/B major works and improvement charges to ensure that actions taken are appropriate and decisions are made in line with delegated officer responsibilities and guidance.	Review in Progress	Fieldwork is underway, with completion anticipated by early October.
◆ Discretionary Housing Payments	High	To provide assurance on the effectiveness and robustness of the Council's arrangements for the governance and issue of DHPs.	Review in Progress	Fieldwork is concluded. Draft report being prepared.
◆ Parking Services	High	To provide assurance on the effectiveness and robustness of the control framework or arrangements for Event Day (ED) parking permits.	Review in Progress	Fieldwork is underway, with completion anticipated by end Q3.
◆ Social Housing (Regulation) Act – inspection preparedness	High	<i>Management Request</i> To determine the extent to which the Council is prepared to meet the new regulatory requirements of the Social Housing Act, with a focus on reviewing the adequacy and effectiveness of key processes involved in identifying and managing ASB cases.	Review in Progress	Fieldwork is underway, with completion anticipated by end Q3.

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

Risk Assessment – to inform audit activity in Quarters 3 and 4

The table below lists the potential audit areas identified as part of the rolling internal audit risk assessment, with priority given to those areas with the highest assurance need.

This list is fluid and therefore subject to change/amendment as required by the Head of Internal Audit in respect of new, emerging and changing risks. The table does not purport to be rigid plan of audit activity that will be delivered, and instead has been included to provide assurance to the Audit and Standards Advisory Committee as to how the work of Internal Audit in Quarter 3 and 4 will be determined.

Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope
◆ Budget Pressures	High	To perform a deep-dive review into an area of budgetary/ financial pressure to determine whether this is being managed effectively. Proposed to focus on <i>Exempt Support Accommodation</i> , which has been identified as an emerging budget pressure.
◆ Child to Adult Transition	High	Audit originally proposed for Q2, however timescales were adjusted at Management's request due to the CQC inspection. Review to be carried out in Q4 to provide assurance on the effectiveness and robustness of the Council's arrangements for child to adult care transition.
◆ Performance Management (Cross-cutting)	High	To provide assurance over the Council's Performance Management framework, including data quality/integrity over a sample of KPIs.
◆ Redefining Local Services (RLS) – Contract Management	High	To provide assurance over the contract management arrangements in place surrounding the RLS contracts (including Waste and Recycling, Street Cleansing, Grounds Maintenance, Highways Services and Parking Services).
◆ Direct Payments (Childrens)	High	Assurance need increased following findings identified in Adults Direct Payments. Review to provide assurance on key controls surrounding processing of payments.
◆ Income Management/ Strategy	Medium	To provide assurance over the Council's Income Management Strategy and Action Plan, across the six key areas of billing, payment, allocation, reporting, recovery and governance.

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope
◆ Commissioning and Placements (Childrens)	Medium	To provide assurance on the effectiveness of key controls surrounding commissioning and placements, including payments to providers.
◆ Support for Carers (Adults)	Medium	To provide assurance around the arrangements for carer support including assessment, payments and monitoring.
◆ Looked After Children and Permanency	Medium	To provide assurance around the controls and processes in place around Looked After Children, including the Fostering Team, and Leaving Care Teams and budgets for client subsistence.
◆ Contractors/Temporary Workers	Medium	To provide assurance around the controls and processes in place to monitor contractors/temporary workers, including spend controls and plans to permanently fill the posts.
◆ Communities and Regeneration - Contract Management	Medium	To provide assurance that the processes and controls around contract management within Communities and Regeneration are operating robustly and effectively.
◆ Recruitment and Retention	Medium	To provide assurance over the Council's recruitment and retention processes to ensure that the Council has the necessary knowledge, skills and experience to fulfil its responsibilities and achieve its objectives.
◆ Contract Management – Social Value and Contract Variations	Medium	To provide assurance that the processes and controls around contract management - social value/variations are operating robustly and effectively.
◆ Equal Pay	Medium	To provide assurance around the controls and processes in place to ensure the right to equal pay.
◆ Care Homes (residential care and nursing care) (Adults)	Medium	To provide assurance around residential and nursing care providers including payments for services and mitigations in place to respond to supplier failure.
◆ Home Care	Medium	To provide assurance over the key controls to monitor the quality and consistency of services provided.
◆ Project Management	Medium	A cross-cutting review to provide assurance over the Council's Project Management framework within Communities and Regeneration and Property and Assets.

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

Audit/Area	Assessed Risk / Assurance Need	Rationale / Indicative Scope
◆ Environmental Reporting	Medium	To provide assurance around the controls and processes in place for environmental reporting including effective follow up and enforcement and management of third parties.
◆ Corporate Landlord Function	Medium	To provide assurance over the Council's Corporate Landlord responsibilities, including building/health and safety compliance.
◆ Climate Change Programme	Medium	To provide assurance this area of strategic risk.
◆ Health Inequalities	Medium	To provide assurance on the effectiveness of the Council's strategy and programme to address health inequalities.
◆ IT Asset Management	Medium	To provide assurance over the key controls around new device rollout/programme.

c. Consultancy and Advice

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

This work is often reactive to requests from senior management, and therefore we have retained a portion of time within our resourcing to meet these request. Below lists the consultancy and advisory engagements that have been requested/undertaken in Quarters 1 and 2.

