



Audit and Standards Advisory Committee

Tuesday 4 February 2025 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)
Choudry
Kabir
Long
Molloy
J.Patel
L.Smith

Councillors:

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

Councillors:

Kansagra and Maurice

Independent Co-opted Members

Rhys Jarvis and Stephen Ross

For further information contact: Harry Ellis, Governance Officer
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 hear any deputations received from members of the public in accordance with Standing Order 67.	
4 Minutes of the previous meeting	
4.1 To approve the minutes of the meeting held on Wednesday 4 December 2024 as a correct record.	1 - 18
(Please note the agenda was republished to include the attached minutes on 3 February 2025)	
4.2 To note the updated log of actions arising from previous meetings of the Committee.	19 - 26
5 Matters arising (if any)	
To consider any matters arising from the minutes of the previous meeting.	
Standards Items	
6 Annual Report on Complaints & Code of Conduct Complaints Procedure	27 - 84
This report provides an annual review of the complaints received under the Members' Code of Conduct Complaints procedure.	

Audit & Finance Items

7 External Audit Annual Report & Council's Statement of Accounts 2023-24 85 - 168

To receive an update on the progress in finalising the External Auditor Annual Report and Council's Statement of Accounts for the year ended 31 March 24.

(Please note the agenda was republished to include the attached Audit reports on 3 February 2025)

8 Audit & Standards Advisory Committee Forward Plan and Work Programme 2024 - 25 169 - 170

To review the Audit & Standards Advisory Committee work programme 2024 – 25.

9 Exclusion of the Press & Public

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

10 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: Tuesday 25 March 2025



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MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE
Held in the Conference Hall, Brent Civic Centre on Wednesday 4 December
2024 at 6.00 pm

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

Independent co-opted Members: Rhys Jarvis and Steven Ross - attended online.

Also Present: Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance & Resources), Julie Byrom (Independent Person – attended online) & Sheena Phillips (External Audit – Grant Thornton).

1. Apologies for absence and clarification of alternate members

In opening the meeting, David Ewart (as Chair) took the opportunity to welcome Councillor Lesley Smith as a newly appointed member on the Committee.

Apologies for absence were received from Councillor Molloy, who it was reported was recovering from surgery, and Sophia Brown (Grant Thornton). The Committee asked for their best wishes to be passed on to Councillor Molloy for a quick recovery.

2. Declarations of Interest

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

3. Deputations (if any)

There were no deputations considered at the meeting.

4. Minutes of the previous meeting & Action Log

RESOLVED that the minutes of the previous meetings held on Wednesday 25 September 2024 & Thursday 31 October 2024 be approved as a correct record, subject to the following amendments:

- Minutes – 25 September 2024: review and amendment of wording of 4th bullet point under the comments and issues raised section of Min 6: Report on i4B Holdings & First Wave Housing Ltd.

Post meeting note: Following review, the proposed amendment to the wording of the minute has been agreed as follows with the underlined wording to be added and wording that has been struck through deleted:

“In considering the update on the financial performance provided in relation to regarding i4B, further details were sought on the changes identified in relation to the Income & Expenditure Statement within the report. These related to the reasons

why in terms of expenditure on the Service Level Agreements (SLA) and the provision of supplies and services being were higher than budget. In recognising these concerns raised, Andrew Hudson advised of the Board's continued focus regarding on accuracy of the budget monitoring and forecast process. Current with issues, as an example, highlighted included in relation to delays in the submission and processing of invoices from third parties and also management due to the demand led nature of the costs associated with repairs and maintenance of the stock, given the demand led nature of the service and in seeking to avoid disrepair claims with preventative measures works seen as the best way to prevent overspending in these areas.

As a follow up issue, details were also sought on the forecast void rent loss which it was noted had been calculated at £443k for the year based on Brent Housing data over the first 4 months. Highlighting reference to the availability of data from those properties managed by Mears, members were advised that whilst details were awaited, the current assumption remained that losses would equate to 4%."

Members noted the updates provided in relation to the Action Log of issues identified at previous meetings. Updates were provided in response to the following actions:

- (a) Dedicated Schools Grant – Deficit Management Plan (24 July 2024) – members were advised that further clarification was awaited on the VAT arrangements to be included in relation to SEND provision under the private school initiative.
- (b) Statement of Accounts – Interim External Audit Findings (31 October 2024) – confirmation was provided that work on submission of the relevant supporting information relating to Plant, Property & Equipment (PPE) was progressing with the Audit Findings Report and Statement of Accounts scheduled for consideration at the Committee meeting on 4 February 2025, in advance of the backstop for finalising the 2023-24 Statement of Accounts coming into effect at the end of February 2025.

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

None.

6. **Standards Report (including Q2 update on gifts & hospitality)**

Marsha Henry (Deputy Director Law) introduced a report updating the Audit and Standards Advisory Committee on gifts and hospitality registered by Members during Q2 2024-25 and Member Learning & Development activity. The following updates were highlighted for the Committee:

- The details on Gifts and Hospitality registered by members in the second quarter of 2024-25, as detailed in Appendix A of the report.
- The inclusion of a recommendation within the External Audit Annual (Value for Money) report (due to be considered as item 11 on the same agenda) relating to the enhancement of the register of members gifts and hospitality to include additional detail on the receipt of "exceptional items" such as tickets to events

being hosted at Wembley Stadium in order to enhance transparency. Members were advised that arrangements were being made for this issue to be considered by the Constitutional Working Group, prior to a further update being presented to the Committee on any action taken in response.

- In relation to member attendance at mandatory training sessions, the Committee was advised (following the update outlined within section 3.8 of the report) that all members had completed their core mandatory refresher training, including Data Protection. Members noted the measures in place to ensure members were required to complete their mandatory Data Protection training and action available should that not have been undertaken within the required timescale.

The Chair thanked Marsha Henry for her report and invited the Committee to raise any questions they might have, which are summarised below:

- Discussing invites issued for member training sessions, members highlighted a need to ensure these clearly specified when the sessions were mandatory, which it was agreed would be fed back to the Members Services team for action moving forward.
- In seeking further details on the rationale and considerations needing to be taken into account by members receiving gifts and hospitality, particularly in relation to sporting and other events being hosted at Wembley Stadium, the Committee was advised that whilst there were no specific restrictions prohibiting the receipt of these type of gifts or hospitality members would need to consider whether acceptance was appropriate and, if so, that anything received was properly registered, in accordance with the Member Code of Conduct. In highlighting that many gifts were often provided by local organisations as part of broader community engagement initiatives a review of existing guidelines would be included as part of consideration of the recommendation within the External Audit Value for Money report.

As there were no further questions, the Chair thanked officers for their responses, and the Committee **RESOLVED** to note the updates provided in relation to:

(c) Gifts and Hospitality registered by members; and

(d) Member Training

7. **Treasury Management Strategy Report 2025-26**

The Chair welcomed Sam Masters (Head of Finance) and Nadeem Akhtar (Senior Finance Analyst) to the meeting who were then invited to present the draft Treasury Management Strategy (TMS) for 2025-26 for consideration by the Committee. It was noted that the final version of the TMS, including any comments made by the Committee, would be included in the annual budget report to be presented to Cabinet and Full Council in February 2025.

In considering the report key issues were highlighted as follows:

- The strategy (attached as Appendix 1 to the report) was currently in draft format and would be finalised for inclusion in the annual budget report that would go to Cabinet and Council in February 2025. At the request of the Chair, officers advised they would ensure non councillor members of the Committee were provided with a copy of the final Treasury Management Statement included within the Council's 2025-26 Budget Report.
- The Strategy set out the framework for the Council's Treasury Management activity in 2025 - 26 and included an outline of the Council's borrowing strategy and sources of debt finance (including the Liability Benchmark), investment strategy (including types and prescribed limits), Treasury Management Prudential Indicators for 2025 – 26 (which it was noted included security, liquidity, interest rate exposure, the maturity structure of borrowing and principle sums invested for periods of more than a year), alternative options and strategies along with an external and local context including the Capital Financing Requirement (CFR). This included details (within Table 1 of the Strategy) of the Council's medium-term borrowing requirements based on budgetary forecasts, which for 2025-26 had been estimated at £360 million.
- The Strategy had been produced in compliance with the CIPFA Treasury Management Code of Practice & Prudential Code for Capital Finance.

The Chair thanked Nadeem Akhtar for the outline provided and then invited the Committee to raise any questions they might have, which are summarised below:

- On the subject of interest rates, the Committee sought further details on the basis of the assessment from the Council's Treasury Adviser regarding the level of Bank interest rate and reliability of the predicted rate at 3.75%. In response, officers advised this was based on a moving average for the year. Whilst the current rate was 4.75% and the position was subject to regular fluctuation subsequent changes were anticipated moving forward based on the latest forecasts within the Bank of England Monetary Policy Report, which were subject to ongoing review and would be reflected within the final report.
- Regarding investment limits, further clarification was sought on the limits identified under the alternative investment options within the strategy. Given the financial pressures being experienced by the Council the revenue reserves available to cover investment losses were forecast at £513.3m. Members, whilst noting the 10% or £20m limit identified as a means of limiting risk to any default, queried the reference regarding lending to other organisations within the strategy. In response, Amanda Healey (Deputy Director of Investment and Infrastructure) advised that this was related to the management of credit risk, which is what the investment limit was designed to achieve in order to avoid exposing the Council to too great a risk in the case of a single default.
- Moving on to focus on the reference to Municipal Bonds Agency (MBA) within the strategy, the Committee sought information on the speed at which the Council could take advantage of newly developing finance opportunities, with the example provided of Green Bonds. In response, members were advised that MBA had been around for a number of years and referred to previously as

an alternative source of financing to the Public Works Loan Board (PWLB). The MBA issued bonds on capital markets with the proceeds then lent to local authorities but was recognised as a more complicated source of finance than the PWLB. For this reason, the Council had previously raised the majority of its long-term borrowing through the PWLB but it was pointed the strategy would enable consideration (where consider appropriate) of long-term loans from other sources and the appropriateness of issuing bonds and similar instruments, in order to access lower interest costs and reduce over-reliance on one source of funding in line with the CIPFA Code.

In terms of the approach towards Green Bonds, these were noted as being more of a local product in nature. Whilst their use had previously been considered, it was noted the yield generated as a result was not as high as alternative sources of finance, with challenges and risks also identified in relation to the current viability of the green infrastructure projects they were designed to support given the costs associated in serving the debt. Therefore, grant funding was identified as more favourable in terms of green initiatives. Officers noted that whilst alternate financing options were subject to regular review and assessment the security and flexibility offered through the PWLB remained the preferred option.

- Highlighting the reference to affordability in relation to the borrowing strategy and concerns regarding the impact of the significant cuts to local government funding and financial pressures being experienced by the Council as a result, further details were sought on the balance needing to be achieved in terms of the costs associated with management of the Council's debt portfolio and returns being achieved as a result. In response, officers advised that the key pressure related to periods of high interest rates and high inflation which would exacerbate scheme delivery costs and the price of financing capital projects. As a result, the inclusion of schemes within the capital programme continued to be subject to detailed viability assessments in terms of their affordability and finance requirements, with the need for corporate investment mainly now reserved for schemes delivering large scale housing projects. These corporate investments were built into the Medium Term Financial Strategy (MTFS) in order to ensure that the debt and interest costs were covered, with a range of other funding sources also utilised including capital receipts, grants, section 106 agreements and Community Infrastructure Levy (CIL) and the Council continuing to work closely with its Treasury Advisors to ensure that, where required, borrowing occurred at optimal points (including a mix of long and short term options) to avoid the most significant market volatility. Upper and lower limits were also set within the Prudential Indicators relating to the maturity structure of the Council's borrowing and debt profile and refinancing requirements.

The Committee thanked officers for the clarification provided and noted that the government was becoming increasingly stringent regarding new house-building targets with details therefore sought on the Treasury Management approach towards developing the investment and level of reserves likely to be required as a result. In response, members were advised that the Treasury Management Strategy was designed to reflect the approach towards funding for schemes already included within the approved capital programme rather than those being developed to address future demand or targets. Whilst

potential future schemes were included within the capital pipeline the financing of these schemes would not be reflected within the strategy (with reference as an example to elements of the South Kilburn regeneration programme) until they had been assessed as financially viable and formally approved for inclusion as part of the capital programme, also taking account of the housing grant allowance available through the Mayor for London.

- Following reference to the Capital Programme, further details were sought on the level of planned regeneration activity over the medium term as a key driver for demand in relation to the future CFR. In response, members were advised that this primarily consisted of the Wembley Housing Zone development which was currently driving the largest element of capital demand.
- As a final issue raised, details were sought on flexibility regarding the potential use of Community Infrastructure Levy (CIL) funding to support the Council's capital investment programme based on examples of its more creative use within other local authorities. In response, members were advised that the use of CIL was currently regulated by criteria restricting its use towards infrastructure projects linked to growth in the area. In seeking to maximise the use of CIL funding, members were advised that the range of schemes being considered was subject to ongoing review to ensure the available funding was utilised as broadly as possible within the necessary legal and financial constraints.

As there were no further questions the Chair thanked Amanda Healy, Sam Master and Nadeem Akhtar for presenting the report and responding to the Committee queries and the Committee **RESOLVED** to note (on the basis of its consideration at the meeting) the draft Treasury Management Strategy 2025/26 as detailed in Appendix 1 of the report with the final version to be included in the annual Budget Report to be presented to Cabinet and Full Council in February 2025.

8. **Treasury Management Mid Year Report 2024-25**

Nadeem Akhtar (Senior Finance Analyst) introduced the Treasury Management Mid-Year Report, which provided Members with an update on Treasury activities for the first half of the 2024-25 financial year.

In considering the report key issues highlighted were as follows:

- The Council had maintained compliance with its Prudential Indicators (as set out in Appendix 4 of the report) as of Quarter two 2024-25.
- Outstanding borrowing as at 30 September 2024 was £791.9m representing a decrease of £22.4m from £814.3m at the start of the financial year with this change related to the repayment of loans.
- Cash investments as at 30 September 2024 totalled £38.6m, which had decreased by £56.7m from £95.3m over the financial year. This reduction was attributed to the repayment of maturing debt and ongoing investment in the Council's capital programme in lieu of borrowing.

- As at 30 September 2024, the Council had incurred £15.7m in interest payments related to servicing its loan portfolio as set out in Appendix 2 of the report.
- The Council had generated £3.6m in interest income on cash investments as at 30 September 2024, which in part reflected the Bank of England's Bank Rate, that was reduced from 5.25% to 5.00% in August 2024.
- The ongoing volatility in relation to the national economic context under which the Council's Treasury Management Strategy had been operating as detailed within the economic commentary within Appendix 1 of the report.

The Chair thanked Nadeem Akhtar for their report and then invited the Committee to raise any questions they might have, which are summarised below:

- Referring to the update on the Capital Financing Requirement (CFR), further details were sought on the monitoring and forecasting process in relation to delivery of the capital programme given the slippage reported during the current financial year and associated impact on the CFR and costs associated with borrowing for capital purposes. In response, Amanda Healey (Deputy Director Investment & Infrastructure) assured members that borrowing for capital purposes was not undertaken in advance of projects being included on the capital programme, with short term trends monitored in terms of the CFR forecast based on expected demand. Whilst acknowledging the slippage in delivery of the capital programme it was highlighted that 80% of the programme remained on track which provided acceptable levels of certainty in terms of the forecasting process and was subsequently built into the CFR. Performance in relation to delivery of the capital programme was also subject to regular review as part of the quarterly budget monitor reports to Cabinet.

Responding to a follow up query, officers advised that trends in relation to the CFR were also subject to regular monitoring based on analysis conducted with the Council's Treasury Management Advisors, including performance in relation to delivery of the capital programme to support the modelling process. In noting the current challenges identified in relation to delivery of schemes on the capital programme (given current viability) and associated impact on the forecast process the Committee noted the impact which development of the capital pipeline was having in assisting to manage the programme and ensure schemes were able to progress for approval and financing once assessed as viable. In recognising the issues raised, however, the Committee advised they were keen to ensure that regular monitoring in terms of delivery of the programme and the scheduling of its financing requirements continued to be undertaken to minimise the financial risk associated with maintaining the capital finance borrowing requirement.

- Following the focus on the capital programme, specific details were sought on progress with delivery of the South Kilburn regeneration programme and associated CFR. In response, officers outlined the way in which delivery of the scheme was being undertaken in phases with each element only brought forward on the capital programme once the cost and funding requirement had been assessed as viable, in order to minimise risk.

- In noting the forecasts in relation to Section 106 funding as part of the Capital Expenditure and Financing forecast position for Q2, officers confirmed they remained comfortable with the position outlined, based on the way in which s.106 needed to be utilised and would be linked to specific developments as they came forward for approval.
- Further details were sought on the reduction identified in relation to Money Market Funding, which members were advised had related to the level of funds used in cash outflows, largely to fund maturing debt, credit invoicing, and repaying debt.
- Clarification was also sought on use of the Public Works Loan Board (PWLB) Housing Revenue Account (HRA) concessionary rate as a means of supporting local authorities borrowing in relation to the HRA and for refinancing HRA loans and the relationship with the Affordable Homes funding available through the Mayor for London. In outlining the arrangements for use of the PWLB concessionary rate members were advised that whilst the Council had not sought to borrow any funding under these arrangements prior to Q2 the intention was to take advantage of the HRA rate prior to the end of the financial year to support (alongside funding secured through the Mayor for London's Affordable Housing Grant programme) the delivery of social housing across the borough, with the range of borrowing options available contributing to the viability assessments for each scheme and impact on CFR.
- In response to details sought on the funding totalling £218.4m provided by the Council to i4B Holdings Ltd and £34.3m to First Wave Housing Ltd (as detailed within section 3.12.2 of the report) which had been secured against properties held by each company, details were sought on the current valuation of each company's assets and interest rates being charged against the loans secured. In response, officers advised that valuations had been undertaken with the assets held by each subsidiary company being valued above the value of loan arrangements and interest rates matching those available to the Council. It was noted that the loans provided were intended to serve a specific purpose in terms of capital investment and not designed for cash flow management, with the investments expected to generate £6m of income for the Council in 2024-25, covering the cost of borrowing as a means of investing in housing delivery using the Council's wholly owned subsidiaries.
- As a final issue, reference was made to the graph in Appendix 3 of the report relating to internal investment average rate v credit risk with further details sought on the current risk rating. In response, Amanda Healy advised that the change in risk score reflected did not reflect any specific increase in risk profile but tracked trends in relation to the current market and the credit risk scores value weighted across the sector, with the Council having retained its high credit quality and avoiding more risk based investments.

As there were no further questions the Chair thanked officers for the update provided and the Committee **RESOLVED** to:

- (1) To note the Treasury Management financial performance up to Quarter 2 2024-25 with the Council having complied with the Prudential Indicators as set by Council in February 2024.
- (2) Approve 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.

9. **Internal Audit Interim Report - 2024-25**

Darren Armstrong (Deputy Director of Organisational Assurance and Resilience) introduced the report, outlining the work undertaken by the Internal Audit function as at the end of October 2024.

In highlighting the role of the report in providing assurance that the Council had a sound framework of governance, risk management and internal control in place supported by a summary of Internal Audit activity, updating on the performance of the function, highlighting areas where high priority recommendations had been made and commenting on the level of implementation of audit recommendations by management, the following key issues were highlighted:

- The report reflected adoption of the new method towards audit planning for 2024-25, moving away from the previous 'annual plan' approach and towards a less rigid and more flexible process which would still provide assurance over areas of inherent risk, core systems and processes regarding key foundations to Council governance and control frameworks but was now based on the following areas - Core Assurance, an Agile Risk-based Plan, Consultancy and Advice & Follow-up Activity with the current Plan having been agreed by the Committee in March 2024.
- The summary provided within section 3.3 of the report relating to delivery of the 2024-25 Internal Audit Plan including progress (as detailed within Appendix 1 of the report) in relation to the Core Assurance Plan and development of the Agile Risk-Based plan listing the potential high risk and high assurance audit areas prioritised for activity during the remainder of the year.
- The summary of risks and issues identified in relation to individual audit reviews as detailed within section 3.4 and Appendix 2 of the report. As a result of the work undertaken as part of the 2024-25 Plan a total of 43 issues had been raised with a breakdown by risk category having been detailed in section 3.4.4 of the report alongside a comparison with previous years. The initial Internal Audit Progress report provided for the Committee in September 2024 had included a summary of completed work against the agreed plan with details of any critical, high or medium risk issues raised, alongside the responses and actions agreed by management/auditees. For audits completed since then, a summary of issues identified (high and medium risk) and agreed with management had been provided within Appendix 2 of the report.
- The summary of follow-up outcomes and activity, as detailed within section 3.5 of the report, from planned audit work in relation to implementation of

agreed actions. Between 1 April and 31 October 2024, seven follow-up reviews had been completed (with 14 in progress) relating to work carried out in 2023-24 with 31 actions implemented as agreed and further details on the detailed within Appendix 3 of the report.

- Whilst Internal Audit continued to review implementation of recommendations with management, in line with usual practice, with the ability to report any instances of persistent non-implementation to the Committee, further details on the monitoring undertaken in relation to outstanding and overdue audit actions which had failed to meet their original and revised target dates were summarised in section 3.6 and 3.7 of the report. As at 31 October 2024, a total of 77 audit actions had been implemented and closed with half having been implemented within their original target dates but a third not implemented until they had been reported on the overdue list. In terms of actions not implemented within their revised target dates or where management had persistently failed to engage in the follow up process 51 actions were currently identified as overdue of which 16 had been classified as high risk with details on each of the overdue actions outlined in Appendix 4 of the report.
- The outline of the Internal Audit Quality Assurance and Improvement Programme and progress in terms of delivery to date, as set out in section 3.8 of the report.

Having thanked Darren Armstrong for presenting the report the Chair then invited comments from the Committee, which are summarised below:

- In commending the quality of the report provided, members began by highlighting concern in relation to the current level of outstanding and overdue audit actions which had been identified, especially in relation to those actions identified as high risk and sought further details on the reasons (including whether these involved any organisational culture or resource capacity issues) and action being taken in response. The trend in terms of the increase in time taken by management to respond to the follow up audit process was also highlighted as a concern, given the resource implications identified in having to seek responses or follow up in cases where responses lacked sufficient evidence to support implementation of the action having been completed. In recognising the concerns identified, David Ewart (as Chair) and Councillor Chan (as Vice-Chair) advised these had been shared with the Chief Executive and at senior management level across the Council with a commitment having been received in relation to the robust management action and ongoing monitoring required to address performance.

Outlining the process taken by Internal Audit to review implementation of recommendations with management Darren Armstrong confirmed that where actions were found to remain partially or not implemented at follow-up, revised target dates would be agreed with management with the outstanding actions monitored and reported via departmental 'action trackers' monitored through Departmental Management Teams and the ability for any instances of persistent non-implementation of recommendations to be reported to the Committee.

Whilst recognising the balance being sought in seeking to robustly hold management to account for the delivery of audit actions and approach towards delivery of a modern audit function the Committee advised that, given the concerns highlighted, they would be keen to ensure ongoing monitoring of the position (including engagement of the Brent Assurance Board) as part of future updates to the Committee on delivery of the Audit Plan. In addition, members (whilst noting this would involve an element of self-reporting) also requested that action/risk owner and manager(s) should be required to include details within the future schedule (included as Appendix 4 of the report) of High & Medium Risk overdue actions of the reasons/cause for the delay in implementation of agreed actions to enable trends to be monitored linked to the Council's strategic and departmental risk management arrangements. In cases of specific non engagement in the audit process or where the risk identified in ongoing non implementation of the action was identified as critical, it was agreed that the risk owner/manager would be formally required to attend the Committee. In noting that the non implementation of actions relating to one audit included within Appendix 4 of the report had been identified as close to critical it was agreed that should meaningful engagement not be achieved prior to the next meeting, the relevant management representatives should also be required to attend the Committee in order provide an update.

- In response to a query relating to the two high risk/high assurance need audits on which management responses were awaited (referred to in section 3.3.1 of the report) members were advised these related to the Procurement and Discretionary Housing Payment audits included within the Agile Risk-Based Plan. Confirmation was also provided that progress remained on track to complete delivery of at least 90% of the Internal Audit Plan by 31 March 2025 which it was noted would 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.
- In response to concerns raised in relation to the outcome of the Parks and Open Space invoicing process listed as a review completed as part of the Internal Audit consultancy and advice activity confirmation was provided that the issue raised had been addressed as part of the review.
- In noting the update provide in relation to school audits further assurance was sought regarding the current number of reviews in progress (2) as means of monitoring the key governance arrangements and financial management controls in place within individual schools across the borough as a whole. Highlighting that the allocation of resource available to support this area of activity remained under review, Darren Armstrong took the opportunity to outline the more targeted approach to use of available resources involving the introduction of a hybrid model to manage clusters of schools. This approach was based on the development of a School Key Financial Controls Self-Assessment to identify schools that may need further assurance and also provide schools with an understanding of the key financial controls that should be in place.
- Further details were sought on the Key Performance Indicator (KP8) relating to the percentage of audit satisfaction surveys rated as "good or better"

designed to measure performance of the internal audit service, which was noted as being off target with 67% (compared to the target of 100%) being rated on that basis. In response, members were advised that it had only been possible to assess performance on the basis of three completed satisfaction surveys which had been returned, which was recognised as a low return rate. Whilst a useful indicator the need to recognise that satisfaction levels could also reflect the outcome rather than way in which the audit process had been conducted was also noted, with a range of other measures therefore also used to assess performance and satisfaction on a more holistic basis, including requests for consultancy and advice and follow up audits from the service.

- Clarification was also sought in relation to the basis on which the findings and issues raised by Internal Audit (along with resulting recommendations and actions) were graded in terms of the associated level of risk, which members were advised involved an assessment of the impact of the findings based on the categorisation detailed within section 3.4.3 of the report, as a new approach introduced within the 2024-25 Internal Audit Plan to provide a clear outline of the risk based approach towards audit activity. The new approach had been incorporated into the Agile Risk Based Plan which members were reminded had been designed to provide greater flexibility in terms of addressing emerging risks and priorities with the Plan including a list of audit areas determined via a range of different methods including risk assessment, assurance mapping, and consultation with senior management and designed to guide internal activity outside of the core assurance work based on the level of assessed risk and assurance. As further clarification, members were advised that the risk rating related to the impact of the specific finding on operational performance of the authority assessed once the audit process had been completed with members noting the work undertaken with management to confirm the actions identified and timescale for completion. Reference was also made to the list of the potential audit areas identified as part of the rolling internal audit risk assessment included within Appendix 1 of the report as a means of ensuring priority was given to those areas with the highest assurance need.
- Specific comments were also highlighted by members in relation to the following audit activity detailed with appendices report:
 - the scope of control testing processes to be included as part of the General Ledger audit, which it was noted would be fed back as part of the ongoing audit review and on which a further update would be provided as part of the next Internal Audit Plan Progress report;
 - Outcome of the Audit on Temporary Accommodation in relation to the percentage of home visits identified as not being conducted, which members were advised represented an example of management having sought internal audit support and of the agile risk based approach now being adopted. The findings identified in relation to core controls were now subject to a follow up review on which a further update would be included part of the next Internal Audit Plan Progress report;
 - the scope of follow up audit activity in response to the IT Application NEC Revenue & Benefit audit, on which members were advised further details would need to be sought from the relevant risk owner following the meeting.

