Public Document Pack

Audit and Standards Advisory Committee

Thursday 31 October 2024 at 6.00 pm
Conference Hall - Brent Civic Centre, Engineers Way, Wembley, HA9 0FJ

Please note this will be held as a physical meeting which all Committee members will be required to attend in person.

The meeting will be open for the press and public to attend or alternatively can be followed via the live webcast. The link to follow proceedings via the live webcast is available [HERE]

Membership:

Independent Member David Ewart (Chair)	**Substitute Members**
Councillors:	**Councillors:**
Chan (Vice-Chair) Benea Choudry Kabir Long Molloy J.Patel	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

For electronic copies of minutes and agendas please visit:
Council meetings and decision making | Brent Council

recycle for Brent

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 of 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.

7 Any other urgent business

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

Date of the next meeting: **Wednesday 4 December 2024**

- Please remember to ***SWITCH OFF*** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public. Alternatively, it will be possible to follow proceedings via the live webcast **HERE**

Grant Thornton

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

Year ended 31 March 2024

October 2024

Grant Thornton

Private and Confidential

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

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

31 October 2024

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

Contents

Your key Grant Thornton team members are:

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

Page 3

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.

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 4

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-October 2024. 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 27-29 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 51 of this report.

Findings

Our findings are summarised on pages 08 to 33. We have identified four adjustments to the financial statements that have resulted in a £16.046m adjustment to the Council's Comprehensive Income and Expenditure Statement. These have no impact on the level of the Council's useable reserves. Audit adjustments are detailed at Appendix D. We have also raised recommendations for management as a result of our audit work. These are set out at Appendix B. Our follow up of recommendations from the prior year's audit are detailed at Appendix C.

Our work is ongoing 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:

- follow-up queries in our testing of the valuation of land & building and HRA council dwellings;
- revised fixed asset register with updated figures;
- awaiting response from external legal counsel;
- awaiting response on the accounts consistency tool and the variances identified within;
- follow-up queries on the Council's assessment of IFRIC 14;

1. Headlines

Financial statements

Outstanding matters, continued.

- awaiting responses to queries on interest receivable, related parties and depreciation;
- awaiting responses to the remaining hot review comments;
- subsequent events confirmation;
- receipt of management 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.

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 33 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 27 to 29 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 51.

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 (PWLB) 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 remains in progress. This Audit Findings Report includes our interim findings. At this stage, subject to outstanding queries audit, we anticipate issuing an unqualified audit opinion. These outstanding items are summarised on pages 04 and 05.

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 27-29 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
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
The revenue cycle includes fraudulent transactions (rebutted) 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.	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: • 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. 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: • 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. **Findings** 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.	Council

Page 10

2. Financial statements – significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
Management override of controls 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.	To address this risk, we: • 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. **Findings** 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.	Group and Council

Page 11

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)
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 (£1,194.3m 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.
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.
	To address the risk, we:
	• 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;
	    • 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.
	Findings
	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. This work is ongoing.
	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.
	Further to the above, we have faced significant delays in receiving data regarding the valuation of OLB assets from both the valuer and management, details can be found on page 27 of this report.
		Council

2. Financial statements – significant risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group

Valuation of council dwellings
 	
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.
 	
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.
 	
The year-end valuation of council housing was £836.6m 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.
 	
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.
	To address the risk, we have:
	
	• 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:
	    • 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.
	
	Findings
	
	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 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.
	
	We identified that in-year additions to council dwellings of £26.7m were not revalued at year-end. 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. Management is reviewing the required adjustments.
	
	Our work in this area is ongoing.
		Council

2. Financial statements – significant risks

<table>
<tr><th>Risks identified in our Audit Plan</th><th>Commentary</th><th>Relevant to Council and/or Group</th></tr>
<tr><td>

Valuation of pension fund net liability

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.

The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£167.4m as at 31 March 2024) and the sensitivity of the estimate to changes in key assumptions.

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.

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.

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.

</td><td>

To address this risk, we:

- 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.

Findings

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.

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.

Apart from this issue, our audit work in this area is complete, pending review. At this stage, we have not identified any other issues related to this risk.

</td><td>Council</td></tr>
</table>

2. Financial statements – other risks

Risks identified in our Audit Plan	Commentary	Relevant to Council and/or Group
Fraud in expenditure recognition (completeness of non-pay expenditure) 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. 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. 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: • 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. 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.	To address the risk, we: • 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. **Findings** 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.	Council

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

Our work in this area is in progress.

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 – £1,194.3m	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. 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. 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. The total year-end valuation of land and buildings was £1,194.3m, a net increase of £96.4m from 2022-23 (£1,097.8m).	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. We have assessed the Council's valuer to be competent, independent and capable. Our work on this estimate includes: • 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. **Findings** Our work in this area is ongoing.	TBC

Page 17

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 - £836.6m	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. 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.' 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 £836.6m, a net increase of £9.5m from 2022-23 (£827.1m). 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.	We have: • 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. **Findings** Management did not revalue £26.7m of council dwellings in-year. The final valuation report necessitated significant changes to the PPE note, refer to Appendix D. Our work in this area is ongoing.	TBC

Page 18

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	The Council entered into three PFI projects which have generated assets to be used by the Council. These are: • 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. 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.. 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).	We have: • 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. Findings Our work in this area is ongoing.	TBC

2. Financial statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
Net pension liability – £167m	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. 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. 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.	We have: • 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:	TBC

Page 20

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		●

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
Net pension liability – £167m		• 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. Findings 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. 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 full prior year impact is yet to be determined. Apart from this issue, our audit work in this area is complete, pending review. At this stage, we have not identified any other issues related to this risk.	

Page 21

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 work on grant income is substantially complete, subject to review. We have not identified any issues in respect of area at this stage.	TBC

2. Financial statements – key judgements and estimates

Significant judgement or estimate	Summary of management's approach	Audit comments	Assessment
PFI provision - £24.8m	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. 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 28/29 contract life needed to be increased by £6.1m.	• The draft financial statements includes an accounting policy for provisions and PFI schemes. • The disclosure of the PFI provision within the financial statement is adequate. Findings Our work in this area is in progress.	TBC
Minimum revenue provision (MRP) - £18.1m	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. The Council's year-end MRP charge was £18.1m, a net decrease of £4.6m from 2022-23.	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. We have carried out the following work: • 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. Findings Our work in this area is under review.	TBC

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.	**Pensions liability** – As outlined on page 20 of this report, amendments have been made to the pension liability disclosed, recognising additional liability where agreed past service contributions could potentially lead to a future surplus that would not be available after being paid. 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 full prior year impact is yet to be determined. **PPE** – 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 26

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	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. We sent letters to those solicitors who worked with the group during the year. We have received responses with significant delays. We have received a challenge from the solicitors that they will only respond about specific contingent liabilities. We await response from all of the solicitors.
Accounting practices	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.
Audit evidence and explanations/ significant difficulties	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: Property, plant and equipment (PPE) We experienced delays in receiving the PPE information. Although the valuer's reports for buildings and council dwellings was 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. 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 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. 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. *Continued overleaf*

2. Financial statements – other communication requirements

Issue	Commentary
Audit evidence and explanations/ significant difficulties	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. 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 50 of this report. **Bank reconciliation statements (BRS)** 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. After several meetings with management, it was determined that the BRS was not accurate but deemed acceptable as 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 pages 50. **Payroll – change in circumstances (CiC) testing** 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 50.

Page 28

2. Financial statements – other communication requirements

Issue	Commentary
Audit evidence and explanations/ significant difficulties	**Quality of the financial statements and supporting evidence** 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. 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. **Other areas** We encountered various other challenges throughout the audit. Notable areas of difficulty included: • 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. 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.

2. Financial statements – other communication requirements

Page 30

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).

Issue	Commentary
Going concern	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. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • 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. 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: • 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. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • 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	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. Note that detailed work is not required as the Council does not exceed the threshold.
Other information	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. Our work on this is still in progress.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • 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. We have identified a risk of significant weakness in the Council's arrangements in relation to financial sustainability. Please refer to page 34 for detail.
Certification of the closure of the audit	We do not intend to delay the certification of the closure of the 2023-24 audit of the London Borough of Brent.

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
IFRS 16 implementation 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.	The Council did not opt to adopt IFRS 16 early and will implement for the 2024-25. financial year. 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. 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.	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. 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.

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 require 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.

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.

Page 33

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
Financial sustainability – use of reserves 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.	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.	Significant weakness raised in respect of ensuring the Council does not continue its use of reserves to meet unplanned expenditure.	**Key recommendation** 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.

Page 34

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.

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

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	**1. FTE changes in circumstances (CiC)** 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. 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. 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.	Management should review FTE reports to ensure that the FTE CiCs are updated a timely and accurate manner. **Management response** We will update the report, and sample test it to verify that it works as intended.

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	**2. Property, plant and equipment (PPE)** 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. 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. 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. 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. 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.	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. **Management response** 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 Ordinance 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. 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.
	3. Bank reconciliation statements (BRS) 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. Risk – If the BRS is not correctly prepared it may lead to material issues and unexplained reconciling items.	The preparation basis of the BRS should be reviewed in detail with monthly reconciliations to investigate any reconciling items. **Management response** 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.

Page 40

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
✓	**1. Year-end housing benefit (HB) debtors** 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. Risk – There is a risk that inaccurate reports may lead to material misstatements on the financial statements.	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.
✓	**2. Journal users** We identified that a significant number and value of journals are processed by a relatively high number of users (60 users) during the year. Risk – This represents an enhanced risk of error and fraud. It also indicates inefficiency in the Council's processes around processing financial transactions.	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.
✓	**3. Council tax direct debit journals** 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.	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.

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
✓	**4. Accruals** 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 wase 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. 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.	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.
X	**5. Accuracy of fixed asset register (FAR)** 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 5^{th} asset was located but it had no value in the FAR. 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.	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.
X	**6. Intangible assets (ITAs) – useful lives** 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. 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.	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.

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
✓	**7. PFI model** 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. 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. 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.	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.
✓	**8. Misclassification of finance leases** 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. 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.	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.
✓	**9. FTE changes in circumstances (CiC) testing** 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. Risk – If the approval process for CiC is not followed this can result in unapproved changes of employees' circumstances on the system.	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.

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
✓	10. Segregation of duties (SoD) conflicts between finance/payroll and system administration roles in Oracle Cloud IT audit identified that a Senior Finance Analyst had access to the Application Implementation Consultant role. 11. Excessive access assigned to HR and payroll system users 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. 12. Seeded roles with SoD conflicts 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: - 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 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.	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. 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. 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.
✓	13. Lack of audit logging for configurations in Oracle Cloud 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. 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.	Audit logging has been reviewed with service leads across all financially critical areas and has been found to be sufficient.

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	
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			
Cr. Prepayments £1.3m		(1,298)		
Dr. CIES £1.3m			1,298	
Cr. General fund Movement in Reserves £1.3m				(1,298)

D. Audit adjustments

Detail	Comprehensive Income and Expenditure Statement £000	Balance Sheet £000	Impact on total net expenditure £000	Impact on General Fund £000
Short-term debtors				
In reconciling the debtor listings with the financial statements, a difference of £4.248m was identified. The amount related to Peel Phase 3 Land receipts, under invoice number 900874283, dated 18 October 2023, amounting to £4.6m. The payment was received on 27 November 2023 but was incorrectly recorded as a debtor				
Dr. Expenditure £4.2m	£4,248			
Cr. Short term debtors £4.2m		(4,248)		
Dr. CIES £4.3m			4,248	
Cr. General fund Movement in Reserves £4.3m				(4,248)
Overall impact	£16,046	(£16,046)	£16,046	(£16,046)

Page 46

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
Operating expenditure cut-off We identified three sample errors amounting to £15,578 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 £1,173,009.					Projected misstatement. The factual error is trivial
Dr. Creditors £1.2m	(1,173)				
Cr. Expenditure £1.2m		1,173			
Cr. CIES £1.2m			(1,173)		
Dr. General fund Movement in Reserves £1.2m				1,173	
Overall impact	(£1,173)	£1,173	(£1,173)	£1,173	

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 – We have updated the classification.	✓

Page 48

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?
Note 27 – Leases 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.	Management should update the disclosure. Management response – We have updated the financial statements.	✓
Movement in Reserve Statement (MIRS) and Note 39 The MIRS was not updated with correct movements. Below are the issues identified: • 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.	Management should update the disclosure. Management response – We have updated the financial statements.	✓
Housing Revenue Account (HRA) We identified that the HRA account was not updated with correct movements. Below are the issues identified: • 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).	Management should update Housing Revenue Account. Management response – We have updated the financial statements.	✓
Various There were various spelling, formatting, casting and other minor adjustments made as a result of the audit process. These were not individually significant.	Process the updates as identified. Management response – Management made the appropriate adjustments.	✓

Page 49

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 27):		
• 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
• Additional work in respect of bank reconciliation statements		£5,000
• Additional work on various areas including change in circumstances, debtors, and creditors		£5,500
• Additional work due to poor quality of audit evidence		£3,000
Total audit fees (excluding VAT)	**£515,639**	**£536,639**

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))

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**

E. Fees and non-audit services

In 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.

Grant Thornton

This page is intentionally left blank

The Audit Findings Report for Brent Pension Fund

Year ended 31 March 2024

31 October 2024

Private and Confidential

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

Brent Pension Fund
Brent Civic Centre
Engineers Way
Wembley
HA9 0FJ

31 October 2024

Dear Cllr Jumbo Chan

Audit Findings Report for Brent Pension Fund 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). PSAA has also published their own Quality Monitoring Report, this report is available at Audit Quality Monitoring Report 2023 – PSAA.

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.

Matt Dean

Director
For Grant Thornton UK LLP

Contents

Your key Grant Thornton team members are:

Matt Dean
Key Audit Partner
T 020 7728 3181
E matt.dean@uk.gt.com

Asad Khan
Audit Manager
T 020 7865 2051
E asad.khan@uk.gt.com

Kieran McDermid
In-Charge Accountant
T 020 7184 4445
E kieran.j.mcdermid@uk.gt.com

Page 57

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

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. Its contents will be discussed with management and the Audit and Standards Committee.

Name: Matt Dean
For Grant Thornton UK LLP
Date: 31 October 2024

1. Headlines

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

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 Pension Fund's 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, other than liabilities to pay promised retirement benefits after the end of the fund 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.

Our audit work was completed remotely during July-October. Our findings are summarised on pages 6 to 15.

