Public Document Pack

Audit and Standards Advisory Committee

Wednesday 23 September 2026 at 6.00 pm

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

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

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

Membership:

Members
David Ewart (Independent Chair)

Substitute Members

Councillors:

Choudry (Vice-Chair)
Bajwa
Blackman
Brown
Donnelly-Jackson
J.Patel
Perrin

Councillors:

Labour Group:
Agha, S Butt, De Souza and Ibrahim

Conservative Group:
A.Patel and H.Patel

Liberal Democrats Group:
Georgiou and Want

Green Group:
Ahmadi Moghaddam and Mitchell

Independent Co-opted Members
Sebastian Evans, 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

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.

Item			Page
1	**Apologies for absence and clarification of alternate members**		
2	**Declarations of Interest**		
	Members are invited to declare at this stage of the meeting, the nature and existence of any relevant disclosable pecuniary or personal interests in the items on this agenda and to specify the item(s) to which they relate.		
3	**Deputations (if any)**		
	To hear any deputations received from members of the public in accordance with Standing Order 67.		
4	**Minutes of the previous meeting**		
	4.1	To approve the minutes of the previous meeting held on Monday 27th July 2026 as a correct record.	1 - 10
	4.2	To note the updated Action Log from previous meetings of the Audit & Standards Advisory Committee.	11 -16
5	**Matters arising (if any)**		
	To consider any matters arising from the minutes of the previous meeting.		
	Governance Items		
6	**To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd**		17 - 24
	This report provides the Audit and Standards Advisory Committee with an update on the work of the Housing Companies, i4B Holdings Ltd (i4B) and First Wave Housing (FWH) to deliver against their business plans for 2025-26, which were agreed by the Council as Shareholder of i4B and Guarantor of FWH.		
7	**Update on the Response to Housing regulator findings and Brent graded at C3 (Safety and Quality Standard).**		25 - 34
	To update the Audit & Advisory Committee of the ongoing progress made		

as a consequence of the self-referral in April 2025 to the Regulator of Social Housing.

Finance, Audit, Risk Management & External Audit Items

8 Strategic Risk Register Update 35 - 80

This report provides the Committee with an update on the Council's Strategic Risks as of September 2026.

9 Statement of Accounts 2025-26 & Audit Findings Report 81 - 266

This report provides an update on the statement of accounts for the Council and Pension Fund for 2025-26 along with the External Audit Findings Reports.

The following reports have been attached for consideration:

10.1 London Borough of Brent Draft Audit Findings Report

10.2 London Borough of Brent Pension Fund Draft Audit Findings Report

10.3 London Borough of Brent Draft Letter of Representation

10.4 London Borough of Brent Pension Fund Draft Letter of Representation

10.5 London Borough of Brent Pension Fund Draft Audit Opinion

10.6 London Borough of Brent Auditor's Annual Report 2025-26

10 Audit & Standards Advisory Committee Forward Plan & Work Programme 2026-27 267 - 268

To review he Committee's work programme for the 2026 -27 Municipal Year

11 Any other urgent business

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

Date of the next meeting: Monday 30 November 2026

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**

This page is intentionally left blank

Brent

MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE
Held in the Conference Hall, Brent Civic Centre on Monday 27 July 2026 at 6.00 pm

PRESENT: David Ewart (Independent Chair), Councillor Choudry (Vice-Chair), Councillors Bajwa, Blackman, Brown, Donnelly-Jackson, Patel and Perrin.

Independent Co-opted Members: Sebastian Evans, Rhys Jarvis and Stephen Ross

Also Present: Matt Dean (Key Audit Partner – Pension Fund, Grant Thorton) and Councillor Grahl (Deputy Leader, Cabinet Member for Finance and Resources)

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

An apology for absence was received from Sophia Brown (Key Audit Partner, Grant Thornton), with Matt Dean covering both the Council and Pension Fund external audit items in her absence.

No apologies for absence were received from any member of the Committee.

2. **Declarations of Interest**

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

Councillor Donnelly-Jackson declared a personal interest in relation to item 8 - Treasury Management Outturn Report 2025-26, given she had been appointed as Council representative to the boards of the Council owned subsidiary companies i4B Holdings Ltd and First Wave Housing Ltd.

No other declarations of interest were made by members during the meeting.

3. **Deputations (if any)**

There were no deputations considered at the meeting.

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

The Chair addressed the corrections to the minutes from the 16 June 2026 highlighted by Sebastian Evans in advance of the meeting, which the Committee agreed to accept as read.

One substantive correction was identified to amend the wording of the substitute members to confirm Councillor Georgiou substituted for Councillor Brown and Councillor Ibrahim substituted for Councillor Blackman.

Subject to the corrections above, it was **RESOLVED** that the minutes of the previous meeting of the Committee held on Monday 16 June 2026 be approved as a correct record.

In considering the Action Log, the Chair thanked officers for the work done in progressing outstanding items, with the following points raised:

- A query was raised on the action (page 23) relating to the performance and management of i4B Holdings, specifically the circulation to members of current shareholder and guarantor reports, noting that the relevant meetings had already taken place when the item was considered in March 2026. Officers agreed to pick this up with the responsible team the following day, ahead of the next scheduled shareholder/guarantor meeting, and confirmed the reports would be circulated.

- It was suggested that, as with Internal Audit recommendations and external audit actions, target completion dates should be attached to in-progress actions on the Action Log, to prevent items remaining open indefinitely. The Chair agreed this was a good suggestion and asked that it be picked up outside the meeting with the Chair, Vice-Chair and Harry Ellis (Governance Officer).

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

None.

6. **Standards Report (including gifts & hospitality)**

Bianca Robinson (Principal Lawyer, Constitution, Governance and Finance) introduced the report from the Corporate Director Finance & Resources, which had been circulated and taken as read. In presenting the report, two points were highlighted:

- Three councillors had declared gifts and hospitality interests, with details set out in the appendix to the report.

- In relation to the RIPA inspection, the relevant documentation had been filed to support the (paper-based) inspection; the Committee would be updated once a response was received from the Information Commissioner's Office (ICO).

Having thanked Bianca Robinson, the Chair invited questions from members of the Committee, with the following raised:

- A question was asked in relation to the application of Regulation of Investigatory Powers Act (RIPA) 2000, with members wishing to know what would happen if triggered, and at what point the Committee would be informed if an incident were being investigated. Officers advised that, where a matter progressed to requiring magistrate authorisation, a defined review period applied and was documented, and that a summarised update would be brought back to the Committee once the outcome was known. Officers confirmed that this power had not needed to be exercised to date.

- Officers were asked whether they were satisfied that all members had completed the mandatory governance training needed to fulfil their roles. Officers advised that some members' training remained outstanding, with further sessions scheduled through to the end of September 2026, and that a further update would be brought to the Committee in September.

It was **RESOLVED** to note the gifts and hospitality declarations and to note the contents of the report.

7. **Emergency Preparedness Report**

Darren Armstrong (Deputy Director, Organisational Assurance and Resilience) introduced the report from the Corporate Director Finance & Resources, highlighting the following key points:

- The report provided assurance over the Council's emergency planning and resilience framework, governance arrangements and processes, reflecting the Council's responsibilities as a Category 1 responder under the Civil Contingencies Act.

- The Council's approach to emergency planning focused on continuous improvement, learning from incidents and exercises, reflecting national best practice, and aligning with the Resilience Standards for London.

- An independent review of the Council's emergency planning arrangements commissioned around two years previously continued to inform an ongoing improvement programme, alongside an action plan developed in response to the Grenfell Tower Inquiry Phase 2 report.

- The Emergency Planning and Resilience team was relatively small, providing coordination, advice, challenge and support across the organisation, with effective resilience recognised as a shared, whole-council responsibility.

Having thanked Darren Armstrong for the report, the Chair invited questions and comments, with the following issues raised:

- Members queried whether the Community Resilience Hub referenced at paragraph 3.5.5 (in relation to work with CVS Brent) had been commissioned by the Council or was CVS Brent's own initiative, and whether there was a timeline; officers advised they were not certain of the background and would confirm this following the meeting.

- In light of a recent terrorist incident in a park in Germany, the Committee asked whether the Council's planning for events in parks would be reviewed. Officers confirmed that, following the national threat level rising from substantial to severe in April, a number of actions had been progressed. Significant event-day planning work had already taken place in relation to Wembley (including a recent exercise with the stadium and partners), and officers would come back to the Committee specifically on parks.

- Responding to whether work with key partners on the climate change/heatwave exercise involved registered housing providers, officers confirmed this was not currently the case, that Council arrangements were primarily focused on council-related properties, and that these issues were discussed with registered providers via the Borough Resilience Forum.

- On lithium-ion battery risk (paragraph 3.9.10), the Committee asked whether there was a timeline for the waste management work with Veolia, and whether the issue could be raised at the Resilience Forum regarding public communications on safe e-bike/battery charging. Officers confirmed this had been discussed internally and with the London Fire Brigade, and was also being considered at the West London Resilience Board, and that a further update would be included in the Strategic Risk Report to the next Committee meeting.

- Moving on, members enquired as to what was considered a ‘prolonged event’ and how the Council was resourced to respond. Officers explained that many calls could be resolved through signposting to the relevant council service without the Emergency Planning team standing up a dedicated response, whereas prolonged events required arrangements such as rest centres, temporary accommodation and financial support. Resources available included the dedicated team, a pool of trained Local Authority Liaison Officers, logisticians and other specialist roles, wider officer training across the Council, and mutual aid arrangements with other local authorities.

- The Committee asked when every council service would have an up-to-date business continuity plan, Officers confirmed all services should have a plan reviewed annually and the majority of plans had recently been refreshed, with outstanding plans due for completion over the summer. The outcomes of those plans would be consolidated and cross-referenced with IT disaster recovery arrangements in a report in September. Officers also confirmed that Internal Audit's was conducting a review of business continuity, with the Emergency Planning team working closely alongside Internal Audit using its access across the organisation.

- In response to whether officers were satisfied that critical systems could be recovered within agreed recovery times in the event of a major cyber incident, Darren Armstrong advised this could not yet be assured pending completion of the business continuity refresh. Minesh Patel (Corporate Director, Finance and Resources) added that no Council could give complete assurance on cyber resilience, but Brent was learning from incidents at other authorities (citing Westminster and Kensington & Chelsea) and he felt that testing resilience was the best available mitigation.

- Given the significance of the Civic Centre, members asked when the hostile reconnaissance/vulnerability plan would be completed and tested (in the context of ‘Martyn's Law’). Officers confirmed this work was being undertaken with police colleagues and was in progress, but that no specific completion date was being published in order to maximise the benefit of the exercise, with assurance to be provided to the Committee once complete.

- Committee members requested an update on progress in implementing actions arising from the Grenfell Tower Inquiry Phase 2 report, and the current stage of cladding remediation work visible across social and private housing in Brent. Officers clarified that the Emergency Planning team's role related specifically to making the Council's response and recovery arrangements more resilient (including appropriate financial assistance arrangements), rather than the cladding remediation itself, which sat with housing colleagues.

- In relation to the new requirement for senior management roles focused on long-term sustainability of emergency planning arrangements, members asked whether this implied a time limit for completing training or an expectation of prior EPR knowledge before appointment. Officers confirmed there was no expectation of prior knowledge; the intention was to ensure the gold/silver/Halo command rota was well resourced, with officers trained (via gold, silver and Halo command training) before being onboarded to the rota, matched to roles suited to their background.

- Referencing the cyber incidents at other Councils, the Committee asked whether the LGA supported the Council on cyber security and business continuity given the sector-wide risk. Officers advised that there was ongoing work to improve business continuity planning templates and desktop exercises. The team was working closely with Internal Audit, whose 2025-26 plan included a business continuity theme t and there was shared learning via the London Resilience Forum, reported through London Councils. The Joint IT Committee, comprising Brent, Lewisham and Southwark received updates on cyber security, and the Shared IT Service had dedicated cyber security resources including a Data Ethics Board who considered cyber risks when new software was introduced.

- In relation to cyber security, members asked whether AI presented a resilience risk. Officers confirmed AI was captured as a strategic risk (subject to a previous deep dive to the Committee) but was not currently a leading risk from a purely emergency planning/business continuity perspective, though officers agreed to reflect further.
- Members asked whether Martyn's Law was yet in force and officers confirmed it would come into force in early 2027, with an independent internal audit report on the Council's preparedness due to the Committee in December 2026.

- Regarding audit targets, members enquired why only 79% of internal audit recommendations had been completed within timescale, and what single resilience risk most concerned officers. Darren Armstrong advised that, for him personally, retaining the skilled Emergency Planning team was key to supporting resilience, and his biggest concern was the risk of a Grenfell-type or major cyber incident given their potential to affect all council operations.

The Chair thanked Darren Armstrong and the Emergency Planning and Resilience team for their work in keeping Brent's residents safe, and it was **RESOLVED** to note the report, with the Committee's thanks formally placed on record. It was noted that Darren Armstrong would report back to the Committee on the question of counterterrorism planning for park-based events.

8. **Treasury Management Outturn Report 2025-26**

Amanda Healy (Deputy Director, Finance, Infrastructure and Investment) introduced the report from the Corporate Director Finance & Resources, which presented the Treasury Management outturn position for 2025-26 (April 2025 to March 2026), providing assurance that Treasury Management activity had been undertaken in line with the CIPFA Treasury Management Code and the Council's approved strategy. In presenting the report, the following key points were highlighted:

- The Council had remained compliant with its Prudential Indicators and had managed its borrowing and investments prudently during a year characterised by continued market volatility, inflationary pressure and geopolitical uncertainty, including the impact of US trade tariffs (April 2025) and the US-Israel-Iran conflict (February 2026). The Bank of England base rate reduced from 4.5% to 3.75% during the year, though long-term borrowing rates remained relatively high, and inflation, while easing, remained above the Bank of England's 2% target.

- The Council's overall borrowing position as at the 31st of March 2026 stood at £1.074 billion, an increase on the previous year, reflecting borrowing to support the capital programme (including housing, regeneration and infrastructure investment). £295 million of new borrowing had been raised during the year and £121 million of existing debt repaid.

- £20 million of the debt repaid related to two LOBO (Lender Option Borrower Option) loans of £10 million each which had review dates during the year; the lenders had exercised their option to increase rates from between 4% and 5% to over 6%, and both loans were accordingly repaid. One further LOBO loan remains due for review this year, with the same options to be considered. Officers noted that the Council's 'little and often' approach to borrowing had continued to help manage interest rate risk and avoid locking in large amounts of debt at unfavourable points in the market.

- The Capital Financing Requirement (CFR), representing the Council's underlying need to borrow to fund its capital programme, remained a key Prudential Indicator. The Council could also do internal borrowing, whereby cash resources such as reserves and working capital were used to fund capital expenditure in place of external borrowing, generating an interest cost saving.

- Investment balances stood at £43.8 million, a small decrease on the previous year, held entirely in liquid money market funds consistent with the Council's security and liquidity approach, with a strong average portfolio credit rating of A+.

- The Committee was asked to note the Treasury Management outturn performance and compliance with the Prudential Indicators, ahead of the report proceeding to Cabinet and, ultimately, Full Council for approval.

Amanda Healy added that the report reflected the Council's ambitious capital programme, requiring a careful balance of internal and external borrowing, grant funding and developer contributions, and drew attention to the Council's continued

strong investment position (Table 9), supporting the delivery of housing for residents affected by the housing crisis.

Following this, the Chair thanked Amanda Healy for her report and invited questions and comments from the Committee, with the following issues raised below:

- In relation to paragraph 3.43, Members sought clarification of the term ‘appropriation’ in the context of amounts moved between the General Fund and the ring-fenced Housing Revenue Account (HRA), and the benefits or drawbacks of such movements. Officers explained that this was a legal technicality: where the Council undertook regeneration or land development, assets could be appropriated from the HRA into the General Fund to support delivery of a scheme, before being transferred back to the HRA on completion, with the associated debt following the asset between the two balance sheets.

- Moving on, questions were raised over restrictions on the Public Works Loan Board (PWLB) borrowing, specifically on whether any approval process applied at the point borrowing was drawn down, and how the Council assured itself that funds were used as intended and not primarily for yield. Officers explained that Treasury Management activity was distinct from investments for service purposes (such as loans to other public bodies) and from investment purely for yield, which some other authorities had historically undertaken (for example acquiring commercial property outside their local area) but which Brent did not undertake; central government had introduced additional governance and reporting requirements and restrictions on new PWLB borrowing as a result, requiring the Section 151 Officer to provide assurance, at the point of borrowing, that no such yield-only investment was planned within the capital programme, which was itself approved (and therefore subject to member oversight) at Full Council. Sebastian Evans noted an apparent discrepancy in the short-term borrowing line of Table 3 (Treasury Management Summary, page 64) which; officers agreed to review and revise.

- Regarding the increase in borrowing to £1.074 billion, members queried how sustainable the Council's borrowing strategy was over the medium term if interest rates remained higher than forecast. Officers explained that the largest proportion of debt-funded capital expenditure related to housing and regeneration schemes, which were subject to viability assessments to ensure future cash inflows (such as rental income) would offset interest costs and support debt repayment, with the proportion of the revenue budget exposed to debt interest costs monitored as a Prudential Indicator.

- Members asked how rising construction material costs (cited as up to 30% in some cases) were reflected in the budget. Officers confirmed this was assessed at the viability stage for individual schemes rather than reflected directly in the Treasury Management report, and explained that the capital pipeline was consequently challenging, with alternative funding routes such as GLA grants being actively explored to mitigate or delay borrowing. Further points were asked about the impact of future borrowing requirements on the Medium-Term Financial Strategy (MTFS); officers confirmed that Treasury Management fed into MTFS scenario analysis, including modelling the impact of a 1% overnight interest rate rise, and that a blend of maturities and long-

dated debt was considered to manage exposure, noting that geopolitical shocks (including, in response to a further question, the impact of US tariff announcements) tended to be short-lived and were managed using the Council's 'little and often' approach, which allowed borrowing to be timed to avoid immediate market shocks.

- A point on the Committee's operation was posed, with Members questioning whether it was normal practice for the lead Cabinet Member to attend and speak to a report. The Chair confirmed the Committee operated independently of Cabinet, but that on occasion (as with Councillor Grahl as Deputy Leader & Cabinet Lead for Finance and Resources) it was helpful for a Cabinet member to attend, primarily to hear the Committee's feedback rather than to make political statements, with any non-member contribution made at the Chair's invitation. Councillor Grahl confirmed she attended chiefly to gain information from the Committee's scrutiny of her officers' work.

- The subject of whether the Capital Financing Requirement (CFR) forecast reflected current economic conditions or the position at the time of the February budget-setting process was raised. Officers confirmed the CFR forecast reflected the approved capital programme as at the February budget setting, that Prudential Indicators were reported quarterly in line with the Treasury Management Code (with a Q1 position currently before Cabinet), and that the CFR forecast represented an absolute borrowing requirement rather than a commentary on how or when borrowing would be undertaken; officers indicated the current CFR forecast generally represented a worst-case position, with actual borrowing typically coming in lower due to capital programme delivery delays. Members asked whether clawback provisions applied to grant funding not spent on a timely basis; officers confirmed this varied by scheme, with some grant programmes (including GLA programmes) carrying milestone-related risk, managed through the capital programme and quarterly reporting governance, and that further detail could be shared with members if requested.

In closing the item, the Chair reminded members that he had previously flagged the level of the Council's debt as an area to monitor, noting this was modelled within the Prudential Indicators rather than representing a specific new risk, and emphasised that the Committee's key role was to satisfy itself that the Prudential Indicators had been properly complied with and completed, these having originally been introduced to guard against unsustainable borrowing of the kind seen historically at other Local Authorities.

It was **RESOLVED** to approve the report for submission to Cabinet and Full Council, noting the Council's compliance with the Prudential Indicators and their continued significance.

9. **Update on statement of accounts and External Audit Progress Report**

The Chair advised that the Council's draft Statement of Accounts and Annual Governance Statement had been published on the Council's website in accordance with the statutory deadline of 30 June 2026, and he had encouraged members who had reviewed the accounts to submit detailed questions in advance to Ravinder Jassar (Deputy Director Corporate and Financial Planning).

Commenting further, Ravinder Jasar confirmed the Council had met its statutory duty to publish the accounts and Annual Governance Statement by 30 June 2026, and that this had been confirmed to MHCLG (the Ministry of Housing, Communities and Local Government), with the audit progressing well and broadly on track (in week six of a twelve-week programme).

Matt Dean (Key Audit Partner – Pension Fund, Grant Thornton), covering the update for both the Council and Pension Fund audits, reported that a different approach had been taken this year, with the first four weeks of the audit (the last two weeks of June and first two weeks of July) focused on sampling across all client areas, including previously challenged areas such as journals, PPE, and debtors and creditors. 274 individual sample items had been selected for testing, with 212 responses received to date. No errors had yet been identified, with a clearer picture expected within two to three weeks. Both audits were reported to remain on track for the Audit Findings Report to be brought to the 23rd of September 2026 meeting of the Committee.

Following the conclusion of the update, the Chair invited questions from Members of the Committee, with the following summarised below:

- In noting Brent's history of delays in completing its accounts, members asked what assurance could be given that the remaining audit work would be complete within the revised timetable, and what lessons had been learned to prevent future delays. Matt Dean confirmed he was confident of meeting the targets at this stage, with the next few weeks expected to confirm whether any risk to the September timetable existed. Minesh Patel confirmed that the previous two years' delays had primarily related to weaknesses in asset records and valuations and an improvement programme had since been implemented, along with additional finance team resource. He confirmed that the Council was on track for sign-off, with further detail to follow in the September 23rd Audit Findings Report.

- Following on from this, members asked whether all recommendations from previous external audit findings reports had been implemented, and whether any remained outstanding. Matt Dean confirmed this would be addressed recommendation-by-recommendation in the Audit Findings Report planned to be brought at the next meeting in September.

- Regarding material changes in the accounts, members asked what had materially changed since Grant Thornton's previous findings on recurring savings and medium-term financial planning, and whether every department now had a fully costed, deliverable savings plan supporting the MTFS. Matt Dean advised that the 2025-26 Value for Money conclusion was still in progress (the previous findings having related to the 2024-25 audit), with further detail to follow in the Auditor's Annual Report alongside the September Audit Findings Report. Ravinder Jasar added that the Council's Quarter 1 financial forecast report, published alongside Cabinet papers on the day of the meeting, set out the current position on the savings programme.

- Moving on, members asked whether the Council's 5% contingency fund remained sufficient given rising demand-led pressures and ongoing

uncertainty. Minesh Patel confirmed that a higher level of reserves would always be supported, but that the current position, reviewed annually as part of the budget process, felt appropriate at this time although this was subject to change dependent on perceived risk and the Council's circumstances.

- A question was posed to Grant Thornton, enquiring whether the approximately 50 outstanding sample items (of around 274 tested) were concentrated in a particular department. Matt Dean confirmed he did not have this detail to hand and was not aware of any specific bottlenecks but would come back to the Committee.

- Members queried whether the scope of the external audit had changed this year in a way that might risk delay. Matt Dean confirmed there had been no scope change; IFRS16 was now in its second year of implementation and no longer a new consideration, and while a change in the code moving asset valuations (in intervening years) to an indices-based approach was being introduced, the Council appeared to have managed this reasonably well so far, making this a comparatively stable year.

The Chair noted that, procedurally, the accounts were unlikely to be signed at the September meeting itself, but that approval was hoped for, with delegation to the Chair limited to final sign-off signatures once the audit had concluded. It was **RESOLVED** to note the report, with members encouraged to review the draft accounts and raise queries with Ravinder Jasar in advance of the September meeting.

10. **Audit & Standards Advisory Committee Forward Plan & Work Programme 2026-27**

It was noted that one amendment was required to the Forward Plan: the item relating to approval of the Statement of Accounts, shown against November, should be shown against the September meeting. Members were reminded that the September meeting was expected to be a lengthy agenda and were asked to prepare accordingly.

11. **Any other urgent business**

There were no items of urgent business raised for consideration at the meeting.

The meeting closed at 7.20 pm

DAVID EWART
Independent Chair

London Borough of Brent
Audit & Standards Advisory Committee – Action Log September 2026

Meeting Date	Agenda No.	Item	Actions	Lead Officer and Timescale	Progress
27 Jul 26	4	Minutes of the previous meeting & Action Log	• To review inclusion of target completion dates for in-progress actions on the Action log to prevent items remaining open indefinitely.	David Ewart/ Councillor Choudry/ Harry Ellis	In progress
16 Jun 26	6	Annual Standards Report 2025 (including Q 2 & 3 updates on gifts and hospitality 2025/26)	• Further details to be provided for members of the Committee on the way in which sanctions available under the Members Code of Conduct Complaints Procedure are applied when assessing outcome of different types of complaint	Biancia Robertson	In progress
16 Jun 26	7	Internal Audit Annual Report 2025-26 (including Annual Head of Internal Audit Opinion)	• Further clarification to be provided as part of next Internal Audit Plan update about the basis on which the summary of findings from the Core Assurance (inherent risk) audit work undertaken in relation to Children's Safeguarding had been classified as Medium Risk and on the associated assurance process. • Officer to review the future presentation of trends in relation to the issuing of Limited Assurance opinions and High Risk findings as part of the Interim update on the Audit Plan in order to provide further clarification against the context relating to the risk based nature of the internal audit approach and their to the Council's overall governance	Darren Armstrong/Matteo Biondi Darren Armstrong/Matteo Biondi	In progress In progress

			arrangements and system of internal control. • Update on Limited Assurance and progress in addressing High and Medium Risk findings as an outcome of the risk based audit activity relating to Deputyship/Appointees to be included as part of next Internal Audit Plan update	Darren Armstrong/Matteo Biondi	In progress
16 Jun 26	10	Annual Governance Statement 2025-26	• Committee to maintain overview of progress in monitoring delivery of key actions 2026-27 identified within the Significant Governance Issues Improvement Action Plan (as set out within Appendix 1 of AGS)	Minesh Patel/Darren Armstrong	Ongoing
			• Details of ongoing engagement between the Council and Regulator of Social Housing as part of ongoing delivery of Housing Compliance Improvement Plan to be included as part of next update scheduled for Committee	Spencer Randolph	Update to be provided for September meeting
24 Mar 26	5	Performance & management of i4B Holdings Ltd and First Wave Housing Ltd	• Update to be provided for members on the position for establishing a central register for smoke and carbon monoxide detectors outside of the meeting. • Current Shareholder and guarantor reports to be circulated to members.	Natoyah Vincent/Jon Cartwright Natoyah Vincent/Jon Cartwright	In progress In progress

			• To review the headings of columns in the risk registers to ensure that the post-mitigation score reflects that those mitigations may not yet be completed and represents the RAG rating for successful implementation of the mitigations • To review number 13 of the i4B risk register in light of the latest information regarding discussions with developers and mitigations in place at the next risk register review.	Natoyah Vincent/Jon Cartwright Natoyah Vincent/Jon Cartwright	In progress In progress
24 Mar 26	7	Procurement Strategy Progress Review	• For the Committee to receive a further progress update at a future meeting (date to be confirmed) addressing the following issues: - to expand and provide further explanation on the Council's sustainability approach in the context of procurement and commissioning within section 13 of the report. - The strategy for sole sourcing in relation to section 7.5 of the report. - The total spend on procurement. - The work and progress in filling procurement support vacancies	Edwin Mensah/Rhodri Rowlands	In progress

London Borough of Brent
Audit & Standards Advisory Committee – Action Log September 2026

			- Consideration to be given to the inclusion of Social Value & Community Wealth considerations within the Council's corporate report (identified as action 23 July 25)		
3 Feb 26	7.	Update on the Response to Housing regulator findings and Brent graded at C3	(1) Future updates to include an outline of the dashboard being used to monitor progress in delivery of the compliance framework, workstreams and associated KPIs including relevant timescales and details on the structure of resources to support the work being undertaken. (2) Further progress update to be provided at appropriate stage identified (within the next 6 months)	Thomas Cattermole/ Spencer Randolph Thomas Cattermole/ Spencer Randolph	In Progress
25 Sep 25	10	London Borough of Brent Interim Auditor's Annual Report 2025	Existing formula for calculating recommended reserve levels be circulated to committee members.** Rav to email update	Minesh Patel	Complete
23 Jul 25	6	Procurement Review Update	• Officers to maintain ongoing efforts to enact implementation of recommendation 2.2 of the report, with a report demonstrating their efforts brought to the Committee within the 6 months following the 23rd of July 2025.	Rhodri Rowlands & relevant departmental leads	In progress

			• Consideration to be given to the inclusion of Social Value & Community Wealth considerations within the Council's corporate report		
23 Jul 25	10	Evaluating the Effectiveness of the Audit and Standards Advisory Committee	To consider development of the Committee work programme enable deep dives in specific areas, where identified. This to include the potential for ad hoc working group or additional members briefing sessions outside of the main Committee meetings.	Chair & Vice-Chair & lead officers	In progress

This page is intentionally left blank

	Audit and Standards Advisory Committee 23 September 2026
	Report from the Chief Executive and Corporate Director of Finance and Resources
	Lead Member – Cabinet Member for Housing, Homelessness and Renters (Councillor Robert Johnson)

Report on i4B Holdings Ltd and First Wave Housing Ltd

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
No. of Appendices:	None
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Natoyah Vincent, Strategy & Delivery Manager Tel: 020 8937 2828 Email: Natoyah.Vincent@brent.gov.uk

1.0. Executive Summary

1.1. This report provides assurance to the Audit and Standards Advisory Committee (The Committee, ASAC) on the governance and oversight arrangements the Council has in place as Shareholder of i4B Holdings Ltd (i4B) and Guarantor of First Wave Housing (FWH). It outlines the mechanisms through which the Council monitors performance, risk, financial sustainability and compliance, and highlights key governance developments since the previous report, including the most recent Shareholder/ Guarantor meeting held in July 2026.

1.2. The report also provides an update on actions arising from the Committee's previous consideration of the Housing Companies and the measures in place to strengthen assurance over operational performance, health and safety compliance and service delivery.

2.0. Recommendation(s)

2.1. The ASAC is asked to note the governance arrangements and oversight mechanisms in place for i4B and FWH.

2.2. ASAC is invited to comment on any areas where further assurance may be required.

3.0. Background

Contribution to Borough Plan Priorities & Strategic Context

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

Governance Assurance Overview

3.2 Governance Framework

3.2.1 In November 2016, Cabinet agreed to establish its wholly owned investment company, i4B Holdings Ltd. The Company was set up with the purpose of acquiring, letting, and managing a portfolio of affordable, good quality PRS properties. Properties would be let to homeless families at Local Housing Allowance (LHA) levels. This would enable the Council to either prevent or discharge its homelessness duty and therefore reduce Temporary Accommodation costs. i4B currently own 490 properties, plus the key worker block, Lexington, with 153 flats.

Table 1 i4B portfolio as of August 2026

	1 Bed	2 Bed	3 Bed	4 Bed+	**Total**
Breakdown of units	68	206	148	68	**490**

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

3.2.3 Governance of both companies is overseen by the Council through formal Shareholder/Guarantor meetings held biannually, scrutiny by the Community & Wellbeing and Resources & Public Realm Committees, and annual review and approval of business plans and statutory accounts. The role of the Audit and Standards Advisory Committee is to obtain assurance that the Council has effective governance and oversight arrangements in place for i4B and FWH, including appropriate arrangements for monitoring performance, risk, financial sustainability and compliance. This framework aligns with CIPFA's guidance on audit committees and supports effective oversight of Council-owned entities.

3.3 Oversight Mechanisms

3.3.1 Shareholder and Guarantor meetings are held twice yearly and are led by the Corporate Director of Finance & Resources, with the Chief Executive and Deputy Leader attending where appropriate. These meetings provide strategic oversight and review of governance, risk, and financial performance. Operational and strategic performance is also reviewed by relevant Council scrutiny committees. Both companies produce annual accounts and business plans, which are reviewed and approved by the Council.

3.3.2 Following the Council's organisational restructure in July 2026, responsibility for i4B and FWH moved from the Service Reform and Strategy Directorate to the Organisational Assurance and Resilience Department within the Finance and Resources Directorate. This change strengthens alignment between the Companies and the Council's governance, risk management and financial oversight arrangements.

3.4 Board Composition and Capacity

3.4.1 The current Board structure includes an independent Chair, two independent non-executive Directors with finance and property expertise, and three internal Directors. Since the last report, the following changes have been made to the Board membership:

- Councillor Saqib Butt stood down as a Director on 20 May 2026 following changes to Board membership arrangements
- Cllr. Fleur Donnelly-Jackson joined the Board as a Director from 20 May 2026.

3.4.2 The Chief Executive conducts an annual appraisal of the Chair of the Board and the Chair also carries out an annual Board self-assessment to support continuous effectiveness and good governance.

3.5 Board Governance and Regulatory Oversight

3.5.1 Board Directors complete annual declarations of interest and confirm any updates prior to each Board meeting. Councillor Fleur Donnelly-Jackson is a Board Director of i4B and FWH and also serves as a member of the Audit and Standards Advisory Committee. Appropriate governance arrangements are in place to manage this interest, including the declaration of relevant interests, ongoing consideration of potential conflicts on a case-by-case basis, and withdrawal from discussion and decision-making where matters relating to the Companies are considered and a conflict of interest arises. Declarations are made in accordance with the Council's Code of Conduct and the Companies' governance arrangements, with relevant matters recorded and managed as required. No further conflicts have been declared.

3.5.2 The Housing Companies are working with Internal Audit to identify opportunities to strengthen assurance over governance, compliance and key operational controls. This will include drawing on Internal Audit's co-sourced providers where specialist expertise or additional capacity is required. The resulting

programme of independent assurance work will complement existing Board oversight and provide further assurance to the Shareholder and Guarantor.

3.5.3 FWH carries out an annual review of its governance arrangements against the Regulator of Social Housing's governance requirements, the most recent of which was presented to the Board in July 2026. In addition, i4B and FWH reviewed their governance arrangements against the National Housing Federation Code of Governance 2020. The review was undertaken in response to recommendations arising from the Local Government Association Corporate Peer Challenge. The findings were presented to the Board in June 2026 and concluded that the Companies were able to demonstrate substantial compliance with the principles of the Code and that no significant governance concerns were identified. The exercise also highlighted opportunities to further strengthen governance arrangements, Board effectiveness and strategic oversight. These areas will be considered through forthcoming Board strategy and risk sessions and will inform the Companies' ongoing governance improvement programme.

3.6 *Risk*

3.6.1 Both companies maintain strategic and operational risk registers, reviewed quarterly by the Boards and biannually by the Shareholder/Guarantor. Key risks identified include operational performance challenges, cyber-attacks, oversight of the separate contract for the management of i4B's 76 properties in the Home Counties, and future capital investment decisions.

3.6.2 To further strengthen the Companies' approach to risk management, a dedicated risk workshop is scheduled to take place later this year. The workshop will be attended by Board Directors and senior officers and will focus on identifying, assessing and managing strategic risks facing the Companies. The session is intended to enhance collective understanding of the risk environment, strengthen risk ownership and ensure that emerging risks are identified and addressed at an early stage. The outcomes of the workshop will be used to inform future development of the Companies' risk registers and risk management arrangements.

3.7 Financial Performance

3.7.1 A 30-year business plan is in place for the companies to ensure long-term financial standing. This is reviewed annually and is supported by monthly monitoring reports. The companies are on track to file the 2025-26 statutory accounts by the end of September, and expect a clean audit opinion.

3.7.2 i4B has a financial model that guides all acquisitions. A net yield target is set for all purchases. This ensures that property purchases are viable, and the Company is able to meet future financial commitments. The financial model is regularly reviewed to ensure its appropriateness and thus the Company's ongoing financial viability.

3.7.3 Loans to fund asset acquisitions are on a long-term fixed rate basis which is an appropriate de-risking tool for financing the purchase of long-term assets held for rent rather than for sale. Interest charges are included in the plan and are paid to the Council. As all loan finance is provided by the Council, the Council retains substantial freedom to restructure i4B's financial and ownership arrangements should it be necessary in order to secure the ongoing viability of the company or to safeguard the Council's financial interests.

3.7.4 In January 2026, i4B agreed the terms for a phase 3 loan with the Council, which is made up of £32m loan and £8m in equity. This will support the delivery of the acquisition progress in 2026/27 and beyond.

3.8 Business Planning

3.8.1 Work on the 2027/28 business planning cycle will commence this autumn. A strategy session will be held in October to agree the priorities for the coming year. Draft business plans are scheduled for review by the Board in January, with a final version submitted to Cabinet for approval in March 2027.

3.9 **Update from Shareholder & Guarantor Meeting**

3.9.1 The latest Shareholder/Guarantor meeting between the Council and i4B/FWH took place on 28th July 2026.

3.9.2 The Chair of the i4B and FWH Boards, Andrew Hudson, presented a report on the company's acquisition programme, operational performance, financial performance, 2026-27 business plan progress, risks and governance to the Council's Corporate Director of Finance & Resources.

3.9.3 A key focus of discussion was the i4B Home Counties management contract. The Chair updated the Shareholder on ongoing work to review a number of historical contractual matters and associated financial exposures arising from the management arrangements. To reflect the level of uncertainty while these matters are being assessed, i4B has made a provision of £400,000 within its accounts. The Shareholder emphasised the importance of obtaining robust legal advice to fully understand the Company's position, any potential liabilities, and the options available to protect its interests. It was therefore agreed that independent legal advice would be sought and that an internal audit review would be commissioned to provide further assurance regarding the management of the contract and any lessons learned.

3.9.4 The Shareholder/Guarantor also considered performance relating to void properties at Lexington. While improvements have been made through increased operational oversight and regular performance meetings, concerns were raised regarding the potential for properties to remain vacant for extended periods where dependencies exist within the lettings process e.g. credit checks. The Shareholder stressed the importance of maintaining robust monitoring arrangements, including clear escalation routes, to ensure void properties are bought back into use as quickly as possible and rental income losses are minimised.

3.9.5 The meeting discussed opportunities to strengthen operational resilience and reduce delays in the letting process at Lexington. Officers were asked to explore whether alternative approaches could be implemented for completing pre-tenancy requirements, including credit checks and tenancy administration activities, where these were contributing to delays.

3.9.6 The Chair also provided an update on ongoing work to improve financial oversight across the Companies. The Shareholder/Guarantor welcomed the continued focus on strengthening financial reporting, improve transparency and ensuring a clear understanding of the financial position of both companies.

3.10 Acquisitions

3.10.1 Movements in interest rates and other market factors mean that i4B is likely to continue facing challenges in acquiring properties within its financial criteria during 2026/27. Despite these pressures, the Chair reported positive progress against the 2025/26 acquisition target of 15 properties. To date, i4B has completed six acquisitions, with a further 13 properties progressing through various stages of conveyancing.

3.10.2 i4B will continue to explore a range of possible opportunities, e.g. conversions of non-residential property to residential use, as well as acquisitions. The additional expertise provided by the independent non-executive directors will strengthen this work.

4.0 Update on Matters Raised During the Committee's Previous Review of the Housing Companies

4.1 *Central Register for Smoke and Carbon Monoxide Detectors*

4.1.1 At the March 2026 ASAC meeting, Members sought assurance that appropriate arrangements were in place to monitor compliance relating to smoke and carbon monoxide detectors. Property Services have confirmed that compliance information is centrally recorded and monitored through the Council's compliance systems. The Companies continue to receive assurance through the relevant Service Level Agreements (SLAs) and monitoring arrangements. Ther Board receives regular updates on statutory compliance performance through operational reporting.

4.2 Circulation of Shareholder and Guarantor Reports

4.2.1 At the previous meeting, Members asked for the latest Shareholder and Guarantor reports to be circulated. As ASAC’s role is to obtain assurance on the Companies’ governance and oversight rather than review detailed operational reports, this report instead summarises the key matters considered, actions agreed and assurance received at the most recent Shareholder/Guarantor meeting. This provides appropriate transparency and assurance while preserving the Companies’ established governance arrangements.

4.3 *Review of Risk Register Presentation*

4.3.1 Members asked for the risk register format to be reviewed, as post-mitigation scores could suggest that planned controls were already fully implemented. The registers have therefore been updated to distinguish clearly between inherent, current and target risk, helping Members and Directors understand the present level of exposure and the expected effect of planned mitigations.

Matters Raised at ASAC on 24 March 2026	Status	Update
Central register for CO2 detectors	Complete	Assurance received though compliance monitoring arrangements
Shareholder/ Guarantor reports circulation	Complete	Key matters, decisions and actions arising from Shareholder/Guarantor meetings are summarised within the ASAC report to provide appropriate assurance and transparency
Review Risk Register presentation	Complete	Format updated to improve transparency of risk scoring

5.0 Stakeholder and ward member consultation and engagement

5.1 None.

6.0 Financial Considerations

6.1 Financial risks mainly relate to costs and income. Interest payments are a major cost element for both of the companies. However, as loans are secured on long term fixed interest costs, interest rate variations would not unduly affect the Companies ongoing operations. The impact of inflation on other costs could have an adverse impact over a long period so it is important to keep these under review. The long-term financial health of the Companies is also tied to rent levels which are in turn assumed to rise by the assumed general level of inflation. However, on the income side, rent levels are generally dependent on government policy especially in relation to local housing allowance and social rents. The critical assumption being that over the longer term that these government determined rent levels will keep pace with inflation.