As no further issues were raised the Chair once again thanked Darren Armstrong for the report and progress update provided and as a result of their consideration the Committee **RESOLVED** to note the Internal Audit Interim report 2024-25 alongside the concerns highlighted in related to the current level of outstanding and overdue audit actions and need identified, as a result, for ongoing monitoring (also involving senior management through the Brent Assurance Board) as part of future updates to the Committee on delivery of the Audit Plan.

Members also confirmed that, if identified as necessary, risk owners would be required to attend the Committee, in cases where they had consistently failed to engage in the audit process or where the risk identified in relation to ongoing non implementation of the action was identified as critical.

10. **Interim Counter Fraud Report 2024-25**

Darren Armstrong (Deputy Director Organisational Assurance and Resilience) introduced a report which summarised the counter fraud activity that the Council had undertaken in 2024-25, up to 31 October 2024.

In considering the report the Committee noted:

- That the report was intended to support the Audit and Standards Advisory Committee in obtaining assurance that the Council had robust and sound counter-fraud arrangements in place, which included a summary of the activity undertaken by the Counter Fraud team across multiple fraud types (including internal fraud, housing tenancy fraud, external fraud and proactive work undertaken to identify and reduce fraud). The report also fulfilled the requirements of the Local Government Transparency Code 2015, which required local authorities to publish details of their counter-fraud activity.
- The report followed a format similar to previous versions, and officers noted that the team continued to deliver a robust counter-fraud plan and preventative measures across the fraud types outlined.
- The details provided in relation to internal fraud which, whilst typically having the fewest referrals, were often more complex in nature as detailed within the “Proactive” section of Appendix 1 of the report.
- The update provided in relation to Tenancy & Social Housing Fraud (as detailed within section 3.4 and Section 2 of Appendix 1 in the report) with the recovery of social housing properties by the Counter Fraud team demonstrating a notional saving of £42,000 per property and positive impact on the temporary accommodation budget as a high-priority fraud risk for the Council.
- The update provided in relation to External Fraud activity cases as detailed within Section 3 of Appendix 1 within the report. This activity included (but was not limited to) fraud cases involving Blue Badge, Direct Payments, Council Tax, Business Rates, insurance, finance, concessionary travel and grant applications.

- The team continued to undertake a broad range of proactive activity including National Fraud Initiative (NFI) data matching, fraud workshops and targeted operations to support the identification, investigation and reduction in other fraud risk activity across all service areas with further details having been summarised in section 4 of Appendix 1 within the report.

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

- Reporting on developments in relation to Blue Badge fraud, Councillor Chain (as Vice-Chair) took the opportunity to update members on the introduction of the new digital Blue Badge initiative, which it was felt would assist in addressing ongoing concerns regarding their fraudulent. Thanks were extended to Councillors Long, Councillor Chaudry and other Committee members who had continued to highlight concerns regarding operation of the scheme with further clarification to be sought on roll out of the digital scheme and whether the virtual badges would work on a borough wide basis.
- Further details were sought on the changes in relation to the discounts available under the Right To Buy scheme and whether this had impacted on the activity being undertaken in relation to Tenancy and Social Housing Fraud. In response, Darren Armstrong confirmed that this had been subject to review given the potential enhanced fraud risk identified with work being focussed around the use of preventative measures. These included support being provided on the introduction of an enhanced screening and verification process and identification of high risk applications working with closely with the Housing Team with a further update to be included as part of the Annual Counter Fraud Report. The Chair added that any proactive action was valued, solving problems before they occur and showing effective counter-fraud results.

As no further issues were raised the Chair thanked officers for their hard work and efforts in relation to the ongoing delivery of counter fraud activity and it was **RESOLVED** to note the contents of the report and counter fraud activity undertaken from April – October 2024.

11. **London Borough of Brent Auditor's Annual Report 2023-24**

Having been welcomed by the Chair, Sheena Philips, Senior Audit Manager, Grant Thornton, was invited to introduce the draft External Audit Annual Report 2023-24.

Key issues highlighted in presenting the report were as follows:

- The report provided the auditors commentary relating to the Council's proper arrangements in relation to three areas, Governance, Financial Sustainability and Improving economy, efficiency and effectiveness.
- The Executive Summary provided in relation to the Value for Money assessment of the Council's arrangements. Whilst no significant weakness had been identified in the Council's arrangements for Governance or

Improving Economy, Efficiency and Effectiveness a significant weakness had been raised in respect of the Council's Financial Sustainability.

This had been raised as a result of the risk assessment undertaken which had identified the use of £13.5m of reserves during 2023-24 to balance the Council's revenue budget, ongoing financial pressures identified (particularly in relation to homelessness), a forecast overspend of £14.4m in 2024-25 with a further budget gap of £16m forecast for 2025-26 and £7m in each year for 2026-27 & 2027-28, with the Future Funding Risk Reserve balance being £10m at July 2024. Taken together these had been assessed as representing a significant weakness in financial stability. As such, Grant Thornton had identified the need for significant and challenging decisions to be made in order to ensure a realistic budget was set and the Council was able to avoid continued use of reserves to meet unplanned expenditure. Sheena Phillips added that Brent's situation was not an uncommon one in the current local authority sector further noting that whilst identified as a significant weakness Brent was not currently at risk of needing to issue a Section 114 notice.

- The detailed commentary in terms of the review of arrangements supporting the significant weakness identified in relation to the Council's financial sustainability which included the plans in place to address the significant financial pressures in relation to the short and medium term plans (rated red), action being taken to address the funding gaps identified and deliver achievable savings in response (rated amber), plans to support the sustainable delivery of services in accordance with strategic and statutory priorities and other key programme (rated amber and green respectively) and identify and manage risks to financial resilience (including unplanned changes in demand) (rated green).

As a result of the assessment, a key recommendation had been made in terms of the need for the Council to urgently take the difficult decisions needed to ensure that a realistic budget could be set for 2025-26 which could be delivered without the need to further draw on reserves, with an additional area for improvement also identified in relation to the Council demonstrating how revenue investment in services was designed to support delivery of the priorities within the Borough Plan. It was also noted the prior year recommendations in relation to a cumulative Equality Impact Assessment being undertaken to cover the life of the Medium Term Financial Strategy and options to address budget shortfalls arising from the planning process and identify whether savings achieved were recurrent or non-recurrent had been carried forward to be addressed as part of the 2025-26 budget setting process.

- The detailed commentary in relation to the review of the Council's Governance arrangements focussed around the process for monitoring and assessing risk in order to gain assurance over the effective operation of internal controls. Including arrangements to prevent and detect fraud (rated as green), approach towards the annual budget setting process (rated green), processes established to ensure budgetary control and provide relevant, accurate and timely management information in support of statutory financial reporting requirements (rated as green), arrangements in place to ensure decisions were taken in an informed was supported by appropriate evidence and

allowing for challenge and transparency by the Audit Committee (rated green) and monitor and maintain appropriate standards (rated as amber). As a result of the assessment, areas for improvement had been identified in terms of the need to remove outdated policies from the Council's website, prioritise the revision of the Council's Procurement Strategy in line with the Borough Plan and focus on community wealth building and social value and to enhance the Members Gifts & Hospitality register to include additional detail on "exceptional items" to ensure transparency.

- The detailed commentary in relation to the review of the Council's arrangements for improving economy, efficiency and effectiveness focussed around use of financial and performance information (rated amber); the evaluation of services provided to assess performance and identify areas for improvement (rated green); the delivery of the Council's role within significant partnerships and engagement with stakeholders to assess delivery of objectives (rated amber) the arrangements for commissioning and procuring of services (rated amber). As a result of the assessment, areas for improvement had been identified in terms of the need for the Council to consider enhancing its partnership governance arrangements, enhancing transparency by reporting procurement waivers on a quarterly basis and ensure (as part of the going development of the Council's performance management framework and implementation of the balanced scorecard approach for 2024-25) that specific Directorate KPIs were included in the Corporate Performance Report.
- The summary of all Value for Money (VFM recommendations raised in 2023-24 and progress in follow up of previous recommendations.

Prior to seeking comments on the issues highlighted within the Auditors Annual Report, David Ewart (as Chair) and Councillor Chan (as Vice Chair) advised the Committee that they had already met the Council's Scrutiny Chairs, and Council leadership to ensure the importance of the recommendation and weakness identified in relation to the Council's arrangements to ensure financial sustainability were recognised and appropriate arrangements were established to address the findings.

In seeking to assure the Committee in this respect, Minesh Patel (as Corporate Director of Finance and Resources & Section 151 Officer) advised that the weakness identified had been recognised and anticipated given the extent of financial pressures and challenges identified. Whilst focussed on 2023-24 and produced before the 2025-26 budget had been set, members were advised that actions had already been taken to address the concerns and risks identified within the draft 2025-26 budget proposal, which had included the identification of significant savings (£16m) in addition to a package of additional in-year savings during the 2024-25 financial year. It was, however, also felt important for the Committee to recognise this as the start of a challenging process moving forward with the risks and pressures expected to continue over 2026-27 and 2027-28. As a result, the management actions identified in response would be included as part of future plans and in response to the VFM report as a means of recognising the seriousness of the risks highlighted.

The Chair thanked Sheena Phillips for the report and then invited the Committee to raise any questions they might have, which are summarised below:

- In response to the key recommendation identified in relation to the importance in maintaining sustainable levels of reserves, details were sought on the way this was being addressed on a corporate basis given the financial pressures identified across the Council. In response, Minesh Patel outlined the way in which the key recommendation and improvement recommendations identified within the VFM report had been allocated corporate leads in order to ensure the necessary action and responses were delivered to manage the ongoing use of reserves and also deliver the required level of savings in order to maintain a balanced budget. Despite the considerable efforts to maintain financial control, members were advised that the operating environment and wider economic context faced by the Council remained volatile with the Council having lost at least £222m from its core budget. Whilst recognising the efforts made to innovate, identify efficiencies and generate income members were advised these measures alone would no longer be sufficient over the longer term resulting in the need identified to deliver significant savings during 2025-26 supported by a more fundamental shift in approach towards the way services were delivered with the difficult nature of these decisions having already been acknowledged and laid out in the draft 2025-26 budget.

In terms of future options, it was felt the issues highlighted also supported the need for wider reform of the Local Government Funding regime with the outcome of the Government's Fair Funding review also seen as crucial in ensuring the necessary levels of financial support for key services were provided as part of future and longer term funding settlements. Directors of Finance across London were also seeking clarity from the national government so that local policymakers could work with certainty, even if no greater financial support was offered.

Members noted the ongoing lobbying being undertaken across the sector on this issue being led through the Local Government Association (LGA) not only in relation to the wider need for reform of the funding framework but also in relation to the need for longer term settlements and funding to match current pressures being experienced in relation to demand led services such as Adult & Children's Social Care and homelessness.

- In response to a query, further clarification was provided on the difference between a key and a statutory audit recommendation with the Committee advised that the improvement recommendation in relation to the Member Gifts & Hospitality register was already due to be considered by the Constitutional Working Group and revision of the Council's Procurement Strategy having already been raised by the Vice Chair (with the support of Councillor Molloy) with the Leader and key officers for review, with the Director of Strategic Commissioning & Capacity Building also invited to attend a future meeting of the Committee to update on progress.

As no further issues were raised the Chair thanked Sheena Phillips for presenting the report and the Committee **RESOLVED** to note the draft Brent External Audit

Annual Report 2023-24 including the key recommendation made in relation to the Council's financial sustainability for reference on to Full Council in February 2025.

The Committee were advised that reference of the report to Council included a focus on the significant weakness identified in relation to the Council's financial sustainability and actions being taken in response as part of the 2025-26 budget process.

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

The Committee **RESOLVED** to note the Committee's Forward Plan and Work Programme for the remainder of the 2024-25 Municipal Year.

13. **Exclusion of the Press and Public**

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

14. **Any other urgent business**

The Committee received and noted brief updates provided in relation to:

- (a) Recruitment and retention of Finance accountancy staff, with members noting the progress in addressing the outstanding positions to be filled.
- (b) Initial assessment of the Chancellors Autumn budget statement (including extension of DSG deficit statutory override and provision for NI additional employer contributions) with the final local government finance settlement, expected towards the middle of December 2024 and further details awaited on specific allocations. Members were advised that confirmation on the extension of the statutory override in relation to management of the Dedicated Schools Grant (DSG) deficit had also been confirmed.

The meeting closed at 8.14 pm

DAVID EWART
Independent Chair

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

Meeting Date	Agenda No.	Item	Actions	Lead Officer and Timescale	Progress
04 Dec 24	6	Standards Report (including Q2 update on gifts & hospitality)	<ul style="list-style-type: none"> Update to be provided for the Committee following consideration of the recommendation made within the External Audit Annual Report on the receipt of Gifts & Hospitality by Constitutional Working Group. Member Services to ensure invites issued for member training and development sessions clearly specified within the title when these were mandatory. (Debra Norman) 	Debra Norman Debra Norman	In progress – update to be provided for Committee following review by CWG In progress – to be implemented as future invites under the Member Learning & Development Programme.
04 Dec 24	6	Treasury Management Strategy Report 2025-26	Co-opted members of the Committee to be provided with a copy of the final Treasury Management Statement included within the Council's 2025-26 Budget Report (Amanda Healy).	Amanda Healy	In progress – Final version of Treasury Management Strategy to be circulated once final 2025-26 Budget Report available.
04 Dec 24	8	Treasury Management Mid-Year Report 2024-25	In commenting on the report the Committee, in reviewing the Capital Expenditure and Financing requirements at Q2 and slippage in delivery of elements of the Capital Programme, were keen to ensure that regular monitoring and in terms of delivery of the programme and the scheduling of its financing requirements continued to be undertaken to minimise the financial risk associated with maintaining the capital finance borrowing requirement.	Amanda Healey/Sam Masters	In progress – review of Capital Programme & Financing Requirements subject to review.

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

	10	Interim Counter Fraud Report 2024-25	Further clarification to be provided on roll out of the digital Blue Badge scheme and circulated direct to members of the Committee.	Councillor Chan (Vice-Chair)	In progress
	11	London Borough of Brent Auditor's Annual Report 2023-24	An update be sought from the Director Strategic Commissioning & Capacity Building on progress in addressing the Improvement Recommendation included within the Annual Report in relation to review of the Council's Procurement Strategy.	Minesh Patel & Councillor Chan (Vice-Chair)	In progress
31 Oct 24	4	Statement of Accounts – Interim External Audit Findings	<ul style="list-style-type: none"> Final Audit report Findings and Statement of Accounts to be scheduled for consideration and sign-off at the Committee meeting on 4 Feb 25 Chair & Vice-Chair to be kept updated on progress in meeting key timescales to completion and sign off for 23-24 Statement of Accounts in Feb 25. Chair & Vice Chair to liaise with Corporate Director Finance & Resources and External Audit Partner prior to final approval of any additional audit fees incurred as part of extended audit process. Final report back to Committee to include 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 (agreed at June 24) 	Minesh Patel	In progress – Update to be provided for Committee in Feb 25
	5	Strategic Risk Register Update	<ul style="list-style-type: none"> Consideration to be given to potential incorporation of risk velocity as an 	Darren Armstrong	In progress – update to be provided as part of

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

			<p>additional factor within Risk Evaluation Matrix given reference to example of risk in relation to Financial Resilience and Sustainability (Darren Armstrong)</p> <ul style="list-style-type: none"> Additional clarification to be sought on existence of any London wide local authority strategic risk register (Darren Armstrong) 		next update on Strategic Risk Register – March 25
25 Sept 24	6	Report on i4B Holdings Ltd and First Wave Housing Ltd	To review the progress being made in addressing void performance as part of the next update on progress against delivery of the i4B Business Plan.	Minesh Patel	In progress – to be reviewed as part of next Business Plan update for Committee – March 25
	9	Internal Audit Activity Update for Quarters 1 and 2 2024-25	<ul style="list-style-type: none"> Interim Update on delivery of Internal Audit Plan 24-25 scheduled for consideration by Committee in December 24 to include: <ul style="list-style-type: none"> Further detail on the way in which core assurance provided in relation to Council’s budget and financial control measures. Update on performance in relation to outstanding actions/trends and implementation dates of agreed management response actions. A further update on the measures being developed to address and mitigate against the risks identified following the review of Brent Music Service 	Darren Armstrong	Completed –details included within Internal Audit Interim Report - December 24.

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

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.
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
28 March 24	7	Annual Review of Member Learning & Development (MLD) Programme and Member Expenses	Feedback provided during meeting regarding improvements to hybrid learning and development sessions (re technology, structure and facilitation) to be feedback to MLD Steering Group for consideration.	Amira Nassr	Completed – feedback provided to MLD Steering Group.
	8.	Performance & Governance review of i4B Holdings Ltd and First Wave Housing Ltd	Arrangements to be established for co-ordination and monitoring the performance and governance of both i4B & FWH performance between the scrutiny function and Audit & Standards Advisory Committee.	Minesh Patel	Completed – updated performance monitoring process established with rules of scrutiny and Audit & Standards Advisory Committee now established and implemented.
		Internal Audit Strategy 2024-2027 & Internal	<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	Completed – initial update on Internal Audit Plan considered by Committee Sept 24


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

		Audit Plan 2024-2025			with full interim update included on Committee work programme for Dec 24.
	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.
6 February 24		Complaints Code of Conduct procedure	Committee to continue to monitor trends as part of future updates in terms of complaints and assurance around outcomes.	Debra Norman/Bianca 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 (rescheduled from Feb to June 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
	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

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

		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	Completed – details included as part of Internal Audit Interim Report in December 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.

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	Audit and Standards Advisory Committee 4 February 2025
	Report from Corporate Director, Law & Governance
	Lead Cabinet Member (N/A)
Complaints & Code of Conduct Complaints Procedure	

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:	Three: Appendix A: Complaints received over the last 12 months. Appendix B: Marked up copy of the Members' Code of Conduct Complaints Procedure (MCCP) Appendix 3: Government Consultation - Strengthening the standards and conduct framework for local authorities in England.
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 Bianca Robinson, Senior Constitutional & Governance Lawyer 020 8937 1544 bianca.robinson@brent.gov.uk

1.0 Purpose of the Report/Executive Summary

1.1 This report provides an annual review of the complaints received pursuant to, and a review of, the Members' Code of Conduct Complaints procedure. It also

draws the attention of the committee to the current Government consultation on potential changes to the current Standards regime.

2.0 Recommendations

2.1 That the:

- a) Audit and Standards Advisory Committee consider and note the contents of the report and note that no recommendations are being made to the Audit and Standards Committee.
- b) Audit and Standards Advisory Committee note the government consultation process referred to at paragraphs 3.17 – 19 and consider whether the committee wants to submit a response.

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.

Members' Code of Conduct Complaints Procedure (MCCCP)

Background

- 3.2 The Council has a duty to promote and maintain high standards of conduct by Members and Co-opted Members pursuant to section 27(1) of the Localism Act 2011. As required by section 27(2) of the Localism Act 2011, the Council has adopted a Code of Conduct (Code) dealing with the conduct that is expected of Members and Co-opted Members when they are acting in that capacity.
- 3.3 Section 28 of the Localism Act requires the Council to have arrangements under which it can investigate and make a decision on an allegation of a breach of the Code. The MCCCP complies with this statutory obligation. Any alleged breach of the Brent Code is considered in accordance with the MCCCP, which is used as guidance in the consideration and determination of complaints and reviews.
- 3.4 In accordance with:
 - a) para 1.10 of the MCCCP, "*the Standards Committee will convene from time to time to review the handling of complaints, reviews and decisions made with a view to identifying trends or any improvements in this procedure and the application of it that may be desirable*"; and
 - b) annexe 1, para 1.3 of the MCCCP, the complaint Assessment Criteria are subject to "*an annual review by the Standards Committee*". This report sets out the annual review.

Complaints

- 3.5 In terms of background, in the last 12 months, the Monitoring Officer has received complaints and made determinations regarding six councillors allegedly in breach of the Members' Code of Conduct. Of these complaints:
- a) two have been resolved at Initial Assessment Stage;
 - b) three have been resolved at Assessment Criteria Stage;
 - c) one is still currently under investigation;
 - d) two have been upheld as a breach of the Code;
 - e) two have been subject to review requests, which have not been upheld; and
 - f) one has escalated to formal investigation stage (at the request of the Councillor).

Attached as Appendix A is a summary of the complaints received in the last 12 months.

Overview

- 3.6 The MCCCCP has a two stage assessment process. The first, **the Initial Assessment Stage**, requires an assessment of whether the alleged behaviour falls within the ambit of the Code of Conduct and in turn the Council's procedure. In particular it considers:
- a) is the complaint about a Member of the authority?
 - b) if the Member was in office at the time of the alleged complaint? And
 - c) if proven, the complaint would disclose a breach of the Code?

If the alleged behaviour falls outside of the ambit of the Code or within one of the nine criteria set out in the procedure to be considered at the Initial Assessment Stage (see 3.2 of the MCCCCP), it will not progress to Assessment Criteria Stage, and is concluded.

- 3.7 The **Assessment Criteria**, apply where the allegations appear to fall within the Code and are not excluded by the Initial Assessment Criteria. At this stage further readily available details are sought to ascertain the facts, and the member who is the subject of the allegations is provided with the opportunity to provide a written response to the complaint. This is then considered and, following consultation with the Independent Person, a determination in respect of the complaint is made in accordance with the seven options set out in the Assessment Criteria in Annex 1 of the MCCCCP. This may conclude the matter (subject to a review request) or may lead to a referral for detailed formal investigation of the complaint.

Decision Making

- 3.8 The Assessment Criteria are intended to be a guide and promote consistency in the decision-making. Consistency is also ensured as all complaints alleging breach of the Code are considered by the Monitoring Officer, (or in her absence a Deputy Monitoring Officer). This ensures a consistency of assessment and application of the criteria as the same officers are involved analysing and weighing up the allegations made in complaints. External scrutiny is provided by the Independent Person, involved in each complaint that reaches this stage, provides a double check on the thoroughness and fairness of the decision-making.
- 3.9 An advantage of Brent's MCCCCP is that it is very detailed in the procedure and guidance it provides. This is helpful for the Monitoring Officer, complainants and Members who are complained about and supports a higher degree of transparency and consistency than might arise in a less detailed high level procedure.
- 3.10 During consideration of the previous complaints review report last year, the committee asked that future monitoring reports provide an outline of any trends being identified in terms of complaints and outcomes.
- 3.11 The Committee will be aware that the Code only permits the investigation of complaints against Members made in their "official capacity or when giving the impression [they] are acting as a member of the Council", unless it relates to a serious criminal offence being committed in the Member's private capacity. Accordingly, any decision that purports to find a breach of the Code whilst the Member in question was acting in their private capacity, would be liable to challenge. The Committee will see from Appendix A that one of the main findings at Initial Assessment Stage in respect of the complaints over the past 12 months is that the Councillor "was not acting in their capacity as councillor. This trend may reflect changing public expectations. Members of the committee will note that one element of the consultation referred to in this report is the possibility of extending the Code to some categories of behaviour by members outside their role as a councillor.
- 3.12 The other main reason for complaints not proceeding beyond initial assessment stage is that the complaint did *not disclose sufficiently serious potential breaches of the Code to merit further consideration*". The main rationale for this finding has been that insufficient evidence has been submitted to support the allegations made and/or when considering the allegations in context, there was no significant evidence to suggest the Councillors had behaved in the manner complained off. Indeed, in some cases the evidence indicated aggressive or otherwise unreasonable behaviour by the complainant towards the councillor.
- 3.13 The Committee should note, the main recurring factor in relation to escalating complaints to the Assessment Criteria Stage have been based on the contents of the complaint and that there may be a serious issue to consider, with an opportunity for the councillor concerned to comment being necessary to establish if this is indeed the case.

- 3.14 As the Committee is aware, following implementation of the Localism Act 2011, the Council has limited powers against a Member who has been found to have breached the Code. Any changes to strengthen a sanction for breach of the Code requires a change to the existing legislation and possible additional sanctions are included in the current Government consultation. Consequently, the sanctions presently available are:
- a) censuring or reprimanding the Member
 - b) publishing a notice in respect of the findings in a local newspaper, or on the Council's website.
 - c) asking the Member to apologise.
 - d) asking the Member to undergo training.
 - e) recommending to Council/Cabinet that the Member be removed from an outside body.
 - f) recommending to the Member's group Leader (or if independent – full Council) that they be removed from Cabinet/portfolio responsibilities.
 - g) recommending to the Member's Leader (or if independent – full Council) that the Committee recommends that they be removed from a Committee.
 - h) Excluding the Member from the Council's offices or other premises, with the exception of meeting rooms necessary for attending Council and Committee meetings.

Reviews

- 3.15 Step 6 of Paragraph 3.5 of the MCCCCP provides that a "*complainant and the subject member of the complaint will ordinarily be given 10 working days from the date of notification of the decision to make a written request*" that the decision is reviewed. Of the Member complaints received two complainants have sought a review.

Changes to the MCCCCP

- 3.16 Substantive changes to the MCCCCP require formal approval of the Audit and Standards Committee. Whilst no substantive changes are recommended as a result of this review, it is proposed to make 3 clarification amendments to the MCCC:
- a) to build in an explicit option for informal action (following consultation with the Independent Person) after an investigation, especially where upon investigation the facts lend themselves to an informal resolution. This is in line with the LGA on complaints procedures which provides that "*When dealing with allegations, an authority can decide that some form of action other than investigation or 'informal resolution' is needed at a local level. The authority may also decide that informal resolution may be more*

appropriate than referring a matter to a hearing following completion of an investigation. Where the authority has delegated such a decision to the monitoring officer, we would expect the monitoring officer to seek the views of an Independent Person before taking such a course of action. Where the delegation is held by a committee, we would expect the committee to consult its monitoring officer and an Independent Person before reaching that decision. You may also consider seeking an informal resolution part way through an investigation rather than completing an investigation if it becomes clear the matter could be resolved amicably. Where informal resolution relates to a formal investigation you must seek the views of an Independent Person before halting or pausing the formal investigation”.

- b) to make clearer in the procedure the requirement for completion of the complaints form and the limited exceptional circumstances, where the complainant is unable to complete the form, for the complaint to be submitted in writing other than on the form or may be supported in completing the form.
- c) to change the references from Standards Committee to “Audit and Standards Committee” in line with the terminology actually used by the Council and officers. The proposed amendments appear in red on the MCCP attached as Appendix B.