To date, we have not identified any adjustments to the Pension Fund financial statements. We have identified **£2.2 million** of unadjusted differences in the valuation of the Fund's investments disclosed in the financial statements at 31 March 2024 and the valuation statements received from the third-party investment managers. These unadjusted differences are detailed in Appendix D. Management are proposing not to amend the financial statements on the basis that the differences are not material.

We have also raised recommendations for management as a result of our audit work. These are set out in Appendix B. Our follow up of recommendations from the prior year's audit are detailed in 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, subject to the following outstanding matters;

- receipt and review of the Annual Report;
- receipt of management representation letter; and
- review of the final set of financial statements.

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

We have concluded that the other information to be published with the financial statements is consistent with our knowledge of your organisation and the financial statements we have audited.

Our anticipated opinion on the financial statements will be unmodified.

Whilst our work on the Pension Fund financial statements is complete, we will be unable to issue our final audit opinion on the Pension Fund financial statements until the audit of the Administering Authority is complete.

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 1 December 2024 and therefore this report has not yet been produced. We have therefore not given this separate opinion at this time and are unable to certify completion of the audit of the administering authority until this work has been completed.

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 confirm the 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 also laid a new Code before Parliament. One of the objectives is 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 Annual Auditor's 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 – Triennial Valuation

Triennial valuations for local government pension funds have been published. These valuations, which are as at 31 March 2022, provide updated information regarding the funding position of the Pension Fund and set employer contribution rates for the period 2023/24 – 2025/26. For the Pension Fund, the valuation was undertaken by Hyman Robertson, and showed that the Fund's assets, as at 31 March 2022, were sufficient to meet 87% of the liabilities (i.e. The present value of promised retirement benefits) accrued up to that date. This was a significant increase on the 78% funding level as at the March 2019 valuation. Following the 2022 triennial valuation, the Employer's contributions for the period to 31 March 2024 are estimated to be approximately £41.6m. The deficit recovery period is 20 years. Contributions will remain at 33.5% of pensionable pay in 2023/24.

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 will be discussed with management and the Audit and Standards Committee.

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.

For Brent Pension Fund, the Audit and Standards Committee fulfil the role of those charged with governance. The Audit and Standards Committee considers the draft financial statements and is part of the overall member oversight process.

Audit approach

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

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls;
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

Conclusion

We have substantially completed our audit of your financial statements. The work on the Council's financial statement is still ongoing due to various delays encountered. Subject to outstanding queries being resolved as detailed on page 3, and the completion of the audit of the financial statements, we anticipate issuing an unqualified audit opinion following the Audit and Standards Committee meeting on 31 October 2024.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by the pension fund team and other staff.

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 on 22 July 2024

	Pension Fund Amount (£)	Qualitative factors considered
Materiality for the financial statements	18,600,000	This represents 1.5% of gross assets
Performance materiality	13,950,000	This represents 75% of materiality for financial statements
Trivial matters	930,000	This is 5% of overall financial statement materiality.
Materiality for fund account	5,950,000	This represents 10% of total gross expenditure.

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
Management override of controls Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Pension Fund faces external scrutiny of its spreading and its stewardship of its funds, this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the Pension Fund, which was one of the most significant assessed risks of material misstatement.	We have: • 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 recorded during the year and after the draft accounts stage for appropriateness and corroboration. • gained an understanding of the accounting estimates and critical judgements applied made by management and considered their reasonableness with regard to corroborative evidence. • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions Our audit work has not identified any significant issues in relation to the risk identified.
Presumed risk of fraud in revenue recognition 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. Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because: • there is little incentive to manipulate revenue recognition • opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including the Brent Pension Fund, mean that all forms of fraud are seen as unacceptable Therefore, we do not consider this to be a significant risk for the London Borough of Brent Pension Fund. Having considered the risk factors set out in ISA(UK&I)240 and the nature of the revenue streams at Brent Pension Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted.	We do not consider this to be a significant risk for the Pension Fund and such there is no specific work planned for this risk. To address this risk, for contributions and investment income, we: • 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 if there are any relevant controls. Our audit work has not identified any significant issues in relation to the risk identified.

Page 62

2. Financial Statements: Significant risks

Risks identified in our Audit Plan	Commentary
Valuation of Level 3 investments You value your investments on an annual basis with the aim of ensuring that the carrying value of these investments is not materially different from their fair value at the balance sheet date. By their nature, Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (CY: **£122.7 million**) and the sensitivity of this estimate to changes in key assumptions. Under ISA 315, significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end. Management utilise the services of investment managers as valuation experts to estimate the fair value as at 31 March 2024. We therefore have identified the valuation of Level 3 Investments as a significant risk.	We have undertaken the following work in respect of this risk: • evaluated management's processes for valuing Level 3 investments. • reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met. • Independently request year-end confirmations from investment managers and the custodian (Northern Trust). • tested the valuation of a sample of investments by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports as at that date. We have reconciled those values to the values at 31 March 2024 with reference to known movements in the intervening period. • evaluated the completeness, capabilities and objectivity of the valuation expert in the absence of available audited accounts. • reviewed investment manager service auditor report on design and operating effectiveness of internal controls where available. Our work on level 3 investments is complete and is subject to the engagement leads' review. While testing the valuation of a sample of investments by obtaining and reviewing the audited accounts, at the latest date for individual investments and agreeing these to the fund manager reports as at that date, we found the following differences: • LCIV Infrastructure Fund was understated by £845k; • Alinda Infrastructure Parallel Fund III was understated by £363k; and • Capital Dynamics was understated by £1,014k. The above differences have led to a net understatement of Investments level 3 by £2,223k. This is below the performance materiality levels and thus, management has decided not to adjust for the above issue but we have reported as an Unadjusted Misstatement for the Committee to approve. Except for the above, we have not identified any other issues which we need to bring to the attention of the Audit and Standards Committee.

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
Level 3 Investments – £122.7 million	The Pension Fund has Level 3 investments in private equity, infrastructure and private debt which in total are valued on the net assets statement as at 31 March 2024 at £122.7 million. The management has flagged estimation uncertainty in relation to private equity/infrastructure/private debt investments in that there is a risk that this investment may be under- or overstated in the accounts. This is because such investments are valued on the latest available information, as the exact value of the investment as of 31st of March 2024 might not yet be available at the time of the compilation of the accounts. The management therefore uses the custodian as their expert, as Northern Trust will adjust the fund managers' valuations to account for cash-flows in the intervening period. These investments are not traded on an open exchange/market and the valuation of the investment is highly subjective due to a lack of observable inputs. In order to determine the value, management uses the custodian report provided at the year-end by Northern Trust. The investment valuations are supported by audited accounts. Service auditor reports were also obtained and considered as part of our testing. The value of the investment has increased by £19.7 million in 2023/24. This is mainly due to the increase in the market value of the investments.	From the procedures undertaken, we have • deepened our risk assessment procedures performed including understanding processes and controls around the valuation of Level 3 investments. • assessed management's expert (the fund managers and the custodian which is Northern Trust) • obtained latest audited accounts and reviewed cash flow movements to 31 March 2024. • checked the completeness and accuracy of the underlying information used to determine the estimate • Impact of any changes to valuation method • reviewed the results of service auditor reports • checked the reasonableness of the increase in level 3 investments • checked the adequacy of disclosure of estimate in the financial statements. Our work in relation to this key estimate – Valuation of Level 3 investments is complete. Subject to the engagement lead's review, we have nothing to bring to the attention of the Audit and Standards Committee regarding this estimate.	TBC

Page 64

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
Level 2 Investments – £1,092.4 million	The Pension Fund has Level 2 pooled investments and pooled property investments which in total are valued on the net assets statement as at 31 March 2024 at £1,092.4 million. Management has not flagged any estimation uncertainty in relation to Level 2 investments. The investments are not traded on an open exchange/market and the valuation of the investment is subjective. The Pension Fund obtains valuations from the fund manager and custodian to ensure that valuations are materially fairly stated. The value of the investment has increased by £119.5 million in 2023/24. This is mainly due to a rise in global equities, in which the fund has around 45% exposure, resulting in a positive value increase.	From the procedures undertaken, we have: • deepened our risk assessment procedures performed including understanding processes and controls around the valuation of Level 2 investments; • assessed management's expert (the fund managers and the custodian which is Northern Trust); • checked the completeness and accuracy of the underlying information used to determine the estimate; • impact of any changes to valuation method; • checked the adequacy of disclosure of estimate in the financial statements; • checked the number of units held agrees between the following sources: i. the pension fund's underlying records supporting their financial statements. ii. external confirmation from the fund manager. iii. external confirmation from the custodian. • obtained and reviewed the service auditor's report on internal controls for the custodian, focusing on controls relevant to valuation of investments; • obtained purchase and sale transactions in respect of the PIV near the reporting date, compared the transaction price to the price at the reporting date; and Our work in relation to this key estimate – Valuation of Level 2 investments is complete. Subject to the engagement leads' review, we have nothing to bring to the attention of the Audit and Standards Committee regarding this estimate.	TBC

Page 65

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: 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: Security management	ITGC control area rating: Change management	ITGC control area rating: Batch scheduling	Related significant risks/other risks	Additional procedures carried out to address risks arising from our findings
Oracle	Roll-forward ITGC assessment	Red	Red	Green	Green	Management Override of Control	We have carried out targeted test as part of journal testing to address the risks identified.

*The significant deficiencies identified in our ITGC assessment have been carried forward from the prior year. Please see control number 01, 02, 04 and 06 in appendix C for our follow-up on prior year recommendations.

Assessment

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

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.

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	A letter of representation has been requested from the Pension Fund, which is included in the Audit and Standards Committee papers Specific representations have been requested from management in respect of the significant assumptions used in making accounting estimates for both Level 2 and 3 Investments.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to fund managers. This permission was granted, and the requests were sent. We have received all requests.
Accounting practices	We have evaluated the appropriateness of the Pension Fund's accounting policies, accounting estimates and financial statement disclosures. Our review found no material omissions in the financial statements
Audit evidence and explanations	All information and explanations requested from management was provided.

2. Financial Statements: other communication requirements

Page 68

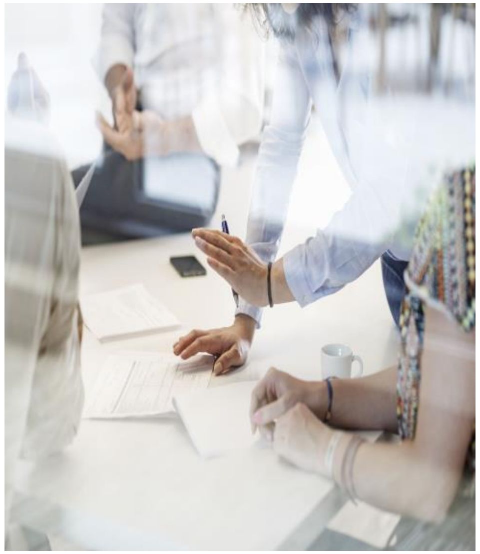
Our responsibility

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).

Issue	Commentary
Going concern	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. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • 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 • 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. 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 Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Pension Fund and the environment in which it operates • the Pension Fund's financial reporting framework • the Pension Fund's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • 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
Other information	The Pension Fund is administered by the London Borough of Brent (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements. We are required to read any other information published alongside the Council's financial statements to check that it is consistent with the Pension Fund financial statements on which we give an opinion and is consistent with our knowledge of the Authority. This work is outstanding, and we will provide an update to Management and Those Charged with Governance should any issues be identified from the work performed.
Matters on which we report by exception	We are required to give a separate consistency opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 01 December 2024 and therefore this report has not yet been produced. We have therefore not given this separate opinion at this time and are unable to certify completion of the audit of the administering authority until this work has been completed. We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.



3. Independence considerations

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. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements.

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 Pension Fund. No non-audit services were identified which were charged from the beginning of the financial year to October 2024.

3. Independence and ethics

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 Pension Fund 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 Pension Fund 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 Pension Fund 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 Pension Fund
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 Pension Fund's board, senior management or staff [that would exceed the threshold set in the Ethical Standard]

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 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

Our communication plan	Audit Plan	Audit Findings Report
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	•	
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	•	•
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 Report, 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 two recommendations for the Pension Fund 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 2023/24 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
Low	**Fund's process of monitoring performance** During our risk assessment and planning procedures, it came to light that management of the Fund does not utilise internally generated outturn reports to monitor and report their financial performance and expenditures, a standard practice for pension funds. These reports offer a comprehensive overview of actual financial outcomes in comparison to budgeted amounts, serving as an effective tool for tracking financial performance. Instead, they rely on investment monitoring reports generated by Hymans Robertson (the actuary) at Q3, 2023, and Q1, 2024. **Risk** There is a potential risk that the fund may not effectively monitor actual performance while waiting for the actuaries' reports.	It is recommended that the Fund prepare and utilise quarterly outturn reports to measure the performance of the Fund during the course of the year. **Management response** Management currently do not prepare a M9 outturn report however monitoring is completed on key areas. This includes the investment monitoring reports, reconciliation and monitoring of contributions throughout the year and an analytical review closer to year end.
Low	**Agreement between the Fund and Custodian** Through our examination of the service organizations utilized by the Fund, it was identified that the custody agreement between the Fund and Northern Trust was executed after the year-end, specifically on 20 June 2024. Discussions revealed that management held multiple meetings to conclude this agreement. Consequently, the Fund did not have a formally signed agreement for the financial year ending 31 March 2024. **Risk** Although we have not classified this as a significant risk, there is a possibility that during the period when the agreement was not signed, the custodian may not be legally bound by the agreement and, therefore, not liable for any actions.	It is recommended that the Fund ensures all legal contracts relating to the financial year are signed within that year. **Management response** Management recognise the importance of having agreements in place. The approval to award the contract was given in August 2023 therefore both parties were fully aware of the services to be delivered under the contract and the cost. Unfortunately, sometimes delays between legal services can happen and we cannot sign contracts until both parties are comfortable with the contents.

