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Audit and Standards Advisory Committee

Monday 30 November 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 & 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

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Notes for Members - Declarations of Interest:

If a Member is aware they have a Disclosable Pecuniary Interest* in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent and must leave the room without participating in discussion of the item.

If a Member is aware they have a Personal Interest** in an item of business, they must declare its existence and nature at the start of the meeting or when it becomes apparent.

If the Personal Interest is also significant enough to affect your judgement of a public interest and either it affects a financial position or relates to a regulatory matter then after disclosing the interest to the meeting the Member must leave the room without participating in discussion of the item, except that they may first make representations, answer questions or give evidence relating to the matter, provided that the public are allowed to attend the meeting for those purposes.

***Disclosable Pecuniary Interests:**

(a) **Employment, etc. -** Any employment, office, trade, profession or vocation carried on for profit gain.

(b) **Sponsorship -** Any payment or other financial benefit in respect of expenses in carrying out duties as a member, or of election; including from a trade union.

(c) **Contracts -** Any current contract for goods, services or works, between the Councillors or their partner (or a body in which one has a beneficial interest) and the council.

(d) **Land -** Any beneficial interest in land which is within the council's area.

(e) **Licences-** Any licence to occupy land in the council's area for a month or longer.

(f) **Corporate tenancies -** Any tenancy between the council and a body in which the Councillor or their partner have a beneficial interest.

(g) **Securities -** Any beneficial interest in securities of a body which has a place of business or land in the council's area, if the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body or of any one class of its issued share capital.

****Personal Interests:**

The business relates to or affects:

(a) Anybody of which you are a member or in a position of general control or management, and:

- To which you are appointed by the council;
- which exercises functions of a public nature;
- which is directed is to charitable purposes;
- whose principal purposes include the influence of public opinion or policy (including a political party 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**	1 - 20
	To approve the minutes of the previous meeting held on Wednesday 23 September 2026 as a correct record.	
5	**Matters arising (if any)**	
	To consider any matters arising from the minutes of the previous meeting.	
	External Audit Items	
6	**Accounts Update and Audit Findings Report**	To Follow
	To receive, for information and reference, the final Audit Findings Report for 2025-26 and receive an update on the progress in finalising the External Audit Findings Reports and Council's Statement of Accounts for 2025-26.	
	Finance Items	
7	**Treasury Management Mid-term Report**	21 - 52
	This report sets out the ongoing Council's Treasury Management Activities for 2025-26 updating members on both borrowing and investment decisions in the context of prevailing economic conditions and	

the Council's Treasury Management performance.

8 Treasury Management Strategy 53 - 80

This report presents the draft Treasury Management Strategy for 2027/28.

Standards Items

9 Standards Report (Qtr. 2 update on gifts & hospitality) 81 - 92

The purpose of this report is to update the Audit and Standards Advisory Committee on gifts and hospitality registered by Members; member training provides details on the recent outcome from the Investigatory Powers Commissioner's Office (IPCO) regarding Regulation of Investigatory Powers Act 2000 (RIPA) Inspection.

Internal Audit Items

10 Internal Audit Plan Progress Update 93 - 112

This report summarises the activity of Internal Audit Plan for the financial year 2025-26, including an update on work completed since the previous updated provided in June 2026.

11 Evaluating the Effectiveness of the Audit and Standards Advisory Committee 2026-27 113 - 136

This report sets out the proposed approach for evaluating the effectiveness of the Audit and Standards Advisory Committee, taking account of updated guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2026.

12 Audit & Standards Advisory Committee Forward Plan & Work Programme 2026-27 137 - 138

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

13 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: Tuesday 2 February 2027



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Brent

MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE HELD IN THE CONFERENCE HALL, BRENT CIVIC CENTRE ON WEDNESDAY 23 SEPTEMBER 2026 AT 6.00 PM

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

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

Also Present: Andrew Hudson (Independent Chair, i4B Holdings Ltd and First Wave Housing Ltd), Councillor Grahl (Deputy Leader, Cabinet Member for Finance and Resources), Sophia Brown (Key Audit Partner, Grant Thornton), Jack Lee (Audit Team, Grant Thornton) and Jasmine R. Kemp (Audit Manager, Grant Thornton).

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

Apologies for absence were received from Matt Dean (Key Audit Partner – Pension Fund, Grant Thornton) with Jasmine R. Kemp (Audit Manager, Grant Thornton) attending in his place.

2. **Declarations of Interest**

David Ewart (Independent Chair) declared a personal interest as a member of CIPFA and also in relation to Agenda Item 9 (London Borough of Brent Pension Fund Audit Findings Report 2025–26) as Chair of the Pension Board.

Members were also advised of the following personal interests notified in advance of the meeting by Councillor Donnelly-Jackson:

- Agenda Item 6 (i4B and First Wave Housing Review) – as the Council's existing member representative on both Boards; and

- Agenda Item 7 (Update on the Response to Housing regulator findings and Brent graded at C3 (Safety and Quality Standard) – as the previous Cabinet Member for Housing.

The Chair advised that in view of the interests declared, Councillor Donnelly-Jackson would be joining the meeting once both items had been considered so passed on her apologies for absence for the items listed above.

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**

It was **RESOLVED** that the minutes of the previous meeting of the Committee held on Monday 27 July 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 (24 March 26) relating to the performance and management of i4B Holdings and release of shareholder and guarantor governance reports. Due to the commercial sensitivity of information contained within the reports their full circulation had not been considered appropriate at this stage. Minesh Patel (Corporate Director Finance & Resources) supported by Marsha Henry (Director of Law & Monitoring Officer provided further clarification advising the details had related to sensitive ongoing contractual negotiations on which disclosure would potentially be detrimental to the Council at this stage in proceedings. A summary of the discussions and issues considered at the Shareholder and Guarantor meetings remained available for the Committee as outlined within the report included on the agenda.

Confirmation was provided that should the Committee need to consider any information or matters classified as exempt or confidential in nature this would be possible by moving into closed session at any meeting, although due to the nature of proceedings and focus of the Committee the Chair advised this was usually avoided unless felt to be absolutely necessary.

Members noted the update provided in relation to the Action Log of issues identified at previous meetings, which it was noted would remain subject to ongoing review by the Chair and Vice-Chair in order to ensure any similar issues as outlined above were addressed at an earlier stage in future.

No further issues were raised on the Action-Log and members noted the update provided.

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

None.

6. **To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd**

In presenting the report, Minesh Patel informed the Committee that the most recent shareholder and guarantor meetings had included a review of capacity within the Board of Directors, including the non-executive directors, to engage in a forward-looking discussion regarding the strategic direction of both i4B and FWH involving a constructive dialogue concerning future priorities. The Board had acknowledged challenges around the economic climate and capacity of the Board and its impact on property acquisition. Nevertheless, there remained a commitment to explore alternative methods of securing affordable housing within the Borough, in support of the Council's broader objectives.

The Chair introduced the item, reminding members (particularly those attending for the first time) that the Committee's role in considering the report was to focus on the governance and oversight arrangements the Council had in place as Shareholder of i4B Holdings Ltd (i4B) and Guarantor of First Wave Housing Ltd (FWH) rather than in scrutinising detailed performance and operation of both Boards. The Committee's task was therefore to consider whether it was satisfied that the level of scrutiny and control being exercised by the Council was appropriate and whether that assurance could be given to the Council, rather than to focus on detailed operational matters.

On this basis, Minesh Patel (Corporate Director, Finance and Resources) was then invited to introduce a report outlining the mechanisms through which the Council monitored performance, risk, financial sustainability and compliance, and highlighting key governance developments since the previous report, including the most recent Shareholder/ Guarantor meeting held in July 2026.

Members were advised the report also provided 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.

Prior to introducing the report Andrew Hudson (Independent Chair, i4B Holdings Ltd and First Wave Housing Ltd) and Natoya Vincent (Strategy and Delivery Manager, i4B and First Wave Housing) was also welcomed to the meeting and thanked for attending in order to respond to any comments or issues raised by the Committee:

In introducing the report, the following key points were summarised and highlighted as set out below:

- The last Shareholder and Guarantor meeting for i4B Holdings Ltd and First Wave Housing Ltd (FWH) had been held on 28 July 2026, at which the board had presented its current performance.

- The shareholder's concerns had centred on performance issues relating to voids, on which members were advised that further work was being put in place to hold contractors to a higher standard including the i4B Home Counties management contract.

- Acquisitions were continuing despite the current economic climate, with 13 properties acquired against a target of 15 during the last year.

- Compliance issues previously raised at the Committee were reported as being carried through, with additional robust processes having been put in place.

- The changes made to the management and oversight arrangements for both Boards, following an organisational restructure within the Council in July 2026, with responsibility for i4B and FWH having moved from the Service Reform and Strategy Directorate to the Organisational Assurance and Resilience Department within the Finance and Resources Directorate. This change had been designed to strengthen alignment between the Companies and the Council's governance, risk management and financial oversight arrangements.

- The current focus on the companies longer term role as part of the development of their Business Plans moving forward beyond acquisitions in the wider support of tenants.

Having thanked Minesh Patel for the introduction, the Chair invited questions and comments from the Committee, with the following issues raised:

- In terms of the Home Counties management contract assurance was sought on whether the provision made was felt to have been sufficient, associated timelines, and on whether legal advice or an internal audit review would mitigate the risk in relation to future contracts. Andrew Hudson (Independent Chair of i4B Holdings Ltd and First Wave Housing Ltd) advised that the issue had arisen from different companies taking over a contract which was a difficult combination of issues albeit with lessons learned. Further specialist legal advice was now being received, with legal processes in hand and the Committee to be updated as matters progressed. An internal audit review was expected but was seen to be premature at this stage, with legal matters needing to proceed further beforehand. It was stated that in the future, if a similar issue arose, faster sourcing of specialist legal advice would occur.

- In response to a query regarding the stress testing undertaken on the acquisition plans and impact of changes in the rental market, members were advised that stress testing was undertaken each year as part of the Business Plan report and formed part of risk assessments, with the board needing to satisfy itself as to the ongoing robustness and sustainability of the companies. In respect of concerns over rent levels, Andrew Hudson confirmed, given the Government's commitments to social housing rents, the board had not flagged this as a significant risk, despite other uncertainties remaining.

- Moving on from this, members queried the measurable reduction in void days since oversight had been increased, as well as current target turnaround times. It was advised that this varied according to the type of void, ranging from properties requiring extensive refurbishment to those in good condition. In respect of Lexington (a key worker block), the process needed to operate as a closed loop with prospective tenants identified and ready, but delays in this process were acknowledged with a more detailed update to be provided for the Committee as part of the next update enabling the changes made to be fully embedded. Discussion then focused on reducing void delays, with officers explaining that there were three stages to the process, each of which needed to improve and be undertaken in parallel rather than in sequence: knowing when a tenant was leaving and arranging to take back the keys and inspect; undertaking any required works; and identifying and signing up new tenants. The aspiration was for a survey of required works to be commissioned as soon as notice was received, and for housing allocations to identify a suitable family in advance, so that new tenants could move in as soon as works were complete, although it was acknowledged that work was still required to achieve that position.

- The subject then moved to whether the acquisitions information at paragraph 3.10.1 of the report was up to date, given that it referred to the 2025–26 target and appeared unchanged from the March report. In response Andrew

Hudson assured the Committee that the updated position would be included within the next update for the Committee including both the outturn for 2025–26 and the current position for 2026–27.

- Clarification was then sought on the assurance mechanisms available to the Committee, regarding standards of conduct and compliance across the boards of both companies, including alignment with the Council's own framework and expectations for public appointments. In response, members were advised that three of the board members were Council officers and a further member was an elected member (Councillor Donnelly-Jackson). This meant that the Council held a majority of the seats on the board. Furthermore, the companies now sat within the Finance and Resources directorate in the area managing responsible governance and assurance. Darren Armstrong was also stated to be acting as the senior officer working with the companies and it was noted that the Council's external auditors, Grant Thornton, would raise concerns if they considered the companies to be poorly governed. Sophia Brown (Key Audit Partner, Grant Thornton) confirmed that no issues of concerns relating to the governance arrangements had been identified by External Audit as part of the value for money work. Andrew Hudson also provided a personal assurance as to the high standards of governance. Sophia Brown added that responsibility for risk matters where a conflict arose fell to the Head of Assurance and that procedures were in place within the Council to cover this.

- Members sought further information on the number of households that had been prevented from entering, or moved out of, temporary accommodation and the associated financial savings this might have created as a result of the programme being delivered by both companies. It was suggested that future reports include a dashboard on household satisfaction to provide a better understanding of how properties and tenants were managed and the value for money delivered to the Council. In response, members were advised that detailed performance information on the companies was monitored through the Council's scrutiny function, with this Audit & Standards Advisory Committee's focus being in seeking assurance around the governance and oversight arrangements to ensure that the Council did not find itself in the position other councils had experienced, where subsidiary companies had failed or encountered difficulties, and that the detail was available in the packs for those committees.

The Chair noted that the Committee was asked to note the governance arrangements and to comment on any areas where further assurance might be required, with it noted that at least two such areas (Data on void time reductions and property acquisitions) had been identified during the discussion. The Chair then thanked Andrew Hudson and Natoya Vincent for attending and for their report and members for their questions and it was **RESOLVED** to note the governance arrangements in place for the Council's oversight of i4B Holdings Ltd and First Wave Housing Ltd, and to identify the areas of further assurance referred to above for follow-up.

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

Spencer Randolph (Director of Housing Services introduced a report from the Corporate Director Housing & Resident Services providing an update on progress in relation to the Council's response to the C3 regulatory judgement
issued following its self-referral to the Regulator of Social Housing in April 2025.

In presenting the report, the Committee was advised that material improvements had included 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.

Members noted that despite the progress made the Council remained graded C3 and was not yet in a position to demonstrate sustained compliance across all safety and quality requirements. The principal areas of non-compliance or high residual risk were identified as 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.

In terms of ongoing improvement work, members were advised:

- The recovery programme was now moving from identifying weaknesses and correcting historic records into sustained delivery. Governance had been 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 continued to be shared openly with the Regulator of Social Housing.

- The Council continued to maintain constructive engagement with the Regulator. As the recovery programme had matured, formal meetings had moved from monthly to every two months, supported by written reporting and evidence between meetings. This was felt to reflect a more established reporting cycle, whilst not reducing the Council's commitment to transparency, timely escalation or delivery of the improvement plan.

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

- The improvement in data quality meant that performance was now reported on a more credible basis and whilst recognised as having made some compliance gaps more visible than under previous reporting it had also

provided 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 was also planned to provide further confidence prior to any future regulatory submissions.

- The Council had also reprocured the company delivering stock condition surveys and was working to bring the programme forward by a year. The target was now to complete surveys for 100% of the housing stock by April 2027 with current performance at 72%.

- Fire safety recovery remained a key priority with more than 5,200 fire risk assessment actions having been closed since July 2025, while the remaining overdue actions were being managed through a risk-based recovery trajectory with specialist resources and monthly reporting. The Council was 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.

- Compliance policies and assurance arrangements had also been strengthened with a new suite of policies and management plans in the process of being approved and introduced and a live compliance dashboard being developed to improve visibility, strengthen contractor challenge and support routine reporting to senior management and governance boards. In addition, the compliance team had been strengthened to include specialisms in compliance streams rather than generic management giving more accountability.

- The recovery action plan continued to be reviewed frequently to incorporate the findings of the independent audit and root cause analysis. Further priorities were identified as 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.

As a result of the progress made, members were advised that the direction of travel was felt to be positive, with Council now having stronger governance, clearer accountability and materially improved data. The programme would, however, remain high risk until the remaining compliance backlogs, system interfaces, procurement dependencies, cladding and Building Safety Case requirements had been completed with the immediate objective to convert the stronger controls, systems and assurance into consistent outcomes for residents and success 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.

Members noted this process had been supported through development of a Recovery Plan to address the operational compliance position on a number of streams.

Having thanked Spencer Randolph for the update comments were then sought from the Committee, with the following issues raised:

- Beginning the discussion, members thanked officers for their transparency in attending the Committee on several occasions. They then sought assurance on whether the additional resource needed in the short to medium term to support the recovery programme was sufficient to satisfy the Regulator. In response, members were advised that no Government subsidy was available and that the work was resourced from the Housing Revenue Account. Within that framework, additional resources had been identified, including the recruitment of specialist staff, an overhaul of IT systems (with additional resources for that purpose) and additional resources to recover the main housing system (NEC), in order to maintain momentum in the recovery.

- Regarding data quality, details were sought on whether the improved quality and visibility of compliance gaps represented a better understanding of existing issues. It was also queried if this had materially changed the overall amount and nature of the issues, as well as their impact on plans. Members were advised that the system and its data had been rebuilt and verified, giving a complete understanding of the property portfolio, which had identified a number of additional issues although officers were now confident the previous gaps in relation to the portfolio had been addressed.

- Another query was raised over a possible conflict between the report's reference to the need for additional resources and the financial resilience section of the risk report, in relation to staff recruitment. Officers advised that recruitment in this area was not impacted and that the challenge related to securing the right expertise, given a shortage of qualified staff nationally as the Regulator imposed higher standards on Councils. It was stated that the recruitment undertaken had brought in staff able to lead the workstreams, with improved contract management. Members welcomed this, emphasising that resourcing had to be paramount where there were health and safety concerns.