7.0 Legal Considerations

7.1 None.

8.0 Equality, Diversity & Inclusion (EDI) Considerations

8.1 None.

9.0 Climate Change and Environmental Considerations

9.1 None.

10.0 Human Resources/Property Considerations

10.1 None

11.0 Communication Considerations

11.1 None

Report sign off:

Minesh Patel
Corporate Director of Finance and Resources

Brent	**Audit and Standards Advisory Committee** 23 September 2026
	Report from the Corporate Director of Residents and Housing Services **Lead Member – Cabinet Member for Housing, Homelessness and Renters (Councillor Robert Johnson)**

Update on the Response to Housing regulator findings and Brent graded at C3 (Safety and Quality Standard).

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:	None
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Spencer Randolph - Director of Housing Services Tel: 020 8937 2546 Email: Spencer.randolph@brent.gov.uk Gary Mitchell - Head of Housing Management Service Tel: 020 8937 2956 Email: Gary.Mitchell@brent.gov.uk

1.0 Executive Summary

1.1 This report provides the Audit and Standards Advisory Committee with the latest update on the Council's response to the C3 regulatory judgement issued following its self-referral to the Regulator of Social Housing in April 2025. Material improvements include the full rebuild of True Compliance; correction of approximately 3,000 certificate issues; removal of inaccurate property records and addition of missing blocks and sub-blocks; validation of the social housing asset base; closure of more than 5,200 fire risk assessment actions since July 2025; stronger governance and specialist accountability; and stock

condition survey coverage reaching 72%, with full coverage targeted by April 2027.

1.2 Despite this progress, the Council remains graded C3 and cannot yet demonstrate sustained compliance across all safety and quality requirements. The principal areas of non-compliance or high residual risk are the remaining overdue and legacy fire safety actions; completion and evidencing of Building Safety Cases and external wall assessments; delivery of outstanding compliance contract procurements; completion of system integration; independent assurance over rebuilt data; reliance on interim or agency specialist capacity; and completion of surveys for the remaining 28% of homes.

1.3 The Committee should pay particular attention to whether risk reduction is keeping pace with the recovery trajectory; whether closed actions are supported by complete and auditable evidence; whether procurement delays, system dependencies and workforce capacity threaten key milestones; and whether independent assurance confirms that reported compliance performance is accurate and embedded in operational practice.

2.0 Recommendation(s)

2.1 That the Committee note the progress made in strengthening the Council's building safety and compliance arrangements, while recognising that the programme remains in recovery and that further work is required to evidence sustained compliance and support a future review of the C3 grading.

2.2 That the Committee notes the progress made, identifies any areas requiring further assurance, and current compliance performance, high-risk actions and the outcome of independent assurance work.

2.3 That the Committee note the remaining priorities, including completion of legacy fire safety remedial actions, delivery of Building Safety Cases and external wall assessments, implementation of new compliance contracts, completion of systems integration, independent assurance of the rebuilt data and achievement of 100% stock condition survey coverage by April 2027.

3.0 Detail

Contribution to Borough Plan Priorities & Strategic Context

3.1 The work detailed in this report and that of the Housing Management Service more generally supports the Council's wider borough plan to Move Brent Forward Together. In particular, the work presented with this report supports the borough plan priority to provide prosperity and stability in Brent through helping to deliver the desired outcome for safe, secure and decent housing across the borough.

Background

3.2 In April 2025, it was identified within the Housing Management Service that 'True Compliance', the software utilised by the service to manage and monitor building safety compliance, had been updated incorrectly. Further investigations established that up to 12,500 fire actions had been wrongly updated to indicate that works had been completed but were missing the required supporting evidence. In addition, the council was unable to reconcile performance data on asbestos management, water safety and detectors for smoke and carbon monoxide. Issues relating to data available regarding stock condition were also identified.

3.3 In recognition of the seriousness of the issues identified and in line with the requirements of the Social Housing (Regulations) Act 2023 around transparency, the service self-referred to the Regulator of Social Housing. Following this self-referral and subsequent information provided to the Regulator as part of their investigation, on the 28th May 2025, the Regulator published its regulatory judgement, grading us at **C3,** confirming that serious failings had been identified and significant improvements were needed.

3.4 In response to the situation, the council appointed Caldistons, a health and safety advisor that specialises in building safety and assisting landlords in meeting the requirements and outcomes set out in the Social Housing (Regulations) Act 2023, in particular The Quality and Safety Standard.

3.5 Caldiston Ltd carried out an independent forensic audit across all key compliance workstreams (including fire, gas, electrical, water, asbestos and decent homes requirements) which was completed in August 2025. The audit involved desktop reviews, staff interviews and validation of data from multiple systems in use by the service, including True Compliance, NEC, and LifeSpan.

3.6 The findings from the audit highlighted and clarified several areas that the service had already identified as needing focus, as well as some additional key learning. These findings fed into the development of a robust action plan for improvement. This action plan also included root cause analysis (as recommended by The Regulator), to ensure permanent solutions are in place to prevent similar issues arising in the future and continues to form a key part of the agenda and monitoring for the relevant project board under the Housing and Tenant Improvement Programme.

4.0 Current position and ongoing improvement work

4.1 The recovery programme is now moving from identifying weaknesses and correcting historic records into sustained delivery. Governance is established through weekly project oversight, monthly reporting to the Building Safety Compliance Project Board and escalation through the Housing and Tenant Satisfaction Improvement Programme and Corporate Management Team. Progress reports and supporting evidence continue to be shared openly with the Regulator of Social Housing.

4.2 The Council continues to maintain constructive engagement with the Regulator. As the recovery programme has matured, formal meetings have moved from monthly to every two months, supported by written reporting and evidence between meetings. This reflects a more established reporting cycle, but does not reduce the Council's commitment to transparency, timely escalation or delivery of the improvement plan.

4.3 True Compliance has been fully rebuilt and is now the primary source for property compliance reporting. The rebuild has established a new asset hierarchy and corrected approximately 3,000 certificate issues. It has also removed 263 duplicate, sold or demolished property records, added 364 previously missing blocks and created 270 missing sub-blocks. Compliance streams and Council-owned social housing stock have been reviewed and validated, providing a substantially more accurate and evidenced representation of the Council's current compliance position.

4.4 The improvement in data quality means that performance is now reported on a more credible basis. This has made some compliance gaps more visible than under previous reporting, but it gives the Council a reliable baseline from which to manage risk, track contractor delivery and demonstrate measurable improvement. An independent assurance audit of the rebuilt True Compliance data is planned to provide further confidence before it is relied upon for future regulatory submissions.

4.5 Work on NEC Housing continues. The core property data has been extensively cleansed, including correction of ownership, address, Local Land and Property Gazetteer and management responsibility information. The programme is now focused on significant operational and functional improvements, including improved repairs and income functionality, clearer asset control processes, new reporting capability and interfaces between NEC, True Compliance and other housing systems. Although the programme has experienced delay, additional specialist resources are in place and the remaining dependencies are being actively managed through programme governance.

4.6 The Council has reprocured the company delivering stock condition surveys and is working to bring the programme forward by a year. The target is now to complete surveys for 100% of the housing stock by April 2027. We are currently sitting at 72%. Each property will be individually surveyed rather than relying on cloned assumptions, and the resulting information will be reconciled with the validated asset base to improve Decent Homes reporting, investment planning and identification of health and safety hazards.

4.7 Fire safety recovery remains a central priority. More than 5,200 fire risk assessment actions have been closed since July 2025, while the remaining overdue actions are being managed through a risk-based recovery trajectory with specialist resources and monthly reporting. The Council is also progressing Building Safety Cases for its higher-risk buildings and completion of the outstanding Fire Risk Assessments of External Walls, with delivery aligned to the March 2027 programme milestone.

4.8 Compliance policies and assurance arrangements have also been strengthened. A new suite of policies and management plans have been written and are being introduced, including approved arrangements for damp and mould, and the Quality Assurance function is undertaking targeted reviews to test whether documented requirements are consistently followed in operational practice. A live compliance dashboard is being developed to improve visibility, strengthen contractor challenge and support routine reporting to senior management and governance boards.

4.9 The compliance team has been strengthened through recruitment to specialist management and contract roles. Retaining competent building safety and compliance staff remains a sector-wide challenge, and interim or agency resource will continue to be used where necessary. New procurement activity is progressing so that each compliance workstream has a suitable contract and capable contractor in place, supported by clearer performance measures and stronger contract management.

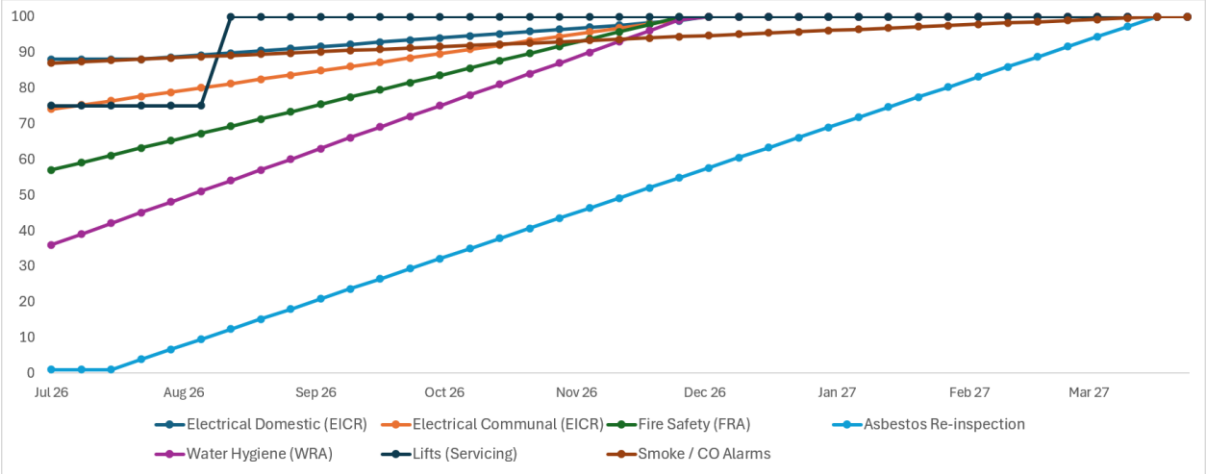
4.10 New posts have been introduced with specialisms in compliance streams rather than generic management giving more accountability

4.11 The recovery action plan continues to be reviewed frequently and incorporates the findings of the independent audit and root cause analysis. Further priorities include verifying the historic fire actions against evidence, completing remedial works, embedding a contractor performance framework, improving workforce resilience and compiling a robust evidence pack to support a future request for review of the Council's regulatory grading.

4.12 The direction of travel is positive, and the Council now has stronger governance, clearer accountability and materially improved data. However, the programme remains high risk until the remaining compliance backlogs, system interfaces, procurement dependencies, cladding and Building Safety Case requirements are completed and sustained operational performance can be evidenced over time.

4.13 The Council's immediate objective is to convert the stronger controls, systems and assurance now in place into consistent outcomes for residents. Success will be evidenced through reduced overdue actions, complete and auditable safety records, improved contractor performance, completion of stock surveys, reliable real-time reporting and clear assurance that compliance is embedded as business as usual.

4.14 A Recovery plan has been developed and implemented to address the operational compliance position on a number of streams. The forecasted plan is set out below with a target of 100%, with exception of asbestos, by the end of the calendar year. Improvements are monitored in weekly operational meetings with contractors



5.0 Financial Considerations

5.1 Like other local authorities, Brent is facing significant financial pressures and is continuously needing to look for efficiencies to address budget challenges. Some of the main challenges that could affect the long-term viability of the HRA Business Plan along with rent levels are major works and repairs.

5.2 As the Council adds more stock to its portfolio and complexities of new additional requirements to building standards are increasing, such as fire safety works and decarbonisation, the cost of major works are rising. At the moment, there is insufficient government subsidy available to address these changes. The Asset Management Strategy and investment plans must be approached cautiously and allow for flexibility to scale back on schemes where required. Careful budget monitoring and financial planning are crucial.

6.0 Legal Considerations

6.1 This report ensures compliance with the regulatory standards for housing, in particular ensuring we comply with the requirements of the Social Housing (Regulations) Act 2023 (the “Act”).

6.2 The Act received royal assent on 20 July 2023. It makes provision for the regulation of social housing landlords, particularly with regard to issues such as safety, transparency, standards and conduct of staff and tenant engagement. The Act also strengthens the powers of the Housing Ombudsman and enables requirements to be set for social landlords to address hazards such as damp and mould within a fixed time period.

6.3 As a result of the amendments made by this Act, safety and transparency will become explicit parts of the objectives of the Regulator of Social Housing (“the Regulator”) and the Regulator will have greater powers in relation to the competency and conduct of staff and the provision of information. The Regulator will also be given strengthened economic powers to ensure they can effectively intervene when required to enable them to assess landlords failing to meet standards more routinely and proactively, as well as taking action in a wider range of circumstances. Changes are also made to the economic

regulatory regime to ensure that providers of social housing are well governed and financially viable.

- The Act has three core objectives as follows:
- To facilitate a new, proactive consumer regulation regime
- To refine the existing economic regulatory regime
- To strengthen the Regulator's powers to enforce the consumer and economic regimes.

6.4 On 29 February the Regulator set out the revised consumer standards that apply to all registered housing providers from 1 April 2024. The new standards are:

- The Safety and Quality Standard
- The Transparency, Influence and Accountability Standard
- The Neighbourhood and Community Standard
- The Tenancy Standard

6.5 The introduction of the revised consumer standards also included information on the Regulator's Tenant Satisfaction Measures (TSM) referred to above, that all social housing landlords must report on. The TSMs will help the Council to see how well it is doing in areas such as keeping properties in good repair, maintaining building safety, and effectively handling tenant complaints. The Regulator required all landlords who own more than 1,000 homes to submit their first TSM data return by 30th June 2024 to enable the Regulator to publish the first year of data by autumn 2024.

6.6 As a social landlord the council has a duty to provide a safe environment for those living in their homes. Failure to comply could result in negative outcomes ranging from customer dissatisfaction and criticism to a requirement to submit (to the Regulator) a Performance Improvement Plan, or to take particular remedial actions as set out in an enforcement notice. If necessary, the Regulator will be able to authorise an appropriate person to enter a social housing premises to take emergency remedial action, issue penalties such as unlimited fines, or require the provider of social housing to pay compensation. A provider of social housing will commit an offence if they obstruct access or work required to undertake remedial action. A person guilty of an offence under this section is liable on summary conviction to a fine not exceeding level 4 on the standard scale.

6.7 As per the report the council completed a self-referral that focused on the Safety and Quality Standard. The regulator notes that: "This is the first time we have issued a consumer grade in relation to this landlord. LB Brent has engaged positively with us since making its self-referral and has plans in place to understand the wider impact of its current position. Those actions include work to understand the root causes of the presenting issues, reviewing the completion of all closed fire safety remedial actions through a risk-based approach and working to develop a suitable action plan to resolve the issues. We will continue to engage with LB Brent as it seeks to address the issues that have led to this judgement. This includes evidencing that it is taking reasonable

steps to mitigate risks to tenants as it creates and delivers its improvement plan. We are not proposing to use our enforcement powers at this stage but will keep this under review as LB Brent seeks to resolve these issues".

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 The public sector equality duty set out in Section 149 of the Equality Act 2010 requires the council, when exercising its functions, to have due regard to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, and to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not share that protected characteristic. The protected characteristics are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

8.0 Climate Change and Environmental Considerations

8.1 Housing is a key stakeholder in delivering the Councils Climate Action strategy. The actions Housing is responsible for are as follows:

- Retrofit work to three tower blocks;
- We will deliver further retrofitting projects via the Council's Carbon offset fund;
- We will develop and implement employer requirements for energy efficiency standards within all new Council housing;
- We will explore and identify an opportunity for an exemplar net zero new build within the NCHP;
- We will review developments within our NCHP pipeline to ensure that all aspects of sustainability are holistically addressed, with a special focus on the proposed development plans for St Raphael's Estate.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 At this time it is anticipated that additional resource will be required in the short to medium term, to assist with the recovery programme.

10.0 Communication Considerations

10.1 The Council is taking a proactive and coordinated approach to engagement with tenants, leaseholders, elected members and the wider community. A dedicated Housing Communications Officer has been appointed and is ring-fenced to support the Housing and Tenant Satisfaction Improvement Programme. The officer works with Corporate Communications and Resident Engagement to maintain the communications plan, produce and distribute key housing information, improve service-led communications and ensure activity is informed by resident feedback and measures of impact.

10.2 Effective communication and engagement with residents and key stakeholders remain central to the recovery plan. The Council has appointed a dedicated Housing Communications Officer, to support the Housing and Tenant Satisfaction Improvement Programme and strengthen communications with tenants and leaseholders. Working closely with the Corporate Communications and Resident Engagement teams, the officer is responsible for delivering clear, consistent and accessible information, maintaining the housing communications plan, supporting two-way engagement and measuring the impact of communications activity so that learning can be used to improve future engagement.

10.3 The dedicated officer is leading and coordinating the Council's flagship housing communications, including The Noticeboard, e-newsletters, the annual report to tenants and leaseholders, website content, resident letters, frequently asked questions and multimedia updates. The role also supports Housing teams to improve the quality and consistency of service-led communications through templates, advice, coaching and proportionate quality assurance.

10.4 A suite of new building safety compliance policies has been developed, and residents were given the opportunity to comment on draft versions of these. Resident feedback particularly highlighted the technical nature of the policies and so, in response to that feedback, an over-arching resident guide to building safety has been created to improve accessibility.

10.5 A programme of annual building safety meetings continues across all our high-risk blocks. Whilst attendance has been low at several of these, the meetings have been well received by residents who have attended. Letters are also sent out to all residents of each block with the key information shared following the meetings.

10.6 The officer leads and coordinates flagship products including The Noticeboard, e-newsletters, the annual report to tenants and leaseholders, website and frequently asked question updates, resident letters and multimedia content. Communications are supported by dedicated building safety contact routes and WhatsApp channels, while face-to-face engagement continues through high-rise building safety meetings, summer roadshows, tenant and leaseholder events, Resident Association Chair seminars and resident scrutiny forums. Feedback from these activities is captured and used to shape future communications and service improvement.

Report sign off:

Thomas Cattermole
Corporate Director of Residents and Housing Services

This page is intentionally left blank

	Audit & Standards Advisory Committee 23 September 2026
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance &Resources (Councillor Gwen Grahl)

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 Register
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Darren Armstrong, Deputy Director Organisational Assurance and Resilience Tel: 020 8937 1751 Email: Darren.Armstrong@Brent.gov.uk Matteo Biondi, Deputy Head of Assurance Tel: 07711919651 Email: Matteo.biondi@brent.gov.uk:

1.0 Executive Summary

1.1. This report provides an update on the Council's Strategic Risks as of September 2026. The update has been prepared in consultation with risk leads and Directorate Leadership Teams and summarises the risks that are considered to be of an impact and/or likelihood of materialising, and which may have an adverse effect on the achievement of the Council's corporate objectives.

1.2. Since the previous update, the overall strategic risk profile has remained heightened. Most risks remain stable, although Risk C – Increase in Dedicated Schools Grant High Needs Block Deficit has reduced from 20 to 16, Risk N –

AI Risks has reduced from 12 to 6 following progress in establishing the Council's AI governance framework, and Risk F – Cyber Attacks has increased from 12 to 16 to reflect the heightened external threat environment. Risk L – Non-compliance with Statutory Housing Duties remains one of the highest scoring risks at 25 and continues to require close oversight.

1.3. One new strategic risk has been added to the register: Risk O – Business Continuity. Risk N – AI Risks was added as part of the February 2026 update and has been updated in this iteration to reflect progress in embedding the Council's AI governance framework. No risks have been closed. The climate-related risks remain consolidated into a single overarching risk covering mitigation, adaptation and resilience.

2.0 Recommendation(s)

2.1 The Committee is asked to note the report.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

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

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

3.2 Background

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

3.2.2 The Strategic Risk Report is owned collectively by the Council Management Team (CMT), with each risk assigned a Senior Responsible Officer. 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 September 2026. The Council continues to operate in a complex and heightened risk environment, with significant external pressures affecting housing demand, financial resilience, community cohesion, climate adaptation, cyber security, statutory housing compliance and the responsible adoption of artificial intelligence.

3.3.2 The Council's overall risk profile therefore continues to reflect this heightened risk environment, with thirteen of the fifteen strategic risks sitting above their target risk score and two risks currently at target. Most risks have remained stable since the previous update; however, Risk C and Risk N are reporting reduced scores, Risk F has increased, and Risk O has been added as a new strategic risk. Key highlights and themes include:

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

  Demand from homeless households remains high. Between August 2025 and July 2026, the Council received 8,882 homelessness approaches, averaging 24.3 per day. In the current financial year to date, 3,081 approaches have been received, averaging 24.8 per day. However, demand over the most recent 30-day period has reduced to 22.7 approaches per day, although it remains too early to determine whether this represents a sustained trend.

  Affordability challenges continue to drive high demand, alongside rising rents and a contraction in the supply of private rented accommodation. The Renters' Rights Act 2025 may have a positive impact on demand following the implementation of the ban on Section 21 'no fault' evictions, although this remains subject to ongoing monitoring. Officers are also progressing work to increase the supply of self-contained leased accommodation over longer terms, which is expected to support both supply and financial mitigation.

  This remains one of the Council's highest-scoring risks, with a current score of 25 against a target score of 10.

- **Risk B – Cost of Living Crisis**

  Financial pressures continue to affect many Brent residents, driven by high housing costs, rising rents, wider affordability challenges and economic uncertainty. The risk remains scored at 20 against a target of 15. The Council's Resident Support Fund transitioned to the three-year Crisis and Resilience Fund on 1 April 2026, shifting the emphasis towards prevention, income maximisation and longer-term financial resilience. Delivery is being strengthened through the Household Income Maximisation Team and the LIFT platform, using data-led targeting to identify and support vulnerable

households before they reach crisis point. The Council Tax Hardship Scheme also continues to provide direct support during 2026/27.

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

  This risk remains scored at 15, with a target score of 10. The Council continues to face significant financial pressures, particularly in relation to homelessness and temporary accommodation.

  In February 2026, Full Council agreed the 2026/27 budget, including a £10.4m package of savings. In July 2026, a £50m medium-term budget gap was identified across 2027/28 to 2031/32. This followed the final 2025/26 revenue overspend of £18.3m and a reported £9.5m overspend at Quarter 1 of 2026/27, concentrated primarily in homelessness and temporary accommodation.

  The Council is taking mitigating action, including continued spending controls and an exercise to identify achievable in-year savings through vacancy management, delaying recruitment, reducing discretionary spend, rephasing activity and pausing non-essential projects where appropriate.

  The Council is also implementing an Integrated Business Planning approach to better align service planning, budgets, risk and performance. This will support the 2027/28 budget setting cycle and is intended to strengthen the link between resources, strategic priorities and value for money.

- **Risk F – Cyber Attacks**

  The cyber threat landscape continues to evolve rapidly, with the increasing use of AI by threat actors, faster vulnerability discovery and a significant increase in the volume of security patches released by vendors. Although the Council continues to demonstrate a strong control environment, including 24/7 Security Operations Centre monitoring, improved identity protection and delivery of the Cyber Improvement Plan, the likelihood score has increased from three to four to reflect the heightened probability of a significant cyber incident affecting local government.

  There have been no reportable cyber security incidents during this reporting period. The Council has also noted recent changes in cyber security leadership within the Shared Technology Service, with interim arrangements in place while future structure requirements are reviewed.

- **Risk L – Non-compliance with Statutory Housing Duties**

  This risk remains at the maximum score of 25, against a target score of 5, and continues to require enhanced oversight and recovery action.

  As landlord, the Council must comply with statutory health and safety duties covering Fire, Legionella, Asbestos, Gas, Electric and Lifts (FLAGEL).

Failure to do so breaches consumer standards and risks sanctions from the Regulator of Social Housing (RSH).

As previously reported to the Committee, in April 2025 the Council self-referred to the RSH over fire safety concerns, with subsequent reviews identifying similar issues in water safety and asbestos. In May 2025, the RSH issued a regulatory judgement grading the service C3 and citing serious failings. This judgement did not represent an overall regulatory assessment of the Council's housing service, but confirmed that significant improvement was required in specific areas of landlord health and safety assurance.

Recovery action is underway through a strengthened compliance team, the rebuilt True Compliance dataset, monthly governance through the Building Compliance Safety Project Board, and a wider programme including Building Safety Cases, verification of previously closed fire-risk actions, independent data assurance, contractor monitoring, workforce retention and preparation for an RSH re-grading submission.

3.3.3 Eight risks currently sit within the upper/red section of the heat map:

- 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
- Risk E. Climate and Ecological Emergency
- Risk G. Financial Resilience and Sustainability
- Risk L. Non-compliance with Statutory Housing Duties
- Risk O. Business Continuity

3.4 New/Closed Risks

3.4.1 One new strategic risk has been added to the register in this update. Risk O – Business Continuity reflects the need to maintain and recover critical services within acceptable timeframes following disruptive events, including cyber incidents, severe weather, utility failure, supply chain disruption and other prolonged service interruptions. Risk N – AI Risks was added as part of the February 2026 update and has been reviewed and updated in this iteration to reflect progress in embedding the Council's AI governance arrangements. No risks have been closed or de-escalated to a departmental level since the previous iteration.

3.5 Amendments to Risks

3.5.1 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 in Appendix 1, where appropriate.

3.5.2 Target risk scores introduced in February 2023 reflect the risk score that the Council is working towards achieving or maintaining. Amendments to risk scores are reflected in the 'previous' and 'updated' columns of Appendix 1. The most notable changes in this update are the reduction in Risk C – Increase in Dedicated Schools Grant High Needs Block Deficit from 20 to 16, the reduction in Risk N – AI Risks from 12 to 6, the increase in Risk F – Cyber Attacks from 12 to 16, and the addition of Risk O – Business Continuity with an initial current score of 16. Risk L – Non-compliance with Statutory Housing Duties remains at 25 and continues to be subject to enhanced oversight and recovery action.

3.6 Action Plans

3.6.1 Each strategic risk is accompanied by a strengthened action plan, which includes a dedicated section tracking progress against previously identified actions and assigns clear ownership to promote accountability. The actions outlined are designed to reinforce existing controls and mitigation measures, with the aim of either reducing the risk to its target score or maintaining it at that level.

3.6.2 It is important to note that monitoring the completion of actions requires a longer-term view across multiple reporting cycles. Additionally, not all actions are discrete or time-bound; for example, the ongoing acquisition of street properties through i4B and delivery of the Preventing Homelessness Work Programme reflect continuing commitments rather than one-off tasks. As such, the Committee is encouraged to assess actions within the context of each specific risk, considering whether completed actions have meaningfully influenced the associated risk scores.

3.7 Departmental Risk Registers

3.7.1 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.

3.7.2 To this end, all departmental risk registers were reviewed and updated, as appropriate, prior to preparing the Strategic Risk Report. Internal Audit continues to liaise with all departments to provide risk management support and to assist with the updating of their risk registers. Internal Audit also comments on the completeness and reasonableness of the information provided and uses the information within the risk registers to inform annual and in-year audit planning. 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 seeks 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 is envisaged that this will be reviewed and refreshed at regular intervals, where necessary and independently to the overall strategy, to reflect changes in the Council's risk profile. To this end, there have been no changes made to the Council's risk appetite statement during this period.

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 the Strategic Risk Report continues to use strengthened action plans to provide a clear and transparent way of tracking 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 The purpose of this report is to provide an update on the Risk Register, for which there are no immediate financial considerations.

5.2 Should there be any actions that are required from this update, then these will be considered within existing budget requirements.

6.0 Legal Considerations

6.1 There are no legal implications directly arising from this report. However, having robust arrangements and oversight to manage risk, and emerging risks, throughout the council is an important feature of good corporate governance.

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 The strategic risks identified may affect residents and staff differently, with potentially greater impacts on individuals and communities experiencing socio-economic disadvantage or with protected characteristics. Risk owners should consider equality impacts when developing and reviewing controls and actions, supported by proportionate equality analysis, inclusive engagement and relevant disaggregated data. This will help ensure mitigations are accessible, do not create unintended disadvantage and support equitable outcomes.

8.0 Climate Change and Environmental Considerations

8.1 The council captures risks in relation to the Climate and Ecological Emergency under risk E of the Strategic Risk matrix. There is a significant risk that carbon neutrality as a borough will not be achieved by either 2030 or 2050 and 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. This is due to a severe lack of funding, resources, and the level of widespread behaviour change required to meet the scale of the challenge.

8.2 The Council's Climate and Ecological Emergency Strategy is being refreshed during autumn 2026, informed by engagement and consultation, and will be accompanied by a new four-year Climate Programme covering 2027 to December 2030. The updated strategy and programme are scheduled for consideration by Cabinet in February 2027. This work will take account of the latest Local Area Energy Plan evidence, which identifies 2040 rather than 2030

as the earliest practicable date for borough-wide carbon neutrality, and will support a coordinated approach to mitigation, adaptation and resilience.

9.0 Communication Considerations

9.1 None

Report sign off:

Minesh Patel
Corporate Director of Finance and Resources

This page is intentionally left blank

Strategic Risk Report

September 2026

Risk Evaluation Matrix

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

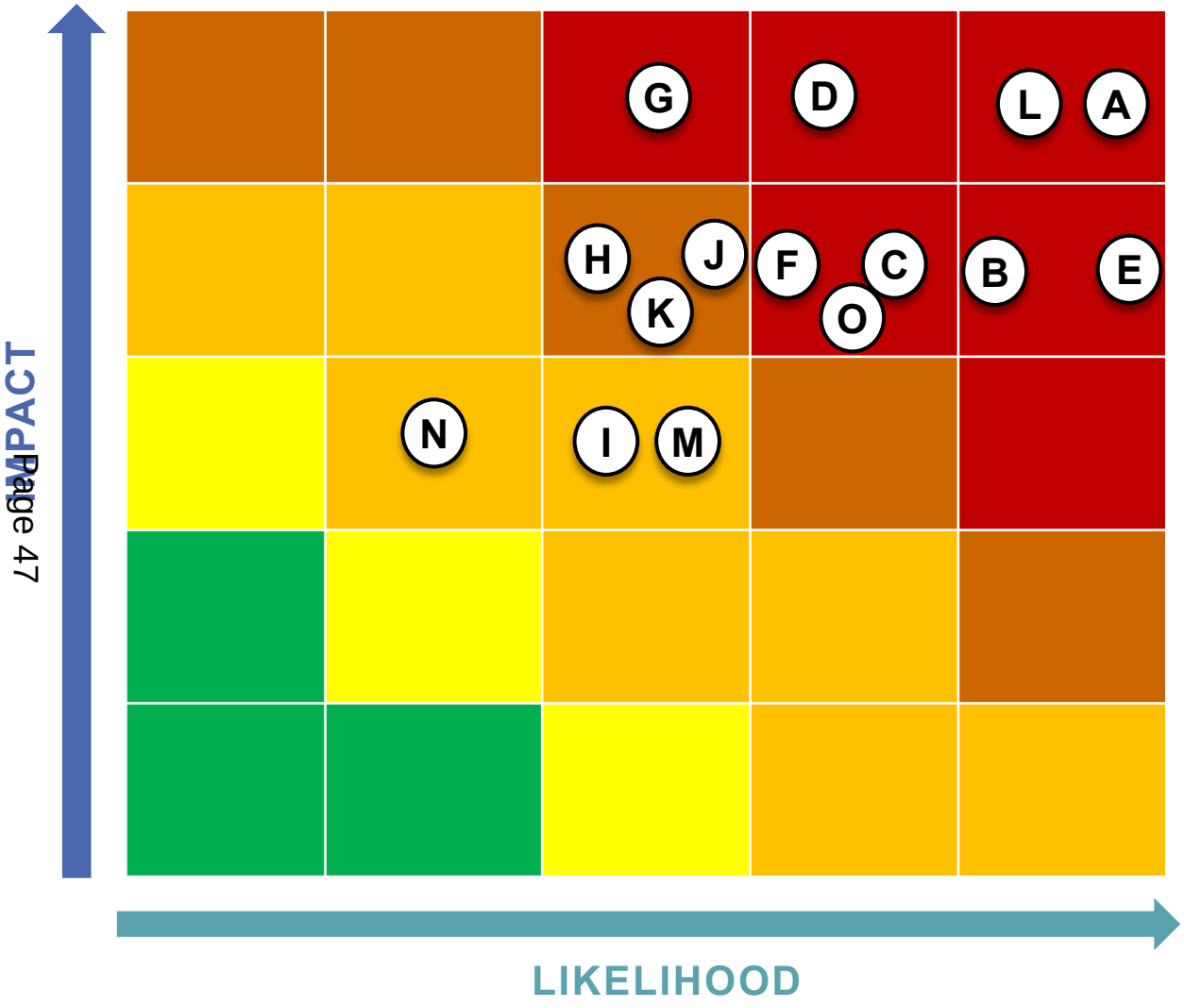
IMPACT

Score	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*

1	2	3	4	5
Rare	**Unlikely**	**Possible**	**Likely**	**Very Likely**
Highly unlikely, but it may occur in exceptional circumstances.	Not expected, but there's a small possibility it may occur at some point.	This event might occur at some point and/or there is a history of occurrence of this risk at this, or other, Councils	There is a strong possibility this event will occur.	This event is expected to occur in most circumstances.

LIKELIHOOD

Strategic Risk Heat Map



Ref	Risk
A.	Lack of Affordable Accommodation
B.	Cost of Living Crisis
C.	Increase in DSG High Needs Block Deficit
D.	Risks to Community Cohesion
E.	Climate & Ecological Emergency
F.	Cyber Attacks
G.	Financial Resilience & Sustainability
H.	Risk of Serious Child Protection Incident
I.	Recruitment and Retention
J.	Emergency Preparedness
K.	Safeguarding Incident - Adults
L.	Non-compliance with Statutory Housing Duties
M.	Contract Management
N.	AI Risks
O.	Business Continuity

Risk Overview

Ref	Risk Title	SRO	Risk Score	Previous	Trend	Target Score	Gap to target score
A.	**Lack of Affordable Accommodation**	Director Housing Needs & Support	**25** (I:5 L:5)	**25** (I:5 L:5)	⟷	**10** (I:5 L:2)	+15
B.	**Cost of Living Crisis**	Head of Resident Experience	**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**	Director Education Partnerships & Strategy	**16** (I:4 L:4)	**20** (I:4 L:5)	↓	**8** (I:4 L:2)	+8
D.	**Risks to Community Cohesion**	Director Community Development	**20** (I:5 L:4)	**20** (I:5 L:4)	⟷	**15** (I:5 L:3)	+5
E.	**Climate & Ecological Emergency Mitigation, Adaptation and Resilience**	Head of Environment Strategy & Climate Action	**20** (I:4 L:5)	**20** (I:4 L:5)	⟷	**20** (I:4 L:5)	=
F.	**Cyber Attacks**	Managing Director, Shared Technology Service	**16** (I:4:L4)	**12** (I:4 L:3)	↑	**9** (I:3 L:3)	+7
G.	**Financial Resilience and Sustainability**	Deputy Director of Finance, Corporate and Financial Planning	**15** (I:5 L:3)	**15** (I:5 L:3)	⟷	**10** (I:5 L:2)	+5
H.	**Risk of a serious child protection incident or wider safeguarding concerns**	Director Early Help and Social Care	**12** (I:4:L3)	**12** (I:4 L:3)	⟷	**12** (I:4 L:3)	=
I.	**Recruitment and Retention**	Director Human Resources & Organisational Development	**9** (I:3:L3)	**9** (I:3 L:3)	⟷	**6** (I:3:L2)	+3
J.	**Emergency Preparedness, Response & Recovery**	Deputy Head of Resilience	**12** (I:4:L3)	**12** (I:4 L:3)	⟷	**9** (I:3 L:3)	+3
K.	**Safeguarding Incidents - Adults**	Director Adult Social Services	**12** (I:4 L:3)	**12** (I:4 L:3)	⟷	**8** (I:4 L:2)	+4
L.	**Non-compliance with Statutory Housing Duties**	Director Housing Services	**25** (I:5 L:5)	**25** (I:5 L:5)	⟷	**5** (I:5:L1)	+20
M.	**Contract Management**	Director of Strategic Commissioning, Capacity Building & Engagement	**9** (I:3:L3)	**9** (I:3 L:3)	⟷	**6** (I:3:L2)	+3
N.	**AI Risks**	Digital Programme Manager AI, Agentic Automation and Conversational AI	**6** (I:3 L:2)	**12** (I:4 L:3)	⟷	**4** (I:2:L2)	+2
O.	**Business Continuity**	Deputy Head of Resilience	**16** (I:4 L:4)	n/a – 'new' risk	n/a	**9** (I:3 L:3)	+7

A. Lack of Supply of Affordable Accommodation

Risk Details

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.

Risk Scores	I	L	T	Trend
CURRENT	**5**	**5**	**25**	
Previous	5	5	25	⟷
Target	5	2	10	

Risk Update

Between August 2025 and July 2026, Brent Council received 8,882 approaches, an average of 24.3 per day. This financial year, Brent Council has received 3081 approaches – 24.8 per day. If this continued, the council would receive 9070 approaches, down 1.5% from 2025. However, over the past 30 days (up to 03.08.2026), there have been 681 approaches, or 22.7 per day. If this continued, the council would receive 8550 approaches, down 7% compared to 2025.

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.. 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 1,500 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.

The Renters' Rights Act 2025 has now become law, and it is anticipated will have a positive impact on demand. This is because the ban of section 21 'no fault' evictions, which was implemented on 1 May 2026, and from 31 July 2026 all new possession claims will have to proceed under section 8 instead. Landlords will be able to serve a section 8 notice for reasons such as rent arrears, anti-social behaviour, selling the property or where a close family member needs to move back in – however, they'll need to provide clear evidence to support the grounds, and the claim can still be contested by the tenant. .. The decrease in demand over the past 30 days may be as a direct result of the implementation of the Renters' Rights Act 2025, although it is too early to be sure.

Officers are also working with providers to increase the supply of self-contained leased accommodation. Although this will still be TA, the term of the lease will be 10 years, which means the council will be able to charge the current LHA rate as opposed to the TA subsidy ate of 90% of the 2011 LHA rate.

The Preventing Homelessness Work Programme has implemented an action plan with OKR's monitored by the SRO Delivery Board.

Key Controls & Mitigating Actions

- The Preventing Homelessness Programme is working at pace to mitigate risk and reduce cost to the council.
- Work with Greenlight to step down the most expensive placements has saved over £660,000 to date and should save £1m pa going forward. Since September, average gross unit cost of stage 1 TA has reduced 1.4%.
- Work with Beam to drive up preventions by directly offering private rented sector accommodation to families at risk of homelessness has saved an estimated £317k in 2025-26. Work with Beam to move families out of TA has saved the council circa £118k in 2025-26. Work in 2026-27 is ongoing, having supported 40 families already.
- Increase the supply of self-contained leased accommodation for over 10 years.

A. Lack of Supply of Affordable Accommodation

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
1.	Increase supply through the Council Homes Acquisition Programme (CHAP) programme in 25/26	March 2026	Completed 31 March 2026	Due to the restrictive eligibility criteria of the CHAPS programme, the indicative bid was revised to 6 properties. All 6 were acquired by the deadline of 31st March 2026. – Target met
2.	To continue to acquire street properties through i4B.	March 2027	In progress	As of 31st July 2026, completed on 17 properties. A further 6 properties in conveyancing with an additional 6 properties under negotiation.
3.	Increase supply through the Local Authority Housing Fund (LAHF) programme in 25/26	March 2026	completed	LAHF Round 3 2025/26 We have acquired 40 properties; 2 properties are in conveyancing and scheduled to complete by September 2026 – Target of 42 met.
New Actions – September 2026				
	Increase the supply of self-contained, settled leased accommodation, through 10 year + schemes	March 2027	In progress	Officers are also working with providers to increase the supply of self-contained leased accommodation for over 10 years. Due to the length of the lease, providers are willing to accept lower costs, and the council can reclaim 100% of the 2024 LHA rather than 90% of the 2011 LHA rate. In April, Cabinet approved schemes to bring on around 367 units of such accommodation, associated with savings of circa £3.5m pa
5.	Increase supply through the Local Authority Housing Fund (LAHF) programme in 26/27	March 2027	In progress	LAHF Round 4 Target of 18 properties for 2026/27. We currently have 6 properties in conveyancing and 3 properties in negotiation. We are actively reviewing the market to meet the target for this year.
6.	Preventing Homelessness Work Programme	March 2027	In progress	A detailed work programme has been implemented with OKR's monitored by the SRO Delivery Board. The Work Programme focuses on; • Improving the Housing Needs & Support Directorate • Preventing homelessness • Reducing the cost of temporary accommodation

B. Cost of Living Crisis

Risk Details

The ongoing financial pressures facing residents continue to present a significant risk to Brent. While inflation has reduced from its peak, many households continue to experience financial hardship due to high housing costs, rising rents, increased living expenses and wider economic uncertainty. These pressures are contributing to sustained demand for council services, particularly homelessness prevention, financial support, welfare advice and social care services. Without effective intervention and support, there remains a risk of increasing resident vulnerability, worsening financial hardship and additional pressure on council resources and budgets

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

Risk Update

Financial pressures continue to affect many Brent residents, with high housing costs, rising rents, ongoing affordability challenges and economic uncertainty driving demand across council services. Brent's higher-than-average unemployment rates and lower household incomes mean many residents remain particularly vulnerable to financial hardship.