Page 74

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 audit of Brent Pension Fund's 2022/23 financial statements, which resulted in 8 recommendations being reported in our 2022/23 Audit Findings Report. We are pleased to report that management have implemented all of our recommendations.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**1. Excessive access assigned to HR and Payroll users.** IT Audit identified 19 members of the Payroll, Learning and Development, and Training teams have been assigned access to the Brent HCM Application Administrator security role. 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. **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. It is recommended that the Council undertake a full review of all users who have been assigned access to the Brent HCM Application Administrator role and revoke access to those system administration roles which do not align with the user's roles and responsibilities. Should some elements of the role be required for the users concerned, management should consider the creation of a custom role that encompasses only the access required.	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.
✓	**2. Segregation of duties (SoD) conflicts between finance / payroll and system administration roles in Oracle Cloud.** IT Audit's identified that a Senior Finance Analyst had access to the Application Implementation Consultant role. **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. It is recommended that the Council undertake a full review of all users who have been assigned access to system administration roles and revoke access to those system administration roles which do not align with the user's roles and responsibilities.	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

Page 75

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk	Update on actions taken to address the issue
✓	3. From our benefits payable testing, for 7 out of the 34 samples which we tested, the Pension fund could not provide us with the original notification letters which shows the annual pension. The Pension Fund explained to us that the reason for this is that some of them letters have not been sent to the by the previous administrators of the claimant pension fund if they transferred across or they original letter of notification date back to several years ago and they have been archived. The pension fund provided more recent notifications which sets out the annual pension. **Risk** Without the original notification letter which supports that the original annual pension is correct, it is difficult to know whether the amount in the more recent annual pension letters is correct or not. The benefits being paid could be more or less than what the pensioners are entitled to. Management should aim to have a record of the original notification letter which sets out what the annual pension should be for pensioners. From our testing in the current year, we have not found any such issues.	The pension fund regularly reviews it's data and has considered steps it can take to address this finding. Management aim to have a record of the original notification letter setting out what the annual pension should be for pensioners however some documents may not be available where they were archived by the previous administrators.
✓	**4. Seeded roles with SoD conflicts** 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: - 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 **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. It is recommended that the Council undertake a full review of the identified security roles to identify whether the privileges can be removed from users in the production environment to reduce the risk of unauthorised changes to system behaviour.	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.

Page 76

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk	Update on actions taken to address the issue
✓	5. During our related party testing, we identified that , related party returns were not sent to senior officers for them to make a disclosure of related party disclosure Risk The risk with this is that if we returns are not sent , there may be instances where related party transactions may not be disclosed. We recommend that a related party disclosure form should be sent to all senior officers every year, and this should be captured to ensure that there are no undisclosed related party transactions.	Related Party Transaction forms are completed by all Chief Officers of the Council. For the Pension Fund, we have created a separate form specific to disclosures relating to the Pension Fund, which is signed by all members of the Pension Board and Committee, as well as the s.151 officer and Chief Executive.
✓	6. From our journal testing, we identified one journal which had a wrong journal number assigned to it. There were 2 journals posted with the same journal number. This was due to human error as the two journals were posted by the same person. The person who posted the journals forgot to change the journal number for one of the journals. We have checked and ensured that there was appropriate and separate approval for both journals with the identical numbers, and we are satisfied that the accounting has not been affected because of this error. Risk This finding indicates that there is currently nothing in the system to prevent journals being posted with an identical journal number (lack of preventative controls), which increases the risk of error occurring and can result in journal duplications. Management should put in place a control/ procedure/checks which will prevent more than one journal from being posted with the same journal number.	This has been addressed in the current year. A reconciliation of the journal log to Oracle cloud is performed with screenshots of the journal log kept in the working file, as well as cross checks with journals processed in any prior periods.
✓	7. Lack of audit logging for configurations in Oracle Cloud IT Audit note that the Council have implemented audit logging for some areas however, this does not include key system configurations such as the AP_SYSTEM_PARAMETERS_ALL table. 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. It is recommended that the Council implement audit logging for changes made to Oracle Cloud, such as changes to workflow approval rules or system configurations, for financially critical areas including, but not limited to: • Accounts Payable • Cash Management • Accounts Receivable and • General Ledger It should be noted that audit logging does not have a significant detrimental effect on system performance such as that experienced in Oracle EBS	Audit logging has been reviewed with service leads across all financially critical areas and has been found to be sufficient.

Page 77

Assessment

✓ Action completed

X Not yet addressed

C. Follow up of prior year recommendations

Assessment	Issue and risk	Update on actions taken to address the issue
✓	8. Following our hot review, we challenged management about the currency risk disclosure as to why the currency risk disclosure in the financial instruments note was not analysed by currency . Whilst this is not a requirement in the CIPFA code , the disclosure will be clearer to the readers of the financial statements if it is analysed by currency. This is a best practice recommendation. We recommend that management analyse the currency risk disclosure by currency to ensure that it is clear to the readers of the financial statements.	Management have considered disclosure by currency for the 2023/24 accounts. Reporting received by the Pension Fund provides detail on the currency of the pooled fund not the currency exposure of the underlying holdings. It is not considered appropriate to disclose in line with pooled fund currency because this would not reflect currency risk in Funds denominated in GBP. Management note that this is not a requirement in the CIPFA code.

Page 78

Assessment

✓ Action completed

X Not yet addressed

D. Audit Adjustments

Impact of adjusted misstatements

As explained on page 04, our audit work is complete and subject to engagement leads' review. At the time of drafting this report, we have not found any errors which may lead to adjustments to the financial position of the fund.

.

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	Pension Fund Account £'000	Net Asset Statement £' 000	Impact on total net assets £'000	Reason for not adjusting
Investments Level 3 From our testing of Level 3 investments, we have identified the following differences between the fund managers' confirmations and the figures recorded in the financial statements: • LCIV Infrastructure Fund is understated by £845,042; • Alinda Infrastructure Parallel Fund III, is understated by £363,111; and • Capital Dynamics: the investments are understated by an aggregate variance of £1,014,954.	Cr. (2,223)	Dr. 2,223	Dr. 2,223	The Pension Fund has not adjusted the error is below Performance materiality.
Overall impact	(£2,223)	£2,223	£2,223	

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

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?
Note 1 – Description of Fund From our review of the financial statements, it was identified that the narrative within Note 1 stated that there were 49 employer organisations with active members within the Pension Fund at 31 March 2024. We challenged management that the reports stated that 43 organisations had active members.	The disclosure needs to be rectified. Management response Final set of accounts will be updated.	✓

D. Audit Adjustments

Disclosure/issue/Omission	Auditor recommendations	Adjusted?
Note 15a - Sensitivity of assets valued at Level 3 From our review of the fair value disclosures, it was identified that Note 15a did not meet the Code requirements as it did not contain the necessary narrative explaining the sensitivity analysis.	Make the updates as identified. **Management response** Final set of accounts will be updated.	✓
Note 9 – Benefits Payable From our review of the financial statements, it was identified that the disclosure for benefits payable was not compliant with the Code. As per the Code requirements 6.5.5.1 the fund are required to disclose benefits payable analysed between the administering authority, scheduled bodies and admitted bodies. Note 9 however combined administering authority and scheduled bodies and was therefore not code compliant.	Management should amend benefits payable note. **Management response** Management have explained that the payroll system does not have the functionality to identify whether a payment has gone to an administering authority or a scheduled body and therefore they are not able to meet this disclosure requirement.	x
Various There were various spelling, formatting, casting and other minor adjustments made as a result of the audit process. These were not individually significant.	Make the updates as identified. **Management response** Management made the appropriate adjustment.	✓

D. Fees and non-audit services

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

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

*ISA 315 is not included within the published 2023/24 scale fees. The £7,530 is therefore a fee variation that is subject to PSAA approval.

Relevant professional standards

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

F. Auditing developments

Revised ISAs

There are changes to the following ISA (UK):

ISA (UK) 315 (Revised July 2020) 'Identifying and Assessing the Risks of Material Misstatement'
This impacts audits of financial statement for periods commencing on or after 15 December 2021.
ISA (UK) 220 (Revised July 2021) 'Quality Management for an Audit of Financial Statements'
ISA (UK) 240 (Revised May 2021) 'The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements

A summary of the impact of the key changes on various aspects of the audit is included below:

These changes will impact audit for audits of financial statement for periods commencing on or after 15 December 2022.

Area of change	Impact of changes
Risk assessment	The nature, timing and extent of audit procedures performed in support of the audit opinion may change due to clarification of: • the risk assessment process, which provides the basis for the assessment of the risks of material misstatement and the design of audit procedures • the identification and extent of work effort needed for indirect and direct controls in the system of internal control • the controls for which design and implementation needs to be assess and how that impacts sampling • the considerations for using automated tools and techniques.
Direction, supervision and review of the engagement	Greater responsibilities, audit procedures and actions are assigned directly to the engagement partner, resulting in increased involvement in the performance and review of audit procedures.
Professional scepticism	The design, nature, timing and extent of audit procedures performed in support of the audit opinion may change due to: • increased emphasis on the exercise of professional judgement and professional scepticism • an equal focus on both corroborative and contradictory information obtained and used in generating audit evidence • increased guidance on management and auditor bias • additional focus on the authenticity of information used as audit evidence • a focus on response to inquiries that appear implausible
Definition of engagement team	The definition of engagement team when applied in a group audit, will include both the group auditors and the component auditors. The implications of this will become clearer when the auditing standard governing special considerations for group audits is finalised. In the interim, the expectation is that this will extend a number of requirements in the standard directed at the 'engagement team' to component auditors in addition to the group auditor. • Consideration is also being given to the potential impacts on confidentiality and independence.
Fraud	The design, nature timing and extent of audit procedures performed in support of the audit opinion may change due to: • clarification of the requirements relating to understanding fraud risk factors • additional communications with management or those charged with governance
Documentation	The amendments to these auditing standards will also result in additional documentation requirements to demonstrate how these requirements have been addressed.

grantthornton.co.uk

This page is intentionally left blank

Brent	**Audit and Standards Advisory Committee** 31 October 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance & Resources (Councillor Mili Patel)

Strategic Risk Report

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	One Appendix 1 Strategic Risk Report
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Darren Armstrong, Deputy Director Organisational Assurance and Resilience 020 8937 1751 Darren.Armstrong@Brent.gov.uk

1.0 Executive Summary

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

1.2. The Audit and Standards Advisory Committee plays a crucial role in ensuring that there is sufficient assurance over the Council's risk management arrangements that supports and underpins the Annual Governance Statement. While the Committee does not (and should not) manage risks, it should have a good understanding of the risk profile of the Council, seek assurances that active arrangements are in place on risk-related issues, and ensure there is adequate alignment with assurance activities (such as the work of Internal Audit).

1.3. The role of the Committee in relation to risk management can therefore be summarised across three main areas:

1) **Assurance over the governance of risk**, including leadership; integration of risk management into wider governance arrangements, such as decision-making processes; and the ownership of and accountability for risks.

2) **Keeping up to date with the risk profile and the effectiveness of risk management actions**, including an awareness of significant areas of strategic risks, major operational risks or major project risks and seeking assurances that these are managed and owned effectively.

3) **Monitoring the effectiveness of risk management arrangements** and supporting the development and embedding of good practice in risk management.

1.4. Since the last report that was brought to the Committee in March 2024 a number of risk scores have increased, including the lack of affordable housing and financial resilience. Two new risks concerning community cohesion and emergency preparedness have also been incorporated.

2.0 Recommendations

2.1 The Committee is asked to note the report.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

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

3.2 Background

3.2.1 The Strategic Risk Report, seen at ***Appendix 1***, presents the Council's most significant risks which have the potential to significantly impact on the success of the Council as a whole. These risks are strategic, cross-cutting and have the potential to impact a range of different services or functions.

3.2.2 The Strategic Risk Report is owned collectively by CMT, with each risk assigned a Corporate Director as risk sponsor. The report is provided via a 'bottom-up' provision of risks from services and departments, which are deemed to require consideration at the higher level. Additionally, risks are also input directly via CMT.

3.2.3 Internal Audit is responsible for working with risk sponsors and nominated risk leads, in an advisory capacity, to coordinate the review and update all strategic risks.

3.3 Strategic Risks - Overview

3.3.1 The Strategic Risk Report was last updated in March 2024. Since then, the Council has continued to operate in a heightened risk environment due to various external factors, and the scale and magnitude of the risks should not be understated.

3.3.2 The Council's overall risk profile therefore continues to reflect this heightened risk environment, with eight of the fourteen strategic risks sitting outside of their target risk score. Key highlights and themes include:

- **Risk A – Lack of Supply of Affordable Accommodation**

  The Housing Needs Service has seen a 33% increase in demand from families and single people who are either threatened with homelessness or are homeless from 2021/22. This high demand is being driven by affordability issues, rising rents and the contraction of accommodation available in the Private Rented Sector (PRS), as owners of PRS accommodation evict tenants and exit the market. There is no indication that market conditions in the PRS are improving or that there will be an increase in supply during 2024/25. Due to the impact on the wellbeing and quality of life for residents in emergency temporary accommodation, and the increased financial burden through high costs and a subsidy loss from government, this risk is presenting an increased risk score of +5 since March 2024. This moves the risk to the highest possible risk score of 25 and it is now the Council's highest scoring risk.

  It should be noted that in previous iterations of the report this issue had been described across two separate risks: the first being a lack of supply of affordable accommodation; and the second being the increase in the use of temporary accommodation. However, as these two issues are interlinked and were essentially highlighting the same concerns, they have been combined into a single risk.

- **Risk H – Financial Resilience and Sustainability**

  In July 2024 Cabinet received a Quarter 1 position for 2024-25, which set out a forecast overspend of £10m due to the rise in homelessness and a reduction in the supply of affordable accommodation. This position has since worsened and is now a £16m pressure. In addition, a new pressure of

£9m has been identified against ‘supported exempt accommodation’. Further actions are now necessary to manage this position with a requirement for services to deliver £10m of in-year savings, in addition to the £8m already being delivered. This risk has therefore increased to a score of 15 (impact:5, likelihood:3), which is an increase of +5 since March 2024.

3.3.3 There has also been several changes to the Strategic Risk Report since the previous iteration, which are described in sections below. Twelve of the fourteen strategic risks were reported in the March 2024 iteration of the report, and of these, eight are reporting a stable risk trend with scores remaining consistent with those previously reported.