- In response to a question on how concerns relating to the previous governance, reporting culture and ethical behaviours resulting in the self referral were being addressed with members being advised that a recovery programme board had been established to focus on compliance issues, together with a housing improvement board, both of which reported to a board chaired by the Chief Executive of the Council. The Council continued to report to the Regulator on a monthly basis, with the Regulator now suggesting reports be sent on a bi-monthly basis.

- Moving to the subject of when the Council might be re-graded from its C3 grading, members were advised that this was a decision for the Regulator, who would contact the Council at some point before the end of March 2028 to carry out an assessment. The original grading had been based on non-compliance, whereas the forthcoming assessment would focus on housing management as a whole, with the broader programme of work being undertaken to enable the Council to move from a C3 to a C2 grading.

- Members asked whether, given that 12,500 fire actions had originally been marked complete without evidence, more such actions had now been identified. It was advised that the number had been reduced considerably but that, as fire risk assessments were now being carried out on properties

previously not covered, the number of actions arising had increased, with sufficient internal staff and contractor resources being made available to manage them as they arose.

Further assurance was also provided in relation to the use of True Compliance as the system being used to validate the closure of actions and to prevent any action being closed down without supporting evidence.

- Following on from this, members then sought further detail on the reported compliance figures of 69% for fire risk assessments, 71% for water and 5% for asbestos reinspection meant. Questioning, in particular, whether the asbestos figure represented a physical safety risk to residents, a data compliance problem or both. Officers advised that the Council expected to be 100% compliant with asbestos risk inspections by the end of March 2027. The current figure reflected the validation process, under which every block (ranging from a high-rise building to a street-converted property with two flats) that might require an asbestos risk assessment had been added to the database. These would be closed down as the contractor attended. It was advised that a high proportion of the cases currently reported as non-compliant might not, in fact, require an assessment, but this approach had been adopted to ensure all properties had been reviewed and appropriately assessed. Officers stated that this would be the last workstream to achieve 100% compliance. Responding to a question on their capacity to deliver by March 2027, it was noted that this work was being carried out by contractors with progress remaining on track.

With no further issues raised the Chair thanked Spencer Randolph for the update provided and completeness of responses and it was **RESOLVED**:

(1) To note the progress made in strengthening the Council's building safety and compliance arrangements, while recognising that the programme remained in recovery and that further work would be required to evidence sustained compliance and support a future review of the C3 grading.

(2) To note the progress made in relation to current compliance performance, high-risk actions and the outcome of independent assurance work.

(3) To 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, as detailed within the report on which the Committee would continue to be kept updated.

Councillor Donnelly-Jackson joined the meeting at this stage in proceedings.

8. **Strategic Risk Register Update**

Prior to consideration of the item, the Chair reminded members that, while the report contained a considerable amount of information and was collated by Internal Audit the individual risks and mitigating actions were not owned by them meaning

that any detailed responses on specific risks may need to be referred back to the individual Risk Owner for response following the meeting.

Matteo Biondi (Deputy Head of Assurance) was then invited to introduce a report from the Corporate Director Finance & Resources which provided an update on the Council's strategic risks as of September 2026.

In introducing the report, members noted that it summarised those risks which senior management had assessed as having a significant impact and/or likelihood of materialising, with the potential to adversely affect the achievement of the Council's objectives with the Council's overall risk profile continuing to reflect the heightened risk environment in which it operated.

In presenting the report, the following key headlines were highlighted:

- Currently 15 strategic risks were held on the register, of which eight remained within the highest risk category and 13 remained above their target score. This was stated to reflect the challenging external environment in which the Council currently operated.

- Risks were noted to have remained stable, with notable movements since the previous report including reductions in the Dedicated Schools Grant High Needs Block risk, AI risk, an increase in the cybersecurity risk (from a score of 12 to 16) and the addition of a new business continuity risk.

In concluding, members were advised the report reflected a stable but elevated risk profile, with clear mitigating actions and plans in place and ongoing oversight through the corporate management team, directorate leadership teams and the Committee.

Having thanked Matteo Biondi for introducing the report, the Chair then moved on to invite questions and comments from the Committee, with the following comments and issues discussed:

- Members asked how the resource implications of risks were dealt with, including whether contingencies were estimated. Officers advised that there were currently limited links between the risk register and resource planning, which had been identified as an area for improvement. Work joining risk management with resource planning was stated to be underway, with the Risk and Audit Team collaborating with finance colleagues and sharing performance reporting. At present, the procedure placed responsibility with risk owners and corporate directors to identify resource implications and build these into service planning, but a more integrated approach was being developed, on which officers noted the Committee would be updated in the next report.

- In response to a query on why business continuity had been identified as a new strategic risk, Darren Armstrong (as lead officer for emergency planning and business continuity) advised that two areas previously grouped as a single risk had been separated in this iteration of the report. Emergency planning related to the Council's responsibilities under the Civil Contingencies Act and keeping residents safe, whereas business continuity related to

maintaining the Council's services and operations in the event of interruption. The separation reflected the growing range of external risks that could interrupt services (including cyber, geopolitical and climate risks), the sheer volume of work associated with each area and a wish to give greater prominence to the increasing uncertainty in relation to business continuity, although the two remained inevitably linked.

- Responding to a question on risk ownership and maturity across the Council, Matteo Biondi advised that Internal Audit compiled and facilitated the risk management process. It supported risk management through review and challenge of strategic, departmental and service level risk registers, which informed audit planning and the risk assessment maturity in each area. The Council's risk management framework was being enhanced to make it more accessible and visible, seeking to embed risk management in all staff's day-to-day business.

- Referring to the eight red risks on the heat map, members sought detail on the single biggest issues felt to be impeding progress in seeking to address and reduce the level of risk identified (funding, staffing, procurement or system capabilities). Officers advised that, for individual risks, this would need to be taken back to individual risk owners. Regarding the Council's risk profile, this was seen to be similar to that of many other local authorities. It was stated to be difficult to identify a single issue, as strategic risks were by nature those with the most significant potential impact on Council objectives, inevitably sitting in the upper quartile of the heat map. Officers noted that many risks were influenced by factors outside the Council's control, such as the activity of those seeking to commit cyber-attacks, the cost of living crisis and the lack of affordable accommodation. As such, impact scores and inherent risk were likely to remain high, with the officers focusing on how these risks were managed and assurance could be provided to the Committee that key controls and mitigating actions were operating well.

- In relation to the increase in the cyber risk score, members asked which critical systems were currently of concern in relation to recovery within the agreed time objectives. Enquiries were also raised over the planned timeline for closing these gaps. Given the sensitive nature of these details, officers advised a more general response would be provided to the Committee on this work following the meeting.

- Regarding the risks posed by AI, further details were sought on the risk rating identified and why this had not featured in the same risk block as cyber-security. It was further noted that part of the heightened cyber risk reflected advances in AI and the capability of attackers, reflecting the risk of AI in other risk areas. In response, members were advised the AI risk had been introduced to address how the Council used AI (including residents' data and decision-making) with sufficient guardrails, framework and governance. Officers accepted the points raised by members and that the dynamics of the risk had fundamentally shifted. It was agreed that feedback would be taken back to the risk owner to ensure that a full perspective was captured moving forward.

- Moving on, members asked whether affordable housing, homelessness, temporary accommodation, regulatory compliance and financial resilience (which it was noted featured across several of the highest strategic risks, as did special educational needs) were being managed as interconnected risks or separately. In response, officers advised they were aware of the need to avoid (as far as possible) the introduction of a siloed approach in the way risks were captured initially. All risks were stated to be reviewed collectively at the corporate management team level, providing an opportunity for cross-collaboration. This was intended to break down any silos and develop a more integrated cross-Council view, which was to be included in the next iteration of the Council's risk management strategy.

- A final point was raised in reference to the financial resilience and sustainability risk, with a member noting that £8.5 million of savings were reported as on track but only £1.5 million had been delivered. It was asked when members would be advised if expected savings were not being achieved and what the warning triggers were, so that they could be subject to detailed assessment. In response, Minesh Patel (Corporate Director Finance and Resources) advised that the quarterly budget forecast report would provide this level of detail, with the next (Q2 position) due to be reported to Cabinet in October 2026, including an update on savings. This was to be used to help inform the draft budget for 2027–28 and it stated that these reports provided early warning of pressure.

With no further questions or comments raised, the Chair thanked Darren Armstrong and Matteo Biondi for the report and, having considered the issues raised and responses provided it was **RESOLVED** to note the Strategic Risk Update report.

9. **Statement of Accounts 2025-26 & Audit Findings Report**

In introducing the report, the Chair advised that the Council was seeking to achieve sign-off of the final statement of accounts by 30th September 2026, with the Finance Team and Grant Thornton (as External Auditors) thanked for their efforts and progress made to date in seeking to meet that deadline.

In terms of the order of business to be considered members were advised the first report to be considered would be the Council's Audit Findings Report followed by the Pension Fund Audit Findings Report, followed by the draft letters of representation, audit fee, and finally the Auditor's Annual Report. He explained that the first matters were ones for the Audit and Standards Committee, on which the Advisory Committee was being asked to make recommendations, whereas the Auditor's Annual Report would be presented to the Full Council, with the Committee reviewing it in advance.

Sawan Manji (Senior Finance Analyst) was then invited to introduce the Council's Statement of Accounts and the Audit Findings Report 2025–26, with the following key points from the report highlighted below:

- The Audit Findings Report set out the significant matters arising from the audit, including adjustments, recommendations and other matters for the Committee's attention.

- Members were reminded of the concept of materiality, with the audit's objective not being to check every transaction but to confirm that the accounts, as a whole, were free from errors or omissions significant enough to influence the decisions of readers. An example property, plant and equipment (PPE) was highlighted where a small percentage change in valuation could translate into significant accounting movements.

- The challenges experienced in the previous two years in seeking to finalise the external audit and achieve sign off for the statement of accounts were acknowledged, with the Council having benefited from the Cross-Council Improvement Programme, which strengthened the process and supported the timely sign-off of the accounts. Sawan Manji recorded his thanks to colleagues and to Grant Thornton for their work in meeting the agreed deadlines and completing the audit within the project timetable, with only a small number of audit requests remaining outstanding.

Sophia Brown (Key Audit Partner, Grant Thornton) was then invited to present the Draft Audit Findings reports with the following key points summarised below:

- The audit was confirmed to be substantially complete, which had been achieved by mid-September as targeted. While it would have been possible to sign by the end of September, one matter remained outstanding relating to a potential post-balance sheet event, which was ring-fenced and being discussed at the time of the meeting with management. Sign off was expected in October 2026 at the latest, with officers planning to issue an unmodified opinion.

- All other outstanding points identified in the headline findings had now been resolved, with the exception of the finalisation on receipt of the letter of representation and the final version of the accounts. A potential adjustment arising from the post-balance-sheet event was also noted.

- On the subject of performance, the audit was stated to have exceeded Sophia Brown's expectations. It was noted that in the previous two years the audit had not been signed until the end of February, aligning with the Government backstop. The September target deadline finish had been challenging but thanks were given to the finance team, for the progress and accuracy in delivering the draft accounts on time, with the quality of the PPE and fixed asset disclosures and supporting working papers (areas of real challenge in the previous two years) having seen notable improvement.

- The four areas of note where delays or additional work had been required, resulting in associated additional fees and significant risks identified, with two main findings relating to PPE indexation. The first related to ensuring that complete indices were used, with a potential overstatement identified. Whilst not material for this financial year, Sophia Brown advised that those differences could build up over time. The second related to a set of assets with a carrying value of £15 million that were not supported by a suitable index, with a code update requiring these to be subject to a desktop valuation in year three of the five-year cycle, this review was noted to have not been performed.

- Moving to Grant Thornton's action plan this included six recommendations in relation to the financial statements audit and four for the IT audit, with management having provided responses to all. The review of the prior year's recommendations were also noted including those that remained in progress and which had been addressed and closed.

Following the end of the presentation, the floor was opened to questions and comments from members of the Committee. The Chair was pleased to note the progress made and achievement of the challenging deadline initially identified with Councillor Grahl (as Deputy Leader and Cabinet Member for Finance and Resources) also paying tribute to the finance team and external auditors for producing a very comprehensive document in a timely manner, noted as a significant achievement given the challenges of recent years. The Chair then invited questions, with the following issues raised:

- Members began the discussion by also commending all involved, noting that the declining level of additional audit fees was a measure of progress. Members then enquired over the action plan, asking how the £87 million of assets with nil net book value had been identified and whether this was all such assets or a selection. It was clarified that the figure represented gross book value, which had been depreciated over the life of the assets, with the balance that had gone to nil in 2025–26 being small, and that the assets were those for which 2025–26 was the final year of depreciation rather than assets which had stood at nil for a long period.

Following this line of questioning, members sought clarification on the control issues identified in relation to a staff redundancy package. It was further questioned whether legal advice had been sought what the implications might be for the Council and the audit opinion. Grant Thornton advised that this was a one-off rather than a recurring issue, and that they had carried out work to confirm that the exit package was valid, correctly calculated and accounted for in the correct financial year. Rav Jassar (Deputy Director, Corporate and Financial Planning) advised that there had been an internal oversight during a particular restructure and that lessons had been learned. It was stated that the issue had been raised internally with legal colleagues, with discussions held on the consequences and the interventions needed to prevent a recurrence and ensure compliance.

- Moving on, members sought clarification on an action from the prior year relating to delayed responses to legal enquiries. Referring to the report, this was shown to have not yet been addressed. Grant Thornton confirmed that they now had everything required but that it had taken time and had only been resolved in the last week or so, hence its classification. It was also confirmed that there had been significant improvement this year in engagement from the Council's valuers.

- A final point was raised relating to the IT audit finding on delays in managing access levels and excessive administration permissions. The issue was noted to have be an ongoing concern with members seeking assurance on the process to ensure unauthorised users were identified earlier, given the risk of unauthorised changes to configuration or data. Officers acknowledged the concerns highlighted, noting that Internal Audit carried out checks on the Council's behalf and that management actions to improve the controls were

set out in the audit reports. Given the Council's increasing use of systems, including AI, it was agreed that the robustness of these controls would be reviewed and strengthened, with members emphasising the importance of robust controls in this area.

Moving to cover the Pension Fund Audit Findings Report 2025–26, the Chair explained that the Committee was responsible for the audit of the Pension Fund as the body charged with governance. The Fund was noted to be overseen by a separate Pension Fund Sub-Committee, which would receive an update and the Pension Fund annual report. With Matt Dean absent, Jasmine R. Kemp (Audit Manager, Grant Thornton) presented the report, with the highlights summarised below:

- The audit of the Pension Fund for 2025–26 was reported to have progressed well and in line with the plan, with an unmodified opinion expected subject to a small number of final completion procedures, as detailed within the report. No adjusted or unadjusted misstatements affecting the fund account or net asset statement had been identified, with the only matters arising relating to a small number of disclosure amendments that management had agreed and corrected.

- The significant risks were management override of controls (noted as a standard risk on all audits) and the valuation of level three investments (those based on unobservable inputs). Additional focus had been given to the impact of the 2025 triennial actuarial valuation, including detailed testing of the member data used by the actuary to calculate liabilities for employers admitted to the scheme. While there had been limitations in the availability of historic records following previous changes in pension administration arrangements, alternative evidence had been obtained in all instances and testing had identified no material discrepancies, with Grant Thornton satisfied that sufficient evidence supported the completeness and accuracy of the data used.

- One new recommendation had been raised relating to a reconciliation exercise recommended in relation to the membership records held within the administration system compared with those on the pensioner payroll, where a headcount-level difference had been identified for a relatively small number of members. It was confirmed that Management were already aware of this and were working with the pension administrator on which progress would continue to be monitored.

- A second audit opinion would be issued on the consistency of the Pension Fund annual reports and the financial statements. It was noted that this was not required to be published until 1 December 2026, and Grant Thornton were yet to receive the annual report and expected to share an update on the matter in due course.

Following the conclusion of the report, the floor was opened to questions from members of the Committee, with the highlights of these summarised below:

- Further assurance was sought on an issue relating to unrecorded liabilities detailed within the report, with members advised that the matter had been

examined in detail, including the risk in relation to benefits payable to pensioners being materially complete and correct. The extrapolated impact had been trivial and had therefore not been included in the findings report, so that the auditors were comfortable that there was no such risk, with the issue being one of administration and the need having been identified to ensure that the two systems in question were aligned regularly.

With no further questions regarding the Pension Fund Audit Findings report 2025-26, the Committee moved to cover the Letters of Representation and audit fee, the Chair advised that two letters of representation were required, certifying various matters to the auditors, and that the Committee was asked to recommend that authority be delegated to approve them to the Corporate Director, Finance and Resources, rather than to the Chair of the Audit and Standards Committee, given the level of detailed assurance involved.