Demand for homelessness services remains significant, with homelessness applications increasing from 5,948 in 2021/22 to 7,300 in 2023/24, with 6,281 applications received in 2024/25. This sustained demand continues to create both operational and financial pressures for the Council. To support long-term financial sustainability, the revised Council Tax Support (CTS) Scheme was introduced in April 2025, including a 35% minimum contribution for working-age households.

The Council continues to provide extensive support to residents experiencing financial hardship. Between 1 April 2024 and 31 March 2026, the Resident Support Fund (RSF) supported 7,909 applicants, providing £6,106,395.96 towards household bills, Council Tax, food, fuel, digital equipment and emergency support. A further 1,287 residents received digital support.

Building on this approach, the Crisis and Resilience Fund (CRF) was introduced in April 2026, shifting the focus from crisis intervention to prevention, income maximisation and long-term financial resilience. Delivery is being strengthened through the Household Income Maximisation (HIM) Team and implementation of the LIFT platform, enabling a proactive, data-led approach to identifying and supporting vulnerable households before they reach crisis point.

The Council Tax Hardship Scheme continues in 2026/27, providing direct hardship relief, targeted communications, self-service support, face-to-face and telephone assistance, and enhanced recovery processes. Since April 2026, the Council has received 1,118 hardship applications, with 823 awards approved and 309 rejected. Awards total £366,137, with an average award of £445, and applications are processed within an average of 9 days.

Key Controls & Mitigating Actions

- Brent's Resident Support Fund (RSF) operated from August 2020 and transitioned to the Crisis and Resilience Fund (CRF) on 1 April 2026, shifting the focus from crisis support to prevention, resilience and long-term financial wellbeing.
- The Community Wellbeing Service has supported 766 households (3,061 residents) in its first 18 months, delivering 8,406 food shops, 13,172 daytime meals, 14,465 evening meals and 806 referrals to specialist support services. The service has also delivered 142 wellbeing sessions with 1,556 attendances and facilitated 2,623 interactions with partner organisations, helping residents access advice, support and opportunities.
- Citizens Advice Brent supported residents from the 1 April 2025 and 31 March 2026, the service handled 7,203 advice requests and addressed 16,946 advice issues, supporting 569 households with debt and rent arrears. CAB secured £3.1 million in benefits and tax credits for residents, helped write off or reduce £380,000 of debt, and supported 393 households to prevent homelessness.
- With the new allocation of CRF funding, we are strengthening prevention approach through the Household Income Maximisation (HIM) Team and implementation of the LIFT platform, using data-led targeting to proactively identify vulnerable households, maximise income and prevent residents reaching crisis point.

B. Cost of Living Crisis

♦ Action Plan

Ref	Action	Target	Status	Comments
Follow-up of Previous Actions				
1.	To develop and embed employment and skills initiatives as part of the Resident Support Model	March 2025	Complete	The Employment and Skills OBR and testing of the pilot informed an improved employment offer at the expanded CWS including an extended 6-month membership to improve work readiness. In the first 6 months, the CWS has enrolled 139 members on a 6-month membership.
2.	To consider and agree how to best utilise any extension of the Government's Household Support Fund for 25/26. To monitor the agreed Cabinet- approved new three-year Crisis and Resilience Fund (CRF), providing a sustainable approach to supporting residents through financial hardship by shifting from short-term crisis intervention to prevention, income maximisation and long-term financial resilience.	March 2025	Complete	The Crisis and Resilience Fund (CRF) provides £15.0 million funding over three years (2026/27 to 2028/29). Cabinet has approved the new approach, which focuses on prevention, resilience and income maximisation alongside ongoing crisis support for residents experiencing financial hardship The Council Tax Hardship (13A) Fund is £1.5 million. Expenditure from both funds is restricted to the amounts provided by the government, with the HSF allocation intended to help mitigate the most significant impacts of the new Council Tax Support (CTS) scheme.
3.	To monitor and review the implementation and impact of Brent's three-year Crisis and Resilience Fund (CRF)	1 April 2026 onwards	In Progress	The RSF model was approved by Cabinet in February 2024 and successfully delivered a more preventative approach to resident support. Building on this success, Cabinet approved the new three-year Crisis and Resilience Fund (CRF) and associated funding in March 2026, incorporating the RSF model into a longer-term programme focused on financial resilience, income maximisation and early intervention. Quarterly performance monitoring is undertaken to assess delivery, outcomes and impact, with six-monthly monitoring returns submitted to the DWP
4.	To test a new Market Rent Reduction Framework (informed by Employment and Skills OBR) designed to reduce market rent for local VCS organisations, reflecting the value their proposed use of the premises may bring to the local community.	February – April 2025	In Progress	The framework was approved for testing with the letting of 3 premises. The Council is currently in lease negotiations for the letting of 2 of the premises (pending completion of fit-out works). The former Melting Pot café in the Civic Center has been let to London's Community Kitchen under the new framework, and will provide a café to staff as well as hospitality training and qualification opportunities for local residents, due to open in September 2025.
5.	Launch of Debt Advice Partnership	Summer 2025	Ongoing	The Debt Advice Partnership with Citizens Advice Bureau offers a safe space for residents to help with finances. Since the beginning of the partnership, 432 residents have received support, £218,648 secured in additional income, £212,069 of debt written off or reduced and £271,245 of debt is now being actively managed. More info: https://www.citizensadvicebrent.org.uk/our-partners/

C. Increase in Dedicated Schools Grant High Needs Block Deficit

Risk Details

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 (EHCPs). 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.

Risk Scores	I	L	T	Trend
CURRENT	**4**	**4**	**16**	↓
Previous	4	5	20	
Target	4	2	8	

Risk Update

The DSG has carried a deficit balance since 2019/20 and the cumulative balance carried forward from 2025/26 was £20.2m, an increase of £6.6m over the financial year 2025/26 linked to the unavoidable use of independent schools, increased post-16 demand and the overall rise in numbers of children with EHCPs. To help manage pressures against the High Needs Block of the DSG, Schools Forum agreed on an annual basis a 0.5% transfer from the Schools Block i.e., £1.4m in 2024/25 and £1.5m in 2025/26. This will not, however, continue in 2026/27 due to other pressures on school budgets. A key issue is that HNB funding increases (4.7% in 2025/26 and 3% in 2026/27) are not in line with increasing demand for EHCPs and access to SEND services (c8-10%). The monitoring of the DSG is reported on a quarterly basis via the finance forecast reports taken to Cabinet and Schools' Forum. The Corporate Director for CYPCD and the Director of Finance monitor measures included in HNB Management Plan that includes a range of measures to reduce HNB expenditure on a quarterly basis – these resulted in circa £2m of mitigated cost avoidance in 2025/26.

In line with the Government's SEND Reforms, published in February 2026, the HNB Management Plan has been refreshed. Current focus is on measures that are captured in the SEND Reform Plan that Brent submitted to the DfE for review in June 2026. These include, but are not limited to a) building more local special school capacity to reduce the need for children to be educated out of borough or the independent non-maintained sector; b) increasing the early intervention SEND support offer so that needs can be met without an EHCP using Experts at Hand grant funding and c) a focus on reducing EHCP demand from pre-school children which is high compared to statistical neighbours as part of school readiness/Best Start in Life work.

Both the Management Plan and the establishment of the Experts at Hand offer assume a slowdown in the annual growth of EHCPs, as early support and intervention becomes embedded. However, the impact of the White Paper SEND Reforms on demand for EHCPs is unknown, not least because increasing demand in recent years reflects the increasingly complex needs of young children and a growing post-16 cohort as children with EHCPs age. The Government has indicated that it could take up to 10 years for the new reforms to be fully embedded.

There has been limited opportunity to date 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 have been extended to April 2028. This has now been recognised by the DfE; if the DfE accepts Brents SEND Reform plan, they have committed to funding up to 90% of the cumulative HNB deficit. The DfE's position for future years, however, remains unclear.

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, with a focus on creating additional local special school places at pace.
- Embedding new system changes in line with SEND Reforms Expert at Hands offer to deliver early and targeted support to reduced the need for EHCPs.
- Brent SEND Reform Plan meets DfE criteria for up to 90% of DSG cumulative deficit to be paid by DfE.

C. Increase in Dedicated Schools Grant High Needs Block

♦ Action Plan

Ref	Action	Target Date	Status	Comments
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 2024/25 – 2026/27. 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.	September 2028	In progress	A new Secondary Special School was delivered (Wembley Manor Sept 2025). A capital programme to establish Additionally Resourced Provisions in mainstream schools is nearing the end of the construction phase. A second phase of projects focused on additional special school capacity has been agreed by Cabinet in January 2026 and is moving forward. This includes use of the Strathcona site by Phoenix Arch Special School and development of other Special School satellite provision.
2..	Redesign of the SEND Support service with the expectation to manage demand and increase inclusive practice in mainstream settings as part of the Graduated Response Programme and person-centred planning. The aim is for children and young people to 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.	January 2027	In progress	SEN support activity is embedded into ways of working with schools and a headteacher reference group was supporting development of the offer prior to the Government's SEND Reforms published in February 2026. The SEND Reforms will significantly increase the early intervention support offer for children with SEND through £2m. The offer, that has been co-produced, will be delivered in school clusters and will go fully live in January 2027.
3.	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 2026	In progress	A banding review of top-up funding in mainstream schools, post-16, ARPs and Early Years has been completed. A banding review of rates for special schools was paused due to insufficient HNB funding (linked to the increase not being in line with increasing demand) and anticipated national changes as part of the SEND Reforms.
4.	Continued Central Government lobbying for appropriate funding	April 2026	In progress	A response was provided to consultation on the SEND White Paper published in February 2026. Further action will be determined if Brent's SEND Reform Plan is not accepted.

New Actions – September 2026
Continuation of the actions above, as outlined in the comments.

D. Risks to Community Cohesion

Risk Details

The potential breakdown of community cohesion in Brent poses a significant risk. Brent's diversity is one of the borough's greatest strengths, but local relationships, trust and confidence can be affected by national and international events, hate crime, misinformation, anti-migrant sentiment, protest activity, local incidents and tensions in neighbouring boroughs. If not effectively managed this could lead to reduced trust, weaker relationships and polarisation among community members, impacting the overall well-being and safety of the area. It could increase vulnerability to extremist narratives.

Risk Update

Brent remains one of the most diverse boroughs in the country. The rich diversity of the population brings opportunities for cohesion and unity, but the borough is not immune to the risks of community tension and conflict. Local community sentiment is influenced by international events, national political debate, hate crime, misinformation, online hostility, anti-migrant sentiment and incidents affecting Brent and neighbouring boroughs. Based on the latest assessment provided by the Metropolitan Police, Brent's community cohesion risk remains **elevated but managed.**

The Council is mindful that tensions can escalate and may result in disorder. Unchecked tensions can result in a breakdown in community cohesion, creating an environment where extremism could thrive. The Ministry of Housing, Communities and Local Government (MHCLG) previously identified Brent as a priority borough for community cohesion funding in 2024-25, reflecting the importance of sustained local prevention, engagement and reassurance activity.

Despite a period of de-escalation, the Israel-Gaza conflict continues to influence community sentiment and contribute to concerns linked to antisemitism and Islamophobia. The proscription of Palestine Action and the ongoing legal challenge against proscription continue to polarise community sentiment, with sporadic protests and arrests under terrorism legislation. Further tensions arise from USA-Iran and Israel-Lebanon conflicts, causing divisions within and between affected communities in Brent and neighbouring boroughs.

Recent issues have tested local cohesion, including the Kenton Synagogue attack and the terrorist attack in Golders Green affecting Jewish communities in Brent and neighbouring boroughs. Wider concerns persist in relation to antisemitism and Islamophobia, offensive political stickering and attacks on Hindu businesses. National discourse around migration and asylum continues to create local risks, particularly where misinformation or hostile narratives may increase fear among migrant, refugee and minority communities. These issues have not escalated into unrest locally, but they continue to require active monitoring, reassurance and engagement.

The UK national terrorism threat level was raised to SEVERE in April 2026 and Brent experiences complex risks and challenges, including persistent threats from extremist groups.

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

Key Controls & Mitigating Actions

- Maintain regular community tension monitoring through local engagement, police liaison and partnership arrangements.
- Continuously assess the impact of current initiatives and remain flexible to adapt strategies based on real-time community feedback and emerging challenges.
- Broaden and strengthen community engagement and partnership arrangements to maintain community safety, with a particular focus on tackling extremism, prejudice, hate crime and promoting cohesion. Secure support from community leaders, key organisations, police, the Multi-Faith Forum, school settings.
- Maximise opportunities to apply for additional funding to ensure the sustainability of crucial initiatives, reflecting Brent's community cohesion risks.
- Ensure effective delivery of work to prevent radicalisation and support counter-terrorism responsibilities, overseen by the multi-agency Prevent Oversight Board, chaired at CMT level.

D. Risks to Community Cohesion

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
1.	Strengthen multi faith forum and other community networks to effectively respond to community tensions and build community resilience by providing tactical, coordination and funding support.	Ongoing	In progress	**Strengthening relationships and coordination:** Regular engagement with faith leaders, through the Multi-Faith Forum and other networks supports information sharing, trust and coordinated responses to community concerns. **Tactical support during periods of tension:** Strong relationships with community and faith groups enable the Council to identify and respond to emerging concerns quickly, particularly when international/national events have the potential to create tensions locally due to the borough's diverse population. **Building community resilience:** Ongoing engagement strengthens local connections, promotes cohesion and inclusion, and creates opportunities for dialogue across communities. **Supporting community-led initiatives:** Working with community and faith organisations to deliver activities that bring residents together and strengthen social cohesion.
2.	Deliver Community Cohesion and Hate crime projects by March 2026. These projects are: 1. Community Sports Culture and Cohesion Tournament 2. Hate Crime Schools Programme and 24/7 Third-party reporting line 3. Hate Crime Community Capacity Building Project	March 2026	Complete	Two Cultural Celebration Days were held on 11 May and 15 June 2025, engaging over 1,000 participants. These events aimed to strengthen community relationships and counter harmful narratives that divide communities. Hate crime projects reached 1891 individuals in Brent by the time delivery concluded in December 2025. The evaluation evidenced increased willingness to report hate crime among training participants and increased community resilience measured through participants' reported ability to support others.
New Actions – September 2026				
1. Refresh Brent's community tension monitoring and escalation arrangements to ensure emerging concerns are identified early and addressed proportionately.				
2. Secure funding and deliver targeted prevention projects to counter anti-migrant hostility with secondary focus on countering emerging hate crime issues.				

E. Climate & Ecological Emergency Mitigation, Adaptation & Resilience

Risk Details

There is a significant risk that carbon neutrality as a borough will not be achieved by either 2030 or 2050 and 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. This is due to a severe lack of funding, resources, and the level of widespread behaviour change required to meet the scale of the challenge. Failure to mitigate emissions and invest in adaptation and resilience measures 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 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.

Risk Update

The council declared a climate and ecological emergency in 2019 and pledged to do all reasonable in its gift to aim for carbon neutrality by 2030, and to work with government to achieve the national 2050 target. Brent's Climate & Ecological Emergency Strategy ('Climate Strategy', 2021-2030) was adopted in 2021. In 2024 (the most recent available statistics), 827 kilotons of carbon dioxide were emitted within the Brent boundary (38% from homes; 26% from transport; 16% from the commercial sector; 12% from Industry; and 7% from public sector). Indirect consumption emissions (from the consumption habits of Brent's residents) are estimated to be 3.5 times higher than this, but it is not possible to monitor these. Brent's in boundary carbon emissions have reduced by 48% since 2005, and 18% since 2019. The Brent Local Area Energy Plan Phase 2 report produced by Ramboll in Spring 2026 now recommends 2040 rather than 2030 as the earliest practicable date that carbon neutrality could be reached, at a total whole system cost of £10.5bn, while the cost of achieving this target by 2050 would be £10.6bn. Brent's Climate Strategy is being refreshed this autumn to account for this.

Climate change mitigation, adaptation and resilience must go hand in hand in order to tackle the climate emergency. A joined-up approach that both reduces emissions and strengthens our ability to cope with a changing climate is essential for a sustainable future. Brent first published its Climate Adaptation and Resilience Plan in June 2022 and an updated Climate Adaptation and Resilience Framework (CARF) was adopted in January 2026. The CARF sets out how Brent will prepare for the impacts of climate change, focusing on three main climate hazards: flooding, extreme heat, and drought and water shortages. Brent's dense population, urban built environment and lack of green space puts it at increased exposure to surface water flooding, extreme heat and drought. The impacts of climate change are already being felt locally. Globally, the past eleven years (2015-2025) were the warmest on record. In summer 2022, temperatures in London exceeded 40°C for the first time, contributing to an estimated 387 excess deaths across London, while the Harlesden, Church End and Roundwood areas were identified as among Britain's hottest neighbourhoods. In July 2021 there was significant flooding affecting homes, infrastructure, and businesses in Brent.

The council will need to proactively embed climate adaptation and resilience across council business, while responding to emergencies caused by extreme weather. The key risk is that implementing the recommended actions is dependent on funding, and funding for adaptation work is severely limited at the scope and scale required. There is also risk that people who live and work in Brent, including vulnerable residents, remain unaware and ill prepared to deal with adverse climate impacts.

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

Key Controls & Mitigating Actions

- The council's climate programme is overseen by a Corporate Sustainability Board, chaired by the Director of Inclusive Regeneration & Climate Action.
- A new climate programme for 2024-26 was adopted by Cabinet in October 2024. An updated Climate Strategy and an accompanying 4 year programme are being developed this autumn.
- Our annual Climate dashboard 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 Climate Team carries out horizon scanning for any new sources of funding that can support the Climate Programme and has secured £17m to date.
- The Climate Adaptation and Resilience Framework was adopted in January 2026 and is now being implemented, including development of a neighbourhood heat resilience pilot in Harlesden and Stonebridge.
- The council's Severe Weather Plan and associated emergency planning, public health and communications arrangements were tested during a simulation exercise in March 2026 and are being updated accordingly.
- The council has included adaptation elements for developers to consider as part of the Environment and Sustainable Development Supplementary Planning Document.

E. Climate & Ecological Emergency Mitigation, Adaptation & Resilience

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
1.	To implement the 2024-2026 Climate Programme	October 2024 – December 2026	In progress	Ongoing and monitored through quarterly meetings of the Corporate Sustainability Board and Corporate Performance reporting.
2.	To review and benchmark Brent's carbon emissions from the 2024 DESNZ statistics when these are released in summer 2026.	August 2025	Completed	DESNZ statistics are released and analysed annually each summer.
3.	Completion of West London Local Area Energy Plan Phase 2	April 2026	Completed	LAEP Phase 2 completed by Ramboll, in conjunction with the GLA and West London Boroughs. This is informing a refresh of Brent's Climate Strategy.
4.	Completion of Neighbourhood Extreme Heat Risk Mapping Study (Stonebridge/Harlesden)	April 2026	Completed	Study completed, identifying a range of potential interventions for Harlesden and Stonebridge and wider principles that could be applied elsewhere in the borough.
5.	Undertake a targeted, intelligence-led community awareness campaign on extreme heat	September 2026	In progress	Targeted communications delivered. Number of cool spaces increased. Two Brent 'HeatWise' events delivered to raise of heat-related risks and provide support and advice.
6.	Undertake a cross-departmental / multi-agency simulation exercise on different extreme weather and climate related scenarios in Brent	April 2026	Completed	Simulation exercise completed in March 2026. Lessons learned are informing updates to the Severe Weather Plan and associated procedures.
7.	Undertake a community awareness campaign around Flood risk/SUDs/paving over gardens	April 2026	Not yet started	Comms campaign to be launched Autumn 2026.
8.	Undertake an opportunity mapping study and develop a pipeline of potential locations for Sustainable Urban Draining systems in the borough to help with potential flood risk	April 2026	In progress	Study being undertaken. Findings will identify priority locations for sustainable drainage interventions and support future flood resilience projects.
New Actions – September 2026				
9.	Update Brent's Climate Strategy and develop a new Climate Programme to run from 2027 to Dec 20230.	Feb 2027	In progress	Engagement and consultation planned for Autumn 2026, report to Cabinet scheduled for Feb 2027.

F. Cyber Attacks

Risk Details

There is a continued 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.

Risk Update

The cyber threat landscape continues to evolve rapidly, with AI increasingly enabling automated attacks and faster vulnerability discovery. Over the last quarter the volume of security patches released by vendors has more than doubled underlining the speed at which new vulnerabilities are emerging.

The Council continues to strengthen its cyber security posture through delivery of a comprehensive Cyber Improvement Plan, recently reviewed and reprioritised to focus on highest risk activities. A business case is being developed to secure additional specialist capacity, ensuring the Council remains resilient as threat volumes and complexity increase. Each month, tens of thousands of potential vulnerabilities and security events are identified through tooling and monitoring, yet the number requiring remediation within the Council's own environment remains low, demonstrating strong preventative controls.

As part of its ongoing commitment to maintaining a robust security capability, the Council is due to renew its 24/7 Security Operations Centre service with NCC Group in October, ensuring continued independent monitoring and specialist support. Furthermore, in March the Council invested in Rubrik Entra ID Protection, which is now fully operational. This addresses a growing trend across the sector, with attackers increasingly targeting identity platforms such as Microsoft Entra ID. Native protection has historically been limited, and this new capability significantly improves resilience, including recovery and recovery assurance for a critical service. There have been no reportable cyber security incidents during this reporting period.

The STS team have undergone Cyber social engineering training after learnings from incidents such as Marks and Spencer's, Jaguar Landrover and Kensington and Chelsea.

The Council continues to demonstrate a strong level of cyber maturity, achieving 97 out of 100 in the LOTI Security Scorecard assessment, the highest among London councils. Despite this positive position, the external threat environment continues to deteriorate. Given the increasing use of AI by threat actors alongside longer-term risks such as quantum computing, the likelihood score has been increased from three to four, reflecting the heightened probability of a significant incident affecting local government, notwithstanding the Council's strong control environment and proactive mitigation activities.

To note: Ciaran Weldon has moved on, and we currently have Alexandra West as our interim CISO. We are currently reviewing the role for our future restructure as a part of Southwark Exit of the shared service.

Risk Scores	I	L	T	Trend
CURRENT	**4**	**4**	**16**	
Previous	4	3	12	
Target	3	3	9	

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.
- 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, with 3 more planned for 2025.
- Cyber Improvement Plan reviewed and reprioritised to focus on the highest-risk areas.
- Business case being developed for additional specialist cyber security capacity and support.
- 24/7 Security Operations Centre (SOC) providing continuous monitoring, detection and specialist incident response.
- NCC Group SOC service due for renewal in October 2026 to maintain continuous cyber monitoring and response capability.
- Rubrik Entra ID Protection procured in March 2026 and now fully operational, providing additional protection and recovery capability for the Council’s identity environment.
- Ongoing monitoring of emerging threats, including the increased use of AI by threat actors and AI-assisted vulnerability discovery.
- Preparatory work to understand and respond to longer-term cyber risks arising from quantum computing.

F. Cyber Attacks

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
1.	Enhanced training for IT staff within STS and Brent IT teams on phishing and social engineering.	March 2026	Completed	The teams have completed the training
2.	Carry out independent peer reviews of Tier 1 systems.	March 2025	Completed	On an annual basis, one of our Tier 1 systems is selected for Internal Audit, on the processes and controls in place.
3.	Obtain supply chain cyber security assurance from application vendors. We have assessed the risk levels for each of our key suppliers and we are sending out relevant questionnaires for each to complete.	March 2025	Completed	Our 3rd Party Supplier Cyber assessment framework is now in place, augmented by monthly scanning of all STS suppliers via LOTI. As of August 2025, 86% of STS suppliers are graded A-C by LOTI.
New Actions – September 2026				
4.	Creation of a Cyber Service Improvement Plan and take forward priorities	September 2026	Ongoing	
5.	Review of Quantum Computing threats (Phase 1)	October	In progress	
6.	Renew the security operations centre	October	In progress	
7.	Continued resilience testing of key infrastructure	Quarterly	In progress	

G. Financial Resilience and Sustainability

Risk Details

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.

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

Risk Update

In February 2026, Council agreed the budget for 2026/27 with a £10.4m package of savings and in July 2026, a £50m gap was identified over the medium-term (£5m in 2027/28; £15m in 2028/29 and £10m in each year from 2029/30 to 2031/32) . This savings requirement is after consideration of the outcome of the Fair Funding Review, which was positive for Brent Council, but was only sufficient to maintain the status quo. The final overspend in 2025/26 was £18.3m on the revenue budget, with most of this pressure recurring into future years. Furthermore, at Q1 of 2026/27, a £9.5m overspend was reported on the revenue budget, concentrated primarily in homelessness and temporary accommodation. The Council is taking a number of mitigating actions, including continuing to implement spending controls and undertaking an exercise to identify achievable in-year savings through actions such as vacancy management and pausing non-essential projects. Any unmitigated overspends will result in a use of unallocated reserves.

The £10m of savings for 2026/27 were identified with cross-cutting themes. This new approach to delivering savings enables the Council to balance the budget in a way that supports transformative change, but it must be acknowledged that delivering these savings will be challenging and non-delivery of savings is a key risk to the 2026/27 budget and the MTFS. At the time of writing, £8.5m of the savings (82%) are on track to be delivered and £1.9m (18%) are considered to be at risk of not being delivered. Of the savings which are expected to be delivered, only £1.5m (14%) have been delivered already. There remains a risk that a greater proportion of the savings will not be delivered, increasing the pressures and putting a strain on the limited resources of the Council.

The ongoing pressures on Brent's revenue budget detailed above necessitate strategic changes to return Brent to a sustainable financial position in the medium-term. Critical to this is the Council's new Integrated Business Planning approach, which aims to better integrate service planning with budgets, risk and performance at all levels of the organisation. This approach will involve tackling the most complex challenges, such as homelessness, through a cross organisational approach. This approach will ensure that the MTFS and Council Plan are more closely aligned, so that resources are aligned to strategic priorities with defined outcomes, while clearly demonstrating value for money. Work on this approach is already underway for the 2027/28 budget setting cycle, involving all Council services, with an expectation that this is a journey towards the ideal state, with a new annual cycle of integrated budget planning fully implemented from April 2027 for the development of the 2028/29 budget.

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.
- Expenditure controls imposed across the Council.
- In-year savings exercise to reduce pressure on the 2026/27 budget

G. Financial Resilience and Sustainability

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
1.	To continue the ongoing robust budget monitoring regime and framework.	Ongoing	In progress	Monthly budget monitoring has been carried out throughout the year and reported to Cabinet in July, with further updates due in October and January
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	In progress	Regular updates provided by services to Budget Assurance Panel throughout the year to date, with updates to continue through the remainder of the financial year
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	In progress	The existing expenditure controls are under continuous review and new controls are proposed when the need arises and implemented without delay
4.	To model budget scenarios for 2027/28 and 2028/29 following the three-year settlement in December 2025	November 2026	In progress	A Medium Term Financial Outlook report was presented to Cabinet in July 2026, following the Council elections in May. This presented a draft £5m budget gap for 2027/28 and £15m for 2028/29. The review of the budget assumptions is ongoing and will be revised ahead of the 2027/28 draft budget in November 2026, in line with the new Integrated Business Planning approach.
New Actions – August 2026				
5.	Services to consider all opportunities to reduce expenditure, including vacancy management, delaying recruitment, reducing discretionary spend, rephasing activity, and pausing non-essential projects or initiatives. To reduce the overspend in 2026/27.	August 2026	In progress	
6.	Services to complete Integrated Business Planning Workbooks, setting out where the services are going in the next three years and a detailed delivery plan for 2027-28.	September 2026	In progress	

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

Risk Details

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.

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

Risk Update

The Council's most recent (January 2026) annual self-evaluation of practice against the Ofsted ILACS framework continues to judge as 'good' the local authority's early help and social care provision for children, endorsed by the ILACS inspection in April/May 2026 that judged all areas of Council practice to be 'good'. An updated Practice Improvement Plan is in place to ensure that the service continues to improve. A quarterly Quality Assurance update is provided to senior leaders to understand the quality of practice. The next self-evaluation of practice will be completed in autumn 2026.

There is strong multi agency working, both at an operational level and via revised strategic partnership working arrangements, in line with changes in Working Together. A re-design of Early Help and Children's Social Care that aligns with the DfE Families First Programme has been implemented and a phase 2 reform programme is in development with the engagement of partners. Changes will be implemented by March 2027 that will include new multi agency child protection arrangements.

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.

Sufficiency of supply of qualified social workers remains a national issue of concern with local authorities relying on agency social work staff to cover vacancies. However, the London Pledge is in place to maintain the consistency of agency rates being applied and the growing stability of the agency workforce. At a local level there has been an increase in permanent staffing levels and a reduction in agency staff numbers in the last 12 months which contributes to strengthened assurance. 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. This includes a grow your own programme and step up to social work scheme.

To manage staffing pressures the Establishment Board, chaired by the Director, Early Help and Social Care, monitors spend against established posts with controls in place to ensure all recruitment is managed within agreed procedures. This continues to provide a grip on recruitment and provides opportunities to target agency staff for agency to permanent recruitment, as well as helping to shape recruitment campaigns in specific difficult to recruit areas.

Key Controls & Mitigating Actions

- Quarterly quality assurance reports about practice and learning supporting a practice improvement plan. 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.
- Effective multi-agency safeguarding partnership arrangements in line with 'Working Together' principles.
- 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.

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

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
1.	Complete re-design programme in early help and social care and implement new model in line with set budget.	April 2025	Completed	New model implemented on 2 June 2025.
2.	Ensure Working Together 2023 partnership arrangements fully implemented	December 2025	Completed	Revised governance partnership arrangements agreed. Education representative identified as the fourth statutory partner
3.	DfE Family First Partnership Programme implementation in Brent CYP	April 2026	In progress	Quarterly returns submitted to DfE. Stakeholder forum in place and meeting monthly
4.	Implementation of the quality assurance programme and learning events	April 2026	Completed	Quarterly reports to OCSLT
5.	Continue targeted recruitment campaigns and continued focus on agency to permanent recruitment.	April 2026	In progress	34% reduction in agency staff spend from 23-4 to 24-5
6.	Continue learning on complex and high profile cases within service areas and within the existing safeguarding partnership structures.	April 2026	In progress	EVVP panel in place. Regular 'need to know' briefings highlight high risk cases to senior leaders
7.	Continued to ensure budget savings and targets are met and monitored monthly.	April 2026	In progress	On track
8.	Revised panel arrangements to track cases and ensure senior leadership oversight	April 2026	In progress	Implemented in July 2026

I. Recruitment and Retention

Risk Details

Failure to recruit and retain sufficient permanent staff to critical roles leaves services without qualified staff, which impacts services and creates overreliance on agency/interim staff.

Risk Update

Between July 2025 and June 2026, 630 permanent and fixed-term appointments were made to Council vacancies, a significant increase in recruitment activity. Of these, 209 were internal appointments, demonstrating good internal progression and retention of talent. The ongoing work of the Resourcing Business Partner service has provided targeted support for hard-to-fill and specialist roles, contributing to successful recruitment campaigns across key services. Recruitment challenges remain across several specialist areas, including Qualified Social Workers, Finance, Housing, Planning, Educational Psychology, Legal, and Engineering and Surveying, reflecting wider local government workforce shortages. While reliance on external search agencies is reducing, specialist recruitment support remains necessary for some roles to secure the required skills and expertise.

Temporary staffing expenditure has continued to reduce, falling from £26.99m in 2023/24 to £18.86m in 2024/25 (30% reduction) and further to £15.34m in 2025/26 (19% reduction). This includes a significant reduction in agency spend within Children's Services. The new Managed Service Provider (MSP) contract successfully commenced in February 2026, improving governance, contract management, value for money and providing access to executive search capability for senior appointments. Of the 421 external appointments made during the year, 69 were existing Brent agency workers moving to council contracts, reducing agency dependency and retaining valuable skills and experience.

Further improvements to recruitment governance and capability have been implemented. A mandatory Hiring Skills for Managers Workshop launched in July 2026, with over 60 managers having completed the training so far to strengthen fair, inclusive and compliant recruitment practices. The revised Recruitment and Selection Policy, incorporating PwC Internal Audit recommendations, will be published in September 2026. The Oracle Internal Marketplace, launched in April 2026, has improved access to internal opportunities, enhanced the employee experience and streamlined recruitment processes. Overall, progress has been made in reducing agency reliance and strengthening permanent recruitment capability, although ongoing workforce pressures remain in specialist job areas.

Risk Scores	I	L	T	Trend
CURRENT	**3**	**3**	**9**	⟷
Previous	3	3	9	
Target	3	2	6	

Key Controls & Mitigating Actions

- Resourcing Business Partners (RBPs) working with key Service Areas provide proactive, targeted support for hard-to-fill and specialist vacancies offering hands-on support to hiring managers and candidates through recruitment process
- New Managed Service Provider contract in place for supply of agency staff to mitigate the risks to services of vacancies while controlling cost and governance
- Executive Search available via MSP to support external recruitment for senior leadership roles.
- New Cost-Effective Interim Worker Category introduced via MSP to strengthen governance over higher-value temporary appointments and reduce costs.

I. Recruitment and Retention

♦ Action Plan

Ref	Action	Target Date	Status	Comments
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	Completed	Implemented automation function so Council vacancies automatically posted on LinkedIn and Jobs Go Public, removing need for manual posting and closure of adverts.
2.	Work with Directors to review their agency spend and how to use targeted campaigns to reduce reliance on agency spend. Work with hiring managers to design resourcing strategies to overcome current challenges recruiting to specialist and hard to fill roles	Ongoing	In Progress	Partnering with hiring managers to develop tailored recruitment strategies to address challenges in attracting candidates for specialist and hard-to-fill roles.
3.	Conduct competitive retender of Managed Service Provider contract with Comensura, expires February 2026. Tender process goes live in March 2025 with contract decision made August 2025.	Ongoing	Completed	Tender complete and new MSP contract with Reed went live on 09 February 2026 with minimal disruption to service and improved contract management.
4.	To support reduction of agency worker expenditure, focus on use of high-cost interim agency workers and the promotion Comensura to reduce costly direct sourcing. Review controls in respect of agency staff pay rates.	Ongoing	Completed	New Cost-Effective Interim Worker Category introduced to strengthen governance over higher-value agency worker assignments.
5.	Produce reports to review metrics and to assess effectiveness of campaigns where social media is being optimised	Ongoing	Completed	Reports produced regularly to assess the effectiveness of campaigns where social media channels are being optimised to improve candidate attraction.
6.	Design and trial feedback approaches with candidates and new joiners regarding their end-to-end recruitment process and onboarding experience. Recruitment and OD to collaborate proactively in reviewing and enhancing the new joiner experience based on feedback. Rollout corporate approach.	Jan 2027	In Progress	Cross-functional working group (OD, L&D, Recruitment, HR, IT and Oracle) reviewing the end-to-end onboarding process to improve the new starter experience including candidate survey launched June 2026 (Completed). Key recruitment workstreams include a new Welcome to Brent guide, automated keep-in-touch communications for candidates and managers, and improvements to onboarding resources to support engagement, navigation of Council systems and reduce early attrition during probation.
New Actions – September 2026				
7.	Work with Digital Transformation Teams to design, pilot and implement AI-enabled tools to support hiring managers with the longlisting of applications for high-volume recruitment campaigns. Ensure the solution provides fair and consistent candidate assessment, reduces manual administration, improves time-to-hire and while maintaining compliance with equality and recruitment legislation.	Jan 2027	In Progress	
8.	Develop and implement corporate recruitment KPIs and Service Level Agreements (SLAs) for internal and external permanent and fixed-term recruitment. Performance measures covering the recruitment lifecycle, from requisition approval through to candidate start date, enabling consistent monitoring, reporting and accountability.	June 2027	Not Yet Commenced	

J. Emergency Preparedness, Response and Recovery

Risk Details

There is a risk that the Council fails to adequately prepare for, respond to, or recover from a major incident or emergency affecting Brent. This could result in significant impacts on the health, safety and wellbeing of residents, communities, businesses and staff, alongside reputational damage, regulatory non-compliance and ineffective multi-agency response arrangements.

Risk Update

Emergency Planning activities continue to meet the requirements of the Civil Contingencies Act 2004 and are subject to scrutiny through national, regional and internal governance arrangements.

Assurance activity, including an external review in 2023, annual assessments against the Resilience Standards for London (RSLs), the Grenfell Tower Inquiry recommendations, and learning from incidents and exercises, continues to identify opportunities for improvement. These actions support the Council's wider ambition to embed resilience across all services and reinforce that resilience is everyone's responsibility.

The Emergency Planning and Resilience (EP&R) team is fully staffed, with additional capacity provided through a graduate placement. A review of team structures is underway to strengthen leadership, clarify accountability and maximise organisational impact. Recruitment to key volunteer response roles, including Loggists, Local Authority Liaison Officers (LALOs) and Rest Centre staff, has improved, supported by clearer standby arrangements and increased awareness of the Council's response function.

Preparatory work is underway to support compliance with the Terrorism (Protection of Premises) Act (Martyn's Law). This includes reviewing arrangements across Council buildings, identifying required improvements and providing training to relevant officers.

Emerging risks and priorities include the increasing incidence of lithium battery fires and the impacts of climate change. While lithium, battery fires are not currently on the National and London risk register, the EP team have been in discussion with LFB about whether this should be included in the Brent Borough Risk Register. LFB have provided some training for our Resilience Advisors and Emergency Response Officers. Disposal of the batteries after involvement in a fire has been a challenge and further discussions are ongoing with our contractor to agree arrangements. The team asked CSV Brent to include this risk on the Resilience Hub website.

Another area of focus has been Climate Change, following some learning from an exercise in March and the back-to-back Amber and Red Heat Health alerts so far this year, identifying some areas of joint work with the Climate Action team and Public Health.

The Council continues to play an active role in strengthening multi-agency resilience arrangements through the Borough Resilience Forum (BRF) and wider London resilience governance structures. Recent activity has included participation in work to improve the effectiveness of BRFs across London, delivery of a multi-agency exercise based on a large-scale power outage, and a community resilience event that brought together statutory, voluntary, community and faith sector partners. This work has helped identify opportunities to strengthen preparedness, improve partnership working, enhance information-sharing arrangements and ensure resilience planning better reflects the needs of Brent's diverse communities. The continued development of the BRF remains an important element of the Council's wider resilience agenda, helping to strengthen local resilience and preparedness for future emergencies.

Risk Scores	I	L	T	Trend
CURRENT	**4**	**3**	**12**	⟷
Previous	4	3	12	
Target	3	3	9	

Key Controls & 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.

J. Emergency Preparedness, Response and Recovery

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
1.	Complete implementation of recommendations from external review.	December 2026	In progress	Work ongoing to implement the remaining actions. The majority have been implemented. The restructure of the team will create more focus on BC, which was highlighted in this review.
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.	Ongoing	In progress	Continuing to make progress in this area. Volunteer recruitment has improved due to wider awareness, but in turn supports this action as volunteers are sharing their new understanding of EP&R with colleagues. The Counter Terrorism training is open to all, need to explore other opportunities to open up exercises and training to a wider pool.
3.	Review Governance Structures for EP&R internally.	December 2026	In progress	Drafted Terms of Reference for a Risk and Resilience Group to support this action.
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.	September 2025	Completed	Moved to new risk
5.	Oversee the implementation of the 51 recommendations identified as part of the Grenfell Inquiry review and continue to take opportunities to identify further areas of improvement.	December 2026	In progress	Work on going. Current focus is the financial support arrangements.
New Actions – September 2026				
6.	Review the HALO arrangements, to ensure there is 24/7 availability.	December 2026	In progress	Additional HALOs have been identified and booked on to regional training sessions. But changes in existing personnel have delayed progress in getting a rota in place.
7.	Support the implementation of Martyn's Law for council properties and non council properties.	Sept 2026	In progress	Some initial discussions had with Civic Centre teams and sharing of training events with partners.

K. Safeguarding Incident - Adults

Risk Details

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.

Risk Update

Following Dr Adi Cooper's independent review and follow-up evaluation, Adult Social Care implemented a 36-action safeguarding improvement programme focused on strengthening leadership, practice quality, governance, workforce capability and safeguarding pathways. The programme is overseen through the ASC Improvement and Assurance Board and embedded within ongoing service improvement and quality assurance arrangements.