3.3.4 One risk (Risk G: Cyber Attacks) is showing a small downwards movement in risk score (-1).

3.3.5 Eight strategic risks currently sit within the upper/red section of the heat map. The highest scoring risks, each with a risk score of 20 or above, are as follows:

- Risk A. Lack of Supply of Affordable Accommodation
- Risk B. Cost of Living Crisis
- Risk C. Increase in Dedicated Schools Grant High Needs Block Deficit
- Risk D. Risk to Community Cohesion

3.4 New Risks

3.4.1 Two new risks have been added to the Strategic Risk Report since the last iteration:

- **Risk D – Risk to Community Cohesion**

  This risk has been included to reflect the Council’s awareness of emerging global and national events that could have a local impact and create tensions amongst communities that are otherwise coexisting peacefully. While the risk is scored high (score of 20), it is important to emphasise that this is a precautionary measure. To this end, the Council is proactively monitoring and managing the situation, and the inclusion of this risk should be viewed as a demonstration of our commitment to community resilience and to provide reassurances that appropriate measures are in place to manage the risk.

- **Risk K – Emergency Preparedness, Response and Recovery**

  This has been included to reflect the risk relating of a failure to adequately prepare for and/or respond to a major incident in Brent. Such risks may lead to an incident having a significant impact on the health, safety or wellbeing of residents, communities, businesses or staff, and may also lead to an inability to deliver critical services. The final report from the Grenfell Enquiry was published on 4th September 2024, highlighting a number of issues, areas and recommendations that the Council must consider.

This risk had previously formed part of a wider suite of inherent risks that the Council manages on an ongoing basis, and which were held and monitored at a departmental risk register level. However, following a review of how the Council's strategic risks are reflected and presented, and to ensure a consistent approach, this risk has now been added into the Strategic Risk Report. It is therefore important to note that this is not a 'new' risk, nor is it a risk that has been escalated due to an increase in risk score or wider concerns. Instead, reflecting this risk presents an ongoing commitment to continually improve and enhance the Council's risk management framework.

3.5 Closed Risks

3.5.1 No strategic risks have been closed or de-escalated to a departmental level since the previous iteration. However, as detailed above, the 'lack of supply of affordable accommodation' and 'increase in the use of temporary accommodation' risks have been combined into a single risk.

3.6 Amendments to Risks

3.6.1 Amendments have been made to the individual risk scores of existing risks, as illustrated by the 'previous' and 'updated' risk score columns. Amendments have also been made to the detailed risk plans (section 4), where appropriate.

3.6.2 Target risk scores introduced in February 2023, reflect the risk score that the Council is working towards achieving or maintaining. There have been no amendments to the target risk scores that were previously set.

3.7 Action Plans

3.7.1 A new addition to this report is an enhanced action plan for each of the fourteen strategic risks. In previous iterations, risk owners have outlined actions they intended to implement to further address the risk, however, there was previously no system to follow-up and track these actions and whether they have had a positive impact on managing and mitigating the risk, or not. The enhanced action plan now includes a section to follow-up on actions that were previously outlined and assigns an action owner for increased accountability.

3.7.2 This addition was made following recommendations from the March 2024 LGA report, which advised on best practices for councils facing financial challenges. The report shared learnings from five councils with experience of financial or governance challenges, which either led to a S114 notice or capitalisation direction. This report contained a number of recommendations in relation to risk management, and while the Council already had robust arrangements in place to satisfy most of these recommendations, they were used as a guide to shape a forward plan for making further improvement and enhancement to the Strategic Risk Report.

3.8 Departmental Risk Registers

3.8.1 All Council departments are responsible for maintaining their departmental risk registers to ensure that all operational risks are effectively managed, and to ensure that risks are escalated to the Strategic Risk Report, via CMT, where risk scores exceed agreed tolerances.

3.8.2 To this end, all departmental risk registers were reviewed and updated prior to preparing the Strategic Risk Report and are available for CMT's review upon request. Internal Audit continues to liaise with all departments to provide risk management support and to assist with the updating of their risk registers. Internal Audit also comment on the completeness and reasonableness of the information provided and use the information within the risk registers to inform their annual and in-year audit planning processes. This helps to ensure that audit resource is effectively targeted at providing assurance on the highest risk areas.

3.9 Risk Management Strategy

3.9.1 The Council's Risk Management Strategy was subject to a comprehensive review and update in Summer 2023. This presented a significant revamp that sought to outline the Council's approach to risk management, to support a robust and consistent process for managing risks and opportunities.

3.9.2 The strategy was updated to ensure that the Council's risk management arrangements remain fit for purpose, but also complement other elements of the Council's governance processes.

3.9.3 A key addition to the strategy was the articulation of a risk appetite statement. Risk appetite is typically defined as the amount and type of risk that an organisation is willing to take in pursuit of its objectives and is a key component of effective risk management. The Council's risk appetite statement seeks to recognise that delivering the Council's strategic objectives is not without risk and some risks may need to be tolerated in order to innovate and improve. Equally, it is acknowledged that there are some risks that the Council should take every effort in managing and mitigating. The risk appetite statement therefore seeks to strike a balance between the Council's responsibility for managing risks against a need to work flexibly in delivering our strategic ambitions. To this end, the risk appetite statement defines six types of risks that the Council will seek to avoid at all cost.

3.9.4 Due to the significance and importance of the statement, it will be reviewed and refreshed at regular intervals, where necessary and independently to the overall strategy, to reflect changes in the Council's risk profile. To this end, there have been no changes made to the Council's risk appetite statement during this period.

3.10. Enhancing the Risk Management Framework

3.10.1 Over the last two years the Council has made a number of significant improvements to the Council's risk management framework, including:

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

3.10.2 As detailed above, as part of this iteration we have also enhanced the action plan to enable a more clear and transparent way of tackling actions to manage and mitigate risks.

3.10.3 It is however acknowledged that continuous improvement and enhancement is required to ensure that the Council's risk management framework and arrangements remain effective. To that end, two objectives and goals will guide future improvements:

1) Increased analysis and categorisation of departmental risks to provide more insight as to the full make up of the Council's risk profile.
2) To develop an integrated assurance plan to demonstrate a clearer link between assurance activities (by Internal Audit and other assurance providers) and the Strategic Risk Report.

4.0 Stakeholder and ward member consultation and engagement

4.1 None.

5.0 Financial Considerations

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

6.0 Legal Considerations

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

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

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

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

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

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 None.

8.0 Climate Change and Environmental Considerations

8.1 None

9.0 Communication Considerations

9.1 None

<u>Report sign off:</u> ***Minesh Patel*** Corporate Director of Finance and Resources

Appendix 1 – Strategic Risk Update

Strategic Risk Update

September 2024

Contents

1. Risk Evaluation Matrix

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

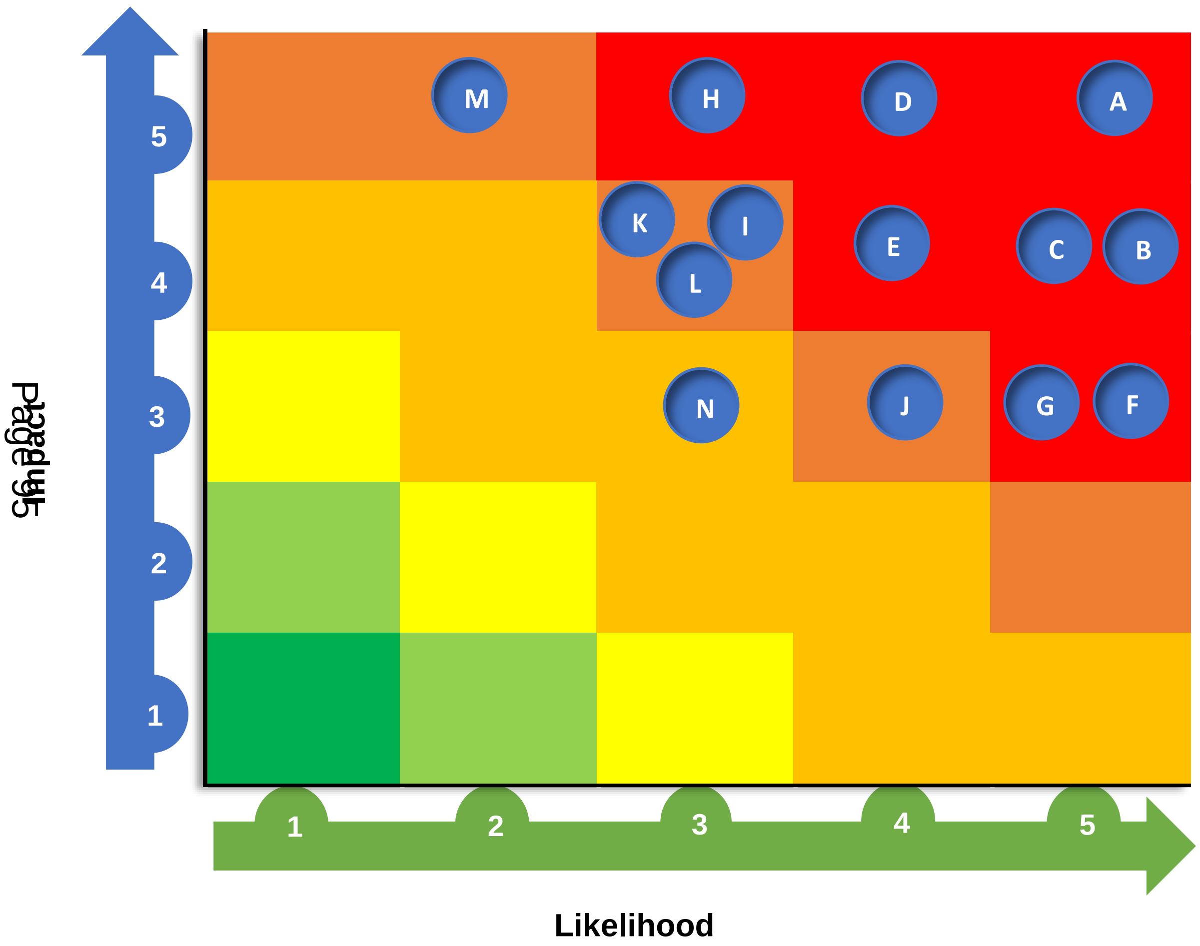
Risk Impact Matrix

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

Risk Likelihood Matrix

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

2. Strategic Risk Heat Map



A. Lack of supply of affordable accommodation

B. Cost of Living Crisis

C. Increase in Dedicated Schools Grant High Needs Block Deficit

D. Risk to Community Cohesion

E. Climate Emergency (Adapting to climate risks)

F. Climate Emergency (Reaching carbon neutrality)

G. Cyber Attacks

H. Financial Resilience and Sustainability

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

J. Recruitment and Retention

K. Emergency Preparedness, Response and Recovery

L. Safeguarding Incident- Adults

M. Non-compliance with Statutory Housing Duties

N. Contract Management

3. Strategic Risks - Overview

Ref	Risk Title	Risk Score	Previous	Trend	Target Score	Gap to target score
A.	Lack of Supply of Affordable Accommodation	25 (I:5 L:5)	20 (I:5 L:4)	↑	10 (I:5 L:2)	+15
B.	Cost of Living Crisis	20 (I:4 L:5)	20 (I:4 L:5)	↔	15 (I:3 L:5)	+5
C.	Increase in Dedicated Schools Grant High Needs Block Deficit	20 (I:4 L:5)	20 (I:4 L:5)	↔	16 (I:4 L:4)	+4
D.	Risk to Community Cohesion	20 (I:5 L:4)	*n/a – new risk*		15 (I:5 L:3)	+5
E.	Climate Emergency (Adapting to climate risks)	16 (I:4 L:4)	16 (I:4 L:4)	↔	16 (I:4 L:4)	=
F.	Climate Emergency (Reaching carbon neutrality)	15 (I:3 L:5)	15 (I:3 L:5)	↔	15 (I:3 L:5)	=
G.	Cyber Attacks	15 (I:3 L:5)	16 (I:4 L:4)	↓	12 (I:3 L:4)	+3
H.	Financial Resilience and Sustainability	15 (I:5 L:3)	10 (I:5 L:2)	↑	5 (I:5 L:1)	+10
I.	Risk of a serious child protection incident or wider safeguarding concern involving children and young people	12 (I:4 x L:3)	12 (I:4 x L:3)	↔	12 (I:4 L:3)	=
J.	Recruitment and Retention	12 (I:3 x L:4)	12 (I:3 x L:4)	↔	6 (I:3 L:2)	+6
K.	Emergency Preparedness, Response and Recovery	12 (I:4 x L:3)	*n/a – new risk*		9 (I:3 L:3)	+3
L.	Safeguarding Incident- Adults	12 (I:4 x L:3)	10 (I:5 x L:2)	↑	8 (I:4 L:2)	+4
M.	Non-compliance with Statutory Housing Duties	10 (I:5 x L:2)	10 (I:5 x L:2)	↔	5 (I:5 L:1)	+5
N.	Contract Management	9 (I:3 x L:3)	9 (I:3 x L:3)	↔	9 (I:3 L:3)	=

A. Lack of supply of affordable accommodation

Due to the limited supply of affordable accommodation in the Private Rented Sector (PRS), settled Temporary Accommodation and Social Housing, there is a risk of insufficient supply to meet the demand from homeless households and the need to place greater reliance on the emergency nightly paid temporary accommodation. This may impact on the wellbeing and quality of life for residents and place an increased financial burden on the Council through high costs of the accommodation and a subsidy loss from Government. **Sponsor: Corporate Director Partnerships, Housing and Resident Services**

Risk Scores	I	L	T	Trend
Previous	4	5	20	
CURRENT	**5**	**5**	**25**	↑
Target	5	2	10	

Risk Update

The Housing Needs Service has seen a 33% increase in demand from families and single people who are either threatened with homelessness, or homeless from 2021/22 (3,282 singles + 2,669 families = 5,498 total applications) to 2023/24 (4,141 singles + 3,159 families = 7,300 total applications). There have been 1,599 applications received in Quarter 1 of 24/25 (785 singles + 1, 599 families). If demand continues at the same rate, the service will receive a total of 6,396 applications in 2024/25 (3,140 singles + 3,256 families), an average of 122 applications per week. Whilst this will be an overall reduction in demand compared to last year, it should be noted that the decrease in demand is from single homeless applicants as opposed to families, where the forecast is a 3% increase from last year. This is significant because it is far more expensive to accommodate a homeless family than a single homeless person.