The Chair questioned whether either letter contained anything outside the standard wording, to which Grant Thornton confirmed that both letters used templated wording with no specific representations added in relation to the Council or the Pension Fund, although an addition might be required if the post balance sheet event needed to be adjusted, which would be flagged. The Chair then advised that the Committee was also asked to agree to an increase in the audit fee of £20,000, noting that, as members had already stated, this was reduced compared with previous years.

With the Letters of Representation and audit fee reviewed, the Committee moved to discuss the Auditor's Annual Report 2025–26.

Sophia Brown (Grant Thornton – External Auditor) was then invited to introduce the London Borough of Brent Interim Auditor’s Annual Report 2025 in relation to value for money work for the financial year 2025-26.

The following key points from the report are highlighted and summarised below:

- The findings were focussed on the 2025–26 financial year. In the prior year, it was reported that three significant weaknesses had been raised with accompanying key recommendations: two in financial sustainability (medium-term financial planning and the savings requirement) and one under the three Es relating to the C3 judgement from the Regulator of Social Housing. For 2025–26, one of these, relating to the sustainability of the budget, had been closed. The other two significant weaknesses were retained, updated and rolled forward.

- A green rating had been given for governance arrangements, which included insight on current strengths and points for Brent Council to consider moving forward. Two new improvement recommendations had been raised, both in financial sustainability, relating to protecting unallocated reserves and strengthening the balance sheet, with page 50 of the report setting out how the prior year improvement recommendations had been taken forward and closed or remained.

Following the conclusion of the report, the Chair invited members to ask questions, with the following issues raised and summarised below:

- Further details were sought on the recommendation regarding strengthening of the balance sheet, with Brent's balance sheet seen to be relatively strong. Members asked specifically for an explanation on the point stating current assets did not equal current liabilities. Grant Thornton advised that the balance sheet had been analysed and that management had been recommended to consider the ratio and how the asset side could be made stronger relative to liabilities. Officers added that the Council's balance sheet was typically at its weakest on 31 March, given the process and timescales for issuing council tax demands, business rates and receipt of grants. This meant that auditors were assessing the weakest point of the year, which the Council acknowledged needed to be considered.

- Members raised concerns regarding the predicted funding gap of around £20 million and a predicted saving of £10.7 million, and what the Council would do if it was unsuccessful in securing additional Government funding, given that the report indicated that reserves would be depleted in 2027–28 and 2028–29. Moreover, it was asked whether the integrated business planning approach, to be adopted in the 2027–28 budget setting cycle, would address these points and whether the Committee could receive a future update on this approach. In response, Minesh Patel advised that financial sustainability was a significant weakness reported across most councils, particularly London boroughs, and that, while funding settlements over a three-year period had helped, the pressures (including the Dedicated Schools Grant, special educational needs, housing, adult social care, children's services and waste) were not reducing. The Council's medium term financial strategy had for 10 to 15 years been about reductions, but the Council could not simply keep cutting services and needed to transform services and manage expectations. Integrated business planning was the mechanism through which budgets, risk, performance, service plans and the new Council plan would be brought together as one approach, enabling the Council to anticipate future pressures and remodel services accordingly, although more funding from the Government might still be needed. The gap of around £20 million over the next two years might increase, but other developments, such as the Renters' Rights Act, could reduce pressures, noting that forecasts would be continually reviewed. Councillor Grahl (as Deputy Leader and Cabinet Member for Finance & Resources) added that the Government had invested in certain areas, including a commitment to cover up to 90% of the Dedicated Schools Grant deficit, £4 billion for special educational needs and recent announcements on homelessness and rough sleeping, while capital investment in special educational needs placements in the borough would reduce revenue spend. Changes were being made within the year to prevent overspends in real time, with regular meetings held with the finance teams of the relevant departments. In relation to council tax, outstanding debt of around £90 million was largely historic, with significant sums having been collected in the last year, a target collection rate of 93.5% for the current year which was said to be ambitious but reasonable compared to other councils. Earlier intervention, including payment plans and council tax support as well as early enforcement against those who refused to pay were seen to be important and needed to be supported by data to identify where debt was located.

- In responding to a query on whether only 14% of savings had been delivered so far, officers advised that this reflected the quarter one position. £1.5 million had been delivered to that point and the remaining savings were planned across the year, with risks of non-delivery covered in financial monitoring reports. Temporary accommodation was the key pressure noted in the quarter one report, with forecast overspends in some areas and emerging risks to be reported in future reports.

- Moving on, members asked when the council tax data cleansing would be completed, with the Deputy Leader agreeing to provide further detailed information to be circulated to all members, including the independent members.

With no further questions noted, the Chair once again thanked the External Audit team and the Council's Finance Team for their efforts and highlighted that whilst wider concerns remained in relation to financial sustainability across the public sector as a whole, he noted that the number of key recommendations identified by External Audit in relation to the Council had reduced, which he felt represented a significant achievement.

The Chair then summarised the decisions required, explaining that the delegation to sign the accounts reflected the series of processes to be completed (including the order of signing) before the accounts were signed. Members, including the independent members, were asked to confirm their agreement with the delegation, and it was **RESOLVED**:

(1) To recommend to the Audit & Standards Committee that approval of the draft letters of representation to Grant Thornton for the Council and Pension Fund be delegated to the Corporate Director of Finance & Resources, as set out in Appendices C and D of the Statement of Accounts 2025/26 report.

(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.

(3) To recommend to the Audit & Standards Committee agreement of the audit fees for 2025/26, as set out in section 3.2.12 of the Statement of Accounts 2025/26 report.

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

The Chair advised that the forward plan had been reviewed with consideration being given to the spread and balance of items between meetings. As a result, it was noted that the FM Code Update, Deep Risk Dive and Annual/Interim Counter Fraud Report would be rescheduled from 30 November 2026 and 24 March 2027 meetings of the Committee.

Amanda Healy (Deputy Director, Finance, Infrastructure and Investment) advised that, ahead of the Treasury Management Strategy being presented, training would be arranged to provide context before members reviewed the strategy proposed for next year. Other training requests were also being considered for future meetings, which would be brought for discussion at the next meeting.

With no further comments raised, it was **RESOLVED** to note the Committee's Forward Plan and Work Programme for the 2026–27 Municipal Year, with the next meeting being on Monday the 30th of November 2026.

11. **Any other urgent business**

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

The meeting closed at 7.48 pm

David Ewart
Independent Chair

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	Audit and Standards Advisory Committee 30 November 2026
	Report from the Corporate Director, Finance and Resources
	Lead Member - Deputy Leader & Cabinet Member for Finance & Resources (Councillor Gwen Grahl)

Treasury Management Mid-Year Report 2026/27

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:	Four: Appendix 1: Economic Commentary Appendix 2: Debt and Investments Portfolio Appendix 3: Average Rate vs Credit Risk Appendix 4: Prudential Indicators
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Naomi Hayes, Senior Finance Analyst. Capital, Treasury & Commercial 020 8937 3921 Email: naomi.hayes@brent.gov.uk Oliver Simms, Head of Finance (Capital, Treasury and Commercial). Capital, Treasury & Commercial 020 8937 3484 Email: Oliver.simms@brent.gov.uk

1.0 Executive Summary

1.1 This report updates Members on Treasury activity for the first half of the financial year 2026/27 (quarters one and two). The Local Government Act 2003 and the Local Authorities (Capital Financing and Accounting) Regulations 2003 require that regular reports be submitted to the relevant Council Committee detailing the Council's treasury management activities.

1.2 This report updates Members on both the borrowing and investment decisions made by the Corporate Director, Finance and Resources under delegated authority in the context of prevailing economic conditions and considers the Council's Treasury Management performance. The Council can only borrow for capital investment, it cannot borrow to fund operational, day to day expenditure. The borrowing supports the Council's capital investment programmes for both Council Housing (HRA) and General Fund.

1.3 Key emerging points are as follows:

1.3.1 The Council has complied with its Prudential Indicators as at quarter two of 2026/27 (included in Appendix 4 and also published as an appendix to the council's Q2 outturn report on 12 October 2026).

1.3.2 Borrowing outstanding at 30 September 2026 was £1,081.1m and has increased from £1,074.0m at the beginning of the financial year, a change of £7.1m. The increase in debt was driven by new loans to fund the capital programme.

1.3.3 Cash investments at 30 September 2026 were £73.6m compared to £43.6m at the beginning of the financial year, a change of £30.0m. The change is caused by slippage in the capital programme.

1.3.4 Forecast net interest costs for 2026/27 are £37.1m consisting of £21.4m General Fund and £15.7m Housing Revenue Account. The £21.4m for the General Fund consists of interest costs of £31.5m and interest income of £10.1m, whilst the HRA has no interest income.

1.3.5 The Council had generated interest income of £1.1m on cash investments as at 30 September 2026. This income reflects the Council's cash position and the current level of the Bank of England's Bank Rate. Bank Rate was maintained at 3.75% in September 2026.

1.3.6 The economic environment remains highly volatile with sluggish economic growth and inflation remaining above the Bank of England's 2% target, peaking at 3.6% in September. The Bank of England maintained interest rates at 3.75% throughout the period, but rates available to local authorities, particularly long-term rates, have increased because of the uncertain economic environment. This makes accurate forecasting and viability appraisals challenging.

2.0 Recommendation(s)

That the Audit and Standards Advisory Committee:

2.1 Note and comment on the overall financial performance up to quarter two of 2026/27 and note the Council has had complied with the prudential indicators as set by Council on 23 February 2026.

2.2 Approve the submission of the report to Cabinet for approval in accordance with the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice.

3.0 Detail

3.1 Contribution to the Council Plan, *Believe in Brent 2026 – 2030* & Strategic Context

3.1.1 The regular reporting of treasury management activities assists Members in scrutinising officer decisions and monitor progress on the implementation of its borrowing and investment strategy as approved by Full Council.

3.1.2 The Council's treasury management activity is underpinned by Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which requires authorities to produce annually Prudential Indicators and a Treasury Management Strategy Statement on the likely financing and investment activity.

3.2 Background

3.2.1 The Council has borrowed money over the long-term period to support investment in the Council's Capital Programme and invests cash balances held for short periods. It is therefore exposed to financial risks including the loss of invested funds and the revenue impact of rising interest rates. The successful identification, monitoring and control of risk are central to the Council's treasury management strategy.

3.2.2 The Council has adopted the CIPFA Code which requires the Council to approve, as a minimum, treasury management reports twice per year as well as an annual strategy.

3.2.3 The 2021 Prudential Code includes a requirement for local authorities to provide a Capital Strategy, a summary document approved by full Council covering capital expenditure and financing, treasury management and non-treasury investments. The Council's Capital Strategy and Treasury Management Strategy, complying with CIPFA's requirement, was approved by full Council at a Budget and Council Tax Setting Council meeting on 23 February 2026.

3.3 Economic Background

3.3.1 Key points emerging for the first two quarters of 2026/27:

- UK Inflation and Monetary Policy Response: Inflation initially declined in the first quarter but rose again in the second (from 2.6% in June to 3.1% in August) and remained persistently above the Bank of England's 2% target. Despite concern over the energy shock triggered by conflict in the Middle East driving inflation up, the Bank of England has maintained the Bank Rate throughout 2026/27 at 3.75%.

- Economic Growth and Labour Market Softening: UK GDP growth was higher than anticipated with Q1 growth at 0.6% and Q2 at 0.5%. Labour market indicators showed declining unemployment rate and falling vacancies, suggesting a cooling economy and softer labour demand reducing inflationary pressure.

- Market Volatility and Gilt Yields: Financial markets remained volatile during the period, with UK 10-year and 20-year gilt yields rising significantly.

3.3.2 Appendix 1 provides a full economic commentary for the financial year.

3.4 Balance Sheet Summary

3.4.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). This is the amount of the Capital Programme, past and present, that is funded by borrowing and has not been paid for by revenue or other resources. Balance sheet resources are the underlying resources available for investment. These factors are summarised in Table 1 below.

3.4.2 The CFR has two elements: the loan CFR is the Council's capital investment financed through traditional external borrowing. The PFI and leases CFR is the long-term obligations that are treated like borrowing for accounting purposes but are repaid through contractual payments rather than loans.

Table 1: Balance Sheet Summary

Balance Sheet Summary CFR	31-Mar-26 Actual £m			31-Mar-27 Forecast £m		
	General Fund	**HRA**	**Total**	**General Fund**	**HRA**	**Total**
Loan CFR	989.9	368.3	**1,358.2**	1,043.0	422.3	**1,465.3**
PFI & Lease CFR	61.7	-	**61.7**	60.0	46.5	**106.5**
Total CFR	**1,051.6**	**368.3**	**1,419.9**	**1,103.0**	**468.8**	**1,571.8**

	31-Mar-26 Actual £m	**31-Mar-27 Forecast £m**
Loan CFR	1,358.2	1,465.3
External borrowing (Excluding accrued interest)	1,074.0	1,163.2
Internal Borrowing (Loans CFR less external borrowing)	**284.1**	**302.1**

3.4.3 The Housing Revenue Account is a ringfenced account to record income and expenditure related to social housing. As permitted by regulations, the Council appropriates HRA land to the General Fund for the purposes of regeneration and development. During 2026/27, assets with an estimated social housing value of £40.1m are expected to appropriate from the General Fund to the HRA, impacting their respective loan CFRs. These assets are housing schemes completing in year which will be operated within the HRA but were held in the General Fund for the course of the development. The developments expected to complete and appropriate to the HRA in 2026/27 are Church End, Wembley Housing Zones and Neville, Winterleys, Carlton House and Carlton Hall (NWCC) East (part of the South Kilburn regeneration programme).

3.4.4 The HRA PFI and Leases CFR is also estimated to increase in 2026/27 from £0 to £46.5m. The increase is the recognition of the Alperton Bus Garage lease which completed in May 2026. This is the first time that the Council has entered into this kind of lease acquisition arrangement for a new social housing development in the HRA.

3.4.5 The forecast increase in the Loan CFR of £107.1m between 31 March 2026 and 31 March 2027 is shown in table 2 below.

3.4.6 Forecast loan CFR at 31 March 2027 is £1,465.3m. This can be split between the General Fund (£1,043.0m) and the HRA (£422.3m). The difference between the Loan CFR and external loans is internal borrowing. Internal borrowing

occurs due to timing differences when capital expenditure that is meant to be financed through external debt is instead paid for through cash resources that are intended for other purposes. Cash is replenished later. The Council's borrowing position is further discussed later in the report in the borrowing section.

3.4.7 The General Fund CFR will reduce by the application of Minimum Revenue Provision (MRP) at year end, currently forecast as £18m (excluding PFI/Leases) and consists of capital programme borrowings (historical supported borrowings and unsupported borrowings). MRP is a prudent charge to revenue for the repayment of borrowing in the General Fund. When we charge MRP, we are effectively setting aside money from the revenue budget to repay part of that borrowing need. This reduces our underlying need to borrow, so the CFR reduces as well. MRP will be continued to be kept under review throughout the financial year to ensure that the Council accounts for a prudent charge for the year.

Table 2: Movement in CFR

Movement in CFR	**£m**
Opening Loan CFR 1 April 2026	1,358.2
Forecast closing Loan CFR 31 March 2027	1,465.3
Forecast Change in Loan CFR	**107.1**
Forecast Capital Expenditure 2026/27	267.7
Capital Expenditure Financing	(142.6)
Minimum Revenue Provision	(17.0)
Service Loans Repaid	(1.0)
Total Movement in CFR	**107.1**

3.4.8 The treasury management position at 30 September 2026 and the change during the first half of the year is shown in Table 3 below. As of 30 September 2026, the Council had a net borrowing position of £1,007.5m arising from its capital income and expenditure.

Table 3: Treasury Management Summary

	01-Apr-26 Actual £m	Movement	30-Sep-26 Actual £m
Short-term Borrowing	65.0	10.0	75.0
Long-term Borrowing	1,009.0	(2.9)	1,006.1
Total External Debt (excluding accrued interest)	**1,074.0**	**7.1**	**1,081.1**
Money Market Funds	(43.6)	(30.0)	(73.6)
Total Cash Investments	**(43.6)**	**(30.0)**	**(73.6)**
Net Debt	**1,030.4**	**(22.9)**	**1,007.5**

3.4.9 Overall borrowing has increased by £7.1m over the first two quarters of 2026/27 as new loans were taken out to fund the council's capital programme. Further details are provided in Table 5.

3.4.10 Cash investments increased by £30.0m in the first two quarters of 2026/27 as a result of the recent £13.8m capital receipt from the Peel development and reduced actuals against the Council's capital programme compared to this time last year. Cash is subject to significant fluctuation: the lowest cash balance in the period was £23.2m in June and the highest was £89.2m in April – a range of £66m.

3.4.11 Appendix 2 to this report outlines the full debt and investment portfolio as at 30 September 2026.

3.5 Borrowing

3.5.1 The main objective when borrowing is ensuring a balance between low interest costs and cost certainty over the duration for which the funds have been required, with flexibility to renegotiate loans should the Council's long-term plans change being a secondary objective. In 2026/27 the council has faced an increasingly high and volatile interest rate environment, therefore monitoring interest rates regularly has become critical. The Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

3.5.2 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that Councils should only make investment or spending decisions that are directly and primarily related to the functions of the Council.