Government Consultation - Strengthening the standards and conduct framework for local authorities in England

3.17 As mentioned above the Government is currently consulting on potential changes to the Standards regime. The details of the consultation are here <https://www.gov.uk/government/consultations/strengthening-the-standards-and-conduct-framework-for-local-authorities-in-england> and a copy of the consultation questions is contained in Appendix 3. Specific proposals being consulted upon for legislative change include:

- the introduction of a mandatory minimum code of conduct for local authorities in England
- a requirement that all principal authorities convene formal standards committees to make decisions on code of conduct breaches, and publish the outcomes of all formal investigations *
- the introduction of the power for all local authorities (including combined authorities) to suspend councillors or mayors found in serious breach of their code of conduct and, as appropriate, interim suspension for the most serious and complex cases that may involve police investigations.
- a new category of disqualification for gross misconduct and those subject to a sanction of suspension more than once in a 5-year period
- a role for a national body to deal with appeals.

3.18 In addition, the consultation seeks views on how to empower victims affected by councillor misconduct to come forward and what additional support would be appropriate to consider.

3.19 The consultation is open until the end of 26 February and may only be responded to online. Councillors, officers and members of the public are able to respond individual and it would be possible for a response from the committee to be submitted if the committee wishes. Should the committee wish to respond as a body, it may wish to discuss the topics mentioned above and it is proposed that the Corporate Director Law & Governance prepare a response in consultation with the Chair and Vice-Chair of the Committee for discussion at the Committee meeting on 24 February 2025.

4.0 Financial Considerations

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

5.0 Legal Considerations

5.1 The legal implications are contained within the body of this report.

6.0 Additional Considerations

- 6.1 There are no
- a) Equity, 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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Complaints Received during 2024

Resolved at Initial Assessment Stage

	Ref	Complainant (s)	Details of Complaint	Outcome	Review Requested	Review Outcome
1.	28.06.2024	Councillor	<p>Neither of the councillors responded to an email from the complainant on 11 November 2022 about a fallen tree incident and they also failed to respond to a follow up email the complainant sent to them on 25 November 2022</p> <p>The Cllr was allegedly speaking about a fellow Cllr on public transport in a derogatory, disrespectful, and inflammatory manner.</p>	<p>Decision under Initial Assessment criteria.</p> <p>Members against whom the allegation has been made has remedied or made reasonable endeavours to remedy the matter and the complaint does not disclose sufficiently serious potential breaches of the Code to merit further consideration.</p> <p>No connection was found between what was allegedly said and the individual's role as a Councillor; nor gave the impression they were acting as a Cllr. Accordingly, the Cllr was not acting in their official capacity as a Member of the Council and consequently complaint falls outside of the scope of the Code complaints process.</p>	No	N/A
2.	22.11.24	Member of Public	An account of a conversation between a resident's	Decision under Initial Assessment criteria.	No	N/A

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

			<p>partner and a member of staff of the developer at a consultation meeting, for a proposed development, which indicated that a Cllr may have brought influence of an improper nature on the planning process.</p> <p>Cllr “behaved in a threatening manner, spread false allegations and behaved in a bullying and harassing manner”, in addition failed to disclose gifts received, namely Krispy Kreme donuts</p>	<p>Documents disclosed to support allegations did not disclose a breach of the Code, or “sufficiently serious potential breaches of the Code to merit further consideration.</p>		
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Resolved at Assessment Stage

1.	02.07.2024	Member of Public	<p>Alleged that whilst canvassing during the elections, Cllr defamatory statements in the public domain and circulated false and defamatory information on social media.</p>	<p>Decision under Assessment Criteria.</p> <p>The post was made during the pre-election period and designed to affect support in the elections. Aside from their profile name referencing ‘Cllr’ there was no link within the individual posting or thread to their role as a councillor or to local authority business.</p> <p>No breach of the code.</p>	Yes	Not upheld
2.	26.07.24	Member of Public	<p>Cllr had not responded to communications and was “aggressive towards to the</p>	<p>Decision under Assessment Criteria.</p>	Yes	Not upheld

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

			complainant both physically and verbally” which resulted in both him and the Cllr calling the police	Insufficient evidence to substantiate an allegation that the Cllr was harassing the complainant. On the contrary, information submitted by the Cllr demonstrated they had raised concerns in relation to the harassment, intimidation and safety arising from the complainant’s conduct preceding this complaint. On the balance of probabilities there has been no breach of the Code		
3.	24.07.24	Member of staff	Cllr upon receiving a PCN behaved in such a manner that it breached the Member’s Code of Conduct in terms of respect, failing to maintain a high standard of conduct and conducting themselves in a manner which could reasonably be regarded as bringing their office into disrepute.	Decision under Assessment Criteria: Complaint upheld. Cllr made a written and personal apology, but nonetheless the breach was considered so serious sanctions were imposed, which included a report for information to the Audit and Standards Advisory Committee.	No	
4.	24.09.24	Member of staff	Complaint re the advice given by a Cllr to a retail outlet and that the Cllr failed to maintain a high standard of conduct, failed to treat officers with respect, compromised the impartiality of those who work for and or on behalf of the council	Currently under investigation	n/a	n/a

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

			and used their position as a member improperly to confer of, or secure for any other person an advantage.			
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LONDON BOROUGH OF BRENT

MEMBERS' CODE OF CONDUCT COMPLAINTS PROCEDURE

1 Introduction

- 1.1 It is a requirement of the Localism Act 2011 that all Councils must adopt a Code of Conduct, which deals with the conduct expected of its elected and co-opted members when they are acting in their official capacity. The Code of Conduct is also required to include appropriate provisions relating to the registration and disclosure of pecuniary and other interests.
- 1.2 Brent Council is responsible for administering its own Code of Conduct and the Council is required to have in place arrangements under which allegations can be investigated and decisions on allegations can be made.
- 1.3 Brent Council is required to appoint at least one Independent Person whose views may be sought by the Council, usually through the Monitoring Officer, or by subject members. The Council must seek the views of an Independent Person before making a decision on an allegation that has been referred for investigation. There is no right for the complainant to seek the views of the Independent Person and no such contact will be tolerated. We have appointed a small number of Independent Persons.
- 1.4 The Independent Persons do not represent and nor are they advisors to the subject member or the Council. They must remain completely impartial and objective and they cannot take sides. Their only role is to assess complaints and form a view on them.
- 1.5 The 2011 Act provides that an allegation is *“a written allegation that a member or co-opted member of the authority has failed to comply with the authority’s code of conduct”*.
- 1.6 This document sets out the procedure for submitting a complaint alleging that the Code of Conduct has been breached and the procedures that will be followed in dealing with such complaints. It also sets out the criteria for assessing a complaint and when a request may be made for the decision taken on a complaint to be reviewed.
- 1.7 All allegations will be dealt with objectively, fairly and consistently. We will also have regard to what is in the public interest and our fiduciary duty to the tax payers.
- 1.8 Within this procedure references to the “Monitoring Officer” include his or her duly appointed representative(s).
- 1.9 In this procedure the term ‘subject member’ means the member against whom the allegation has been made.
- 1.10 The [Audit & Standards Advisory](#) Committee will convene from time to time to review the handling of complaints, reviews and decisions made with a view to identifying trends or any improvements in this procedure and the application of it that may be desirable.

2 Submitting a complaint

- 2.1 All complaints must be submitted in writing and this includes electronic submissions. We will assist you if you have a disability that prevents you from making or makes it difficult for you to submit your complaint in writing. We can also help if English is not your first language.
- 2.2 Complainants are ~~encouraged~~required to use our complaints form other than in exceptional cases, which we can send out as a hard copy or which is available in electronic format from our web site. Further information and the complaint form are available on the [Complaints](#) page on our website. If exceptionally, the complaints form is not used the required to be used information will still need to be provided in writing.
- 2.3 If a verbal complaint is made we will ask that the complaint is confirmed in writing providing all the required information and only exceptionally not on the complaint form. If you are unable to make a written complaint we will offer to transpose your complaint onto a complaint form with an accompanying written statement (if required) which you will then be asked to sign or otherwise indicate to our satisfaction that you wish to make a complaint in those terms. If you are unwilling to sign the documentation or otherwise indicate to our satisfaction that you wish to make a complaint in those terms we will not take any further action on the complaint unless the Monitoring Officer is satisfied that the circumstances justify a departure from this position. If you make a verbal complaint and simply decline to confirm the complaint in writing for reasons which we do not consider to be justifiable we will take no further action on the complaint.
- 2.4 Anonymous complaints will be rejected. This does not include complaints where the complainant requests confidentiality and which is dealt with further in section 5 below and on the complaint form.
- 2.5 Some complaints against a member will represent a complaint against the Council but will fall outside the scope of this procedure. If that happens the complaint will be forwarded to the relevant officer(s) in the Council and the complainant will be advised of the action taken.
- 2.6 To submit complaints electronically please use the on-line form at the link in paragraph 2.2 above or e-mail [email address]. All other submissions must be sent or delivered to:
- The Monitoring Officer
Governance Department
Brent Civic Centre,
Engineers Way,
Wembley, Middlesex,
HA9 0FJ

3. Processing and determination of complaints

- 3.2 When a complaint is received which is within the scope of this procedure we will aim to acknowledge receipt within 3 working days.
- 3.3 The Monitoring Officer will carry out an initial assessment of whether the alleged behaviour falls within the Code of Conduct and, therefore, this procedure. This will normally be done within 10 working days. If the allegation is about a matter which falls outside of the Code of Conduct ([see Annex 1, 2.1](#)) or is considered to be within one of the criteria set out below the complaint will not progress beyond this initial assessment stage.

Initial assessment criteria

- If the complaint is the same or substantially the same as a complaint previously dealt with
 - If the period since the alleged behaviour is so significant (normally six months or more) that it is considered to be inequitable, unreasonable or otherwise not in the public interest to pursue
 - If the complaint is trivial
 - If the complaint is not considered to disclose a sufficiently serious potential breach of the Code to merit further consideration
 - If the complaint discloses such a minor or technical breach of the Code that it is not in the public interest to pursue
 - If the complaint is or appears to be malicious, politically motivated, tit-for-tat or otherwise submitted with an improper motive and the complaint is not considered to disclose sufficiently serious potential breaches of the Code to merit further consideration
 - If the complaint is vexatious
 - If the member against whom the allegation has been made has remedied or made reasonable endeavours to remedy the matter and the complaint does not disclose sufficiently serious potential breaches of the Code to merit further consideration
 - If the complaint is about a person who is no longer a member of the Council and there are no overriding public interest reasons to merit further consideration
- 3.4 At this stage, if the complaint is not to progress further the Monitoring Officer will notify the complainant in writing of that fact and with the reasons. She/he will also write to the subject member with details of the complaint, the decision made and the reasons for the decision. The name of the complainant will be disclosed to the subject member unless confidentiality has been requested and the Monitoring Officer considers the request to be justified. When confidentiality has been granted that will be confirmed to the subject member along with the reasons for granting it but not so as to enable the complainant to be identified.
- 3.5 Notwithstanding paragraph 3.2, the Council will in appropriate circumstances pass to the police or Director of Public Prosecutions any allegations it receives which disclose behaviour that may constitute a criminal offence, whether under the ethical standards provisions of the Localism Act or otherwise.
- 3.6 For those complaints which are to be taken beyond the process detailed in the preceding paragraphs, the following steps will be followed. The Monitoring Officer shall seek the views of the nominated Independent Person at Steps 3, 4, 9 and 10 of the process below and the subject member may seek the views of an Independent Person at any time during this process. If considered necessary by the Monitoring Officer she/he may consult with the Chair of [Standards Audit & Standards](#) Committee and/or any Vice Chair of [Standards Audit & Standards](#) Committee if appointed [Standards](#) Committee to assist her/him with the consideration and determination of the complaint. She/he may do this at any time during the process. The Monitoring Officer may also consult the Leader of the Council or Group Leaders, the Chief Executive or any other officers.

Step	Action
1	<p>The Monitoring Officer will write to the subject member with details of the complaint, including those of the complainant unless any confidentiality request has been agreed, and also the name and contact details for one of the Independent Persons who has been nominated for the complaint and who the subject member may contact to seek their views. When confidentiality has been granted that will be confirmed to the subject member along with the reasons for granting it but not so as to enable the complainant to be identified. At this stage the subject member will be given an opportunity to provide the Monitoring Officer with a written response to the complaint. Ordinarily we will ask the subject member to restrict their written comments to two sides of A4 but they will be permitted to provide copies of supporting documents. A time limit for providing a written response will be imposed. Ordinarily this period will be 10 working days.</p>
2	<p>The subject member will provide their written comments, with supporting documentation if relevant, notify the Monitoring Officer that they do not wish to provide a written response to the complaint or the time limit for the submission of a written response will lapse.</p>
3	<p>The Monitoring Officer, following consultation with the Independent Person, will consider the complaint again in the context of any written submissions and supporting documentation provided by the subject member.</p>
4	<p>The Monitoring Officer will, following consultation with the Independent Person, determine the complaint in accordance with the Assessment Criteria set out in Annex 1 to this Procedure. The options the Monitoring Officer has are:</p> <ul style="list-style-type: none"> (i) to make no finding as to whether there has been a breach of the Code and take no further action; (ii) to make no finding as to whether there has been a breach of the Code but determine that some action other than an investigation is appropriate; (iii) to find no breach of the Code; (iv) to find a breach of the Code without an investigation but impose no sanction; (v) to find a breach of the Code without an investigation and impose a sanction; (vi) to require that the complaint be investigated to determine whether there has been a breach of the Code and the seriousness of the breach; (vii) to conclude that the circumstances of the complaint indicate that an offence under Chapter 7 of Part 1 of the Localism Act 2011 may have been committed and that the complaint ought to be investigated, by the police where appropriate, to determine whether a prosecution should be brought.

5	The outcome of the determination of the complaint will be notified in writing to the complainant and the subject member within 5 working days.
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<p>6</p>	<p>The complainant and the subject member will ordinarily be given 10 working days from the date of notification of the decision to make a written request to the Monitoring Officer that the decision is reviewed. In either case the person requesting the review must provide reasons to support the request for review and provide any supporting documentation that is relevant but which was not previously provided. The following limitations on review requests apply:</p> <p>(i) the complainant may only request a review where the finding is either of paragraphs (i) and (iii) in Step 4 above;</p> <p>(ii) the subject member may only request a review where the finding is either of paragraphs (iv) and (v) in Step 4 above</p>
<p>7</p>	<p>Following a written request for review being received within the time limit the Monitoring Officer will acknowledge the review request within 3 working days and notify the other interested parties of the review request. She/he will write to the complainant or subject member as appropriate with details of the review request. At this stage the complainant or subject member as appropriate will be given an opportunity to provide the Monitoring Officer with a written response to the review request. Ordinarily we will ask the complainant or subject member as appropriate to restrict their written comments to two sides of A4 but they will be permitted to provide copies of supporting documents. A time limit for providing a written response will be imposed.</p>
<p>8</p>	<p>The complainant or subject member as appropriate will provide their written comments, with supporting documentation if relevant, or notify the Monitoring Officer that they do not wish to provide a written response to the complaint or the time limit for the submission of a written response will lapse.</p>
<p>9</p>	<p>The Monitoring Officer, following consultation with the Independent Person, will consider the complaint again in the context of any written submissions and supporting documentation provided by the subject member at Step 2 as well as the review request and any written response to it.</p>
<p>10</p>	<p>The Monitoring Officer will, following consultation with the Independent Person, determine the review in accordance with the Assessment Criteria set out in Annex 1 to this Procedure. The options the Monitoring Officer has are as set out in Step 4.</p>
<p>11</p>	<p>The outcome of the determination of the review will be notified in writing to the complainant and the subject member within 5 working days.</p>

3.7 Steps 1 to 4 in the table in paragraph 3.5 will normally be concluded within 28 days of receipt of the complaint. If it is not possible to do this within this time the complainant and the subject member will be contacted and advised of the delay and when the Steps will be completed.

3.8 Steps 7 to 10 in the table in paragraph 3.5 will normally be concluded within 28 days of receipt of the review request. If it is not possible to do this within this time the complainant and the subject member will be contacted and advised of the delay and when the Steps will be

completed.

- 3.9 The sanctions that may be imposed where the Code is found to have been breached are set in in section 10 of Annex 2.

4 What happens following assessment or review of complaints?

- 4.1 Any action or investigation will be implemented. If other action is determined as appropriate and either party declines to comply that will be reported to the Monitoring Officer who may decide to treat the facts as a complaint for determination through the process set out in paragraph 3.5 above.
- 4.2 If potential criminal offences are identified and the complaint referred for investigation with a view to prosecution, the appropriate procedures of the police or Council will be followed so as to protect the integrity of the investigation.
- 4.3 A report setting out all the complaints and requests for reviews received and what action was taken regarding them will be forwarded to the [Standards Audit & Standards](#) Committee on a 6 monthly basis for consideration and comment.
- 4.4 The procedures for any investigations and hearings following investigation are annexed to this document as Annex 2 and 3.

5 Complainant confidentiality

- 5.1 The subject member will, in normal circumstances, be told from the outset who has complained about them. If a complainant asks for their identity to be withheld their request will be considered by the Monitoring Officer prior to the member being notified that a complaint has been made.
- 5.2 Each request for confidentiality will be considered on its merits and in determining such a request the following will be considered:
- (i) Whether the complaint is such that it cannot be looked into without the councillor being aware of the identity of the complainant, for example, it asserts a tort or alleged racism directed at the complainant.
 - (ii) Whether the complainant reasonably believes that they, or those connected to them, will be at risk of harm if their identity is disclosed;
 - (iii) That the complainant is reasonably concerned about the consequences to their employment, or those connected to them, if their identity is disclosed;
 - (iv) That the complainant, or somebody closely connected to them, suffers from a medical condition and there is evidence of medical risks associated with their identity being disclosed or confirmation from an appropriate medical professional that that is the case; and
 - (v) The public interest. In some cases the public interest in proceeding with the

complaint may outweigh the complainant's wish to have their identity withheld.

- 5.3 If it is not considered appropriate to grant a request for confidentiality the complainant will be advised that it is not possible to investigate the complaint further without the Councillor knowing who has made the accusation/complaint and offered the opportunity to withdraw the complaint rather than proceed with it, but this is subject to paragraph 6.

6 Withdrawal of complaints

- 6.1 Requests to withdraw complaints will normally be granted but in considering such a request from the complainant the Monitoring Officer will consider the following factors:
- (i) Whether the public interest in taking action on the complaint outweighs the complainant's desire to withdraw it;
 - (ii) Whether the complaint is such that action can or should be taken on it without the complainant's participation; and
 - (iii) Whether there appears to be an identifiable underlying reason for the request to withdraw the complaint such as whether there is information to suggest that the complainant may have been pressured into withdrawing the complaint.

- 6.2 Even if a request to withdraw a complaint is granted, the Monitoring Officer may still refer the circumstances for assessment and investigation under the appropriate procedures if those circumstances merit such action in the opinion of the Monitoring Officer such as if they disclose potentially significant probity issues, possible criminal offences or safeguarding issues.

7 Conflicts of interest

- 7.1 If any officer has any personal or professional conflict of interest in relation to a complaint, they must have no involvement or no further involvement in dealing with that complaint other than such reasonable steps as are necessary to ensure that the complaint is dealt with by someone other than them. Any conflicts identified during the course of a matter will be managed appropriately by the Monitoring Officer.
- 7.2 An officer who has previously advised a subject member or has given advice to the complainant about the issues giving rise to a complaint must seek advice from their line manager as to whether they can properly be involved in the conduct of a related complaint. Public perception and the public interest will be considered.
- 7.3 If any Independent Person has any personal or professional conflict of interest in relation to a complaint, they must have no involvement or no further involvement in dealing with that complaint other than such reasonable steps as are necessary to ensure that the complaint is dealt with by someone other than them. Where this occurs another Independent Person will be appointed and the appropriate person(s) notified.

8 Records retention

- 8.1 Brent Council will store all records of complaints in electronic format in a secure environment on a computer network. Records will be stored in accordance with the Brent Council's records management policy and procedures. We may also choose to store hard copies of some or all documents and information.

Annex 1 to the Code of Conduct complaint Assessment and Determination Procedure

Assessment Criteria

1. Introduction

- 1.1 All complaints and reviews will be considered on their merits and according to the facts.
- 1.2 The Monitoring Officer will seek the views of the Independent Person at Steps 3, 4, 9 and 10 of the procedure set out in 3.5 of the main document.
- 1.3 These assessment criteria, which are subject to an annual review by the [Standards Audit & Standards](#) Committee, will be used as guidance in the consideration and determination of complaints and reviews but the Monitoring Officer is entitled to depart from these criteria when they consider it appropriate to do so.
- 1.4 The assessment criteria are intended to be a guide to promote consistency. Two complaints may be about the same aspect of the Code but differ considerably in terms of the facts, how serious they are and there may be huge differences in the relevance and amount of detail regarding the complaint. For these reasons the assessment criteria can only be a guide.

2. Overriding criteria

- 2.1 These three tests will be applied during the initial assessment of a complaint:
- Is the complaint about one or more named members of the authority?
 - Was the subject member in office at the time of the alleged conduct?
 - If proven, would the complaint disclose a breach of the Code of Conduct?
- 2.2 **No finding of whether there is a breach of the Code**
If on the facts it is not possible to determine whether there has been or may have been a breach of the Code and the alleged conduct does not merit an investigation, having regard to the public interest, this is the appropriate finding to make.
- 2.3 **No finding of whether there is a breach of the Code but action other than investigation is appropriate**
If on the facts, it is not possible to determine whether there has been or may have been a breach of the Code, the alleged conduct does not merit an investigation, having regard to the public interest, but the allegation and any response from the subject member disclose an underlying issue that action such as mediation or training on the Code or council procedures might assist with, this is the appropriate finding to make. The other action information below needs to be considered in these circumstances.

2.4 Finding of no breach of the Code

If the facts available demonstrate on the balance of probabilities that there has been no breach of the Code, this is the appropriate finding to make. If there is no breach of the Code a sanction cannot be imposed but other action such as mediation or training might still be considered.

2.5 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 that 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

2.6 A breach of the Code without investigation can only be found if the complaint satisfies the first three initial tests and that it can be clearly shown, on the balance of probabilities that a breach of the Code of Conduct has occurred.

2.7 No Further Action

If a breach of the Code is found but it is trivial, a technical breach or otherwise of limited effect it may be appropriate to take no further action.

2.8 Referral for other action

A complaint may be referred for other action in the circumstances listed below. Other action may be appropriate whether a breach is found or not. However, in general, other action may be used where the complaint discloses a more general rather than a specific problem concerning the member's conduct.

Referring a matter for other action effectively closes the door on a review of the decision as the matter cannot subsequently be referred for investigation if the complainant is dissatisfied with the outcome of the other action. As such, other action should be exercised only where appropriate. If necessary the assessment of a complaint can be deferred while further information is obtained and other action is being considered. In addition, the subject member and the complainant can be contacted to see if they will accept other action as a way of resolving the complaint, such as by way of an apology.

The following should be considered in determining whether it is appropriate to refer a complaint for other action:

- Does taking further action provide an opportunity to resolve the issue and to prevent any

similar issues arising in the future and promote good governance?

- Does the complaint present a potentially less serious breach of the Code than would require the matter to be referred for investigation and is any benefit to be gained from referring the matter for investigation?
- Is the subject member a member who appears to have a poor understanding of the Code and relevant procedures?
- Is the council suffering from a widespread breakdown in internal relationships and trust where a course of action other than an investigation of a complaint may be more appropriate and beneficial to the council?

2.9 **Referral for Investigation**

A complaint should usually be referred for investigation in the following circumstances:

- The complaint has passed all three of the initial tests
- The subject member has denied the allegations but the information presented indicates that there may be a breach of the Code
- On the information provided the potential breach of the Code of Conduct is sufficiently serious that an investigation should be undertaken to discount or substantiate the complaint and to determine what sanction, if any, is appropriate

2.10 **Potential offences under the Localism Act 2011**

If it is considered that the allegation concerned may disclose an offence under the Localism Act it should be referred to the police or other appropriate person(s) for further consideration as to whether there should be an investigation with a view to prosecution. No prosecution can be brought without the consent of the Director of Public Prosecutions.

If it transpires that no offence was committed, whether following trial or otherwise, the complaint ought to be reintroduced to this procedure for determination of any breach of the code and any appropriate sanction.

Annex 2

How is the investigation conducted?

1. Where, the view of the Monitoring Officer is that a complaint merits formal investigation, the Monitoring Officer will appoint an investigating officer. The timescale for investigation will normally take no more than 12 weeks to complete.
2. The investigating officer will contact the complainant and the member against whom a complaint has been made and undertake such investigation as is appropriate in all the circumstances within the parameters of the complaint that has been made. Where during the course of an investigation new matters arise, the Investigating Officer shall refer those matters back to the Monitoring Officer for a decision on how those matters should be dealt with under these procedures.
3. At the end of the investigation, the investigating officer will produce a draft report and will seek comments and views on the draft report from the member against whom the complaint has been made and, except in exceptional circumstances, the complainant. If a draft report is not sent to the complainant for comment an explanation must be provided in the report.
4. Having received and taken account of any comments which have been made, the Investigating Officer will send a copy of the final report to the Monitoring Officer.
5. If at any time the investigation is frustrated, for example, if significant witnesses are not available for interview, [or if the investigation indicates that the matter would be better resolved through informal or no action](#), the Monitoring Officer following consultation with the Independent Person can decide what action to take, including terminating the investigation.
6. What happens if the Investigating Officer concludes that there is no evidence of a failure to comply with the Code of Conduct?
 - The [Standards Audit & Standards](#) Committee will review the Investigating Officer's report and if, following consultation with the Independent Person, it accepts the Investigating Officer's conclusion, the Standards Committee will inform the complainant and the member concerned that it is satisfied that no further action is required. A copy of the Investigating Officer's final report will be given to the complainant and the member concerned. Members of the Standards Committee will be advised that the report relates to an individual and will reveal their identity.
 - If the [Standards Audit & Standards](#) Committee following consultation with the Independent Person is not satisfied that the investigation has been conducted properly, it may ask the investigating officer to reconsider his/her report.
 - If the [Standards Audit & Standards](#) Committee following consultation with the Independent Person wishes, notwithstanding the views of the investigating officer, it may refer the matter for hearing.
7. What happens if the investigating officer concludes that there is evidence of a failure to comply with the Code of Conduct?
 - (i) The [Standards Audit & Standards](#) Committee will review the investigating officer's report and following consultation with the Independent Person, will either (a) direct local

resolution or (b) refer the matter to [StandardsAudit & Standards](#) Committee for a hearing.