Affordability issues are driving this high demand, rising rents and the contraction of accommodation available in the Private Rented Sector (PRS), as owners of PRS accommodation are evicting their tenants and exiting the market. Figures released by the Office for National Statistics (ONS) for the period to June 2024 show that since June 2023 there has been a 33.9% increase in private rents in the borough. The use of PRS properties is essential to help meet demand from homeless households, as there is an insufficient supply of social housing. The contraction of supply, coupled with increase in rents has resulted in the service not being able to secure a sufficient supply of affordable PRS accommodation at the Local Housing Allowance (LHA) rate to meet demand. As the thresholds to trigger the statutory duty to provide accommodation are low, the service has a duty to secure interim emergency accommodation for most homeless families with dependent children. Due to the lack of supply of affordable PRS accommodation to move these families on to, the interim emergency accommodation has become silted up with over 1,000 homeless households. This is the most expensive form of TA, as the TA subsidy is capped at 90% of the one-bedroom 2011 LHA rate, which is typically £30 p/n. If a family occupy more than one room, the income is still capped at 90% of the 2011 one bedroom rate.

There is no indication that market conditions in the PRS are improving or that there will be an increase in supply during 2024/25. The Council's house building development programme has also been impacted by an increase in interest rates, resulting in higher construction costs – meaning that building the genuinely affordable homes needed to help meet demand is increasingly challenging There is also a worrying trend of an influx of large homeless families as a result of family reunion cases from former asylum seekers applying for their family to join them in the UK where they are immediately homeless as they do not have suitable accommodation.

Key Controls / Mitigating Actions

- A Housing Needs group, chaired by the Director Housing Needs and Support, is in place to monitor the Council's use of emergency accommodation.
- Homelessness services focused on prevention to decrease demand.
- Continued membership of Capital Letters to access a new acquisition scheme through Home Safe Housing (HSH).
- Use of PRS accommodation.
- I4B created to increase supply of affordable PRS accommodation.
- Two purpose built emergency TA schemes delivered, and a third being developed.
- Use of the Local Authority Housing Fund (LAHF) to acquire 42 street properties to rehouse families currently living in temporary accommodation

A. Lack of supply of affordable accommodation - Action Plan

Ref	Action	Target Date	Responsible Officer	Status
Follow-up of Previous Actions				
1.	To continue delivering the New Council Homes Programme to increase supply of affordable homes.	March 2025	Senior Development Manager	**In progress**
2.	To continue to acquire street properties through i4B.	March 2025	Strategy and Delivery Manager	**In Progress**
3.	To ensure completion of a new temporary accommodation scheme that would provide an additional 130 units of temporary accommodation.	September 2028	Project Manager Finance and Resources	**In Progress**.
4.	To continue to work with Private Sector property owners to procure affordable accommodation.	March 2025	Service Manager Accommodation Services	**In Progress**
5.	Continued emphasis on the prevention of homelessness and promote the Find Your Home scheme to encourage households who are threatened with homelessness to source their own PRS accommodation.	March 2025	Service Manager Housing Options	**In Progress**
6.	To bring empty properties on the South Kilburn Regeneration scheme back into use as TA.	September 2024	Director Inclusive Regeneration and Employment	**In Progress**
7.	To continue membership of Capital Letters to access affordable PRS accommodation through the Home Safe Housing (HSH) scheme.	March 2025	Director Housing Needs and Support	**In Progress**
New / Proposed Actions				
1.	New Communications Campaign to manage expectations	September 2024	Head of Communications	**In Progress**
2.	New scheme to help large families resettle in cheaper areas of the UK	March 2025	Director Housing Needs and Support	**In Progress**

B. Cost of Living Crisis

The cost-of-living crisis caused by the war in Ukraine, Covid-19, Brexit and high rates of inflation impacts on Brent residents resulting in more families and households falling into hardship, leading to increased levels of service demand on the Council and additional pressure on front-line services.

Sponsor: Corporate Director Partnerships, Housing and Resident Services

Risk Scores	I	L	T	Trend
Previous	4	5	20	
CURRENT	**4**	**5**	**20**	
Target	3	5	15	

Risk Update

The cost-of-living crisis has continued to have an impact on the residents of Brent and the Council is committed to doing what it can to support those in greatest need - with a focus on a model which provides residents with the tools and support to improve their situation in the longer term. The cost of everyday essentials, such as food, is still high and fuel prices are set to increase as a result of the change to the energy price cap. Increasing rent costs and a lack of supply of private rented accommodation are driving increasing homelessness and high interest rates are also having an impact. The impact on Brent, with its higher than average unemployment levels and lower wages for those in employment, is particularly severe. The increase in homelessness is also causing budgetary pressure for the Council. Service demand continues to rise with pressures on adults' and children's social care. Pressure on the homelessness service has also increased considerably, with a 23 percent increase in the number of homelessness applications – up from 6,000 to more than 7,300 – over the past three years. Each week, an average of 140 households are becoming homeless. The future of the government Household Support Fund has been uncertain and is due to end on 30 September 2024. We are likely to hear an announcement from Government to extend HSF from September 2024. The amount of Brent's funding is unknown at this stage.

The support services we have in place, including food and fuel support and the Resident Support Fund (RSF) are continuing to be well used. The RSF has supported 4213 customers in 2023/24. Since 1 April 2024 to 28 August 2024-1544 RSF applications have been awarded £920,406. A further 316 customers have been supported through digital support. Support has been provided for household bills, Council Tax, food, fuel, digital equipment and emergency funds. The Government's Household Support Fund has been used to provide support with the cost of food and fuel. During 2024/25 HSF grant of £2.8m has been provided by the Government to be utilised by 30 September 2024. £1.2m of this has been used for RSF with the other funds allocated to provide free school meals during school holidays, as well as to support other vulnerable groups directly and via VCS partners.

Key Controls / Mitigating Actions

- The Brent RSF has been in place since August 2020. A new model for the RSF moving from crisis support to longer term, more sustainable solutions has been in place since April 2024.
- A range of support has been put in place including a food and fuel poverty toolkit, the Brent Well and Warm scheme and warm spaces.
- As part of the Cost-of-Living Outcome Based review, a number of interventions were tested including a community shop and kitchen based support scheme, a crisis response fund, and additional debt and immigration advice provision. This work has been evaluated and fed into the development of a new approach to Resident Support which has been agreed for three years.

Demand for support from Brent Hubs remains high. Neurodiversity amongst Hub Customers is more and more prevalent making difficult presented needs in practice even more complex to resolve. Most common needs which residents present with at the Hubs are form filling such as RSF applications (24%), food and fuel aid enquiries (15%), housing and homelessness (14%), Council Tax (12%), welfare benefits (10%), and other presented needs (25%), such as, housing benefit; debt and money enquiries; employment, general support, immigration etc. VCS services are also seeing high demand. Brent Hubs is also seeing that low confidence is significant barrier hindering the progression of many Hub Customers, so as a response, the Hubs are developing a Creative Health programme with Partners that will support residents to build confidence and raise their aspirations. A new approach to resident support was agreed by Cabinet in February 2024. The new Resident Support Fund came into effect from 1 April and the enhanced Community Wellbeing service will go live in New Millenium Day Centre will launch in autumn 2024. Building on the successful pilot at Bridge Park Leisure Centre, this service will provide a programme of holistic support to residents and families who are in need, alongside access to good and other essentials.

- A Financial Inclusion Dashboard has been developed which draws together data from across various datasets, including council tax support and benefits. This is used to identify residents who may need targeted supports (i.e. in arrears). It also provides a strategic oversight for senior management.

B. Cost of Living Crisis - Action Plan

Ref	Action	Target Date	Responsible Officer	Status
Follow-up of Previous Actions				
1.	To agree a future model for Resident Support, based on evaluation from prototyping activity, which will move from a focus on crisis support (based on Government grant funding) to a model which provides residents with the tools and support to improve their situation in the longer term.	February 2024	Head of Change and Customer Insight	**Completed**
2.	To implement the new approach.	November 2024	Head of Change and Customer Insight	**In progress**
New / Proposed Actions				
1.	To consider and agree how to best utilise any extension of the Government's Household Support Fund	October 2024	Head of Customer Services and Assessments	**In progress**
2.	To develop and embed employment and skills initiatives as part of the Resident Support Model	March 2025	Head of Change and Customer Insight	**In progress**

C. Increase in Dedicated Schools Grant High Needs Block Deficit

There is a risk that the current deficit will continue to rise due to an increase in the number of children needing Education and Health Care Plans (EHCP). This could have an adverse impact on the Council's legal obligation to meet the educational needs of pupils who require special educational support. There is also likely to be an adverse impact on the ability to meet the DfE's requirement to produce a balanced DSG budget.

Sponsor: Corporate Director Children and Young People

Risk Scores	I	L	T	Trend
Previous	4	5	20	
CURRENT	**4**	**5**	**20**	↔
Target	4	4	16	

Risk Update

The DSG has carried a deficit balance since 2019/20 and the cumulative balance caried forward from 2023/24 was £13.2m. With the current in year DSG forecast deficit of £0.4m, this will increase the overall deficit to £13.6m. To help manage pressures against the High Needs Block of the DSG, Schools Forum have agreed on an annual basis a 0.5% transfer from the Schools Block i.e., £1.3m in 2024/25.

The monitoring of the DSG is reported on a quarterly basis via the finance forecast reports taken to Cabinet and Schools' Forum. The HNB Management Plan includes a range of measures to reduce the deficit, including tighter financial management controls to ensure full cost recovery from other local authorities that place pupils in Brent special schools, reducing demand for EHCPs and building more local capacity to reduce the need for children to be educated out of borough. In addition, the Council is participating in the Department for Education Delivering Better Value in SEND support programme (DBV), that commenced in autumn 2022 and is aimed at supporting local authorities with substantial deficit issues to reform their high needs systems. The DfE has provided Brent with £1m grant funding to pilot and implement system changes aimed at realising efficiencies.

As a result of these initiatives, the cost avoided equated to £2m in 2023/24 and is forecast to be £2.2m for 2024/25. The actions in the Management Plan and the 0.5% block transfer have reduced the HNB in-year deficit from a potential £2.5m deficit to the current forecast deficit position of £0.3m. However, cost avoidance continues to be required over the next 3 years, despite anticipated increases in HNB funding of 3% in 2025/26 and 3% thereafter.

The current Management Plan assumes a slowdown in the growth of EHCPs from 16% to 7% in response to the range of targeted actions as described above. The forecast reduction in spend based on the mitigating actions and cost avoidance actions in the Management Plan and the DBV plan, which have been quantified, will realise a reduction in spend of circa £11m by 2026/27. However, a reduction in the HNB funding in future years would have an impact on the reduction against the cumulative deficit if demand for EHCPs continues to grow.

There is limited opportunity to recover the historical deficit, due to systemic issues related to the national implementation of the Children and Family Act in 2015 that affect most local authorities in England. The regulations that are in place to carry forward a deficit balance against the DSG were due to end in 2022/23. However, this statutory override has been extended for another three years until 2025/26.

Key Controls / Mitigating Actions

- Bi-Monthly task group led by Corporate Directors of CYP and Finance.
- Delivery of the DSG Management Plan to address cost pressures.
- Brent's participation in the government Delivering Better Value (DBV) programme.

C. Increase in Dedicated Schools Grant High Needs Block Deficit - Action Plan				
Ref	**Action**	**Target Date**	**Responsible Officer**	**Status**
Follow-up of Previous Actions				
1.	Establish more SEND provision in the borough as part of the School Place Planning Strategy Refresh, including developing new Additionally Resourced Provisions in the academic years 2023/2024- 2024/25. This will reduce the need for young people to be placed in schools in other boroughs and in high-cost non-maintained independent special schools. *Update September 2024: A new Secondary Special School has been established and will move to new buildings in September 2025. A capital programme to establish Additionally Resourced Provisions in mainstream schools is in the construction phase. These will reduce pressure on out of borough placements.*	February 2024	Head of Inclusion/ Head of Capital Programmes	In progress
2.	As part of the DBV programme the council has been awarded £1m non-recurrent grant to pump prime a change programme in Brent over the 2023/24 and 2024/25 financial years. The programme of activity includes piloting an early targeted intervention programme for children under 7; a new quality assurance team; a review of banding costs and new commissioning approaches. The programme is overseen by the Corporate Director of Children and Young People and Corporate Director of Resources. *Update September 2024: Pilot projects are in the implementation phase. A new approach to cost banding will be subject to consultation in the autumn term 2024.*	September 2025	Head of Inclusion	In progress
3.	The introduction of the SEN Support service with the expectation to manage demand, as part of the Graduated Response Programme; improved quality EHCP assessment; and person centred planning and SMART annual reviews. Therefore, young people will be provided with earlier support, thereby reducing the need for an EHCP to trigger additional support. £0.5m has been approved by the Schools Forum for SEN Support. *Update September 2024: This work is ongoing and SEN support activity is integral to the DBV programme.*	September 2025	Head of Inclusion	In progress
New / Proposed Actions				
1.	Developing further proposals to expand local SEND provision in the borough to reduce the need for young people to be placed in schools in other boroughs and in high-cost non-maintained independent special schools.	September 2025	Head of Inclusion/ Neil Martin, Head of Capital Programmes	In progress
2.	Implement recommended approaches from DBV pilots to reduce demand for EHCPs and ensure appropriate support is provided (e.g. targeted support for children under 7, implement banding review, SMART annual reviews that reflect changing levels of support in line with young people's progress).	September 2025	Head of Inclusion	In progress
3.	Continued Central Government lobbying for appropriate funding	September 2025	Corporate Director, CYP	In progress

D. Risk to Community Cohesion

The potential of a breakdown of community cohesion in Brent poses significant risks, including increased social tensions, reduced trust among residents, and potential conflicts and violence. This breakdown could lead to a lack of cooperation and understanding among community members, impacting the overall well-being and safety of the area. It may create an environment conducive to extremism.

Sponsor: Corporate Director Partnerships, Housing and Resident Services

Risk Scores	I	L	T	Trend
Previous	-	-	-	n/a – new risk
CURRENT	**5**	**4**	**20**	
Target	5	3	15	

Risk Update

Brent had a higher rate of population growth than London and England from 2011 to 2021 Census. It also became more diverse over this period with smaller groups "Any other ethnic group seeing" 145% increase, followed by Arab (+57%). The three largest ethnic groups are Indian (19.5%), Other White (15.9%), and White British (15.2%). This rich diversity of the population brings opportunities for cohesion and unity, but it is not immune to the risks of community tension and conflict. With such a diverse community, we recognise that global events can have a local impact, creating tensions amongst otherwise communities that coexist peacefully. We are therefore mindful of tensions escalating and the possibility of violence disorder in Brent. Unchecked tensions can result in a breakdown in community cohesion and provide permissive environment for prejudice and extremism to thrive and escalate into terrorism.