Audit/Area	Rationale / Indicative Scope	Status	Comments and Update
♦ Parks/Open Spaces - Invoicing	<i>Management Request.</i> To provide assurance that the invoicing and collection of income was being carried out appropriately and in line with the License to Occupy.	Review Completed	Consultancy and Advice memo provided to Management.

D. Follow-up Work

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

* 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.

Audit/Area	Status	Total Actions	Implemented	Partially Implemented	Not Implemented	Comments
◆ NEG2 Overpayment May 2023	Completed	3	3	-	-	
◆ Property Valuations	Completed	7	-	2	5	Revised target dates of October and December 2024 Agreed.
◆ Information Governance Data Breaches	Completed	1	1	-	-	
◆ Licensing	Completed	4	1	1	2 (1)	Revised target dates of January 2025 Agreed.
◆ KFC Payroll	Completed	6	3	-	3 (3)	Revised target dates of October and December 2024 Agreed.
◆ Planning Enforcement	Completed	4	4	-	-	
◆ Digital Strategy	Review in Progress					To be concluded in Q3.
◆ Website	Review in Progress					To be concluded in Q3.
◆ Private Sector Property Licensing (HMO)	Review in Progress					To be concluded in Q3.
◆ NRPF and Intentionally Homeless	Review in Progress					To be concluded in Q3.

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

Audit/Area	Status	Total Actions	Implemented	Partially Implemented	Not Implemented	Comments
♦ TMO - Kilburn	Review in Progress					To be concluded in Q3.
♦ TMO - Watling Gardens	Review in Progress					To be concluded in Q3.
♦ Housing Compliance FRAs	Review in Progress					To be concluded in Q3.
♦ ASC Supported Living	Review in Progress					To be concluded in Q3.
♦ Pension Fund	Review in Progress					To be concluded in Q3.
♦ ITDR	Review in Progress					To be concluded in Q3.
♦ FWH/i4B Billing Arrangements	Review in Progress					To be concluded in Q3.
♦ IT Application Review – NEC Revenues and Benefits	Review in Progress					To be concluded in Q3.
♦ Financial Planning – DSG High Needs Block	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q3
♦ Brent Music Service	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q3
♦ True Compliance	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q3
♦ Cyber 3rd Party Risk	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q4

Appendix 1 – Internal Audit Activity Progress Update Quarters 1 and 2

Audit/Area	Status	Total Actions	Implemented	Partially Implemented	Not Implemented	Comments
♦ Accounts Payable	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q4
♦ Accounts Receivable	Review Not Yet Commenced					Target implementation dates not yet passed. Follow-up to commence in Q4

Appendix 2 – Summary of Risks/Issues from Audits Completed in Quarters 1 and 2

This appendix provides a summary of the high and medium risk issues emanating from audits completed as part of the 2024-25 plan. Updates in respect of progress and implementation will be provided as part of the Interim Internal Audit Report for 2024-24, scheduled for December 2024.

A. First Wave Housing i4B Billing Arrangements			
Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Lack of oversight of legal disrepair cases</p> <p>Processes and controls stipulated in the SLA are not operating in practice. Performance reports and updates, as outlined in the SLAs, are not being provided to the companies. There is a lack of communication regarding new cases, resulting in the companies being unaware of cases until they have already been settled.</p>	HIGH	Strategy and Delivery Manager 31 July 2024
2.	<p>Oversight and inspection of void works and properties</p> <p>There is a lack of formal structure for sharing information between surveyors and company management on void works and costs. SLA meetings on void status are informal and not minuted and required monthly reporting metrics have not been implemented. Additionally, there is no documented sign-off process for surveyors' approval of void works.</p>	HIGH	Strategy and Delivery Manager 30 June 2024
3.	<p>Council tax billing processes</p> <p>The process for calculating council tax liabilities is unclear and not documented in any formal policy or procedure. The Council lacks the system capability or a separate tracker to record void properties and periods, which could improve efficiency in calculating council tax liabilities if implemented as a regular control.</p>	MEDIUM	Strategy and Delivery Manager 30 June 2024
4.	<p>Lack of policies and procedures</p> <p>Outside of the SLA between Brent and the companies, there is no documentation that set outs the billing and management processes for legal disrepair, council tax, or void repair works. The SLA outlines responsibilities and expectations but lacks detailed procedures for receiving, progressing, and monitoring cases and repair jobs. Additionally, there is no procedure document detailing the arrangements for the council tax billing process between the companies and the Council.</p>	MEDIUM	Strategy and Delivery Manager 30 June 2024

Appendix 2 – Summary of Risks/Issues from Audits Completed in Quarters 1 and 2

B. IT Application Review - NEC Revenues and Benefits			
Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>User Activity Monitoring</p> <p>No standard operating procedure (SOP) has been developed for reviewing audit logs, therefore user activity logs are not monitored.</p>	MEDIUM	Applications Support Lead 31 July 2024
2.	<p>User deactivation dates</p> <p>The NEC Revenues and Benefits application cannot pull through dates users were deactivated in the system; therefore, we were unable to confirm that the date of deactivation for a sample of leavers had been processed in a timely manner.</p>	MEDIUM	Applications Support Officer 31 May 2024
3.	<p>Segregation of Duties Matrix</p> <p>No Segregation of Duties Matrix has been developed that outlines Role Based Access Controls that need to be segregated.</p>	MEDIUM	Applications Support Lead 31 July 2024
C. Brent Music Service			
Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Safeguarding</p> <p>Significant gaps were identified in Enhanced DBS checks, off-payroll (IR35) assessments, and ID/right to work verifications for both staff and contractors. This included support staff with absent DBS checks, and contractors for whom we could not evidence that ID checks had taken place.</p>	HIGH	Service Development and Operations Manager 30 September 2024
2.	<p>IT and data</p> <p>The service is using its own IT provider leading to issues around utilisation of g-mail rather than Brent.gov, pupil data retention, Brent intranet and e-mails retention.</p>	HIGH	Service Development and Operations Manager 31 July 2024