(ii) Local Resolution

The [StandardsAudit & Standards](#) Committee, following consultation with the Independent Person may consider that the matter can reasonably be resolved without the need for a hearing. In such a case the [StandardsAudit & Standards](#) Committee may direct such fair resolution as it considers helps to ensure higher standards of conduct for the future. Such resolution may include the member accepting that his/her conduct was unacceptable and offering an apology and/or other remedial action by the authority. If the member complies with the suggested resolution, the Monitoring Officer will report the matter to the [StandardsAudit & Standards](#) Committee for information but will take no further action. If the local resolution recommended by the [StandardsAudit & Standards](#) Committee is not complied with, the Monitoring Officer will refer the matter to the [StandardsAudit & Standards](#) Committee to determine whether there should be a hearing.

(iii) [StandardsAudit & Standards](#) Committee hearing

Meetings of the Standards Committee will be open to the press and public unless confidential or exempt information under Part VA Local Government Act 1972 is likely to be disclosed. The committee will go into private session if it resolves to do so.

If the [StandardsAudit & Standards](#) Committee decides that the matter will proceed to hearing, paragraphs 8 to 11 will apply:

8 Pre Hearing Process

8.1 Prior to a hearing, an officer from the Council's Executive & Member Services team will write to the member subject to the complaint proposing a date for the hearing before the [StandardsAudit & Standards](#) Committee.

8.2. Legal Services will provide a copy of this procedure note to the member subject to the complaint and request a written response from the member within a set time in relation to whether the member:-

- Wants to be represented at the hearing by a solicitor, barrister or any other person and the identity of that person
- Disagrees with any of the findings of fact in the investigation report and the reasons for it
- Considers he or she has breached the Code of Conduct and, if not, why
- Whether if there is found to be a breach there is anything he or she would like to be taken into account by the committee when it considers whether a sanction should be imposed and what that sanction might be
- Wants to give evidence to the [StandardsAudit & Standards](#) Committee either verbally or in writing
- Wants to call relevant witnesses to give evidence to the hearing and to provide details of the witnesses
- Wants any part of the hearing to be held in private and reasons for the request

- Wants any part of the investigation report or other relevant documents to be withheld from the public and reasons for the request
 - Has any special access requirements e.g. interpreter, special print (or the Member' witness(es) or representative requires such)
 - Can attend the hearing
- 8.3 The member's response will be referred to the Monitoring Officer to comment in order to ensure that all parties are clear about the remaining factual disputes and can deal with these issues at the hearing. The Monitoring Officer will also ascertain from the investigating officer whether the complainant will be giving evidence at the hearing and whether the investigating officer will be calling any witnesses to give evidence.
- 8.4 The Monitoring Officer will prepare a report for the hearing which will:
- Summarise the allegation
 - Outline the main facts of the case which are agreed
 - Outline the main facts which are not agreed
 - Indicate whether the member and the investigating offer will be present at the hearing
 - Indicated the witnesses, if any, who will be asked to give evidence
 - Include the Investigating Officer's report
 - Include the views of the Independent Person

9 The Hearing

- 9.1 The hearing is before the [StandardsAudit & Standards](#) Committee and the Independent Person will be in attendance to provide his/her views before a decision is made.
- 9.2 The procedure for local hearings is attached at Annex 3.
- 9.3 The meeting of the [StandardsAudit & Standards](#) Committee will be open to the press and public unless confidential or exempt information under Part VA Local Government Act 1972 is likely to be disclosed. The Committee will go into private session if it resolves to do so.
- 9.4 The [StandardsAudit & Standards](#) Committee will decide on the balance of probabilities whether the member is in breach of the Code of Conduct. The [StandardsAudit & Standards](#) Committee must seek the views of the independent person before making a decision on the allegation.
- 9.5 The [StandardsAudit & Standards](#) Committee can determine the number of witnesses and the way in which witnesses can be questioned.
- 9.6 If the member fails to attend the hearing, the [StandardsAudit & Standards](#) Committee can decide whether to proceed in the member's absence and make a determination or whether to adjourn the hearing to a later date.
- 9.7 If the [StandardsAudit & Standards](#) Committee concludes that the member did fail to comply

with the Code of Conduct, the Committee will then consider what action, if any, the Committee should take. In doing this, the Committee will give the member the opportunity to make representations to the Committee and will consult the Independent Person.

10. **What action/sanctions can the [Standards Audit & Standards](#) Committee take where a member has failed to comply with the Code of Conduct?**

10.1 The Council has delegated to the [Standards Audit & Standards](#) Committee such of its powers to take action in respect of individual members as may be necessary to promote and maintain high standards of conduct.

Accordingly, the sanctions available to the [Standards Audit & Standards](#) Committee are:

- Censure or reprimand the member
- Publish in a local newspaper its findings in respect of the member's conduct
- Report its findings to Council for information
- Recommend that the member apologises
- Recommend that the member undertakes training
- Recommend to the member's Group Leader (or in the case of ungrouped members recommend to Council or to committees) that the member be removed from any or all committees of the council
- Recommend to the Leader that the member be removed from the Cabinet or removed from particular portfolio responsibilities
- Recommend to Council that the member be replaced in any Council appointed roles
- Instruct the Monitoring Officer to arrange training for the member
- Recommend to Council removal from all outside appointments to which the member has been appointed or nominated by authority
- Withdraw facilities provided to the member by the Council
- Exclude the member from the Council's offices or other premises with the exception of meeting rooms as necessary for attending council and committee meetings.

11 **What happens at the end of hearing?**

11.1 At the end of the hearing the Chair of the [Standards Audit & Standards](#) Committee will state the decision of the Committee and any actions which the Committee resolves to take.

11.2 The decision taken by the [Standards Audit & Standards](#) Committee will be recorded in accordance with ordinary committee rules.

12 **Appeals**

12.1 There is no right of appeal for the complainant or the member against a decision of the

| Monitoring Officer or the [Standards Audit & Standards](#) Committee.

Annex 3

Procedure for Hearings before the [Standards Audit & Standards Committee](#)

1 Introduction

2 Chair of the [Standards Audit & Standards Committee](#) outlines the hearing procedure

2.1 The Chair can depart from the procedure outlined below where he/she considers it expedient to do so in order to secure the fair consideration of the matter.

3 Findings of Fact

3.1 The Committee should consider where there are any significant disagreements about the facts contained in the investigating officer's report.

3.2 If there is no disagreement about the facts the committee can move on to the next stage of the hearing (go to paragraph 9)

3.3 Where there is a disagreement the investigating officer will be invited to make representations to support the findings of fact and with the committee's permission, call witnesses to give evidence.

3.4 The member, against whom the complaint has been made, will be given the opportunity to challenge the evidence put forward by any witness called by the investigating officer by asking the witness questions.

3.5 The member will then be given the opportunity to make representations and with the committee's permission, call any witnesses to give evidence.

3.6 The investigating officer will be given the opportunity to challenge the evidence put forward by any witness called by the member to give evidence.

3.7 At any time, the committee and independent person may question any of the people involved or any witnesses. The independent person may also give an opinion.

3.8 The Committee will usually consider the representations and evidence in private.

3.9 The committee will be advised by the Monitoring Officer, in private if necessary, at any time during the hearing or while they are considering the outcome.

3.10 Once the committee has made its decision, the Chair will announce the committee's finding of fact to the meeting.

4 Did the member fail to comply with the Code of Conduct?

4.1 The committee should then consider whether based on the facts it has found, the member has failed to comply with the Code.

4.2 The member will be invited to make representations on the matter.

- 4.3 The investigating officer will be invited to make representations.
- 4.4 The independent person will be invited to give an opinion.
- 4.5 The committee may, at any time, question the member, investigating officer or independent person on any point raised.
- 4.6 The member will be invited to make any final relevant points
- 4.7 The committee will usually consider the representations in private, with the attendance of and advice from the Monitoring Officer.
- 4.8 Once the committee has made its decision, the Chair will announce the committee's decision to the meeting as to whether the member has failed to comply with the Code.

5 If there is a finding that the member has not failed to comply with the Code of Conduct

- 5.1 Where the committee decides that the member has not failed to comply with the Code, the committee can consider whether it wishes to make any recommendations.

6 If there is a finding that the member has failed to comply with the Code of Conduct

- 6.1 If the committee decided that the member has failed to comply with the Code, it will consider representations from the member, investigating officer and independent person as to:
 - Whether the committee should apply a sanction
 - What form any sanction should take
- 7 The committee may question the investigating officer, member and independent person and take legal advice, to make sure they have the information they need in order to make an informed decision.
- 8 The committee will consider in private with the attendance of and advice from the Monitoring Officer whether to impose a sanction and if, so what sanction it should be
- 9 The Chair will announce the decision to the meeting.
- 10 The committee will also consider whether it should make any recommendations with a view to promoting high standards of conduct
- 11 **Committee decision**
 - 11.1 The decision taken by the [Standards Audit & Standards](#) Committee will be recorded in accordance with ordinary committee rules.



Ministry of Housing,
Communities &
Local Government

Open consultation

Strengthening the standards and conduct framework for local authorities in England

Published 18 December 2024

Applies to England

Contents

1. Scope of this consultation
2. Ministerial foreword
3. Background: Standards and Conduct framework and sanctions arrangements
4. Who we would like to hear from
5. Strengthening the Standards and Conduct framework
6. Introducing the power of suspension with related safeguards
7. Public Sector Equality Duty

Annex A: Personal data



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1. Scope of this consultation

Topic of this consultation

This consultation seeks views on introducing a mandatory minimum code of conduct for local authorities in England, and measures to strengthen the standards and conduct regime in England to ensure consistency of approach amongst councils investigating serious breaches of their member codes of conduct, including the introduction of the power of suspension.

Scope of this consultation

The Ministry of Housing, Communities and Local Government (MHCLG) is consulting on introducing strengthened sanctions for local authority code of conduct breaches in England.

This includes all ‘relevant authorities’ as defined by Section 27(6) of the Localism Act 2011, which includes:

- a county council
- a unitary authority
- London borough councils
- a district council
- the Greater London Authority
- the London Fire and Emergency Planning Authority
- the Common Council of the City of London in its capacity as a local authority or police authority
- the Council of the Isles of Scilly
- parish councils
- a fire and rescue authority in England constituted by a scheme under section 2 of the Fire and Rescue Services Act 2004 or a scheme to which section 4 of that Act applies,
- a joint authority established by Part 4 of the Local Government Act 1985, an economic prosperity board established under section 88 of the Local Democracy, Economic Development and Construction Act 2009
- a combined authority established under section 103 of that Act,
- a combined county authority established under section 9(1) of the Levelling Up and Regeneration Act 2023
- the Broads Authority

- a National Park authority in England established under section 63 of the Environment Act 1995

It does not cover:

- police and crime commissioners
- internal drainage boards
- any other local authority not otherwise defined as a ‘relevant authority’ above

All references to ‘members’ refer to elected members, mayors, co-opted and appointed members of each of the ‘relevant authorities’ defined above.

Geographical scope

The questions in this consultation paper apply to all relevant local authorities in England as defined above.

They generally do not apply to authorities in Wales, Scotland or Northern Ireland, except in relation to Police and Crime Panels in Wales.

Impact assessment

We will produce a full Public Sector Equality Duty (PSED) assessment, and all necessary impact assessments, as the policy proposals develop further following this consultation.

Basic information

This is an open consultation. We particularly seek the views of individual members of the public; prospective and current elected members/representatives; all relevant local authorities defined above; and those bodies that represent the interests of local authority members/representatives at all levels.

Body responsible for the consultation

The Local Government Capacity and Improvement Division of the Ministry of Housing, Communities and Local Government is responsible for

conducting this consultation.

Duration

This consultation will last for 10 weeks from 18 December 2024.

Enquiries

For any enquiries about the consultation please contact:

LGstandardsreform@communities.gov.uk

How to respond

You can only respond to this call for evidence through our online consultation platform, [Citizen Space \(https://consult.communities.gov.uk/local-government-standards-and-conduct/strengthening-the-standards-and-conduct-framework\)](https://consult.communities.gov.uk/local-government-standards-and-conduct/strengthening-the-standards-and-conduct-framework).

2. Ministerial foreword

The government is determined to fix the foundations of local government so councils can sustainably provide decent public services and shape local places, and so elected representatives can be fully accountable to the public they serve. Doing so is critical to national renewal, our missions, and our plans to push power out of Westminster and into the hands of local people with skin in the game.

At the core of this agenda is a plan to make local government across England fit, legal, and decent – so that councils have the backing from central government to deliver the high standards and strong financial management that they strive for, without needless micromanagement of day-to-day local decision-making. This plan includes:

- fixing our broken audit system
- improving oversight and accountability
- giving councils genuine freedoms to work for, and deliver in the best interests of, their communities
- improving the standards and conduct regime

This consultation is focused on the proposed reforms to the standards and conduct regime that will contribute to making sure England is covered by effective local and strategic authorities that are well-governed, with high standards met and maintained.

It is an honour and a privilege to be elected as a member and with it comes an individual and collective responsibility to consistently demonstrate and promote the highest standards of conduct and public service.

Members take decisions affecting critical local services such as social care, education, housing, planning, licensing, and waste collection. With greater devolution, local authorities will increasingly be taking decisions to shape local transport, skills, employment support, and growth. Decisions that are the responsibility of members impact virtually every citizen's life at some level, and the electorate has a right to expect that it can trust its local elected members to uphold the highest ethical standards and act in the best interests of the communities they serve.

I strongly believe that the vast majority of local elected members maintain high standards of conduct and that they are driven by duty and service. I believe that people stand for elected office in their local communities with the best intentions to act in the interests of those communities, bringing an energy and commitment to working collaboratively, creatively, and respectfully.

Members, officers, reporters and members of public are entitled to support and participate in the local democratic process in the confidence that high standards are maintained. This government wants to celebrate the positive power of public service and, in doing so, we want to give individual authorities appropriate and proportionate means to deal with misconduct effectively and decisively when it does occur. We also want to ensure that anyone can rightly feel confident about raising an issue under the code of conduct whether it impacts them personally and/or is a code conduct breach that brings the reputation of the council into disrepute.

With approximately 120,000 councillors in England across all types and tiers of local government, we know there are rare instances of misconduct.

Robust political debate is part of our democratic system, but we know from local councils that there are examples of bullying, harassment or other misconduct, when from even a very small minority of members can have a seriously destabilising effect, potentially bringing a council into disrepute and distracting from the critical business of delivering for residents.

This government is committed to working with local and regional government to establish partnerships built on mutual respect, genuine collaboration and meaningful engagement. Our ambition is to create a rigorous standards and conduct framework that will actively contribute to ensuring that local government throughout the country is fit, legal, and decent. With this in mind, this consultation seeks your views on a range of proposals to give local leaders the tools they need to establish and maintain a strong and ethical public service and democratic culture, and the people they serve the confidence that local democracy works for them.

3. Background: Standards and Conduct framework and sanctions arrangements

The [Localism Act 2011](#)

(<http://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/7/enacted>)^[footnote 1] established the current standards and conduct framework for local authorities.

The current regime requires every local authority to adopt a code of conduct, the contents of which must as a minimum be consistent with the 7 [‘Nolan’ principles of standards in public life](#) (<https://www.gov.uk/government/publications/the-7-principles-of-public-life>) (selflessness, integrity, objectivity, accountability, openness, honesty and leadership), and set out rules on requiring members to register and disclose pecuniary and non-pecuniary interests. Beyond these requirements, it is for individual councils to set their own local code. The Local Government Association (LGA) published an [updated model code of conduct and guidance](#) (<https://www.local.gov.uk/publications/local-government-association-model-councillor-code-conduct-2020>) in 2021, which councils can choose whether to adopt or not.

Every authority must also have in place arrangements under which it can investigate allegations of breaches of its code of conduct and must consult at least one independent person before coming to decisions. These decisions are normally taken in one of two ways depending on an authority’s specific arrangements. The decision can be made by full council following advice from their standards committee (or equivalent). Alternatively, the decision can be made by the standards committee if they have been given the power to do so. Although a standards committee may contain unelected independent members and co-opted members, only principal councils’ elected members may vote in a decision-making standards committee.

There is no provision in current legislation for a sanction to suspend a councillor found to have breached the code of conduct. Sanctions for member code of conduct breaches are currently limited to less robust measures than suspension, such as barring members from Cabinet, Committee, or representative roles, a requirement to issue an apology or undergo code of conduct training, or public criticism. Local authorities are also unable to withhold allowances from members who commit serious breaches of their code of conduct, and there is no explicit provision in

legislation for councils to impose premises bans or facilities withdrawals where they consider that it might be beneficial to do so.

The government considers that the current local authority standards and conduct regime is in certain key aspects ineffectual, inconsistently applied, and lacking in adequate powers to effectively sanction members found in serious breach of their codes of conduct.

4. Who we would like to hear from

Responses are invited from local authority elected members and officers from all types and tiers of authorities, and local authority sector representative organisations. We are also particularly keen to hear from those members of the public who have point of view based on their interest in accessing local democracy in their area or standing as a candidate for local government at any tier to represent their local community at some future point.

Please be assured that all responses to this consultation are anonymous, and no information will be disclosed in any future published response to the consultation, or reporting of the consultation results, that will compromise that anonymity.

Question 1

Please tick all that apply - are you responding to this consultation as:

a) an elected member – if so please indicate which local authority type(s) you serve on

- Town or Parish Council
- District or Borough Council
- Unitary Authority
- County Council
- Combined Authority / Combined County Authority
- Fire and Rescue Authority
- Police and Crime Panel
- Other local authority type - please state

b) a council officer – if so please indicate which local authority type

- Town or Parish Council
- District or Borough Council

- Unitary Authority
- County Council
- Combined Authority / Combined County Authority
- Fire and Rescue Authority
- Police and Crime Panel
- Other local authority type - please state

c) a council body – if so please indicate which local authority type

- Town or Parish Council
- District or Borough Council
- Unitary Authority
- County Council
- Combined Authority / Combined County Authority
- Fire and Rescue Authority
- Police and Crime Panel
- Other local authority type - please state

d) a member of the public

e) a local government sector body – please state

5. Strengthening the Standards and Conduct framework

a) Mandatory minimum prescribed code of conduct

The government proposes to legislate for the introduction of a mandatory minimum code of conduct which would seek to ensure a higher minimum standard of consistency in setting out the behaviours expected of elected members. The government will likely set out the mandatory code in regulations to allow flexibility to review and amend in future, this will also provide the opportunity for further consultation on the detail.

Codes of conduct play an important role in prescribing and maintaining high standards of public service, integrity, transparency, and accountability. At their best, they establish clear guidelines for behaviour and expectations that members always act ethically in the public's best interest. Currently,

there is significant variation between adopted codes, ranging from those who choose to adopt the LGA's full model code to those who simply conform with the minimum requirement of restating the Nolan principles.

A prescribed model code which covers important issues such as discrimination, bullying, and harassment, social media use, public conduct when claiming to represent the council, and use of authority resources could help to uphold consistently high standards of public service in councils across the country and convey the privileged position of public office. It could also provide clarity for the public on the consistent baseline of ethical behaviour they have a right to expect.

We would be interested in understanding whether councils consider there should be flexibility to add to the prescribed code to reflect individual authorities' circumstances. They would not be able to amend the mandatory provisions.

Question 2

Do you think the government should prescribe a mandatory minimum code of conduct for local authorities in England?

- Yes
- No
- If no, why not? [Free text box]

Question 3

If yes, do you agree there should be scope for local authorities to add to a mandatory minimum code of conduct to reflect specific local challenges?

- Yes – it is important that local authorities have flexibility to add to a prescribed code
- No – a prescribed code should be uniform across the country
- Unsure

Question 4

Do you think the government should set out a code of conduct requirement for members to cooperate with investigations into code breaches?

- Yes
- No
- Unsure

b) Standards Committees

Currently, there is no requirement for local authorities to constitute a formal standards committee. The only legal requirement is for local authorities to have in place 'arrangements' to investigate and make decisions on allegations of misconduct.

The government believes that all principal authorities should be required to convene a standards committee. Formal standards committees would support consistency in the handling of misconduct allegations, applying the same standards and procedures to all cases and providing a formal route to swiftly identify and address vexatious complainants. Furthermore, having a formal standards committee in place could support the development of expertise in handling allegations of misconduct, leading to more informed decision-making. Removing the scope for less formal and more ad hoc arrangements would also enhance transparency and demonstrate to the public that standards and conduct issues will always be dealt with in a structured and consistent way.

This section of the consultation seeks views on two specific proposals to enhance the fairness and objectivity of the standards committee process. Firstly, it considers whether standards committee membership would be required to include at least one Independent Person, as well as (where applicable^{[footnote 2](#)}) at least one co-opted member from a parish or town council. Secondly, it seeks views on whether standards committees should be chaired by the Independent Person.

Question 5

Does your local authority currently maintain a standards committee?

- Yes
- No
- Any further comments [free text box]

Question 6

Should all principal authorities be required to form a standards committee?

- Yes
- No
- Any further comments [free text box]

Question 7

In most principal authorities, code of conduct complaints are typically submitted in the first instance to the local authority Monitoring Officer to

triage, before referring a case for full investigation. Should all alleged code of conduct breaches which are referred for investigation be heard by the relevant principal authority's standards committee?

- Yes, decisions should only be heard by standards committees
- No, local authorities should have discretion to allow decisions to be taken by full council
- Unsure

Question 8

Do you agree that the Independent Person and co-opted members should be given voting rights?

- Yes – this is important for ensuring objectivity
- No – only elected members of the council in question should have voting rights
- Unsure

Question 9

Should standards committees be chaired by the Independent Person?

- Yes
- No
- Unsure

Question 10

If you have further views on ensuring fairness and objectivity and reducing incidences of vexatious complaints, please use the free text box below.

[Free text box]

c) Publishing investigation outcomes

To enhance transparency, local authorities should, subject to data protection obligations, be required to publish a summary of code of conduct allegations, and any investigations and decisions. This will be accompanied with strong mechanisms to protect victims' identity to ensure complainants are not dissuaded from coming forward for fear of being identified,

There may be a range of views on this, as publishing the outcome of an investigation that proves there is no case to answer could still be considered damaging to the reputation of the individuals concerned, or it could be considered as helpful in exposing instances of petty and vexatious complaints.

Question 11

Should local authorities be required to publish annually a list of allegations of code of conduct breaches, and any investigation outcomes?

- Yes - the public should have full access to all allegations and investigation outcomes
- No - only cases in which a member is found guilty of wrongdoing should be published
- Other views – text box

d) Requiring the completion of investigations if a member stands down

In circumstances where a member stands down during a live code of conduct investigation, councils should be required to conclude that investigation and publish the findings. The government is proposing this measure to ensure that, whilst the member in question will no longer be in office and therefore subject to any council sanction, for the purposes of accountability and transparency there will still be full record of any code of conduct breaches during their term of office.

Question 12

Should investigations into the conduct of members who stand down before a decision continue to their conclusion, and the findings be published?

- Yes
- No
- Unsure

e) Empowering individuals affected by councillor misconduct to come forward

The government appreciates that it can often be difficult for those who experience misconduct on the part of elected members, such as bullying and harassment, to feel that it is safe and worthwhile to come forward and raise their concerns. If individuals believe there is a likelihood that their complaint will not be addressed or handled appropriately, the risk is that victims will not feel empowered to come forward, meaning misconduct continues without action. We recognise that standing up to instances of misconduct takes an emotional toll, particularly in unacceptable situations where the complaints processes are protracted and do not result in meaningful action. We are committed to ensuring that those affected by misconduct are supported in the right way and feel empowered to come forward. This section seeks feedback from local authorities with experience of overseeing council complaints procedures, or sector bodies and individuals with views on how this might be carried out most effectively. We are also keen to hear from those who work, or have worked, in local government, and who have either witnessed, or been the victim of, member misconduct.

Question 13

If responding as a local authority, what is the average number of complaints against elected members that you receive over a 12-month period?

[Number box]

Question 13a

For the above, where possible, please provide a breakdown for complaints made by officers, other elected members, the public, or any other source:

- Complaints made by officers [Number box]
- Complaints made by other elected members [Number box]
- Complaints made by the public [Number box]
- Complaints made by any other source [Number box]

Question 14

If you currently work, or have worked, within a local authority, have you ever been the victim of (or witnessed) an instance of misconduct by an elected member and felt that you could not come forward? Please give reasons if you feel comfortable doing so.

- Yes

- No
- [Free text box]

Question 15

If you are an elected member, have you ever been subject to a code of conduct complaint? If so, did you feel you received appropriate support to engage with the investigation?

- Yes
- No
- [Free text box]

Question 16

If you did come forward as a victim or witness, what support did you receive, and from whom? Is there additional support you would have liked to receive?

[Free text box]

Question 17

In your view, what measures would help to ensure that people who are victims of, or witness, serious councillor misconduct feel comfortable coming forward and raising a complaint?

[Free text box]

6. Introducing the power of suspension with related safeguards

The government believes that local authorities should have the power to suspend councillors for serious code of conduct breaches for a maximum of 6 months, with the option to withhold allowances and institute premises and facilities bans where deemed appropriate. This section of the consultation explores these proposed provisions in greater detail.

While the law disqualifies certain people from being, or standing for election as, a councillor (e.g. on the grounds of bankruptcy, or receipt of a custodial sentence of 3 months or more, or it subject to the notification requirements of the Sexual Offences Act 2003 - meaning on the sex offenders register) councillors cannot currently be suspended or disqualified for breaching their code of conduct.

Feedback from the local government sector in the years since the removal of the power to suspend councillors has indicated that the current lack of meaningful sanctions means local authorities have no effective way of dealing with more serious examples of member misconduct.

The most severe sanctions currently used, such as formally censuring members, removing them from committees or representative roles, and requiring them to undergo training, may prove ineffective in the cases of more serious and disruptive misconduct. This may particularly be the case when it comes to tackling repeat offenders.

The government recognises that it is only a small minority of members who behave badly, but the misconduct of this small minority can have a disproportionately negative impact on the smooth running of councils. We also appreciate the frustration members of the public and councillors can feel both in the inability to deal decisively with cases of misconduct, and the fact that offending members can continue to draw allowances.

Question 18

Do you think local authorities should be given the power to suspend elected members for serious code of conduct breaches?

- Yes – authorities should be given the power to suspend members
- No – authorities should not be given the power to suspend members
- Unsure

Question 19

Do you think that it is appropriate for a standards committee to have the power to suspend members, or should this be the role of an independent body?

- Yes - the decision to suspend for serious code of conduct breaches should be for the standards committee
- No - a decision to suspend should be referred to an independent body
- Unsure
- [Free text box]

Question 20

Where it is deemed that suspension is an appropriate response to a code of conduct breach, should local authorities be required to nominate an alternative point of contact for constituents during their absence?