The aftermath of the Israel-Hamas conflict since October 2023 has led to an increase in hate crimes, notably anti-Semitism and Islamophobia, reflecting heightened tensions within local communities. Protests by Palestine supporters and potential counter-protests by the Jewish community seen in September 2024 near Brent Civic centre was peaceful but such protests could serve as flashpoints for escalating tensions if not effectively managed.

The UK national threat level for Terrorism remains substantial and Brent experience complex risks and challenges. Brent has received targeted Home Office funding to respond to the risks of radicalisation and was recognised as a priority borough by the Ministry of Housing, Communities & Local Government (MHCLG) for community cohesion. Persistent threats from extremist groups and the potential for reduced Prevent funding beyond March 2025 are major concerns, threatening the sustainability of initiatives aimed at preventing radicalisation, community safety and cohesion.

Recent far-right riots nationally and the conviction of a Brent based far-right supporter for terrorist offenses highlights Brent's susceptibility to this threat. Muslim communities and Community sector partners have expressed significant fear following recent far-right riots, with local multi-faith forums and community engagement indicating a critical need for supportive interventions.

Key Controls / Mitigating Actions

- Ensure effective delivery of preventing radicalisation and counter - terrorism work, oversee by the multi – agency - Prevent Oversight Board, chaired at CMT level.
- Advocate for continued and increased funding to ensure the sustainability of crucial initiatives, reflecting Brent's community cohesion risks.
- Broaden and strengthen the scope of community engagement into effective partnership arrangements to maintain community safety, with a particular focus on tackling extremism, prejudice hate crime and promoting cohesion. Optimising upon the support from Community Leaders, Key Organisations, Police, Multi-faith Forum's and Schools.
- Continuously assess the impact of current initiatives and remain flexible to adapt strategies based on real-time community feedback and emerging challenges.

Action Plan				
Ref	**Action**	**Target Date**	**Responsible Officer**	**Status**
New / Proposed Actions				
1.	Advocate and bid to secure MHCLG community cohesion funding to enhance capacity for community engagement and build community network to identify and respond to challenges facing community cohesion.	March 2025	Community Engagement and Social Infrastructure Manager / Prevent Strategy Manager	**In progress**
2.	Strengthen multi faith forum and other community network to effectively respond to community tensions and build community resilience by providing tactical, coordination and funding support.	Ongoing	Community Engagement and Social Infrastructure Manager	**In progress**

E. Climate Emergency (Adapting to climate risks)

There is a risk that Brent's infrastructure, public health, and natural environment will be adversely affected by the physical effects of climate change and the consequences of extreme weather at a local level. These impacts will exacerbate existing pressures on public health and wellbeing, infrastructure and housing, the economy, local services and the natural environment; and are likely to be most acutely felt by Brent's most vulnerable residents. **Sponsor: Corporate Director Partnerships, Housing and Resident Services**

Risk Scores	I	L	T	Trend
Previous	4	4	16	
CURRENT	**4**	**4**	**16**	↔
Target	4	4	16	

Risk Update

Brent developed its Adaptation and Resilience Plan as part of the 2021-22 Delivery Plan, with a final version published in June 2022. We are currently one of only three boroughs in London who have a published plan of this kind. This document was approached as a form of risk register and examined the specific risks facing Brent from a rapidly changing and more unpredictable climate. The document sets out how the frequency and severity of extreme weather events in the future will depend on the amount of greenhouse gases the world emits, and the resulting increase in global warming. Experts believe that we currently have an opportunity to stop or reverse some of these risks, however many of these changes are now inevitable. Even in a 'low emission' scenario where global warming is limited to 2°C, we will still all need to prepare for hotter, drier summers and warmer, wetter winters. Brent, along with the rest of London, faces unique risks due to climate change.

The city's dense population, urban built environment and lack of green space puts it at increased exposure to surface water flooding, extreme heat and drought in particular. Many homes in London are not resilient to extreme weather, with poorly ventilated buildings and flats at greater risk of overheating. London is also already water stressed, and population growth will put further pressures on public water supply. We have already seen this play out a local level through a number of instances of major flooding affecting 16 roads in recent years; and the Church End & Roundwood area being identified as one of Britain's hottest neighbourhoods during the 2022 heatwave which saw Britain's hottest day ever recorded.

The task for the council is to ensure that it is both proactively preparing for these risks and reactively dealing with emergencies caused by extreme weather. The current adaptation and resilience plan is being reviewed and updated in autumn 2024 under the 2024-2026 Climate Programme. The risks remain that implementing the recommended actions are depending on funding, and funding for adaptation work is also severely limited at the scope and scale required. It is also dependent on capacity and acting at pace to keep up with the level of extreme weather that is now inevitable in coming years, and reaching out to vulnerable residents in a coordinated way across relevant council teams and services to ensure that they are aware and prepared to keep themselves safe and well wherever possible in advance of an extreme weather event occurring.

Key Controls /Mitigating Actions

- The council has an existing Climate Adaptation and Resilience Plan which will be reviewed and updated in autumn 2024 with a focused action plan.
- The council has existing emergency planning/public health/ communications protocols for different levels of extreme weather.
- The council has included adaptation elements for developers to consider as part of the Environment and Sustainable Development Supplementary Planning Document.

Climate Emergency (Adapting to climate risks) - Action Plan				
Ref	**Action**	**Target Date**	**Responsible Officer**	**Status**
Follow-up of Previous Actions				
1.	To review the June 2022 edition of the Climate Adaptation and Resilience Plan, starting with organising an adaptation workshop with key stakeholders	February 2024	Head of Environment Strategy and Climate Action	**Completed**
2.	To update and re-publish the June 2022 edition of Brent's existing Climate Adaptation and Resilience Plan	Autumn 2024	Head of Environment Strategy and Climate Action	**In Progress**
3.	To mainstream the recommended actions within the Adaptation and Resilience Plan into the next borough-wide Climate Emergency Delivery Plan 2024-26	Autumn 2024	Head of Environment Strategy and Climate Action	**Completed**
4.	To develop a set of adaptation tools for boroughs within the West London Climate Emergency Group (discussions are being held on whether the adopt the London Councils draft toolkit rather than devising a sub-regional toolkit)	December 2024	Head of Environment Strategy and Climate Action	**In Progress**
5.	To continue to feed into the Green and Resilient Spaces workstream being led by LB Southwark and RBKC at a pan-London level.	Ongoing	Head of Environment Strategy and Climate Action	**In Progress**
	To develop and formalise an Adaptation internal workstream of key officers that meet to discuss risks/actions on a semi-regular basis.	January 2025	Head of Environment Strategy and Climate Action	**Not Yet Commenced** – This will be initiated once the plan had been updated

F. Climate Emergency (Reaching carbon neutrality)

There is a significant risk that carbon neutrality as a borough will not be achieved by either 2030 or 2050, due to a severe lack of funding, resources, and the level of widespread behaviour change required to meet the scale of the challenge. This would have an adverse impact on the local community through greater risk of adverse impacts of climate change such as increased flooding, heatwaves and drought, and would mean that the co-benefits of tackling climate change (such as warmer homes, cleaner air, a healthier population, greener spaces, and a thriving local green economy) will not have been fully realised. **Sponsor: Corporate Director Partnerships, Housing and Resident Services**

Risk Scores	I	L	T	Trend
Previous	3	5	15	
CURRENT	**3**	**5**	**15**	↔
Target	3	5	15	

Risk Update

The council unanimously declared a climate and ecological emergency in 2019 and pledged to do all in our gift to reach carbon neutrality by 2030. Demonstrating progress in reducing local authority emissions is a hugely difficult for all councils, and in practice, councils are only able to directly influence a small proportion of emissions within their local area.

The UK government produces an annual breakdown of carbon dioxide emissions by Local Authority area as a subset of its annual inventory of greenhouse gas emissions. The most recent dataset available is from the 2022 calendar year and outlines that there were 910 kilotons of carbon dioxide emitted within the Brent boundary (39% from homes; 26% from transport; 35% from non-domestic properties). Indirect consumption emissions which arise the consumption habits of Brent's residents are estimated to be 3-5 times higher than this. Whilst Brent's carbon emissions have reduced by around 42% against since 2005, achieving carbon neutrality by 2030 remains extremely challenging, requiring a massive upscaling in nationally funded infrastructure programmes as well as concerted action and behaviour change from all sectors and individuals across society.

The council commissioned a carbon scenarios study in 2019 which estimated that the cumulative capital investment required for Brent to reduce carbon emissions at the scale required would cost £3.1bn. The current funding landscape for climate initiatives is severely limited, and whilst the council has been successful in obtaining over £12m in external grant funding since 2020, this is clearly below the level of investment and resources that are required for a genuine and transformative net zero transition.

Brent is not alone in this challenge. All local authorities that have declared a climate emergency are facing similar challenges. The vast majority of London Boroughs have set more ambitious net zero targets than the government, and the Mayor of London has also pledged for London to be a net zero city by 2030.

Key Controls / Mitigating Actions

- The council's climate programme is overseen quarterly by a Corporate Sustainability Board, chaired by the Director of Communities and Partnership.
- Progress with the 2022-24 Climate Programme and proposals for the new 2024-2026 Climate Programme are being considered by Cabinet in October 2024.
- We have recently developed an annual data dashboard which measures progress against 47 indicators linked to the Climate Programme.
- The council is actively linked into Pan-London and sub-regional West London workstreams which are seeking to achieve similar objectives.
- The Brent Environmental Network and its sub-groups is the focal point for driving initiatives and behaviour change within the community.
- The council has recruited a Funding and Bid Writing Manager to continue to monitor the funding landscape

Action Plan – Climate Emergency (Reaching carbon neutrality)

Ref	Action	Target Date	Responsible Officer	Status
Follow-up of Previous Actions				
1.	To continue to deliver and complete actions within the 2022-24 borough-wide Delivery Plan (55% actions completed/ 40% in progress / 5% inactive/ unlikely to be completed)	December 2024	Head of Environment Strategy and Climate Action	**In Progress**
2.	To review and develop plans for South Kilburn and St Raphael's Estate (development-led Green Neighbourhoods)	October 2024	Head of Environment Strategy and Climate Action	**Completed**
3.	To undertake a review of effectiveness of our current Green Neighbourhoods programme	Summer 2024	Head of Environment Strategy and Climate Action	**Completed**
4.	To develop the new 2024-2026 Climate Programme	October 2024	Head of Environment Strategy and Climate Action	**In Progress**
New / Proposed Actions				
1.	To implement the 2024-2026 Climate Programme	October 2024	Head of Environment Strategy and Climate Action	**In Progress**

G. Cyber Attacks

There is a heightened threat of Cyber-attacks. If attackers were successful, this would potentially impact all services, to the extent that service provision would be significantly affected in the first instance. Sensitive data may be published online resulting in significant fines from the ICO and reputational damage to the Council. **Sponsor: Corporate Finance and Resources**

Risk Scores	I	L	T	Trend
Previous	4	4	16	
CURRENT	**3**	**5**	**15**	
Target	3	4	12	

Risk Update

Several Councils have been subject to Cyber-attacks. The Cabinet Office are advising that there is a heightened security risk level at the current time, and the frequency of occurrences affecting our third-party suppliers or other local government bodies has seen a marked increase.

Shared Technology Services (STS) and strategic partners have deployed technologies and processes to enhance our cyber protection. The protection in place for the Council to prevent an intrusion is considered high. STS and Brent have cyber strategies in place and are in the process of updating those strategies considering the prevailing threats. Considerable investment continues to be made to improve cyber security; we have recently enhanced our monitoring capabilities with the procurement of a third-party service from CrowdStrike for the monitoring of on-premises and cloud-based servers.

However, the level and type of threat continues to evolve, shifting our focus to perimeter monitoring and protection. Learning from recent security exercises have been used to develop new plans to mitigate attacks, enabling Brent to better manage incidents when they arise. Brent will continue to work with strategic partners to combat cyber-security threats.

Brent continues to benchmark its approach and learn from the experiences of others. A recent Cyber 360 review by the LGA included positive feedback about the cyber security culture and governance within the council.

Over the last year, in conjunction with emergency planning teams and business services we have carried out ‘table top’ exercises to practice our response in the event of a cyber-attack. This has provided valuable learnings, shared across all STS partner councils.

Key Controls / Mitigating Actions

- Implemented tools to monitoring and detects abnormal activity.
- Security Logging and Endpoint Management.
- Enhanced awareness and training across specialist IT and all Brent users.
- Continuous development and testing of Cyber Playbooks.
- Developing strategic partnership with third party security specialists.
- Investment in an enhanced backup solution.
- Ran ‘Table-Top’ cyber-attack exercises with business services and emergency planning teams, to practice our coordinated response to any attack.

Action Plan – Cyber Attacks

Ref	Action	Target Date	Responsible Officer	Status
Follow-up of Previous Actions				
1.	We have now implemented a suite of tools (enabled partly by the recent investment in M365 E5 licenses), allowing greater security logging and event management through a centralised alerting platform.	February 2024	Chief Security Officer	**Completed**
2.	We are seeking to onboard a third-party Security Operations Centre service to monitor and respond to incidents on our End User Compute estate, this will leverage Brent's investment in E5 technologies. Procurement for this service is due to start in September 2024	December 2024	Chief Security Officer	**In Progress**
3.	A table-top exercise with the Emergency Planning team for our Cyber Playbooks with executive-level involvement, has been carried out in February 2024 and August 2024. Further exercises are being planned and a quarterly cross-partner council meeting has been scheduled to share experiences and learning.	Ongoing	Managing Director - STS	**Completed / ongoing**
4.	Enhanced training for IT staff within STS and Brent IT teams on cyber, security and technology.	March 2025	Cyber and Compliance Manager	**In Progress**
5.	Carry out independent peer reviews of Tier 1 systems.	March 2025	Chief Security Officer	**In Progress**
6.	Test disaster recovery of key line of business systems – this is a continual plan.	Ongoing	Deputy Director Operations	**Completed / ongoing**
7.	Obtain supply chain cyber security assurance from application vendors. We have assessed the risk levels for each of our key suppliers and will be sending out relevant questionnaires for each to complete.	March 2025	Cyber and Compliance Manager	**In Progress**

H. Financial Resilience and Sustainability

The budget setting process may not account for emerging unknowns and/or there may be delays in delivering planned savings, which may impact on the Council's overall financial resilience and sustainability. This may result in the Council not having sufficient resources to fund all of its priorities or needing to find further savings to meet budget gaps. **Sponsor: Corporate Director Finance and Resources**

Risk Scores	I	L	T	Trend
Previous	5	2	10	
CURRENT	**5**	**3**	**15**	↑
Target	5	1	5	

Risk Update

Since 2010, Brent has delivered total cumulative savings of £210m. In February 2024, Council agreed the budget for 2024/25, which included £8m of savings, with £3.6m to be delivered in 2024/25 and £4.4m in 2025/26. This was in addition to the £4.5m savings agreed in February 2023 for 2024/25, taking the total savings to be delivered in 2024/25 (£8.1m) and 2025/26 (£4.4m) to £12.5m. An update on the budget position and the MTFS was brought to Cabinet in July 2024 and further updates will be provided in the draft budget in November 2024 and the final 2025/26 budget in February 2025. The report also highlighted the significant risks, issues and uncertainties with regards to the Council's Medium Term Financial Strategy (MTFS) caused by high levels of inflation and interest rates, increased demand for key services, the effects of the cost-of-living crisis and uncertainty in government funding.