Appendix 2 – Summary of Risks/Issues from Audits Completed in Quarters 1 and 2

3.	<p>Partnerships</p> <p>Charity Commission reporting is significantly overdue, and there is a lack of oversight surrounding BMS and its charity partnerships. The service does not have control of its charity bank account and charity income has not been declared in over three years.</p>	HIGH	Head of Music Service 31 July 2024
4.	<p>Asset Management</p> <p>The service does not have an instrument manager to manage its significant inventory. The post has been vacant for almost a year. Instruments are not being stored appropriately and are not always in their expected location.</p>	MEDIUM	Head of Music Service 31 July 2024
5.	<p>Income management & banking</p> <p>Deficient record-keeping and absence of banking policies compromise financial integrity. The service does not have retained records of cash collected or a procedure for banking cash donations.</p>	MEDIUM	Service Development and Operations Manager 30 September 2024
6.	<p>Budgetary controls</p> <p>Invoicing backlogs were noted, urging the need for process mapping and exploration of upfront payment models to enhance budget monitoring and financial management.</p>	MEDIUM	Service Development and Operations Manager 30 September 2024
D. True Compliance (Housing Compliance)			
Ref	Risks/Issues Identified	Priority	Responsible Officer /Target Date
1.	<p>Data Integrity</p> <p>Further investigation into the automation of the transfer and reconciliation of data from Northgate to True Compliance would ensure more timely reporting and accuracy of data.</p>	HIGH	Asset Manager 1 October 2024
2.	<p>Polices and Procedure</p> <p>The absence of policies, procedures and training records on True Compliance may lead to inconsistencies with the treatment of properties on the system.</p>	MEDIUM	Building Manager Complete

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London Borough of Brent and Pension Fund

Audit progress report and sector updates

September 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 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.

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 your Engagement Lead or Engagement Manager.

Progress at September 2024 – the Council

Financial statements audit – the Council

At September 2024, our work on the audit of the 2023-24 financial statements is in progress and there are no matters of which we are aware that would require modification of our audit opinion on the financial statements of the London Borough of Brent at this stage. Our detailed findings will be included in our 2023-24 Audit Findings Report which will be presented to the Audit and Governance Committee on 31 October 2024.

Our work to date has been affected by delays in obtaining essential evidence for several sections of the financial statements. Our original target was to finalise our work by the end of September 2024, however, due to delays in obtaining the required data and the quality of some supporting evidence, we have been unable to finish our work and must allocate additional time to complete the audit.

Below is a summary of pending data with management and the sections which are being worked on by the audit team.

Await information from management:

- Page 104
- PPE reconciliation issues between Note 1 and Fixed Asset Register (FAR);
 - PPE Other Land & Building reconciliation issues between FAR and Valuer's report, await revised valuation report from valuer;
 - Await formal valuation report for additions made during the year in PPE HRA Council Dwellings;
 - Bank reconciliation issue where the ledger balance per the trial balance does not match the ledger balance per the Council's bank reconciliation statements;
 - Issues with payroll FTE report; and
 - Await revised statement of accounts, incorporating identified changes.

Major areas subject to audit team completing the work:

- Journals testing
- Responses from valuer on other land and buildings queries
- Group audit procedures
- Grants testing

**Please note that the above outstanding sections do not include sections which are pending manager/engagement lead review which may generate further queries. Further to this, the samples under process by the audit team may identify further queries.*

Value for Money – the Council

Under the 2020 Code of Audit Practise, for local government bodies auditors are required to issue their 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 – please refer to page 9.

Progress at September 2024 – the Council

Areas of testing	Sample size	Samples cleared	Samples with management	Samples with audit team
PPE additions	16	16	0	0
Intangibles	5	0	0	5
Fees & Charges - customer and client receipts	34	25	8	1
Fees & Charges - other grants and contributions	5	4	0	1
Operating expenditure	66	54	5	07
Schools operating expenditure (non-payroll)	12	12	0	0
Debtors	36	20	4	12
Creditors	35	15	15	5
Bank receipts (completeness)	16	12	4	0
Bank payments (completeness)	26	24	2	0
Invoices raised (completeness)	20	20	0	0
Invoices received (completeness)	32	30	2	0
Journals	35	3	20	12
Capital Grants	11	3	1	7
Capital Grants Unapplied	10	0	0	10
Residual Grants	13	2	2	9

Progress at September 2024 – the Council

Areas of testing	Sample size	Samples cleared	Samples with management	Samples with audit team
Schools operating expenditure (payroll)	10	10	0	0
Agency expenditure	6	6	0	0
Payroll – starters	12	12	0	0
Payroll – leavers	12	12	0	0
Payroll – changes in circumstance	12	0	12	0
NNDR reliefs	25	25	0	0
Council tax reliefs	25	25	0	0
Leases	10	0	10	0
Capital commitments	5	4	1	0
Total	484	334	53	97

Audit deliverables – the Council

Our work on the Council's value for money (VFM) arrangements is not yet complete. We will report in our full commentary on the Council's arrangements in our Auditor's Annual Report (AAR) at a subsequent Audit and Standards Committee meeting.