- Yes – councils should be required to ensure that constituents have an alternative point of contact during a councillor's suspension

- No – it should be for individual councils to determine their own arrangements for managing constituents’ representation during a period of councillor suspension
- Unsure

a) The length of suspension

The Committee on Standards in Public Life recommended in their 2019 Local Government Ethical Standards^[footnote 3] (CSPL) report that the maximum length of suspension, without allowances, should be 6 months and the government agrees with this approach. The intent of this proposal would be that non-attendance at council meetings during a period of suspension would be disregarded for the purposes of section 85 of the Local Government Act 1972, which states that a councillor ceases to be a member of the local authority if they fail to attend council meetings for 6 consecutive months.

The government believes that suspension for the full 6 months should be reserved for only the most serious breaches of the code of conduct, and considers that there should be no minimum length of suspension to facilitate the proportionate application of this strengthened sanction.

Question 21

If the government reintroduced the power of suspension do you think there should be a maximum length of suspension?

- Yes – the government should set a maximum length of suspension of 6 months
- Yes – however the government should set a different maximum length (in months) [Number box]
- No – I do not think the government should set a maximum length of suspension
- Unsure

Question 22

If yes, how frequently do you consider councils would be likely to make use of the maximum length of suspension?

- Infrequently – likely to be applied only to the most egregious code of conduct breaches
- Frequently – likely to be applied in most cases, with some exceptions for less serious breaches

- Almost always – likely to be the default length of suspension for code of conduct breaches
- Unsure

b) Withholding allowances and premises and facilities bans

Giving councils the discretion to withhold allowances from members who have been suspended for serious code of conduct breaches in cases where they feel it is appropriate to do so could act as a further deterrent against unethical behaviour. Holding councillors financially accountable during suspensions also reflects a commitment to ethical governance, the highest standards of public service, and value for money for local residents.

Granting local authorities the power in legislation to ban suspended councillors from local authority premises and from using council equipment and facilities could be beneficial in cases of behavioural or financial misconduct, ensuring that suspended councillors do not misuse resources or continue egregious behaviour. Additionally, it would demonstrate that allegations of serious misconduct are handled appropriately, preserving trust in public service and responsible stewardship of public assets.

These measures may not always be appropriate and should not be tied to the sanction of suspension by default. The government also recognises that there may be instances in which one or both of these sanctions is appropriate but suspension is not. It is therefore proposed that both the power to withhold allowances and premises and facilities bans represent standalone sanctions in their own right.

Question 23

Should local authorities have the power to withhold allowances from suspended councillors in cases where they deem it appropriate?

- Yes – councils should have the option to withhold allowances from suspended councillors
- No – suspended councillors should continue to receive allowances
- Unsure

Question 24

Do you think it should be put beyond doubt that local authorities have the power to ban suspended councillors from council premises and to

withdraw the use of council facilities in cases where they deem it appropriate?

- Yes – premises and facilities bans are an important tool in tackling serious conduct issues
- No – suspended councillors should still be able to use council premises and facilities
- Unsure

Question 25

Do you agree that the power to withhold members' allowances and to implement premises and facilities bans should also be standalone sanctions in their own right?

- Yes
- No
- Unsure

c) Interim suspension

Some investigations into serious code of conduct breaches may be complex and take time to conclude, and there may be circumstances when the misconduct that has led to the allegation is subsequently referred to the police to investigate. In such cases, the government proposes that there should be an additional power to impose interim suspensions whilst and until a serious or complex case under investigation is resolved.

A member subject to an interim suspension would not be permitted to participate in any council business or meetings, with an option to include a premises and facilities ban.

We consider that members should continue to receive allowances whilst on interim suspension and until an investigation proves beyond doubt that a serious code of conduct breach has occurred or a criminal investigation concludes. The decision to impose an interim suspension would not represent a pre-judgement of the validity of an allegation.

We suggest that:

- Interim suspensions should initially be for up to a maximum of 3 months. After the expiry of an initial interim suspension period, the relevant council's standards committee should review the case to decide whether it is in the public interest to extend

- As appropriate, the period of time spent on interim suspension may be deducted from the period of suspension a standards committee imposes.

Question 26

Do you think the power to suspend councillors on an interim basis pending the outcome of an investigation would be an appropriate measure?

- Yes, powers to suspend on an interim basis would be necessary
- No, interim suspension would not be necessary
- Any further comments [free text box]

Question 27

Do you agree that local authorities should have the power to impose premises and facilities bans on councillors who are suspended on an interim basis?

- Yes - the option to institute premises and facilities bans whilst serious misconduct cases are investigated is important
- No - members whose investigations are ongoing should retain access to council premises and facilities
- Unsure

Question 28

Do you think councils should be able to impose an interim suspension for any period of time they deem fit?

- Yes
- No
- Any further comments [free text box]

Question 29

Do you agree that an interim suspension should initially be for up to a maximum of 3 months, and then subject to review?

- Yes
- No
- Any further comments [free text box]

Question 30

If following a 3-month review of an interim suspension, a standards committee decided to extend, do you think there should be safeguards

to ensure a period of interim extension is not allowed to run on unchecked?

- Yes – there should be safeguards
- No – councils will know the details of individual cases and should be trusted to act responsibly

Question 30a

If you answered yes to above question, what safeguards do you think might be needed to ensure that unlimited suspension is not misused?

[Free text box]

d) Disqualification for multiple breaches and gross misconduct

When councillors repeatedly breach codes of conduct, it undermines the integrity of the council and erodes public confidence. To curb the risk of repeat offending and continued misconduct once councillors return from a suspension, the government considers that it may be beneficial to introduce disqualification for a period of 5 years for those members for whom the sanction of suspension is invoked on more than one occasion within a 5-year period.

This measure underlines the government's view that the sanction of suspension should only be used in the most serious code of conduct breaches, because in effect a decision to suspend more than once in a 5-year period would be a decision to disqualify an elected member. However, we consider this measure would enable councils to signal in the strongest terms that repeated instances of misconduct will not be tolerated and would act as a strong deterrent against the worst kind of behaviours becoming embedded.

Currently a person is disqualified if they have been convicted of any offence and have received a sentence of imprisonment (suspended or not) for a period of 3 months or more (without the option of a fine) in the 5-year period before the relevant election. Disqualification also covers sexual offences, even if they do not result in a custodial or suspended sentence.

Question 31

Do you think councillors should be disqualified if subject to suspension more than once?

- Yes – twice within a 5-year period should result in disqualification for 5 years
- Yes – but for a different length of time and/or within a different timeframe (in years) [Number boxes]
- No - the power to suspend members whenever they breach codes of conduct is sufficient
- Any other comments [free text box]

Question 32

Is there a case for immediate disqualification for gross misconduct, for example in instances of theft or physical violence impacting the safety of other members and/or officers, provided there has been an investigation of the incident and the member has had a chance to respond before a decision is made?

- Yes
- No
- Unsure
- [Free text box]

e) Appeals

The government proposes that:

- A right of appeal be introduced for any member subject to a decision to suspend them.
- Members should only be able to appeal any given decision to suspend them once.
- An appeal should be invoked within 5 working days of the notification of suspension; and
- Following receipt of a request for appeal, arrangements should be made to conduct the appeal hearing within 28 working days.

The government believes that were the sanction of suspension to be introduced (and potentially disqualification if a decision to suspend occurs a second time within a 5-year period) it would be essential for such a punitive measure to be underpinned by a fair appeals process.

A right of appeal would allow members to challenge decisions that they believe are unjust or disproportionate and provides a safeguard to ensure that the sanction of suspension is applied fairly and consistently.

We consider that it would be appropriate to either create a national body, or to vest the appeals function in an existing appropriate national body, and views on the merits of that are sought at questions 38 and 39 below. Firstly, the following questions test opinion on the principle of providing a mechanism for appeal.

Question 33

Should members have the right to appeal a decision to suspend them?

- Yes - it is right that any member issued with a sanction of suspension can appeal the decision
- No – a council’s decision following consideration of an investigation should be final
- Unsure

Question 34

Should suspended members have to make their appeal within a set timeframe?

- Yes – within 5 days of the decision is appropriate to ensure an efficient process
- Yes – but within a different length of time (in days) [Number box]
- No – there should be no time limit for appealing a decision

The government is also keen to explore if a right of appeal should be provided, either in relation to whether a complaint proceeds to full investigation and consideration by the standards committee, or where a claimant is dissatisfied with the determination of the standards committee.

Question 35

Do you consider that a complainant should have a right of appeal when a decision is taken not to investigate their complaint?

- Yes
- No
- Unsure

Question 36

Do you consider that a complainant should have a right of appeal when an allegation of misconduct is not upheld?

- Yes
- No

- Unsure

Question 37

If you answered yes to either of the previous two questions, please use the free text box below to share views on what you think is the most suitable route of appeal for either or both situations.

[Free text box]

f) Potential for a national appeals body

There is a need to consider whether appeals panels should be in-house within local authorities, or whether it is right that this responsibility sits with an independent national body. Whereas an in-house appeals process would potentially enable quicker resolutions by virtue of a smaller caseload, empowering a national body to oversee appeals from suspended members and complainants could reinforce transparency and impartiality and help to ensure consistency of decision-making throughout England, setting precedents for the types of cases that are heard.

Question 38

Do you think there is a need for an external national body to hear appeals?

- Yes – an external appeals body would help to uphold impartiality
- No – appeals cases should be heard by an internal panel
- Any further comments [free text box]

Question 39

If you think there is a need for an external national appeals body, do you think it should:

- Be limited to hearing elected member appeals
- Be limited to hearing claimant appeals
- Both of the above should be in scope
- Please explain your answer [free text box]

7. Public Sector Equality Duty

Question 40

In your view, would the proposed reforms to the local government standards and conduct framework particularly benefit or disadvantage individuals with protected characteristics, for example those with disabilities or caring responsibilities?

Please tick an option below:

- it would benefit individuals with protected characteristics
- it would disadvantage individuals with protected characteristics
- neither

Please use the text box below to make any further comment on this question.

[Free text box]

Annex A: Personal data

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018. Note that this section only refers to your personal data (your name address and anything that could be used to identify you personally) not the content of your response to the consultation.

1. The identity of the data controller and contact details of our Data Protection Officer

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at dataprotection@communities.gov.uk.

2. Why we are collecting your personal data

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

3. Our legal basis for processing your personal data

The Data Protection Act 2018 states that, as a government department, MHCLG may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a consultation.

4. With whom we will be sharing your personal data

We use a third-party platform, Citizen Space, to collect consultation responses. In the first instance, your personal data will be stored on their secure UK-based servers.

5. For how long we will keep your personal data, or criteria used to determine the retention period.

Your personal data will be held for 2 years from the closure of the consultation.

6. Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a) to see what data we have about you
- b) to ask us to stop using your data, but keep it on record
- c) to ask to have all or some of your data deleted or corrected
- d) to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with

the law. You can contact the ICO at <https://ico.org.uk/> (<https://ico.org.uk/>), or telephone 0303 123 1113.

7. Your personal data will not be sent overseas

8. Your personal data will not be used for any automated decision making

9. Your personal data will be stored on a secure government IT system

Your data will be transferred to our secure government IT system as soon as possible after the consultation has closed, and it will be stored there for the standard 2 years of retention before it is deleted.

-
1. [Localism Act 2011 \(legislation.gov.uk\)](https://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/7)
(<https://www.legislation.gov.uk/ukpga/2011/20/part/1/chapter/7>)
 2. Only around 36% of the population of England is covered by a parish or town council.
 3. [Local government ethical standards: report - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/publications/local-government-ethical-standards-report)
(<https://www.gov.uk/government/publications/local-government-ethical-standards-report>)

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The Audit Findings (ISA260) Report for the London Borough of Brent

Year ended 31 March 2024

February 2025

Page 85



Agenda Item 7



London Borough of Brent
Brent Civic Centre
Engineers Way
Wembley HA9 0FJ

4 February 2025

Dear Cllr Jumbo Chan

Audit Findings for London Borough of Brent for the year ending 31 March 2024

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

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

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to drive audit quality by reference to the Audit Quality Framework. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2023.pdf \(grantthornton.co.uk\)](#).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Sophia Brown

Director
For Grant Thornton UK LLP

**Private and
Confidential**

Grant Thornton UK LLP
30 Finsbury Square,
London EC2A 1AG
www.grantthornton.co.uk

Chartered Accountants

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Contents



Your key Grant Thornton team members are:

Page 87

Sophia Brown

Key Audit Partner

E sophia.y.brown@uk.gt.com

T 020 7728 3179

Sheena Phillips

Senior Manager

E Sheena.S.Phillips@uk.gt.com

T 020 7865 2694

Asad Khan

Audit Manager

E asad.khan@uk.gt.com

T 020 7865 2051

Section

1. [Headlines](#)
2. [Financial statements](#)
3. [Value for money arrangements](#)
4. [Independence and ethics](#)

Appendices

- A. [Communication of audit matters to those charged with governance](#)
- B. [Action plan – audit of financial statements](#)
- C. [Follow up of prior year recommendations](#)
- D. [Audit adjustments](#)
- E. [Fees and non-audit services](#)
- F. [Draft audit opinion](#)

Page

4
8
37
39

42
43
47
51
59
61

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

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of London Borough of Brent Council ('the Council') and the preparation of the group and Council's financial statements for the year ended 31 March 2024 for the attention of those charged with governance.

Page 88

Financial statements

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

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

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

Commentary on the audit process

Our audit work was done remotely during July 2024 - January 2025. There has been a concerted effort from the Council to fully engage with the audit process. We held regular meetings with your finance team. This engagement has meant that issues arising were promptly escalated. Despite strong engagement from your finance team, there have still been challenges and issues which have led to delays. Key challenges and issues we have experienced during the audit are summarised below:

- ❑ key members of your finance team left the Council before and during the audit;
- ❑ we identified several issues within Plant, Property & Equipment (PPE), payroll reports and bank reconciliations statements which have resulted additional work;
- ❑ key working papers were not of sufficient quality, leading to delays in completing our testing; and
- ❑ we have identified a large number of adjusted, unadjusted and disclosure misstatements in the draft financial statements. The level of errors in your draft financial statements is beyond what we would expect and has led to us carrying out more work than initially scoped.

Please refer to pages 31-33 for further details on the above issues.

The above issues have required us to add more resource to the audit and we have not been able to complete the audit in the original timeframe. This has resulted in additional fees needing to be charged, detail of which is included page 59 of this report.

Findings

Our findings are summarised on pages 8 to 36. We have identified six adjustments to the financial statements as documented in Appendix D. The adjustments do not impact on the General Fund position. We also raised recommendations for management as a result of our audit work, set out at Appendix B. Our follow up of recommendations from the prior year's audit are detailed at Appendix C.

Our work is **substantially complete** and there are no matters of which we are aware that would require modification of our audit opinion in Appendix F or material changes to the financial statements, subject to the following outstanding matters:

- 5 follow-up queries in our testing of the valuation of land & buildings;
- await management response on the accounts consistency tool and the variances identified within;
- await management responses to the remaining hot review comments;
- receipt of management's subsequent events confirmation;

1. Headlines

Financial statements

Outstanding matters, continued.

- receipt of updated Group financial statements;
- receipt of management's representation letter; and
- review of the final set of financial statements to ensure that all agreed adjustments have been processed accurately.

All outstanding audit areas are subject to review by the engagement manager, engagement lead and engagement quality reviewer.

Due to the outstanding matters above, we have not yet concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and with the financial statements we have audited.

At this stage, our anticipated financial statements audit report opinion will be unmodified.

Page 89 Update of progress since the last Audit and Standards Committee meeting held on 31 October 2024

We have updated this report to reflect progress made to date and challenges encountered in completing our work on the valuation of property, plant, and equipment (PPE). We paused the audit in October to allow your finance team to address issues identified in the draft 2023-24 accounts concerning the PPE valuation. These issues included assets that should have been valued during 2023-24 but were not, and other errors such as incorrect numbers of assets recorded as additions to the Housing Revenue Account (HRA). In re-commencing the audit in December 2024 there were still delays and ongoing issues identified by management in relation PPE valuation. Due to changes made to the fixed asset register and the valuation report to reflect the valuation of assets which were not initially valued, we needed to select additional samples to satisfy our testing requirements. Overall, the issues with PPE have significantly delayed audit progress, as other sections of the accounts such as the group accounts and the core financial statements depend on the finalisation of PPE figures.

We consider the issues identified within PPE a significant deficiency for the 2023-24 audit and recommend that management ensures the asset valuation process is reviewed to ensure issues are resolved for 2024-25. Our updated PPE findings are on pages 12 to 16, and this area of work is now going through final completion and review. In October 2025 we indicated additional fees to be incurred of £21,000 at that point. We have since incurred additional cost relating to resources applied to the audit from the end of December 2024 to complete the PPE work. The additional fees, are set out on page 59.

Our work on the pension liability, particularly concerning the potential additional onerous liability related to the financial reporting standard IFRIC 14, is complete. We confirm that there is no impact on prior periods due to the updated guidance. However, for the current year there is an additional liability of £75 million to recognise, which management has agreed to adjust for. Refer to page 16 for more details.

Since the last update, we have also completed our work on interest receivable, related parties and depreciation and have no issues to note. We also concluded over the outstanding legal confirmation, please refer to page 31 for details and the alternate procedures performed.

Our work on the 2023-24 audit is substantially complete subject to the outstanding matters set out above.

1. Headlines

Value for Money (VFM) arrangements

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

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

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

Our work on the Council's value for money (VFM) arrangements will be reported in our commentary on the Council's arrangements in our Auditor's Annual Report (AAR). We have not been able to satisfy ourselves that the Council has made proper arrangements in securing economy, efficiency and effectiveness in its use of resources. A further explanation of the significant weakness we have identified in the Council's arrangements is detailed on page 37 of this report.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor's Annual Report, which is presented alongside this report. We have identified a significant weakness in the Council's arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are set out in the value for money arrangements section of this report (Section 3).

Under the 2020 Code of Audit Practice, 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. We shared a VFM delay letter to the Audit and Standards Committee Chair in the meeting held on 25 September 2024.

Statutory duties

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

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

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

We expect to certify the completion of the audit when we give our audit opinion.

Significant matters

As highlighted on pages 31 to 33 of our report, during the course of the audit both your finance team and the audit team faced audit challenges this year, such as delays in the receipt of data, especially the fixed asset register (FAR), payroll full time equivalent (FTE) reports, bank reconciliation statements (BRS). In the course of the audit, we have come across some issues relating to quality of the evidence and we have identified a significant level of errors in comparison to prior years. Whilst we recognise that several members of the finance team left the Council during 2023-24, it is crucial for management to have contingency plans in place to facilitate a smooth process for the preparation of the financial statements and the external audit. Due to challenges faced, we have had to secure additional audit resource and spend considerable time to complete the programme of work set out in the 2023-24 Audit Plan. The additional fee implications are detailed on page 59.

1. Headlines

National context – audit backlog

Government proposals around the backstop

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament [Written statements - Written questions, answers and statements - UK Parliament](#). This confirms Government's intention to introduce a backstop date for English local authority audits up to 2023-24 of 28 February 2025. We are pleased to confirm that we anticipate concluding your audit in advance of the backstop date.

New National Audit Office Code

As part of ongoing reforms to local audit, the National Audit Office has laid a new Code before Parliament. One of the objectives of the new Code is to ensure more timely reporting of audit work, including Value for Money. The Code requires that from 2025, auditors will issue their Auditor's Annual Report by November each year. We have already put resource plans in place to ensure we achieve this deadline across all audited bodies.

National context – level of borrowing

Councils are operating in an increasingly challenging national context. With inflationary pressures placing increasing demands on council budgets, there are concerns as Councils look to alternative ways to generate income. We have seen an increasing number of councils look to ways of utilising investment property portfolios as sources of recurrent income. Whilst there have been some successful ventures and some prudently funded by councils' existing resources, we have also seen some councils take excessive risks by borrowing sums well in excess of their revenue budgets to finance these investment schemes.

The impact of these huge debts on councils, the risk of potential bad debt write offs, and the implications of poor governance behind some of these decisions are all issues which now must be considered by auditors across local authority audits.

The Council's external borrowing increased by £43.4m to £824.3m in 2023-24 compared with £780.9m in 2022-23. The extra borrowing is required to fund the Council's growing capital programme not already funded through grants, contributions and reserves. The Council's borrowing includes Public Works Loan Board (PWL) loans, Lender Option Borrower Option loan, fixed rate loans, and short-term loans with other councils. Most of the Council's long-term borrowing (£590m) is with PWLB and most of its short-term borrowing (£93.7m) is with other local authorities. The base rate rises seen throughout the year to curb inflation have resulted in a rise in new long-term and short-term borrowing costs which the Council has partially offset with an increase in short term investment income. The base rate peak during the year was higher than the Council anticipated at budget setting. As a result, the Council reviewed its minimum revenue provision (the revenue charge to cover the repayment of borrowing) which led to an additional charge in year for the Council's supported borrowing portfolio and a resulting drawdown from the capital financing reserve.

The Council sets limits, as part of its Treasury Management Strategy, to manage interest rate and refinancing risk which aim to limit this exposure. The Council's borrowing portfolio has a high proportion of long-term debt which helps mitigate against the current rise in interest rates. The Council's Treasury Management activities are not predicated on any one outcome of interest rate movement, the Council meets regularly with its Treasury Management advisors to explore the most appropriate steps to manage the Council's cash flow requirements and potential implications for the capital financing budget.

2. Financial statements

Overview of the scope of our audit

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

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

Audit approach

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

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

Conclusion

Our audit of your financial statements is **substantially complete**. At this stage, subject to outstanding queries audit, we anticipate issuing an unqualified audit opinion. These outstanding items are summarised on pages 4 and 5.

Acknowledgements

We would like to thank everyone at the Council for their support in working with us. This has been a challenging audit year, but the effective working relationship with your finance team has enabled us to work through the issues and agree a way forward.

Despite good engagement, we did face several challenges to complete this audit in line with the original agreed timeframe. A summary of the issues is included in pages 31-33 of this report.

2. Financial statements



Our approach to materiality

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

Materiality levels remain the same as reported in our audit plan in the February Audit and Standards committee meeting.

We set out in this table our determination of materiality for London Borough of Brent Council and group.

	Group amount £	Council amount £	Qualitative factors considered
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Materiality for the financial statements	16,600,000	16,100,000	We considered materiality from the perspective of the users of the financial statements. The Council prepares an expenditure-based budget for the financial year with the primary objective to provide services to the local community, therefore gross expenditure was deemed the most appropriate benchmark. This benchmark was used in the prior year also. We considered 1.5% to be an appropriate rate to apply to the gross expenditure to calculate the materiality.
Performance materiality	11,620,000	11,270,000	Our performance materiality is based on a percentage of the materiality for the financial statements listed above. The threshold applied is 70% of headline materiality.
Trivial matters	830,000	805,000	This balance is set at 5% of materiality for the financial statements.
Materiality for senior officers' remuneration	20,000	20,000	We have identified senior officer remuneration and termination benefits as disclosures where we will apply a lower materiality level, as they are considered sensitive disclosures. We revised the materiality level for senior officer remuneration and termination benefits to a lower amount to reflect our view of the growing public interest in such remunerations and benefits.