Additional independent assurance was provided in 2026 through a safeguarding practice audit undertaken by Annie Ho. The audit identified strengths in person-centred practice, partnership working and safeguarding outcomes, while also highlighting areas for improvement, particularly around timeliness, consistency of recording, management oversight and progression through safeguarding pathways.

During Quarter 1 to date (18/08/2026), Adult Social Care received 900 safeguarding concerns. Of these, 51% (458) progressed to the Section 42(1) Information Gathering stage, with 22% subsequently progressing to a Section 42(2) safeguarding enquiry. The proportion of concerns not progressing through the safeguarding pathway has reinforced the need for continued scrutiny of threshold decision-making and targeted awareness-raising with partners, providers and internal services to improve referral quality and ensure concerns are directed through the most appropriate pathway.

In response to the independent reviews, Adult Social Care has strengthened governance through the Safeguarding Oversight Forum, Multi-Agency Risk Management (MARM) arrangements, enhanced scrutiny via the Brent Safeguarding Adults Board Performance and Audit Sub-Group, regular safeguarding audits and targeted workforce development. A dedicated Section 42(1) Safeguarding Team has been established to strengthen front-door decision-making and oversight of safeguarding concerns. Work is also underway to review safeguarding processes, forms, templates and Mosaic workflows to improve consistency, reduce duplication and strengthen recording standards and management oversight. Workforce development remains a key priority, with objectives of achieving 90% attendance for role-specific safeguarding training and 100% completion of annual safeguarding refresher training for Safeguarding Adults Managers.

Overall Assurance: Good Assurance. Independent reviews have confirmed that key safeguarding controls and governance arrangements are in place and operating effectively, while identifying areas requiring continued improvement. The actions taken to strengthen oversight, quality assurance, workforce capability and safeguarding processes provide assurance that safeguarding risks are being actively managed and that service improvements continue to be embedded across Adult Social Care.

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

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.
- The BSAB has set up a 'Performance and Audit Sub-group'
- The Care Quality Commission (CQC) will be undertaking a local authority assessment of Brent Adult Social Care in September 2026 to assess compliance with Care Act (2014) duties. A key area of enquiry is 'Ensuring safety within the system' including safeguarding.

K. Safeguarding Incident - Adults

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
1.	"NEED TO KNOW" escalation form and process to be revised and updated within Adult Social Care	January 2025	**Complete**	
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	**Complete**	
3.	Independent Review of progress by Dr Adi Cooper against her original review and recommendations	June 2025	**Complete**	Extended action plan is been drawn up following SA review by Adi Cooper
New Actions – September 2026				
4.	Embed the safeguarding improvement programme, including revised safeguarding pathways, governance arrangements and quality assurance processes.	Ongoing	In Progress	
5.	Complete and implement the review of safeguarding processes, forms, templates and Mosaic workflows to improve consistency, oversight and decision-making.	March 2027	In Progress	
6	Strengthen safeguarding practice through targeted workforce development, audit activity and continuous learning arising from internal and independent reviews.	Ongoing	In Progress	

L. Non-compliance with Statutory Housing Duties

Risk Details

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.

Risk Update

As landlord, the Council must comply with statutory health and safety duties covering Fire, Legionella, Asbestos, Gas, Electric and Lifts (FLAGEL). Failure to do so breaches consumer standards and risks sanctions from the Regulator of Social Housing (RSH).

In April 2025, Brent self-referred to the RSH over fire safety concerns. Subsequent reviews identified similar issues in water safety and asbestos. In May 2025, the RSH issued a regulatory judgement, grading the service C3 and citing serious failings, including:

12,500 fire risk actions recorded as closed without evidence of completion, with some not completed at all

Inconsistent and irreconcilable compliance data across fire, smoke/CO, asbestos and water safety

Nearly half of homes lacking a recorded stock condition survey.

An assessment by consultants Caldistons highlighted critical weaknesses, including poor data management, fragmented systems, reliance on unverified figures, weak contractor oversight, inadequate policy framework and an under-resourced compliance team operating reactively.

Recovery is underway against a weekly-reviewed action plan built on the Caldistons findings. The compliance team has been strengthened and True Compliance data rebuilt with Caldistons; since May 2026 it is the primary source for compliance reporting.

Firntech have been appointed to create Building Safety Cases for all high-risk buildings (targeting March 2027; none yet accepted by the BSR) and to complete the outstanding FRAEWs. The Northgate-to-True Compliance migration is running behind its October 2026 target and has been escalated to the governance group with extra resource. Recruitment continues but staff retention remains an ongoing sector-wide problem, and procurement of new compliance contracts is underway, with contractor risk escalated to governance. A new Building Compliance Safety Project Board now oversees progress monthly, with reports and information then shared with CMT and RSH.

Completed to date: resident engagement in high-rise blocks, the True Compliance rebuild, and the new governance reporting cycle.

From September 2026, further actions are agreed: completing FRAEWs, an independent audit of the rebuilt data, verifying all 12,500 previously closed fire risk actions and delivering the Caldistons remedial works to confirm the Council's true position against that assumed at self-referral, a contractor performance framework, a workforce retention strategy, an RSH re-grading submission, and a live FLAGEL compliance dashboard

Risk Scores	I	L	T	Trend
CURRENT	**5**	**5**	**25**	⟷
Previous	5	5	25	
Target	5	1	5	

Key Controls & Mitigating Actions

- Monthly FLAGEL compliance reporting to DMT.
- Engagement of Health and Safety consultants
- Oversight by BSCPB Periodic reporting,
- Monthly contractor meetings
- Building a centralised compliance system covering FLAGEL and other areas of compliance
- Extra resource with dedicated workstream leads
- Monthly meeting with RSH
- Monthly meeting with BSR
- New Assurance board reporting in to CEO
- Developing a Compliance Framework

L. Non-compliance with Statutory Housing Duties

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
1.	Rebuild True compliance with Accurate Data	December 2025	Complete	TC rebuild was completed in May 26 and is now used as the primary source for property compliance data, whilst the NEC Project upgrades and implements new modules.
2.	Provide building safety case reports for all high-risk buildings	March 2026	Ongoing	A specialist firm Firntech have been appointed and have commenced the creation of the Building Safety Cases on behalf of the Council. The anticipated completion for the creation of all Building Safety Cases will be by March 2027
3.	Develop an action plan to bring us back to full compliance following the findings of the audit. To enable us to recover the C3 grading from the RSH	March 2027	In progress	An action plan has been created and implemented to monitor the progress of the recovery work. The action plan was built on the back of an external audit and a piece of work to establish the root causes for the failures to maintain compliance. The action plan is reviewed weekly to ensure progress is being monitored effectively.
4.	Northgate and True Compliance Integration	October 2026	In progress	Although still in date and progress has been made, it is anticipated that the integration between NEC and True Compliance will be completed after the target date. The action/issue has been escalated to the governing group and is being monitored closely with additional resources being brough in to assist on the project.
5.	Recruit to key posts in the Building Safety structure	October 2025	Ongoing	Whilst some roles have been filled, retaining competent staff is an ongoing problem. There is a shortage of competent staff within the sector resulting in an increased level of staff movement. This will continue to be monitored closely and the utilisation of agency/interim staff will be utilised where necessary.
6.	Develop a new cycle of reporting to ensure full governance	October 2025	Completed	A governance group has been created called the Building Compliance Safety Project Board which oversees the progress of the recovery project on a monthly basis. Progress reports are produced monthly and presented to the project board. The Chair of the project board then reports up to the CMT. The reports presented to the project board are then shared and presented to the RSH, demonstrating transparency and good governance.
7.	Procure Compliance contracts and issue new servicing and surveying programs	March 2026	Ongoing	Along side staff retention, procurement challenges are increasing in risk. The Council needs to be in a position where there is a contract and contractor in place for all of the compliance work streams. The risk associated with this has been escalated to the governance group who are now assisting with addressing the risks and issues.

L. Non-compliance with Statutory Housing Duties

♦ Action Plan - continued

New Actions – September 2026				
8.	Complete FRAEWs for all high-rise blocks	March 2027	In progress	Firntech to carry out the remaining Fire Risk Assessments of External Wall Systems for high-rise blocks, aligned with the Building Safety Case deadline.
9.	Independent data assurance audit of rebuilt True Compliance data	December 2026	Not started	Verify the accuracy of the True Compliance rebuild before it is relied upon for RSH reporting and Building Safety Case submissions.
10.	Verify all 12,500 closed fire risk actions and deliver Caldistons audit remedial works	March 2027	In progress	Verify all 12,500 closed fire risk actions against evidence, deliver the Caldistons audit's remedial works, and confirm the Council's true current compliance position against the position perceived at the point of self-referral to the RSH.
11.	Establish a contractor performance monitoring framework	June 2027	In progress	Introduce KPIs/SLAs for the new compliance contracts once mobilised, to prevent a recurrence of poor contractor oversight.
12.	Building Safety/compliance workforce retention strategy	March 2027	On going	Develop career pathways and pay benchmarking to address the sector-wide shortage of competent staff and reduce turnover.
13.	Prepare RSH re-grading evidence submission	June 2027	On going	Compile an evidence pack once actions 1-3 mature, to formally request the RSH review the current C3 grading.
14.	Roll out a live FLAGEL compliance dashboard to DMT/CMT/Board	December 2026	On going	Convert improved True Compliance data and the new reporting cycle into a standing operational tool rather than static monthly reports.

M. Contract Management

Risk Details

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

Risk Update

The Council commissioned an independent peer review of Procurement that included a contract management (CM) theme. The report and recommendations were issued in April 2025 and approved in full by CMT in May 2025. A key recommendation was to establish a Procurement Improvement Programme (PIP) to drive change which includes a workstream on CM. For CM the review focused on: the strategic contracts register, the CM handbook, CM in directorates, roles and responsibilities, social value in CM and the database of contracts.

A workstream with representatives from all directorates and chaired by a highly experienced contract manager was established in August 2025 and has met fortnightly and will continue monthly through 2026. The priorities and progress of this workstream are:

1. Adopt a 4-tier contract segmentation process to review all council contracts to identify how the be managed. *The Local Partnerships model with 7 criteria plus value has been applied to over 90 contracts to segment them into platinum, gold, silver and bronze. It has been tweaked to ensure it is robust and aligned to the council. Directorate Management Teams have been consulted on which of the very highest risk contracts should be determined Platinum. These will have a higher level of scrutiny with a first mitigation report issued to the Assurance Board in Q4 2025/26. A report is due to be presented to the Resources and Public Realm Scrutiny Committee in September which includes focus on strategic contracts.*

2. Clarity of council approach to and policy for contract management with clear roles and responsibilities. The revised Contract Management Framework was launched in May 2026, with a community of practice established to support this, meeting in August. New intranet content has been developed to host new resources, tools and templates

3. Improve the quality, reliability and use of data relating to contracts by establishing a single, central, robust contract database. The TDA and Digital and Data Board have approved and provided capital to fund a contract with Intend to provide a contract management module including contract database/register. This will The platform is currently in implementation and testing ahead of roll out from Q2. This is intended to support the Contract Management Framework in standardising the approach to CM across the whole Council.

4. Improve contract management skills and capabilities across the whole council.17 Council staff have been accepted on the CM Pioneer Programme commencing Apr 2026, developed by the Cabinet Office and the LGA and will reach Practitioner status. The online Foundation training will be a requirement for all contract managers. The programme closes at the end of August.

Together, it is anticipated all the above will improve: the understanding, management and mitigation of contract risks, the capability of contract managers, and performance reporting on high value and high-risk contracts. The presentation of the first assurance report will be a key milestone culminating in reduction in of the risk rating.

Risk Scores	I	L	T	Trend
CURRENT	**3**	**3**	**9**	⟷
Previous	3	3	9	
Target	3	2	6	

Key Controls & Mitigating Actions

Controls are being established through the Procurement Improvement Programme.

- Update approach to contract segmentation & tiering: Segmentation through a new 4-tier model, in line with Local Partnerships best practice, will determine level of CM, governance and reporting required.
- Improved reporting on the highest risk contracts
- Updated CM Framework to standardise tools, templates and processes across the Council.
- CM supported by new Contracts Register, to contain details of all Council contracts. This will support any data-led exercises looking at CM requirements.
- Improve skills and capabilities in CM through standardised CM Framework and targeted external training.

M. Contract Management

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions				
~~1.~~	Undertake further Gateway reviews of contracts due to be procured.	Ongoing	In progress/ Complete	Gateway reviews will continue to be presented to CPCMAB judge the efficiencies to be made: during contract term, for re-procurements and extensions. This is becoming BAU
2.	Further CM training will be provided under the Procurement Improvement Programme through 2025-2027.	April 2026 Completed July 2026	In progress	CMPP to commence for 17 members of staff on April 2026. Accompanied by 16 days of CM consultancy targeted at cost savings
3.	Deliver the CM workstream under the Procurement Improvement Programme – the priorities of which are: 1. Adopt a 3-tier contract segmentation process to review all council contracts to identify how the be managed. 2. Clarity of council approach to and policy for contract management with clear roles and responsibilities. 3. Improve the quality of data relating to contracts and establish one central, robust database. 4. Improve skills and capabilities at managing contracts across the whole council.	March 2027	In progress	1. 90+ contract segmented. Highest risks being defined as Platinum with reports n progress and mitigation to CMT and Assurance Board 2. New Contract Management Framework issued April 2026, supported by clear RACI for all areas of the Council. CMF supported by clear tools, templates and processes to standardise approach across whole Council. 3. New Contract Register for all Council contracts established August 2026. Single source of truth for all contract documentation, supported data requirements. 4. Contract Management Framework, and centralised external training (CM Pioneer Programme) ;ed by central gov, to standardise requirements. Creation of Contract Management Community of Practice scheduled for Q3, to provide internal support and best practice between officers.
New Actions –September 2026				
4.	Use the contract management workstream to establish a community of practice within the council and to disseminate improved ways of working. This will align with the CMPP training	Establish Apr 26 Embedded Sept 26	Planned	Forum planned post results for the CMPP, to discuss learnings, best practice, and how to improve the offering for Brent officers.

N. AI Risks

Risk Details

There is the risk of unauthorised use of generative AI, dependency on third-party platforms, heightened threat of Cyber attacks inadequate cyber security controls, and weak information governance could lead to reputational damage, resident mistrust, operational disruption, data breaches, and regulatory penalties.

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

Risk Update

Significant progress has been made in strengthening Brent's AI governance maturity during 2025/26 and early 2026/27. The reduction in the risk score from 12 to 6 reflects delivery of the Corporate AI Strategy 2026–2028 and supporting operational controls. Likelihood has reduced through the operational AI Register and active monitoring of shadow and unauthorised AI use. Impact has reduced through established cyber security, data protection and DPIA controls, which support assurance, escalation and mitigation. The AIIA process is available but has not yet been applied, as no qualifying use case has arisen.

The Council has established a comprehensive governance framework comprising the Corporate AI Strategy 2026–2028, AI Governance Framework, AI Governance Board, AI Register accountability arrangements, AI Impact Assessment process and formal escalation routes. These arrangements substantially address Internal Audit recommendations and provide a clear structure for responsible AI adoption, with elements now being operationally embedded.

Clear accountability has been established through the AI and Automation Centre of Excellence, with the AI Governance Board established to provide strategic oversight and senior accountability assigned to the Director of Communications, Insight, and Innovation. Service areas retain accountability for operational adoption and benefits realisation.

The Council has also strengthened assurance through AI Impact Assessments, DPIAs, cyber assurance, shadow AI monitoring, risk tiering and AI Register controls. Procurement due diligence and supplier assurance requirements have been established within the wider AI governance model, with operational integration into procurement processes pending.

While governance maturity has improved significantly, the risk remains active due to continued growth in AI adoption, evolving regulatory requirements, supplier dependency, workforce capability needs and emerging cyber security threats. The current focus is therefore on completing mobilisation, embedding the established controls and monitoring their effectiveness across the organisation.

▪ Key Controls & Mitigating Actions

Corporate AI Strategy 2026-2028 and AI Governance Framework approved and being embedded, defining strategic direction, decision rights, and accountability.
• AI Governance Board established to provide strategic oversight, assurance and escalation; full membership is being finalised before formal oversight begins.
• AI Governance and Accountability Matrix clarifies organisational roles and reduces overlap.
• Corporate AI risk monitored through established risk management arrangements.
• AI Register maintained by the AI & Automation Centre of Excellence, under the operational responsibility of the Digital Programme Manager for AI and Automation.
• Risk-tiered review and escalation applied to AI use cases, supported by AIIAs, DPIAs and Equality Impact Assessments where appropriate.
• Shadow AI monitoring identifies and manages unauthorised use.
• Cyber, information governance, data protection and security assurance integrated into AI approval processes.
• Risk-based AI literacy programme established for staff, managers, and specialist users.
• Copilot Centre of Excellence, enablement, champion networks, and communities of practice support safe adoption.
• AI-specific supplier due diligence and requirements established, covering transparency, governance, human oversight, and contractual controls; operational integration into procurement processes is pending.

N. AI Risks

♦ Action Plan

Ref	Action	Target Date	Status	Comments
1.	We will Develop AI Strategy & Policy Framework	31 July 2026	Complete	Corporate AI Strategy 2026-2028 approved and issued in July 2026, establishing the Council's AI vision, operating model, governance arrangements, risk management approach and strategic implementation roadmap. Supporting governance documentation has also been developed, including the AI Governance Framework.
2.	We will Strengthen governance structures and KPIs	30 September 2026	In Progress	The AI and Data Board and Data Ethics Board have been consolidated into a single AI Governance Board. Its remit and balanced scorecard are established, with full membership and formal reporting arrangements being finalised before oversight begins.
3	Introduce risk based, Responsible and Ethical AI training for Brent Staff	31 March 2027	In Progress	The Corporate AI Strategy establishes a tiered AI literacy and workforce capability model aligned to organisational risk. Foundational awareness, management capability and specialist training requirements have been defined, and rollout has commenced. Delivery and embedding will continue throughout 2026/27, with participation and effectiveness monitored.
4	Update procurement & supplier due diligence	30 September 2026	In Progress	AI-specific procurement, supplier assurance and due diligence requirements have been established through the Corporate AI Strategy, covering transparency, model governance, human oversight, data protection, cyber security and contractual safeguards. Operational integration into procurement processes is pending.
5	Identify AI vendors appropriate to our tooling strategy and explore internal AI capability	31 March 2027 (Quarterly Review)	In progress	Brent's AI tooling strategy has been formalised through approved platform choices including Microsoft Azure, Microsoft 365 Copilot and UiPath as core strategic platforms. The strategy explicitly prioritises development of internal capability through the AI & Automation CoE and minimises dependency on external suppliers.
6	Embed and Monitor AI Governance Framework	31 March 2027	In Progress	Following approval of the Corporate AI Strategy, AI Governance Framework and associated control documentation, this new action focuses on embedding governance arrangements across services during 2026/27. Progress will be monitored through AI Register coverage, completion of required assurance assessments, management of compliance exceptions, workforce capability measures and evidence of benefits realisation. The action is owned by the Digital Programme Manager for AI and Automation.

O. Business Continuity

Risk Details

There is a risk that the Council is unable to maintain or recover critical services within acceptable timeframes following a disruptive event, resulting in harm to residents, failure to meet statutory obligations, financial loss, service backlogs and reputational damage.

Risk Update

Business Continuity remains a key priority, informed by the Council's self-assessment against the Resilience Standards for London, findings from the 2023 external assurance review, and learning from incidents, exercises and disruptions affecting local authorities across London. Particular focus has been given to strengthening resilience against cyber incidents, severe weather, utility failures, supply chain disruption and workforce pressures.

During the year, Business Continuity Plan (BCP) templates have been enhanced to improve usability and strengthen consideration of supplier dependencies and supply chain risks. Services have undertaken annual reviews of their plans, updated contact information and completed local exercising activities to test arrangements. While the majority of services have completed this process, targeted support continues to be provided to ensure all plans are reviewed and approved.

As part of a wider review of the Emergency Planning and Resilience Team structure, proposals are being developed to create greater organisational focus on business continuity and resilience. This reflects recommendations arising from the 2023 external review and will strengthen strategic leadership, assurance and oversight of business continuity, organisational resilience and preparedness activities across the Council.

A corporate review of submitted plans is being undertaken to improve consistency, identify good practice and provide greater assurance regarding organisational preparedness. Early findings from plan reviews, exercises and discussions with services suggest that, whilst arrangements are in place across the Council, some plans do not yet fully reflect the scale, duration and potential impacts of major disruptions such as cyber-attacks, utility failures and severe weather events. This highlights the need to strengthen organisational understanding of business continuity risks and ensure planning assumptions are informed by lessons from recent incidents affecting other local authorities. The review includes work with Shared Technology Services to assess recovery objectives for critical IT systems and ensure service expectations are aligned with technical recovery capabilities.

Recent exercises and real-world incidents have highlighted the importance of planning for prolonged disruption, particularly in relation to cyber-attacks and extreme weather events. Learning from Exercise Sentinel, a London-wide cyber exercise, and the Tri-Borough cyber incident has reinforced the need for services to be able to operate under constrained conditions for extended periods, maintain support for vulnerable residents and manage significant service backlogs. Learning from climate change and heatwave exercises has also prompted further consideration of climate-related risks within business continuity planning. Opportunities are also being explored to strengthen assurance arrangements through closer collaboration with Internal Audit.

Risk Scores	I	L	T	Trend
CURRENT	**4**	**4**	**16**	
Previous	–	–	–	
Target	3	3	9	

Key Controls & Mitigating Actions

- Business Continuity plans in place covering all departments / service areas.
- Master BIA
- IT disaster recovery arrangements
- Critical Supplier and Third-Party resilience arrangements
- Multi-agency and internal training and exercise programme in place. – including off the shelf exercises.
- On-call arrangements are in place.
- London Standardisation
- 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.
- Zurich BC Review – April 2026

O. Business Continuity

♦ Action Plan

Ref	Action	Target Date	Status	Comments
Follow-up of Previous Actions – March 2025 (from previous combined risk)				
1.	Complete implementation of recommendations from external review.	December 2026	In progress	Work ongoing to implement the remaining actions. The majority have been implemented. The restructure of the team will create more focus on BC, which was highlighted in this review.
2.	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.	September 2025	Completed	Revised templated used as part of 2025 and 2026 BC plan update.
New Actions – September 2026				
3.	Deliver session at SLT and DMTs focused on status of plans, scale of potential disruptions and priority ratings, to ensure there is corporate awareness.	October 2026		
4.	Implement Zurich review actions	March 2027		
5.	Complete 2026 master BIA and align IT requirements with STS / ICT disaster recovery plans.	December 2026		
6.	EP&R to deliver exercises for priority 1 services to improve the quality of these plans.	December 2027		

This page is intentionally left blank

Brent	**Audit & Standards Advisory Committee** 23 September 2026
	Report from the Corporate Director of Finance & Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Gwen Grahl)

Statement of Accounts 2025/26

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
No. of Appendices:	Six: Appendix A: LB Brent Draft Audit Findings Report Appendix B: LB Brent Pension Fund Draft Audit Findings Report Appendix C: LB Brent Draft Letter of Representation Appendix D: LB Brent Pension Fund Draft Letter of Representation Appendix E: LB Brent Pension Fund Draft Audit Opinion Appendix F: Auditor Annual Report
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Corporate Director of Finance & Resources Tel: 020 8937 6528 Email: Minesh.Patel@brent.gov.uk

1.0 Purpose of the Report

1.1 This report provides an update on the statement of accounts for the Council and Pension Fund for 2025/26

2.0 Recommendation(s)

Audit & Standards Advisory Committee is asked:

2.1 To recommend that the Audit & Standards Committee delegate approval of the draft letters of representation to Grant Thornton for the Council and Pension Fund to the Corporate Director of Finance & Resources, as set out in Appendices C and D.

2.2 To recommend to the Audit & Standards Committee that approval to sign off the final statement of accounts for 2025/26 be delegated to the Chair of the Audit & Standards Committee, subject to written assurance being provided that all outstanding matters and adjustments contained in the Audit Findings report had been made, with any material adjustments required as a result of the final Audit Findings report being issued to be reported back to the Audit and Standards Committee and also notified to all members of the Audit & Standards Advisory Committee.

2.3 To recommend that the Audit & Standards Committee agree the audit fees for 2025/26, as set out in section 3.2.12 of this report.

3.0 Background

3.1 Contribution to Borough Plan Priorities and Strategic Context

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

3.2 Detail

3.2.1 The Council published its draft Statement of Accounts and Annual Governance Statement (AGS) for 2025/26 by the statutory deadline of 30 June 2026. The draft accounts and AGS were made available for public inspection in accordance with statutory requirements and were subsequently submitted to the Council's external auditors to commence the audit of the financial statements and governance arrangements. Copies of these documents are available on the Council's website (Annual statement of accounts | Brent Council) and can also be provided to members upon request.

3.2.2 The Audit Committee has responsibility for considering issues raised by the external auditors as part of the process of approving the annual statement of accounts. The basis for this consideration is the "report to those charged with

governance” also referred to as the ISA260 (Audit Findings Report). The Council’s external auditors, Grant Thornton, produce the report following completion of the audit of accounts. The report is intended to identify any changes to the accounts, unadjusted misstatements or material weaknesses in controls identified during the audit work.

3.2.3 At the time of despatch of this report, Grant Thornton are in the process of finalising the audit of the 2025/26 accounts and their ISA260 (Audit Findings Report). The draft Audit Findings Report for the Council and Pension Fund are attached as appendices A and B respectively.

3.2.4 At the time of writing, most of the key audit areas have been reviewed by Grant Thornton, with some awaiting review by their senior management. The main outstanding areas are Property, Plant & Equipment, Financial Instruments and Group Accounts. Changes to the Code requiring the Council to adopt indexation has meant that Property, Plant & Equipment remains an area of extensive audit focus, not only in terms of the accounting but also in terms of disclosure compliance. The Financial Instruments notes have been prepared using a new process introduced in 2025/26. The associated audit work has taken longer to complete due to the additional testing and assurance required over the revised approach.

3.2.5 The council has been working on an improvement plan to address the shortcomings of its records of assets since the completion of the audit of the 2024/25 Statement of Accounts. The delays in audit completion experienced over the past two years highlighted the need for significant improvements to the Council's asset records and underlying processes. In response, the Council implemented a comprehensive improvement plan to strengthen asset management arrangements, improve data quality and enhance record keeping across the organisation.

3.2.6 Since the audit of the 2024/25 Statement of Accounts, this programme has delivered substantial progress. Work has focused on the Council's most material asset classes, particularly Property, Plant and Equipment, where improvements to records, processes and controls have already led to greater accuracy, completeness and confidence in the Fixed Asset Register.

3.2.7 The work undertaken to date has established a much stronger foundation for financial reporting and asset management. While further work remains to fully embed these improvements and address the remaining areas identified within the programme, the Council is now seeing the benefits of the actions taken and remains committed to continuous improvement.

3.2.8 The Group Accounts also need to be audited once the other audit items are complete. At this point, the underlying single entity accounts will have been audited, so the audit of the Group Accounts focuses on whether the single entity accounts have been combined correctly. It is not anticipated that this will identify any material issues.

3.2.9 A post balance sheet event has been identified relating to a proposed commercial agreement that is expected to result in a change to the value of certain Plant, Property and Equipment assets. While the agreement had not been formally agreed or executed by the date the accounts were authorised for issue, sufficient information is available to indicate that the revised value is likely to be recognised. The change in value is considered material; however, as it is a Plant, Property and Equipment transaction it does not impact the Council's overall financial position, financial sustainability, or level of usable reserves. It is anticipated that this will be concluded by mid-October.

3.2.10 A series of 'backstop' dates were introduced by the government in 2024 as part of its plans to clear local authority audit backlogs. If the audit of the accounts cannot be completed before the backstop date then the auditor can issue a modified or disclaimed audit opinion. A disclaimer of opinion is issued where the auditor is unable to obtain sufficient appropriate audit evidence and, therefore, does not express an opinion on the financial statements or specific elements of them. The Council has not received a disclaimer of opinion in the last two years, having published its Statement of Accounts either on or shortly before the statutory backstop date. For 2025/26, the Council remains on track to publish its accounts by the end of September 2026, significantly ahead of the current backstop date of 31 January 2027. The final accounts and final Audit Findings Report will be sent to the committee as soon as practically possible.

3.2.11 As part of the accounts sign off process, Brent are required to issue a letter to the auditors that sets out the responsibilities and representations made by Brent to the auditor to confirm that certain matters have been undertaken and confirm the responsibilities of Brent to ensure there is no misunderstanding. The draft letters for the Council and Pension Fund are set out in Appendices C and D. The draft audit opinion for the Council can be found on pages 64 to 74 of Appendix A. The draft audit opinion for the Pension Fund is set out in Appendix E.

3.2.12 Details of audit fees are set out in the Audit Findings Report. The fees as per the original audit plan are £560,500. Further fees of £20,000 have been incurred to reflect extra audit work required in relation to property valuation indexation, financial instruments, debtors and creditors, cash reconciliations, and a prior period adjustment. These issues were not included within the original audit fee assumptions and resulted in additional audit procedures being necessary. Officers have worked closely with the auditors throughout the process to resolve issues promptly and minimise the level of additional audit work and associated fees wherever possible. As part of the accounts sign off process, members are asked to agree the additional audit fees.

3.2.13 The Auditor's Annual Report is attached as Appendix F and is broadly positive regarding the Council's arrangements for securing value for money. Grant Thornton found that governance arrangements remain strong and that significant progress has been made in stabilising the Council's financial position and improving financial reporting. However, the auditor has retained two key recommendations relating to the delivery of savings required to achieve medium-term financial sustainability and the continued improvement of housing

compliance following the Regulator of Social Housing's C3 judgement. No statutory recommendations were issued and the auditor anticipates issuing an unmodified opinion on the 2025/26 Statement of Accounts.

4.0 Stakeholder and ward member consultation and engagement

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

5.0 Financial Consideration

5.1 There are no financial implications arising as result of this report.

6.0 Legal Considerations

6.1 There are no legal implications arising as result of this report.

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 Not applicable.

8.0 Climate Change and Environmental Considerations

8.1 Not applicable.

9.0 Human Resources/Property Considerations

9.1 Not applicable.

10.0 Communication Considerations

10.1 Not applicable

Report sign off:

Minesh Patel
Corporate Director of Finance and Resources

This page is intentionally left blank

Audit Findings for London Borough of Brent

Year ended 31 March 2026

September 2026

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

Grant Thornton UK LLP
8 Finsbury Circus
London EC2M 7EA
020 7383 5100

www.grantthornton.co.uk

11 September 2026

Dear Members of the Audit & Standards Committee

Audit Findings for London Borough of Brent for the year ended 31 March 2026

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 manage risk, quality and internal control particularly through our Quality Management Approach. 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-2025 (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

Headlines (1)

This page and the following summarises the key findings and other matters arising from the statutory audit of London Borough of Brent (the 'Authority') and the preparation of the Group and Authority's financial statements for the year ended 31 March 2026 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 Group and Authority's financial statements:

- give a true and fair view of the financial position of the Group and Authority and the Group and Authority's income and expenditure for the year.
- 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.

Our audit work was completed during July-September as planned. Our findings are summarised on pages 15 to 24. We identified several disclosure and misclassification adjustments to the financial statements; however, none of these adjustments affect the Authority's Comprehensive Income and Expenditure Statement or the level of its usable reserves. Details of audit adjustments are detailed from page 28.

We have raised recommendations for management, set out from page 38, and reported our follow up of prior year recommendations from page 45.

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:

- Property, Plant and Equipment (PPE):
  - Management to provide a detailed paper explaining the potential post-balance sheet event.
  - Additional disclosures relating to indexation are required.

(*continued overleaf*)

Headlines (2)

Outstanding matters continued:

- Borrowings – Awaiting receipt of the external bank confirmation from Danske Bank and management's supporting calculations for borrowing interest costs.
- Accounting policies – Updated accounting policy extracts are required from management to confirm that amendments arising from audit findings are accurately incorporated.
- Pensions – Receipt of the IAS 19 assurance letter from the pension fund auditor.
- Finalisation of post balance sheet events work.
- Receipt of management's representation letter.
- Review of the final set of financial statements.

We have concluded that the other information to be published with the financial statements, including the Annual Governance Statement, is consistent with our knowledge of the Authority and with the audited financial statements.

Our anticipated financial statements audit report opinion will be unmodified. We anticipate issuing the auditor's report shortly after the Audit & Standards Committee meeting on 23 September 2026.

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the 'Code'), we are required to consider whether the Authority 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 Authority'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 Authority's arrangements under the following specified criteria:

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

We have completed our VFM work. Detailed commentary is set out in the separate Auditor's Annual Report, presented alongside this report. We identified two risks of significant weaknesses in the Authority's arrangements and so are not satisfied that the Authority 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 page 54.

Headlines (3)

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
- certify the closure of the audit.

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

We have completed the majority of our work required under the Code. However, we cannot formally conclude the audit and issue an audit certificate in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until the following matters are resolved:

- confirmation has been received from the NAO that the group audit (Whole of Government Accounts) has been certified by the Comptroller and Audit General, and therefore no further work is required to be undertaken in order to discharge the auditor's duties in relation to consolidation returns under paragraph 2.11 of the Code.
- an outstanding objection in relation to Council tax income recovered via enforcement action.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Headlines (4)

Significant matters

Whilst no significant matters were identified during the audit, it is worth noting the following:

Management presented draft financial statements, including the group accounts, by the statutory deadline of 30 June 2026. The overall quality of the accounts submitted was reasonable and represented a marked improvement on previous years when challenges were encountered in relation to property, plant and equipment (PPE) valuations and the overall standard of the financial statements was below expectations. We acknowledge the considerable effort made by management to improve the quality and timeliness of the accounts preparation process.

There was significant improvement in the quality of the working papers supporting PPE balances; an area which was the source of substantial audit delays in prior years. The introduction of indexation of PPE balances in the 2025-26 Code required additional audit work and engagement with both management and its valuer to assess the appropriateness of the methodology and assumptions applied. As the scale of the work required was not known when setting the original audit scale fee, we set out the additional work undertaken in this area on pages 15 and 16.

Additional audit work was required in the following areas:

- **Cash –** The audit of cash balances was delayed because the March 2026 bank reconciliations did not include all bank accounts reflected in the trial balance, requiring additional reconciliation work and follow-up. Furthermore, several audit queries remained outstanding for extended periods, including a query relating to the cash-in-transit balance first raised in July and remained unresolved until the beginning of September. Delays in responding to other cash-related queries, together with the variable quality of information provided, increased the time required to complete audit testing.
- **Financial instruments –** Inconsistencies were identified between the balance sheet and the financial instruments note. Obtaining responses was challenging, as responsibility for resolving audit queries was not clearly defined. This resulted in prolonged correspondence and delays in resolving issues until a single coordinator was assigned to manage responses and facilitate completion of the audit work.
- **Debtors and Creditors –** Testing was delayed due to incomplete and inaccurate responses to audit requests. Initial evidence submissions frequently lacked adequate third-party supporting documentation, some responses addressed only part of the information requested, and, in several instances, evidence was provided for transactions other than those selected for testing. These issues required multiple follow-up and resubmission before sufficient and appropriate audit evidence could be obtained, resulting in additional audit effort and delaying completion of the work.
- **Prior Period Adjustment –** Additional audit work was also required in relation to a prior period adjustment concerning senior officers' remuneration. This matter necessitated further audit procedures beyond those originally planned. Further details are provided on page 23.

None of the matters outlined above were factored into the original audit fee assumption and require additional audit fees, details of which are set out on page 72.

Group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework. The table below summarises our final group scoping, as well as the status of work on each component.

Component	Risk of material misstatement to the Group	Scope at planning	Scope at final	Auditor	Key Audit Partner / Responsible Individual	Status	Comments
London Borough of Brent	Yes	Scope 1	Scope 1	Grant Thornton UK	Sophia Brown	● Green	Audit is in progress – an unmodified audit option is anticipated.
First Wave Housing Ltd	No	Scope 3	Scope 3	Grant Thornton UK	Stephen Dean	● Green	Audit complete - unmodified audit opinion issued.
4B Holdings Ltd	No	Scope 3	Scope 3	Grant Thornton UK	Stephen Dean	● Green	Audit complete - unmodified audit opinion issued.
LGA Digital Services	No	Out of Scope	Out of scope	N/A	Not audited	N/A	
Barham Park Trust	No	Out of scope	Out of Scope	N/A	Not audited	N/A	

Key

Scope 1	Audit of entire financial information of the component, either by the group audit team or by component auditors (full-scope)
Scope 2	Specific audit procedures designed by the group auditor (specific scope)
Scope 3	Specific audit procedures designed by a component auditor (specific scope)
Out of scope	Out of scope components are subject to analytical procedures performed by the Group audit team to group materiality.
● Green	Planned procedures are substantially complete with no significant issues outstanding.
● Amber	Planned procedures are ongoing/subject to review with no known significant issues.
● Red	Planned procedures are incomplete and/or significant issues have been identified that require resolution.

Involvement in the work of component auditors

Scope	Component auditors involved	Summary of involvement	Changes compared to planned involvement
Scope 3	Grant Thornton UK	We will not involve or rely on the work of component auditors, given the limited area in subsidiaries requiring testing. Instead, we will conduct testing for significant accounts and transactions at the group-level.	None
Out of scope	N/A	We will not involve or rely on the work of component auditors, given the limited area in subsidiaries requiring testing. Instead, we will conduct testing for significant accounts and transactions at the group-level.	None

Our approach to materiality (1)

As communicated in our Audit Plan issued in April 2026, we determined materiality at the planning stage as £23.208 million and group materiality as £24.430 million based on 2% of prior year gross expenditure. At year-end, we reconsidered planning materiality based on the draft consolidated financial statements but retained the values set at the planning stage. A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

We determined materiality at £23.208m for the single entity and materiality of £24.430m for the Group, based on professional judgement in the context of our knowledge of the Authority and the Group, including consideration of factors such as the perspective of the users of the financial statements. The Authority prepares an expenditure-based budget for the financial year with the primary objective being the provision of services to the local community, therefore gross expenditure is deemed the most appropriate benchmark. This benchmark was also used in the prior year.

We used 2% of gross expenditure as the basis for determining materiality. This is in line with the Grant Thornton guidance for financial statements materiality. We deem this to be appropriate for the Group and the Authority as there were no significant matters coming to our attention suggesting a lower benchmark percentage was appropriate. This threshold was also used in the prior year.

Specific materiality

We consider senior officer remuneration and termination benefits as sensitive disclosures and of public interest. We therefore set a lower materiality figure of £20,000 to ensure adequate procedures are performed and identified misstatements of lower amounts are reported to those charged with governance.

Component performance materiality

Our audit work on components' significant accounts/transactions is directed using component performance materiality. This is set at £15.086m for the Authority and £7.542m for First Wave Housing Ltd and I4B Holdings Ltd. The level applied directs our detailed testing and reflects the relative size and risk of each component within the Group.

Reporting threshold

We havel reported to you all misstatements identified in excess of £1.221m for the Group and £1.160m for the Authority, in addition to any matters considered to be qualitatively material.

Our approach to materiality (2)

	Group £	Authority £	Qualitative factors considered
Materiality for the financial statements	24,430,000	23,208,500	We considered materiality from the perspective of the primary users of the financial statements. As the Authority prepares an expenditure-based budget and its principal objective is the delivery of services to the local community, we determined that gross expenditure is the most appropriate benchmark. This benchmark was also applied in the prior year. We applied a materiality threshold of 2% of gross expenditure, which is consistent with Grant Thornton's methodology and guidance for determining financial statement materiality in the public sector. We consider this approach to be appropriate for both the Authority and the Group. We have not identified any significant qualitative or quantitative factors that would warrant the application of a lower or percentage.
Materiality for specific transactions, balances or disclosures - Senior officers' remuneration and exit packages	20,000	20,000	We consider senior officer remuneration and termination benefits as sensitive disclosures and of public interest. We therefore set a lower materiality figure to ensure adequate procedures are performed and identified misstatements of lower amounts are reported to those charged with governance. No changes on threshold since the planning stage.
Reporting threshold	1,221,000	1,160,000	This balance is set at 5% of materiality for the financial statements.

Overview of significant and other risks identified

The below table summarises the significant risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor's judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	Green
Valuation of land & buildings	Significant	↔	×	High	Green
Valuation of council dwellings	Significant	↔	×	High	Green
Valuation of net pension fund liability/asset	Significant	↔	×	High	Green
Risk of fraud in revenue recognition (rebutted)	Other	↔	×	Low	Green
Presumed risk of fraud in expenditure recognition (rebutted)	Other	↔	×	Low	Green

↑ Assessed risk increase since
↔ Assessed risk consistent with
↓ Assessed risk decrease since

● Green - Not likely to result in material adjustment or change to disclosures within the financial statements
● Amber - Potential to result in material adjustment or significant change to disclosures within the financial statements
● Red - Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks (1)

Risk identified	Audit procedures performed
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. The Authority 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 Authority, which was one of the most significant assessed risks of material misstatement.	To address this risk, we have: • Evaluated the design and implementation of management controls over journals. • Analysed the journals listing and determined the risk-based criteria for selecting high risk unusual journals • Tested the identified high-risk journal entries made during the year and the accounts production stage for appropriateness and corroboration to supporting evidence. • Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness. • Evaluated the rationale for changes in accounting policies, estimates or significant unusual transactions. **Findings** Our audit work for both the Authority and Group is complete, and we have not identified any issues relating to management override of controls. **Conclusions** We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.