Below are some of the audit deliverables planned for 2023-24

2023-24 Deliverables	Planned date*	Status
<p>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 2023-24 financial statements.</p>	January 2024	Complete
<p>Audit Findings Report</p> <p>The 2023-24 Council Audit Findings Report will be reported to Those Charged with Governance at the Audit and Standards Committee.</p>	September 2024	Delayed – revised Committee date is October 2024.
<p>Auditor's Report</p> <p>This includes the audit opinion on your 2023-24 Council's financial statements.</p>	September 2024	Delayed – revised Committee date is October 2024.
<p>Auditor's Annual Report</p> <p>This report communicates the key outputs of the audit, including our commentary on the Councils' value for money arrangements.</p>	January 2025	Not yet due

Audit deliverables – the Council

Audit-related deliverables	Planned date*	Status
Non-audit services		
1. 2022-23 Housing benefits assurance process return	1. September 2024	1. In progress
2. 2023-24 Housing benefits assurance process return	2. November 2024	2. In progress
3. 2022-23 Pooling of Housing Capital receipts return	3. January 2024	3. Complete
4. 2023-24 Pooling of Housing Capital receipts return	4. January 2025	4. Not due yet
5. 2022-23 Teachers' Pensions return	5. October 2024	5. In progress
6. 2023-24 Teachers' Pensions return	6. TBC	6. Not due yet

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The planned dates are subject to national timetables, agreement with officers and unforeseen technical issues that may arise during the audit period.

2023-24 VFM delay letter

Chair of Audit and Standards Committee
Brent Council

September 2024

Dear Cllr Chan

Page 1 of 9
The original expectation under the approach to VFM arrangements work set out in the 2020 Code of Audit Practice was that auditors would follow an annual cycle of work, with more timely reporting on VFM arrangements, including issuing their commentary on VFM arrangements for local government by 30 September each year at the latest. Unfortunately, due to the on-going challenges impacting on the local audit market, including the need to meet regulatory and other professional requirements, we have been unable to complete our work as quickly as would normally be expected.

As a result, we are not in a position to issue our full 2023-24 Auditor's Annual Report (AAR), including our commentary on arrangements to secure value for money. We expect to publish our report in December 2024. If the VFM work is not complete when issuing the audit opinion on the Council's 2023-24 financial statements, on issuing the audit opinion we will formally write to the Chief Executive to summarise our VFM findings at that date and confirm intention to issue the full AAR in December 2024.

For the purposes of compliance with the 2020 Code, this letter constitutes the required audit letter explaining the reasons for delay.

Yours faithfully

Sophia Brown
Key Audit Partner

Progress at September 2024 – Pension Fund

Financial Statements Audit – Pension Fund

At September 2024, our work on the audit of the 2023-24 financial statements is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion on the financial statements of the Brent Pension Fund. Our detailed findings will be included in our 2023-24 Audit Findings Report to be presented to the Audit and Governance Committee on 31 October 2024.

As of the report writing, our ongoing work has been affected by delays in obtaining essential evidence for several sections of the financial statements. Our original target was to finalise our work by the end of September 2024, which remains achievable pending resolution of the issues below. Delays have been experienced in obtaining confirmations from the investment fund managers and in receiving follow-up responses to queries. Additionally, there have been significant delays in obtaining supporting evidence and responses to follow-up queries concerning member data. The outstanding items are summarised below:

await information from management:

Page 110 Fund information sample evidence for 25 samples across starters, leavers and new pensioners. – high priority; -

Level 2 investments – queries outstanding with 3 fund managers – high priority;

Level 3 investments – queries outstanding with 2 fund managers– high priority;

- Responses to points raised by Audit Manager and EL's review of accounts;
- Response regarding contributions analytical review variance;
- Response regarding benefits analytical review variance;
- Further evidence requested for contributions samples; and
- Service Assurance Report on LPP to complete our work over the service organisations. The current report covers a period upto December 2023 and we need to obtain a bridging letter to cover the period to 31 March 2024.

Areas subject to audit team completing the work :

- Benefits;
- Fund information;
- Profit or loss on disposal and changes in values of investments;
- Investment capital commitments; and
- Key management personnel.

Progress at September 2024 - Pension Fund

Areas pending Manager or Engagement Lead review:

- Level 1 investments;
- Journals testing – work on management override of controls; and
- Transfers out.

Below is a summary of outstanding samples. We have held regular meetings with your finance team and the level of engagement has been positive. This level of engagement has ensured that any arising issues are promptly escalated and resolved. However, despite the strong engagement from management, there are still challenges and issues that have caused delays. Our goal is to finalise the audit work and present an Audit findings report to you at the October 2024 Audit and Standards Advisory Committee.

Areas of testing	Sample size	Samples cleared	Samples with management	Samples with audit team
Normal benefits	20	10	0	10
Lump sum benefits	5	4	1	0
Transfers out	5	5	0	0
Transfers in	6	6	0	0
Employee contributions	5	3	2	0
Employer's contributions – non-admin	13	6	7	0
Employer's contributions – admin	18	18	0	0
Journals	27	27	0	0
Fund information – Starters, leavers and new Pensioners.	25	0	25	0
Total	124	75	39	10

Audit deliverables – Pension Fund

Below are some of the audit deliverables planned for 2023-24.