2. Financial statements – significant risks

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

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

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
<p>The revenue cycle includes fraudulent transactions (rebutted)</p> <p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Council we have determined that the risk of fraud arising from revenue recognition can be rebutted because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; and • the culture and ethical frameworks of local authorities mean that all forms of fraud are seen as unacceptable. <p>We do not consider this to be a significant risk for the London Borough of Brent and such there is no specific work planned for this risk. To address this risk, we:</p> <ul style="list-style-type: none"> • selected a sample from each material revenue stream and tested to supporting information and subsequent receipt of income to gain assurance over accuracy, occurrence and completeness. • inspected transactions which occurred in the year and ensure that they have been included in the current year. • confirmed our understanding of the business process and determine ff there are any relevant controls. 	Council
	<p>Findings</p>	
	<p>Our audit work has not identified any issues which would lead us to change our conclusion from the planning stage that the risk of fraud arising from revenue recognition can be rebutted.</p>	

2. Financial statements – significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
<p>Management override of controls</p> <p>Under ISA (UK) 240, there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities. The Council faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for both the group and Council, which was one of the most significant assessed risks of material misstatement.</p>	<p>To address this risk, we:</p> <ul style="list-style-type: none"> evaluated the design effectiveness of management controls over journals; analysed the journals listing and determined the criteria for selecting high risk unusual journals; tested unusual journals made during the year and the accounts production stage for appropriateness and corroboration; gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness; and evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions. <p>Findings</p> <p>Our audit work in this area is complete and we have not identified any issues in respect of this risk.</p>	Group and Council

2. Financial statements – significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
<p>Valuation of other land and buildings (OLB)</p> <p>The Council re-values its land and buildings on a five yearly rolling programme to ensure that the carrying value is not materially different from fair value. This represents a significant estimate by management in the financial statements due to the size and numbers involved (£1,175.7m as at 31 March 2024) and the sensitivity of the estimate to key changes in assumptions. Additionally, management needs to ensure the carrying value of assets not revalued as at 31 March 2024 in the Council's financial statements is not materially different from the current value at the financial statements date, where a rolling programme is used.</p> <p>We identified the valuation of land and buildings, particularly revaluations and impairments, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>To address the risk, we:</p> <ul style="list-style-type: none"> evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to the expert and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; discussed with and wrote to Wilks, Head and Eve (the valuer) to confirm the basis on which their valuation was carried out to ensure that the requirements of the Code are met; engaged our own valuation expert, Lambert Smith Hampton, to provide commentary on; <ul style="list-style-type: none"> the instructions process in comparison to requirements from CIPFA/IFRS/RICS; and the valuation methodology and approach, resulting assumptions and any other relevant points. challenged the information and assumptions used by the valuer to assess the completeness and consistency with our understanding; tested revaluations made during the year to see if they have been input correctly to the Council's fixed asset register (FAR); and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not currently different to current value at year-end. <p>Findings</p> <ul style="list-style-type: none"> We identified a variance of £18.27m between the fixed asset register (FAR) and the valuation report. We challenged management to explain the variance. Management had engaged valuer Wilks Head and Eve to revalue some assets which were not initially valued. This required updating of the FAR and a revised valuation report to be issued by the valuer. We encountered significant challenges when reconciling the updated FAR with the revised valuation report as the FAR did not accurately align with the valuation report. As a result, we have identified an overall net difference of £3.2m between the updated FAR and the revised valuation report. Management is unable to provide justification for the variance or reconcile the difference. This variance is reported as an unadjusted error in Appendix D. 	Council

Continued overleaf

2. Financial statements – significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
Valuation of other land and buildings (OLB)	<p data-bbox="629 427 887 454">Findings (continued)</p> <ul data-bbox="629 472 1895 949" style="list-style-type: none"> <li data-bbox="629 472 1895 595">• Following additional revaluation of assets, the net book value (NBV) of other land and buildings is revised from £1,194.2m per the draft accounts to £1,175.7m in the updated accounts, reflecting changes made in PPE Note 1a. Consequently, the overall NBV of PPE decreased by £23.7m, from £2,210.3m to £2,186.6m. Management are finalising the adjustment, and we will update our final report to show this. <li data-bbox="629 612 1895 735">• With the asset values changing from those included in the draft 2023-24 accounts, and both the FAR and valuation reports being updated, we have appropriately revised our testing strategy. We have performed additional testing to cover changes made and selected 7 additional assets to test, which we are currently processing. <li data-bbox="629 753 1895 876">• We identified an error in one asset where the valuer used an incorrect area of 0.62 hectares in the valuation calculations instead of the correct area of 0.82 hectares. This 0.2-hectare difference results in an understatement in the asset value of £1.7m. This error has been reported as an unadjusted error in Appendix D. <li data-bbox="629 893 1895 949">• Management also identified a duplicate asset (value £26m) in the FAR. We are reviewing management's calculations and expect this could result in a prior period adjustment. <p data-bbox="629 967 1895 1023">As noted earlier on, we have faced significant delays in receiving data regarding the valuation of other land and building assets from both the valuer and management. We detail this on page 31-33 of the report.</p>	Council

2. Financial statements – significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
<p>Valuation of council dwellings</p> <p>The Council owns 8,211 dwellings as at 31 March 2024. It is required to revalue these properties in accordance with DCLG’s Stock Valuation for Resource Accounting guidance. The guidance requires the use of Beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties.</p> <p>The Council conducted a full revaluation of its housing stock in 2021-22 using the Beacon methodology. The valuer reviewed market changes from 1 April 2023 to 31 March 2024 to correctly state the value of HRA stock held by the Council during the financial period in current terms. The Council engaged its valuer Wilks, Head & Eve LLP (WHE) to complete the valuation of these properties.</p> <p>The year-end valuation of council housing was £831.9m as at 31 March 2024. This represents a significant estimate by management in the financial statements due to the size and numbers involved, and the sensitivity of the estimate to changes in key assumptions.</p> <p>We identified the valuation of council dwellings, as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>To address the risk, we have:</p> <ul style="list-style-type: none"> evaluated management’s processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts, and the scope of their work; evaluated the competence, capabilities and objectivity of the valuation expert; wrote to the valuer to confirm the basis on which the valuation was carried out to ensure that the requirements of the Code are met. engaged our own valuer expert, Lambert Smith Hampton, to provide commentary on: <ul style="list-style-type: none"> the instruction process in comparison to requirements from CIPFA/IFRS/RICS; and the valuation methodology and approach, resulting assumptions adopted and any other relevant points. challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; conducted sample testing of Beacon properties to ensure representative properties were used in the valuation, with the valuations correctly applied to other similar properties; reviewed the estimate against valuation trends of similar properties in London; and evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year-end. <p>Findings</p> <ul style="list-style-type: none"> For 2023-24 management applied indexation to the housing stock for the period 1 April 2023 to 31 March 2024 to estimate the value of the properties as at 31 March 2024. The indexation was certified by the Council’s valuer (WHE) in accordance with the Code of Practice. Management used an index between -1% to 1% which we have corroborated to the WHE Indexation Certificate. Our auditor expert Lambeth Smith Hampton (LSH) also concluded that the index of -1% to 1% is reasonable. We reviewed all in-year additions and confirmed they were allocated to appropriate Beacons. Our reconciliation of the fixed asset register (FAR) to the draft accounts identified a variance of £7.96m between the FAR and the draft accounts (PPE Note 1a). The FAR was understated by this amount but the accounts were correct. Management has updated the FAR. 	Council

Continued overleaf

2. Financial statements – significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
Valuation of council dwellings	<p>Findings (continued)</p> <ul style="list-style-type: none"> We identified that in-year council dwelling additions of £26.7m were not revalued at year-end. We challenged management about this, and management agreed to revalue the assets. Management also identified more properties that were due for revaluation in 2023-24 that were missed. This resulted in the revaluation of 12 assets and the recording of an additional 273 properties in the FAR. From our testing, we identified that Gloucester and Durham was an in-year addition that was not valued, and Grand Union was an existing asset which management did not value. Management also identified 10 more assets which they initially forgot to value. The revised valuation report necessitated significant changes to the PPE note: <ul style="list-style-type: none"> The net book value (NBV) of council dwellings was revised from £836.5m to £813.9m. The in-year council dwelling additions were revised from £26.7m to £18.9m due to the reclassification of two assets (Grand Union Block D & Grand Union Phase 2) from council dwellings to assets under construction. Management are finalising the adjustment, and we will update our final report to show this error. <p>Control points</p> <ul style="list-style-type: none"> We highly recommend that PPE valuations should be carried out as at the end of the financial year, 31 March, rather than the beginning of the financial year, 1 April. If valuations are carried out as at 1 April, as well as ensuring that valuations are complete and accurate as at that date management must also review the movement of the valuations as at the end of the financial year, 31 March. There must be a coordinated effort by both the finance and estate teams to ensure that all assets requiring revaluation are correctly identified and for the valuer to be provided with all required information. We raise a control deficiency in this area and include a recommendation to management within the action plan at Appendix B. Management uses a beacon basis for council dwelling valuation. There are approximately 90 beacon groups which are varied by another 200+ variants to reflect the various characteristics of the remaining dwellings. Detailed testing of the beacon groups was performed in 2021-22 with no issues noted. However, management has not updated or reviewed the beacon analysis since 2021-22 as part of their valuation exercise. We raise a control deficiency and made a recommendation to management within the action plan at Appendix B. 	Council

2. Financial statements – significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£242.4m as at 31 March 2024) and the sensitivity of the estimate to changes in key assumptions.</p> <p>The methods applied in the calculation of the IAS19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of Practice for Local Government Accounting. We have therefore concluded that there is not a significant risk of material misstatement in the IAS19 estimate due to the methods and models used in the actuary's calculation.</p> <p>The source data used by actuaries to produce the IAS19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on advice given by the actuary.</p> <p>A small change in the key assumptions can have a significant impact on the estimated IAS19 liability. In particular the discount and inflation rates, where our consulting actuary has indicated that a 0.1% change in these two assumptions would have approximately 2% effect on the liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimate due to the assumptions used in the actuary's calculation. With regard to these assumptions, we have therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement, and a key audit matter.</p>	<p>To address this risk, we:</p> <ul style="list-style-type: none"> updated our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluated the design of the associated controls; evaluated the instructions issued by management to their management expert (actuary) for this estimate and the scope of the actuary's work; assessed the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; and undertook procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performed any additional procedures suggested within the report. <p>Findings</p> <p>During the audit process we received updated guidance related to the financial reporting standard, IAS 19 and IFRIC 14. There is a requirement to recognise an additional liability in cases where agreed past service contributions could potentially lead to a future surplus that would not be available after being paid (e.g., in the form of a refund or reduction in future contributions). This means that an additional liability may need to be recorded even in situations where there is an IAS 19 deficit at the year-end.</p> <p>In response to this, we reviewed the accounting treatment and requested management obtain an IFRIC 14 assessment from their actuary. The actuary advised management of an additional liability of £75m at 31 March 2024. Due to the material change a prior period adjustment could be required, we therefore requested management to obtain IFRIC 14 assessments for the prior years as of 31 March 2022 and 31 March 2023. The actuary confirmed there was no additional liability to recognise for 2022-23. After performing additional audit procedures, we concur with the actuary's assessment.</p> <p>Our audit work in this area is complete. Apart from the adjustment required for the 2023-24 pension liability, we have not identified any other issues related to this risk.</p>	Council

2. Financial statements – other risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
<p>Fraud in expenditure recognition (completeness of non-pay expenditure)</p> <p>As most public bodies are net spending bodies, the risk of material misstatement due to fraud related to expenditure recognition may be greater than the risk of fraud related to revenue recognition.</p> <p>There is a risk the Council may manipulate expenditure to that budgeted by under-accruing non-pay expense incurred during the period or not record expenses accurately to improve financial results.</p> <p>In line with the Public Audit Forum Practice Note 10, having considered the risk in relation to fraud in expenditure recognition and the nature of the Council's expenditure streams, we determine that the risk of fraud arising from expenditure can be rebutted because:</p> <ul style="list-style-type: none"> • There is little incentive to manipulate expenditure recognition. • Opportunities to manipulate expenditure are very limited. • The culture and ethical framework of local authorities, including the London Borough of Brent, mean that all forms of fraud are seen as unacceptable. <p>However, we have identified that due to the level of estimation involved in manual accruals of expenditure, and the potential volume of large accruals at year-end, there is an increased risk of error in the completeness of expenditure recognition.</p>	<p>To address the risk, we:</p> <ul style="list-style-type: none"> • inspected transactions incurred around the end of the financial year to assess whether they had been included in the correct accounting period; • inspected a sample of accruals made at year-end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year-end. We also compared size and nature of accruals at year-end to the prior year to help ensure completeness of accrued items; and • investigated manual journals posted as part of the year-end accounts preparation that reduce expenditure, to assess whether there is appropriate supporting evidence for the transaction. <p>Findings</p> <p>We identified a sample error amounting to £14,351, where management recorded expenditure in the incorrect period. Although the amount is trivial, extrapolating the error results in a total extrapolated error of £1,080,619. While this does not necessitate an update to the financial statements, we recommend that management ensures expenses are recorded in the correct period. This adjustment has been reported as an unadjusted error in Appendix D.</p> <p>Our audit work in this area is complete, apart for the above error we have not identified any issues in respect of this risk.</p>	<p>Council</p>

2. Financial statements – key findings arising from group audit

Group structure and risk

The Council has prepared group financial statements that consolidate the financial information of:

- London Borough of Brent
- First Waves Limited
- I4B Holdings Limited
- LGA Digital Services Limited
- Barham Park Trust

The London Borough of Brent is the parent entity. None of the subsidiaries are individually material or significant to the group. We have carried out analytical procedures using the group materiality of £16.6m

The only significant risk which is relevant to the group is management override of controls, refer to page 11. All other significant risks identified relate to only the London Borough of Brent, the parent entity.

The component auditors are Grant Thornton UK LLP. We have not relied on the work of the component auditor as none of the subsidiaries are individually significant or material.

Commentary

To address the risk, we:

- obtained, documented and enhanced our understanding of the group, its components, and their control environments.
- obtained and documented an understanding of the consolidation process, including group-wide controls.
- audited the consolidated accounts by agreeing the financial information of each of the subsidiaries and the parent entity in the consolidation schedules to the individual entity financial statements or supporting entity records and testing the mathematical accuracy of the consolidating schedule.
- checked that material consolidation adjustments in the consolidation schedule are appropriate.
- performed analytical procedures at the group-level to check if there are any unusual or unexpected relationships indicating a previously unrecognised risk of material misstatement of the group financial statements.

Findings

As detailed on pages 4 and 5 of this report, we await the updated accounts of the subsidiaries from management and the changes to the Group financial statements. Our work in this area is ongoing.

2. Financial statements – key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Land and building valuations – £1,175.7m	<p>Other land and buildings (OLB) comprises £795.8m of specialised assets such as schools and libraries, which are required to be valued at depreciated replacement cost (DRC) at year-end, reflecting the cost of a modern equivalent asset necessary to deliver the same service provision. The remainder of other land and buildings (£302m) are not specialised in nature and are required to be valued at existing use in value at year-end. The Council engaged Wilks Head & Eve LLP (WHE) to complete the valuation of properties as at 1 April 2023 on a five-yearly cyclical basis. 68% of total assets were revalued during 2023-24. The assets not revalued in-year were indexed from their last valuation date to 31 March 2024.</p> <p>Management has not documented consideration of alternative estimates for the valuation of its land and buildings, and the modern equivalent assets used in the DRC valuations have not changed significantly, which is to be expected of the Council's OLB assets.</p> <p>Management considered the year-end value of the revalued properties and the potential valuation change in the assets revalued at 1 April 2023. This is based on the market review provided by the valuer as at 31 March 2024, to determine whether there has been a change in the total value of these properties. Management's assessment of assets revalued has identified no material change to the property values.</p> <p>The total year-end valuation of land and buildings was £1,175.7m, a net increase of £77.9m from 2022-23 (£1,097.8m).</p>	<p>WHE carried out a formal revaluation of OLB assets, based on the cyclical revaluation programme, as at 1 April 2023. The Council engaged its valuer to certify its indexation assessment of OLB assets to 31 March 2024.</p> <p>We have assessed the Council's valuer to be competent, independent and capable.</p> <p>Our work on this estimate includes:</p> <ul style="list-style-type: none"> checking the completeness and accuracy of the underlying information used to determine the valuation of land buildings; engaging our own valuer expert, Lambert Smith Hampton, to provide commentary on the instruction process for WHE, the valuation methodology and approach, and the resulting assumptions and any other relevant points; checking the reasonableness of the net increase in the valuation of land and buildings; and checking the adequacy of disclosure relating to the valuation of land and buildings in the financial statements. 	<p>● Grey</p>

Continued overleaf

Assessment

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

2. Financial statements – key judgements and estimates

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

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Land and building valuations – £1,175.7m		<p>Findings</p> <p>We recorded our findings within the significant risk section on pages 12 and 13.</p> <p>0.62 hectares in their valuation calculations instead of 0.82 hectares. As noted, Wilks Head and Eve (management's valuation expert) used an incorrect area of This 0.2 hectare difference results in an understatement in the asset value of £1.7m. This error has been reported as an unadjusted error in Appendix D.</p> <p>Overall, We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious</p>	<p>●</p> <p>Grey</p>

Page 104

Assessment

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

2. Financial statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Council dwelling valuation - £831.9m	<p>The Council owns 8,221 dwellings as at 31 March 2024 and is required to revalue these properties in accordance with DCLG's Stock Valuation for Resource Accounting guidance. The guidance requires the use of Beacon methodology, in which a detailed valuation of representative property types is then applied to similar properties. The Council conducted full revaluation of its housing stock as at 1 April 2021 using the Beacon methodology.</p> <p>Para 4.1.2.38 of CIPFA Code of Practice on Local Accounting 2023-24 states that 'a class of assets may be revalued on a rolling basis provided revaluation of the class of assets is completed within intervals of no more than five years. The current value of council dwellings is usually determined by appraisal of appropriate evidence that is normally undertaken by professionally qualified valuers.'</p> <p>The Council's valuer, Wilks, Head & Eve LLP (WHE), reviewed market changes from 1 April 2023 to 31 March 2024 to correctly state the value of HRA stock held by the Council during the financial period in current terms. The year-end valuation of Council Housing was £831.9m, a net increase of £4.8m from 2022-23 (£827.1m).</p> <p>The Code does not permit the use of indices as a means to adjust the carrying amount of asset, however the use of a professionally qualified valuer to certify the indexation within a short period (less than 5 years) is acceptable.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed the Council's valuer, WHE, to be competent, capable and objective. engaged our own valuer expert, Lambert Smith Hampton, to provide commentary on the instruction process for WHE, the valuation methodology and approach, and the resulting assumptions and any other relevant points. carried out completeness and accuracy testing of the underlying information provided to the valuer used to determine the estimate. checked the consistency of estimate against the Montagu Evans report 'Local Authority Benchmarking Report' dated 15 August 2023. conducted sample testing of Beacon properties to ensure representative properties were used in the valuation, with the valuations correctly applied to other similar properties; checked the reasonableness of the net movement in the valuation of council dwellings. checked the adequacy of disclosure of estimate in the financial statements. 	<p>● Grey</p>

Continued overleaf

Assessment

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

2. Financial statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Council dwelling valuation - £831.9m		<p>Findings</p> <p>We record our findings within the significant risk section on pages 14 and 15.</p> <p>As noted on page 15, management carried out additional valuation resulting in the net book value (NBV) of council dwellings being revised from £836.5m to £831.9m. Management are finalising the adjustment, and we will update our final report to show this error.</p> <p>We raised two control points as noted on page 15. The details of the control points and recommendations made are at Appendix B.</p>	<p>●</p> <p>Light purple</p>

Page 106

Assessment

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

2. Financial statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Valuation of Private Finance Initiative (PFI) assets - £95.7m	<p>The Council entered into three PFI projects which have generated assets to be used by the Council. These are:</p> <ul style="list-style-type: none"> A 25-year project to provide, operate and maintain a sports centre and related facilities in Wilsden with the legal title transferring to the Council at the end of the contract. A 20-year contract for the provision and maintenance of social housing, and replacement residential facilities for people with learning disabilities. The legal title transfers to the Council at the end of the contract. The Council also controls the residual value of 158 units of housing stock within this contract as it has guaranteed nomination rights. Provision and maintenance of social housing within Stonebridge. The inclusion of the block of flats within this contract was determined by a tenants' vote at the start of the contract. <p>In 2023-24, the Council engaged its valuer to conduct a market review report of the expected change in valuation of its PFI assets as at 31 March 2024. The market review report indexation expectation was certified by valuer WHE and used to revalue the PFI assets to 31 March 2024..</p> <p>The year-end valuation of the Council's PFI assets recognised on the balance sheet was £95.7m, a net increase of £1m from 2022-23 (£94.7m).</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed the Council's valuer, WHE, to be competent, capable and objective. engaged our own expert, Lambert Smith Hampton, to provide commentary on the instruction process for WHE, the valuation methodology and approach, and the resulting assumptions and any other relevant points. checked the reasonableness of the net in the valuation of PFI assets. checked the adequacy of disclosure of estimate in the financial statements. <p>Findings</p> <p>Our audit work in this area is complete, subject to review. We have not identified any issues in respect of this risk at this stage.</p>	<p>●</p> <p>Light purple</p>

Assessment

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2. Financial statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment																							
<p>Net pension liability – £167m</p>	<p>The Council's net pension liability at 31 March 2024 is £167m (PY £262m,) comprising the London Borough of Brent Local Government and unfunded defined benefit pension scheme obligations.</p> <p>The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years.</p> <p>The latest full actuarial valuation was completed in 2022. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There was a £89m net actuarial gain during 2023-24.</p>	<p>We have:</p> <ul style="list-style-type: none"> assessed the Council's actuary, Hymans Robertson, to be competent, capable and objective. performed additional tests in relation to accuracy of contribution figures, benefits paid, and investment returns to gain assurance over the 2022-23 roll forward calculation carried out by the actuary and have no issues to raise. used PwC as our auditor expert to assess the actuary and assumptions made by the actuary – see table below for our comparison of actuarial assumptions: <table border="1" data-bbox="817 798 1825 1364"> <thead> <tr> <th>Assumption</th> <th>Actuary Value</th> <th>PwC range</th> <th>Assessment</th> </tr> </thead> <tbody> <tr> <td>Discount rate</td> <td>4.80%</td> <td>4.80%</td> <td>●</td> </tr> <tr> <td>Pension increase rate</td> <td>2.80%</td> <td>2.80%</td> <td>●</td> </tr> <tr> <td>Salary growth</td> <td>3.10%</td> <td>3.10%</td> <td>●</td> </tr> <tr> <td>Life expectancy – Males currently aged 45/65</td> <td>Pensioners: 21.9 years Future pensioners: 22.9 years With a long term rate of improvement of 1.5% pa</td> <td rowspan="2">Figures within the IAS19 results schedule may now show individual employer level life expectancies. As a result of the significantly larger differences at individual employer level (in comparison to LGPS fund averages), the life expectancy ranges may now be significantly wider at both the lower and upper bounds. The potential difference in range can be around 8-10 years at the extremes of individual employer level life expectancies. PwC believes these are reasonable and robust approaches for IAS 19 reporting which give a reasonable best estimate of current mortality rates.</td> <td>●</td> </tr> <tr> <td>Life expectancy – Females currently aged 45/65</td> <td>Pensioners: 24.5 years Future pensioners: 25.8 years With a long term rate of improvement of 1.5% pa</td> <td>●</td> </tr> </tbody> </table>	Assumption	Actuary Value	PwC range	Assessment	Discount rate	4.80%	4.80%	●	Pension increase rate	2.80%	2.80%	●	Salary growth	3.10%	3.10%	●	Life expectancy – Males currently aged 45/65	Pensioners: 21.9 years Future pensioners: 22.9 years With a long term rate of improvement of 1.5% pa	Figures within the IAS19 results schedule may now show individual employer level life expectancies. As a result of the significantly larger differences at individual employer level (in comparison to LGPS fund averages), the life expectancy ranges may now be significantly wider at both the lower and upper bounds. The potential difference in range can be around 8-10 years at the extremes of individual employer level life expectancies. PwC believes these are reasonable and robust approaches for IAS 19 reporting which give a reasonable best estimate of current mortality rates.	●	Life expectancy – Females currently aged 45/65	Pensioners: 24.5 years Future pensioners: 25.8 years With a long term rate of improvement of 1.5% pa	●	<p>●</p> <p>Light purple</p>
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Assessment

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- Light purple – We consider management's process is appropriate and key assumptions are neither optimistic or cautious

2. Financial statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Net pension liability – £167m		<ul style="list-style-type: none"> checked the completeness and accuracy of the underlying information used to determine the net pension liability. confirmed there were no changes to valuation method. confirmed the reasonableness of the Council's share of LPS pension assets. checked the reasonableness of the increase in the net pension liability. we have checked the adequacy of disclosure of the net pension liabilities in the financial statements. <p>Findings</p> <p>During the audit process we received updated guidance related to IAS 19 and IFRIC 14. There is a requirement to recognise an additional liability in cases where agreed past service contributions could potentially lead to a future surplus that would not be available after being paid (e.g., in the form of a refund or reduction in future contributions). This means that an additional liability may need to be recorded even in situations where there is an IAS 19 deficit at the year-end.</p> <p>In response to this, we reviewed the accounting treatment and requested management obtain an IFRIC 14 assessment from their actuary. The actuary advised management of an additional liability of £75m at 31 March 2024. Due to the material change a prior period adjustment is required, we therefore requested management to obtain IFRIC 14 assessments for the prior years as of 31 March 2022 and 31 March 2023. The actuary confirmed to us that there is no additional liability for the 2023-24 year. We are satisfied with this conclusion.</p> <p>Apart from this issue, our audit work in this area is complete, and we have not identified any other issues related to this estimate.</p>	<p>●</p> <p>Light purple</p>

Page 109

Assessment

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2. Financial statements – key judgements and estimates

Significant judgement or estimate

Summary of management's approach

Audit comments

Assessment

Grant income recognition and presentation - £388.3m

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

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

The Council has acted as the principal and credited such grants, contributions and donations to the Comprehensive Income and Expenditure Statement for the following grants:

- DWP – Housing Benefit
- DfE/ESFA – Dedicated Schools Grant
- Business Rate Relief S31 Grant
- DCLG – Revenue Support Grant; Adult Social Care Support Grant; Revenue Support Grant; New Homes Bonus
- Adult Social Care – Improved Better Care Fund
- Home Office – Homes for Ukraine Scheme
- Council Tax Admin Grant
- Sales Fees and Charges Grant
- Disabled Facilities Grant

The Council recognised the following grants as agency transactions:

- Adult Social Care – Support Grant; Covid - 19 Infection Control Funding
- BEIS – Restart Grant
- DLUHC – Council Tax Energy Bill Rebate
- Energy Bills Support Scheme Alternative Funding
- Adult Social Care Rapid Testing Fund

Work performed during our audit covered the following:

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

Findings

Our audit work in this area is complete, subject to review, we have not identified any other issues related to this estimate.















Light purple

2. Financial statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
PFI liability - £24.8m	<p>The carrying amount of the Council's PFI liabilities at 31 March 2024 is £24.8m. The carrying amount of the associated lease liabilities as 31 March 2024 is £7.6m. The discount rate used for the fair values of finance lease assets and liabilities and PFI scheme liabilities is calculated by discounting the contractual cash flows at the market rate of borrowing with similar remaining terms to maturity on 31 March 2024 for the PFI agreements and the long-term inflation forecast for our lease agreements.</p> <p>In 2023-24 there was an in-year difference on the Brent Co-Efficient PFI, between the rent collected and the government PFI grant received, versus the unitary payments and base revenue costs. This difference amounted to £3.9m, which was released from the provision set aside for this purpose (a reduction in the provision). Furthermore, there was an indication that the provision required for the end of 2028-29 contract life needed to be increased by £6.1m.</p>	<ul style="list-style-type: none"> The draft financial statements includes an accounting policy for provisions and PFI schemes. The disclosure of the PFI liabilities within the financial statement is adequate. <p>Findings Our audit work in this area is complete, subject to review, and we have not identified any other issues related to this estimate.</p>	<p>● Light purple</p>
Minimum revenue provision (MRP) - £18.1m	<p>The Council is responsible, on an annual basis, for determining the amount charged for the repayment of debt known as its MRP. The basis for the charge is set out in regulations and statutory guidance.</p> <p>The Council's year-end MRP charge was £18.1m, a net decrease of £4.6m from 2022-23.</p>	<p>Whilst we are satisfied that the Council has approved its MRP Policy through appropriate governance structure, the Council will need to ensure that the MRP continues to be adequate in the context of increased borrowing.</p> <p>We have carried out the following work:</p> <ul style="list-style-type: none"> confirmed MRP has been calculated in line with the statutory guidance; confirmed the Council's policy on MRP complies with statutory guidance; and Assessed whether any changes to the Council's policy on MRP have been discussed and agreed with those charged with governance and have been approved by Full Council. <p>Findings Our audit work in this area is complete, subject to review, and we have not identified any other issues related to this estimate.</p>	<p>● Light purple</p>





2. Financial statements – information technology

This section provides an overview of results from our assessment of Information Technology (IT) environment and controls which included identifying risks from the use of IT related to business process controls relevant to the financial audit. This includes an overall IT General Control (ITGC) rating per IT system and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Change management	Batch scheduling	
Oracle Fusion*	Roll-forward ITGC assessment	 Red	 Red	 Green	 Green	Management override of control
Asset Management	ITGC assessment (design and implementation effectiveness only)	 Green	 Green	 Green	 Green	Valuation of other land and buildings Valuation of council dwellings
PAY 360	ITGC assessment (design and implementation effectiveness only)	 Green	 Green	 Green	 Green	Does not relate to a significant risk. It relates to cash.

*The significant deficiencies identified in our ITGC assessment have been carried forward from the prior year and resolved during the year. Please see control number 10 and 11 in appendix C (page 44) for our follow-up on prior year recommendations.

Assessment

-  **Red** – Significant deficiencies identified in IT controls relevant to the audit of financial statements
-  **Orange** – Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
-  **Green** – IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
-  **Grey** – Not in scope for testing

2. Financial statements – matters discussed with management

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

Significant matter	Commentary
Business conditions affecting the group or Council, and business plans and strategies that may affect the risks of material misstatement.	We have not identified any other such matters.
Concerns about management's consultations with other accountants on accounting or auditing matters.	From our work during the audit of the financial statements, and from discussions with management and those charged with governance, we are not aware that the Council has consulted with any other accountants.
Discussions or correspondence with management in connection with the initial or recurring appointment of the auditor regarding accounting practices, the application of auditing standards, or fees for audit or other services.	We have not identified any other such matters.
Significant matters on which there was disagreement with management, except for initial differences of opinion because of incomplete facts or preliminary information that are later resolved by the auditor obtaining additional relevant facts or information.	We have not identified any other such matters.
Prior year adjustments identified.	Following audit enquiries on OLB assets management identified a duplicate asset (value £26m) in the FAR. We are reviewing management's calculations and expect this could result in a prior period adjustment, refer to page 12 of the report.
Other matters that are significant to the oversight of the financial reporting process.	We have not identified any other such matters.