3.5.3 The Council has complied with these requirements not invested in assets primarily for financial return or that are not primarily related to the functions of the Council. It has no plans to do so in future.

3.5.4 Gilt yields were volatile over the 6-month period and have increased between April and September 2026. In the US, yields on US Treasuries have risen to their highest levels in years, impacting global bond markets including UK gilt yields which PWLB loan rates are priced off.

3.5.5 The PWLB certainty rate for 10-year maturity loans was 5.6% at the start of the period and rose to 6.2% by the end. The cost of short-term borrowing from other local authorities has also increased over the period, with rates consistently above 5% throughout September. The table below shows the interest rate changes in Bank rate and PWLB rates between financial year ends provided by Arlingclose.

Table 4: Interest Rate Changes

Interest Rate	01-Apr-26	30-Sep-26
Bank Rate	3.75%	3.75%
1-year PWLB certainty rate, maturity loans	4.94%	5.29%
5-year PWLB certainty rate, maturity loans	5.18%	5.80%
10-year PWLB certainty rate, maturity loans	5.64%	6.17%
20-year PWLB certainty rate, maturity loans	6.15%	6.61%
50-year PWLB certainty rate, maturity loans	6.01%	6.37%

3.5.6 The PWLB currently provide a discounted a rate for new HRA loans which is 0.4% below the certainty rate and is available up to March 2028. This discounted rate is to support local authorities borrowing for the HRA and for refinancing existing HRA loans. To date in 2026/27, the Council has not taken out any new HRA loans as there is no new external borrowing need within the HRA. However, the Council will continue to monitor the opportunity to do so in line with the treasury management strategy and the council's HRA business plan and objectives.

3.5.7 CIPFA's 2021 Prudential Code is clear that local authorities must not borrow to invest primarily for financial return and that it is not prudent for local authorities to make any investment or spending decision that will increase the capital financing requirement and so may lead to new borrowing, unless directly and primarily related to the functions of the Council. PWLB loans are no longer available to local authorities planning to buy investment assets primarily for yield unless these loans are for refinancing or regeneration purposes. The Council has not invested in assets primarily for financial return or that are not primarily related to the functions of the Council and has no plans to do so.

3.5.8 The Council had a borrowing position of £1,074.0m as at 1 April 2026. This had increased to £1,081.1m as at 30 September 2026. Table 5 provides the breakdown of loan balances.

Table 5: Borrowing Position

Loan Type	01-Apr-26 £m	New Loans £m	Repaid Loans £m	30-Sep-26 £m
PWLB	874.5	10.0	(24.9)	859.6
LOBO	39.5	-	-	39.5
Private Debt	95.0	-	-	95.0
Local Authority	65.0	49.0	(39.0)	75.0
GLA Green Finance Fund	0.0	12.0	-	12.0
Total Debt Outstanding	**1,074.0**	**71.0**	**(63.9)**	**1,081.1**

3.5.9 The Council had raised £71m of new loans since the beginning of the financial year 2026/27. Of the £71m new loans, £49m are new loans from other local authorities with an average rate of 4.7% and £10m is a new PWLB loan at 5.4% (including a 0.2% certainty rate discount from the PWLB). There is a further £12m borrowed from the GLA's Green Finance Fund for the South Kilburn Heat Network. This has a reduced interest rate of 5% discounted to 4% for the first 3 years. These new loans have been driven by a combination of daily cashflow requirements, the council's internal borrowing position and the requirement to borrow to fund the Council's capital programme due to limited availability of other sources.

3.5.10 The 4.7% interest rate achieved on new inter authority loans is higher than achieved this time last year (4.3%), reflecting increases in short-term borrowing rates. Across the total debt portfolio (previous loans raised before April 2026 and new loans taken out post April 2026) loans from other local authorities have an average interest rate of 4.6% with an average duration of 351 days.

3.5.11 By 30 September 2026, the Council had repaid £63.9m of loans. These include loans from the PWLB (£24.9) and loans from other local authorities (£39.0m).

3.5.12 Overall, the total debt movement was a net increase of £7.1m.

3.6 Loan Restructuring: No loans were restructured during the first two quarters of 2026/27. The Council will continue to monitor and evaluate the opportunity to restructure existing loans as and when opportunities arise.

3.7 LOBO Loans: As at 30 September 2026 the Council was holding £39.5m of LOBO loans. There is one option date in 2026/27 in December for a £9.5m loan. The Council will continue to keep the LOBO portfolio under review and consider any opportunities that arise to repay or restructure to mitigate against interest rate risk.

3.8 Forward Borrowing: As at 30 September 2026, officers have arranged £29m of short-term loans from other local authorities to start in October 2026, with an average rate of 5.1%. The interest rates on inter-authority loans have increased

over the period as a result of increased demand as fewer authorities have surplus cash. The Council's cashflow forecast has identified a need to borrow cash to finance the capital programme during quarter 3. In line with proper cashflow monitoring and advice from the treasury advisors Arlingclose, the Council has taken a little and often approach to borrowing to take advantage of short-term reductions in interest rates and limit holding excessive cash. The Council will plan ahead to limit borrowing in March when rates on the inter-authority market tend to spike due to high demand from other Councils.

3.9 Maturity Profile of Debt

3.9.1 The forecast for 31 March 2027 is that the Council will have 98 loans spread over 50 years. The maturity profile allows the Council to spread the risk of high interest rates when debt matures in any one year.

Table 6: Debt Maturity Profile

Maturity Profile at 31 March 2027 (£m)	2026/27	Proportion as a percentage %
<1 Year	93.7	8.7%
1-2 Years	163.7	15.1%
3-5 years	111.1	10.3%
5-10 Years	201.2	18.6%
10-20 Years	135.9	12.6%
20-30 Years	164.4	15.2%
30-40 Years	106.2	9.8%
40+ Years	105.0	9.7%
Debt outstanding	**1,081.1**	**100%**

3.9.2 The maturity loan profile includes existing debt and forward starting loans as agreed at 30 September 2026 and excludes any planned future borrowing.

3.10 Investment Activity

3.10.1 CIPFA published a revised Treasury Management in the Public Services Code of Practice and Cross-Sectoral Guidance Notes on 20th December 2021. These define treasury management investments as investments that arise

from the organisation's cash flows or treasury risk management activity that ultimately represents balances that need to be invested until the cash is required for use in the course of business.

3.10.2 The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves. As at 30 September 2026, the Council was holding investment balances of £73.6m, an increase of £30.0m from the start of year balance of £43.6m. The increase is due to higher income received in the first half of the year which is a year-on-year trend with grant income consistently received in the first half of the year. The increase is also driven by slippage in the capital programme leading to less expenditure than forecast. However, the investment position is subject to significant volatility as the cash needs of the Council vary on a daily basis. As set out in paragraph 3.4.10, the range of the Council's investment balance in the period was £66.0m. The investment position is shown in table 7 below.

Table 7: Treasury Investment Activity

	31-Mar-26 £m	**Movement £m**	**30-Sep-26 £m**
Local Authority and DMADF Deposits	-	-	-
Money Market Funds	43.6	30.0	73.6
Total Cash Investments (Excluding accrued interest)	**43.6**	**30.0**	**73.6**

3.10.3 The CIPFA Treasury Management Code requires local authorities to consider their counterparty policies considering environmental, social and governance (ESG) information. The Council prioritises funds which have signed up to ESG related initiatives, including the UN Principles for responsible investment, the UK Stewardship Code and the Net-Zero Asset Managers Initiative.

3.10.4 Both the CIPFA Code and government guidance require the Council to invest its funds prudently, and to have regard to the security and liquidity of its treasury investments before seeking the optimum rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

3.10.5 The Council continues to be a long-term borrower due to its ambitious capital programme and new treasury investments are therefore primarily made to manage day-to-day cash flows using short-term low risk instruments. Therefore, the primary investment the Council makes is in money market funds. These provide the Council with improved security through high credit ratings and liquidity through the accessibility function of redeeming funds on the same day.

3.10.6 Investment interest rates on short-term cash holdings are lower than a year ago. As at 30 September 2026, the Council has achieved an average of 3.92%

interest income from cash investment holdings, which compares to 4.26% a year earlier. This is because, despite rising long-term rates caused by economic uncertainty, the Bank of England base rate was reduced by 0.25% in December 2025 and this has been reflected in the rates offered by money market funds, as discussed in the economic commentary provided in Appendix 1. Appendix 2 summarises the council's portfolio as at 30 September 2026 and the average rates. In addition, Appendix 3 details the average rate earned on investments against credit risk exposure.

3.10.7 This low risk approach taken by the Council is reflected in benchmarking data in table 8. The Council's investments have a higher credit score but the Council has achieved a lower rate of return than other authorities, who have invested in less liquid Pooled Funds. In addition to reduced liquidity, changes in accounting requirements in 2025/26 means gains and losses in valuations need to be recognised in the General Fund. This makes accurate forecasting difficult and could mean the need for sudden revenue budget savings to ensure a balanced budget. The Council will keep this position under review and will consider using Pooled Funds should liquidity requirements allow and yield remain high.

3.10.8 The progression of risk and return metrics are shown in the extracts from Arlingclose quarterly investment benchmarking in the table below.

Table 8: Investment Benchmarking

	Credit Score	Credit Rating	Bail-in Exposure*	Weighted Average Maturity (days)	Rate of Return
31.03.2026	4.85	A+	100%	1	3.82%
30.09.2026	4.85	A+	100%	1	3.92%
Similar Local Authorities**	4.72	A+	87%	20	4.00%
All Local Authorities**	4.58	A+	67%	10	4.16%

*Bail-in exposure means money invested with banks that could potentially be used to absorb losses if that bank were to fail. The Council's 100% bail-in exposure means that all of its investments are with institutions that are subject to bail-in rules, such as commercial banks. It does not mean the authority is expected to lose its money, only that all of its investments are exposed to that type of risk if a bank were to get into financial difficulty.

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3.11 Non-Treasury Investment Activity

3.11.1 Investments that do not meet the definition of treasury management investments (i.e., management of surplus cash) are categorised as either for service purposes (made explicitly to further service objectives) and or for commercial purposes (made primarily for financial return). All non-Treasury investments are held for service purposes. They include equity stakes and loans to subsidiaries.

3.11.2 As at 30 September 2026 the Council held £287.5m of investments for service purposes:

- Shareholding in subsidiaries: £43.9m
- Loans to subsidiaries: £212.6m
- Loans to schools, academies and colleges: £17.3m
- Loan to West London Waste Authority: £13.7m

3.11.3 I4B Holdings Limited is a company wholly owned by Brent Council. The primary purpose of the company is to provide affordable homes to help reduce homelessness in the borough. As at 30 September 2026, the Council had provided total investment of £223.1m in I4B (£223.1m in 2025/26), which is secured against the company's properties. The investment is split between £179.2m loans and £43.9m equity financing. Based on current loans, the Council is expected to receive £5.2m in interest for loans advanced to I4B by 31 March 2027.

3.11.4 The Council expects to issue new loans to the company and purchase equity in the latter half of 2026/27 under the Phase 3 £32m capital loan and £8m equity facility.

3.11.5 First Wave Housing (FWH) is a registered provider of housing in Brent and is wholly owned by Brent Council. FWH was formally known as Brent Housing Partnership (BHP). The Council is expecting to receive £0.7m in interest by 31 March 2027 for loans to FWH and is expecting to receive capital repayment of £0.5m. As at 30 September 2026, there were outstanding loans to FWH of £32.9m (£33.4m in 2025/26), which are secured against the properties held within the company.

3.11.6 Loans to subsidiaries are expected to generate £5.9m of income for the Council in 2026/27 (£5.9m in 2025/26). This interest income covers the borrowing cost of investing in housing through wholly owned subsidiaries. These borrowing costs would be incurred by the Council regardless of the method through which the Council develops new housing; however, this is the vehicle of choice for such investments.

3.12 Capital Financing Costs

3.12.1 Total net interest costs are forecast to be £37.1m (£31.0m in 2025/26), reflecting the high-interest rate environment and the cost of servicing loans required for servicing the Council's ambitious capital programme.

Table 9: Debt Costs

Capital Financing Costs at Q2 (£m)	2025/26 Actual	2026/27 Forecast
Total External Debt Interest Payable & Expenses	41.1	47.2
Total Interest Receivable	(10.1)	(10.1)
Net Interest	**31.0**	**37.1**
MRP (Excluding PFI)	16.5	18.0
Total Interest & MRP	**47.5**	**55.1**

3.12.2 The net interest cost are split between the General Fund (£21.4m) and HRA (£15.7m). The interest receivable and MRP are only attributable to the General Fund because the Council does not hold separate HRA cash investments and does not charge MRP on HRA assets due to its self-financing structure.

3.12.3 The total capital financing cost forecast includes:

- The interest costs from borrowing £125.2m of new loans (the council has taken out £71m new loans as illustrated in table 3) to fund the Council's capital programme borrowing need as well as to finance maturing debt at an assumed average interest rate of 5.47%.
- Interest on treasury cash investments with an average cash balance of £56.7m earning an assumed rate of 3.8%.

- Expected interest on subsidiary loans related to I4B and First Wave Housing, two wholly owned Council companies, and service loan advances to Brent schools; the West London Waste Authority and Alperton Academy are also included in the forecast.

- The forecast total interest of £37.1m is an increase on the prior year due to further external borrowing to fund the capital programme and re-financing of maturing debt. Furthermore, the Council has a rising MRP obligation that is associated with past borrowing decisions. The Council uses the annuity method to determine the MRP charge which is set out in the annual MRP policy approved by full cabinet each financial year, which results in a lower charge in the earlier period of the repayment schedule but increases over time.

3.13 Treasury Management Training

3.13.1 The needs of the Council's treasury management staff for training in investment and debt management are kept under review. These are considered as part of the staff appraisal process and additionally when the responsibilities of individual members of staff change.

3.13.2 Training for Members is also kept under review and formal treasury training sessions are provided on an annual basis.

3.14 Compliance

3.14.1 The Corporate Director, Finance and Resources reports that all treasury management activities undertaken during the year complied fully with the CIPFA Code of Practice and the Council's approved Treasury Management Strategy.

3.14.2 Compliance with the approved prudential indicators, and in particular the authorised limit and operational boundary for external debt is demonstrated within Appendix 4 (Q2 September 2026/27 Prudential Indicators) as required by the 2021 CIPFA Treasury Management Code.

4.0 Stakeholder and Ward Member Consultation and Engagement

4.1 Given the nature of this report, there has been no stakeholder and ward member consultation and engagement.

5.0 Financial Considerations

5.1 The financial implications are noted in the report.

6.0 Legal Considerations

6.1 The Local Government Act 2003 and the Local Authorities (Capital Financing and Accounting) Regulations 2003 require the Council to 'have regard to' the Prudential Code and to set Prudential Indicators to ensure that the Council's capital investment plans are affordable, prudent, and sustainable. This requires that regular reports be submitted to the relevant Council Committee. Brent Council has adopted the CIPFA Code of Practice for Treasury Management in the Public Sector and operates its treasury management service in compliance with this code and as such, following consideration by Audit and Standards Advisory Committee, a report setting out the Council's Treasury Management activity and Treasury Management Strategy for the year should be submitted to Full Council for approval.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no equity, diversity and inclusion considerations arising from this report.

8.0 Climate Change and Environmental Considerations

8.1 As part of the Council's Treasury Management Strategy, the Council ensures an assessment is made with regards to environmental, social and governance (ESG) matters for the council's long-term investments.

9.0 Human Resources/Property Considerations (if appropriate)

9.1 There are no Human Resources/Property considerations arising from this report.

10.0 Communication Considerations

10.1 No additional communication strategies are required for this report.

Report sign off:

Minesh Patel
Corporate Director, Finance and Resources

Appendix 1: Economic Commentary 2026/27

External Context

Economic background: The key story remained the conflict in the Middle East and its impact on global energy prices and inflation, while on the UK politics side, Andy Burnham became the new Prime Minister. Although energy prices had shown signs of moderating towards the end of (calendar) Q2, the continuing conflict pushed oil and gas up sharply once again in Q3. Around mid-September, Brent oil and UK gas prices were over 30% and 70% higher respectively compared to the period preceding the Bank of England's (BoE) July Monetary Policy Report (MPR).

Given the inflationary impact of the previous energy shock from the Russia/Ukraine war, central bank policymakers remained alert to higher energy prices feeding into wider price and wage-setting behaviour ('second-round effects'). In the UK, higher fuel and energy prices were evident in headline inflation, but there was limited evidence of material second-round effects. At the same time, underlying wage pressures continued to moderate, and the labour market remained relatively loose.

The BoE's Monetary Policy Committee (MPC) maintained Bank Rate at 3.75% throughout the period. In April the MPC voted by 8-1 to leave rates unchanged, with one member wanting a 0.25% increase. The voting subsequently became more hawkish, moving to 7-2 in June and 6-3 in both July and September, with all dissenters preferring to increase Bank Rate to 4.00%. The change in voting patterns reflected increasing policymaker concern over the persistence of the energy shock and the risk that higher headline inflation could become embedded in domestic prices and wages.