2023-24 Deliverables	Planned date	Status
<p data-bbox="120 539 465 571">Pension Fund Audit Plan</p> <p data-bbox="120 587 1279 687">We issued a detailed audit plan to the Audit and Standards Committee and Pensions Committee setting out our proposed approach in order to give an opinion on the Pension Fund 2023-24 financial statements.</p>	March 2024	Complete
<p data-bbox="120 715 622 746">Pension Fund Audit Findings Report</p> <p data-bbox="120 762 1263 831">The 2023-24 Pension Fund Audit Findings Report will be reported to Those Charged with Governance at the Audit & Standards Committee and the Pensions Committee.</p>	September 2024	Delayed – revised Committee date is October 2024.
<p data-bbox="120 858 546 890">Pension Fund Auditor’s Report</p> <p data-bbox="120 906 1323 970">This includes the opinion on your 2023-24 Brent Pension Fund financial statements within the Council’s Financial Statements.</p>	September 2024	Delayed – revised Committee date is October 2024.
<p data-bbox="120 997 927 1029">Pension Fund Annual Report Auditor’s Consistency Report</p> <p data-bbox="120 1045 1330 1145">This includes our opinion that the 2023-24 Brent Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited Council’s Financial Statements.</p>	November 2024	Not yet due

Ending the local audit backlog

A plan for restoring timely assurance to the Local Government audit system was announced by the Minister of State for Local Government and English Devolution on 30th July 2024.

When parliamentary time permits, secondary legislation is going to be used to amend the Accounts and Audit Regulations (2015) and to introduce five new backstop dates:

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1. Financial years up-to-and-including 2022/23: 13 December 2024;
2. Financial year 2023/24: 28 February 2025;
3. Financial year 2024/25: 27 February 2026;
4. Financial year 2025/26: 31 January 2027;
5. Financial year 2026/27: 30 November 2027; and
6. Financial year 2027/28: 30 November 2028.

Paul Dossett, Grant Thornton Partner and Head of Local Government, has had an article published in The MJ, where he reviews the reasons for the delays in audited accounts and considers what is required for a long-term solution:

<https://www.themj.co.uk/beyond-the-local-audit-backstop>

Key messages from the Minister are that:

For financial years up to and including 2022/23, if financial audits are not complete by 13 December 2024, disclaimed or modified opinions will be required. The Minister recognises that in most cases these may remain in place for up to two years.

The Minister's statement is, however, "crystal clear" that where there are modified opinions for financial accounts, auditors' other statutory duties – including to report on Value for Money (VfM) arrangements, to make statutory recommendations, and to issue Public Interest Reports, will still be a high priority.

There will be some limited grounds for exemption to meeting the audited accounts backstop dates: Where auditors are considering a material objection; where recourse to the court could be required; or from 2023/24, where the auditor is not yet satisfied with the body's Value for Money arrangements. Nevertheless, Councils need to be aware that the Government intends to publish a list of bodies and auditors that do not have an exemption and yet still do not meet the proposed new dates.

To help Councils comply with these arrangements, for financial years 2024/25 to 2027/28, the Minister states that the deadline for filing Category 1 'draft' (unaudited) accounts will be extended from 31 May to 30 June (allowing higher quality draft accounts); and there will be no routine inspections of local audits (by the Financial Reporting Council or by the Institute of Chartered Accountants in England and Wales) for financial years up to and including 2022/23, unless there is a clear case in the public interest to do so.

Once implemented, the hope is that the new arrangements will help to restore the robust assurance needed to underpin good governance and accountability.

For the full statement, see [Written statements - Written questions, answers and statements - UK Parliament](#).

Lessons from recent Auditors' Annual Reports

In July 2024, Grant Thornton shared findings from a review of just under 100 recent Auditors' Annual Reports (AARs), covering around 30% of all Councils in England. With around 730 different areas for improvement identified, the AARs highlighted five key areas where local government is facing increased challenge:



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1. Transformation and saving plans;
2. The Dedicated Schools Grant;
3. Financial governance and internal control;
4. Performance management and procurement; and
5. The Housing Revenue Account.



To help Councils with their challenge, Grant Thornton's Lessons report summarised suggestions for improvement into a single checklist for success.

Key questions for Audit Committees from the checklist for success:

- External audit recommendations – are we up to date with monitoring progress and implementation and prior year recommendations?
- Savings and reserves – is our medium-term financial plan up to date?
- Special educational needs and disability – are we on track with arrangements to close any deficit?
- Workforce – do we have an up-to-date strategy?
- The Housing Revenue Account – when did we last review the strategy and arrangements for governance and internal control?

Even before the July 2024 general election, local authorities were key to delivering nationally important policies. Under the new government, the sector looks likely to play an even more pivotal role as, for example, proposed reforms to planning and housebuilding get underway. Audit Committees can use the Grant Thornton checklist for success to assess how ready their organisation is to take advantage of the new opportunities likely to open-up and to step into the new, higher profile role they are likely to be invited to play.

For a full copy of the report, see [Lessons from recent auditor's annual reports \[grantthornton.co.uk\]](https://www.grantthornton.co.uk)

Learning from the new unitary councils

In September 2024, Grant Thornton published findings from Auditors' Annual Reports for eight unitary councils created since 2019 (or, where relevant, from Auditors' Annual Reports for their predecessor councils).