Significant risks (2)

Risk identified	Audit procedures performed
Valuation of land & buildings The Authority values its operational land & buildings on a rolling five-yearly valuation cycle in accordance with the CIPFA Code. In intervening years, current value is updated using appropriate indexation, unless a desktop valuation is required due to absence of a suitable index. In line with the CIPFA Code, the Authority determines the current value using the depreciated replacement cost or existing use value methods. In applying this method, key assumptions are made by the appointed valuer to arrive at a value of a modern equivalent asset, meeting the capacity and location requirements of the services being provided by the replaced asset. We therefore identified valuation of land & buildings as a significant risk, particularly key assumptions and inputs applied by the valuer at the financial statements date to determine the current value of the assets.	To address the risk, we have: • Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to management's valuation expert and the scope of their work. • Evaluated the competence, capabilities and objectivity of management's valuation expert. • Evaluated the consistency of the disclosure with the valuation report. • Evaluated the basis on which the valuations were carried out. Evaluated and challenged the information and assumptions used by the valuer. • Evaluated the reasonableness of the assumptions used to form the estimate. • Assessed the appropriateness of the indices provided by the valuer and reperformed management's indexation calculations. • Evaluated the accounting entries for the valuation. • Tested, on a sample basis, revaluations made during the year to ensure they were input correctly into the Authority's asset register and financial statement. • Engaged our auditor's valuation expert, Lambert Smith Hampton, to review: – the valuation instructions and their compliance with relevant CIPFA, IFRS and RICS requirements; and – the valuation methodologies adopted, key assumptions applied and other relevant valuation matters. **Findings** Our work is complete. We identified one issue relating to the reclassification of two assets (combined carrying value of £19.2m) from land & buildings to surplus assets – see audit adjustments – Misclassification and disclosure changes section (page 29) for detail. (*Continued overleaf*)

Significant risks (3)

Risk identified	Audit procedures performed
Valuation of land & buildings – continued	Management engaged valuer WHE to provide appropriate indices for its asset portfolio. At 31 March 2026, assets with a carrying value of £914.8m were subject to indexation. Two issues were identified from work performed on indexation: • The use of incomplete indices resulted in land & buildings being overstated by £7.3m (refer to audit adjustments section page 33). While this is not material in 2025-26, similar errors could accumulate over successive years of indexation and become material. A control finding is raised in relation to this issue (see action plan page 39). • Assets with a carrying value of £15.3m were not supported by a suitable index. The CIPFA Code requires assets without a suitable index to be subject to a desktop valuation in year three of the five-year valuation cycle. Of the £15.3m, £10.4m related to assets that were in at least year three of the valuation cycle at 31 March 2026 and therefore should be subject to a desktop valuation review in 2025-26. However, no such review was performed, resulting in departure from Code requirements (see Action Plan section, page 38, for further detail). The remaining £4.9m relates to assets in years one or two of the valuation cycle and not yet required to undergo a desktop valuation review. **Conclusions** We are satisfied that management's judgements are appropriate and have been applied using a consistent methodology. Having assessed management's judgements and estimates both individually and in aggregate, we are satisfied that there is no material misstatement arising from management bias within the valuation of land & buildings estimate.

Significant risks (4)

Risk identified	Audit procedures performed
Valuation of council dwellings The Authority measures its council housing stock in accordance with the Ministry of Housing, Communities and Local Government's Stock Valuation for Resource Accounting guidance. It requires the use of the Beacon methodology whereby detailed valuations are performed on representative property types and applied to similar properties in the portfolio. A full revaluation of the housing stock was carried out 2021-22. In intervening years, carrying values are updated using indices provided by management's expert valuer WHE. During 2025-26 WHE valued £61.5m of housing assets, which represents 100% of newly constructed dwellings in 2025/26. The valuation of council housing assets represents a key accounting estimate which is sensitive to changes in assumptions and market conditions We therefore identified the valuation of council dwellings as a significant risk, particularly the key assumptions and inputs applied by the valuer at financial statements date to determine the current value of the assets.	To address the risk, we have: • Evaluated management's processes for developing and assumptions for the calculation of the estimate, the instructions issued to management's valuation expert and the scope of their work. • Evaluated the competence, capabilities, and objectivity of management's valuation expert. • Evaluated the consistency of the disclosure with the valuation report. • Evaluated the basis on which the valuations were carried out. Evaluated and challenged the information and assumptions used by valuer. • Tested a sample of Beacon properties in respect of council dwellings, to consider whether the valuation assumptions are appropriate and representative of other Beacon properties within the Beacon group. • Evaluated the assumptions made by management for any assets not revalued during the year and how management satisfied themselves that these are not materially different to current value. • Assessed the appropriateness of the indices provided by the valuer and re-performed management's indexation calculations. • Engaged our auditor's valuation expert, Lambert Smith Hampton, to review: – the valuation instructions and their compliance with relevant CIPFA, IFRS and RICS requirements; and – the valuation methodologies adopted, key assumptions applied and other relevant valuation matters. (*Continued* overleaf)

Significant risks (5)

Risk identified	Audit procedures performed
Valuation of council dwellings – continued	Findings Our work in this area is complete. Testing confirmed that the valuation of council dwellings is materially correct. We have noted no material adjustments or findings in relation to the valuation of council dwellings. We identified one non-material issue relating to indexation of council dwellings. The use of incomplete indices resulted in council dwellings being understated by £6.5m (recorded as an unadjusted error, see page 33). While this is not material in 2025-26, similar errors could accumulate over successive years of indexation and become material. A control finding is raised in relation to this issue (see action plan page 39). Conclusions We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias within the valuation of council dwellings estimate.

Significant risks (6)

Risk identified	Audit procedures performed
Valuation of pension fund net liability The Authority's share of the pension fund net liability, reflected in its Balance Sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The net position comprises a gross pension liability of £1,191.1m, offset by gross pension assets of £1,258.7m and adjusted by £188.9m in respect of the impact of the asset ceiling under IFRIC 14. The net liability, determined at Authority level, is subject to significant actuarial judgement and estimation uncertainty, and is therefore the element giving rise to the significant risk. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code. We therefore concluded that the methods and models used do not in themselves give rise to a significant risk of material misstatement. We do not deem the IFRIC 14 assessment to be a significant risk, as the approach is established and no prior issues have been noted. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.	To address the risk, we have: • Updated our understanding of the processes and evaluated the controls put in place by management to ensure the Authority's pension fund net liability was not materially misstated. • Evaluated the instructions issued to the actuarial expert regarding the scope of work. • Assessed the competence, capabilities and objectivity of management's expert actuary. • Assessed the accuracy and completeness of the information provided by management to the actuary to complete the pension fund valuation. • Tested the consistency of the pension fund asset and liability disclosures in the financial statements with the actuarial report. • Undertook procedures to confirm the reasonableness of the actuarial assumptions used to form the estimate. • Obtained assurances from the auditor of Brent Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data provided to the actuary by the pension fund, and the valuation of fund assets reported in the pension fund financial statements. • Ensure the pension asset recorded in the financial statements meets the requirements of IFRIC 14. **Findings** Our audit work is substantially completed subject to receiving the IAS 19 assurance letter from the pension fund auditor. We noted one disclosure misstatement due to the omission of the Virgin Media case, which management has agreed to update in the final accounts – this is recorded this as a disclosure omission on, see page 29. (*Continued* overleaf)

Significant risks (7)

Risk identified	Audit procedures performed
Valuation of pension fund net liability – continued	Findings – continued Management had considered the impact of IFRIC 14 prior to the audit through a dedicated asset ceiling assessment prepared by its actuary, Hymans Robertson, alongside the IAS 19 valuation. The IAS 19 results showed a fair value of plan assets of £1.258.7m and funded obligations of £1,164.3m, resulting in an underlying funded surplus (net asset) of £94.4m before any IFRIC 14 adjustment. However, the actuarial asset ceiling assessment concluded that the economic benefit available to the Authority was £nil, giving rise to an asset ceiling adjustment of £188.9m. In addition, the Authority had unfunded obligations of £26.8m. As a result, the underlying surplus of £94.4m could not be recognised in full. The application of IFRIC 14 limited the amount of pension asset that could be recognised, with the reported position moving from an underlying surplus of £94.4m to a balance sheet net pension liability of £121.3m at 31 March 2026. Conclusions We are satisfied that the judgments and estimates made by management regarding the valuation of the net pension liability were appropriate. We found no material misstatement arising from management bias in respect of these judgments and estimates.

Other risks (1)

Risk identified	Audit procedures performed
Risk of fraud in revenue recognition (rebutted for all streams) Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption may be rebutted if the auditor concludes there is no risk of material misstatement due to fraud relating to revenue recognition. In our risk assessment of all revenue streams for the Authority and Group, we considered the risk factors set out in ISA 240 and nature of the revenue streams at the Authority and Group. Based on the assessment, we have determined that the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams 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 means that all forms of fraud are seen as unacceptable, indicating a satisfactory control environment exists in the Authority to mitigate the risks of fraud. We do not consider this to be a significant risk for the Authority or the Group; therefore, standard audit procedures were performed. We kept this rebuttal under review throughout the audit to ensure that our judgement remained appropriate.	We have: • Confirmed our understanding of the revenue business process and identified any relevant controls. • Evaluated the Authority's accounting policy for recognition of income for appropriateness and compliance with the Code. • Agreed, on a sample basis, relevant income and year-end debtors or income accruals to invoices and cash payment or other supporting evidence. • Carried out testing on sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income has recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties. **Findings and conclusions** Our audit work is complete, and we did not identify any errors or control points issues that would lead us to change our conclusion from the planning stage; that the risk of fraud arising from revenue recognition can be rebutted.

Page 107

Other risks (2)

Risk identified	Audit procedures performed
Presumed risk of fraud in expenditure recognition Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies. There is a risk the Authority 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 Authority'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; and • 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.	We have: • Evaluated the Group/Authority's accounting policy for recognition of expenditure for appropriateness and compliance with the Code 2025-26. • Updated our understanding of the Group/Authority's system for accounting for expenditure and evaluated the design and implementation of associated relevant controls. • Inspected transactions incurred around the end of the financial year to assess whether they were 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. • 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 reduction in expenditure. **Findings and conclusions** Our audit work is complete and has not identified any errors or control points issues that would lead us to change our conclusion from the planning stage; that the presumed risk of fraud in expenditure recognition can be rebutted We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Other findings

Issue	Commentary	
Prior period adjustments identified – Senior officer remuneration In the draft financial statements for the current year, management correctly disclosed Headteachers' remuneration in Note 29 Senior Officer Remuneration. However, the comparative disclosure (total value £461,000) for 2024-25 was omitted. In accordance with the Audit Regulations 2015, Schedule 1, Section 3, the salaries of Headteachers earning more than £150,000 must be disclosed. The omission exceeds the materiality threshold for remuneration disclosures of £20,000 and is therefore considered material for disclosure purposes. Consequently, in accordance with IAS 8, the revision to the financial statements has been reported as a prior period adjustment (PPA). There is no impact on the primary financial statements, as this relates solely to a disclosure omission and only affects the Senior officer remuneration disclosure.	**Summary of work performed and audit findings** The audit team challenged management regarding the reason for the omission and management prepared a consultation paper for audit's review to assess the accounting treatment and confirm that the omission constituted a PPA. The audit team reviewed supporting evidence provided by management to verify the completeness and accuracy of the amended comparative disclosure and reviewed the revised Note 29 disclosure to confirm compliance with the 2025-26 CIPFA Code of Practice (Section 3.4.5.1) and the Accounts and Audit Regulations 2015, Schedule 1, Section 3, which require the disclosure of headteachers' remuneration where individual salaries exceed £150,000.	**Auditor view** We have reviewed the amendments proposed by management and are satisfied that the revised disclosures appropriately address the PPA identified. Based on the procedures performed, we are satisfied that the amended disclosure is materially accurate and complies with the relevant financial reporting and disclosure requirements. **Management response** The final set of accounts will be updated to reflect the correct disclosure.

Other findings – information technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas. Further detail of the IT audit scope and findings can be requested from management.

IT application	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
Oracle Fusion Level of assessment performed - ITGC assessment (design, implementation and operating effectiveness)	● Amber	● Amber	● Green	● Green	**Management override of controls** Three control deficiencies were identified from IT audit procedures: • Delayed user access removal following position changes • Delays in user access revocation following leaver events • Excessive system administrative permissions assigned to business users Detailed findings and management actions relating to these deficiencies are set out in the Action Plan section pages 42-44. We considered the risks arising from these control deficiencies as part of our journal entry testing procedures. Based on the work performed, we confirmed that the deficiencies identified did not result in any instances of inappropriate journal activity. We concluded that the deficiencies did not give rise to an increased risk of management override of controls affecting the financial statements.

Assessment:
- ● Red – Significant deficiencies identified in IT controls relevant to the audit of financial statements
- ● Amber – 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
- ● Black – Not in scope for assessment

Other communication requirements

Issue	Commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the Audit & 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	The principal laws and regulations with which the local authority complies include, amongst others, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024 and the Local Government Act 2003. We are not aware of any significant incidences of non-compliance in the current year.
Written representations	A letter of representation has been requested from management, which is presented as a separate item for presentation along this report. There were no specific representations requested from management, subject to satisfactory conclusion of outstanding matters on pages 5 and of this report.
Confirmation requests from third parties	We requested from management permission to send confirmation requests to the Authority's banking and treasury partners. This permission was granted and the requests were sent. At the date of this report, there is an outstanding confirmation for the Authority's borrowing from Danske Bank with an outstanding loan balance of £5 million. Should the confirmation not be received, we will undertake alternative audit procedures.
Disclosures	Our review found no material omissions in the financial statements. We identified immaterial disclosure adjustments, details of which can be found on pages 29-32 of this report.
Significant difficulties	We did not encounter significant challenges during the audit.

Other responsibilities (1)

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 2024). 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. Our consideration of the Authority'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 Authority 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 Authority and the environment in which it operates • the Authority's financial reporting framework • The Authority'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; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities (2)

Issue	Commentary
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. No inconsistencies were identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to report on 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 • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. We have nothing to report on these matters except we identified significant weaknesses in respect of the Authority's arrangements to secure value for money (refer to page 54).
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. As the Authority does not exceed the specified group reporting threshold of £2 billion, detailed work is not required. In line with National Audit Office (NAO) guidance, audit certificates are required to remain open pending confirmation that the WGA group audit has been certified by the Comptroller and Auditor General, including where no issues exceed reporting thresholds. Accordingly, we cannot formally conclude the audit and issue an audit certificate until this confirmation is received. We are satisfied that this does not have a material effect on the financial statements for the year ended 31 March 2026.
Certification of the closure of the audit	We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2026 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until: • we receive confirmation from the National Audit Office that the audit of the WGA consolidation pack for the year ended 31 March 2026 is complete and certified by the Comptroller and Auditor General; and • we conclude the outstanding objection. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Audit adjustments (1)

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

At the date of this report, no adjusted misstatements have been identified, except for disclosure and classification errors. We will communicate any additional matters arising from the completion of the remaining audit work to management and the Audit and Standards Committee as appropriate.

Audit adjustments (2)

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.

No.	Disclosure	Misclassification or change identified	Adjusted?
1	Note 1a PPE– Incorrect classification of assets between other land & buildings and surplus assets	Two assets within land & buildings (Technology House and Bridge Park Regeneration) with a combined carrying value of £19.2m valued at fair value by management's external valuer, Wilks Head & Eve, as they are not currently in operational use. The assets should therefore be classified as Surplus Assets.	✓
2	Note 1a PPE – Land & buildings (assets with nil net book value)	There are £87.4m of land & building assets in the fixed asset register which have a nil net book value at 31 March 2026. Management confirmed these assets are no longer in use, which the auditors have confirmed for a representative sample of assets, and the gross carrying amount and accumulated depreciation figures in Note 1a are therefore overstated. This is a disclosure error and does not impact the figures in the Balance Sheet.	✓
3	Notes 32-37 – Pensions	Disclosure relating to the Virgin Media case was omitted from the pension disclosures. Whilst the Pension Schemes Act 2026 introduced a mechanism enabling affected pension schemes to obtain retrospective actuarial confirmation for certain historic amendments made between 6 April 1997 and 5 April 2016, schemes are still required to assess whether they are impacted and, where relevant, undertake the retrospective validation process. Given the continuing uncertainty regarding the potential impact on pension liabilities and the expectation that entities disclose the status of their assessment and any associated risks, management agreed include disclosure of the Virgin Media case within the financial statements.	✓
4	Statement of accounting policies	A number of immaterial issues were identified within the accounting policies disclosures. Where appropriate, these will be; removed or updated to avoid obscuring material information within the financial statements.	✓

Audit adjustments (3)

Misclassification and disclosure changes – continued

No.	Disclosure	Misclassification or change identified	Adjusted?
5	Note 28 – PFI	The service charge balance disclosed within Note 28 for the Housing PFI scheme was not consistent with the underlying Housing PFI model. Specifically, the service charge disclosure did not include all relevant components that were incorporated in the calculation of the related PFI liability and interest balances. As a result, the disclosure was incomplete and not presented on a basis consistent with the corresponding PFI balances reported in the financial statements.	✓
	Note 39 – Note to Movement in Reserves Statement (MIRS)	Unusable reserves are not fully disclosed in the financial statements. While total movements are reported through the MIRS, and other comprehensive income, the balances of key reserves such as the Capital Adjustment Account and Revaluation Reserve are not separately shown. To improve transparency, Note 39 should include opening balances, annual movements and closing balances for each material unusable reserve, providing a full reconciliation of reserve movements during the year.	✓
7	Note 24 – Financial Instruments Categories; Note 25 – Material Soft Loans made by the Council; Note 7 – Short-term creditors; Note 33 – Defined benefit pension schemes; Note 38 – Fair value of employers' assets (bid value); Note 34 – Reconciliation of assets and liabilities in relation to post-employment benefits	We identified several disclosure inconsistencies requiring amendment before finalisation of the Statement of Accounts. Specifically: • Note 24 – Financial instruments categories is inconsistent with Note 25 – Material soft loans made by the Council and Note 7 – Short-term creditors. • Note 34 – Reconciliation of assets and liabilities in relation to post-employment benefits was not consistent with Note 33 – Defined benefit pension schemes and Note 38 – Fair value of employers' assets (bid value) regarding balance alignment.	✓

Audit adjustments (4)

Misclassification and disclosure changes – continued

No.	Disclosure	Misclassification or change identified	Adjusted?
8	**Note 29 – Senior officer remuneration** prior period adjustment	Prior year comparative disclosure for headteachers earning more than £150,000 was omitted – refer to page 23 for detail.	✓
10	**Note 19 – Grant Income Applied to the CIES**	Several presentation issues were identified relating to changes in grant classifications between years. • A comparative balance of £13.5m relating to the Better Care Fund was included within Other Grants in the draft accounts due to changes in grant objectives. • The Market Sustainability and Fair Cost of Care Fund and Market Sustainability and Improvement Fund were disclosed separately despite relating to the same funding stream. • The Adult Education and Universal Free School Meal grant has been reclassified to Other Grants, requiring a corresponding amendment to the comparative disclosure. These matters relate solely to the presentation of grant disclosures and have no impact on the primary financial statements.	✓
11	**Note 24 – Financial instruments**	Note 24 was not consistent with the corresponding balances reported in Note 2 Short-term debtors, resulting in a potential disclosure misstatement of approximately £29m. This is a disclosure issue only.	✓

Audit adjustments (5)

Misclassification and disclosure changes – continued

No.	Disclosure	Misclassification or change identified	Adjusted?
12	HRA – Note 1 and Note 3	Management should add comparative at same level of details for Note 1 and Note 3 HRA for disclosure consistency.	✓
13	Note 29 – Senior officer remuneration	The disclosure in the remuneration table includes more information than is necessary for the associated salary totals. In accordance with the reporting requirements for the £50,000 to £149,999 salary range, only the employee's job role should be presented, and personal names should not be included. The same amendment should be made in the 2024-25 table.	✓
14	Housing Revenue Account (HRA)	The HRA financial statements comprise two distinct components, the Income and Expenditure Statement and the Movement on the HRA Statement, both are referenced in the audit opinion and therefore require clear presentation. In the draft accounts, the Income and Expenditure Statement is presented with a clear bold heading, with the related content spanning three tables. However, the Movement on the HRA Statement is not presented in the same prominence to identify it as a separate statutory statement. This is a disclosure and presentation matter only, with no impact on the reported financial figures.	✓
15	Indexation – Note 1 and accounting policies	Management is required to make the following disclosure changes with respect to indexation of land & buildings: • Strengthen the accounting policies relating to indexation to improve transparency and users' understanding of the financial statements. • Given the material value of assets subject to indexation, include additional disclosure of the impact of the indexation exercise. • Update the Sources of Estimation Uncertainty disclosure to include the estimation uncertainty arising from the application of indexation in determining property valuations.	✓

Audit adjustments (6)

Impact of unadjusted misstatements

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

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on surplus/deficit of the provision of services £m	Impact on general fund £m	Management's reason for not adjusting
1. Land & buildings					Immaterial therefore not deemed significant to correct
Three indices provided by the valuer used either incomplete data or failed to incorporate a location factor adjustment. The variance arising from consideration of alternative indices is an overstatement of £7.3m.					
Dr Revaluation gain to provision of services	7.3		7.3	Nil	
Cr PPE (Land & buildings)		(7.3)			
2. Council dwellings					Immaterial therefore not deemed significant to correct
Up-to-date Land Registry data, used to index council dwellings not subject to full valuation, gives a % change of -3.3% compared to -4% per the HRA valuer's market report. The variance arising from the difference is an understatement of £6.5m.					
Dr PPE (Council dwellings)		6.5	(6.5)	Nil	
Cr Revaluation loss to provision of services	(6.5)				
Overall impact of unadjusted misstatements	0.8	(0.8)	0.8	Nil	

Impact of unadjusted misstatements in the prior year (1)

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2024-25, and the resulting impact upon the 2025-26 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2025-26 financial statements. The Audit & Standards Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on surplus/deficit of the provision of services £m	Impact on general fund £m	Reason for not adjusting
1. Pension liability					
The pension fund auditor's testing of level 3 investments identified the following discrepancies between the fund managers' confirmations and the figures recorded in the financial statements: 1. LCIV Infrastructure Fund and LCIV Private Debt Fund understated by £3.5m; 2. Alinda Infrastructure Parallel Fund III understated by £0.236m; and 3. Capital Dynamics Generation VII Fund overstated by £0.025m. Total understatement of £3.7m in the Authority's pension assets.		3.7	(3.7)	Nil	Error is estimated and not material
Dr. Pension Fund liability	(3.7)				
Cr. Actuarial gains on pension assets and liabilities					

Impact of unadjusted misstatements in the prior year (2)

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on surplus/deficit of the provision of services £m	Impact on general fund £m	Reason for not adjusting
2. Short-term creditors					
Testing identified two failed creditor transactions; one relating to an over-accrual already paid prior to year-end; and the other relating to a duplicate purchase order. These errors resulted in a total projected overstatement of £1.2m.					Immaterial therefore, not deemed significant to correct
Dr. Short-term creditors £1.2m	Nil	1.2	Nil	Nil	
Cr. PPE additions £1.2m		(1.2)			
3. PPE disposals testing					
Testing identified two failed disposals assets: one relating to lack of supporting evidence; and an IT system disposed that remains in use.					Immaterial therefore, not deemed significant to correct
Dr. PPE £3.6m	Nil	3.6	Nil	Nil	
Cr. Accumulated depreciation £3.6m		(3.6)			

Impact of unadjusted misstatements in the prior year (3)

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on surplus/deficit of the provision of services £m	Impact on general fund £m	Reason for not adjusting
4. Long-term investments					
A misstatement has arisen in respect of the I4B equity investment, as management used the I4B draft accounts to estimate the fair value movement. However, during the I4B audit a £2.9m adjustment was made to net assets, revising the equity investment balance.					Immaterial therefore, not deemed significant to correct
Dr. Expenditure	2.9				
Cr. Long-term investments		(2.9)			
Dr. Capital Adjustment Account (unusable reserves)				2.9	
Cr. MIRS – General Fund			2.9	(2.9)	
5. Other land & building (OLB) valuation					
1. Location factor: The valuer applied an incorrect location factor to 12 depreciated replacement cost valuations, resulting in a £1m overstatement.					On an individual asset basis, the error is trivial. On an aggregate basis the error is nearly trivial.
2. Affordable Homes: A formula error in one valuation failed to account for the reduced amounts applicable to affordable homes, £0.3m overstatement.					Therefore, not deemed significant to correct.
Dr. Revaluation Reserve	Nil	1.3	Nil	Nil	
Cr. PPE OLB		(1.3)			

Impact of unadjusted misstatements in the prior year (4)

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on surplus/deficit of the provision of services £m	Impact on general fund £m	Reason for not adjusting
6. Measurement of Peppercorn Leases					Immaterial
Per our completeness inquiries to management, we noted that donated assets acquired at a peppercorn value where not measured at fair value per CIPFA Code Para 4.2.2.48. This resulted in an unadjusted misstatement of £1.9m. See journal below:					
DDr Assets £1.9m		1.9			
Cr CIES Donated Assets Income £1.9m	(1.9)		1.9	Nil	
DR MIRS GF £1.9m					
Cr CAA £1.9m		(1.9)			
Impact of prior year unadjusted misstatements on the current year's financial statements	(2.7)	0.8	1.1	0	0
Cumulative impact of prior year and current year unadjusted misstatements on 2025-26 financial statements	(1.9)	0	(1.9)	0	0

Action plan – financial statements audit (1)

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our 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	Recommendation
● Medium	1. Assets not subjected to desktop valuation or indexation Assets with a net book value of approximately £10.4m were in at least year three of the Authority's five-year valuation cycle. For these assets, the valuer was unable to identify an appropriate index, and the assets should have been subject to a desktop valuation in 2025-26. However, no desktop valuations were performed. This is not compliant with the 2025-26 CIPFA Code of Practice, which requires assets not subject to a full revaluation to be reviewed in intervening years through either indexation or a desktop valuation to ensure that carrying values remain materially accurate. There is a risk that the carrying amounts of these assets have not been reviewed with sufficient frequency to provide assurance that they do not differ materially from their current value at the reporting date. While the value of the affected assets is not material in the current year, continued non-compliance could, over time, result in a material difference between carrying amounts and current values, particularly if a growing proportion of the asset base is not subject to an appropriate interim valuation review.	Management should maintain a record of assets for which no suitable index is available and monitor their position within the valuation cycle to ensure that assets reaching year 3 of the cycle are subject to a desktop valuation in accordance with CIPFA Code requirements. **Management response** The council will revalue any properties with no index every three years.

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan – financial statements audit (2)

Assessment	Issue and risk	Recommendation
● Medium	**2. Use of indices that did not cover the full financial year** Management's indexation exercise was performed using indices that did not cover the full financial year. There is a risk that asset values have not been updated appropriately to reflect movements in value over the entire reporting period, potentially resulting in a material misstatement in the current year. Any such misstatement may also be carried forward and compounded in future years if not identified and corrected.	Management should consider whether alternative indices are available that more accurately reflect movements in asset values over the full financial year. **Management response** The Property team will review the indices used by the valuer, and see if they can identify more appropriate ones
● Medium	**3. Assets with nil net book value** Approximately £87m of land & building assets with nil net book values (NBV) remain recorded in the fixed asset register (FAR) and are included within Note 1a of the financial statements. As these assets are no longer in use and do not meet the criteria for recognition as operational assets, which the auditors have assurance over through testing a sample of assets, management have agreed to remove them from the FAR and update Note 1a in the accounts to reflect this. The inclusion of these assets creates a risk that the disclosures in Note 1a are overstated and do not accurately reflect the Authority's current asset base.	Management should undertake periodic reviews of the FAR to identify nil NBV assets and ensure that any assets no longer in operational use are removed on a timely basis, thereby reducing the risk of misstatement within Note 1a disclosure. **Management response** As these assets have nil NBV they have no impact on the balance sheet. This will be reviewed annually.

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan – financial statements audit (3)

Assessment	Issue and risk	Recommendation
● Medium	**4. Exit package over £100k approved without governance approval** We identified one exit package of approximately £245,000 within the £200,001 to £250,000 disclosure band which management was unable to provide evidence of the required approval for this severance payment. As part of our audit procedures, we tested the occurrence and accuracy of this payment and obtained supporting documentation, including the approvals, signed termination letter, payslip and evidence from the pensions team, which provided assurance over the validity and calculation of the payment. Under MHCLG and DLUHC guidance on Special Severance Payments (SSPs), such payments should be subject to enhanced scrutiny, robust governance arrangements and appropriate approval prior to being agreed. Payments of £100k or more are expected to receive additional oversight and approvals. Failure to obtain the required approval for a significant severance payment increases the risk of non-compliance with MHCLG and DLUHC guidance and weakens governance over the use of public funds. This may result in significant severance payments being agreed without appropriate scrutiny, challenge, or consideration of value for money, increasing the risk of inappropriate or unauthorised expenditure and potential reputational damage to the Authority.	Management should ensure that all SSPs are supported by a documented business case and receive the appropriate approval in line with statutory guidance and the Authority's governance requirements before any commitment is made. Evidence of approval should be retained to demonstrate compliance with the required governance process. **Management response** This recommendation is accepted. To prevent a recurrence of this breach, the Council has strengthened its redundancy governance arrangements by updating the Managing Change Policy and associated guidance to clearly set out the requirements for approval of such exit packages. The Redundancy Business Case and Approval Form has been revised and now requires sign-off by both the Director of HR & OD and the Corporate Director of Finance & Resources, with an additional review by a Senior HR Business Partner to verify pension estimates and total exit costs. The HR and Pensions teams have also enhanced redundancy costing processes to ensure pension strain costs are clearly identified, and further training will be provided to HR officers and senior managers involved in restructures to improve understanding of pension-related costs and constitutional approval requirements.

Action plan – financial statements audit (4)

Assessment	Issue and risk	Recommendation
● Low	5. Inconsistencies in financial instrument note There was insufficient evidence of management review of financial instrument disclosures to confirm that balances and disclosures were consistent with related amounts presented elsewhere in the Statement of Accounts. As a result, inconsistencies were identified between the Financial Instruments note and other relevant disclosures. There is a risk that financial instrument disclosures may be misstated due to inadequate review procedures designed to ensure consistency between the Financial Instruments note and related disclosures within the Statement of Accounts.	Management should implement a formal review process whereby the Financial Instruments note is cross-checked and reconciled to all relevant notes within the financial statements prior to finalisation. **Management response** This is accepted and a formal review process will be implemented in preparation for the 2026/27 accounts
● Low	6. Closed and inactive bank account Two bank accounts confirmed by the bank as closed continued to be recorded within the Authority's accounting records with negligible balances. Of these, one account was closed during the 2025-26 financial year, while the other was closed in December 2022. In addition, the Authority maintains an inactive bank account that has not been used since December 2024 which holds a trivial balance. The continued inclusion of closed and inactive bank accounts within accounting records indicates weaknesses in the timely review and maintenance of the bank account register and cash management processes. The failure to promptly remove closed accounts and close dormant bank accounts may result in inaccurate reporting of cash and bank balances within the financial statements. It may also increase the risk that bank reconciliations are not performed completely and accurately, leading to unidentified reconciling items, errors, or omissions remaining within the accounting records. Furthermore, maintaining unnecessary or dormant bank accounts increases the risk of inappropriate or unauthorised transactions occurring without timely detection due to reduced monitoring and oversight.	Management should ensure that closed bank accounts are promptly removed from accounting records and that inactive accounts are reviewed regularly and closed where no longer required. Periodic review of the bank account register should be performed to ensure cash and bank records remain accurate and up to date. **Management response** This recommendation is accepted.

Action plan – IT audit (1)

Assessment	Issue and risk	Recommendation
● Medium	**1. Excessive system administrative permissions assigned to business users** Eight business users, primarily within the HR and Payroll teams, had been assigned the Human Capital Management (HCM) Application Administrator role. This role provides elevated system administrative capabilities, including the ability to configure HCM modules, manage security profiles, create and amend roles and privileges, and grant or revoke user access within the system. On further inquiry with management, it was understood that the 'HCM Application Administrator role' was a custom role that was limited to the HCM module and did not impact the financials module. This was considered to mitigate the risk. Assigning HCM Application Administrator access to business users in HR and Payroll introduces the risk of excessive and inappropriate system privileges, as these users may be able to configure system controls, manage user access, and modify security settings in addition to performing business processing activities. This increases the risk of segregation of duties conflicts, unauthorised system changes, and circumvention of established access governance controls.	Management should review all users assigned the HCM Application Administrator role to confirm that access is appropriate, justified, and aligned with job responsibilities. Where administrative-level access is not required, roles should be removed or replaced with least-privileged functional roles. Any exceptional administrative access required for business or change-related activities should be formally requested, approved, time-bound, and subject to periodic review to ensure continued appropriateness. **Management response** A review was carried out and the only users currently with this role are the Payroll team who need this to carry out operational duties. The Payroll team is not expected to manage or change integrations or configuration related to workflows; however, they would be able to view these details to help troubleshoot issues which may be system related and subsequently raise a support call to address any issues with the support team. A Roles and Privileges review is carried out every quarter to ensure that this remains accurate.

Key

- ● High – Significant effect on control system and/or financial statements
- ● Medium – Limited impact on control system and/or financial statements
- ● Low – Best practice for control systems and financial statements

Action plan – IT audit (2)

Assessment	Issue and risk	Recommendation
● Medium	**2. Delayed user access removal following position change** For a sampled user who changed roles in the audit period, it was identified that although the role that was no longer relevant was ultimately removed in Oracle Cloud, however the access removal request was not raised in a timely manner. Specifically, the Hornbill ticket to remove financial roles was submitted several days after the effective position change date. This indicated a delay between identification of a role change and execution of the corresponding access update. Where system access is not promptly updated following a change in user role, there is a risk that individuals may retain inappropriate access, potentially enabling unauthorised or erroneous transactions. Additionally, such accounts could be exploited by other users to bypass internal controls.	It is recommended that management should enhance the Daily Position Change Check process to ensure that all permissions inconsistent with the user's new role are fully and promptly removed. This should include reviewing the current process to confirm that it captures all relevant permissions for removal and that the revocation is consistently executed and documented for each identified case. **Management response** A review will be carried out to update the process, to compare positions and roles against the previous day's positions and roles, updating the roles as and when identified that assigned roles are no longer required. This will be logged as a Hornbill ticket, with the roles removed noted on the relevant tracker. This will be carried out daily and will commence as of 5 May 2026.

Key

- ● High – Significant effect on control system and/or financial statements
- ● Medium – Limited impact on control system and/or financial statements
- ● Low – Best practice for control systems and financial statements

Action plan – IT audit (3)

Assessment	Issue and risk	Recommendation
● Medium	**3. Delay in user access revocation following leaver events** We identified an instance where system access for a leaver was not revoked in a timely manner. Access removal was processed more than three days after the individual's last working day, resulting in an extended period during which access remained active beyond employment termination. While access was ultimately revoked and no evidence of post-termination system activity was identified, the access revocation was not performed on a timely basis. Failure to promptly revoke system access following a user's departure increases the risk that former users may retain unauthorised access to systems and information.	Management should reinforce leaver access management controls to ensure that access revocation is initiated and completed promptly in line with a user's departure date. This may include clarifying responsibilities for initiating leaver notifications, establishing defined timelines for access removal, and introducing monitoring or oversight controls to identify and address delayed access termination. **Management response** A review of the leavers process and required communication/notifications will be undertaken to encourage managers to submit terminations promptly to avoid late submissions. This will be in place by 30 June and will be carried out each quarter. Currently, on a monthly basis all Heads of Service receive a list of notifications for late submissions in their areas, allowing them to address this directly with their managers.
● Low	**4. Self-assigned access without formal request and approval** Two instances were identified where system roles were self-assigned by users without a formally documented access request and approval. In one case, access was assigned to support an approved configuration change, and in another, access was inadvertently granted during testing activities. While no financial impact or audit impact was noted, these instances demonstrate non-adherence to established access request and approval procedures. Self-assignment of access without formal approval increases the risk of unauthorised or excessive access, particularly if such practices extend to financially sensitive roles or production environments.	Management should reinforce the requirement that all system access, including temporary, change-related, or testing access, must be formally requested and approved prior to assignment. Guidance should be reiterated to users and administrators regarding compliance with user access management procedures, supported by periodic monitoring to identify exceptions. **Management response** We will be introducing a new process to ensure that all assignment of roles follows an approval process which will be documented and tracked via Hornbill. The majority of these will be introduced immediately, with the project-related roles process to be reviewed and implemented by 1 August 2026, after discussing the changes with the relevant team.

Follow up of prior year recommendations (1)

We identified the following issues in our 2024-25 audit of the Authority's financial statements, which resulted in 20 recommendations (17 from the financial statements audit and 3 from the IT audit) being reported in our 2024-25 Audit Findings Report. Management has implemented 12 of our financial statements audit recommendations with 5 recommendations in progress, and one of the IT audit recommendations with 2 recommendations in progress.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Not yet addressed	Reconciliation between OVR310 and HB subsidy workbook We noted one customer and client receipts key sample with the difference of £48,607 between the OVR310 report and the NEC final HB workbook. Management explained that this discrepancy is due to timing differences between the subsidy year closing and the financial year-end, which are not perfectly aligned. The OVR310 report is run based on the financial year.	Management response Work is underway in 2026-27 to investigate the discrepancies, cleanse the data, improve reporting from NEC and establish and document new reconciliation processes, with a target completion date of 31 March 2027.
Not yet addressed	Delayed responses to legal inquires When we requested responses from law firms regarding litigations and claims involving the Authority, we encountered significant delays. Several firms were unwilling to answer audit-related questions. Additionally, response times were very slow, which caused delays to the audit process and required extensive follow up from the audit team.	Management response We have communicated the need to respond to audit queries in a timely fashion and have escalated this on behalf of the auditors during the engagement.
Not yet addressed	Schools' expenditure reconciliation In testing schools' expenditure, we identified a trivial difference of £0.551m between the accounts and the transaction listing. This variance was due to an omission from the listing relating to a school that converted to academy status in September 2024. There is no formal reconciliation between the between listings provided for audit and the accounts.	Management response There were no academy conversions in the 2025-26 FY.

Follow up of prior year recommendations (2)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Not yet addressed	**Journals checklist** Management's journal processes require a journals checklist to be included as part of supporting journal evidence. We identified instances where the checklist was not included. In discussion with management, we understood that the quality control process is intended to include a review of journal entries and their supporting documentation, including the checklist. Where evidence is insufficient, the journal poster will be held accountable. Management confirmed that this control is not currently being performed. We reviewed the contents of the journal checklist and consider it an important element of the Authority's internal processes. However, we do not believe its absence significantly increases the risk of fraud or material misstatement in the financial Statements.	**Management response** A revised checklist was circulated in 2025-26 - the review of the Required Financial Practice Note remains in progress.
Not yet addressed	**Completeness of change in circumstances reports / retrospective payroll change reporting** In sampling from the payroll changes in circumstances (CICs) listings, we noted that the 2024-25 reports have CICs with effective start dates dating back to 2021, hence showing changes occurring in previous financial years. Management informs that managers often submit payroll requests for changes retrospectively, contributing to incomplete listings for each financial year. We challenged management, who confirmed that the report is only used for audit purposes and therefore does not impact the accounts.	**Management response** A transaction console report has been created to capture approval details including who transactions are sitting with and the date the transaction was approved. This is in the final stages of testing and should be in production by 31 October 2026.

Follow up of prior year recommendations (3)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Action completed	Journal poster and approver 9 out of 20 journals tested were found to be posted by an individual outside of their remit. Furthermore, managers who approved these journals in the system had prepared the journals and instructed the individual to post them, before subsequently approving them in the system. For the 9 journals identified, we confirmed that an additional level of approval was obtained outside the Oracle system. This creates a significant segregation of duties issue within the journal process and raises concerns about potential management override. We flag this as a significant control deficiency as we cannot confirm whether the additional approval was consistently applied across all cases.	Management response The Chief Accountants' team delivered training during year-end preparation meetings explaining the importance of segregation of duties.
Action completed	IFRS16 – Leases Our testing of lessee arrangements identified several minor errors that indicate management's processes for preparing the lease note require improvement. Although individually immaterial, these issues resulted in significant additional audit work and highlight weaknesses in oversight, exacerbated by staff turnover, which increases risk of material errors in future years. The following issues were identified: • Leases incorrectly included in both lessor and lessee schedules; and incomplete listings provided. • Lease note required significant revision to ensure accuracy and compliance. • Multiple conflicting versions of the lessor note shared with audit. • Leases were marked 'unspecified' where contracts could not be located and no payments were made. • Overstatement of rent expense led to an incorrect minimum revenue provision charge. • Incorrect or incomplete application of PWLB rates; and use of implicit interest rates instead of PWLB rates. • Incorrect assumption that all new leases commenced on 1 April.	Management response Management responsibility for leases changed ahead of 2025-26 year-end, and a full review of the lease records and processes took place as part of the handover between teams. A thorough review of the leases data took place with relevant input from services to ensure accuracy, and that all records held agreed. Working papers were shared with the Head of Finance ahead of journals processing. Staff involved in the lease accounting for 25/26 ensured they were familiar with IFRS 16 and attended relevant available training.