At the September MPC meeting, the Committee judged the inflation risks were further to the upside compared to its July MPR. Energy prices had risen again and borrowing costs were materially higher than before the US/Iran conflict. Despite expecting inflation would rise further in the near-term, most members believed that a soft labour market, spare capacity and restrictive monetary conditions would reduce inflation over time. Moreover, the data showed there was still little evidence of material second-round effects, although the MPC emphasised that the risk of these effects would increase the longer elevated and volatile energy prices persisted.

UK headline consumer price inflation (CPI) initially declined, suggesting the initial energy shock was not spreading into a wider range of goods and services. However, later in the period inflation picked up again, with CPI rising from 2.6% in June to 3.1% in August due largely to higher transport costs. Core CPI was 2.6% in July and August, suggesting the divergence between that and headline inflation was due to energy rather than a broad increase in underlying inflation.

UK economic activity was somewhat stronger than initially anticipated over the period. GDP expanded by 0.6% in the first quarter of the calendar year and 0.5% in the second quarter, slightly stronger than the initial estimate of 0.4%. Monthly activity was more volatile, with a contraction of -0.1% in April, followed by gains of 0%, 0.3% and 0.4% in May, June and July respectively.

Labour market data continued to show softening employment conditions. The unemployment rate fell to 4.9% in April and remained at that level to July, against expectations it would tick up. Job vacancies also continued to decline, to 702,000 in the three months to July. Earnings growth moderated, with regular earnings at 3.5% in the three months to July and total earnings at 3.9%, suggesting weaker labour demand was continuing to restrain domestic wage pressures.

Arlingclose, the authority's treasury adviser, expects Bank Rate will stay at 3.75%. However, higher energy prices due to the ongoing conflict(s) and uncertainty around the government's upcoming Budget have increased the near-term upside risks. Moreover, stronger inflation projections, which accompanied the September MPC decision, shifted market expectations for Bank Rate higher. In addition, despite little evidence of second-round effects to date, the changing tone of the MPC minutes suggests it may not need something seismic to tip the Committee to increase Bank Rate.

The US Federal Reserve held the Fed Funds target range at 3.50%-3.75% through to July. However, inflation pressures rose during the summer, pushing headline CPI to 3.4% in August, with higher petrol prices accounting for much of the increase. This led the Fed to raise its target range to 3.75%-4.00% in September. The move reflected increased concern over inflation at a time when US economic activity and labour-market conditions were relatively resilient.

Following a 0.25% increase in June, the European Central Bank raised its three key policy rates by a further 0.25% in September, taking the deposit facility rate to 2.50%. Inflation increased from 2.9% in July to 3.2% in August, and an initial estimate suggested a further rise to 3.8% in September, with energy prices the principal driver. The ECB emphasised the uncertainty around the duration of the energy shock and the risk prolonged higher inflation could feed into wider price-setting.

Financial markets: After the sharp deterioration early in the period, financial market sentiment improved somewhat as there were ongoing hopes that the US/Iran war would be resolved. However, towards the end of the period, signs of any potential resolution appeared premature and oil prices rose alongside inflation and bond yields while equity market volatility increased as investors weighed conflict-related as well as AI-related concerns.

Bond yields in both the US and UK increased markedly over the period, with the gap between gilts and US Treasuries tightening towards the end of the period. While term premia are still embedded in gilt yields given the relatively uncertain fiscal outlook, a more hawkish Fed alongside persistent US inflation and fiscal concerns have pushed the yields on US Treasuries to their highest levels in years.

Some relatively market-friendly announcements were made by Andy Burnham in his speech at the Labour Party conference, but it will be the Budget at the end of October that will hopefully provide some clarity on what the UK's fiscal position might look like going forward.

Over the period, the 10-year UK benchmark gilt yield started at 4.86% and ended at a high of 5.43%. The 20-year gilt yield starting at 5.45% and finished at 5.93%, another

high for the period. The Sterling Overnight Rate (SONIA) averaged 3.73% over the period to 30th September.

Credit review: Arlingclose maintained its advised recommended maximum unsecured duration limit on the majority of the banks on its counterparty list at 6 months. The other banks remain on 100 days.

During the period, Fitch upgraded numerous banks due to a rating methodology change, as well as the reference obligations used for Issuer Default Ratings and introduced more differentiated notching between deposits, senior preferred, senior unsecured and senior non-preferred debt ratings.

Later in the period, Moody's changed the outlook on HSBC to Positive from Stable, while also affirming its long-term deposit rating. This follows a similar action from S&P on HSBC's outlook a few months prior to this.

After spiking in April following escalation in the Iran war, credit default swap prices on UK banks declined during most of the period but started to pick up again in September. They ended the period well below levels that may give cause for concern but remain under constant monitoring.

European banks' CDS prices followed a similar pattern to the UK, while Canadian bank CDS prices rose early in the period and then remained at similar levels, while Australian and Singaporean banks tended to trend downwards.

Overall, at the end of the period CDS prices for all banks on Arlingclose's counterparty list remained within limits deemed satisfactory for maintaining credit advice at current durations.

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will continue to be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.

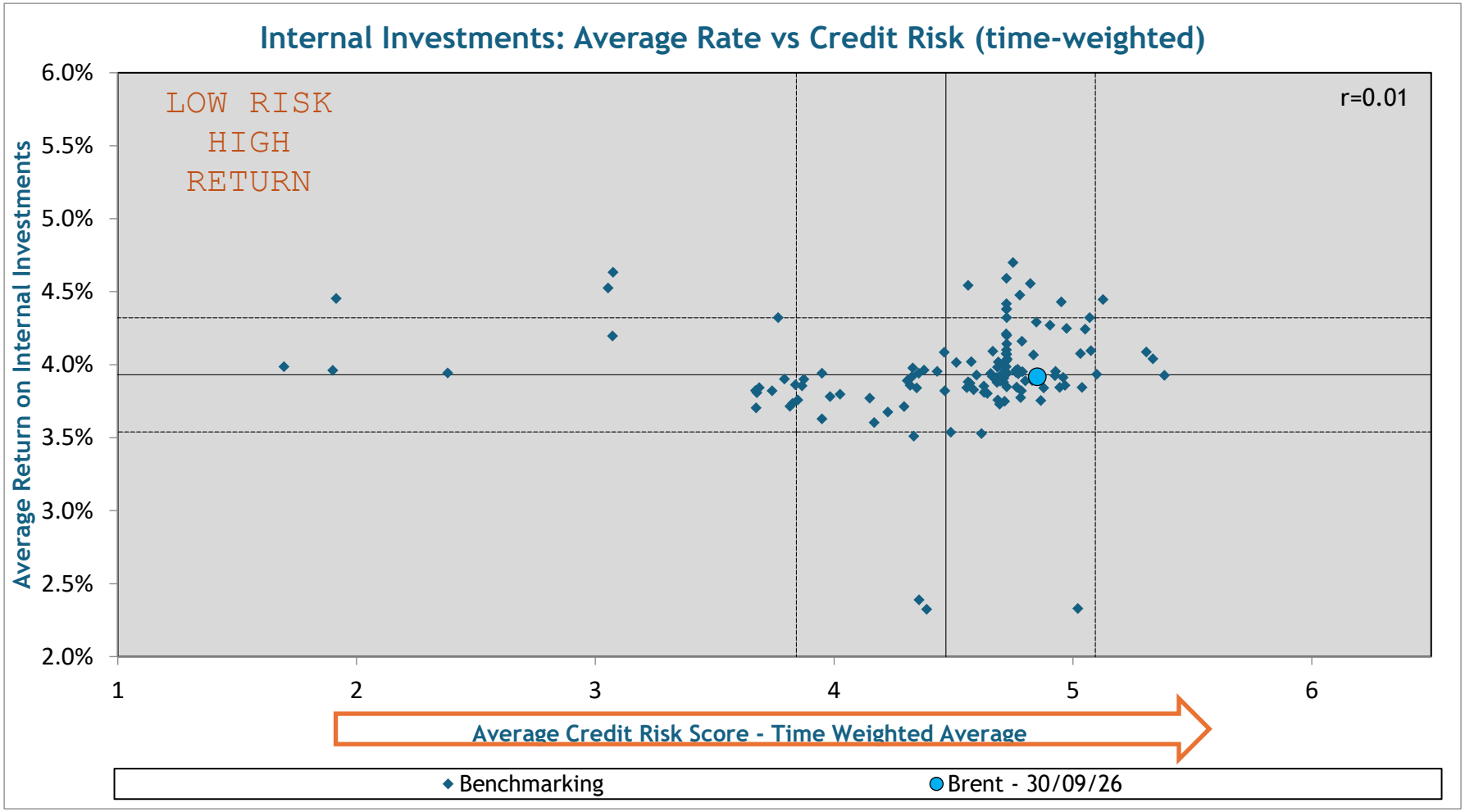
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Appendix 2: Debt and Investment Portfolio September 2026

	Actual Portfolio as at 30 Sept 2026 (£m)	Average Rate as at 30 September 2026
External Borrowing:		
PWLB Maturity Loans	415.9	4.32%
PWLB Equal Instalment Principal Loans	443.7	
Fixed Rate Market Loans	95.0	3.00%
LOBO Loans	39.5	
Short-term Loans	75.0	4.65%
GLA Green Finance Fund	12.00	4.71%
Total External Debt	**1,081.1**	**4.17%**
Investments:		
Money Market Funds	73.6	3.92%
Total Investments	**73.6**	**3.92%**
Net Debt	**1,007.5**	

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Appendix 3: Internal Investments – Average Rate vs Credit Risk as at 30/09/2026



The Council measures the financial performance of its treasury management activities against similar Council's through benchmarking provided by its Treasury Management Advisor, Arlingclose limited. A credit rating of 4 is equivalent to credit score of AA-. The Council has a target rating of A which is a rating of 6. The current portfolio has a credit rating of A+ (Credit score 5) which exceeds our target rating.

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Appendix 4: Quarter Two 2026/27 Prudential Indicators

Legislative Update

In December 2021, CIPFA published its revised Prudential Code and Treasury Management Code of Practice following concerns around the commercial activity undertaken by several local authorities and the affordability of borrowing plans.

The Code required authorities to not borrow to invest primarily for financial return and all capital expenditure undertaken must be related to the functions of the authority. The Council has not undertaken any activities to invest for a yield or have any commercial plans within the capital programme.

The Code required the Prudential Indicators (which are approved as part of the Council's Treasury Management Strategy) to be reported quarterly (from semi-annually) as part of the financial updates and will be a recurring addition to the quarterly financial reports.

Prudential Indicators

The Council has a significant borrowing requirement and balance and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of risk remains central to the Council's treasury management strategy.

Prudential indicators have been calculated based on revised capital budgets and forecasts in line with the Council's Quarter 2 monitoring report

Capital Expenditure & Financing at Q2 2026/27 (£m)	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**Total 2025/26-2030-31**
	Actual	**Estimated**	**Estimated**	**Estimated**	**Estimated**	**Estimated**	
Corporate Assets	34.8	51.6	39.3	25.2	17.2	3.5	**171.6**
South Kilburn	12.3	53.6	35.3	19.4	12.0	6.9	**139.4**
Regeneration	73.5	67.7	22.2	31.9	28.8	5.0	**229.1**
Schools	20.5	17.2	48.3	19.5	5.0	0.0	**110.5**
Affordable Housing Supply (including I4B)	50.5	45.3	91.2	78.7	43.3	0.0	**309.1**
Housing HRA & Management	18.3	32.5	52.5	24.0	23.0	5.0	**155.3**
Total Capital Expenditure	**209.9**	**267.7**	**288.9**	**198.7**	**129.3**	**20.4**	**1,114.9**
Financed By:							
Grants	65.6	50.9	45.7	23.0	11.9	8.5	**205.5**
Section 106 & CIL	29.2	57.4	35.9	32.8	29.1	2.3	**186.7**

Capital Receipts	1.2	16.3	37.4	6.0	0.4	0.0	**61.3**
Earmarked Reserves	1.1	3.6	0.4	0.3	0.1	0.7	**6.2**
Major Repairs Reserve	11.2	13.9	18.9	13.0	13.0	0.0	**70.0**
Revenue Contributions	0.5	0.6	0.6	0.8	0.6	1.5	**4.5**
Borrowing	101.1	125.2	150.0	122.8	74.2	7.4	**580.8**
Total Capital Financing	**209.9**	**267.7**	**288.9**	**198.7**	**129.3**	**20.4**	**1,114.9**

(a) Capital Financing Requirement (CFR)

The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement. This is the amount of the Capital Programme that is funded by borrowing. The Council's maximum external borrowing requirement for 2026/27 is shown in the table below. The indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and to consider the impact on Council tax and in the case of the HRA, housing rent levels.

CFR Movement at Q2 2026/27 (£m)	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
	Actual	**Estimated**	**Estimated**	**Estimated**	**Estimated**	**Estimated**
Opening CFR	**1,353.8**	**1,412.3**	**1,519.4**	**1,650.8**	**1,753.0**	**1,806.4**
Capital Expenditure	209.9	267.7	288.9	198.7	129.3	20.4
External Resources	(94.8)	(108.2)	(81.6)	(55.8)	(41.0)	(10.8)
Internal Resources	(14.0)	(34.3)	(57.2)	(20.1)	(14.1)	(2.2)
MRP excluding PFI and leases	(16.5)	(18.0)	(18.7)	(20.6)	(20.8)	(22.5)
Capital Loans Repaid	0.0	0.0	0.0	0.0	0.0	0.0
Accounting Adjustments PFI/Leases	(26.1)	0.0	0.0	0.0	0.0	0.0
Closing CFR	**1,412.3**	**1,519.4**	**1,650.8**	**1,753.0**	**1,806.4**	**1,791.3**

External resources consist of grants and Developer contributions. Internal resources consist of use of reserves, capital receipts and revenue contributions.

(b) Gross Debt and the Capital Financing Requirement

To ensure that over the medium term, debt will only be for capital purposes, the Council should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years. This is a key indicator of prudence. The table below shows that the Council expects to comply with this recommendation during 2026/27.

Gross Debt & the Capital Financing Requirement at Q2 2026/27 (£m)	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
	Actual	**Estimated**	**Estimated**	**Estimated**	**Estimated**	**Estimated**
External Loans	1,074.1	1,163.2	1,260.7	1,359.0	1,418.4	1,424.3

PFI & Leases	61.7	60.0	60.0	60.0	60.0	60.0
Total External Debt Liabilities	**1,135.8**	**1,223.2**	**1,320.7**	**1,419.0**	**1,478.4**	**1,484.3**
Internal Borrowing	276.5	296.3	330.1	334.0	328.1	307.0
Capital Financing Requirement	**1,412.3**	**1,519.4**	**1,650.8**	**1,753.0**	**1,806.4**	**1,791.3**

(c) Liability Benchmark

The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future, and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

Liability Benchmark at Q2 2026/27 (£m)	**2025/26 Actual**	**2026/27 Estimated**	**2027/28 Estimated**	**2028/29 Estimated**	**2029/30 Estimated**	**2030/31 Estimated**
CFR	1,412.3	1,519.4	1,650.8	1,753.0	1,806.4	1,791.3
LOBO Loans	59.5	39.5	30.0	15.0	10.0	0.0
Non-LOBO Loans	1,014.6	1,123.7	1,230.7	1,344.0	1,408.4	1,424.3
Balance Sheet Resources	(453.7)	(434.5)	(434.5)	(434.5)	(434.5)	(434.5)
Net Loan Requirement	**1,054.1**	**1,143.2**	**1,240.7**	**1,339.0**	**1,398.4**	**1,404.3**
Plus Liquidity Allowance	20.0	20.0	20.0	20.0	20.0	20.0
Liability Benchmark	**1,074.1**	**1,163.2**	**1,260.7**	**1,359.0**	**1,418.4**	**1,424.3**

(d) Authorised limit and Operational Boundary for External Debt

The Operational Boundary for External Debt is based on the Council's estimate of most likely i.e. prudent, but not worst-case scenario for external debt. It links directly to the Council's estimates of capital expenditure, the capital financing requirement and cash flow requirements and is a key management tool for in-year monitoring.

Other long-term liabilities comprise finance leases, Private Finance Initiative contracts and other liabilities that are not borrowing but form part of the Council's debt.

The Authorised Limit for External Debt is the affordable borrowing limit determined in compliance with the Local Government Act 2003. It is the maximum amount of debt that the Council can legally owe. The authorised limit provides headroom over and above the operational boundary for unusual cash movements.

Authorised Limit at Q2 2026/27 (£m)	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
Authorised Limit	1,800.0	2,000.0	2,000.0	2,000.0	2,000.0	2,000.0
Operational Boundary	1,600.0	1,800.0	1,800.0	1,800.0	1,800.0	1,800.0

The Corporate Director for Finance and Resources confirms that there were no breaches to the Authorised Limit and the Operational Boundary during Quarter One of 2026/27. .

(e) Upper Limits on one-year revenue impact of a 1% movement in interest rates

This indicator is set to control the Council's exposure to interest rate risk. The impact of a change in interest rates is calculated on the assumption that maturing loans in the current year will be replaced at current rates.