Grant Thornton's report includes a series of key messages for Councils who may be facing local government re-organisation in the future, including:

During the transition period

- Appoint shadow authority roles as soon as possible;
- Allocate adequate resources to planning and transformation;
- Consider how to reduce legacy staff capacity.

Financial sustainability

- Have a finance team in place at the start;
- Understand the legacy reserves position early.

Governance

- Prioritise the production of legacy accounts;
- Don't underestimate the complexity of internal audit.

Effectiveness, economy, efficiency

- Develop a performance management framework early; and
- Put in place clear strategies.

For a full copy of the report and the key messages within it, see [Local government reorganisation: Lessons from new unitaries | Grant Thornton](#)

“Local government re-organisation is here to stay....(but) One size does not fit all, and local government is no exception”.



Code of practice on good governance

In June 2024, SOLACE, CIPFA and Lawyers in Local Government (LLG) jointly published a new code of practice on good governance. The code provides advice and sets expectations for the three highest profile statutory roles in local government – the Head of Paid Service, the Chief Finance Officer, and the Monitoring Officer. The aim of the code is to enable these three high profile officers to effectively work together in a ‘Golden Triangle’ - to best advise members, implement decisions, and help achieve good outcomes.

This is a powerful publication because it is the first in which SOLACE, CIPFA and LLG have spoken as one voice. Whilst the Seven Principles of Public Life, or Nolan Principles, apply to all public office holders (and indeed all those in other sectors delivering public services), expectations of the three most senior statutory officers of Councils go further. The fact that this guide is targeted specifically at their three roles is therefore more than welcome.

The new code of practice sets out seven standards the “Golden Triangle” officers should comply with, alongside a series of more direct requirements they should adhere to. The code provides guidance to the three officers concerned; can be used to explain their roles more clearly to others; and provides context for conversations about the roles, the requirements, and actions to be undertaken.

Questions Audit Committees can use the code to ask themselves surround: Do we understand what our most senior officers do? And do they understand the standards they are bound by?

For a full copy of the Code of Practice, see [Code of Practice on Good Governance for Statutory Officers June 2024.pdf \(solace.org.uk\)](#)

The seven standards of the Golden Triangle are:



Understand Governance

Roles and responsibilities



Act Wisely

A duty of enquiry & the exercise of statutory functions



Lead Ethically

The Seven Principles of Public Life



Act Effectively

Robustness in working arrangements



Resource the Roles

Get the tools to do the job



Build Resilience

Deputies and development



Deliver sound decision making

The outcome of good governance

Internal Audit - supporting a healthy service

The Chartered Institute of Internal Auditors (CIIA) published an assessment of the health and status of internal audit within local government in July 2024, using research based on survey findings from 44% of all councils in the United Kingdom and Northern Ireland. The findings were stark and could make worrying reading for any Audit Committee, as survey responses unveiled:

- Fear of speaking out about key findings, including around financial sustainability;
- Difficulty in discussing financial assurance matters with Audit Committee members in public meetings;
- Lack of member understanding of the work of internal audit; and
- Insufficient staffing and inability to recruit to vacant posts, affecting completion of the Internal Audit plan.

New Global Internal Audit Standards (GIAS) are due to come into effect in January 2025 and can be adopted now if entities wish. They include considerations specifically for the public sector.

Respective responsibilities for members and management around supporting, overseeing, and resourcing the internal audit function can be found in the CIIA report.

Audit committees and senior management in local government should consider whether any of the findings are relevant to their organisation and, if so, consider using the transition to the new GIAS as an opportunity to challenge and revisit their practices.

For a full copy of the Institute's findings, see [An evaluation of the health of internal audit in local authorities.pdf](#) (iia.org.uk)

Summary of respective responsibilities to provide:

Support:

Audit committee

Champion the internal audit function.

Senior management

Support recognition of the function throughout the organisation.

Oversight:

Audit committee

Gain an understanding of Internal Audit findings.

Discuss any disagreements with the Chief Executive and senior management.

Senior management

Assist members in understanding the effectiveness of the organisation's governance, risk management and control processes and escalate to members any matters of importance.

Resources:

Audit committee

Discuss the sufficiency of resources, both in numbers and capabilities, at least annually.

Senior Management

Engage with members to provide sufficient resources and resolve any issues around resourcing.

Annual review of local government complaints

The Local Government and Social Care Ombudsman's latest Annual Review of Local Government Complaints was published in July 2024.

The review shows that nationally, there has been an increase in the number of complaints received, an increase in the number of complaints upheld, and ongoing issues within special educational needs; housing; and adult social care services.

The review argues that complaints can be seen as a valuable source of information, and it encourages councils to use complaints information to identify early warning signs of service failure. It includes best practice resources to help councils take valuable learning from complaints, including a performance map and data tables.

Readers are advised by the review to consider, using the interactive data for those councils they are interested in:

- Uphold rates;
- Suitable remedy rates;
- Compliance rates; and
- The nature of service improvement recommendations made.

Councils should bear in mind that since April 2024 [new overview and scrutiny: statutory guidance for councils, combined authorities and combined county authorities](#) recommends that scrutiny committee work programmes are informed by the reports and recommendations issued by the Ombudsman.

For a full copy of the Ombudsman's Annual Review, see [Annual Review of Local Government Complaints](#).