Follow up of prior year recommendations (4)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Action completed	Inconsistencies throughout the statement of accounts We identified variances between the prior year signed financial statements and the prior year comparatives included in the 2024-25 draft financial statements. There were also inconsistencies between related notes that should align. Management attributed these differences to rounding; however, variances ranged from £0.3m to £0.5m (typically, we only consider rounding differences of approximately £0.1m). Such inconsistencies may cause confusion for readers of the financial statements.	Management response Our accounts model now integrates the consistency checker.
Action completed	Journal user listing The journal user listing was inaccurate, with incorrect start and termination dates. Some users marked as terminated were still active. This issue also aligns with IT Audit's findings, which highlighted the risk that management does not currently monitor who is logging into the Oracle system.	Management response The report for Journal Users has now been updated to only include active workers and exclude pending workers (which was the case in the audit finding). Management can report at any time who has logged into Oracle and at present we monitor this on a quarterly basis to check those users who have not logged in over 90 days that their access is made inactive after contacting their managers to check if they may be on long-term absence.
Action completed	Capital grants received in advance Due to time pressures, management did not complete work on capital grants received in advance and it was not included within the draft financial statements. The capital grants received in advance figure is immaterial. We have performed additional work to gain assurance that the omission does not cause material misstatement of the accounts.	Management response Capital grants received in advance were identified during both the year end Capital Grants Reconciliation and Capital Grant Unapplied / Receipt In Advance Determination, and accrual journals were processed. These grants have been included in Note 19- Capital Grants & Contributions Income.

Follow up of prior year recommendations (5)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Action completed	Capital accruals In our creditors and expenditure completeness testing, 3 errors were identified arising from management not completing their year-end review of capital accruals. The absence of these reviews results in incorrect recording of expenditure and increases the risk of material misstatement in the financial statements.	Management response A mandatory review of PO accruals >£100k was implemented as part of the year-end timetable. It was communicated to Finance and the service teams within the budget holder guidance. A brief outline of the process conducted is as follows: - Is accrual valid or not and the reasoning behind this. - Evidence of accrual - Is accrual incorrect, implement corrective actions. The manual capital accruals go through the normal process of posting to the ledger whereby approval is required, thus maintaining segregation of duties.
Action completed	Intangible assets not amortised Management identified that five assets with finite useful lives were not amortised during the year due to the incorrect useful life set up in the system. We re-performed management's workings to confirm this finding and did not identify other instances. These assets currently have a net book value of £1.1m which is a trivial overstatement of the balance sheet for 2024-25. While the impact is immaterial for the current year, if not addressed by management, there is a risk that this issue could become material in future periods.	Management response Useful lives for intangibles were reviewed line by line starting with the highest value intangibles - only two assets remain without useful lives however their values are not significant. These will be updated for next year.

Follow up of prior year recommendations (6)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Action completed	'Last revalued' record omitted from Asset Manager In our PPE valuations work we are required to assess the level of uncertainty within the assets not revalued during the year. Asset Manager does not have a dedicated 'Last revalued' date functionality, which makes this exercise difficult. A 'Last effective' date column exists which can be used as a proxy for when an asset is last revalued, but it is not 100% accurate – the date may be updated or changed for reasons not as a result of a revaluation. We gained assurance that the assets not revalued in 2024-25 are materially incorrect, however in order to arrive at this assessment, additional audit work was required.	Management response "Last revalued" is a field available in Asset Manager. Management will consider using this functionality for all assets revalued in 2025-26 going forwards, however given how many assets the Authority has, it is not practical to retroactively add last revalued dates to all assets.
Not yet addressed	Depreciation policy In testing asset disposals, we identified a trivial error of £0.245m relating to an IT system disposed during the year but is still in use. This issue arose due to the Authority's depreciation policy, which fully depreciates assets even when they remain in use. This issue could extend to other assets that have been fully depreciated but remain operational.	Management response Discussions have been held to establish this process - this can now be closed.
Action completed	Rent review memorandum In testing lessor leases, we noted that rent uplifts were applied but management was unable to provide rent review memorandums or other written confirmation evidencing review and authorisation. In our view this is a control deficiency in the documentation and retention of rent reviews, increasing the risk of unauthorised or incorrect rent changes.	Management response All rent reviews now have a delegated authority report. There is now a process guide in place for the property team.

Follow up of prior year recommendations (7)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Action completed	**Misclassification of action reason for work hour changes** The changes in circumstances reports include entries under the 'Action reason' column marked as 'Change in work hours'. However, entries do not always reflect an actual change in total weekly working hours or FTE. Management confirmed that managers often select the incorrect action reason when submitting changes, or errors occur when payroll staff record and process these changes. Management clarified that the report is used solely for audit purposes and does not impact the accounts.	**Management response** Oracle Guide Learning for the Change of Contract process has been introduced at the beginning of March 2026, the effectiveness of this will now need to be monitored to see if this helps managers select the correct action types/reasons over the coming months.
Not yet addressed	**Appropriate recognition of exit packages** IAS 19 requires recognition of exit packages at the earlier of: • The employee accepting the offer; and • The date the offer was made. In testing of the current year exit package listings, we detected individuals that were incorrectly included in Note 31 as their offers of redundancy were made (date of redundancy letter) after the 2024-25 financial year. This issue caused significant delays on the completion of the remuneration disclosure testing due to: a) The listings not containing the relevant information to determine appropriate classification; and b) Redundancy letter.	**Management response** Management confirmed they will incorporate this and communicate with HR to ensure they have the relevant redundancy letters readily available to improve the efficiency in the 2025-26 audit.

Follow up of prior year recommendations – IT audit (1)

Assessment	IT audit issue and risk previously communicated	Update on actions taken to address the issue(s)
Not yet addressed	1. Excessive system administrative permissions assigned to business users During IT Audit's review of Oracle Fusion it was noted that certain business users, primarily from the HR and Payroll teams, were assigned system roles that included permissions for 'Manage menu customisations' and 'Functional setup manager'. Management was unable to confirm whether the users required all of the assigned permissions for their job responsibilities, as these permissions appear to include system administrative access and may provide elevated privileges beyond what is necessary for their business functions. The risk here is where system administrative permissions are assigned to business users without clear justification, there is a risk of unauthorised or unintended changes being made to system configurations. This may compromise system integrity, weaken segregation of duties, and increase the likelihood of errors or misuse of privileged access.	Management response Version 1 have identified Finance roles with excessive access, Brent are in the process of configuring the identified roles to remove the excessive privileges, this should be completed by 31st October 2026.
Not yet addressed	2. Unnecessary system permissions not revoked promptly following user position change During IT Audit's review, it was identified that a user who had transitioned from a financial to a non-financial role retained certain financial system permissions beyond the effective date of the role change. Management clarified that although some financial system roles were not removed, the permissions could not be used to make changes to system data without other roles that had already been revoked. Where system access is not promptly updated following a change in user role, there is a risk that individuals may retain inappropriate access, potentially enabling unauthorised or erroneous transactions. Additionally, such accounts could be exploited by other users to bypass internal controls.	Management response There is a currently a process for checking position changes on a daily basis, where unnecessary roles will be removed. The example identified was a manual check that was missed. Additional training has been completed and process notes have been reviewed to ensure that the process is followed consistently going forward.

Follow up of prior year recommendations – IT audit (2)

Assessment	IT audit issue and risk previously communicated	Update on actions taken to address the issue(s)
Action completed	3. Limited user access logging and monitoring During IT Audit's review, it was noted that system logging for user access and activity was limited. Specifically, the logs to capture user login history and record significant actions performed within the system were not enabled. Furthermore, there was no formal process in place for the routine monitoring of user activities, particularly for high-risk users. This hinders the timely identification of suspicious behaviour or unauthorised access and delayed appropriate remedial action. Without formal and regular reviews of system access and activity logs, inappropriate or anomalous user behaviour may go undetected. This increases the risk of unauthorised changes to configurations or data, particularly by privileged users, and may delay investigation and corrective action in the event of a security incident.	Management response Reports are available showing user login history and these are reviewed regularly to ensure users with administrative roles are only accessing the system in line with their job roles. A change request has been raised with Version 1 to review current audit logging in Oracle Cloud as well as the feasibility of reporting on key modifications in the system, we are awaiting confirmation before taking this further, as audit logging work for specific financially critical areas has been previously completed.

Value for money arrangements

Approach to Value for Money work for the year ended 31 March 2026

The National Audit Office issued its latest Value for Money guidance to auditors in March 2026. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor's Annual Report (AAR) with those charged with governance by 30th November each year from 2025-26. Our draft AAR accompanies this Audit Findings Report. In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.

Governance

How the body ensures that it makes informed decisions and properly manages its risks.

Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.

Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.

In undertaking this work we identified two significant weaknesses in arrangements. One significant weakness has been identified within financial sustainability and one in improving economy, efficiency and effectiveness. Full details are included in our 2025-26 Auditor's Annual Report, presented to Audit & Standards Committee alongside this report.

Independence considerations (1)

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:

Matter	Threats	Safeguards	Conclusion
For 2025-26 Sophia Brown, key audit partner for the London Borough of Brent, is in her sixth year of engagement with the Authority (this includes time prior to Sophia becoming the London Borough of Brent engagement lead from 2023-24). We disclosed Sophia's period of engagement with PSAA and the firm's Ethics function. Sophia's appointment has been extended for a further two years (covering the 2025–26 and 2026–27 audit cycles). As well as obtaining PSAA and Grant Thornton's Ethics approval for the 2-year extension, the safeguards described here will be applied and are considered sufficient to mitigate any familiarity threat arising from Sophia's association with the Authority.	Familiarity	• Involvement of an Engagement Quality Control Reviewer for 2025-26 and 2026-27. • Involvement of GT Quality Support Review (QST) in the planning processes to provide independent review. Both safeguards are to be applied to give oversight and independent review to mitigate the threat of familiarity.	We conclude that our independence is not compromised due to the safeguards applied.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Independence considerations (2)

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Authority or Group 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 Authority or 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 Authority or 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 Authority or 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 Authority/Group, 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 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.

Following this consideration, we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services (1)

The following tables below sets out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to date, as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Authority's policy on the allotment of non-audit work to your auditor.

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

We confirm that the fees from non-audit services to the audited entity and its controlled entities do not exceed 70% of the total audit fee for the year.

For the purposes of our audit, we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to London Borough of Brent. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in that the level of the fee for non-audit services is not significant in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, there is no contingent element to this fee.

Proposed audit fees

Audit of London Borough of Brent	*£560,500
Audit of I4B Holdings Ltd	£53,972
Audit of First Wave Housing Ltd	£50,676
Audit of Brent Pension Fund	£104,507
Total	**£768,179**

*There is a proposed additional fee of £20,000 on page 60 for the audit of the Authority which is not included in the above table

This covers all services provided by us and our network to the group /Authority, its senior officers 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.

Fees and non-audit services (2)

Audit-related non-audit services

Service	2024-25 £	2025-26 £	Threats identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	47,300	30,288 (variable)	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 £30,288 (variable) in comparison to the total fee for the audit of £560,500 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.
Certification of Pooling of Housing Capital Receipts claim	10,000	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 £560,500 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.
Certification of Teachers' Pension Return	12,500	12,500	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 £12,500 in comparison to the total fee for the audit of £560,500 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.
Total	69,800	52,788		

Fees and non-audit services (3)

Total audit and non-audit fee

Audit fee for the Authority (excluding proposed additional fee on page 57)	**Non-audit fee**
£560,500	£ 52,788

The total fee above is **£613,288**.

The above fees are exclusive of VAT and out of pocket expenses.

The fees reconcile to the financial statements as follows:

- Fees per Note 17 financial statements £605,500
- Variable income for Certification of Housing Benefits Subsidy claim £7,788
- Total fees per above **£613,288.**

This covers all services provided by us and our network to the group /Authority, its senior officers and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees in respect of in year work.

	2024-25	Proposed 2025-26	Final 2025-26
Detail of additional procedure carried out for each of the sections below are documented under significant matters on page 8.			
PPE work in relation to indexation		£10,000	
Financial instruments		£4,000	
Debtor and Creditor testing		£3,000	
Cash		£2,000	
Prior period adjustment for Senior officer remuneration		£1,000	
Total additional fee	£81,000	£20,000	
Audit scale fee	£545,235	560,500	
Total audit fee	£626,235	£580,500	

The above is subject to review by PSAA for final determination.

Appendices

A. Communication of audit matters with those charged with governance (1)

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.	●	●
Significant matters in relation to going concern	●	●
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	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
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		●

A. Communication of audit matters with those charged with governance (2)

Our communication plan	Audit Plan	Audit Findings
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, as a minimum a requirement exists for our findings to be distributed to all the company directors and 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 those charged with governance.

B. DRAFT audit opinion (1)

Independent auditor's report to the members of London Borough of Brent

Report on the audit of the financial statements

Opinion on financial statements

We have audited the financial statements of London Borough of Brent (the 'Authority') and its subsidiaries and joint venture (the 'group') for the year ended 31 March 2026, which comprise the Balance Sheet, MIRS The Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Cash Flow Statement, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Statement , the Group Balance sheet, Group Cashflow Statement, Group Movement in Reserves Statement, the Group Comprehensive Income and Expenditure Statement and notes to the financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the group and of the Authority as at 31 March 2026 and of the group's expenditure and income and the Authority's expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

B. DRAFT audit opinion (2)

Conclusions relating to going concern

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

In our evaluation of the Corporate Director for Finance and Resource's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 that the Authority's and group's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the group and the Authority. In doing so we had regard to the guidance provided in Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the group and Authority and the group and Authority's disclosures over the going concern period.

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

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

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

B. DRAFT audit opinion (3)

Other information

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

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

We have nothing to report in this regard.

Other information we are required to report on by exception under the Code of Audit Practice

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the Code of Audit Practice) we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

B. DRAFT audit opinion (4)

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Corporate Director Finance and Resources

As explained more fully in the Statement of Responsibilities, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director Finance and Resources. The Corporate Director for Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, for being satisfied that they give a true and fair view, and for such internal control as the Corporate Director for Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

B. DRAFT audit opinion (5)

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and Authority and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015, the Accounts and Audit (Amendment) Regulations 2024, the Local Government Act 2003, the Local Government Act 1972, the Local Government and Housing Act 1989, and Local Government Finance Act 1988 (as amended by 1992 and 2012 Acts).

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

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

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

B. DRAFT audit opinion (6)

- We assessed the susceptibility of the Authority and group's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. We determined that the principal fraud risk was in relation to:

- Management override of controls, specifically posting inappropriate journals to manipulate results for the year ended

- Our audit procedures to address the principal fraud risks included:

- evaluation of the design effectiveness of controls over journals;

- analysing the journals listing and determining the risk-based criteria for selecting high risk unusual journals;

- testing the identified high risk journal entries made during the year and the accounts production stage for appropriateness and corroboration of supporting evidence;

- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it or recognise non-compliance.

- We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.

B. DRAFT audit opinion (7)

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the Group and Authority audit team members included consideration of their:

- understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
- knowledge of the local government sector in which the Group and Authority operates
- understanding of the legal and regulatory requirements specific to the Authority and Group including:
- the provisions of the applicable legislation
- guidance issued by CIPFA/LASAAC and SOLACE
- the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
- the Authority and Group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
- the Authority and Group's control environment, including the policies and procedures implemented by the Authority and Group to ensure compliance with the requirements of the financial reporting framework.

- For components at which audit procedures were performed, we requested component auditors report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the Group financial statements.

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

B. DRAFT audit opinion (8)

Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2026.

We have nothing to report, except that we identified two significant weaknesses in the London Borough of Brent's arrangements for the year ended 31 March 2026:

B. DRAFT audit opinion (9)

Significant weaknesses in arrangements identified:	Recommendations:
Financial sustainability	
1. Significant weakness identified in relation to delivery of savings Success of the delivery of the savings identified is unknown, and further savings are required in the medium-term to address a £20m Medium Term Financial Strategy (MTFS) budget gap. This is a continuing significant weakness	**Key recommendation** Following changes to how savings are identified, through the Embrace Change Transformation Programme, management needs to both, focus on successful delivery of these savings, and work at pace to consistently apply these changes to identify the savings required to address the £20m medium-term gap in the MTFS. This will provide a continuous pipeline of sufficient recurrent savings and income generation schemes to achieve financial sustainability in the medium-term.
Improving economy, efficiency and effectiveness	
2. Significant weakness identified in relation to the quality of the Council's housing stock The Regulator of Social Housing (RSH) awarded the Authority a 'C3 grading' in May 2025 for serious failings in meeting quality and safety consumer standards of its housing stock, following the self-referral made to the RSH by the Authority. Failure to deliver required improvements in response to the C3 judgement could lead to increased regulatory intervention and heightened scrutiny. This is a continuing significant weakness	**Key recommendation** Management must continue to drive forward improvement activity through delivery of the Housing and Tenant Satisfaction Improvement Programme against the C3 regulatory judgement, with a sustained focus on strengthening compliance for fire, water and asbestos safety. Progress against improvement must continue to be reported regularly to Cabinet to ensure sufficient oversight and assurance that necessary service improvements are delivered in readiness for the next inspection.

B. DRAFT audit opinion (10)

Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the relevant guidance issued by the Comptroller and Auditor General. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

:

B. DRAFT audit opinion (11)

Report on other legal and regulatory requirements – Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate for London Borough of Brent for the year ended 31 March 2026 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have completed both the work necessary in relation to the Authority's consolidation returns and we have received confirmation from the National Audit Office that the audit of the Whole of Government Accounts is complete for the year ended 31 March 2026 and until we have completed our consideration of an objection brought to our attention by a local authority elector under section 27 of the Local Audit and Accountability Act 2014. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Use of our report

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

[Signature**]**

Sophia Brown, Key Audit Partner

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

London

23 September 2026

:

This page is intentionally left blank

Audit Findings (ISA 260) Report for the London Borough of Brent Pension Fund

Year ended 31 March 2026

23 September 2026

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

Grant Thornton UK LLP
8 Finsbury Circus,
London,
EC2M 7EA

www.grantthornton.co.uk

Dear Audit and Standards Committee and Chair Cllr Saqlain Choudry

Audit Findings Report for the London Borough of Brent Pension Fund for the 31 March 2026

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 manage risk, quality and internal control particularly through our Quality Management Approach. 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 grant-thornton-transparency-report-2025.pdf.

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.

Matthew Dean

Key Audit Partner

For Grant Thornton UK LLP

Contents

Appendices

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of the London Borough of Brent Pension Fund (the 'Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2026 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 year ended 31 March 2026 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting 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), the Narrative Report and the administering authority's financial statements), is materially consistent with the Pension Fund's financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work was completed during June to September 2026, in line with the timelines set out in our Audit Plan. Our findings are summarised on pages 11 to 17.

We identified no adjustments to the financial statements, that have resulted in an adjustment to the Pension Fund's reported financial position. The only non-trivial matters identified during the audit were disclosure amendments. Audit findings are detailed on page 22 to 25.

We have also raised recommendations for management, set out on page 26, and reported our follow up of prior year recommendation on pages 27 to 30.

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:

- completion of senior audit team review
- completion of audit work in respect of Other information
- receipt and review of the Pension Fund Annual Report
- receipt of management representation letter; and
- review of the final set of financial statements.

Headlines (continued)

Financial statements

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 the audited financial statements, as our work remains ongoing at this time.

Our anticipated financial statements audit report opinion 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 2026 and therefore this report has not yet been produced. We have therefore not given this separate statement at this time.

We are unable to certify completion of the audit of the administering authority until this work has been completed, (and the work on WGA/any other reasons for a delay in the certification of the closure of the audit).

Significant Matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Our approach to materiality

As communicated in our Audit Plan dated 16 June 2026, we determined headline materiality at the planning stage as **£26 million** based on 2% of Gross Investment Assets as at 31 March 2025. At year-end, we have reconsidered planning materiality based on the 2025/26 figures in the draft financial statements. As a result the audit team have deemed it appropriate to revise materiality from **£26 million** to **£29.6 million**, reflecting the increase in gross investment assets, which is the benchmark used to determine materiality. This update ensures that materiality remains appropriate and proportionate to the size of the Fund based on the most current financial information available. No other factors were identified that would require a change to our audit strategy.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at **£29.6 million** based on professional judgement in the context of our knowledge of the Fund, including consideration of factors such as the nature of the Fund's investment activities, the expectations of scheme members and other stakeholders, the level of audit differences identified in prior years, and the relatively low complexity of the Fund's transactions and balances.
- We have used 2% of gross investment assets as at 31 March 2026 as the benchmark for our materiality.
- Gross investment assets are considered the most appropriate benchmark because they represent the principal measure of the Fund's size and are the key focus of users of the financial statements. The Fund's primary objective is the stewardship and management of investment assets on behalf of members, and investment asset values are therefore the most relevant indicator of financial significance. We have applied 2%, which is consistent with sector practice for local government this basis is consistent with the prior year. The increase in monetary materiality compared to the prior year reflects growth in the value of the Fund's investment assets at the year end rather than any change in the audit risk assessment or benchmark applied.

Performance materiality

- We have determined performance materiality at **£22.2 million**, this is based on 70% of headline materiality. We have revised the performance materiality to ensure that performance materiality remains appropriate and proportionate to the size of the Fund based on the most current financial information available.

Specific materialities for Benefits Payable and Contributions

- We have determined lower specific materialities for benefits payable and contributions, they are based on 10% of the corresponding figure as at 31 March 2026. We have revised the
  - benefits payable from the planned level of **£5.9 million** to **£6.1 million**; and
  - contributions from the planned level of **£8 million** to **£6.9 million**
- following receipt of the draft financial statements. These changes reflect movements in the underlying benefits payable and contributions balances used to determine these thresholds.

Reporting threshold

- We will report to you all misstatements identified in excess of **£1.48 million**, in addition to any matters considered to be qualitatively material.

Our approach to materiality (continued)

A summary of our approach to determining materiality is set out below.

Description	Amount (£)	Qualitative factors considered
Materiality for the financial statements	29,600,000	• Key users of the financial statements and performance measures that key stakeholders are interested in • Business environment • Control environment (e.g., known issues, frauds that could make a misstatement more likely) • Other sensitivities (e.g., Changes in regulations).
Performance materiality	22,200,000	• The environment in which the pension fund operates • The size of the pension fund and functionalities • Whether there are material fraud risks that we have identified as being present.
Lower specific materiality for Benefits Payable	6,100,000	• Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.
Lower specific materiality for Contributions	6,900,000	• Key users of the financial statements and which performance measures that key stakeholders for the entity are interested in.
Trivial matters - reporting threshold	1,480,000	• Key users of the financial statements and audit methodology.

Overview of audit risks

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Significant classes of transactions, account balances, and disclosures, are associated with risks of material misstatement but are not always significant risks (SCOT+).

Material only are material financial statement line items not associated with risks of material misstatement.

Other audit risks are accounts that are not associated with any SCOT + or with a material only financial statement line item or disclosure.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Management override of controls	Significant	↔	✓	Low	G
Valuation of Level 3 Investments	Significant	↔	✘	High	G
Actuarial present value of promised retirement benefits disclosure – IAS 26	Significant class of transactions (SCOT+)	↔	✘	Medium	G
Valuation of Level 2 Investments	Significant class of transactions (SCOT+)	↔	✘	Medium	G
Cash and cash equivalents / Level 1 Investments	Significant class of transactions (SCOT+)	↔	✘	Low	G

↑ Assessed risk increased since audit plan

↔ Assessed risk consistent with audit plan

↓ Assessed risk decrease since audit plan

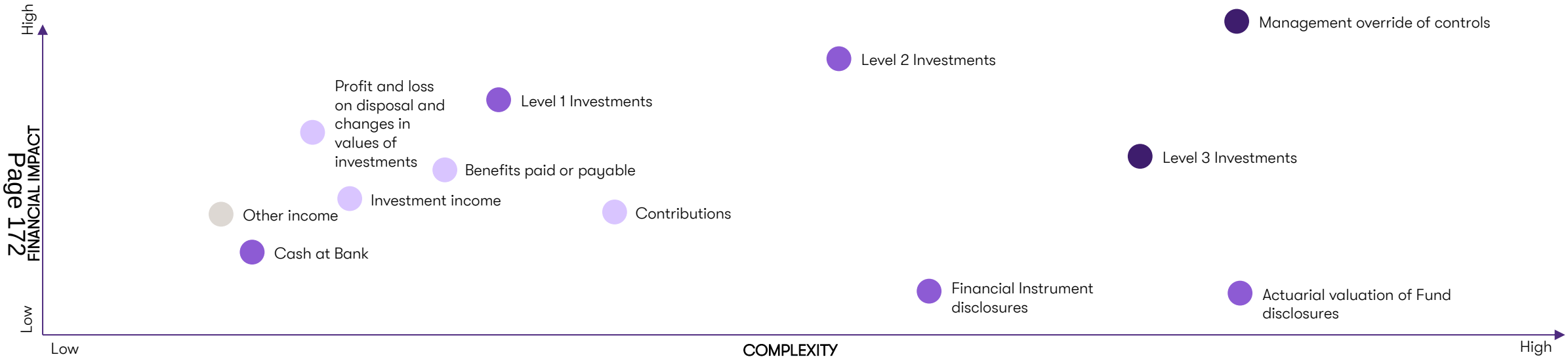
G Not likely to result in material adjustment or change to disclosures within the financial statements

A Potential to result in material adjustment or significant change to disclosures within the financial statements

R Likely to result in material adjustment or significant changes to disclosures within the financial statements

Overview of audit risks

In the graph overleaf, we have presented the, significant risks, SCOT+, and material only relevant to the audit.



Glossary

- Significant risk
- SCOT+
- Material only
- Other audit risks

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.

Risk identified	Audit procedures performed	Key observations
Management override of controls **Significant** Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.	As part of our audit procedures, we: • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determine 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 consider their reasonableness with regard to corroborative evidence; • evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions; and • incorporate an element of unpredictability into our audit procedures by utilising Inflo Detect digital audit tool	We have noted no material adjustments or findings in relation to management override of controls. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology. Having assessed management's judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations

Valuation of level 3 investments
 	
Significant
 	
The valuations of level 3 investments are a significant accounting estimate based on unobservable inputs and hence there is a risk of material misstatement due to error and/or fraud.
	As part of our audit procedures, we:
	• documented and evaluated management's processes for valuing Level 3 investments;
	• obtained and reviewed the audited financial statements of the investment accounts, where these are at a different reporting date to the Fund's financial statements:
	  o the valuations were be compared to the year end reporting date after accounting for cashflows; and
	  o obtained and reviewed the corresponding investment manager report (capital statement) as at the investment accounts audit date with the audited accounts and follow up significant differences
	• independently obtained and reviewed the corresponding investment manager reports (capital statements) as at the reporting date and compare to the financial statements;
	• reviewed purchase and sale transactions of investments near the reporting date where appropriate;
	• reviewed the guidelines under which investments have been valued at the date of the investment accounts and the Fund accounts;
	• reviewed management's classification of the assets; and
	• obtained and reviewed investment manager service auditor report on design and operating effectiveness of relevant internal controls where appropriate.
		We have noted no material adjustments or findings in relation to the valuation of level 3 investments.
		
		We are satisfied that judgements made by management are appropriate and the valuations have been determined using consistent methodology.

Significant Classes of Transactions (continued)

Significant classes of transactions, account balances, and disclosures (SCOT+s), are associated with risks of material misstatement but are not linked to a significant risk. This section provides commentary on the SCOT+ risks communicated in the Audit Plan.

Risk identified	Audit procedures performed	Key observations
Significant class of transactions (SCOT+) **Valuation of Level 2 Investments** Level 2 investments do not carry the same level of inherent risks associated with level 3 investments, however there is still an element of judgement involved in their valuation as their very nature is such that they cannot be valued directly. These assets represent a class of transaction in the financial statements due to the size of the balance (**£1,294.6 million** as at 31 March 2026).	As part of our audit procedures, we have: • agreed the valuation to the confirmation received from the investment manager; • agreed the valuation back to quoted prices at year-end where available; • compared the valuation to purchase and sale transactions near the reporting date (where appropriate); • reviewed the guidelines under which the investment has been valued (where appropriate); • obtained and reviewed a service auditor's report on internal controls for the investment manager; • reviewed management's classification in the fair value hierarchy for level 2 investments; • carried out more detailed testing where the planned procedures did not provide sufficient assurance.	We have noted no material adjustments or findings in relation to the valuation of level 2 investments. We are satisfied that judgements made by management are appropriate and the valuations have been determined using consistent methodology.

Significant Classes of Transactions

Risk identified	Audit procedures performed	Key observations
Significant class of transactions (SCOT+) **Actuarial present value of promised retirement benefits disclosure – IAS 26** The disclosure of the Fund's actuarial present value of promised retirement benefits is an accounting estimate (**£1,321 million** as at 31st March 2026) and is sensitive to changes in key assumptions. The Fund engage the services of a qualified actuary to develop an IAS 26 compliant estimate of the disclosure and 2026/27 will be the first year that the outcomes of the 2025 triennial valuation will be reflected.	As part of our audit procedures, we have: • updated our understanding of the processes and controls put in place by management to ensure that the Fund's actuarial present value of promised retirement benefits is not materially misstated; • evaluated the instructions issued by management to their management expert (an 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 Fund's valuation; • assessed the accuracy and completeness of the information provided by the Fund to the actuary to estimate the liability; • tested the consistency of disclosures with the actuarial report from the actuary; and • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report.	We have noted no material adjustments or findings in relation to the actuarial present value of promised retirement benefits disclosure (IAS 26). We completed our review of the IAS 26 actuarial present value of promised retirement benefits disclosure and the underlying triennial valuation. No material issues were identified in respect of the actuarial assumptions, methodology or disclosures. Triennial valuation member data testing identified some limitations in the availability of historic documentation following changes in pension administrators. However, alternative evidence was obtained in all cases, and no material discrepancies were identified. We concluded that sufficient appropriate audit evidence was obtained to support the completeness and accuracy of the data used by the actuary and no material adjustments were required. We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Significant Classes of Transactions (continued)

Risk identified	Audit procedures performed	Key observations
Significant class of transactions (SCOT+) **Cash and Cash Equivalents** The receipt and payment of cash represents a significant class of transactions occurring throughout the year, culminating in the yearend balance for cash and cash equivalents reported on the Net Asset Statement (**£53.9 million** as at 31 March 2026).	As part of our audit procedures, we have: • obtained direct confirmations for all bank accounts and Money Market Funds • obtained monthly bank reconciliations as at the year-end and for one month post year-end, and • where material, reconciling items were tested to confirm clearance through the bank account after the year-end	We have noted no material adjustments or findings in relation to Cash and Cash Equivalents.

Other areas impacting the audit

This section provides commentary on other issues and risks which were identified during the course of the audit and were previously communicated in the Audit Plan.

Issue	Commentary
2025 Triennial Valuation (England Only) Under Regulation 62 of the Local Government Pension Scheme Regulations 2013 the Fund must obtain an actuarial valuation of its assets and liabilities every three years. The latest valuation is as at 31 March 2025 (published in March/April 2026). The purpose of the valuation is to set employer contribution rates for the period from 1 April 2026 to 31 March 2029. The underlying demographic data will also be rolled forward and utilised in the 2025/26 estimate of the actuarial present value of promised retirement benefits disclosure calculations made under IAS 26 (on an IAS 19 basis as required by IAS 26 and 6.5. 2.9 of the CIPFA Code).	The data used by actuaries to produce IAS 19 liabilities and assets can be broadly split into two categories: 1) Individual member data used to calculate the triennial valuation liabilities and assets which the IAS 19 liabilities and assets are based on. 2) Data used to carry out the roll-forward calculation from the triennial valuation liabilities and assets to the IAS 19 liabilities and assets. This data is provided by administering authorities and the relevant employers. As auditors, we therefore needed to test the individual member data used by the actuaries in their triennial valuation calculations (Item 1) against independent records every three years. Item 2 testing is carried out annually.	**Auditor view** We completed testing of a sample of 26 individual member records (6 active members, 12 deferred members and 8 pensioners) included within the membership data submitted to the actuary for the purpose of the 2025 Triennial Valuation. During testing, we identified limitations in the availability of certain historical member records, primarily due to legacy pension administration arrangements and changes in pension administrators over time. In a number of cases, original joining documentation was not available. However, alternative evidence, including pension administration records, payroll and contribution histories, enrolment documentation, leaving notifications and pension payment records, was obtained and used to substantiate the relevant member data attributes. No material discrepancies were identified from our testing and alternative evidence was available in all instances where original documentation could not be provided. Based on the procedures performed, we concluded that sufficient appropriate audit evidence was obtained to support the completeness and accuracy of the member data used by the actuary in the 2025 Triennial Valuation. **Management response** Our pension administration has been outsourced to several providers over time, with paper records replaced by electronic files and data transferred between administrators. Unfortunately, this has led to some data degradation where original records are unavailable however alternative evidence was provided in relation to the cases tested. Although regular data-cleansing exercises have helped mitigate the impact, this remains a common issue across many pension schemes in the UK.

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas. For further detail of the IT audit scope and findings please see separate 'IT Audit Findings' report.

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 Cloud (Financial reporting)	ITGC assessment (design, implementation and operating effectiveness) Application controls assessment	[Amber]	[Amber]	[Green]	[Green]	Management override of controls	The ITGC review identified user access control weaknesses were identified within Oracle Cloud Fusion, including privileged HCM access, delayed removal of access and self-assigned roles. The affected access primarily related to Council payroll, procurement and support functions rather than Pension Fund financial reporting. Management override and journal testing identified no evidence of inappropriate postings or impact on the Pension Fund financial statements. Management have agreed remediation actions to strengthen access governance and reduce the risk of inappropriate access.
Civica (Pension Administration system)	ITGC assessment (design and implementation effectiveness only)	[Amber]	[Amber]	[Green]	[Green]	Contributions receivable, Benefits payable and the actuarial valuation	The ITGC review identified delays in removing access for a departed user were identified within Civica. No inappropriate activity was identified, and audit testing did not identify any impact on Pension Fund financial reporting. Management has agreed actions to strengthen leaver and access review controls.

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] 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
- [Black] Not in scope for assessment

Other communication requirements

Issue	Commentary
Matters in relation to fraud	• We have previously discussed the risk of fraud with the Audit and Standards Advisory 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. This will be shared with management and the Audit and Standards Advisory Committee informed at its meeting that there were no specific representations requested beyond those normally sought. We draw your attention to the draft Letter of Representation which is appended on the Agenda. • This will be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
Confirmation requests from third parties	• We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted and the requests were sent. All requests were returned with positive confirmation and no alternative procedures were required. • We requested management to send letters to those internal legal counsel who worked with the Pension Fund during the year. All responses have been received with no issues noted.
Disclosures	• Our review found no material omissions in the financial statements • Significant disclosures in the 2025/26 statutory financial statements include the Fair Value Hierarchy, Actuarial Present Value of Promised Retirement Benefits, Uncertainty and risk disclosures
Audit evidence and explanations	• All information and explanations requested from management was provided.
Significant difficulties	• No significant difficulties were encountered in the delivery of the audit.

Other responsibilities

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 2024). 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. *continued overleaf*

Other responsibilities

Issue	Commentary
Going concern	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.

Other responsibilities

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 (including the Annual Governance Statement (AGS), the Narrative Report and Council's financial statements) and report whether it is materially consistent with the Pension Fund financial statements and our knowledge obtained during the audit. Our work to review Other Information remains ongoing at this time.
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 pension fund financial statements within the administering authority's accounts. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 1 December 2026 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.

Adjusted misstatements

This is a summary of adjusted misstatements identified during the audit. We are required to report all non-trivial misstatements to those charged with governance.

We have noted no adjusted misstatements which impact upon the balances reported in Net Assets Statements and Fund Account.

Disclosure misstatement	Detail	Response	Amended?
Note 14 Purchases and Sales of Investments	Audit testing of the amounts disclosed within Note 14 identified that sales of investments were understated by **£321.7 million**. As a result, the reported movement in the market value of investments was misstated. Based on the audited figures, the market value of investments increased by **£148.5 million** during the year, compared with a decrease of **£173.2 million** reported in the draft Statement of Accounts. Subsequent to our audit testing, management also amended a small number of additional individually trivial items within the disclosure that were not subject to audit testing. This amendment relates solely to the presentation of the movement within Note 14 and has no impact on the overall value of the Fund, net assets, or the financial statements as a whole.	The disclosure in Note 14 has been amended to reflect the audited sales transactions and the corresponding movement in the market value of investments.	✓
Note 14 Investments Exceeding 5% of Net Assets	Audit procedures identified an inconsistency within Note 14. The analysis by fund manager disclosed an investment balance of **£2.2 million** for LCIV Baillie Gifford, while the table showing investments representing more than 5% of net assets included "LCIV - Baillie Gifford DGF" at **£103.5 million**. Subsequent audit testing and review of the underlying investment schedules confirmed that the **£103.5 million** holding relates to LCIV Ruffer DGF rather than LCIV Baillie Gifford. As a result, the investments over 5% disclosure was misstated through the inclusion of an incorrect fund name.	The disclosure has been updated to reflect the correct fund names and balances in the investments exceeding 5% of net assets table.	✓

Adjusted disclosure misstatements

Disclosure misstatement	Detail	Response	Amended?
Note 16 Financial Instruments Classification Disclosure	Audit procedures identified an inconsistency in the disclosure of cash balances within Note 16. The prior-year cash balance of **£63.6 million** was disclosed as an asset measured at amortised cost, whereas the current-year balance of **£53.9 million** was presented as fair value through profit and loss. The note also stated that no financial assets had been reclassified during the year. Review of the underlying financial instrument classifications confirmed that the cash balances remained cash deposits and had not been reclassified between accounting categories. As such, the disclosure did not accurately reflect the classification applied within the financial statements.	The disclosure has been updated to accurately reflect the classification applied within the financial statements.	✓
Note 24 Capital Commitments	Audit testing of Note 24 identified that the disclosed capital commitment for LCIV Private Debt Fund II was understated by **£2.261 million**. The draft accounts disclosed an outstanding commitment of **£31.6 million**, whereas the underlying fund manager confirmation and supporting capital call records showed an outstanding commitment of **£33.861 million**, resulting in an understatement of **£2.261 million**.	The disclosure in Note 24 has been amended to reflect the correct capital commitment balance.	✓
Accounting Policy: Recognition of Contribution Income	During the audit review of the Fund's accounting policies, the audit team identified that the wording of the Contribution Income accounting policy implied that both employee and employer contribution rates are determined by the Fund actuary. Under the LGPS framework, employee contribution rates are prescribed by LGPS regulations and are not actuarially determined. Only employer contribution rates are set having regard to actuarial advice.	The accounting policy disclosure has been amended to provide greater clarity to reflect this distinction.	✓

Adjusted disclosure misstatements

Disclosure misstatement	Detail	Response	Amended?
Note 9 Benefits Payable Disclosure	Audit procedures identified that the Benefits Payable disclosure within Note 9 did not comply with CIPFA Code requirements, as balances for the Administering Authority and Scheduled Bodies were presented within a single combined line item rather than being disclosed separately. Following discussions during the audit, management reviewed the underlying payroll information and confirmed that Benefits Payable balances could be separately identified for the Administering Authority, Scheduled Bodies and Admitted Bodies. The draft disclosure presented a combined balance of **£58.9 million** (2024/25: **£57.8 million**) for the Administering Authority and Scheduled Bodies. The disclosure was subsequently amended to separately present balances of **£57.0 million** (2024/25: **£54.7 million**) for the Administering Authority and **£1.8 million** (2024/25: **£3.1 million**) for Scheduled Bodies.	The disclosure has been amended to separately present Benefits Payable balances for the Administering Authority and Scheduled Bodies in accordance with CIPFA Code requirements.	✓
Note 6 Events after the Reporting Date	The fund had not disclosed the introduction of the Pension Schemes Bill as a non-adjusting event occurring after the reporting date. Given the potential implications of the legislation for the fund's future pension arrangements and associated financial obligations, the financial statements should include disclosure of the Bill within the Events after the Reporting Date note, together with an explanation of its potential impact where this can be reasonably assessed.	The disclosure has been amended to include the introduction of the Pension Schemes Bill	✓
Note 14a: Private Equity, Infrastructure and Private Debt Investments	The financial statements aggregate private equity, infrastructure and private debt investments into a single disclosure category. Whilst this approach is consistent with the minimum requirements of the Code, separate disclosure of these asset classes would be more closely aligned with CIPFA LGPS best practice guidance.	The disclosure has been amended to separately present Private Equity, Infrastructure and Private Debt Investments	✓

Unadjusted misstatements

We are required to report all non-trivial misstatements to those charged with governance.