The 2024/25 Local Government Finance Settlement was the sixth annual one-year settlement for local government and continued the trend of real terms cuts to funding. At present, there continues to be a high-level of uncertainty over the economic environment and the future funding of local government, which makes long-term financial planning difficult. In July 2024, there was a change of Government, but the new Government have since confirmed in multiple statements and policy papers that the public finances are in a challenging position and that departmental spending cuts will be required in future years. Such cuts to departmental spending are likely to fall disproportionately on unprotected departments like MHCLG and affect the funding available to local authorities to meet the serious issues they are facing. The Government have confirmed that the next spending review will be a multi-year review, covering at least the next three years and that going forwards spending reviews will take place every two years, with at least a three-year funding horizon. It is hoped that this will provide an increased degree of certainty around the level and types of funding to be provided to local government that will make long-term financial planning easier, even as the outlook remains extremely challenging.

In July 2024 Cabinet received the Quarter 1 position for 2024/25, which set out a forecast overspend of £10m due to a rise in homelessness and reduction in the supply of suitable temporary accommodation. Since July, the position has worsened still and is now a £16m pressure. Additionally, a new pressure of £9m has been identified against 'Supported Exempt Accommodation'. This current forecast overspend represents over 7% of our net budget. This exceeds the level of 5% that the Council decided should be held as generally usable reserve at the time of setting the 2024/25 budget. The introduction of spending controls and the Budget Assurance Panel in 2023 helped to facilitate better grip of the Council's financial position and stabilise the in-year overspend in 2023/24.

Key Controls /Mitigating Actions

- The Council monitors the delivery of planned savings, and mitigating actions where relevant, on a quarterly basis and these are reported to CMT and Cabinet
- Each department monitors the delivery of planned savings, and mitigating actions where relevant, at its DMT.
- A Savings Tracker is reported to CMT and Cabinet alongside the quarterly monitoring report.
- Savings proposals are subject to challenge and review prior to inclusion in the budget.
- Review of fees and charges and challenge of income assumptions. Workshops to review growth and savings proposals for realism and deliverability.
- Regular update reports to members on the economic environment and national and local challenges facing the Council.
- Budget Assurance Panel provides oversight and scrutiny of the Council's financial position, including in-year budget pressures and issues, mitigating actions and the delivery of agreed savings.

This introduced a range of measures including proactive vacancy management, directorate led targeted non-essential spending control including agency and interim spend, alongside department led management action plans reflecting other actions being undertaken. These sensible, proactive and prudent measures are estimated to have led to cost avoidance of c£3m across the Council and are providing more assurance over the Council’s spending decisions. Given the current forecasted overspend, these spending controls will continue throughout 2024/25. However, it is clear that further actions are now necessary, including a new requirement for services to deliver £10m of in-year savings in addition to the £8m of savings already being delivered during 2024/25. Identifying and delivering this level of additional savings will be a significant challenge for the Council’s services during the coming months, but this is considered to be a necessary step to ensure that the Council’s budget can be returned to a sustainable position. Services will now be required to report to CMT monthly on the progress with delivery of the in-year savings. The significance of the financial risks cannot be underestimated, and measures are being taken to ensure that the Council continues to operate in a financially sustainable and resilient way.

- Expenditure controls imposed across the Council.
- Monthly reporting to CMT on in-year savings.

Action Plan – Financial Resilience and Sustainability

Ref	Action	Target Date	Responsible Officer	Status
Follow-up of Previous Actions				
1.	To continue the ongoing robust budget monitoring regime and framework.	Ongoing	Deputy Director of Finance	In Progress
2.	To continue to support the Budget Assurance Panel in providing oversight and scrutiny of the Council’s financial position, including in-year budget pressures and issues, mitigating actions and the delivery of agreed savings.	Ongoing	Deputy Director of Finance	In Progress
3.	To regularly review the existing expenditure controls and implement new enhanced spending controls where required to return the budget to a sustainable position.	Ongoing	Deputy Director of Finance	In Progress
New / Proposed Actions				
1.	£10m in-year savings target for 2024/25	September 2024 - ongoing	All Corporate Directors	In Progress
2.	Monthly CMT monitoring of progress with in-year savings	September 2024 - ongoing	All Corporate Directors	In Progress

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

There is a risk of a serious child protection incident or wider safeguarding concern involving children and young people due to increased demand and/or a failure in quality assurance processes. This could have an adverse impact on multi-agency partnership working, community confidence in local safeguarding practice, weakening of existing systems resulting in a downgrading of the local authority's Ofsted rating and pressure on the departmental budget to mitigate for any wider system failure.

Sponsor: Corporate Director Children and Young People

Risk Scores	I	L	T	Trend
Previous	4	3	12	
CURRENT	**4**	**3**	**12**	↔
Target	4	3	12	

Risk Update

All recommendations have been implemented following the ILACS Inspection of CYP that took place in February 2023, that judged the service to be 'Good' in all areas including overall effectiveness. A Practice Improvement Plan is in place to ensure that the service continues to improve, and quarterly updates are provided to senior leaders to check that progress and impact is on track. Inspection preparation is underway for an expected Focused Visit by Ofsted within the next 6 months (by March 2025). The annual engagement meeting with Ofsted is scheduled for October 2024 and the LA's self-evaluation of practice will be updated for discussion at that meeting.

There is strong multi agency working, both at an operational level about individual children and via the various strategic forums in place. Following the publication of Working Together 2023, revised strategic partnership working arrangements, in line with changes in Working Together, have been agreed and will be fully in place before the deadline of December 2024.

Demand for services remains high as well as the complexity of presenting casework. There are controls in place to ensure that caseloads are kept at manageable levels coupled with strong management support, training and reflective supervision of staff. This is further strengthened with a revised programme of regular quality assurance activity and learning events on high profile incidents.

There is a national shortage of social workers and reliance of agency staff as a result. The London Pledge is in place to maintain the consistency of agency rates being applied and this will be superseded by national rules on children's agency social workers that are due to be implemented in autumn 2024. There are a range of initiatives in place to recruit and retain permanent staff supported by a Workforce Development Plan, and a Workforce Development Group chaired by the Corporate Director of CYP. This includes a grow your own programme, step up to social work scheme and international recruitment. To manage staffing pressures an Establishment Board was set up, chaired by the Director, Early Help and Social Care, to monitor spend against established posts with controls in place to ensure all recruitment is managed within agreed procedures. This has enabled a tighter grip on recruitment and providing opportunities to target agency staff for agency to permanent recruitment, as well as helping to shape recruitment campaigns in specific difficult to recruit areas. This has resulted in cost avoidance and reduced spending by 25%. Fourteen agency staff converted to permanent roles between April 2023 and March 2024.

Key Controls / Mitigating Actions

- Quarterly reporting of quality assurance reports about practice and learning. Monthly performance reporting to senior leaders.
- Bi-Monthly Workforce Development Group chaired by the Corporate Director of CYP to monitor initiatives in the Workforce Development Plan.
- A fortnightly Establishment Board to ensure tighter oversight of recruitment of posts against the establishment and available budget.
- Brent's participation in the London Pledge for agency staff recruitment to maintain day rates at agreed levels.
- Practice improvement plan and implementation of existing quality assurance framework, reporting ¼ to DMT.

Action Plan – Risk of a serious child protection incident or wider safeguarding concern involving children and young people				
Ref	**Action**	**Target Date**	**Responsible Officer**	**Status**
Follow-up of Previous Actions				
1.	Monthly monitoring of performance data to review demand, trends, throughput of casework and caseloads. Exception reporting on areas where there is pressure or work in the system that is performing below expected targets with additional monitoring in place.	February 2024	Director Early Help and Social Care	**Completed**
2.	Learning on complex and high profile cases within service areas and within the existing safeguarding partnership structures.	March 2025	Head of Safeguarding and Quality Assurance	**In Progress**
3.	Targeted recruitment campaigns and continued focus on agency to permanent recruitment.	Ongoing	Director Early Help and Social Care	**Completed**
4.	Continued tighter financial management controls.	March 2025	Director Early Help and Social Care	**In Progress**
New / Proposed Actions				
1.	Targeted recruitment campaigns and continued focus on agency to permanent recruitment.	March 2025	Director Early Help and Social Care	**In Progress**
2.	Continued tighter financial management controls.	March 2025	Director Early Help and Social Care	**In Progress**
3.	Complete re-design programme in early help and social care and implement new model in line with budget envelope	April 2025	Director Early Help and Social Care	**In Progress**
4.	Continue implementation of the quality assurance programme and learning events	March 2025	Head of Safeguarding and Quality Assurance	**In Progress**
5.	Ensure Working Together 2023 partnership arrangements fully implemented	December 2025	Corporate Director Children and Young People	**In Progress**

J. Recruitment and Retention

Failure to recruit and retain sufficient permanent staff to a significant number of posts, including senior managers, leaves services without sufficient and/or sufficiently qualified staff leading to services being impaired and an overreliance on agency/interim staff. **Sponsor: Corporate Director Law and Governance**

Risk Scores	I	L	T	Trend
Previous	3	4	12	↔
CURRENT	**3**	**4**	**12**	
Target	3	2	6	

Risk Update

Voluntary turnover has remained just below 10% for the last year but increased slightly in Quarter 1 24/25. We continue to experience challenges recruiting to key roles such as social workers, it is not just recruiting to these roles that is an issue but retaining them. We continue to experience challenges in recruiting to other specialist roles such as lawyers, housing staff and qualified finance roles. We believe some of this in legal relates to a combination of the requirement to come into the office more and the ability to earn high day rates as interim. As a result, we continue to engage agency staff on high day rates across a number of specialist roles.

The Council will be monitoring the impact on recruitment and retention of being in the office at least 3 days a week from October.

Page 115

Key Controls and Mitigating Actions

- A range of potential incentives have been implemented, including financial supplements that can be applied to 'hard to fill' posts.
- A number of new 'grow your own' incentives in Learning and Development have also been implemented, including coaching and mentoring programmes, leadership and development programmes, and expanding the upskilling of apprenticeships.
- An arrangement has been agreed with LinkedIn to promote Council adverts and vacancies.
- Specialist recruitment campaigns are also being devised
- We have managed service provision for the supply of agency staff to mitigate the risks to services of vacancies while controlling cost and arrangements for approval of off contract spend.
- Head-hunting also continues via the Multi-Service Provider and external recruitment agencies for specialist/hard to recruit to roles.

Action Plan – Recruitment and Retention

Ref	Action	Target Date	Responsible Officer	Status
Follow-up of Previous Actions				
1.	Working with job board providers to maximise the functionality on offer to increase the profile of jobs at Brent	Ongoing	Senior Recruitment & Resourcing Manager	**In Progress**
2.	Review of recruitment team operating model to increase the focus on direct sourcing activity.	Summer 2024	Director of HR&OD	**Completed**
3.	Review of the Council's policies in relation to market supplements and other R&R allowances.	Jan 2025	Policy & Projects Manager	**Not Yet Commenced**
4.	Review controls in respect of agency staff pay rates.	Ongoing	Senior Recruitment & Resourcing Manager	**In Progress**
5.	Monitoring of the impact of the office attendance requirements – e.g. exit interview data will be analysed and feedback from managers/applicants through recruitment campaigns gathered and analysed to understand impact	Ongoing	Director of HR &OD	**In Progress**
New / Proposed Actions				
1.	New roles in the revised HR&OD structure have been recruited to. This includes new roles of Senior Recruitment & Resourcing Manager, Resourcing Business Partner and Social Media Assistant. We will for the first time have dedicated resources to work with managers on hard to recruit job campaigns, targeting specialist media, candidates and building the employer brand. Time will tell if this supports the reduction of hard to fill vacancies. This must be managed alongside building the employer brand which will take time. It will also allow managers time to build their own expertise in recruitment by having dedicated resources to work with them. We will also better utilise job boards for targeted campaigns and work with Directors on their recruitment strategies	Ongoing	Senior Recruitment & Resourcing Manager	**Not Yet Commenced**
2.	Work with Directors to review their agency spend and how to use targeted campaigns to reduce reliance on agency spend or where we can't to see where we can gain greater efficiencies in rates we pay	Ongoing	Senior Recruitment & Resourcing Manager	**Not Yet Commenced**

K. Emergency Preparedness, Response and Recovery

There is a risk that the Council fails to adequately prepare for and/or respond to a major incident in Brent, which may lead to an incident having a significant impact on the health, safety and wellbeing of our residents, communities, businesses and staff. This may also lead to an inability to deliver critical services, further increasing the impact on residents. **Sponsor: Corporate Director Finance and Resources**

Risk Scores	I	L	T	Trend
Previous	-	-	-	*n/a new risk*
CURRENT	**4**	**3**	**12**	
Target	3	3	9	

Risk Update

Emergency Planning work to the requirements of the Civil Contingencies Act 2004. There is sufficient oversight and scrutiny of our activities both via national and regional reporting mechanisms in addition to the routine oversight exercised by the leadership of the council. An external review of the Council's Emergency Planning and Resilience (EP&R) capabilities was undertaken in October 2023. Since then, the EP&R team has been working towards implementing the 22 recommendations that were raised. Of the 22 recommendations raised, 9 have been completed; 2 will no longer be taken forward in relation to additional resources and on call arrangements; and 11 are in progress with all on track to be completed by 31st March 2025. These recommendations are being progressed alongside actions that were identified as part of a self-assessment that was completed against the Resilience Standards for London (RSLs). Across the 11 standards, the Council has assessed itself (as of February 2024) as having four areas that are established and seven that are developing, which is broadly in-line with other boroughs across London.