Homelessness and housing targets

The National Audit Office (NAO) published a report in July 2024 on the effectiveness of government in tackling homelessness.

The report noted that homelessness is now at the highest level since comparable data collection began in the early 2000s, despite local government spending on homelessness services having more than doubled since 2010/11. The report also noted that a co-ordinated government response is difficult because there was, at the time of writing the report, no strategy or published target for statutory homelessness; and, again at the time of writing the report, the Department for Levelling Up, Housing and Communities had limited power to influence other government departments' decisions on cross-cutting matters that can affect homelessness services.

The National Audit Office argued that homelessness funding is fragmented and generally short-term, inhibiting homelessness prevention work and limiting investment in good-quality temporary accommodation or other forms of housing.

New housebuilding targets announced by the new government on 30th July may help, but consistent funding and a move away from short termism and a clear strategy are also going to be essential levers that national and local government are now going to have to develop.

For a copy of the National Audit Office report, see [the effectiveness of government in tackling homelessness \(nao.org.uk\)](https://nao.org.uk).

For the government's new housebuilding targets, see [Housing targets increased to get Britain building again - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

£2.44bn

Spent by local government in 2022/23 on homelessness services

60%

Proportion of local government 2022/23 total gross expenditure on housing services (excluding that relating to their own housing) that was used to deal with homelessness, up from 25% in 2010/11

15

Cross-government boards that have a remit relevant to homelessness



National Audit Office



New approaches needed to key educational issues

Two recent reports highlighted weaknesses in the educational system that councils have to work with. Both include recommendations for the new government, intended to give disadvantaged children and children with special educational needs and disabilities better outcomes for the money spent.

On 23rd July 2024, the National Audit Office (NAO) published its report on [Improving educational outcomes for disadvantaged children \(nao.org.uk\)](https://www.nao.org.uk/publications/2024/july/improving-educational-outcomes-for-disadvantaged-children/), noting that disadvantaged children include those who are currently, or have previously been, looked after by the council.

The report highlighted that the government spends an estimated £9.2 billion on supporting disadvantaged children and narrowing the attainment gap between them and their peers, but that disadvantaged children still perform less well than their peers across all areas and across all school phases.

Two days later, on 25th July, the ISOS Partnership published an [independent report commissioned by the County Councils network and the Local Government Association](#) showing that educational attainment amongst children with special educational needs and disabilities (SEND) has not improved since 2014, despite councils being projected to spend £12 billion on these services by 2026 (compared to £4 billion a decade ago).

Going forward for SEND, local government could play a pivotal role in delivering any changes of policy. It is important for members to be aware of the changes that could happen in future. The ISOS partnership recommends that the new government:

- Invests in building capacity in mainstream schools to meet children's needs, such as therapists, educational psychologists, and wider inclusion support, helping to reduce the reliance on specialist school places;
- Resets the vision and guiding principles of the SEND system towards inclusion, prevention and earlier support which would cater for young people who do not have a statutory plan, with such plans reserved for the most complex cases;
- Provides a new 'national framework' for SEND;
- Establishes 'Local Inclusion Partnerships' to enable more effective assessments, commissioning and collaboration between councils, schools and health; and
- Creates a National Institute for Inclusive Education as an independent arbiter around inclusive education and support for children and young people with additional needs.



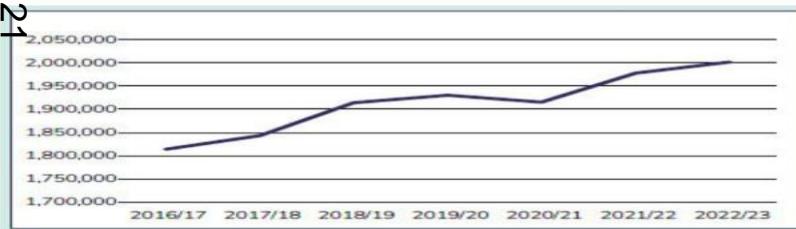
Demand management for social care

In July 2024 CIPFA published a guide to managing rising demand in adult and children's social care, drawing on lessons from nineteen different English councils.

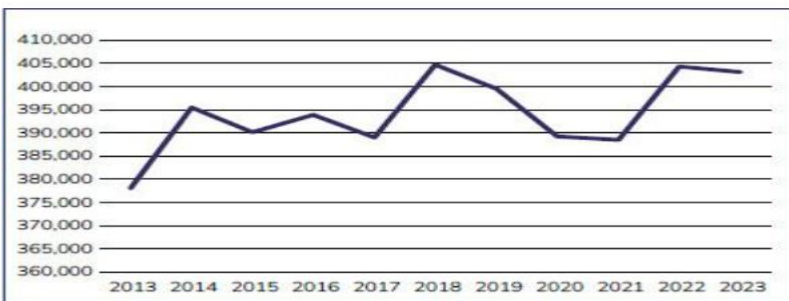
Having highlighted that requests for adult social care and the number of children in need are both rising, CIPFA shared examples of good practice around:

- Adult Social Care – Market management; transitions; transformation and innovation; and
- Children's Social Care - Market management; transitions; transformation and innovation.