Upper Limits on one-year revenue impact of a 1% movement in interest rates on Maturing Debt at Q2 2026/27(£m)	**2026/27**	**2026/27**
	Approved Limit	**Actual**
Upper limit on one-year revenue impact of a 1% rise in interest rates	5.0	1.1
Compliance with limits:		Yes
Upper limit on one-year revenue impact of a 1% fall in interest rates	(5.0)	(1.1)
Compliance with limits:		Yes

(f) Maturity Structure of Fixed Rate Borrowing

This indicator is to limit large concentrations of fixed rate debt needing to be replace at times of uncertainty over interest rates. The Council uses the option date as the maturity date for its LOBO loans. Loans based on existing debt portfolio as at the reported period.

Maturity Structure of Fixed Rate Borrowing at Q2 2026/27 (£m)	**Upper Limit**	**Lower limit**	**2026/27**	**2026/27**	**2026/27**	**2026/27**	**2026/27**
			Actual Borrowing 31.07.2026	**Actual Borrowing 31.07.2026**	**Forecast Borrowing at 31.03.2027**	**Forecast Borrowing at 31.03.2027**	**Compliance with limits**
	%	**%**	**£m**	**%**	**£m**	**%**	
Under 12 months	40.0	0.0	111.5	10.4%	198.1	17.0%	Yes
12 months & within 24 months	40.0	0.0	15.0	1.4%	26.2	2.3%	Yes
24 months and within 5 years	40.0	0.0	59.4	5.5%	54.1	4.7%	Yes
5 years and within 10 years	60.0	0.0	250.8	23.4%	248.9	21.4%	Yes

10 years and within 20 years	75.0	0.0	260.3	24.3%	260.3	22.4%	Yes
20 years and within 30 years	75.0	0.0	196.7	18.3%	196.7	16.9%	Yes
30 years and within 40 years	75.0	0.0	73.9	6.9%	73.9	6.3%	Yes
Over 40 years	75.0	0.0	105.0	9.8%	105.0	9.0%	Yes
Total			**1,072.6**	**100.0%**	**1,163.2**	**100.0%**	

(g) Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet financing costs, net of investment income.

Financing Costs to Net Revenue Stream at Q2 2067/27 (£m)	**Actual**	**Forecast**	**Forecast**	**Forecast**	**Forecast**	**Forecast**
	2025/26	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
Financing Costs (Interest & MRP) (£m)	38.9	41.9	45.9	51.9	51.9	51.9
Net Revenue Stream (£m)	431.4	501.8	535.2	568.6	589.6	611.6
Proportion of net revenue stream (%)	**9.0%**	**8.3%**	**8.6%**	**9.1%**	**8.8%**	**8.5%**

Financing costs can be further broken down as follows.

Capital Financing Costs at Q2 2026/27 (£m)	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
	Actual	**Estimated**	**Estimated**	**Estimated**	**Estimated**	**Estimated**
Total Interest Payable & Expenses	41.1	47.2	56.5	63.2	68.2	70.7
Total Interest Receivable	(24.1)	(25.8)	(26.2)	(26.6)	(26.9)	(27.1)
Net Interest	17.0	21.4	30.3	36.6	41.3	43.6
MRP (Excluding PFI/leases)	16.5	18.0	18.7	20.6	20.8	22.5
Total Interest & MRP	**33.5**	**39.4**	**49.0**	**57.2**	**62.1**	**66.1**
Net impact of internal useable reserves and growth	5.4	2.5	(3.1)	(5.3)	(10.2)	(14.2)
Total Capital Financing Costs	**38.9**	**41.9**	**45.9**	**51.9**	**51.9**	**51.9**

(h) Upper Limit for Total Principal Sums invested over 364 Days

The purpose of this limit is to contain exposure to the possibility of loss that may arise because of the Council having to seek early repayment of the sums invested.

Upper Limit for Total Principal Sums invested over 364 Days at Q2 2026/27 (£m)	2025/26	2026/27	2026/27
	Actual	Approved	Actual
Upper Limit for Total Principal Sums Invested Over 364 Days	0.0	50.0	0.0

(i) Security

The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Credit Risk Indicator at Q2 2026/27	2025/26	2026/27	2026/27
	Actual	Approved	Actual
Portfolio average credit rating	A+	A	A+

(j) Liquidity

The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Liquidity Risk Indicator at Q2 2026/27 (£m)	2025/26	2026/27	2026/27
	Actual	Minimum Balance	Actual
Total cash available within 3 months	43.8	20.0	52.2

(k) Investment Forecast

This indicator demonstrates the Council's investment exposure broken down by category for Treasury and non-treasury investments. Non-Treasury investments are directed under the Council's Investment Strategy 2026/27, whilst treasury investments are managed under the Treasury Management Strategy 2026/27.

Total Investment Exposure Indicator as at Q2 2026/27(£m)	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Actual	Estimated	Estimated	Estimated	Estimated	Estimated
Treasury management cash investments	43.8	40.0	20.0	20.0	20.0	20.0
Service investments	31.0	30.4	29.7	28.9	28.1	27.3
Commercial investments: Property	0.0	0.0	0.0	0.0	0.0	0.0
Total Investments	**74.8**	**70.4**	**49.7**	**48.9**	**48.1**	**47.3**
Commitments to lend	0.0	0.0	0.0	0.0	0.0	0.0
Total Exposure	**74.8**	**70.4**	**49.7**	**48.9**	**48.1**	**47.3**

Service investments are further broken down in the tables below.

Loans & Investments for service purposes: Category of borrower at Q2 2026/27 (£m)	2025/26	2026/27	2026/27	2027/28	2028/29	2029/30	2030/31
	Actual	Approved Limit	Estimated	Estimated	Estimated	Estimated	Estimated
i4b Holdings Ltd Subsidiary Loans*	179.2	500.0	186.8	194.5	202.6	211.2	211.2
i4b Holdings Ltd Subsidiary Equity**	43.9		45.9	47.9	49.9	51.9	51.9
First Wave Housing Ltd Subsidiary Loans	33.4		32.9	32.5	32.0	31.5	31.1
Total	**256.5**	**500.0**	**265.6**	**274.9**	**284.6**	**294.6**	**294.1**

**new £32m capital loan and £8m equity loan included in 2026/27 onwards split accordingly subject to changes*

Service Investments Other Loans £m at Q2 2026/27 (£m)	2025/26	2026/27	2026/27	2027/28	2028/29	2029/30	2030/31
	Actual	Approved Limit	Estimated	Estimated	Estimated	Estimated	Estimated
Local Businesses	0.0	10.0	0.0	0.0	0.0	0.0	0.0
Schools, Academies and Colleges	17.1	55.0	16.9	16.7	16.4	16.2	15.9
West London Waste Authority	13.9	20.0	13.5	13.0	12.5	11.9	11.4
Local Charities	0.0	10.0	0.0	0.0	0.0	0.0	0.0

Housing Associations	0.0	50.0	0.0	0.0	0.0	0.0	0.0
Local Residents	0.0	5.0	0.0	0.0	0.0	0.0	0.0
Total	**31.0**	**150.0**	**30.4**	**29.7**	**28.9**	**28.1**	**27.3**

(l) Investment Funding

This indicator demonstrates the amount of exposure to borrowing because of investments made for service purposes. These investments are the loans to the Council's subsidiaries i4B Holdings Ltd and First Wave Housing Ltd.

Investments Funded by Borrowing at Q2 2026/27 (£m)	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
	Actual	**Estimated**	**Estimated**	**Estimated**	**Estimated**	**Estimated**
I4B Loans	179.2	186.8	194.5	202.6	211.2	211.2
I4B Equity	43.9	45.9	47.9	49.9	51.9	51.9
First Wave Housing (FWH)	33.4	32.9	32.5	32.0	31.5	31.1
Schools, Academies and Colleges	17.1	16.9	16.7	16.4	16.2	15.9
West London Waste Authority	13.9	13.5	13.0	12.5	11.9	11.4
Total Service investments	**287.5**	**296.0**	**304.6**	**313.5**	**322.7**	**321.4**
Total Funded by Borrowing	**287.5**	**296.0**	**304.6**	**313.5**	**322.7**	**321.4**

(m) Investment Rate of Return

This indicator demonstrates the rate of return obtained from the different investment categories.

Investments net rate of return at Q2 2026/27	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
	Actual	**Estimated**	**Estimated**	**Estimated**	**Estimated**	**Estimated**
Treasury management investments	**3.82%**	**3.75%**	**3.75%**	**3.75%**	**3.75%**	**3.75%**
Service investments	**2.60%**	**3.00%**	**3.00%**	**3.00%**	**3.00%**	**3.00%**

(n) Other Investment Indicators

Other investment indicators at Q2 2026/27 (£m)	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**
	Actual	**Estimated**	**Estimated**	**Estimated**	**Estimated**	**Estimated**
External Debt (Loans)	1,074.1	1,163.2	1,260.7	1,359.0	1,418.4	1,424.3
Net Service Expenditure	431.4	501.8	535.2	568.6	589.6	611.6
Debt to net service expenditure ratio	2.5	2.3	2.4	2.4	2.4	2.3

Brent	**Audit and Standards Advisory Committee** 30 November 2026
	Report from the Corporate Director, Finance and Resources
	Lead Member - Deputy Leader & Cabinet Member for Finance & Resources (Councillor Gwen Grahl)

Treasury Management Strategy Report 2027/28

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:	Four Appendix 1: Draft Treasury Management Strategy 2027/28 – incorporating Appendix 2: Economic Commentary & Interest Rate Forecast Appendix 3: Average Rate Vs Credit Risk Appendix 4: Existing Investment & Debt Portfolio
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Naomi Hayes, Senior Finance Analyst. Capital, Treasury & Commercial 020 8937 3921 Email: naomi.hayes@brent.gov.uk Oliver Simms, Head of Finance (Capital, Treasury and Commercial). Capital, Treasury & Commercial 020 8937 3484 Email: Oliver.simms@brent.gov.uk

1.0 Executive Summary

1.1 This report presents the draft Treasury Management Strategy (TMS) for 2027/28 for consideration by the Committee. The final version of the TMS incorporating the views of this Committee will be included in the annual Budget Setting Report to be presented to Cabinet and Full Council in

February 2027. Highlighted areas to be updated for the final version of the report.

1.2 Key emerging points are as follows:

1. Growth in Council debt to fund the capital programme as shown in Table 1.

2. Council's capital programme based on Period 6 forecast (subject to change) as shown in Table 2.

3. Borrowing Strategy as set out in paragraph 27.

4. Treasury Investment Strategy as set out in paragraph 43.

5. Investment limits and approved counterparties shown in paragraph 49.

6. Treasury management prudential indicators are set out in paragraph 72.

2.0 Recommendation(s)

2.1 That the Audit and Standards Advisory Committee considers and comments on the draft Treasury Management Strategy 2027/28 included in Appendix 1.

3.0 Detail

3.1 Contribution to the Council Plan, *Believe in Brent 2026 – 2030* & Strategic Context

3.1.1 Treasury Management underpins all aspects of financial management within the Council which enables the delivery of the priorities and objectives within the Borough Plan. Treasury Management activities are strictly regulated, and the Audit & Standards Advisory Committee have the responsibility of scrutinising the Treasury Management function in line with CIPFA's Prudential Code (2021) including reviewing the draft Strategy each year.

3.1.2 The Strategy sets out the framework for Treasury Management activity in 2027/28 and includes details on:

- Borrowing Strategy and sources of debt finance
- Investment Strategy, investment types and prescribed limits
- Treasury Management Indicators for 2027/28
- Alternative options/strategies
- External context
- Local context

3.1.3 The draft Strategy is included in Appendix 1 and is currently based on October 2026 capital programme budget data from Programme Managers.

This highlighted content is subject to change in the subsequent version of the Strategy to reflect the ongoing work that is currently being undertaken by the Capital Team with Programme Managers in determining the most accurate budget profiles and any growth in capital budgets. Such changes will be presented to Cabinet and Council in February 2027.

4.0 Stakeholder and Ward Member Consultation and Engagement

4.1 Given the nature of this report, there has been no stakeholder and ward member consultation and engagement.

5.0 Financial Considerations

5.1 The planned treasury management activity outlined in Appendix 1 will result in interest costs associated with borrowing, as well as the generation of investment income for the Council. The Council's draft capital financing budget for 2027/28, including provisions for Minimum Revenue Provision (sums set aside for the repayment of debt), has been aligned with this Strategy and will form part of the overall budget setting report scheduled to be presented to Full Council in February 2027.

6.0 Legal Considerations

6.1 The Local Government Act 2003 provides local authorities with powers to borrow and invest for purposes relevant to their functions and for the prudent management of their financial affairs. The statutory framework requires the Council to ensure that its borrowing and capital financing activities are affordable, prudent and sustainable.

6.2 The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) require the Council, in carrying out its capital finance functions, to have regard to the Prudential Code for Capital Finance in Local Authorities published by CIPFA. The Council also has regard to the CIPFA Treasury Management Code of Practice in the exercise of its treasury management functions.

6.3 The Treasury Management Strategy has been prepared in accordance with the CIPFA Treasury Management Code of Practice (2021), the Prudential Code for Capital Finance in Local Authorities and the statutory investment guidance issued by the Secretary of State under the Local Government Act 2003.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no equity, diversity and inclusion considerations arising from this report.

8.0 Climate Change and Environmental Considerations

8.1 As part of the Council's Treasury Management Strategy, the Council will

ensure an assessment is made with regards to environmental, social and governance (ESG) matters for the council's long-term investments.

9.0 Human Resources/Property Considerations

9.1 There are no human resources or property considerations arising from this report.

10.0 Communication Considerations

10.1 No additional communication strategies are required for this report.

Report sign off:

Minesh Patel
Corporate Director, Finance and Resources

Appendix 1- Draft Treasury Management Strategy 2027/28

To note information highlighted will be updated after 31/12/2026.

Introduction:

1. Treasury management is the management of the Council's cash flows, borrowing and investments, and the associated risks. The Council has borrowed and invested substantial sums of money and is therefore exposed to financial risks including the loss of invested funds and the revenue effect of changing interest rates. The successful identification, monitoring and control of financial risk are therefore central to the Council's prudent financial management.

2. Treasury risk management at the Council is conducted within the framework of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) which requires the Council to approve a treasury management strategy before the start of each financial year. This report fulfils the Council's legal obligation under the Local Government Act 2003 to have regard to the CIPFA Code.

3. Investments held for service purposes are considered separately within the Investment Strategy.

Economic Background

4. The most significant impacts on the Authority's treasury management strategy for 2027/28 are expected to the include the ongoing war between the US and Iran alongside other geopolitical uncertainties, the UK's fiscal and economic position, rising inflation, and higher interest rates. The US midterm elections saw the Democrats win both the Senate and the House of Representatives. This could enable the party to frustrate President Trump's plans over the remain two years, as well as investigating his previous decisions such as starting the war with Iran. However, exactly what the impact will be together with President Trump's future actions, is as yet unclear.

5. The Bank of England's (BoE) Monetary Policy Committee (MPC) increased Bank Rate to 4% in November. The vote was 8-1 in favour of the 0.25% increase, with lone dissenter instead favouring a 0.5% rise. The MPC outlined that the Middle East conflict has pushed up energy prices to such a degree that Consumer Price Index (CPI) inflation is now expected to reach around 5% by mid-2027, and that this pressure warrants an increase in rates. The Committee also noted that activity data had generally been stronger than expected, adding to the case for tighter monetary policy.

6. UK GDP was estimated to have expanded by 0.5% in Q2 2026 (April-June), an upward revision from the initial estimate of 0.4%, implying that perhaps the UK economy was a little more resilient than it had been given credit for. The construction and services sectors provided the largest positive contributions. Looking ahead, the BoE's November Monetary Policy Report (MPR) notes GDP growth has been more

resilient than expected thanks mostly to the services sector, and from the upwardly revised 0.5% in Q2 2026 an expansion of 0.7% is now predicted for Q3 (previously 0.1%) before falling to 0.3% in Q4.

7. UK CPI inflation rose to 3.6% in October, driven mostly by higher fuel prices, although core and services inflation also increased, suggesting wider price pressure may be emerging. Going forward, inflation is expected to rise further, with the latest BoE MPR predicting CPI rising to around 5% by the middle of 2027. Once again higher energy prices are the main reason for the further rise, and the significant increases in wholesale prices since the July MPR pushing up the CPI forecast compared to previously.

8. Recent labour market data showed an improving but still relatively weak picture. The unemployment rate fell to 4.7% in the three months to August 2026 due to a larger than expected increase in the Labour Force Survey. However, this survey has not the most reliable and the better PAYE measure rose by a smaller amount, implying that hiring by firms remains subdued. The November MPR shows that the unemployment rate is projected to remain around 4.8% in Q4 2026 and that the economy still has a margin of spare capacity consistent with the recent strength in GDP.

9. The US Federal Reserve (Fed) increased the Fed Funds Rate in September 2026 to a range of 3.75%-4.00% from 3.5%-3.75%. Policymakers were unanimous in their decision to hike rates for the first time in three years, citing higher and persistent inflation meant it was necessary. Rates were then held at the same range in the October meeting ahead of the midterm elections in November, albeit two Fed committee members voted to increase rates by 0.25%. Financial markets are expecting one or two further hikes in the months ahead.