We have noted no unadjusted misstatements which impact upon the balances reported in Net Assets Statements and Fund Account.

Impact of unadjusted misstatements in the prior year

There were no unadjusted misstatements identified in 2024/25 which required reporting as they would not result in changes to the reported figures in the key financial statements and the reported net assets of the Fund for the year ending 31 March 2026.

Action plan

We have identified one recommendation 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 2026/27 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
Amber	**Closing pensioner membership figure reconciliation** We noted that the closing pensioner membership figure disclosed in Note 1 is derived from the pension administration system report as at 31 March 2026. Management performs a reconciliation between the pensioner membership records held within the pension administration system and the Month 12 pensioner payroll report at the financial year-end. However, the current reconciliation identified a difference of approximately 248 pensioner members between these two data sources. We understand that management has raised this discrepancy with the pension administrator and is awaiting further clarification regarding the underlying cause of the variance. Whilst our audit procedures did not identify any material misstatement in the pensioner membership disclosures, the existence of an unexplained reconciliation difference reduces the level of assurance available over the completeness and accuracy of the pensioner membership data reported in the financial statements. Timely investigation and resolution of reconciliation differences is an important control in ensuring that membership data remains accurate and complete. **Risk** Where reconciliation differences are not fully investigated, understood and resolved, there is an increased risk that errors, omissions or inconsistencies within pensioner membership records may not be identified and corrected on a timely basis. This could result in inaccurate pensioner membership information being reported within the financial statements and reduce management's assurance over the completeness and accuracy of the underlying data.	Management should continue to work with their pensions administrator to investigate and document the cause of the member reconciliation difference identified between the pension administration records and the Month 12 pensioner payroll report and, where necessary, take appropriate corrective action. This will provide greater assurance over the accuracy and completeness of pensioner membership data reported in the financial statements. **Management response** We understand that the original discrepancy of 248 was largely due to Teachers' Added Years pensions being incorrectly identified as Local Government pensions. Subsequent investigation has reduced the discrepancy to 70 and we will continue to work with LPPA to improve our data and integrate our systems.

Assessment key:

- [Red] High – Significant effect on financial statements
- [Amber] Medium – Limited effect on financial statements
- [Green] Low – Best practice

Follow up of prior year recommendations

This is a summary of where we identified recommendations for the Pension Fund because of issues identified during the prior year audit, and an update on actions taken by management as a result.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Excessive System Administrative Permissions Assigned to Business Users:** During the prior year audit, our ITGC review identified that certain business users, primarily within the HR and Payroll teams, had been assigned roles containing elevated system administration permissions, including access to functionality such as Manage Menu Customisations and Functional Setup Manager. Management was unable to demonstrate that these permissions were required for the users' day-to-day responsibilities. **Risk** The assignment of administrative privileges to business users beyond those necessary for their roles increases the risk of unauthorised or unintended changes being made to system configurations. This could compromise the integrity of system controls, impact processing accuracy, and weaken segregation of duties. **Recommendation** Management should review administrative permissions assigned to business users and remove any access that is not required for operational responsibilities. In addition, the quarterly logical access review should be enhanced to include consideration of the detailed permissions contained within user roles, rather than solely reviewing role assignments.	The finding relating to excessive administrative permissions assigned to business users specifically concerned the Council's HCM Application Administrator role and did not extend to the Pension Fund finance system or Pension Fund financial processing. Consequently, no impact on Pension Fund financial controls was identified. Management has commenced a review of user roles and permissions to ensure access rights remain appropriate to business responsibilities and that elevated access is restricted to users with a legitimate operational requirement. In addition, management has agreed a programme of remediation actions to strengthen access governance, improve the timeliness of access amendments, and enhance the approval and review processes for user access. These actions remain in progress at the time of our follow-up review.

Assessment:

✓ Action completed

→ Work in progress/Partially addressed

✖ Not yet addressed

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	**Benefits Payable Note 9:** During the prior year audit, we identified that Benefits Payable disclosures were not presented separately for the Administering Authority, Scheduled Bodies and Admitted Bodies as required by the CIPFA Code. **Risk** Failure to disclose benefits payable balances in accordance with CIPFA requirements may result in incomplete or non-compliant financial statement disclosures and reduce transparency for users of the accounts. **Recommendation** Management should ensure that Benefits Payable balances are separately identified and disclosed within Note 9 for the Administering Authority, Scheduled Bodies and Admitted Bodies in line with CIPFA Code requirements.	Management previously confirmed that, following the migration to the LPPA payroll system, it would now be possible to separately identify Benefits Payable balances relating to the Administering Authority, Scheduled Bodies and Admitted Bodies. For 2025/26, the audit team identified that the draft disclosure did not separately present Benefits Payable balances for the Administering Authority, Scheduled Bodies and Admitted Bodies as required by the CIPFA Code. Following discussions during the audit, management reviewed the available payroll information and confirmed that the underlying data could be separately identified following migration to the LPPA payroll system. The disclosure was subsequently amended to present the required categories separately. The audit team reviewed the revised disclosure and confirmed that it was consistent with the supporting information provided.

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
→	**Cash Balances Note 20:** Previous the auditors had identified that a long-standing cash-in-transit balance of approximately **£3.2 million** remained unreconciled following the migration from Oracle R12 to Oracle Cloud. While transactions had been netted against the General Bank Account to achieve a reconciled position, underlying unreconciled items remained outstanding. **Risk** Unreconciled cash balances increase the risk that errors, omissions or irregular transactions remain undetected. This may result in inaccuracies within the accounting records and financial statements and limits management's ability to demonstrate the completeness and accuracy of cash balances. **Recommendation** Management should investigate and clear outstanding legacy reconciliation items, strengthen monthly bank reconciliation and review procedures, and ensure all cash balances are fully supported and appropriately disclosed in accordance with CIPFA requirements.	Management has continued to investigate the historic cash-in-transit balance arising from the Oracle migration and has been performing detailed analysis of outstanding reconciling items. Work is ongoing to identify the underlying transactions, determine the validity of aged balances and clear legacy items where appropriate. Management has also strengthened its reconciliation procedures to provide enhanced oversight of unresolved differences and support the timely identification of reconciling items. However, as the historic balance remains unresolved at the time of our review, the recommendation remains in progress.

Follow up of prior year recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
→	**School Employer Contribution Rates:** Previous testing of employer contribution arrangements identified that a number of schools had continued to apply incorrect employer contribution rates during 2023/24 because contribution schedules had not been updated to reflect revised rates. **Risk** The use of incorrect employer contribution rates may result in employer contributions being underpaid or overpaid, leading to inaccurate pension fund records and the potential need for retrospective corrections and recoveries. **Recommendation** Management should strengthen the process for communicating and validating annual contribution rates by performing a timely review at the start of each financial year to confirm that all employers have implemented the correct rates. This review should be evidenced and any exceptions promptly followed up.	In the course of our contributions testing for 2025/26, we have not encountered any discrepancies in the employer contribution rate applied. However, we identified a weakness relating to the Fund's inability to reconcile contribution income to the trial balance at a detailed contribution category level. Due to limitations in the general ledger mapping, management is unable to directly verify the completeness and accuracy of individual contribution streams and instead relies on high-level analytical reviews and actuarial calculations. Although our testing did not identify any material misstatements, the lack of a detailed reconciliation increases the risk that errors or misclassifications in contribution income may not be detected in a timely manner.

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:

Matter	Conclusion
Our firm provides audit services to some of the funds in London Collective Investment Vehicle (LCIV). The LCIV are a LGPS asset pool for which the London Borough of Brent Pension Fund are one of the 32 Shareholders.	We have concluded that these services would not have an impact on our independence, on the basis that these entities are legally and operationally independent from this pension scheme. In addition, these services are being provided by a team which is separate and independent from our audit team. The result of their work would not have any impact in the financial statements that are subject to our audit. We have considered that an objective reasonable and informed third party would concur with this conclusion.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. In this context, we disclose that there are no matters that we are required to report.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies and the Terms of Appointment and further guidance issued by the Public Sector Audit Appointments (PSAA).

We confirm that the fees from non-audit services to the audited entity and its controlled entities do not exceed 70% of the total audit fee for the year.

Independence considerations (continued)

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the 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 Fund or investments in the 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 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 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 Fund's committees, 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 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.

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

Fees and non-audit services

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

Audit fees	Proposed fee for 2025/26 (£)	Final fee for 2025/26 (£)
Audit of Pension Fund	99,507	99,507
2025 triennial valuation data testing	5,000	10,000
Total	104,507	109,507

The above fees are exclusive of VAT and out of pocket expenses.

The fees reconcile to the financial statements as follows:

- fees per financial statements = £97k
- reconciling item - additional fees = £10k
- reconciling item – trivial difference = £2k
- total fees per above = £109k

Our firm also provides audit and non-audit services to the Council. The fees in relation to these services and the related ethical considerations are reported in the Audit Findings Report issued to TCWG for that entity. Consequently, such fees are disclosed in the Council's financial statements rather than the Pension Fund's.

This covers all services provided by us and our network to the Fund and senior management, that may reasonably be thought to bear on our integrity, objectivity or independence.

Additional fee analysis – fee variation for in year work

The following table sets out further information on additional fees in respect of in year work.

	2024/25	2025/26
2025 triennial valuation data testing	N/A	£10,000
Total	N/A	£10,000
Audit Scale Fee	£97,945	£99,507
Total audit fees	£97,945	£109,507

The above is subject to review by PSAA who will make a final determination.

This page is intentionally left blank

[Prepare on client letterhead**]**

Grant Thornton UK LLP
8 Finsbury Circus
London
EC2M 7EA

23 September 2026

Dear Grant Thornton UK LLP

London Borough of Brent
Financial Statements for the year ended 31 March 2026

This representation letter is provided in connection with the audit of the financial statements of London Borough of Brent (the "Authority") and its subsidiary undertakings (the "Group") as shown in Appendix I to this letter, for the year ended 31 March 2026 for the purpose of expressing an opinion as to whether the Group and Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and applicable law.

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

Financial Statements

i. We have fulfilled our responsibilities, as set out in the **Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited**, for the preparation of the Group and Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Group and Authority and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the Group and Authority financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include plant, property and equipment valuations, pension fund net liability valuation, fair value estimates, PFI liability estimates, provisions estimate, estimates for income and expenditure accruals, and expected credit loss and impairment allowance estimates. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected

in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.

vii. Except as disclosed in the Group and Authority financial statements:

a. there are no unrecorded liabilities, actual or contingent;

b. none of the assets of the Group and Authority has been assigned, pledged or mortgaged; and

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report and attached to this letter. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Group and Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.

xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xiii. The prior period adjustments disclosed in Note 29 and 30 to the financial statements which relate to senior officer remuneration are accurate and complete. There are no other prior period errors to bring to your attention.

xiv. We have updated our going concern assessment. We continue to believe that the Group and Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:

a. the nature of the Group and Authority means that, notwithstanding any intention to cease the Group and Authority operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Group and Authority's system of internal control has not identified any events or conditions relevant to going concern.

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

xv. We have considered whether accounting transactions have complied with the requirements of the Local Government Housing Act 1989 in respect of the Housing Revenue Account ring-fence.

xvi. The Group and Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Group and Authority's financial statements in the event of non-compliance.

Information Provided

xvii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the Group and Authority's financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. unrestricted access to persons within the Group and Authority from whom you determined it necessary to obtain audit evidence.

xviii. We have communicated to you all deficiencies in internal control of which management is aware.

xix. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xx. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xxi. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Group and Authority, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xxii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xxiii. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xxiv. We have disclosed to you the identity of the Group and Authority's related parties and all the related party relationships and transactions of which we are aware.

xxv. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

xxvi. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

xxvii. The disclosures within the Narrative Report fairly reflect our understanding of the Group and Authority's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Authority's Audit & Standards Committee at its meeting on 23 September 2026.

Yours faithfully

Name……

Position……..

Date…….

Name……

Position……..

Date…….

Signed on behalf of the Authority

Appendix I

List of subsidiary undertakings

1. **First Wave Housing Ltd**
2. **I4B Holdings Ltd**
3. **LGA Digital Services**
4. **Barham Park Trust**

Appendix II

Unadjusted misstatements

Detail	Comprehensive Income and Expenditure Statement £m	Balance Sheet £m	Impact on surplus/deficit of the provision of services £m	Impact on general fund £m	Management's reason for not adjusting
1.Land & buildings Three indices provided by the valuer used either incomplete data or failed to incorporate a location factor adjustment. The variance arising from consideration of alternative indices is an overstatement of £7.3m. Dr Revaluation gain to provision of services Cr PPE (Land & buildings)	**7.3**	**(7.3)**	**7.3**	**Nil**	**Immaterial therefore not deemed significant to correct**
2. Council dwellings Up-to-date Land Registry data, used to index council dwellings not subject to full valuation, gives a % change of -3.3% compared to -4% per the HRA valuer's market report. The variance arising from the difference is an understatement of £6.5m. Dr PPE (Council dwellings) Cr Revaluation loss to provision of services	**(6.5)**	**6.5**	**(6.5)**	**Nil**	**Immaterial therefore not deemed significant to correct**
Overall impact of unadjusted misstatements	**0.8**	**(0.8)**	**0.8**	**Nil**	

This page is intentionally left blank

[Prepare on client letterhead**]**

Grant Thornton UK LLP
8 Finsbury Circus
London
EC2M 7EA

[Date**]**

Dear Grant Thornton UK LLP

London Borough of Brent Pension Fund
Financial Statements for the year ended 31 March 2026

This representation letter is provided in connection with the audit of the financial statements of London Borough of Brent Pension Fund (the “Fund”) for the year ended 31 March 2026 for the purpose of expressing an opinion as to whether the Fund financial statements give a true and fair view in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and applicable law.

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

Financial Statements

i. We have fulfilled our responsibilities, as set out in Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Fund’s financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.

ii. We have complied with the requirements of all statutory directions affecting the Fund and these matters have been appropriately reflected and disclosed in the financial statements.

iii. The Fund has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.

v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of investments, in particular those held at level 3 in the fair value hierarchy which have significant unobservable inputs into the valuation, and the disclosure of the actuarial valuation of promised retirement benefits. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used.

   We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

vi. Except as disclosed in the financial statements:

a. there are no unrecorded liabilities, actual or contingent;

b. none of the assets of the Fund has been assigned, pledged or mortgaged; and

c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.

vii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.

viii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.

ix. We have considered the misclassification and disclosures changes schedule included in your Audit Findings Report. The financial statements have been amended for these misclassifications and disclosure changes and are free of material misstatements, including omissions.

x. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.

xi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

xii. We have updated our going concern assessment. We continue to believe that the Fund's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that that:

a. the nature of the Fund means that, notwithstanding any intention to liquidate the Fund or cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements

b. the financial reporting framework permits the Fund to prepare its financial statements on the basis of the presumption set out under a) above; and

c. the Fund's system of internal control has not identified any events or conditions relevant to going concern.

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

Information Provided

xiii. We have provided you with:

a. access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;

b. additional information that you have requested from us for the purpose of your audit; and

c. unrestricted access to persons within the Fund from whom you determined it necessary to obtain audit evidence.

xiv. We have communicated to you all deficiencies in internal control of which management is aware.

xv. All transactions have been recorded in the accounting records and are reflected in the financial statements.

xvi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

xvii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Fund, and involves:

a. management;

b. employees who have significant roles in internal control; or

c. others where the fraud could have a material effect on the financial statements.

xviii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.

xix. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.

xx. We have drawn to your attention all correspondence and notes of meetings with regulators.

xxi. We have drawn to your attention all correspondence with The Pensions Regulator confirmed to us by all of our other advisors.

xxii. We have disclosed to you the identity of the Fund's related parties and all the related party relationships and transactions of which we are aware.

xxiii. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Approval

The approval of this letter of representation was minuted by the Fund's Audit and Standards Committee at its meeting on 23 September 2026.

Yours faithfully

Name……

Position…….

Date…….

Name……

Position…….

Date…….

Signed on behalf of the Fund

This page is intentionally left blank

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

Opinion on financial statements

We have audited the financial statements of Brent Pension Fund (the 'Pension Fund') administered by London Borough of Brent (the 'Authority') for the year ended 31 March 2026, which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including material accounting policy information. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the Pension Fund during the year ended 31 March 2026 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

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

Conclusions relating to going concern

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

In our evaluation of the Corporate Director, Finance and Resources' conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 that the Pension Fund's financial statements shall be prepared on a going concern basis, we considered the inherent risks associated with the continuation of services provided by the Pension Fund. In doing so we had regard to the guidance provided in Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2024) on the application of ISA (UK) 570 Going Concern to public sector entities. We assessed the reasonableness of the basis of preparation used by the Authority in the Pension Fund financial statements and the disclosures in the Pension Fund financial statements over the going concern period.

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

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

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

Other information

The other information comprises the information included in the Statement of Accounts, other than the Pension Fund's financial statements and our auditor's report thereon, and our auditor's report on the Authority's financial statements.

The Corporate Director, Finance and Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Corporate Director, Finance and Resources

As explained more fully in the Statement of Responsibility for the Statement of Accounts, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Corporate Director, Finance and Resources. The Corporate Director, Finance and Resources is responsible for the preparation of the Statement of Accounts, which includes the Pension Fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, for being satisfied that they give a true and fair view, and for such internal control as the Corporate Director, Finance and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Pension Fund and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, the Local Audit and Accountability Act 2014, the Accounts and Audit Regulations 2015 (as amended), the Local Government Act 2003**,** Public Service Pensions Act 2013, Local Government Pension Scheme Regulations 2013 and Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016).
- We enquired of management and the Audit and Standards Committee, concerning the Authority's policies and procedures relating to:
    - the identification, evaluation and compliance with laws and regulations;
    - the detection and response to the risks of fraud; and
    - the establishment of internal controls to mitigate risks related to fraud or non-compliance with laws and regulations.
- We enquired of management, internal audit and the audit committee, whether they were aware of any instances of non-compliance with laws and regulations or whether they had any knowledge of actual, suspected or alleged fraud.
- We assessed the susceptibility of the Pension Fund's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. We determined that the principal fraud risks were in relation to:
    - management override of controls, specifically posting inappropriate journals to manipulate results for the year ended 31 March 2026.
- Our audit procedures to address the principal fraud risk included:
    - evaluation of the design effectiveness of controls that management has in place to prevent and detect fraud;
    - journal entry testing, with a focus on what we deem to be high risk journals; Using data analytics, we considered all journal entries for fraud and set specific criteria to identify the entries we considered to be high risk. Such criteria included journals with unusual values; journals posted after the year end; journals with a material impact on the surplus/deficit for the year; and journals created by senior managers.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it or recognise non-compliance.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members. We remained alert to any indications of non-compliance with laws and regulations, including fraud, throughout the audit.
- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's:
    - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
    - knowledge of the local government pensions sector
    - understanding of the legal and regulatory requirements specific to the Pension Fund including:
        - the provisions of the applicable legislation
        - guidance issued by CIPFA/LASAAC and SOLACE

- the applicable statutory provisions.

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

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

Use of our report

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

Signature

Matthew Dean, Key Audit Partner

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

London

Date: TBC

London Borough of Brent

Auditor's Annual Report
Year ending 31 March 2026

September 2026

Contents

01 Introduction and context

Introduction

This report brings together a summary of all the work we have undertaken for the London Borough of Brent during 2025-26 as the appointed external auditor. The core element of the report is the commentary on the value for money (VfM) arrangements. The responsibilities of the Council are set out in Appendix A. The value for money auditor responsibilities are set out in Appendix B.

Opinion on the financial statements

Auditors provide an opinion on the financial statements which confirms whether they:

- give a true and fair view of the financial position of the Council as at 31 March 2026 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025-26; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We also consider the Annual Governance Statement and undertake work relating to the Whole of Government Accounts consolidation exercise.

Auditor's powers

Under Section 31 of the Local Audit and Accountability Act, the auditor of a local authority may make an application for judicial review of a decision of that authority, or of a failure by that authority to act, which it is reasonable to believe would have an effect on the accounts of that body. They may also issue:

- Statutory Recommendations to full Council which must be considered publicly
- A Public Interest Report (PIR).

Value for money

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources (referred to as Value for Money). The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

- financial sustainability
- governance
- improving economy, efficiency and effectiveness.

Our report is based on those matters which come to our attention during the conduct of our normal audit procedures, which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. During 2024/25, the NAO consulted on and updated the Code to align it with accounts backstop legislation. The new Code requires auditors to share a draft Auditor's Annual Report (AAR) with those charged with governance by a nationally set deadline each year, and for the audited body to publish the AAR thereafter. The deadline requirement for 2025/26 AARs is 30 November 2026.

Local government – context

Local government has remained under significant pressure in 2025-26

National

Past

Funding not meeting need

The sector has seen prolonged funding reductions whilst demand and demographic pressures for key statutory services has increased; and has managed a period of high inflation and economic uncertainty.

Workforce and governance challenges

Recruitment and retention challenges in many service areas have placed pressure on governance. Recent years have seen a rise in the instance of auditors issuing statutory recommendations.

Present

Financial sustainability

Despite the Fair Funding Review 2.0, many councils continue to face significant financial challenges, including social care, SEND and temporary accommodation pressures. There are an increasing number of councils in receipt of Exceptional Financial Support from the government.

External audit backlog

Councils, their auditors and other key stakeholders continue to manage and reset the backlog of annual accounts, to provide the necessary assurance on local government finances.

Future

Digital change

AI and digital change are automating routine processes and enabling more personalised services for residents. This is shifting workforce skills as councils seek productivity gains. Risks around digital exclusion, data quality, ethics, and governance mean strong leadership and controls are increasingly important.

Reorganisation and devolution

Many councils in England are impacted by reorganisation and / or devolution, creating capacity and other challenges in meeting business as usual service delivery.

Local

The London Borough of Brent is a London borough council and a unitary authority serving a population of approximately 353,000 residents. The Council operates a Leader and Cabinet executive governance model, under which Full Council is responsible for the Council's constitutional and policy framework, while the Cabinet takes key executive decisions and oversees the delivery of Council services. The Council's decision-making and governance arrangements are supported by a range of committees, including scrutiny committees and regulatory committees. The London Borough of Brent comprises 57 councillors representing 19 wards, with elections held every four years. Following the local elections held on 7 May 2026, Labour remained the largest political group with 26 seats, but no party secured an overall majority, resulting in a council under no overall control (NOC). Councillor Muhammed Butt continues as Leader of the Council, leading a Labour minority administration

It is within this context that we set out our commentary on the Council's value for money arrangements in 2025-26.

02 Executive summary

Executive summary – our assessment of value for money arrangements

Our overall summary of our value for money assessment of the Council's arrangements is set out below. Further detail can be found on the following pages.

Criteria	2024-25 Assessment of arrangements		2025-26 Risk assessment	2025-26 Assessment of arrangements	
Financial sustainability	R	Significant weakness in arrangements identified in relation to medium-term financial planning and savings. Two improvement recommendations raised.	Two risks of significant weakness identified in relation to medium-term financial planning and savings/ transformation activity.	R	One prior year key recommendation, in relation to savings is retained and updated. One prior year key recommendation in relation to the sustainability of the budget is addressed and closed. We raise two new improvement recommendations. All prior year improvement recommendations are addressed.
Governance	A	No significant weaknesses identified; one improvement recommendation raised in relation to arrangements for producing financial accounts.	No risks of significant weakness identified.	G	No significant weaknesses in arrangements identified, no improvement recommendations raised. Prior year improvement recommendation is fully addressed.
Improving economy, efficiency and effectiveness	R	Significant weaknesses identified in relation to the Regulator of Social Housing's regulatory judgement.	One risk of significant weakness identified in relation to the quality of the Council's housing stock.	R	Significant weakness in arrangements for the Council's housing compliance, as a result of one prior year key recommendation retained and updated.

G No significant weaknesses or improvement recommendations
A No significant weaknesses, improvement recommendation(s) made
R Significant weaknesses in arrangements identified and key recommendation(s) made

Executive summary (1)

We set out below the key findings from our commentary on the Council's arrangements in respect of value for money.

Financial sustainability

The Council had a £18.3m overspend in 2025-26, predominantly met from reserves. The 2026-27 budget is balanced, without reliance on reserves or government support due to a favourable outcome of the Fair Funding Review on the Council's spending power and identification of £10.4m of savings. Our prior year Key Recommendation, and weakness, in relation the budget is addressed.

The Council updated its approach to identifying and managing savings with the aim of increasing success in this area. A significant weakness and Key Recommendation remains, pending the outcome of savings delivery in 2026-27, and further identification of savings to address a medium-term financial gap of £20m. The Council does not have sufficient budget stabilisation reserves to support this gap and will need to identify further savings. As these reserves, specifically, were used to support the 2025-26 outturn position, management will need to focus on protecting and replenishing the reserves for the future.

The budget remains closely aligned to Council priorities within the Borough Plan, despite and increased level of savings since the prior year.

The Council's Housing Revenue and Dedicated Schools Grant positions have stabilised in 2025-26 and the medium-term.

Governance

The Council has arrangements in place to identify and manage risk throughout 2025-26. There is an established Risk Management Strategy, supported by a Strategic Risk Register regularly reported to Audit and Standards Advisory Committee.

The budget setting process remains largely consistent with prior years, it is well-established, well-understood and well-embedded at the Council. Despite this, the Council sought to strengthen arrangements further by introducing an additional layer of budget scrutiny from the Budget Scrutiny Task Group.

The frequency, timeliness and content of the Council's budget monitoring reports continues to be appropriate and reflective of the Council's financial risk.

Management has effectively responded to our prior year improvement recommendation by producing good quality draft accounts for audit by the national deadline, supported by appropriate working papers.

Executive summary (2)

Improving economy, efficiency and effectiveness

Corporate performance against the Borough Plan 2023-2027 was reported to Cabinet quarterly. 46.7% of indicators were green-rated, red-rated indicators (23.3%) were concentrated in housing, actions to respond are ongoing.

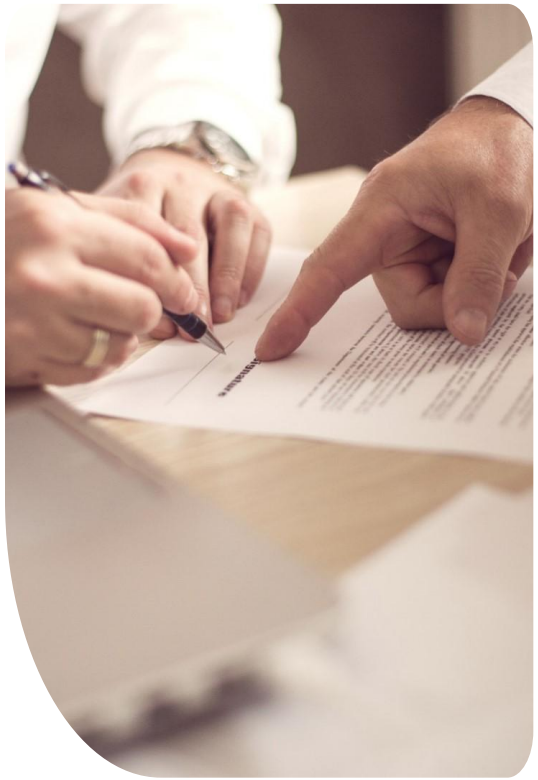
In May 2025, following the Council's self-referral, the Regulator of Social Housing (RSH) gave a 'requires improvement' C3 rating for failing to meet the Safety and Quality Standard in relation to accuracy and completion of fire safety data and housing repairs. A programme of work was put into place to rectify these failures with some progress being made. Despite positive developments, further progress is required to meet standards of compliance in several areas like fire, water and asbestos safety. We consider this to remain a significant weakness and retain and update the prior year Key Recommendation.

There has been continuing work to drive forward the Council's Procurement Improvement Programme (PIP), which formally closed in April 2026 given sufficient improvement demonstrated.

Executive summary – auditor's other responsibilities

This page summarises our opinion on the Council's financial statements and sets out whether we have used any of the other powers available to us as the Council's auditors.

Auditor's responsibility	2025-26 outcome
Opinion on the financial statements	Our opinion of the financial statements is anticipated to be an unmodified opinion. The details of our work can be found in the Audit Findings report, which form part of our external audit papers for the Audit and Standards Committee to consider and review.
Use of auditor's powers	We did not make any written statutory recommendations under Schedule 7 of the Local Audit and Accountability Act 2014. We did not make an application to the Court or issue any Advisory Notices under Section 28 of the Local Audit and Accountability Act 2014. We did not make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014. We did not identify any issues that required us to issue a Public Interest Report (PIR) under Schedule 7 of the Local Audit and Accountability Act 2014.



03 Opinion on the financial statements and use of auditor's powers

Opinion on the financial statements

These pages set out the key findings from our audit of the Council's financial statements, and whether we have used any of the other powers available to us as the Council's auditors.

Audit opinion on the financial statements

Our opinion of the financial statements is anticipated to be an unmodified opinion. The details of our work can be found in the Audit Findings report, which form part of our external audit papers for the Audit and Standards Committee to consider and review.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2026 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025-26; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the NAO Code of Audit Practice (2024, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts in line with the national deadline of 30 June 2026.

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report can be found in our external audit papers pack which we are presenting at this Committee. Requests for this Audit Findings Report should be directed to the Council.

Opinion on the pension fund statements

These pages set out the key findings from our audit of the Pension Fund financial statements, and whether we have used any of the other powers available to us as the Pension Fund's auditors.

Audit opinion on the financial statements

The Pension Fund is required to publish its Annual Report by 1 December 2026. We issue an auditor's consistency report which includes our opinion that the 2025-26 Brent Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited administering authority's Financial Statements.

We expect to issue the consistency report at the same time as our opinion on the financial statements.

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Pension Fund as at 31 March 2026 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority accounting in the United Kingdom 2025-26; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Pension Fund provided draft accounts in line with the national deadline.

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report can be found in our external audit papers pack which we are presenting at this Committee. Requests for this Audit Findings Report should be directed to the Council.

Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Use of auditor's powers

We bring the following matters to your attention:

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

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

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

04 Value for money commentary on arrangements

Value for money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The National Audit Office (NAO) Code of Audit Practice ('the Code'), requires us to assess arrangements under three areas:

Financial sustainability

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

Improving economy, efficiency and effectiveness

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

Financial sustainability – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	**General Fund** - The Council reported a £18.3m overspend for the 202526 year, which was mitigated by the use of £16.7m of the Future Funding Risk Reserve and the remaining offset from the net underspend position on central budgets, to ensure a balanced budget. The Council set a balanced budget for 2026-27, based on realistic assumptions, supported by scenario planning and not requiring government Exceptional Financial Support. The 2026-27 budget seeks to strengthen the unallocated reserves position, following the use of reserves to balance the budget in 2025-26. Further details are provided on page 42, however these actions respond to the weakness and Key Recommendation raised in our prior year work. The Council updated its Medium-Term Financial Strategy (MTFS) to 2028-29, which includes the impact of the 3-year Local Government Settlement, following the Fair Funding Review. The Council was impacted favourably by the review; the settlement delivers increases in core spending power of 9.6% in 2026-27 for the Council, with further increases in later years 2027-28 (7.4%) and 2028-29 (7.0%), inclusive of 4.99% increases in council tax in all years. This allows management to build additional growth into the MTFS to stabilise demand-led budgets and replenish reserves over the medium-term – there is £54.2m growth in budgets overall, at the same time as £10.4m of savings. Despite this, there is still a forecast £20m gap in the medium-term, between 2027-28 and 2028-29. The Council does have sufficient earmarked and general fund reserves to support the position, although it is not sustainable to apply these to mitigate the gap, and would divert reserves away from their earmarked purposes. Management must now focus on identifying alternative solutions, such as additional savings, to meet the gap – we raise **Improvement Recommendation 1** (page 25) to encourage this focus on protecting reserves. (*Continued overleaf*)	A

G	No significant weaknesses or improvement recommendations
A	No significant weaknesses, improvement recommendation(s) made
R	Significant weaknesses in arrangements identified and key recommendation(s) made

Financial sustainability – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
(continued from page 18)	**Dedicated Schools Grant (DSG)** – The cumulative DSG deficit at the end of 2025-26 rose to £20.2m. Prior to recent government announcements the Council needed to meet deficits from its revenue reserves at the end of 2027-28. Now, the Council is eligible for government support, in the form of the High Needs Stability Grant, supporting up to 90% of deficits at the end of 2025-26. The Council submitted the required Special educational Needs Reform Plan, to support its application for the grant, by the required deadline. The Council received a £2.1m increase in Revenue Support Grant resulting from a technical change to the baseline for the Fair Funding Assessment in 2025-26. Management used this to create a new reserve which will hold sufficient funds to resolve the remaining 10% of the accrued DSG deficit, such that no cumulative deficit remains. This responds to one element of our prior year improvement recommendation (see Appendix C page 47 for further details). **Housing Revenue Account (HRA)** – The outturn position for 2025-26 is an underspend of £0.1m, which was transferred to reserves, increasing the General HRA Reserve balance to £4.6m. The proposed 2026-27 HRA budget forecasts a break-even balance, maintaining the reserve levels achieved at the end of 2025-26. Management sets a target operating HRA reserve balance of 5% of rental income. For 2026-27 this equates to £3.7m, and plans are comfortably within this level. The HRA budget is set each year in the context of the 30-year Business Plan. The Business Plan is reviewed annually allowing for horizon scanning, sensitivity analysis and the identification and mitigation of risks in the short, medium and long-term. Baseline assumptions forecast consistently small surpluses over 30 years, with a projected HRA reserve balance of £154.7m in year 30, which could potentially be used to reduce debt. However, the Council has a track record of overspends, in addition to sensitivity analysis demonstrating that if voids run 0.5% higher than baseline, bad debt write off is 1% higher than baseline, and retail price index is 0.5% higher than baseline, there will be consistent deficits on the HRA with a negative reserve of £0.9m by 2035-36. Given the long-term nature of the forecasts, management has sufficient time with which to find solutions to mitigate risks identified from the sensitivity analysis. **Balance Sheet** – The Council holds significant net assets of £1.655bn at year-end, this is a small reduction of 1.1% compared to prior year. Within this, the Council holds fewer current assets than current liabilities, creating pressure should all liabilities fall due at the same time. As such we raise **Improvement Recommendation 2** (page 26) to encourage management to consider how it can strengthen this position.	A

Financial sustainability – commentary on arrangements (3)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	The 2025-26 budget included an £8.9m savings target, £6.9m (77.5%) of these savings were achieved. Although savings delivery was closely monitored, under-delivery contributes to the year-end overspend position. Savings of £10.4m are included in the 2026-27 budget, an increase on both the target and actual delivery in 2025-26. Management moved away from identifying and managing savings centrally via a top-down approach for 2026-27 and instead requested each service to identify its own savings and efficiencies. The aim is to make each department take ownership of its financial challenges, build resilience into future budget planning, and find savings that are realistic and specific to that service. Each department has its own savings programme, with clear targets, owners and reporting in place. A strong level of senior stakeholder engagement was observed through the process as savings were developed through meetings involving Cabinet and the Corporate Management Team, with support from the Embrace Change Programme, as well as individual departments heads. A key outcome from this process is that savings are now more evenly spread across departments, the purpose of which was to achieve stronger buy-in to deliver plans. On this basis, we think the increase in savings required compared to prior year, is reasonable and well-supported. Each individual savings scheme is supported by comprehensive and clear documentation which serves to support effective monitoring, transparency and accountability for delivery. For each scheme the type of saving, service impact, staffing impact, risks involved (and how they will be managed), financial impact, Equality Impact Assessment (EQIA) and responsible owner is fully understood. We identified a significant weakness in arrangements in the prior year and raised a Key Recommendation in relation to the Council's arrangements to deliver savings. We acknowledge the actions taken, specifically changing the way in which savings are identified. We will keep a watching brief in 2026-27 to determine if the actions taken impact outcomes, i.e. the savings identified can successfully be delivered under this new approach. Pending further evidence, the Key Recommendation remains open and is updated to ensure if reflects current circumstances and progress made, refer to **Key Recommendation 1** (page 24).	R

Financial sustainability – commentary on arrangements (4)

We considered how the Council:	Commentary on arrangements	Rating
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Council's Borough Plan continues to set the vision for 2023-2027. The overarching theme of the plan is 'Moving Brent Forward Together', and this is achieved via 5 priorities - Prosperity and Stability in Brent, A Cleaner, Greener Future, Thriving Communities, The Best Start in Life, A Healthier Brent. The most significant areas of growth in the Council's budget are observed within the Service Reform and Strategy (SRS) Directorate, where the growth specifically relates to Adult Social Care Services, and Children, Young People and Community Development (CYPCD) Directorate. There is a degree of 'fire fighting' observed in the growth, with the budget re-based in these areas to respond to increasing demand, outside costs and changing demographics in these services. However, the budget is not solely reactive, with investment directed towards commissioning teams to work to limit fee uplifts in care packages, technology enabled care, and improving support for children transitioning into adulthood. This strongly aligns to values and priorities in the Borough Plan. Savings included in the budget are spread evenly across directorates, and, on a net basis, budgets across all directorates have grown as the Council invests in improving its services. Savings are focussed on prevention, early intervention or income generation. As such, the need to make savings as not hindered the Council works towards its goals.	G
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The Council's People Strategy 2025-28 focusses on building a diverse, inclusive, and future-ready workforce. It aims to foster a culture of empowerment, tackle pay gaps, and use data-driven insights from staff surveys to ensure a supportive environment, where staff feel valued and represented. Workforce considerations are evident and implicit within the 2026-27 budget. Examples include a review of workforce to accommodate demand in the Planning Service, converting agency staff to permanent staff within Adult Social Care in 2025-26 (ongoing in 2026-27) and ongoing review of agency usage and consideration of the impact of pay inflation and the national living wage. The Property Strategy 2024-2027 aims to create a sustainable, compliant, and diverse portfolio that fosters thriving communities, taking one of four actions with regards to Council assets – strategic hold, actively manage, invest, and dispose. Within the Capital Programme and Strategy for 2026-27 and beyond, the Council is investing in its estate, with the largest areas of investment in regeneration and housing projects. Simultaneously, capital receipts from asset disposals fund a proportion of the programme, accounting for £61m of £1.4bn funding over 6 years. Asset disposals are scrutinised and approved by Cabinet to ensure that decision makers are satisfied with the rationale for disposal and have assurance that the Council can continue to effectively provide service following disposal. This responds to our prior year improvement recommendation, refer to Appendix C page 47. (*Continued overleaf*)	G

Financial sustainability – commentary on arrangements (5)

We considered how the Council:	Commentary on arrangements	Rating
(continued from page 21)	The Council aims to achieve a carbon-neutral Borough by 2030, through its Climate & Ecological Emergency Strategy 2021-2030. The Strategy focusses on reducing emissions by enhancing energy efficiency in buildings, promoting sustainable travel, reducing waste, and boosting green spaces and encouraging residents to join the Brent Environmental Network. There is strong alignment between the Strategy and the Capital Programme, which includes £40m investment in climate action projects, £0.075m for community-led climate projects, £2.1m for energy efficiency measures across the retained estate, £36m to development a District Heat Network in South Kilburn, £2.9m to install energy efficient heating in the Council-owned flats.	G

Grant Thornton insight

Climate data

Progress against the Climate & Ecological Emergency Strategy is monitored via the Council's Climate Action Dashboard. A variety of data sources are used to collate the information included in the dashboard, many external to the Council. The availability of relevant and timely data is not always within the Council's control, as such several metrics are dated between 2023 and 2025. The timeliness, relevance and reliability of the data could be improved, and so management may wish to explore alternative, internally produced data, to strengthen monitoring arrangements. The detailed dashboard tracking itself is notable practice. It achieves transparency and its predictive nature, based on forecasting outcome, allows decision Members to take action in good time.

Financial sustainability – commentary on arrangements (6)

We considered how the Council:	Commentary on arrangements	Rating
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Council explicitly identifies risks within the 2026-27 budget, identification of these is supported by scenario planning and sensitivity analysis used in developing estimates within the budget. Those identified, and provided for, include demand pressures in housing services, Adult Social Care and Children's Services, increases in the London Living wage, market risk increasing costs in Adult Social Care, lack of caps applied to supported accommodation providers, costs of recruitment and agency staff, increasing costs of waste and leisure facilities and that Public Health grant uplifts may be insufficient to meet pay and contract inflation. Risks identified are considered to be complete and representative of the Council's operating environment. Identified risks are supported by analysis and data, ensuring that Members are well informed when approving the budget. Contingency reserves are held to mitigate unforeseen events, over and above these risks. A minimum of £4.1m has been allocated to a combination of contingency provision for 2026-27 and the replenishment of earmarked reserves. The level of contingency reserves is based on professional judgement, considering risks such as delivery of savings, demand pressures, funding uncertainty, and exceptional events, and creates an important buffer for the Council within its financial plans. Risks are then monitored through quarterly Financial Forecast Reports, presented to Cabinet.	G

Financial sustainability – Key Recommendation

Significant weakness identified in relation to financial sustainability

Key finding: In the prior year we identified a significant weakness in arrangements, and raised a Key Recommendation, encouraging management to quantify the savings identified through the Embrace Change Transformation Programme and integrate these into the Medium-Term Financial Strategy (MTFS), providing a pipeline of sufficient recurrent savings and income generation schemes supported by robust business cases through collaboration and business transformation. We note significant progress in responding to the recommendation, as highlighted earlier in the report. However, until there is evidence that the savings identified for 2026-27, under the updated arrangements, are delivering as expected, the recommendation remains in progress.