Rise in the demand for adult social care support for new clients:



Rise in the number of children in need:



The report shows the importance of strong corporate and leadership buy-in; utilising funding and resources from diverse sources; focusing on improving outcomes; making use of monitoring, forecasting and benchmarking tools; and investing in preventative action. However, CIPFA also highlighted the specific contributions that innovative finance professionals can make:

- Financial oversight, analysis and management;
- Grant and resource management;
- Compliance, reporting and risk management;
- Evidence-based decision making and communication;
- Monitoring, forecasting and benchmarking;
- Strategic thinking;
- Funding maximisation;
- Business case and scenario planning;
- Sustainable commissioning; and
- Data utilisation, monitoring and evaluation.

The examples of proactive work by professionals from across the nineteen councils show how co-operation can make a real difference. For more details on the report, see [Managing rising demand in adult and children's social care \[cipfa.org\]](https://cipfa.org).

The social landlord role – what can councils do better?

The Housing Ombudsman published its latest Insight Report in July 2024: [Insight report - Issue 17 \(housing-ombudsman.org.uk\)](https://www.housing-ombudsman.org.uk/insight-report-issue-17)

The report focused on London – noting that 47% of the cases determined by the Ombudsman in 2023/24 were from residents living in a London postcode, despite the fact that just under one in six homes in the Ombudsman’s membership is located within Greater London.

No other region of England has such a wide gap between the proportion of social housing and complaints, but the Ombudsman noted that outside Greater London, other councils and landlords should also take note of the recommendations and learning points, especially in other urban areas, as they provide vital indicators of where things go wrong and how to stop that from happening.



The report recommends that landlords:

- Foster a positive complaints culture - leadership and governance should be seen to support the complaints’ function, including promoting internal cooperation and engagement with the complaints process;
- Don’t lose sight of the person at the centre of a complaints issue – try to ameliorate the impact of issues outside the landlord’s full control and avoid blame. Be clear about landlord responsibilities where resolution involves dealing with third parties;
- Show that the resident’s experience is important – ensure that details are taken and recorded appropriately so that residents feel listened to; the right solution is found to resolve the issue swiftly; and the communication to the resident is courteous and accurate;
- Remember that complaint handling is a landlord’s opportunity to regain a resident’s trust after they have had a bad experience; and
- Use insight and intelligence from complaints strategically. This ranges from effective root cause analysis of casework through to identifying risks and horizon scanning.

The report makes good reading for members looking to better understand how they can help to stop things going wrong in the council’s relationship with residents.



Devolution

On 16th July 2024, the new Deputy Prime Minister wrote a [Letter to Local Leaders](#) setting out the new government's ambition to:

- Devolve new powers over transport, skills, housing, planning and employment support;
- Provide more regions with integrated settlement and with access to financial flexibility;
- Move away from a deal-based approach, “setting out clear conditions and a clear offer in return for places seeking devolution agreement”; and

Enshrine a presumption towards devolution, so that places can take on new powers automatically if they meet certain conditions.

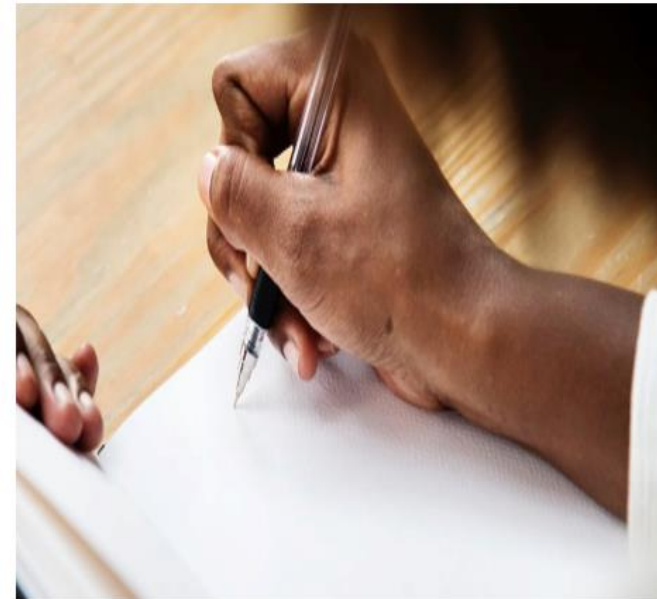
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 In the English Devolution Bill one day later, the government started arrangements to legalise a new devolution framework; address within it growth drivers such as employment and planning; and make devolution the “default setting”.

How and when the details of the new devolution revolution will work remains to be seen, but the Deputy Prime Minister has made it clear that new arrangements will be tailored to sensible economic geographies so that local leaders can act at the scale needed to effectively deploy their powers. In most cases that will require councils to come together in new combined authorities. Councils are now encouraged to begin discussions with their neighbouring authorities on this basis.

Members will need to start asking themselves both how ready their organisation is, and how ready their neighbours are.



Ministry of Housing, Communities & Local Government



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	K
1	A&SAC FORWARD PLAN / WORK PROGRAMME / UPCOMING AGENDA 2024/25							
2	Topic / Date	12-Jun-24	24-Jul-24	25-Sep-24	31-Oct-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
10	Audit Findings Report Council & Pension Fund Accounts 23-24				X			
11	Draft External Audit Plan 2024-25 (incl Pension Fund)	X					X	
12	Annual Auditor's Report			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*			
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		X					
40	Levels of Control and Lines of Defence Training							
41	Review of Committee performance linked to Global Internal Audit Standards							
42	Role of External Audit & Committee			X				
43								
44	* Requires approval by Audit & Standards Committee							

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