The EP&R team is now fully resourced with four FTE. As well as the permanent team, the Council's response arrangements are supported by volunteers from other parts of the Council. There are a number of roles that people can volunteer to undertake, including Loggists, Local Authority Liaison Officers (LALOs) and Rest Centre staff. There is currently a need to increase the number of volunteers that support the team, to ensure the Council has the resilience to sustain a protracted response if required. The team are in the process of trying to raise the profile of the volunteer roles.

Two additional officers have undertaken Humanitarian Assistance Lead Officer (HALO) training this year, which means the Council currently has four people trained to fulfil this role. Several training exercises have also been undertaken in-year, including for the Strategic (gold) and tactical (silver) teams.

The final report from the Grenfell Tower Fire was published on the 4th of September. There were 10 recommendations related to Local Authority emergency planning and response arrangements Each of the recommendations has been allocated a Local Authority Resilience Board or Professional Network to consider, consult, and propose actions necessary to support the way in which London Boroughs collectively address them, where necessary. The EP&R team had already identified improvements in some of the areas identified and will continue to progress this work, while awaiting feedback from the resilience boards.

Key Controls and Mitigating Actions

- Business Continuity plans in place covering all departments / service areas.
- Multi-agency and internal training and exercise programme in place.
- On-call arrangements are in place.
- Major Incident Plan in place.
- Borough Risk Register in place and up to date
- Meetings and participation with the Borough Resilience Forum
- London Standardisation, which supports the ability to request mutual aid if required.
- External review undertaken in 2023 and the self-assessment against the Resilience Standards for London has provided assurance in respect of benchmarking against London peers.

Action Plan – Emergency Planning and Resilience

Ref	Action	Target Date	Responsible Officer	Status
Follow-up of Previous Actions				
1.	n/a – new risk.			
New / Proposed Actions				
1.	Complete implementation of recommendations from external review.	March 2025	Emergency Planning and Resilience Manager	**In Progress**
2.	Raise the profile of EP&R internally. Progressing the Grenfell recommendation for all council staff to recognise resilience and preparedness as an essential part of their role.	September 2025	Emergency Planning and Resilience Manager	**In Progress**
3.	Review Governance Structures for EP&R internally.	March 2025	Emergency Planning and Resilience Manager	**In Progress**
4.	Business Continuity Programme being refreshed to ensure all elements of the BC cycle are being implemented adequately. Additional focus is needed to develop a BC policy, embed BC and ensure services are considering it when consider their key suppliers.	March 2025	Emergency Planning and Resilience Manager	**In Progress**

L. Safeguarding Incident- Adults

There is a risk that there is a serious safeguarding incident involving a vulnerable adult in Brent, meaning the Council would be required to investigate and respond, and minimise the risk to the individual wherever possible. Depending on the incident and response, this may attract adverse publicity and/or require a Safeguarding Adults Review.

Sponsor: Corporate Community Health and Wellbeing

Risk Scores	I	L	T	Trend
Previous	4	3	12	↑
CURRENT	**4**	**3**	**12**	
Target	4	2	8	

Risk Update

ASC have a Safeguarding Adult Team that operate according to the Pan-London Safeguarding procedures, and who have been recently audited and found to have no significant areas of concern. The service works to minimise safeguarding concerns and prevent abuse wherever possible, however there is a realistic acceptance that not all safeguarding incidents can be avoided.

Safeguarding is often termed to be ‘everybody’s business’ and requires robust information sharing to ensure the statutory criteria for decision making is evidenced. There continues to be a theme in Safeguarding Adult Review (SAR) where Brent needs to continue improving their collaboration with partner agencies and ensuring a co-production approach is maintained whenever possible, in line with commissioning services. Brent is working with the SAB and partners to develop a learning and development plan that reflects the required learning from SARs for all agencies.

The aim is to implement this via the Safeguarding Adult Board. The operational team will continue to establish core-working relationships with partners to ensure we are able to deliver effective and creative care planning. Recording of information safeguarding concerns and timely progression of these are an ongoing development area. Staff has all been briefed on standard and expectation of which will be monitored of the next few months. It must correlate with current GDPR and Equality Rights legislation by Adults Social Care officers. These areas are continually under review and work is ongoing. Not doing this could result in an increase in cross agency failing vulnerable adults within Brent.

The challenges faced by services involved in safeguarding, noting the Board is to continually have a focus on obtaining assurances that all agencies continued to work effectively together, to ensure all adult safeguarding needs are met and continues to be managed effectively. If this is not done there is a risk of cases falling through the net and could result in incidence of near misses or untimely death.

Key Controls / Mitigating Actions

- There is a Safeguarding Adult Board in place, and it has an independent chair.
- The board set Annual priorities that are analysed across the system over the year.
- There is a Safeguarding Adults Review (SAR) Group in place that review all serious concerns and may recommend the case has a full review. These SAR enables the system to learn from any failings or near misses.
- Practice Audits are in place to drive a culture of personal and collective responsibilities and to identify areas for development across the service.
- The SAB has a responsibility to coordinate appropriate SA training for all partners annually.
- In addition, ASC commission SA training for staff based on training needs.

Action Plan – Safeguarding Incidents - Adults				
Ref	**Action**	**Target Date**	**Responsible Officer**	**Status**
Follow-up of Previous Actions				
1.	The Department are due to undertake a 'Safety' self-assessment using the CQC framework to assure itself it has safe systems in place.	January 2025	Director Adult Social Care	**In Progress**
2.	We have commissioned a Safeguarding review across the service, feedback will form our Safeguarding improvement plan	January 2025	Director Adult Social Care	**In Progress**
New/Proposed Actions				
1.	"NEED TO KNOW" escalation form and process to be revised and updated within Adult Social Care	January 2025	Director of Adult Social Care	**In progress**
2.	Safeguarding Mosaic Process flows being reviewed in line with the proposed ASC Restructure, ensuring efficient processes and clear roles and responsibilities within teams	January 2025	Director of Adult Social Care	**In progress**

M. Non-compliance with Statutory Housing Duties

Failure to comply with ongoing statutory Building Safety Act and Fire Safety (England) Regulations requirements and deadlines, may result in a serious health and safety incident or non-compliance with legislation, which may lead to serious injuries and/or fatalities, reputational damage, fines and/or imprisonment. **Sponsor: Corporate Director Partnerships, Housing and Resident Services**

Risk Scores	I	L	T	Trend
Previous	5	2	10	
CURRENT	**5**	**2**	**10**	↔
Target	5	1	5	

Risk Update

As a landlord we have to ensure we are complying with all our statutory duties and health and safety compliance particularly Fire, Legionella, Asbestos, Gas, Electric and Lifts (FLAGEL) form part of those duties. Failure in any of the areas would be a breach of the consumer standards and the Council would be subject to sanctions from the Regulator of Social Housing (RSH).

Following the Grenfell Tower inquiry findings published in October 2019, there was a number of recommendations made to prevent such a tragedy from ever happening again. The Government undertook to introduce new regulations based on these recommendations. These regulations take the form of the Fire Safety (England) Regulations 2022 and extend duties imposed by the Regulatory Reform (Fire Safety) Order 2005.

The Building Safety Act 2022 was introduced to improve the housing safety standards for residents giving them more rights and protections. The Building Safety Regulator (BSR) will oversee the safety and performance of all buildings with a special focus on high rise buildings. The above have stipulated actions that have to be completed by certain deadlines to show assurance that our buildings are safe and to avoid any further actions by the Building Safety Regulator. One example is the preparation of Building Safety Cases for our 41 High Rise Blocks by April 2024. The Building Safety Act working group was formed in September 2023 and currently meet fortnightly to assess progress on adherence with the Act. The group has developed a process for updating vulnerable resident's details that are held in the secure information boxes. The group have also started to engage with residents in high-risk buildings. The first three block meetings were held in December to discuss building safety and the fire strategy for each block. All high-risk building were registered complete with structural and safety data within the deadline.

We have not been successful in the permanent recruitment of the Building Safety Manager however we do not expect this to have an impact on any of our deadlines. We have commissioned a Building Safety Case pilot with consultants Penningtons Ltd which has taken longer to complete than we anticipated. We have now received advanced warning that the regulator will be requesting three Building Safety Cases before the end of October. Fortunately, one Safety Case is complete as it was one of the pilots and the other two have been passed to Penningtons Ltd for completion.

The team took a precautionary approach and registered all 6 storey blocks as high-risk blocks, however since meeting with Pennington they have advised that some of our blocks may not reach the high-risk criteria. Therefore, we have commissioned a height survey of all 6 storey blocks to confirm if they are 18m or more. The likely outcome will be that the number of high-risk buildings we manage under the Build Safety Act definition will reduce.

Meetings are being held with consultants to assist the Council in determining how to receive, use and manage Building Information Management information. The Building Safety Engagement Strategy has now been signed off and published.

Key Controls and Mitigating Actions

- Monthly FLAGEL compliance reporting to DMT.
- Fortnightly Building Safety Working group meetings where Director of Housing Services has a standing invite.
- CMT Periodic reporting, latest 17 July 2024 Housing Improvement Plan.
- Monthly contractor meetings
- Fortnightly meeting with quality management consultants
- Centralised compliance system covering FLAGEL and other area of compliance

Action Plan – Non-compliance with Statutory Housing Duties

Ref	Action	Target Date	Responsible Officer	Status
Follow-up of Previous Actions				
1.	Embed process for updating the vulnerable tenants list in secure boxes and providing evacuation information directly to all residents every 12 months.	March 2024	Head of Customer Services Housing	**In Progress**
2.	All compliance information is uploaded to True Compliance	January 2024	Building Manager	**Completed**
3.	Link True Compliance to Business Objects so reporting can be made easier	February 2024	Resident Data Team Manager	**In Progress**
4.	Provide building safety case reports for all high-risk buildings	April 2024	Building Manager	**In Progress**
5.	Agree a joint strategy corporately for all new buildings to ensure Golden Thread/BIM information is available to HMS through one system	March 2024	Head of Capital Delivery	**In Progress**
New / Proposed Actions				
1.	Northgate and True Compliance Integration	October 2024	Asset Manager/ Applications Support Lead	**In Progress**
2.	Re - measurement of 6 storey blocks	August 2024	Major Works and Refurbishments Manager	**In Progress**
3.	Recruit to key posts in the Building Safety structure	October 2024	Head of Housing Property Services	**In Progress**
4.	Prepare evacuation plans for High Rise Blocks	January 2025	Head of Housing Property Services	**In Progress**

N. Contract Management

There is a risk that due to operational, commercial, environmental or relationship issues, an important, high profile front line service may start to fail causing reputational problems for the council.

Sponsor: Corporate Community Health and Wellbeing

Risk Scores	I	L	T	Trend
Previous	3	3	9	↔
CURRENT	**3**	**3**	**9**	
Target	3	3	9	

Risk Update

Internal Audit have reviewed the Contract Management tools and operational performance and provided some recommendations.

A joint paper with Procurement was taken to CMT to review and agree next steps in December 2022. The paper set out various options. CMT agreed to the option of creating a Strategic Contracts Register, where evidence of contract performance will form part of the Annual Procurement Strategy report. A further paper was taken to CMT in May 23 providing a list of contracts that would form part of the Strategic Contracts Register and this was formally agreed.

A report has been taken to the Commissioning and Procurement Board in July 24. Thereafter it will be presented to CMT in September 24.

The latest version of Councils Contract Register has been updated and is shared with approved officers within the Council. A new process has also been implemented via MS Forms where the Procurement team can formally make changes and add to the contracts register. This process is also available to wider council to ask for changes to be made to the register if any errors are identified.

The Procurement Bill has now received Royal Assent. There are various aspects in the new Act related to transparency and how we manage our contracts, including making the public aware of how our key contracts are performing with various obligations that the Council would need to adhere to.

Now Royal Assent has been given it is anticipated to go live October 2024. The Procurement team have a working group that will work on ensuring the various aspects of the Act are understood and accommodated as part of our processes in readiness of when the provisions go live.

During Q3 /Q4 of FY 24/25 the Procurement Implementation Working Group will update the necessary documents agree the Open and Flexible format in the short term in line with the Procurement Act and provide training to the Council prior to the Act going live Oct 28th 2024. Thereafter develop and build in further knowledge and guidance within our documentation as Procurements are undertaken under the new regime looking at ways to use the Flexible procedure to support Council priorities.

Key Controls and Mitigating Actions

- The contract management framework has been reviewed, revamped and updated.
- A Gateway 4 process has been agreed to review commissioning intentions to determine if there are any opportunities through decommissioning, economies of scale or bottom-line savings that can be delivered.
- The Commissioning and Procurement Board to continue to review contracts that will expire or need extending prior to March 27.
- Reconciliation of the Contracts register, and Online register to ensure all the contracts published online are on the Contracts register.
- The Procurement Implementation working group are attending various workshops, meetings and conferences related to the new Procurement Act.
- Segmentation of contracts.
- A contract review template was created and signed off for ‘Gateway 3’. This is conducted at the mid-term period of a contract valued above £2m and assesses if suppliers are adhering to the performance KPIs / outcomes set out in the contract and if we should be looking to invoke the extension clauses when they come up.
- All contracts that require a Gateway 3 and 4 will need to be presented at the Commissioning and Procurement Board for comments and agreement.
- Each Directorate are sent their extract of the Contracts Register for review and feedback on a quarterly basis for feedback and sign off.

Action Plan – Contract Management

Ref	Action	Target Date	Responsible Officer	Status
Follow-up of Previous Actions				
1.	Work with the various stakeholders across the Council to gather evidence to support good contract management is being undertaken across our Strategic Contracts Register.	July 23	Head of Procurement	**Completed**
2.	Ensure Procurement are prepared to implement the requirements of the new Procurement Act.	Oct 24	Head of Procurement	**In Progress**
3.	Undertake a second round of Gateway 4 reviews of contracts due to be procured.	Ongoing	Head of Procurement	**In Progress**
4.	Undertake a session with the Commissioning Network relating to contract management requirements and good practice.	Ongoing	Head of Procurement	**In Progress**
New / Proposed Actions				
1.	Provide training and guidance for the new Procurement Act. This will be delivered and incorporated into the existing Procurement beginners and Advanced Training set up on the learning and development portal.	Sep 24	Head of Procurement	**In Progress**

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

This page is intentionally left blank