2. Financial statements – other communication requirements

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

Page 14

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit and Standards Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	We have requested a letter of representation from management. A copy is included in the Audit and Standards Advisory Committee papers.
Audit evidence and explanations	We have obtained all information and explanations requested from management to date.

2. Financial statements – other communication requirements

Issue	Commentary
Confirmation requests from third parties	<p>We requested from management permission to send confirmation requests to the Council's banking, investment and borrowing institutions. This permission was granted, and the requests were sent. All requests were returned with positive confirmation.</p> <p>We sent letters to those solicitors who worked with the group during the year. We received responses but with significant delays. We also received a challenge from solicitors that they will only respond about specific contingent liabilities. Subsequently, we performed alternate procedures and reviewed the Council's legal costs for the year to identify any material claims that could impact the 2023-24 period. Our review did not identify any material claims affecting 2023-24.</p>
Accounting practices	<p>We have evaluated the appropriateness of the Council's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements.</p>
Audit evidence and explanations/significant difficulties	<p>All information and explanations requested from management were provided. We acknowledge that the finance team worked hard and helped us along the way. We held weekly meetings with the finance team. Despite good engagement, we did face several challenges to complete this audit in line with the original timeframe agreed with management. Below is a summary of the issues faced:</p> <p>Property, plant and equipment (PPE)</p> <p>We experienced delays in receiving the PPE information. Although the valuer's reports for buildings and council dwellings were received on schedule, the detailed fixed asset register (FAR) was provided later on 11 July 2024. The FAR provided for audit did not align with the valuer's reports for land & buildings and council dwellings. Our audit procedures to reconcile the PPE note with the trial balance and the valuer's reports found that other land and building (OLB) assets of £18.27m were excluded from the FAR. When challenged, management explained that they were not satisfied with the valuation of those assets and therefore did not update their revalued amounts in the FAR. Consequently, these assets were depreciated a net book value basis rather than the revalued amounts.</p> <p>We also identified that council dwellings of £26.7m were not revalued. In raising this issue, management decided to revalue these assets due to their materiality. The final valuation report was provided on 27 September 2024 and necessitated significant changes to the PPE note.</p> <p>As a result of these issues, testing of the material PPE balances was significantly delayed, with substantial time spent investigating the differences at the outset – we held several meetings with management to resolve the issues. Furthermore, we found errors in the PPE note regarding PPE transfers, additions, and revaluations leading to multiple iterations of the disclosure, each requiring auditor review. We also identified material issues in the assets under construction balance, which led to increased audit testing.</p> <p>We obtained the impairment report from management on 3 October 2024 and conducted our testing of the related accounting procedures for revaluation reserves and the CIES. Following completion of our work, management pointed out that an incomplete report had been provided to us, and the audit work had to be redone.</p>
	<i>Continued overleaf</i>

2. Financial statements – other communication requirements

Issue	Commentary
Audit evidence and explanations/significant difficulties	<p>Another problem identified in the PPE note pertained to in-year disposals. The net book value of disposed assets was insignificant at £2.9m, however the gain on disposals disclosed was £22m. We deemed this to be highly unusual and of considerable materiality. We engaged in numerous meetings with management to understand the basis of the gain. Initially management provided several incorrect listings to support the gain. Upon further challenge it was discovered that management had not written off the net book value of two leased assets, Neville House & Peel Phase 4, resulting in the sale proceeds being recognised in full, instead of the actual gain on disposal. This caused an overstatement of £10.5m in the financial statements, refer to page 45 of this report for detail. We held multiple meetings with management to resolve the issue.</p> <p>The PPE issues described resulted in increased time spent testing and resolving the problems. We have had to allocate additional time for team members to complete the PPE work. We have also raised a control point on the same matter, detailed on Appendix B of this report. These additional efforts have led to an increase in the fee, as outlined on page 59 of this report. Further findings since recommencing PPE work in December 2024 are noted in blue text on pages 12-15 of this report.</p> <p>Bank reconciliation statements (BRS)</p> <p>One of our audit procedures for cash and cash equivalents is to understand and test the bank reconciliation statements to identify and test any reconciling items. We observed discrepancies between the Council's bank statements and the general ledger. We noted that the general ledger balance for the bank accounts did not match the general ledger bank balance in the BRS. This was brought to management's attention at the start of the audit. It took a significant amount of time for management to respond to our queries regarding the BRS. Management asserted that the reports had been prepared/extracted on an incorrect date, leading to an incorrect general ledger balance in the BRS. We received a revised BRS where the BRS general ledger balance was changed to match the trial balance without updating reconciling differences. This prompted further queries from audit as the reconciling differences were significant and lacked supporting evidence.</p> <p>After several meetings with management, it was determined that the BRS was not accurate but deemed acceptable as we were able to test the material reconciling items. We have raised a control point regarding the need for management to prepare accurate BRS and review the reconciling items, as detailed on Appendix B. This additional audit work has resulted in an increased fee, as outlined on page 59.</p> <p>Payroll – change in circumstances (CiC) testing</p> <p>To conduct our planned substantive analytical procedures for employee benefit expenditure, we rely on the Council's full time equivalent (FTE) reports by carrying out testing of new joiners, leavers, and FTE changes in circumstance throughout the year – this gives us assurance that the FTE reports are accurate. In our CiC testing we discovered an incorrect FTE number in one of the samples. After several discussions with management, we found that the report provided to audit was inaccurate with incorrect parameters used. Management subsequently provided a revised report with the correct parameters, and the audit work was reperformed. We subsequently identified a new and confirmed error in our testing and had to extend our testing selecting an additional sample of FTE CiCs. We engaged in extensive back-and-forth communication with management and the payroll team, as we initially were not provided with sufficient or adequate evidence to complete our work. No further errors were identified by the audit team, leading us to conclude that we could rely on the FTE reports for our analytical procedures. This issue resulted in a significant amount of time being spent on the payroll CiC testing, delaying our other payroll procedures. Due to the additional time expended, we have proposed an increased fee, as detailed on page 59.</p>

2. Financial statements – other communication requirements

Issue	Commentary
<p>Audit evidence and explanations/significant difficulties</p>	<p>Quality of the financial statements and supporting evidence</p> <p>The draft financial statements included numerous disclosure errors, outlined in Appendix D. A technical review of the draft financial statements was carried out by Grant Thornton which resulted in over forty areas of concern regarding the preparation of the financial statements. The primary areas of deficiency were the movement in reserve statements for the Council and group, the cash flow statement, and disclosure notes. Due to the magnitude of the identified issues, management took time to address the issues raised, and the audit team needed to allocate time to review proposed adjustments.</p> <p>During the audit we encountered delays in acquiring adequate and relevant audit evidence in some areas, such as payroll change in circumstances evidences, correct version of fixed asset register, and the adequacy of supporting evidence for journals income and expenditure completeness.</p> <p>Other areas</p> <p>We encountered various other challenges throughout the audit. Notable areas of difficulty included:</p> <ul style="list-style-type: none"> • Delays in our operating expenditure and completeness testing due to late provision of transaction listings and inadequate supporting evidence. Our completeness testing for expenditure commenced in July 2024 and was not concluded until October 2024 as we engaged in extensive back-and-forth discussions with management regarding the quality of the evidence. • We were held up in our testing of grants in advance due to discrepancies between the workpaper provided and the statement of accounts. The differences needed to be resolved before we commenced testing. • Late provision of creditors and debtors' listings; and • The Movement in Reserves Statement checker tool was inaccurately prepared by management. Our questioning prompted management to prepare a revised version, which still contained inaccuracies, necessitating explanations from management regarding the discrepancies. <p>We communicated with management that we expected our audit fieldwork to substantially complete by the middle of September 2024. However, due to the challenges encountered and the issues identified we required additional audit resources to finalise the audit. Consequently, this has led to the need for additional audit fees, as set out in Appendix E.</p>

2. Financial statements – other communication requirements



Our responsibility

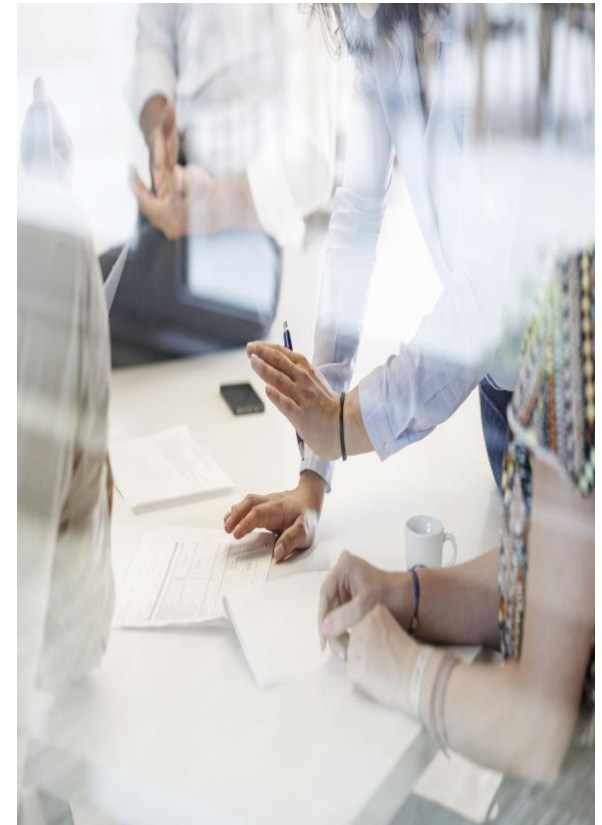
As auditors, we are required to “obtain sufficient appropriate audit evidence about the appropriateness of management’s use of the going concern assumption in the preparation and presentation of the financial statements and to conclude whether there is a material uncertainty about the entity’s ability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

Page 118

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

2. Financial statements – other responsibilities under the Code

Issue	Commentary
Specified procedures for Whole of Government Accounts	<p>We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions.</p> <p>Note that detailed work is not required as the Council does not exceed the threshold.</p>
Other information	<p>We are required to give an opinion on whether the other information published together with the audited financial statements including the Annual Governance Statement, Narrative Report and Pension Fund financial statements, is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.</p> <p>Our work on this is still in progress.</p>
Matters on which we report by exception	<p>We are required to report on a number of matters by exception in a number of areas:</p> <ul style="list-style-type: none"> • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit; • if we have applied any of our statutory powers or duties; or • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. <p>We have identified a risk of significant weakness in the Council’s arrangements in relation to financial sustainability. Please refer to page 37 for detail.</p>
Certification of the closure of the audit	<p>We have received communication from the NAO who have requested us to hold open audit certificates, even where the audit is below threshold, pending completion of their own whole of government accounts work. This means that from here on, we should hold open all local government certificates for 2023-24 until the NAO advises otherwise. The audit certificate will be delayed for this reason.</p>



2. Financial statements – new issues and risks

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan.

Issue	Commentary	Auditor view
<p>IFRS 16 implementation</p> <p>Following consultation and agreement by the Financial Reporting Advisory Board, the Code will provide for authorities to opt to apply IFRS 16 in advance of the revised implementation date of 1 April 2024. In advance of this standard coming into effect, we would expect audited bodies to disclose the title of the standard, the date of initial application and the nature of the changes in accounting policy for leases, along with the estimated impact of IFRS 16 on the accounts.</p>	<p>The Council did not opt to adopt IFRS 16 early and will implement for the 2024-25. financial year.</p> <p>As at 31 March 2024, the Council had not made an assessment of the estimated impact of IFRS 16 on the 2024-25 accounts. They are in the process of identifying those leases where the Council is acting as lessee that will be accounted for under IFRS 16 and are also considering their approach to applying recognition exemptions on short-term and low value leases. As they are still ensuring the completeness of their records and lease document, they are unable to reasonably estimate the impact of IFRS 16.</p> <p>The Council is confident that it has adequate solutions in place to meet the Code requirements in terms of IFRS 16 adoption in 2024-25 accounts.</p>	<p>We are of view that the Council met the requirements of the Code in terms of the required minimum disclosures for IFRS 16 in the 2023-24 accounts.</p> <p>Whilst the Council is confident that appropriate plans are in place relating to IFRS 16 adoption in 2024-25, we recommend that the Council ensure preparations are progressed as early as possible to meet the requirements of CIPFA Code for accounts preparation.</p>

3. Value for Money arrangements (VFM)

Approach to Value for Money work for 2023-24

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

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

Page 121



Improving economy, efficiency and effectiveness

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



Financial Sustainability

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



Governance

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

Potential types of recommendations

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



Statutory recommendation

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



Key recommendation

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



Improvement recommendation

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

3. VFM – our procedures and conclusions

We have completed our VFM work and our detailed commentary is set out in the separate Auditor’s Annual Report, which is presented alongside this Audit Findings Report.

As part of our work, we considered whether there were any significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. The significant weakness we identified is detailed in the table below, along with the procedures we performed and our conclusions. Our auditor’s report will make reference to this significant weakness in arrangements, as required by the Code, see Appendix F.

Significant weakness identified	Procedures undertaken	Conclusion	Outcome
<p>Financial sustainability – use of reserves</p> <p>The use of £13.5m of reserves to balance the revenue budget in 2023-24, ongoing financial pressures (particularly in regard to homelessness), forecast overspend of £16m in 2024-25, further forecast budget gaps of £16m in 2025-26 and £7m in each FY of 2026-27 and 2027-28, and the Future Funding Risk Reserve balance being only £10m at July 2024 represents a risk of significant weakness in financial sustainability.</p>	<p>Review of finance reports in 2023-24 and 2024-25 indicates that the Council is drawing heavily on reserves to manage unplanned expenditure. This is not sustainable.</p>	<p>Significant weakness raised in respect of ensuring the Council does not continue its use of reserves to meet unplanned expenditure.</p>	<p>Key recommendation</p> <p>To avoid financial crisis and the risk of issuing a Section 114 notice or request Exceptional Financial Support, the Council needs to urgently take the difficult decisions needed to ensure that a realistic budget can be set for 2025-26 and that this can be delivered without the need to further draw on reserves.</p>

4. Independence considerations

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

- We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.
- Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix E.

Transparency

Grant Thornton publishes an annual Transparency Report, which sets out details of the action we have taken over the past year to improve audit quality as well as the results of internal and external quality inspections. For more details see [Grant Thornton International Transparency report 2023](#).

Audit and non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the group. No non-audit services were identified which were charged from the beginning of the financial year to October 2024, as well as the threats to our independence and safeguards that have been applied to mitigate these threats.

Service	Fees £	Threats identified	Safeguards
Audit-related			
Housing Benefits Assurance Process	£32,400 plus day rate for additional work required.	Self-interest because this is a recurring fee	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £32,400 in comparison to the total fee for the audit of £515k and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review because GT provides audit services	To mitigate against the self-review threat, the timing of certification work is done after the audit is complete, materiality of the amounts involved to our opinion and unlikelihood of material errors arising, and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.
Certification of Teachers' Pension Return	£10,000	Self-interest because this is a recurring fee	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £515k and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review because GT provides audit services	To mitigate against the self-review threat, the timing of certification work is done after the audit is complete, materiality of the amounts involved to our opinion and unlikelihood of material errors arising, and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

4. Independence and ethics

Service	Fees £	Threats identified	Safeguards
Audit-related			
Certification of Pooling of Housing Capital receipts return	10,000	Self-interest because this is a recurring fee	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £515k and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
		Self-review (because GT provides audit services)	To mitigate against the self-review threat, the timing of certification work is done after the audit is complete, materiality of the amounts involved to our opinion and unlikelihood of material errors arising, and the Council has informed management who will decide whether to amend returns for our findings and agree the accuracy of our reports on grants.

Page 124

As part of our assessment of our independence we note the following matters:

Matter	Conclusion
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the group or investments in the group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the group.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the group's board, senior management or staff.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person and network firms have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Appendices

- A. Communication of audit matters to those charged with governance
- B. Action plan – audit of financial statements
- C. Follow up of prior year recommendations
- D. Audit adjustments
- E. Fees and non-audit services
- F. DRAFT audit opinion

A. Communication of audit matters to those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
Confirmation of independence and objectivity	•	•
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence.	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	•	•
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

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

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, we are also required to distribute our findings to those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report to all those charged with governance.

B. Action plan – audit of financial statements

We have identified three recommendations for the Council as a result of issues identified during the course of our audit. We have agreed our recommendations with management, and we will report on progress on these recommendations during the course of the 2024-25 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Medium	<p>1. FTE changes in circumstances (CiC)</p> <p>In the prior year, in our CiC testing we identified one case which was a valid change but missed the appropriate approval. We raised a management action point (control weakness) which can be found on page 43 of this report.</p> <p>Similarly, in the current year we tested 12 samples of FTE CiCs. We identified an incorrect FTE number in one of the samples. After several discussions with management, we found the report provided to audit team was inaccurate, with incorrect parameters used. Management subsequently provided a revised report with the correct parameters, and our testing was re-performed where we identified a new error. As a result, we needed to extend our testing, selecting an additional 14 samples. We found no errors in the additional sample, leading us to conclude that we could rely on FTE reports for our payroll substantive analytical procedures. Refer to page 27 of this report for further detail.</p> <p>Risk – If proper protocols are not followed and the HR system is not updated in a timely manner, the FTE report may be inaccurate resulting in incorrect employee benefits paid and incorrect records maintained.</p>	<p>Management should review FTE reports to ensure that the FTE CiCs are updated a timely and accurate manner.</p> <p>Management response</p> <p>We will update the report, and sample test it to verify that it works as intended.</p>

Page 127

Controls

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

B. Action plan – audit of financial statements

Assessment	Issue and risk	Recommendations
Medium	<p>2. Property, plant and equipment (PPE)</p> <p>On examining the FAR and conducting audit procedures to reconcile the PPE note in the financial statements with the trial balance and the valuer's report, we found that management had not included OLB assets amounting to £18.5m in the FAR, as indicated in the valuer's report. When challenged, management explained that they were not satisfied with the valuation of those assets and therefore did not update their revalued amounts in the FAR refer to page 12 for detail.</p> <p>We also identified that council dwellings of £26.7m were not revalued in-year. In raising this issue, management decided to revalue these assets due to their materiality. The FAR and PPE note were updated on receipt of the final valuation report and necessitated significant changes to the PPE note, refer to page 27 for detail.</p> <p>Furthermore, we found errors in the PPE note regarding PPE transfers, additions, and revaluations leading to multiple iterations of the disclosure. We also identified material issues in the assets under construction balance. Refer to Appendix D for detail of adjustments made in these areas.</p> <p>We have also reported errors in relation to the disclosed gain on disposal, with an overstatement of £10.5m in the financial statements, refer to page 45 of this report for detail.</p> <p>Risk – Incorrect PPE valuations and errors within PPE transfers, additions, disposals and assets under construction can result in material inaccuracies within the PPE note and Balance Sheet.</p>	<p>A detailed reconciliation, by asset category, must be performed on a regular (monthly or quarterly) basis between the FAR and general ledger, with a full reconciliation of both at year-end to the valuer's reports. This will ensure any discrepancies or inconsistencies between the FAR, ledger and valuer reports are identified and resolved in a timely manner.</p> <p>Management response</p> <p>We are working with the council's Geographic Information System experts to utilise the Unique Property Reference Number (UPRN) and Unique Building Reference Number (UBRN), which are part of a national scheme supported by Ordnance Survey to give properties unique references, to ensure that all our properties have the Asset manager have the correct UPRN to reduce the risk of duplicate assets. It is planned to reconcile the Asset register with the official list of UPRNs.</p> <p>We are also developing a policy for the key staff who feed information into the valuation to improve the quality of information they supply for the valuation. It is anticipated that these key staff will need to review the information they provide us every quarter, to ensure that this is up to date and readily available at year end. This will include recording UPRNs and UBRNs for capital expenditure.</p>
Medium	<p>3. Bank reconciliation statements (BRS)</p> <p>We observed discrepancies between the Council's bank statements and the general ledger. We noted that the general ledger balance for the bank accounts did not match the general ledger bank balance in the BRS.</p> <p>Risk – If the BRS is not correctly prepared it may lead to material issues and unexplained reconciling items.</p>	<p>The preparation basis of the BRS should be reviewed in detail with monthly reconciliations to investigate any reconciling items.</p> <p>Management response</p> <p>We are putting in additional controls in Oracle to reduce to the risk of items being incorrectly coded to Cash and Cash Equivalents. For the 2024-25, one team will be responsible for ensuring that all cash and cash equivalents have been reconciled.</p>

Controls

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

B. Action plan – audit of financial statements

Assessment	Issue and risk	Recommendations
High	<p>4. Property, plant and equipment (PPE) – valuation of PPE</p> <p>We identified several errors within PPE in relation to the reconciliation between the fixed asset register (FAR) and the valuation reports, and there been adjustments to addition and disposals. In addition, management revalued assets during the audit that were initially missed from the valuation process.</p> <p>Risk – Weakness in the PPE valuation process increases the risk of misstatements in the financial statements. This causes delays to the audit and also takes up considerable officer time in resolving errors and issues identified.</p>	<p>Management must strengthen the PPE valuation process to ensure accuracy of financial reporting.</p> <p>We recommend that:</p> <ol style="list-style-type: none"> 1. Management carries out the PPE valuation at as at 31 March (financial year-end) rather than as at 1 April. 2. There must be a coordinated effort by both the finance and estate teams to ensure that all assets requiring revaluation are correctly identified and for the valuer to be provided with all required information. 3. Management needs robust review procedures to be in place to ensure that the FAR reconciles with the valuation report and with the financial statements. 4. Management must check that other linked balances (additions, disposals, revaluation reserve, surplus or deficits on the revaluation reserve, gains or losses on assets disposals) are consistent with the PPE note and consistent with the fixed asset register where applicable. <p>Management response Pending management response</p>

Page 129

Controls

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

B. Action plan – audit of financial statements

Assessment	Issue and risk	Recommendations
Medium	<p>5. Council dwellings</p> <p>Management uses a beacon basis for council dwelling valuation. There are approximately 90 beacon groups which are varied by another 200+ variants to reflect the various characteristics of the remaining dwellings. Detailed testing of the beacon groups was performed in 2021-22 with no issues noted. However, management has not updated or reviewed the beacon analysis since 2021-22 as part of their valuation exercise.</p> <p>Risk – Failing to update or review the beacon analysis as part of the valuation exercise poses risk of inaccurate valuation and could result in material inaccuracies within the PPE note and Balance Sheet.</p>	<p>Management should regularly update and review their beacon analysis as part of the council dwellings valuation exercise. This would provide assurance that net book value of council dwellings is not materially different from the current value.</p> <p>Management response Pending management response</p>

Page 130

Controls

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

C. Follow up of prior year recommendations

We identified the following issues in the London Borough of Brent Council's 2022-23 financial statements audit, which resulted in 13 recommendations being reported in our 2022-23 Audit Findings Report. We have followed up the implementation of our recommendations and note 09 are in progress to be completed.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue-management response
✓	<p>1. Year-end housing benefit (HB) debtors</p> <p>In our testing of HB debtors, we were provided with a report as at 26 June 2023, from which unrecoverable debt and debtors raised between 1 April 2022 and 26 June 2023 were removed to reconcile to the HB debtor balance at 31 March 2023. The Council struggled to provide us with the report as it needed to rely on a third party to get the information. We also identified 1 error from the 6 samples tested which brought the reliability of the report into question. We did not encounter this issue in the current year.</p> <p>Risk – There is a risk that inaccurate reports may lead to material misstatements on the financial statements.</p>	<p>The Housing Benefit Overpayments team engaged the third-party provider, NEC, to carry out a health check of the system. Following this health check, the team have set up a schedule for running the required reports on a monthly basis. As such the balance at 31 March 2024 was based on the reports run at the same date. At this date it remained necessary to separately remove the 'unrecoverable debts' from the debtor balance, which are obtained from a separate system report at that date. Work is ongoing between the Housing Benefit Overpayments team and the Finance team to write off any debts that are unrecoverable and align the debtor balance with the balance on the NEC reports.</p>
✓	<p>2. Journal users</p> <p>We identified that a significant number and value of journals are processed by a relatively high number of users (60 users) during the year.</p> <p>Risk – This represents an enhanced risk of error and fraud. It also indicates inefficiency in the Council's processes around processing financial transactions.</p>	<p>A review of the de minimus value has been undertaken through the year and agreed at £10k to help reduce the quantum of journals produced across teams. A journal sample exercise was undertaken during February to review the quality of working papers and revised expectations of journal workings has been established. To ensure business continuity the number of users who have access to process journals has been retained.</p>
✓	<p>3. Council tax direct debit journals</p> <p>We observed download of the general ledger monthly transactions as part of our journal testing. The number of journals raised in November was considerably larger than the other months. This caused a number of issues with the journal listing not being exported correctly and required support from our digital audit team. The reason for this was caused by the fact that council tax direct debit journals for April to October 2023 were all created in November 2023. We have understood from the Council that this was a one-time experiment which will not be repeated.</p>	<p>Although the number of journals raised in November 2022 was considerably larger than the other months in the period due to a number of factors, since then throughout 2023-24 the number of journals has remained consistent across all months, and we will continue to look to ensure that all journals are processed in each period that they relate to.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>4. Accruals</p> <p>We identified 3 errors in our initial accruals testing. We extended our testing and identified 2 more errors. The associated extrapolated error of £1.29m was derived from the total sample error of £0.256m and recorded as an unadjusted error for 2022-23. The 5 erroneous accruals were processed by different individuals.</p> <p>Risk – We were satisfied that the 2022-23 accruals balance was not materially misstated, but the Council needs to ensure that accruals are based on the best available and reliable information to avoid a material misstatement in the future.</p>	<p>Targeted work was conducted with the teams working with Wates prior to financial year-end to ensure expenditure was reported in the correct period. Third party evidence was also obtained to validate this. More widely, capital project managers have received additional support throughout the year-end to set out the requirements of reporting expenditure in the correct period.</p>
X	<p>5. Accuracy of fixed asset register (FAR)</p> <p>The FAR a high number of vehicle, plant and equipment assets in the fixed asset register which had gross book values brought forward and nil carry forward values with no movement in the year. In testing a sample of 5 assets, the Council could not locate 4 assets. The 5th asset was located but it had no value in the FAR.</p> <p>The assets have no net carry forward value and do not impact the PPE balance included in the Balance Sheet, however the gross book value of these assets is overstated. A control recommendation was raised.</p>	<p>We are part way through a comprehensive review of Asset manager, and prioritised higher value assets in 2023-24 that needed re-valuation, we are currently reviewing zero NBV assets.</p>
X	<p>6. Intangible assets (ITAs) – useful lives</p> <p>We identified that some ITAs within the FAR have useful economic lives (UEL) of 0, 10 or 50 years, however the Council's accounting policy on the amortisation of ITAs, sets out the UEL of ITAs to be within the range of 5-7 years. We challenged management and it was accepted that the UEL of 0 is incorrectly recorded. The UEL of 10 years relates to software and the UEL of 50 years relates to a PFI asset, both are within the UEL expected range for the types of asset.</p> <p>Risk – The inconsistency between the ITA UELs in the FAR and the accounting policy results in 52% of ITAs in the FAR being out of range with ITA accounting policy UELs. We estimate that the difference in the UEL resulted in a £1.2m variance between the expected and actual ITA amortisation cost for 2022-23 – this is not significant and for the purposes of analytical review the variance is acceptable, however if management do not update the FAR data and clarify the accounting policy, this could result in a material difference in future.</p>	<p>We are part way through a comprehensive review of Asset manager, and prioritised higher value assets in 2023-24 that needed re-valuation, we are currently reviewing this.</p>