10. The European Central Bank (ECB) also raised its key interest rates in September, taking the deposits rate to 2.50% as the central bank acted against higher inflation. This was followed by a pause in October with the ECB citing that despite higher headline inflation, core inflation and wages were broadly stable. As with the Fed, Financial markets are expecting the ECB to increase rates further going forward, with the next hike predicted in December.

11. The gilt market reacted modestly, with the 5 year-gilt reaching an intraday low of 4.97% and the 10 year-gilt reaching 5.30% following the announcement. Meanwhile, the Office for Budget Responsibility (OBR) delivered a challenging economic outlook, reducing its 2027 growth forecast from 1.6% to 1.0% while increasing projected inflation from 2.0% to 3.4%. Fiscal headroom narrowed to £15 billion, highlighting continued pressure on public finances and the potential implications for government borrowing costs.

12. Additional UK economic data presented a mixed picture this week. Retail sales balance rose to -10 from -55 in September, substantially exceeding market expectations of -47. Although sales remained in contractionary territory, the improvement suggested some stabilisation in consumer demand. GfK consumer confidence fell sharply to -24 from -13, its largest monthly deterioration since April 2020. Rising inflation, elevated energy costs and uncertainty surrounding household

finances continue to weigh on consumer sentiment, raising concerns about the sustainability of any recovery in spending.

13. The UK housing market continued to show signs of weakness, with the Nationwide House Price Index indicating that annual house price growth slowed to 0.5% in October, down from 0.8% in September and below market expectations of 0.6%. Monthly house prices remained unchanged however, reflecting subdued buyer demand.

14. Developments in the US and Eurozone continued to influence global interest rate expectations. The Federal Reserve maintained its benchmark interest rate at 3.75%-4.00%, following September's 0.25% increase. Q3 GDP in the US expanded by an annualised 3.4%, exceeding expectations of 3.2%, while CB consumer confidence rose to 91.7 from 84.2, mirroring the rise in UK retail sales and signalling stronger consumer spending.

15. In the Eurozone, the European Central Bank maintained its deposit facility rate at 2.50% and refinancing rate at 2.65%, in line with market expectations. Policymakers adopted a cautious approach amid persistent inflationary pressures. The Economic Sentiment Indicator in the eurozone declined to 96.9 from 97.5, falling below market expectations, alongside a decline in consumer confidence to -17.9 from -16.8, reinforcing the challenges facing the ECB.

Credit Outlook

16. Credit Default Swap (CDS) prices spiked in late February and early March 2026 following the start of the US/Israel war with Iran. From April onwards they declined steadily to below pre-conflict levels as it was hoped a resolution to end the war could be found. However, from early September those hopes of the war ending faded, again, and against a backdrop of rising oil prices, higher interest rates, concerns around the fiscal position of the UK and Europe, together with political unrest in the latter, pushed CDS prices up again to levels broadly in line with the averages seen over 2025 and 2026.

17. While higher interest rates give a boost to banks' profitability, ongoing geopolitical issues, high (and rising) inflation combined with modest economic growth in the UK, a loose labour market and high borrowing costs for households and businesses all put pressure on the creditworthiness of institutions on Arlingclose's (the authority's treasury management advisor) counterparty list.

18. Arlingclose's advice on approved counterparties and recommended investment durations is kept under continuous review and will continue to reflect prevailing economic and credit conditions.

Interest Rate Forecast

19. Arlingclose, the Authority's treasury adviser, forecast that Bank Rate would be increased by 0.25% from the current bank rate of 4.0% in February 2027, although a December 2026 rate increase cannot be ruled out.

20. Arlingclose considers current financial market pricing for Bank Rate to rise to around 4.75%-5.00% to be too high and predicts a peak of 4.25%. This is then expected to be reversed relatively quickly to around 3.25% by September 2028, as the Bank of England cuts interest rates to stimulate the economy.

21. Gilt yields, and therefore PWLB borrowing rates, are expected to remain high relative to the Bank Rate forecast, but to trend downwards over the next two to three years. Further monetary tightening through higher Bank Rate could prompt a flatter yield curve or reduce the term premia which been elevated for some time.

22. The main risk for medium-term gilt yields/PWLB rates is the Middle East conflict, the escalation or de-escalation of which could move rates significantly up or down. The changed political landscape in the US following the midterm elections could be a major factor in this conflict.

23. A more detailed economic and interest rate forecast provided by Arlingclose is in Appendix 2.

24. For the purpose of setting the budget, the Council has assumed that new treasury investments will be made at an average rate of 4.0%, and that new long-term loans will be borrowed at an average rate of 6.0% in 2027/28.

25. **Local Context**

26. At 31 October 2026, the Council held £1,077.5m of borrowing (£997.5m long term and £80.0m short term) and £71.3m of short term cash investments. This is set out in further detail at Appendix 4. Forecast changes in these sums are shown in the balance sheet analysis in table 1.

27. As per Table 1, the Council will need to borrow up to £628.0m over the forecast period to support the financing of the capital programme and maturing debt.

Table 1: Balance Sheet Summary and Forecast

£m	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
Loans Capital Financing Requirement	1,446.7	1,578.6	1,680.8	1,736.8	1,721.7	1,721.7
Other debt liabilities*	106.5	106.5	106.5	106.5	106.5	106.5
Total CFR	**1,553.2**	**1,685.1**	**1,787.3**	**1,843.3**	**1,828.2**	**1,828.2**

£m	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Forecast	Estimate	Estimate	Estimate	Estimate	Estimate
Loans Capital Financing Requirement	1,446.7	1,578.6	1,680.8	1,736.8	1,721.7	1,721.7
Less External borrowing**	(1,016.5)	(901.1)	(848.7)	(796.4)	(752.6)	(711.7)
Internal (Over) Borrowing	430.3	677.5	832.1	940.4	969.0	1,009.9
Balance Sheet Resources	(381.9)	(381.9)	(381.9)	(381.9)	(381.9)	(381.9)
Estimated New Borrowing (or Treasury Investments)	**48.4**	**295.6**	**450.2**	**558.5**	**587.1**	**628.0**

* leases and PFI liabilities that form part of the Authority's total debt

** shows only loans to which the Authority is committed and excludes optional refinancing and additional capital programme debt

28. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. As our internal resources continue to be depleted, there is an increasing need for the Council to undertake new external borrowing to fund the capital programme. This could expose the Council to interest rate risk whereby interest rates could be higher (or lower) than the present day where they have been relatively high and expensive for longer term duration of loans and debt financing.

29. CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. Table 1 shows that the Council expects to comply with this recommendation during 2027/28.

30. Table 2 sets out the Councils current and future years capital programme and capital financing.

Table 2: Capital Programme Expenditure and Financing

Capital Expenditure (£m)	2026/27	2027/28	2028/29	2029/30	2030/31	Total 2026/27-2030/31
	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
Corporate Assets	47.2	43.3	25.2	17.2	3.5	136.3
South Kilburn	53.6	35.3	19.4	12.0	6.9	127.1
Regeneration	65.9	23.9	31.9	28.8	5.0	155.6
Schools and CYP	11.3	48.4	19.5	5.0	0.0	84.2
Housing HRA & Management	28.0	52.5	24.0	23.0	5.0	132.5
Affordable Housing Supply	45.3	91.2	78.7	43.3	0.0	258.6
Total Capital Expenditure	**251.2**	**294.5**	**198.7**	**129.3**	**20.4**	**894.2**

Capital Financing (£m)	2026/27	2027/28	2028/29	2029/30	2030/31	Total 2026/27-2030/31
	Estimated	Estimated	Estimated	Estimated	Estimated	Estimated
Grants	49.3	45.8	23.0	11.9	8.5	138.4
Section 106 & CIL	60.9	45.0	33.2	22.1	2.3	163.5
Capital Receipts	16.3	33.4	5.6	4.9	0.0	60.2
Earmarked Reserves	3.7	0.4	0.3	0.1	0.7	5.2
Major Repairs Reserve	13.9	18.9	13.0	13.0	0.0	58.8
Revenue Contributions	0.6	0.6	0.8	0.6	1.5	4.0
Borrowing	106.6	150.6	122.8	76.8	7.4	464.1
Total Capital Financing	**251.2**	**294.5**	**198.7**	**129.3**	**20.4**	**894.2**

31. Table 3 details the cost of delivering the Council's proposed capital programme as well as servicing existing debt relating to past capital programme.

Table 3: Capital Financing Costs

General Fund Net interest Costs (£m)	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Forecast	Estimate	Estimated	Estimated	Estimated	Estimated
Total Interest Payable & Expenses General Fund	31.5	40.3	47.0	51.9	54.4	53.8
Total Interest Receivable General Fund	(10.1)	(13.1)	(15.7)	(10.7)	(10.8)	(10.7)
Net Interest	**21.4**	**27.2**	**31.3**	**41.3**	**43.6**	**43.0**
MRP (Excluding PFI and Leases) General Fund	18.0	18.7	20.6	20.8	22.5	22.4
Total Capital Financing Costs (Interest & MRP)	**39.4**	**45.9**	**51.9**	**62.1**	**66.1**	**65.4**

HRA Net interest Costs (£m)	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
	Forecast	Estimate	Estimated	Estimated	Estimated	Estimated
Total Interest Payable & Expenses HRA	15.7	16.3	16.3	16.3	16.3	16.3
Total Interest Receivable HRA	0.0	0.0	0.0	0.0	0.0	0.0
Total Capital Financing Costs HRA	**15.7**	**16.3**	**16.3**	**16.3**	**16.3**	**16.3**

32. The increase in capital financing costs reflects new borrowing to fund the capital programme and rising interest costs. The cost of new loans is based on a budgeted interest rate of 6.0%. Currently, interest rates are high – PWLB rates were consistently above 5% throughout September – so the budgeted rate adds a prudent buffer in line with recent trends. The Council also needs to refinance maturing historic loans (which were secured at much cheaper rates of borrowing when interest rates were lower). Forecasting interest rates is subject to significant degrees of uncertainty as rates are influenced by the uncertain economic environment, as set out in Appendix 2.

33. The increase in capital financing costs is also attributable to Minimum Revenue Provision (MRP), a statutory charge to the Revenue Account for the repayment of debt. MRP is increasing due to new capital spend that is being financed through borrowing and because the method the Council uses to determine the MRP charge means lower charges in the earlier period of repayment.

34. Rising interest rates and limited available reserves and grant funding makes delivering the Council's ambitious capital programme very challenging. The Council manages its borrowing position proactively and pressures are incorporated into the Medium-Term Financial Strategy. Through this proactive approach, the Council aims to maintain a balanced budget while continuing to invest in essential infrastructure and services for the community through the capital programme.

Liability Benchmark

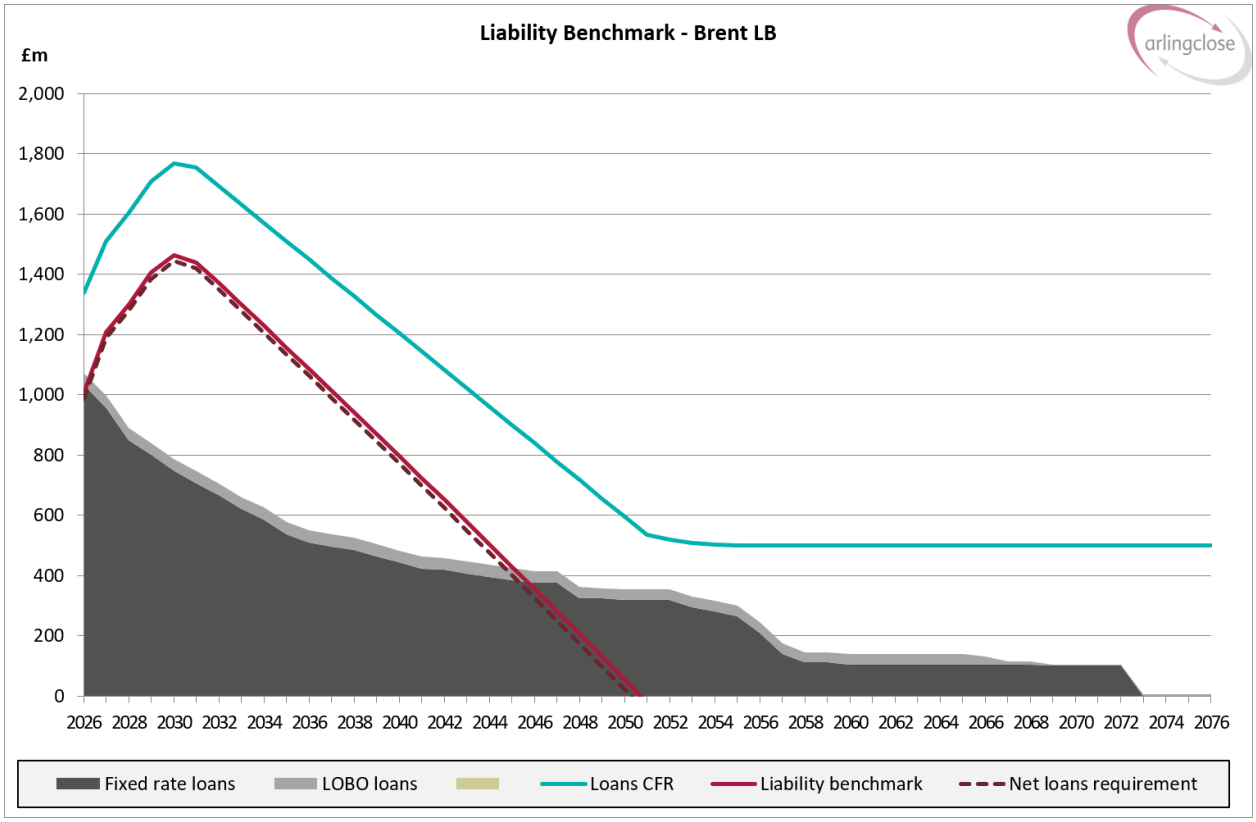
35. To compare the Council's actual borrowing against an alternative strategy, a liability benchmark has been calculated showing the lowest risk level of borrowing. This assumes that cash and investment balances are kept to a minimum level to maintain sufficient liquidity but minimise credit risk.

36. The liability benchmark is an important tool to help establish whether the Council is likely to be a long-term borrower or long-term investor in the future and so shape its strategic focus and decision making. The liability benchmark itself represents an estimate of the cumulative amount of external borrowing the Council must hold to fund its current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow. Brent Council will be a long-term borrower for the foreseeable future because of the demands of the ambitious capital programme.

37. Following on from the medium-term forecasts in Table 3, the long-term liability benchmark assumes Minimum Revenue Provision (MRP) on new capital expenditure based on estimated asset lives in line with the Council's MRP policy. Most asset lives are estimated between 5 and 50 years.

38. The Loan CFR represents the need to fund capital expenditure through borrowing. The Liability benchmark represents the level of borrowing requirement once reserves and working capital has been considered. Where the liability benchmark exceeds the Council's current borrowing levels this indicates the real need to borrow. The graph below from Arlingclose shows the council's liability benchmark as at 31 October 2026.

39. The graph below is produced by Arlingclose and illustrates the Council's position as a long-term borrower. The Council is currently in an under-borrowed position, as actual debt (shown in grey) is lower than the net loans requirement (red dashed line), indicating that the Council is using internal resources to fund a portion of capital financing. External debt is forecast to reduce over time through loan maturities and repayments. Similarly, the net loans and capital financing requirements also reduce over time, but this is partially because the approved capital programme only extends five years ahead and does not incorporate future capital investment beyond that horizon.



Borrowing Strategy

40. As of 31 October 2026, the Council held £1,077.5m of loans, an increase of £3.5m compared to balances held at the start of the financial year (£1,074.0m). The Council's future borrowing is dependent on the progression and development of the capital programme. The Council may also borrow additional sums to pre-fund future years' requirements as well as replenish the internal borrowing position, providing this does not exceed the authorised limit for borrowing in the years ahead.

41. **Objectives:** The Council's main objective when borrowing money is to prioritise security, liquidity and yield. This is done by ensuring appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

42. **Strategy:** The Council's borrowing strategy continues to prioritise security, liquidity and yield as well as address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

43. Interest rates have increased for all durations over the past year. Interest rates are currently high for longer term durations making it expensive for the council to borrow over 10 years. Therefore, short term borrowing is a cheaper option for the Council and the Council has varied its portfolio by securing local authority loans with a 1-year duration. This does however expose the Council to interest rate risk should rates rise in the future.

44. The Council will continue to work closely with our Treasury advisors, Arlingclose, to ensure borrowing occurs at optimal points avoiding the worst of the market volatility. The Council follows the advice of Arlingclose and takes a “little and often approach” to borrowing. This means borrowing relatively small amounts regularly with varying maturities. This enables the Council to take advantage of temporary reductions in interest rates and vary the terms of the loans to limit the risk of large sums needing to be repaid or refinanced at the same time.

45. The Council’s Borrowing Strategy for 2027/28 is to maintain its debt portfolio Pool Rate within 6.0%. At 31 October 2026, the average debt Pool Rate (excluding PFI) was 4.56%. This is because the Council has historic loans which were secured at much lower rates than is currently available for new borrowing.