Evidence: Management has moved away from identifying and managing savings, centrally via a top-down approach for 2026-27, and instead requested each service to identify its own savings and efficiencies. This identified £10.4m of recurrent savings, quantified and included in the 2026-27 budget and MTFS as permanent savings. The savings are allocated to individual departments and assigned a responsible owner. Departments will take a lead role in managing their own savings delivery, as well as it continuing to be monitored via existing budget monitoring reports to Cabinet. At the time of writing, success of the delivery of the savings identified is unknown, and further savings are required in the medium-term to address a £20m MTFS budget gap. Therefore, the weakness is not yet fully addressed but significant progress has been made in responding.

Impact: If management is not able to effectively deliver all planned savings, the MTFS position will be negatively impacted, which could further reduce reserve levels and risk the medium-term financial sustainability of the Council.

Key Recommendation 1

KR1: Following changes to how savings are identified, through the Embrace Change Transformation Programme, management needs to both, focus on successful delivery of these savings, and work at pace to consistently apply these changes to identify the savings required to address the £20m medium-term gap in the MTFS. This will provide a continuous pipeline of sufficient recurrent savings and income generation schemes to achieve financial sustainability in the medium-term.

Financial sustainability – improvement recommendations (1)

Area for improvement identified: Protecting unallocated reserves

Key finding: Management forecasts a gap in the MTFS of £20m; £10m in each of 2027-28 and 2028-29 (this has since been updated to £5m and £15m, in respective years). The Council holds sufficient total usable reserves to support the gap as a temporary measure, but unallocated general fund reserves alone are not sufficient to respond and if reserves alone were used to support the gap, earmarked reserves would need to be diverted away from their planned purposes. This is not a sustainable solution, nor one that we are aware of management expecting to explore; however, it is important management identifies alternative solutions through the 2027-28 budget- setting process.

Evidence: The 2026-27 budget expects the Council to hold £45.2m in unallocated reserves – a general fund working balance of £22.5m and a Future Funding Risk Reserve of £22.7m, which is an uncommitted budget stabilisation to respond to future budget risk. This suggests the Council has sufficient uncommitted reserves to support the MTFS gap, as a temporary measure. However, the budget was set prior to confirmation of the 2025-26 outturn position. The year-end position required use of the Future Funding Risk Reserve of £16.7m, reducing the reserve to £6m. This is not sufficient to support the MTFS gap alone. Pending alternative solutions being identified, management would either reduce the general fund working balance below the acceptable threshold set by the Council (5% of net expenditure, or approximately £20m) or require the use of earmarked reserves. The Council expects to hold £40.5m in committed earmarked reserves and service budget reserves at the end of 2026-27.

Impact: Although the Council has sufficient unallocated and earmarked reserves to support the MTFS gap of £20m, this is not a sustainable solution as reserves are a finite resource that need to be protected and replenished to support future financial risk.

Improvement Recommendation 1

IR1: Through the 2027-28 MTFS and budget-setting process management should focus on exploring ways it can boost the Future Funding Risk Reserve, whilst simultaneously protecting earmarked reserves, by identifying alternative measures to fund the MTFS budget gap.

Financial sustainability – improvement recommendations (2)

Area for improvement identified: Strengthening the balance sheet

Key finding: At the end of 2025-26 the Council holds fewer current assets than liabilities, potentially hindering its ability to service these obligations.

Evidence: The Council holds fewer current assets than liabilities, by £53m and may need to consider ways it can strengthen its balance sheet. Management may explore how this can be achieved through its Treasury Management Strategy, as cash, cash equivalents and short-term investments account for 22% of current assets and have reduced by 5% since prior year.

Impact: Should all current liabilities fall due at once the Council could not meet these obligations with its available current, liquid assets.

Improvement Recommendation 2

IR2: Management should explore ways it can strengthen its balance sheet, specifically its current ratio, considering how this could be achieved through its treasury management practices.

Governance – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Council has established risk management arrangements to identify, assess, monitor and report strategic risks that could impact achievement of its objectives. A Strategic Risk Register is maintained and continues to be regularly reported to the Audit and Standards Advisory Committee (ASAC), which has oversight of the Council's most significant risks and mitigating actions. There were 13 strategic risks on the Register which is appropriate for a council of Brent's size, with the two highest possible risks identified around lack of affordable accommodation and non-compliance with statutory housing duties (refer to page 35). The Risk Management Strategy, dated 2023, is being refreshed, which is good practice as we expect key policies to be updated every two to three years. In addition, the Council maintains an effective Internal Audit function, and over 2025-26, it was noted within the Head of Internal Audit's opinion that there was improvement in management implementation of recommendations, which is positive. There were several limited assurance opinions issued over 2025-26, this included areas like AI governance and contract management which are discussed later in further sections of the report, nevertheless an overall 'reasonable assurance' opinion was issued by the Head of Internal Audit for 2025-26.	G
approaches and carries out its annual budget setting process	The budget-setting process remains largely consistent from prior years, it is well-established, well-understood and well-embedded. The process includes adequate time for consultation with budget holders, elected Cabinet Members, the public and other appropriate stakeholders. Budget reports are comprehensive in their detail, to ensure Members' decision-making is well-informed. There is clear focus on service pressures, risks and savings, with each assumption clearly justified. Management proactively strengthened budget setting arrangements by introducing the Budget Scrutiny Task Group, established on 2 September 2025 in time to input into the 2026-27 budget-setting process from the outset. This introduces an additional layer of challenge into the process, brings together a wealth of expertise and demonstrates a tangible response to a challenging financial environment in the sector. The Group, comprises of Members from both scrutiny committees (Resources and Public Realm, and Community and Wellbeing) and the Audit and Standards Advisory Committee, to ensure challenge and risk are at the heart of their review. The Group has supported existing stakeholder engagement, by holding a series of meetings with the Cabinet and Senior Officers between November and December 2025, and financial data, forecasts, benchmarking, narrative explanations, and risk information to help inform its findings and recommendations on the budget, which were considered by Cabinet in its approval of the budget.	G

Governance – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	Budget monitoring arrangements remain consistent with the prior year, where no improvement opportunities were identified. The frequency (quarterly), timeliness (within 2 months of the period being reported on) and content of the reports continues to be appropriate and reflective of the Council's financial risk. The report is risk-focussed, providing the most detail on areas with the most significant variances, and forward looking, focussing on the forecast outturn and mitigating actions at directorate level. This allows Members to understand the tangible changes being made at the Council, achieving transparency and accountability, reviewing outcomes at subsequent meetings. Specific attention is paid to savings, as a separate appendix to the budget monitoring, which reflects and responds to the heightened risk in this area. In the prior year, we raised an improvement recommendation encouraging management to strengthen arrangements around accounts production and facilitation of the audit process in line with statutory deadlines. Although the 2024-25 audit process did face challenges the audit was completed, with an unmodified opinion, by the national backstop deadline of 28 February 2026. The 2025-26 draft accounts were produced by the national deadline of 30 June 2026, and the audit team is satisfied with the quality of these accounts and associated working papers. As such the recommendation is addressed, further details are provided in Appendix C (page 48).	G

Grant Thornton insight

Scrutiny scheduling

The Council's Scrutiny Committee tends to review the budget monitoring information following Cabinet review. It is common practice for scrutiny committees to review such information prior to Cabinet, for them to effectively support Members in decision-making. Management does aim to ensure that the Committee undertakes pre-scrutiny, but this is not always feasible due to Committee scheduling. Instead, in these instances, the role of the Scrutiny Committee is to focus on accountability and assurance, their emphasis is less on whether Cabinet should have approved a decision, and more on whether the Council is effectively managing its position. Management has alternative arrangements, where financial matters are urgent and scheduling does not align with formal public meetings. Specifically, the Chair convenes informal briefing sessions to enable a degree of pre-decision scrutiny in these instances and ensure that the Committee is not constrained by the schedule of formal meetings and can be agile to time sensitive risks as they arise. These arrangements do address the potential risk of the Committee not being able to fully realise its role. However, management may wish to consider if Committee scheduling can be reviewed to ensure that Scrutiny consistently occurs prior to Cabinet, to avoid additional arrangements being required, achieving transparency in scrutiny arrangements.

Governance – commentary on arrangements (3)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	Management can evidence sufficiently detailed, comprehensive and informative papers which support effective challenge, scrutiny and debate at Committee. We have not reviewed any evidence of inappropriate decision-making. Reports are supported by covering reports which clearly articulate recommendations, further detail, consideration of alternative options, relevant stakeholder engagement, as well as financial, legal, climate change and HR implications. In 2025-26, the Council continued to have two Overview and Scrutiny Committees: the Community and Wellbeing Scrutiny Committee and the Resources and Public Realm Scrutiny Committee. The Council's call-in process is operating effectively and utilised where appropriate to facilitate additional scrutiny of executive decisions. Over 2025-26, there was one call-in meeting in relation to decisions concerning the Barham Park Trust. The call-in process is used as a mechanism for further review of significant decisions and reinforces accountability within the decision-making process, use of this to further scrutinise decisions indicates that members actively exercise their scrutiny responsibilities. The Council's audit structure continues to include both an Audit and Standards Committee as well as an Audit and Standards Advisory Committee. Audit business is primarily conducted through the Advisory Committee, which in 2025-26 was chaired by an independent member and includes three additional independent members. This level of independent representation is indicative of robust governance arrangements and exceeds CIPFA best practice guidance, which recommends two independent members. In addition to this, a review of Committee effectiveness was undertaken which supports continuous improvement while also highlighting strengths and learning gaps.	G

Governance – commentary on arrangements (4)

We considered how the Council:	Commentary on arrangements	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	The Council refreshes its Constitution annually, which sets out expected standards of behaviours for Members and officers through policies like the Members' Code of Conduct and the Protocol for Member/Officer Relations. There is an annual process in place for constitutional review, designed to ensure that the Constitution remains current, effective, fit for purpose and aligned with the external environment within which the Council operates. This provides assurance that governance arrangements are regularly evaluated and updated where necessary, we would consider this to be an appropriate control mechanism and good practice. The review undertaken in May 2025 included an update to the gifts and hospitality provision of the Member's Code of Conduct, which supports transparency, maintains public confidence and provides assurance that potential conflicts of interest are appropriately managed. Registers of interests are published on the Council's website, in line with good practice. Quarterly standards reports were considered by Audit and Standards Advisory Committee in 2025-26, supporting the maintenance of high standards of Member conduct and facilitating effective oversight of complaints and declarations of gifts and hospitality. In 2025-26, there were eight Member Code of Conduct complaints received by the Monitoring Officer, all were subject to the Council's assessment process and the majority of which are resolved. This is a relatively low number of complaints, suggesting that the expected standards of behaviour are generally upheld across the organisation. The 2025-26 Local Government and Social Care Ombudsman (LGSCO) statistics identify that the Council's rate of upheld complaints, together with the number of upheld decisions per 100,000 residents, is slightly higher than the average for comparable authorities. Nevertheless, the Council is not identified as an outlier for poor performance, and demonstrates strong responsiveness to Ombudsman findings, in maintaining a 100% compliance rate with recommendations and achieving a satisfactory remedy rate that exceeds the sector average. As a result, no recommendation has been raised as there is assurance that the Council is committed to learning from complaints and implementing appropriate solutions where failings are identified.	G

Governance – commentary on arrangements (5)

Grant Thornton insight

Governance – next steps

Overall, the Council's governance arrangements are strong, have been consistent and stable for several years and well engrained into business-as-usual process. This is reflected by the 'green' rating across all governance areas reviewed. With the introduction of new Members in 2026-27, following May 2026 elections, and a change in political balance, governance arrangements are being reviewed and updated.

Priorities the Council may need consider for the year ahead:

- Ensure assurance arrangements (performance, finance, risk) are in place to support the new corporate plan
- Continue taking stock of Member-officer relations following induction, and checking group dynamics under no overall control (NOC)
- Continue to engage and involve officers across the Council in advance of and as part of budget development in the context of this ebing the first time in over a decade that the Council is in NOC for budget setting.
- Stress-test constitutional provisions for budget amendments, given the more complex path to agreement under NOC
- Revisit Standing Orders in light of NOC, as it is ten years on from the last full constitutional review
- Begin scenario-planning governance mechanics for SEND and adult social care reform ahead of national change
- Active use of the Annual Governance Statement as an improvement tool, see suggested article for information and best practice - Making the Annual Governance Statement matter | Grant Thornton

Improving economy, efficiency and effectiveness – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
Uses financial and performance information to assess performance to identify areas for improvement	Cabinet considers quarterly performance scorecards, which track progress against the five priority areas identified within the Borough Plan 2023-2027. Benchmarking is used to support performance reporting and continuous improvement. The Q4 Performance Report identified 46.7% of indicators to be green-rated, 23.3% to be red-rated and the remainder to be amber/contextual. A significant portion of red-rated indicators related to continued pressures in housing demand and temporary accommodation, both of which are also influenced by broader national challenges. Management is aware of the areas requiring continued focus in 2026-27 to drive improvement and looks to further deliver new council homes and to bring empty properties back into use; this will be followed up as part of our work in 2026-27. Artificial intelligence (AI) has been a primary area of focus for the Council, notably the Council established its own in-house automation capability through the Intelligent Automation Centre of Excellence (CoE), responsible for identifying, designing, and delivering automation solutions across the organisation. This is noteworthy, as it is relatively uncommon for local authorities within the sector to possess this level of specialist expertise and dedicated resource internally. The CoE enables the Council to drive innovation, improve efficiency, and support service transformation by leveraging AI and automation technologies. An internal audit review of AI governance commissioned by management resulted in a limited assurance opinion in August 2025. Since then, there is clear evidence that management is addressing findings and taking proactive steps to strengthen governance arrangements to drive improvement - this includes a follow-up internal audit review scheduled for 2026-27, a detailed deep-dive review presented to Audit and Standards Advisory Committee in February 2026, and implementation of refreshed risk management and reporting arrangements. These developments demonstrate Council awareness of existing gaps and development areas, with improvement activity being progressed in response. Given the work already underway and management's commitment to addressing Internal Audit findings, we do not raise a separate recommendation within this report.	G

Improving economy, efficiency and effectiveness – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
evaluates the services it provides to assess performance and identify areas for improvement	The Council received positive feedback from Ofsted following the focused review of Children's Services in November 2025, which provided assurance regarding the effectiveness of service delivery and the Council's commitment to supporting vulnerable children and families but did not provide a formal graded judgement. The Council's last LGA Corporate Peer Challenge Report was received in April 2025, and a Progress Review Report was issued in January 2026 which commended the Council for the positive progress made in responding to identified recommendations. Following the Council's self-referral, the Regulator of Social Housing (RSH) gave a 'requires improvement' C3 rating for failing to meet the Safety and Quality Standard in relation to accuracy and completion of fire safety data and housing repairs, resulting in a key recommendation in our 2024/25 Auditor's Annual Report. Over 2025/26, the Council has developed and implemented a Housing and Tenant Satisfaction Improvement Programme (HTSIP) to drive forward improvement activity in housing quality, regulatory compliance, resident safety and satisfaction across the Council's housing portfolio. The Programme has three major projects, one of which is a remediation project primarily focused on addressing regulatory breaches and rebuilding compliance. The Council has taken proactive action following the C3 Judgement to appoint independent advisors to audit the Council's big eight areas of compliance, and to undertake a root cause analysis, with findings and recommendations incorporated into the HTSIP. These are positive developments and it is clear that the Council is on an improvement journey, however poor compliance in fire, water and asbestos safety was still being reported as at June 2026. As a result, the Council has not yet reached a position which would support an upgrade from its current C3 rating. Our key recommendation has been updated (**Key recommendation 2**).	R

Improving economy, efficiency and effectiveness – commentary on arrangements (3)

We considered how the Council:	Commentary on arrangements	Rating
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Council has continued to demonstrate a strong commitment to partnership working and collaboration, while also enhancing stakeholder engagement through its 'Have Your Say' consultation portal. The portal is a central feature on the Council's public-facing website, and provides a mechanism for engagement with residents, businesses, community groups and other stakeholders on matters like 2026/27 budget proposals and the Brent Connects agenda. There has also been work underway to strengthen partnership arrangements with the voluntary and community sector building upon a recommendation raised within the LGA Corporate Peer Challenge, demonstrating the Council's approach towards enhancing collaboration with partners in the public sector and voluntary community sector with a new Voluntary Community Sector Steering Group established. By strengthening these arrangements, the Council is enhancing its ability to work collaboratively with partners to address local challenges, improve outcomes for residents and to build a more coordinated local support network.	G
commissions or procures services, assessing whether it is realising the expected benefits	Over 2025-26, management maintained a strong focus on driving forward the Procurement Improvement Programme (PIP) and progressing the associated five workstreams. A Commissioning, Procurement and Contract Management Assurance Board (CPCMAB) was established for oversight, scrutiny, challenge and assurance over the PIP and other commissioning, procurement and contract management activity. Significant progress was made across the workstreams, including the successful recruitment of additional procurement resource to enhance capacity and resilience, a comprehensive review and refresh of procurement guidance, tools, templates, policies and supporting documentation, as well as the continued embedding of procurement and contract management expertise within service areas to promote greater organisational awareness and accountability. The PIP was closed in April 2026 as sufficient improvement had been demonstrated, nevertheless, management recognises that there are further opportunities to drive continuous improvement and to strengthen arrangements. Significant progress was also made in strengthening contract management arrangements across the organisation. As part of this work, management introduced a contract tiering approach to categorise contracts into four levels (platinum, gold, silver and bronze) based on their value, risk and strategic importance. (continued overleaf)	G

Improving economy, efficiency and effectiveness – commentary on arrangements (4)

We considered how the Council:	Commentary on arrangements	Rating
(continued from page 33)	This aligns with good practice and supports a proportionate, risk-based approach to contract oversight and management across the Council. A Contract Management Framework was developed and implemented in April 2026, supported by targeted training for contract managers across the organisation. Management is in the process of implementing a new centralised contracts register designed to improve the accuracy, visibility and management of contract information. The new register is scheduled to go live from August 2026 and planned to be integrated with the Council's tendering platform from 2027-28 onwards to provide a single consolidated system for managing the full contract lifecycle. Although Internal Audit issued a limited assurance review for contract management in draft in June 2026, this work was primarily undertaken prior to the implementation of the new Framework and other improvement activity. Discussion with officers and our review of findings indicates that recommendations are largely focused on ensuring that recent improvements are effectively embedded, consistently applied and sustained over time, rather than identifying new or systemic weaknesses within arrangements. The Council is currently transitioning from the implementation of improvement activity towards practical application and embedding within day-to-day activities. Our work did not identify a separate recommendation given the improvement activity over 2025-26. Despite formal conclusion of the PIP in April 2026, management remained committed to further strengthening arrangements and continues to build on progress achieved to date with ongoing initiatives to strengthen governance arrangements. Ongoing recruitment activity is also in place to enhance contract management capacity and to provide additional oversight over the Council's contract portfolio.	G

Improving economy, efficiency and effectiveness – Key Recommendation

Significant weakness identified in relation to the quality of the Council's housing stock

Key finding: A significant weakness and Key Recommendation was reported in our 2024-25 Auditor's Annual Report given the Council's C3 regulatory judgement (serious failings in meeting quality and safety consumer standards) issued in May 2025 from the Regulator of Social Housing following a self-referral. The Council has since been on an improvement journey through the development and implementation of its Housing and Tenant Satisfaction Improvement Programme (HTSIP) however continued and sustained improvement is still required to rebuild compliance, particularly in areas like fire, water and asbestos safety.

Evidence: The HTSIP is a comprehensive improvement plan with three projects: Building Safety Compliance, Housing Improvement, Estate Community Safety and Public Realm Improvement Project. The Building Safety Compliance Project is focused on addressing regulatory breaches, and each of the three projects has an individual Project Board reporting into the overarching HTSIP Board which is chaired by the Chief Executive. Boards meet monthly, with further updates reported to Cabinet for oversight over improvement activity.

Despite this, as at August 2026, the Council was still reporting compliance statistics where improvements are required for the following areas: overall compliance of 69% for fire safety risk assessments, 71% compliance for legionella risk assessments and water safety, as well as 5% compliance for asbestos reinspection and asbestos safety. Although we are noting gradual improvement in 2026-27 to date. Over 1,700 (19%) of assets still have no stock condition survey on record, despite management accelerating stock condition survey activity significantly in 2025-26. The Council is targeting C1 readiness by 2029 and appears to be on track for this with several years of improvement activity ahead, however continued focus on the delivery of the HTSIP and embedding of continuous improvement will be required.

Impact: Failure to deliver required improvements in response to the C3 judgement could lead to increased regulatory intervention and heightened scrutiny.

Key recommendation 2

KR2: Management must continue to drive forward improvement activity through delivery of the Housing and Tenant Satisfaction Improvement Programme against the C3 regulatory judgement, with a sustained focus on strengthening compliance for fire, water and asbestos safety. Progress against improvement must continue to be reported regularly to Cabinet to ensure sufficient oversight and assurance that necessary service improvements are delivered in readiness for the next inspection.

Pension Fund (1)

The Council is the administering authority for the Brent Pension Fund. As part of our value for money work we are required to consider the Council's arrangements in respect of the Pension Fund.

We considered the Pension Fund's:	Commentary on arrangements	Rating
Financial sustainability: Sufficiency of funds to meet liabilities	The Pension Fund is revalued every three years by an independent actuary, to assess future liabilities and set employers' contribution rates. The most recent formal valuation, as at 31 March 2025, assessed the whole Pension Fund as being 113% funded. This is a strong position whereby the Fund is estimated to be able to meet its pension liabilities with its available assets. This is a significant and positive improvement from 87% funded at last valuation (March 2022). Benchmarking the Fund's investment management costs against other Local Government Pension Schemes (LGPS), based on 2024-25 data, the Fund was highlighted as having comparatively low costs compared to net investment assets at 0.179%. The Pension Fund has a deep understanding of the causal factors of the low costs, attributed to its investment strategy, ongoing fee arrangements, and as a significant proportion of Fund's assets are invested through pooled vehicles, the Fund benefits from economies of scale and competitive fee structures. In addition, the Fund has a relatively high allocation to passive investment strategies, which attract lower management fees than actively managed mandates. The Fund has appropriate governance and monitoring arrangements in place to ensure that any future increases are identified, challenged and considered in the context of the value delivered to the Fund.	G
Governance: Appropriateness of governance arrangements	The Fund's governance arrangements consist of a Pensions Committee and Pensions Board. The Pensions Committee has delegated responsibility to manage the Fund and is the decision-making body supporting the Pensions Board in its role to ensure compliance with LGPS regulations and legislation, and to ensure the effective and efficient governance and administration of the Fund. The two met sufficiently regularly, quarterly, in 2025-26. Standing agenda items and ad hoc reports cover a range of issues in relation to risk, performance and compliance. Local Pensions Partnership Administration (LPPA) is responsible for administration of the Fund against agreed Service Level Agreements (SLAs), reporting quarterly to the Pensions Board on performance. The average percentage of cases processed on time during the final quarter of the year was 98.9%, performance stabilised over the year, and no case types fell below the SLA target of 95%. Risks are appropriately mitigated or managed, and this is clearly articulated through the Pension Fund Risk Register, reviewed quarterly by the Pension Board. (*Continued overleaf*)	G

Pension Fund (2)

We considered the Pension Fund's:	Commentary on arrangements	Rating
Governance (continued from page 36)	The Pension Schemes Act 2026 received Royal Ascent in April 2026 and the Pooling, Management and Investment of Funds Regulations and Governance amendment Regulations were published in May 2026, coming into force on 30 June 2026. Under the legislation all investment assets in the Pension Fund will need to be held and managed by a pool company by 30 September 2026, unless it is not practicable to do so. 93% of assets were pooled as at 31 March 2026. The Pension Fund has worked with the London Collective Investment Vehicle (LCIV), signing an Investment Management Agreement, under which the Pension Fund's assets will pass to LCIV for their management, achieving the pooling requirements by the deadline.	G
Improving Economy, Efficiency and Effectiveness: annual report findings	We considered arrangements for implementing some key work streams and the impact on the Fund Administration teams. For 2025-26 these include: • **Implementing the McCloud remedy** - Implementation requires lots of complex calculations so could potentially impact heavily on administration teams. At July 2026 the LPPA is focused on ensuring that members who are eligible for the remedy receive an annual benefit statement with an underpin by 31 August 2026. The LPPA is completing a review of its retrospective cases that will enable remedy payments to be made. Therefore, the Fund is progressing implementation as expected and remains on target. • **Preparing for the Pensions Dashboard** - The Department for Work and Pensions designed an online platform (Pension Dashboard) and public sector schemes are required to be connected by October 2025 per the guidance provided, with a statutory deadline of 31 October 2026. The LPPA held a roundtable dashboard discussion with its clients on 7 July 2026. It is continuing to assess the Pension Fund's business readiness for the Dashboard Available Point (member go live). Members from the LPPA Member Panel were invited to support the Money and Pensions Service testing of their Dashboard. Positive progress towards the deadline is observed. • **Preparing and maintaining a Funding Strategy Statement** - In January 2025 the Pensions Scheme Advisory Board, CIPFA and MHCLG produced "Guidance for Preparing and maintaining a Funding Strategy Statement (FSS)". The Pension Committee approved the updated FSS in February 2026, following consultation with employers and review by the Pensions Board for compliance with the guidance. The FSS was agreed to be compliant via this process.	

05 Summary of value for money recommendations raised in 2025-26

Key Recommendations raised in 2025-26

	Recommendation	Relates to	Management actions
KR1	Following changes to how savings are identified, through the Embrace Change Transformation Programme, management needs to both, focus on successful delivery of these savings, and work at pace to consistently apply these changes to identify the savings required to address the £20m medium-term gap in the MTFS. This will provide a continuous pipeline of sufficient recurrent savings and income generation schemes to achieve financial sustainability in the medium-term.	Financial sustainability (page 24)	**Actions:** The Embrace Change Portfolio is strengthening the Council's ability to deliver transformation in a more strategic, coordinated, and financially sustainable way, with clearer alignment to corporate priorities. All major change programmes are required to define clear outcomes, financial and non-financial benefits, and delivery milestones, with progress monitored through strengthened portfolio governance and reporting. The Corporate Programme Management Office (CPMO) works alongside programme teams, Finance and Corporate Management Team (CMT) to provide challenge and assurance on delivery confidence, monitor risks and issues, and validate the realisation of expected benefits. This ensures that planned savings are achievable, sustainable and fully evidenced before they are incorporated into the MTFS. The Quarter 1 Financial Forecast report to Cabinet in July 2026 contained an update from each directorate on the progress towards delivery of the agreed savings. Following feedback from the Council's Budget Scrutiny Task Group, the Quarter 2 Financial Forecast in October 2026 will include a detailed savings tracker by theme and service to enable enhanced scrutiny of the savings delivery. Where savings are considered to be at risk of non-delivery, services are expected to develop mitigating actions where possible. The tracking will also cover the reasons for under and over delivery against themes, to ensure that the savings delivered continue to align with corporate priorities. For 2027/28-2028/29, the Council has a £20m budget gap, profiled £5m in 2027/28 and £15m in 2028/29 as at July 2026, with a further £30m gap in the medium-term to 2032. The Council has acknowledged the scale of this challenge and that transformational change is required. Building on the approach taken in 2026/27, the Council is adopting a new approach called Integrated Business Planning from the 2027/28 budget setting cycle onwards. This approach will combine budget, risk and performance in one place, ensuring that the MTFS and the new Council Plan are more closely aligned. **Responsible officer:** Ravinder Jassar, Deputy Director - Corporate & Financial Planning **Due date:** As part of the 2027-28 Budget Setting Process (February 2027)

Key Recommendations raised in 2025-26

	Recommendation	Relates to	Management actions
KR2	Management must continue to drive forward improvement activity through delivery of the Housing and Tenant Satisfaction Improvement Programme against the C3 regulatory judgement, with a sustained focus on strengthening compliance for fire, water and asbestos safety. Progress against improvement must continue to be reported regularly to Cabinet to ensure sufficient oversight and assurance that necessary service improvements are delivered in readiness for the next inspection.	Improving economy, efficiency and effectiveness (page 35)	**Actions:** Management accepts this recommendation and acknowledges that sustained improvement is required to address the findings of the Regulator of Social Housing's C3 regulatory judgement. The Council has established a comprehensive Housing and Tenant Satisfaction Improvement Programme (HTSIP), overseen by the Chief Executive and supported by dedicated programme boards and monthly reporting arrangements, to drive and monitor improvement activity across housing compliance, housing management and estate services. The programme is designed not only to address the specific areas of non-compliance identified by the Regulator but also to embed stronger governance, assurance, asset management and reporting arrangements to support long-term compliance and continuous improvement. Significant progress has been made during 2025/26 and continues into 2026/27 to strengthen the Council's understanding of its compliance position through the completion of a comprehensive compliance audit and the implementation of the action plan. Progress against the HTSIP will continue to be reported regularly to Cabinet. This will ensure Members maintain oversight of delivery, risks and recovery actions, and provide assurance that the Council is making sustained progress towards regulatory compliance and future inspection. **Responsible Officer:** Spencer Randolph, Director – Housing Services **Due Date:** 31st March 2027

Improvement recommendations raised in 2025-26

	Recommendation	Relates to	Management actions
IR1	Through the 2027-28 MTFS and budget-setting process management should focus on exploring ways it can boost the Future Funding Risk Reserve, whilst simultaneously protecting earmarked reserves, by identifying alternative measures to fund the MTFS budget gap.	Financial sustainability (page 25)	**Actions:** Management acknowledges the risk to the General Fund reserve balances and this risk has been explicitly communicated to members in the Quarter 1 Financial Forecast 2026/27 and the Medium Term Financial Outlook reports to Cabinet in July 2026 Prior to the reporting of a £9.5m overspend at Q1, as part of the budget setting for 2026/27, the MTFS was updated to include provision for increases to both the general fund working balance (to maintain the 5% level) and the Future Funding Risk reserve in each year up to 2030/31. In acknowledgement of the importance of this, these growth items have been retained in the MTFS, even as pressures have increased again in the first few months of 2026/27. Protecting earmarked reserves is recognised as important, to ensure that the priorities for which the funding is required can be delivered. The Council only considers repurposing earmarked reserves where it is both legitimate within the conditions of the funding and where it is considered on the balance of risks to be the most appropriate use of the available resources. **Responsible officer:** Ravinder Jassar, Deputy Director - Corporate & Financial Planning **Due date:** As part of the 2027-28 Budget Setting Process (February 2027)

Improvement recommendations raised in 2025-26

	Recommendation	Relates to	Management actions
R2	Management should explore ways it can strengthen its balance sheet, specifically its current ratio, considering how this could be achieved through its treasury management practices.	Financial sustainability (page 26)	**Actions:** The Council will consider options to strengthen its balance sheet as part of the 2027/28 Treasury Management Strategy. In line with advice from our Treasury Management advisers, we adopt a "little and often" approach to borrowing to minimise unnecessary interest costs. This approach is supported by detailed and proactive cash flow monitoring. During 2025/26, cash balances did not fall below the £20 million minimum level set out in the Treasury Management Strategy. As a result of this approach, cash balances may fluctuate from year to year, and such movements do not necessarily indicate a deterioration in the Council's balance sheet position. A lower cash balance at 31 March 2026 compared with 31 March 2025 was anticipated, as funding expected in April 2026 was higher due to the positive outcome of the Fair Funding Review and the receipt of additional capital grants. The Council continues to have ready access to borrowing through the Public Works Loan Board (PWLB) and the inter-authority lending market. Consequently, we do not consider there to be a significant risk to the Council's ability to meet its liabilities as they fall due. The increase in current liabilities is primarily attributable to the maturity of historic debt and the Council's increased use of EIP loans, which currently offer better value in a higher interest rate environment. In addition, accruals typically increase in March as service areas process receipts before the financial year-end and Finance posts year-end adjustment journals. Finance is working with service areas to encourage more timely receipting, while the Oracle team is developing new dashboards to enhance the monitoring and reporting of actual expenditure. **Responsible officer:** Amanda Healy, Deputy Director – Investment and Infrastructure **Due date:** As part of the 2027-28 Treasury Management Strategy (February 2027)

06 Follow up of previous Key Recommendations

Follow up of 2024-25 Key Recommendations (1)

	Prior Key Recommendation	Raised	Progress	Current status	Further action
KR1	The Council must urgently take additional difficult decisions to ensure that a realistic budget can be set for next year and in the medium-term, so this can be delivered without the need to further draw on reserves nor Exceptional Financial Support (EFS) from central government.	2024-25	The 2026-27 budget is balanced, without the requirement of EFS. The Council benefitted from an increase in core spending power over the next three years, resulting from the impact of the Fair Funding Review on the Local Government Settlement. This was applied to known and ongoing pressures in Adult Social Care, Children's Social Care, Temporary Accommodation and the Dedicated Schools Grant deficit. Simultaneously, management identified £10.4m of savings in the 2026-27 budget and seeks to strengthen unallocated reserves. There is planned usage of usable reserves in 2026-27 of £19.2m, however this is for the purpose the reserves were set aside for. The Council determined that a minimum of 5% of net expenditure (service budgets) should be held as generally usable reserves; equivalent to £20.0m for 2025-26 and £22.6m for 2026-27. An increase is built into the budget to maintain balances at this level. There are unaddressed gaps in the latter two years of the MTFS, which will be worked through in the 2027-28 budget setting process.	Implemented	No further action required

Follow up of 2024-25 Key recommendations (2)

	Prior Key Recommendation	Raised	Progress	Current status	Further action
KR2	It is critical that savings through the Embrace Change Transformation Programme are quantified and integrated into the Medium-Term Financial Strategy (MTFS) providing a pipeline of sufficient recurrent savings and income generation schemes supported by robust business cases through collaboration and business transformation.	2024-25	Action is ongoing as part of the 2027-28 budget-setting process. As part of the 2026-27 budget-setting process, management updated the approach to identifying savings. This service-led approach fully identified £10.4m of permanent budget savings required for 2026-27, more evenly spread across services. There remains a £20m cumulative budget gap in the latter two years of the MTFS which will require further savings identification as part of the 2027-28 budget-setting process. We acknowledge the proactive change to the savings process, but there is continued need to deliver further savings in later years. This, coupled with the need for us to observe delivery of the 2026-27 savings under the new approach, keeps the recommendation open. We require evidence in 2026-27 to demonstrate that the change in approach leads to a change in outcomes, savings are delivered, and medium-term savings are identified.	**Partially implemented** – in progress	Updated key recommendation - See **Key recommendation 1** page 24
KR3	The Council should ensure that governance and oversight arrangements for the Housing Improvement Plan provide assurance for officers and Members over timely delivery of actions and that improvements are sustained and embedded across housing services.	2024-25	In response to the C3 rating, management established a Housing and Tenant Satisfaction Improvement Programme (HTSIP) with three major workstreams. To support governance and oversight of the HTSIP, the Council established an HTSIP Board, chaired by the Chief Executive and a resident-led Housing Management Advisory Board (inaugural meetings held in September 2025). Each of the three major projects of the HTSIP has its own project Board which feeds into the overall HTSIP Board. Despite this, management continued to report poor compliance in several of the big eight areas, including fire, water and asbestos safety. The Council also lacks stock condition survey data for almost one-fifth of its asset portfolio, constraining its ability to effectively assess and manage property-related risks.	**Partially implemented** – in progress	Updated key recommendation - See **Key recommendation 2** page 35

07 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Corporate Director of Finance and Resources is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Corporate Director of Finance and Resources is required to comply with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the financial statements, the Corporate Director of Finance and Resources is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Appendix B: Value for money auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council's value for money arrangements.

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

A range of different recommendations can be raised by the Council's auditors as follows:

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council's arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Executive or full Council
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2024-25 improvement recommendations (1)

	Prior recommendation	Raised	Progress	Current position	Further action
IR1	Using the property strategy, the Council could identify assets for disposal to support the capital programme, reduce long-term borrowing, and lower revenue costs. The impact of capital receipts should be reflected in the MTFS once confirmed.	2024-25	£61m of capital receipts are included within the Capital Programme to 2030-31, although borrowing remains the predominant source of funding for the life of the programme this is planned to reduce year on year. We have seen evidence of the Council actively disposing of assets and gaining approval for these via Cabinet; management is actively pursuing this strategy. The Property Strategy 2025-2028 remains in place, which governs the disposal of assets. The Corporate Assets Board, established in 2025-26, is responsible for overseeing the management of Council-owned assets, including disposals.	Implemented	No further action required
IR2	The Council should develop and integrate a comprehensive DSG deficit recovery strategy, reflected in the MTFS and aligned with the statutory override timeline, while also strengthening HRA financial planning to address compliance risks and future cost pressures. This should include scenario modelling, reserve strategy adjustments, and engagement with DfE and the Regulator of Social Housing to mitigate long-term sustainability risks.	202425	The government committed to covering up to 90% of local authority accumulated deficits up to March 2028 subject to the approval of the local SEND Reform Plan, after which councils will need to fund the remaining 10%. The plan was been submitted within the required deadlines. The cumulative DSG deficit at the end of March 2026 was £20.2m and the MTFS was updated to include the financial impact of the 10% that will not be covered by the High Needs Stability Grant. Management set up a reserve to fund the remaining 10% which is sufficient to cover this in full. In relation to the HRA, a sensitivity analysis was undertaken to explore the impact on HRA reserve balances from a range of assumptions. The year-end HRA outturn position increased reserves slightly, by £0.1m, to £4.6m and a breakeven plan for 2026-27 maintains this position. This is above the £3.7m (or 5%) minimum threshold the Council set that it estimates maintains a sustainable position. Baseline assumptions in the 30-year plan provide consistently small surpluses over 30 years, with a projected reserve balance of £154.7m in year 30, which could potentially be used to reduce debt.	Implemented	No further action required

Appendix C: Follow up of 2024-25 improvement recommendations (2)

	Prior recommendation	Raised	Progress	Current position	Further action
IR3	The Council should put in place robust arrangements for the production of the financial statements going forward, ensuring that there is sufficient capacity and capability within the finance team to meet statutory reporting requirements, comply with the international financial reporting standards, and support the full audit of the financial statements.	2024-25	Management met the statutory deadline of 30 June 2026 for the production of the draft accounts. Officers understand the underlying cause of the issues experienced with accounts preparation and effectively facilitating the audit in 2024-25. This can be pinpointed to the quality of data on the Council's assets and capacity/experience challenges within the Finance Team. In 2025-26 the Finance Team recruited a permanent Head of Finance for capital, a largely permanent capital team reporting to them, and a permanent Deputy Chief Accountant. In recent years these roles were mostly filled by interim staff, exacerbating the challenges. In addition, management created a project team to review the current data held on the Council's assets and develop a single version of the truth. The Finance Team worked with the external auditors to undertake more advanced testing, to reduce pressure at year-end. The Finance and audit teams developed a delivery plan, with key milestones, targeting a mid-September deadline for completion of the audit fieldwork. The audit team is satisfied with the effectiveness of audit process and the quality and timeliness of accounts and working papers.	Implemented	No further action required

	A	E	F	G	H	I	J
1	**ASAC FORWARD PLAN & WORK PROGRAMME 2026-27**						
2	Topic / Date	16-Jun-26	27-Jul-26	23-Sep-26	30-Nov-26	02-Feb-27	24-Mar-27
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		
7	Internal Audit Strategy & Plan						X
8	**External Audit**						
9	External Audit progress report	X	X	X			X
10	Audit Findings Report Council & Pension Fund Statement of Accounts 2025-26			X			
11	Draft External Audit Plan 2026-27 (incl Pension Fund)	X					
12	Annual Auditor's Report				X		
13	**Financial Reporting**						
14	Treasury Management Mid-term Report				X		
15	Treasury Management Strategy				X		
16	Treasury Management Outturn Report		X				
17	Financial Resilience Assessment Report				X		
18	**Governance**						
19	To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd			X			X
20	Procurement Strategy Review Progress Update						
21	Referral to Social Housing Regulator			X			
22	Review of the use of RIPA Powers						X
23	Receive and agree the Annual Governance Statement	X*					
24	**Risk Management**						
25	Strategic Risk Register Update			X			
26	Emergency Preparedness		X				
27	Deep Risk Dive - subject areas to be confirmed						
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	Member 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 - training sessions to be identified**						
39	Member induction & role of Committee	X					
40							
41							
42							
43							
44	* Requires approval by Audit & Standards Committee						

This page is intentionally left blank