Assessment

✓ Action completed

X Not yet addressed

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C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>7. PFI model</p> <p>We identified that the PFI unitary payments, split into payments for finance and operating, were incorrectly recorded on the PFI model, even though the actual unitary payments in the accounts is correct for 2022-23 as it is based on the actual accommodation rates.</p> <p>We also identified during PFI provisions testing that the long-term provision in the PFI model did not agree with the long-term PFI provisions in the accounts.</p> <p>We gained assurance over the correct closing balance figure and the draft accounts and trial balance are correct, it is the PFI model and working paper that is not correct, and there is no impact on the accounts. Management confirmed that the correct opening balance figure will be used for the 2023-24 model. We have spoken internally to the GT PFI modelling team who confirmed that this is a closing balance adjustment and therefore no further work is needed. We have raised a control deficiency that the PFI modelling team and provisions team must confirm their figures with each other before they complete the PFI model.</p>	<p>The review of the financial models was completed promptly and involved assessment by both the Capital and Revenue team, to ensure this was updated on a timely basis. This was carried out during the year but also as part of the closure of the accounts.</p>
✓	<p>8. Misclassification of finance leases</p> <p>We identified that some finance leases were misclassified as operating leases. We also identified leases which were duplicated in both the operating lease and finance lease listings.</p> <p>Risk – If the listings for operating and finance lease are not updated the incorrect information will feed into the accounts which can lead to errors in the leases note.</p>	<p>A unique identifier was attributed to each lease on the database as well as consolidation across both the operational and finance leases to avoid duplication.</p>
✓	<p>9. FTE changes in circumstances (CiC) testing</p> <p>In a sample of 12 FTE CiC cases tested, we identified one case which was a valid CiC however it was missing the appropriate approval.</p> <p>Risk – If the approval process for CiC is not followed this can result in unapproved changes of employees' circumstances on the system.</p>	<p>Oracle system approval workflow in place for any change in circumstances that are initiated by line managers. This is routed to the relevant Head of Service (or above) and then through to Payroll to check and implement. In these situations, notifications to employees are routed to the employee and personnel filing to save on record and audit history is available on the employee assignment screen.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>10. Segregation of duties (SoD) conflicts between finance/payroll and system administration roles in Oracle Cloud</p> <p>IT audit identified that a Senior Finance Analyst had access to the Application Implementation Consultant role.</p> <p>11. Excessive access assigned to HR and payroll system users</p> <p>IT audit identified 19 members of the Payroll, Learning and Development, and Training teams assigned access to the Brent HCM Application Administrator security role. The Council informed our IT team that the role is required to enable system configuration to be undertaken as part of this team, such as for pay awards and performance enrolments. The Brent HCM Application Administrator role provides these individuals with significant levels of access, enabling them to alter system behaviour and create workers in Oracle Cloud.</p> <p>12. Seeded roles with SoD conflicts</p> <p>IT audit identified that the Council has cloned seeded roles provided by Oracle for use in day-to-day operations. Of these cloned seeded roles, it was identified that the Brent Collections Debt Manager (as well as the seeded Collections Manager role) contain the following privileges which allow a user to alter system behaviour and security:</p> <ul style="list-style-type: none"> - FND_APP_MANAGE_DATA_SECURITY_POLICY_PRIV - FND_APP_MANAGE_PROFILE_OPTION_PRIV - FND_APP_MANAGE_PROFILE_CATEGORY_PRIV - FND_APP_MANAGE_TAXONOMY_PRIV - FND_APP_MANAGE_DATABASE_RESOURCE_PRIV <p>Risk – Bypass of system enforced internal control mechanisms through inappropriate use of administrative access rights increases the risk of financial misstatement through fraud or error, as a result of users making unauthorised changes to transactions and system configuration parameters.</p>	<p>10 - The Application Implementation Administrator role has been removed from the 2 accounts mentioned, leaving the IT Security Manager role only, due to the nature of work supporting the Oracle Application.</p> <p>11 - This role has been removed from 3 user accounts within Learning and Development who do not sit in the Payroll Oracle support Team or the Oracle Support Team. This custom role is required by the Payroll team as they support the system as well as create workers as part the set up for new employees due to segregation of duties between HR and Payroll. Control has now been introduced to review everyone who has this role on a quarterly basis.</p> <p>12 – We have removed access for individuals to the Collections Manager role and have removed the privileges identified above from the Brent Collections Debt Manager Role. Subsequent to IT Audit’s review, they confirmed that Council have removed access for individuals to the Collections Manager role and have removed the privileges identified above from the Brent Collections Debt Manager Role.</p>
✓	<p>13. Lack of audit logging for configurations in Oracle Cloud</p> <p>IT audit noted that the Council implemented audit logging for some areas however, this does not include key system configurations such as the AP_SYSTEM_PARAMETERS_ALL table.</p> <p>Risk – Not enabling and monitoring audit logs increases the risk that unauthorised system configuration and data changes made using privileged accounts will not be detected by management, which could impact the security of Oracle Cloud and the integrity of the underlying database.</p>	<p>Audit logging has been reviewed with service leads across all financially critical areas and has been found to be sufficient.</p>

D. Audit adjustments

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

Impact of adjusted misstatements

All adjusted misstatements are set out in detail below along with the impact on the key statements and the reported net expenditure for the year ending 31 March 2024.

Detail	Comprehensive Income and Expenditure Statement (CIES) £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on General Fund £000
Gain on disposal				
The £22.5m gain on disposal includes £10.5m sales proceeds for two leased assets, Neville House & Peel Phase 4,				
Dr. CIES Gains/ Loss on disposal £10.5m	10,500			
Cr. Assets Under Construction £10.5m		(10,500)		
Dr. Capital Adjustment Account £10.5m		10,500	10,500	
Cr. General fund Movement in Reserves £10.5m		(10,500)		
Bank reconciliation statements				
Our review of account number 76700712 identified that there were transactions (money) of £1.5m received pre-year-end but not reversed from the debtor balance.				
Dr. Bank		1,480		
Cr. Debtors		(1,480)		
Lease prepayment				
A lease prepayment of £1,298,487 was originally input in 2013-14 and not the following year. The error results from a specific calculation arising from the PFI models, relating to the share of the unitary payment set aside for lifecycle costs, but not yet utilised.				
Dr. Expenditure £1.3m	1,298		1,298	
Cr. Prepayments £1.3m		(1,298)		

D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement (CIES) £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on General Fund £000
Short-term debtors				
<p>During the reconciliation of debtor listings with the financial statements, a discrepancy of £4.3 million was identified. This amount pertained to Peel Phase 3 Land receipts, under invoice number 900874283, dated 18 October 2023. The payment, received on 27 November 2023, was erroneously recorded as a debtor. Additionally, it was observed that the received amount was incorrectly classified as a gain on the disposal of Property, Plant, and Equipment (PPE). The lease receipt was mistakenly recorded as a gain, as it was deposited in the bank during the 2023-24 financial year.</p>				
			16,992	
<i>Dr. Expenditure £12.7m</i>	12,744			
<i>Dr. Gain on Disposal £4.3m</i>	4,248			
<i>Cr. Short term debtors £4.3m</i>		(4,248)		
<i>Cr. Capital Receipts Reserve £4.3m</i>		(4,248)		
<i>Cr. General fund Movement in Reserves £8.5m</i>		(8,496)		
Onerous Pension Liability – IFRIC 14				
<p>There is a requirement to recognise an additional liability in cases where agreed past service contributions could potentially lead to a future surplus that would not be available after being paid. The actuary confirms there is an additional £75m liability to recognise at 31 March 2024.</p>				
<i>Dr. CIES £75m</i>	75,000		75,000	
<i>Cr. Pension Liability £75m</i>		(75,000)		

D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement (CIES) £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on General Fund £000
PFI provision				
<p>The PFI Provision balance, disclosed in the financial statements amounting to £11.9 million. Upon challenge to management regarding the basis of provision, it was identified that the amount was incorrectly recorded. Upon review of the PFI model, management stated that a comparison was made between the forecasted contribution by the local authority and the forecasted contribution in the financial model. The actual amount that should have been recorded was £6.7m. The discrepancy between the model and the forecast is attributed to changes in rent policy and inflationary assumptions, in accordance with CIPFA Code guidance.</p>				
The adjustment is made as follows:				
Dr. PFI Provision £5.1m		5,100		
Cr. Smoothing Reserves £5.1m		(5,100)		
Total	£103,790	(£103,790)	£103,790	nil

D. Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified during the 2023-24 audit which have not been made within the final set of financial statements. The Audit and Standards Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on General Fund £000	Reason for not adjusting
<p>Operating expenditure cut-off</p> <p>We identified One sample error amounting to £14,351 due to expenditure being recorded in the wrong period or accidental payments not subsequently reversed. The total testing error extrapolated to an expenditure overstatement of £1,080,619.82.</p> <p>Dr. Creditors £1.08m</p> <p>Cr. Expenditure £1.08m</p>	(1,081)	1,081	(1,081)		Projected misstatement. The factual error is trivial.
<p>Property, Plant & Equipment</p> <p>In reconciling the fixed asset register (FAR) with the revised valuer's report, a discrepancy of £3.2m was identified. Management is unable to provide justification or rectify the difference.</p> <p>Dr. Property, Plant & Expenditure £3.225m</p> <p>Cr. Revaluation Reserve £3.225m</p>		3,225	(3,225)		Not material

D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on General Fund £000	Reason for not adjusting
Cash & Cash Equivalents We identified a cumulative unreconciled difference of £0.891m between the bank balance per the general ledger/trial balance and the bank confirmations. <i>Dr. Cash & Cash Equivalents £0.891m</i> <i>Cr. Receivables £0.891m</i>		£891 (£891)			Not material
Property, Plant & Equipment The valuer used an incorrect area of 0.62 hectares in the valuation calculations instead of the correct area of 0.82 hectares. This 0.2 hectare difference results in an understatement in the asset value of £1.7m. <i>Dr. Property, Plant & Equipment £1.7m</i> <i>Cr. Revaluation Reserve £1.7m</i>		1,700 (1,700)			Not Material
Short-term Creditors We found that 4 of our samples were not actually a creditor. We identified a factual misstatement of £253,519. After extrapolating these errors, we projected an overstatement of £3,184,603. <i>Dr. Short-term Creditors £3.185m</i> <i>Cr. CIES £3.185m</i>	(3,185)	3,185	(3,185)		Projected misstatement. The factual error is trivial.
Total	(£4,266)	£4,266	(£4,266)	£nil	

D. Audit adjustments

Misclassification and disclosure changes

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

Disclosure / Issue / Omission	Auditor recommendations	Adjusted?
Cashflow Statement We identified a difference of £5.2m between the Cashflow Statement and Note 1a for the line representing 'Impairment and downward valuations'. It was noted that management incorrectly stated the impairment value.	Management should correct the consistency between the Cashflow Statement and Note 1a. Management response We have updated the financial statements.	✓
Note 1c – Capital commitments a) We identified that management disclosed capital commitments for construction or enhancements of property, plant and equipment of £325m. The correct value of the capital commitments at 31 March 2024 was £246.6m. b) We identified that for the Wembley Housing Zone Project, the total contract value summed to £121.9m, however it was disclosed as £120.1m in the financial statements.	Management should update the disclosure. Management response (a) We have updated the financial statements. (b) This is immaterial and hence, not updated.	✓ x
Note 3 – Cash and cash equivalents We identified that a £5m deposit was incorrectly classified as cash and cash equivalent rather than a short-term investment. The deposit had a maturity of more than six months and thus, did not meet the requirements of cash and cash equivalents per IAS 1.	Management should reclassify the amount on the face of the balance sheet and the related disclosures. Management response – We have updated the financial statements.	✓
Note 24 – Financial instruments We identified that management did not disclose currency, liquidity, market and interest rate risks per the requirements of IFRS 7.	Management should update the financial statements to comply with the requirements of IFRS 7. Management response We have updated the financial statements.	✓
Note 24 – Short-term debt We identified that £0.5m of the Council's short-term debt was incorrectly classified as long-term debt.	Management should reclassify the debt from long-term to short-term. Management response This is treated as immaterial and no update made to financial statements.	x

D. Audit adjustments

Misclassification and disclosure changes

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

Disclosure / Issue / Omission	Auditor recommendations	Adjusted?
<p>Note 27 – Leases</p> <p>We identified that management did not update the accounts for the current year to reflect the minimum lease payments for 330 Ealing Road, amounting to £7.7m.</p>	<p>Management should update the disclosure.</p> <p>Management response</p> <p>We have updated the financial statements.</p>	✓
<p>Movement in Reserve Statement (MIRS) and Note 39</p> <p>The MIRS was not updated with correct movements. Below are the issues identified:</p> <ul style="list-style-type: none"> The closing balance of the HRA was £2.4m but disclosed as £4.4m in the MIRS; The General Fund balance was £20.2m in the MIRS but disclosed as £21.9m in Note 39; The adjustments between accounting basis and funding basis differed for the General Fund. It was £85.5m in the MIRS and £81.8m in Note 39; and The adjustments between accounting basis and funding basis for unusable reserves was (£45.7m) in the MIRS but disclosed as (£42m) in Note 39. 	<p>Management should update the disclosure.</p> <p>Management response</p> <p>We have updated the financial statements.</p>	✓
<p>Housing Revenue Account (HRA)</p> <p>We identified that the HRA account was not updated with correct movements. Below are the issues identified:</p> <ul style="list-style-type: none"> HRA balance brought forward stated (£2.4m) but the correct amount per the trial balance was (£0.4m); Transfers to major repairs reserve stated £0.9m whereas the amount per the trial balance was £11.5m; Pension interest cost and expected return on pension costs stated nil whereas the correct amount was £0.9m; and Transfers to capital adjustment account stated £11.5m whereas the correct amount was (£25.7m). 	<p>Management should update Housing Revenue Account.</p> <p>Management response</p> <p>We have updated the financial statements.</p>	✓

D. Audit adjustments

Misclassification and disclosure changes

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

Disclosure / Issue / Omission	Auditor recommendations	Adjusted?
<p>Cash and Cash Equivalents</p> <p>A short-term balance of £1.3m was incorrectly netted off against the asset balance. Per IAS 1, the bank overdraft should be classified as a short-term liability. The following entries should be made:</p> <p>1) Debit cash account by £1.3m to reduce the negative cash balance.</p> <p>2) Credit the bank overdraft account by £1.3m to reflect the correct classification of the amount as an overdraft.</p>	<p>Management should update the financial statements.</p> <p>Management response – We have updated the financial statements.</p>	✓
<p>Housing Revenue Account (HRA)</p> <p>In review of Note 1 we observed that the note disclosed that dwellings decreased by 83 from prior year. However, the net decrease in dwellings was 10.</p>	<p>Management should update the financial statements.</p> <p>Management response – We have updated the financial statements.</p>	✓
<p>Note 30 – Officers’ Remuneration</p> <p>We identified variances in Note 30 - Officers' Remuneration in the draft accounts where the figures in the note did not agree to supporting evidence.</p>	<p>Management should update the financial statements.</p> <p>Management response – We have updated the financial statements.</p>	✓
<p>Accounting Policies</p> <p>Our review of accounting policies disclosed in the financial statements noted that the policy for pooled budgets did not adequately disclose the names of the parties as per the change in the regulations. Moreover, we noted that the "Interests in companies and other entities" line was not disclosed in the single entity accounts.</p>	<p>Management should update the financial statements.</p> <p>Management response – We have updated the financial statements.</p>	✓
<p>Note 31 – Exit Packages</p> <p>It was identified that school staff were initially not included in the disclosure which meant that exit packages were understated by £0.278m.</p>	<p>Management should update the financial statements.</p> <p>Management response – We have updated the financial statements.</p>	✓
<p>Various</p> <p>There were various spelling, formatting, casting and other minor adjustments made as a result of the audit process. These were not individually significant.</p>	<p>Process the updates as identified.</p> <p>Management response – Management made the appropriate adjustments.</p>	✓

E. Fees and non-audit services

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

Audit fees for London Borough of Brent	Proposed fee per the Audit Plan £	Final fee £
Scale fee	503,089	503,089
ISA 315	12,550	12,550
Additional procedures/resources required (as described on pages 31-33):		
Delays caused by external valuer and high volume of adjustments to the property, plant & equipment notes. This includes meetings with the valuer, and additional work on further valuations and other PPE related tasks		£7,500
• Issues related to the errors in the fixed asset register		£15,000
• Additional work in respect of bank reconciliation statements		£5,000
• Additional work on various areas including change in circumstances, debtors, and creditors		£5,500
• Fee for the auditor's expert used for PPE valuation		£9,120
• Additional work due to poor quality of audit evidence and delays encountered		£13,000
Total audit fees (excluding VAT)	£515,639	£570,759

This covers all services provided by us and our network to the group/company, its directors and senior management and its affiliates, and other services provided to other known connected parties that may reasonably be thought to bear on our integrity, objectivity or independence. (The FRC Ethical Standard [ES 1.69])

E. Fees and non-audit services

Audit-related fees	Proposed fee £
I4B Holdings Ltd Audit	£48,000
First Wave Housing Ltd Audit	£45,000
Brent Pension Fund Audit	£94,414
Total audit fees (excluding VAT)	£187,414

Page 144
 Note 17, the total disclosed “Fees payable for the certification of grant claims and returns during the year” is £56,100. This represents the proposed fee for 2023-24 however, the work to date has not been completed and the final fee is to be communicated. The amount of £56,100 is an accrual and thus, we have not requested management to change the figure since it is trivial.

Audit-related fees for other services	Proposed fee as the Audit Plan £	Final fee £
Certification of Housing Benefits Assurance Process - 2022-23	32,400	TBC
Certification of Housing Benefits Assurance Process - 2023-24	32,400	TBC
Certification of Pooling of Housing Capital Receipts return - 2022-23	10,000	TBC
Certification of Pooling of Housing Capital Receipts return - 2023-24	10,000	TBC
Certification of Teachers' Pensions return - 2022-23	10,000	TBC
Certification of Teachers' Pensions return - 2023-24	10,000	TBC
Total non-audit fees (excluding VAT)	£104,800	£TBC

None of the above services were provided on a contingent fee basis.

F. DRAFT audit opinion

Our draft audit opinion is included below. We anticipate we will provide the Council with an unmodified audit report.

Brent Pension Fund

Audit Progress Report

February 2025



Contents

Section	Page
Introduction	03
Progress at February 2025	04
Audit deliverables – the Pension Fund	05
Resources	06
Appendix A – Draft Audit Opinion	07
Appendix B – Letter of Representation	15

Page 148

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

Your key Grant Thornton team members are:

Matt Dean

Key Audit Partner – Pension Fund

T: 020 7728 3181

E: Matt.Dean@uk.gt.com

Asad Khan

Audit Manager – The Council and Pension Fund

T: 020 7865 2051

E: Asad.Khan@uk.gt.com

This paper provides the Audit and Standards Committee with a report on progress in delivering our responsibilities as your external auditors.

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 February 2025

Financial Statements Audit – Pension Fund

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 were included in our 2023-24 Audit Findings Report which was presented in the Audit and Standards Committee on 31 October 2024.

As of the report writing, our work is going through our internal quality reviews. Subject to completion, we plan to issue an unmodified opinion on the Pension fund financial statements. We have enclosed our draft opinion as an appendix to this report, along with our proposed Letter of Representation so this can be approved by the Committee ahead of this being signed alongside the Accounts.

Page 150

Audit deliverables – Pension Fund

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

2023-24 Deliverables	Planned date	Status
<p data-bbox="120 539 456 571">Pension Fund Audit Plan</p> <p data-bbox="120 587 1272 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="120 715 613 746">Pension Fund Audit Findings Report</p> <p data-bbox="120 762 1256 826">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	Completed in October 2024 due to revised Committee date.
<p data-bbox="120 853 539 885">Pension Fund Auditor’s Report</p> <p data-bbox="120 901 1317 965">This includes the opinion on your 2023-24 Brent Pension Fund financial statements within the Council’s Financial Statements.</p>	September 2024	Completed in February 2025 due to revised Committee date.
<p data-bbox="120 992 920 1024">Pension Fund Annual Report Auditor’s Consistency Report</p> <p data-bbox="120 1040 1323 1141">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	To be signed alongside the main Accounts Opinion in February 2025.

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>

Appendix A – Draft Audit Opinion

Independent auditor's report to the members of London Borough of Brent on the pension fund financial statements of Brent Pension Fund

Opinion on financial statements

We have audited the financial statements of Brent Pension Fund (the 'Pension Fund') administered by London Borough of Brent (the 'Authority') for the year ended 31 March 2024, which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2024 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law, as required by the Code of Audit Practice (2024) ("the Code of Audit Practice") approved by the Comptroller and Auditor General. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the Pension Fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Appendix A – Draft Audit Opinion

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the Corporate Director Finance and Resources' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Pension Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Pension Fund to cease to continue as a going concern.

Page 154 In our evaluation of the Corporate Director Finance and Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10 Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2022) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

In auditing the financial statements, we have concluded that the Corporate Director Finance and Resources' use of the going concern basis of accounting in the preparation of the Pension Fund financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Pension Fund's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Appendix A – Draft Audit Opinion

Our responsibilities and the responsibilities of the Corporate Director Finance and Resources' with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's financial statements. The Corporate Director Finance and Resources' is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Page 155
Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Pension Fund financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice (2024) published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the Pension Fund's financial statements, the other information published together with the Pension Fund's financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the Pension Fund financial statements.

Appendix A – Draft Audit Opinion

▀ Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters in relation to the Pension Fund.

Responsibilities of the Authority and the Corporate Director Finance and Resources

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director Finance and Resources. The Corporate Director Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, for being satisfied that they give a true and fair view, and for such internal control as the Corporate Director Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Appendix A – Draft Audit Opinion

In preparing the Pension Fund's financial statements, the Corporate Director Finance and Resources is responsible for assessing the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Pension Fund without the transfer of its services to another public sector entity.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the Pension Fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 and the Local Government Act 2003).

We enquired of management and the Audit and Standards Committee, concerning the Authority's policies and procedures relating to:

- the identification, evaluation and compliance with laws and regulations;
- the detection and response to the risks of fraud; and
- the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.

Appendix A – Draft Audit Opinion

We enquired of management, internal audit and the Audit and Standards Committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.

We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of management override of controls. We determined that the principal risks were in relation to journals:

- using data analytics, we considered all journal entries for fraud and set specific criteria to identify the entries we considered to be high risk. Such criteria included journals with unusual values; journals posted after the year end; journals with a material impact on the surplus/deficit for the year; and journals created by senior managers.

Page 158

Our audit procedures involved:

- evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud,
- journal entry testing, with a focus on what we deem to be high risk journals,
 - challenging assumptions and judgements made by management in its significant accounting estimates in respect of Level 2 investments and Level 3 investments and IAS 26 pensions liability valuations; and
- assessing the extent of compliance with the relevant laws and regulations as part of our procedures on the related financial statement item.

These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is

Appendix A – Draft Audit Opinion

inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.

We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including the potential for fraud in revenue and expenditure recognition, and the significant accounting estimates related to Level 2 investments, Level 3 investments and IAS 26 pension liability valuations.

Our assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:

- Page 159
- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
 - knowledge of the local government pensions sector
 - understanding of the legal and regulatory requirements specific to the Pension Fund including:
 - the provisions of the applicable legislation
 - guidance issued by CIPFA/LASAAC and SOLACE
 - the applicable statutory provisions.

In assessing the potential risks of material misstatement, we obtained an understanding of:

- the Pension Fund's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority's control environment, including the policies and procedures implemented by the Authority to ensure compliance with the requirements of the financial reporting framework.

Appendix A – Draft Audit Opinion

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 [and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited]. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Matt Dean, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

London

Date:

Appendix B – Letter of Representation

[LETTER TO BE WRITTEN ON CLIENT HEADED PAPER]

Grant Thornton UK LLP
30 Finsbury Square,
London,
EC2A 1AG

[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION}

Dear Sirs

Brent Pension Fund
Financial Statements for the year ended 31 March 2024

This representation letter is provided in connection with the audit of the financial statements of Brent Pension Fund for the year ended 31 March 2024 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the Fund's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

Appendix B – Letter of Representation

- Page 162
- ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.
 - iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
 - iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of Level 3 investments, Level 2 investments and the Actuarial Present Value of Promised Retired Benefits. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.
 - vi. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the Fund has been assigned, pledged or mortgaged

Appendix B – Letter of Representation

- c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- ix. We have considered the adjusted misstatements, and misclassification and disclosures changes schedules included in your Audit Findings Report. The financial statements have been amended for these misstatements, misclassifications and disclosure changes and are free of material misstatements, including omissions.
- x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Fund and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that that:
 - a. the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

Appendix B – Letter of Representation

- xiii. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties | related to going concern on the grounds that that:
- a. the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements
 - b. the financial reporting framework permits the entity to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Fund's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Fund's ability to continue as a going concern need to be made in the financial statements.

Information Provided

- xiv. We have provided you with:
- a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Fund via remote arrangements from whom you determined it necessary to obtain audit evidence.

Appendix B – Letter of Representation

- xv. We have communicated to you all deficiencies in internal control of which management is aware.
- xvi. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvii. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xviii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund, and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xix. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xx. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxi. There have been no communications with The Pensions Regulator or other regulatory bodies during the year or subsequently concerning matters of non-compliance with any legal duty.
- xxii. We are not aware of any reports having been made to The Pensions Regulator by any of our advisors.

Appendix B – Letter of Representation

- xxiii. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.
- xxiv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Fund's Audit and Standards Committee at its meeting on 04 February 2025.

Page 166

Yours faithfully

Name.....

Position.....

Date.....



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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
10	Audit Findings Report Council & Pension Fund Accounts 23-24				X		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 (rescheduled for June 2025)							
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				
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			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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