46. To ensure long term stability of the debt portfolio, a proportion of the portfolio will be funded by long term borrowing using a little and often approach.

47. **Sources of borrowing:** The approved sources of long-term and short-term borrowing are:

- HM Treasury’s PWLB lending facility (formerly the Public Works Loan Board)
- National Wealth Fund (previously known as the UK Infrastructure Bank Ltd)
- Green Finance Fund
- Any institution approved for investments (see below)
- Any other bank or building society authorised to operate in the UK.
- Any other UK public sector body including the Greater London Authority
- UK public and private sector pension funds (except the local Brent Pension Fund)
- Capital market bond investors.
- Retail investors via a regulated peer-to-peer platform
- Any other special purpose companies created to enable local authority bond issues.

48. **Other sources of debt finance:** In addition, capital finance may be raised by the following methods that are not borrowing, but may be classed as other debt liabilities:

- Leasing
- Hire purchase
- Private Finance Initiative
- Sale and leaseback
- Similar asset-based finance

49. The Council has previously raised most of its long-term borrowing from the PWLB but will consider long-terms loans from other sources including banks, pension funds, the GLA and local authorities should they offer more favourable rates and not significantly increase the admin burden. In line with the requirements of the Prudential Code, the Council does not borrow primarily for yield and has no plans to in future. This ensures

continuing access to PWLB borrowing facilities.

50. In addition to the above, the Council may borrow short-term loans to cover temporary cash flow pressures from other local authorities or public sector bodies and banks.

51. The Council may arrange forward starting loans, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period.

52. **LOBOs:** As at 31 October 2026 the Council held £39.5m of LOBO (Lender's Option Borrower's Option) loans where the lender has the option to propose an increase in the interest rate at set dates, following which the Council has the option to either accept the new rate or to repay the loan at no additional cost.

53. Three LOBOs of £15m may undergo a rate review in 2027/28 resulting in a potential change in the loan rate. Due to higher interest rates, there is an elevated risk that the LOBO will be called, resulting in higher interest rates or refinancing. The default option of refinancing shall be the PWLB, but this will be kept under review. The Council will assess the financial implications of the best approach and either repay the LOBO loan using existing cash resources (where applicable) or raise new loans.

54. **Short-term and variable rate loans:** These loans leave the Council exposed to the risk of short-term interest rate rises and are therefore subject to the interest rate exposure limits in the treasury management indicators below.

55. **Debt rescheduling:** The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to a set formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall cost saving or a reduction in risk. Future rescheduling opportunities will be kept under review by Officers as the interest rate environment changes. Any decision to undertake debt rescheduling will be the subject of a separate report by the Corporate Director for Finance and Resources in consultation with the Lead Member for Finance.

Treasury Investment Strategy

56. The Council holds invested funds, representing income received in advance of expenditure plus balances and reserves held. When cash balances are high the Council will defer the decision to borrow for the capital programme until such time cash balances deplete. Cash balances are forecasted to reduce over time as the Council is a net borrower.

57. **Objectives:** The CIPFA Code requires the Council to invest its treasury funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The Council's objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the

Council will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, to maintain the spending power of the sum invested. The Council aims to be a responsible investor and will consider environmental, social and governance (ESG) issues when investing. The ESG Policy is discussed below.

58. **Strategy:** As demonstrated by the liability benchmark above, the Council expects to be a long-term borrower and new treasury investments will therefore be made primarily to manage day-to-day cash flows using short-term low risk instruments such as Local Authority deposits or Money-Market Funds. Cash invested beyond the liquidity duration will be in accordance with the investment instruments set out in Table 5. However, it is anticipated that the Council will not have significant cash balances to invest into long durations. The Council will maintain a minimum investment balance of £10m to ensure the Council complies with the requirements to be a professional client under MIFID II regulations.

59. **ESG Policy -** Environmental, social and governance (ESG) considerations are increasingly a factor in global investors' decision making. When investing in banks and funds for greater than a year, the Council will prioritise banks that are signatories to the UN Principles for Responsible Banking and funds operated by managers that are signatories to the UN Principles for Responsible Investment, the Net Zero Asset Managers Alliance and/or the UK Stewardship Code. The Council's ESG policy reflects these recognised industry frameworks when assessing longer-term investment opportunities.

60. Currently, most of the Council's surplus cash remains invested in short-term money market funds. The average rate of interest received on short-term investments during the year to 31 October 2026 was 3.97% with an average duration of 1 day and an average weighted risk rating of A+. Due to the Council's borrowing requirement, there is unlikely to be scope to improve the short-term investment returns achieved as liquidity of the surplus funds will play a key role.

61. **Business models:** Under the IFRS 9 standard introduced in 2019, the accounting for certain investments depends on the Council's "business model" for managing them. The Council aims to achieve value from its treasury investments by a business model of collecting the contractual cash flows and therefore, where other criteria are also met, these investments will continue to be accounted for at amortised cost. This means an expected future credit losses could impact revenue budgets and, therefore, the Council prioritises low risk investments.

62. **Approved counterparties:** The Council may invest its surplus funds with any of the counterparty types in table 4, subject to the limits shown.

Table 4: Investment limits

	Credit Quality	Cash limit	Time Limit †
Any single organisation, except a Government entity	A- Or equivalent	£20m	n/a
UK Government	Any	Unlimited	50 years
Local Authorities & other government entities	Any	Unlimited	25 years
Banks (unsecured)*	A- Or equivalent	£20m	3 years
Building Societies (unsecured)*	A- Or equivalent	£20m	13 months
Registered providers and registered social landlords*	A- Or equivalent	£20m	5 years
Secured investments*	A- Or equivalent	£20m	5 years
Money market funds*	A- Or equivalent	Lower of 5% of total net assets of the fund or £20m	n/a
Strategic pooled funds*	A- Or equivalent	£20m	n/a
Real estate investment trusts*	A- Or equivalent	£20m	n/a
Other Investments*	A- Or equivalent	£50m	5 years

† **Time limits:** These start on the earlier of date that the Authority is committed to make the **investment and the date that cash is transferred to the counterparty.**
***please refer to Minimum credit rating paragraph below**

63. ***Minimum Credit Rating:** Treasury investments in the sectors marked with an asterisk will only be made with entities whose long-term credit rating is no lower than A-. The Council uses the lowest rating quoted by the main rating agencies, as recommended by CIPFA. The Council uses the credit rating relevant to the specific investment or class of investment, or, if unavailable, the counterparty credit rating. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be considered. Within these criteria the Corporate Director for Finance and Resources has discretion to accept or reject individual institutions as counterparties based on any information which may become available.

64. **Government:** Loans to and bonds and bills issued or guaranteed by, national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is a lower risk of insolvency, although they are not zero risk. Investments with the UK Government are deemed to be zero credit risk due to its ability to create additional currency and therefore may be made in unlimited amounts for up to 50 years.

65. **Local authorities and other government entities**: Loans to, and bonds and bills issued or guaranteed by, other national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and

there is generally a lower risk of insolvency, although they are not zero risk.

66. For authorities subject to local government reorganisation, the counterparty limit for loans to local authorities will be increased to an unlimited amount where (a) the government has announced that this authority will merge with the borrowing authority and (b) the loan is scheduled to be repaid after the expected date of the merger.

67. **Banks and building societies (unsecured):** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail. There is no upper limit to the maximum credit loss that the Council could suffer in the event of a bail-in scenario. See section 76 below for arrangements relating to operational bank accounts. Investments in unsecured deposits will be limited to £20m.

68. **Registered providers (unsecured):** Loans to, and bonds issued or guaranteed by, registered providers of social housing or registered social landlords, formerly known as housing associations. These bodies are regulated by the Regulator of Social Housing (in England), the Scottish Housing Regulator, the Welsh Government and the Department for Communities (in Northern Ireland). As providers of public services, they retain the likelihood of receiving government support if needed. Investments with registered providers will be limited to £20m in 2027/28.

69. **Secured investments:** Investments secured on the borrower's assets, which limits the potential losses in the event of insolvency. The amount and quality of the security will be a key factor in the investment decision. Covered bonds and reverse repurchase agreements with banks and building societies are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the higher of the collateral credit rating and the counterparty credit rating will be used. The combined secured and unsecured investments with any one counterparty will not exceed the cash limit for secured investments. The Council and its advisors remain alert for signs of credit or market distress that might adversely affect the Council. Investments in secured deposits will be limited to £20m. A higher limit applies for investments fully secured on UK or other government collateral.

70. **Money market funds (MMFs):** Pooled funds that offer same-day or short notice liquidity and very low or no price volatility by investing in short-term money markets. They have the advantage over bank accounts of providing wide diversification of investment risks, coupled with the services of a professional fund manager. Although no sector limit applies to money market funds, the Council will take care to diversify its liquid investments over a variety of providers to ensure access to cash at all times. Deposits will not exceed 0.5% of the net asset value of the MMF. In addition, each Fund will be limited to a maximum deposit of £20m. As of the 31 October 2026 the council held £71.3m in MMFs with no more than £20m in each fund available to the council.

71. The investment strategy will provide flexibility to invest cash for longer periods to access higher investment returns. The upper limit for lending beyond a year is £50m.

In practice, lending for more than one year will be only to institutions of the highest credit quality and at rates which justify the liquidity risk involved. Marketable instruments may have longer maturities, though the maturity will be considered in conjunction with the likely liquidity of the market and credit quality of the institution. Other than UK Central Government the Council may invest its surplus funds subject to a maximum duration of 25 years.

Alternative investment options will include:

72. **Strategic pooled funds:** Bond, equity and property funds that offer enhanced returns over the longer term but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly. Although considered as pooled funds, Money Market Fund's (MMFs) are discussed separately in the previous two paragraphs. Investments in pooled funds will be limited to £20m in 2027/28.

73. The IFRS9 Statutory Override was originally in place until 31 March 2023 and has been extended for existing pooled funds until 31 March 2029. Any new pooled fund investments made after 1 April 2024 will not be subject to the override. This means gains and losses will need to be recognised in the Comprehensive Income & Expenditure Account, impacting revenue outturn. As of 31 October 2026, the Council currently has no investments in Pooled Funds (other than MMFs) at present but may make prudent use of them in the future.

74. **Real estate investment trusts (REITs):** Shares in companies that invest in real estate and pay the majority of their rental income to investors in a similar manner to pooled property funds. As with property funds, REITs offer enhanced returns over the longer term, but are more volatile especially as the share price reflects changing demand for the shares as well as changes in the value of the underlying properties. The risk with any investments in REITs is that shares cannot be withdrawn but can be sold on the stock market to another investor which leaves the Council open to market risk. Investments in REITs will be limited to £20m in 2027/28.

75. **Other investments:** This category covers treasury investments not listed above, for example unsecured corporate bonds and company loans. Non-bank companies cannot be bailed-in but can become insolvent placing the Council's investment at risk.

76. **Operational bank accounts:** The Council may incur operational exposures, for example though current accounts, collection accounts and merchant acquiring services, to any UK bank with credit ratings no lower than BBB- and with assets greater than £25 billion. These are not classed as investments but are still subject to the risk of a bank bail-in. The Bank of England has stated that in the event of failure, banks with assets greater than £25 billion are more likely to be bailed-in than made insolvent, increasing the chance of the Council maintaining operational continuity. The Council currently continues to bank with National Westminster Bank (NatWest) who meet the Council's minimum credit criteria. Should Natwest's creditworthiness deteriorate below the Council's minimum credit criteria, then as far as is consistent

with operational efficiency, no money will be placed with NatWest and credit balances in the various Council accounts will be kept to a minimum level. The Council's contract with Natwest expires on 31 March 2028 so re-procurement of the banking contract during 2027/28 will take this credit criteria into account.

77. **Unrated Counterparties**: For entities without published credit ratings, investments may be made either (a) where external advice indicates the entity to be of similar credit quality; or (b) to a maximum of £200,000 per counterparty as part of a diversified pool e.g., via a peer-to-peer platform.

78. **Risk Assessment:** Credit ratings are obtained and monitored by the Council's treasury advisers, who will notify changes in ratings as they occur. Any institution will be suspended or removed should any factors give rise to concern, and caution will be paramount in reaching any investment decision regardless of the counterparty or the circumstances. Should an entity's credit rating be downgraded so that it does not meet the Council's approved criteria then:

- No new investments will be made.
- Full consideration will be made to the recall or sale of existing investments with the affected counterparty.

79. Where a credit rating agency announces that a credit rating is on review for possible downgrade (also known as "negative watch"), this could result in the rating falling below the council's approved rating criteria. In these circumstances, investments may be withdrawn on the next working day, until the outcome of the rating review is announced. This policy will not apply to negative outlooks, which indicate a long-term direction of travel rather than an imminent change of rating.

80. **Other information on the security of investments:** The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support, reports in the quality financial press and analysis and advice from the Council's treasury management adviser. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may otherwise meet the above criteria.

81. When deteriorating financial market conditions affect the creditworthiness of all organisations, as happened in 2022; 2008 and 2020, this is not reflected in credit ratings, but can be seen in other market measures. In these circumstances, the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. This will cause a reduction in the level of investment income earned but will protect the principal sum invested.

82. **Reputational Risk:** The Council is aware that investment with certain counterparties, while considered secure from a purely financial perspective, may leave it open to criticism, valid or otherwise, that may affect its public reputation, and this risk will therefore be considered when making investment decisions.

83. **Investment limits:** The Council's revenue reserves available to cover investment losses are forecast to be £423.4m on 31st March 2027. In order that no more than 10% of available reserves will be put at risk in the case of a single default, the maximum that will be lent to any one organisation (other than the UK Government and Council subsidiaries) will be £20 million. A group of banks under the same ownership will be treated as a single organisation for limit purposes.

84. **Liquidity management:** The Council uses internal purpose-built cash flow modelling tools to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a prudent basis to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium-term financial plan and cash flow forecast. The Council aims to spread its liquid cash over at least two providers (e.g., bank accounts and money market funds) to ensure that access to cash is maintained in the event of operational difficulties at any one provider.

TREASURY MANAGEMENT PRUDENTIAL INDICATORS

85. The Council measures and manages its exposures to treasury management risks using the following indicators.

86. **Security:** The Council has adopted a voluntary measure of its exposure to credit risk by monitoring the value-weighted average credit rating of its investment portfolio. This is calculated by applying a score to each investment (AAA=1, AA+=2, etc.) and taking the arithmetic average, weighted by the size of each investment. Unrated investments are assigned a score based on their perceived risk.

Table 5: Credit risk indicator

Credit risk indicator	Target
Portfolio average credit rating	A

87. **Liquidity:** The Council has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing.

Table 6: Liquidity risk indicator

Liquidity risk indicator	Target
Total cash available within 3 months	£20m

88. **Interest rate exposures:** This indicator is set to control the Council's exposure to interest rate risk. The upper limits on the one-year revenue impact of a 1% rise or fall in interest rates will be:

Table 7: Interest rate risk indicator

Interest rate risk indicator	Limit
Upper limit on one-year revenue impact of a 1% rise in interest rates	£5m
Upper limit on one-year revenue impact of a 1% fall in interest rates	£5m

The impact of a change in interest rates is calculated on the assumption that maturing loans and investments will be replaced at current rates.

89. **Maturity structure of borrowing:** This indicator is set to control the Council's exposure to refinancing risk. The upper and lower limits on the maturity structure of borrowing will be:

Table 8: Refinancing rate risk indicator

Refinancing rate risk indicator	Upper limit	Lower limit
Under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	40%	0%
5 years and within 10 years	60%	0%
10 years and within 20 years	75%	0%
20 years and within 30 years	75%	0%
30 years and within 40 years	75%	0%
Over 40 years	75%	0%

**Time periods start on the first day of each financial year. LOBOs are classified as maturing on the next call date i.e., the earliest date that the lender can require repayment to ensure prudent and careful planning as part of managing the council's security and liquidity risk.*

90. **Principal sums invested for periods longer than a year:** The purpose of this indicator is to control the Council's exposure to the risk of incurring losses by seeking early repayment of its investments. The limits on the long-term principal sum invested to final maturities beyond the period end will be:

Table 9: Price risk indicator

Price risk indicator	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Limit on principal invested beyond year end	£50m	£50m	£50m	£50m	£50m	£50m

Related Matters

91. The CIPFA Code requires the Council to include the following in its treasury management strategy.

92. **Financial Derivatives:** A Derivative is a contract between two or more parties to hedge against the risk associated with the performance of an underlying asset.

93. Local authorities have previously made use of financial derivatives embedded into its loans and investments both to reduce interest rate risk and to reduce costs or increase income at the expense of greater risk. Brent Council has not previously used such instruments.

94. In line with the CIPFA Code, the Council will seek external advice and consult with Members before entering financial derivatives to ensure that it fully understands the implications. This will include analysis of the impact on interest rate, refinancing, counterparty, market, regulatory and legal risks, together with an assessment on the effectiveness of the derivative. The Council currently has no plans to enter financial derivatives and does not anticipate doing so in the foreseeable future.

95. **Housing Revenue Account:** On 1st April 2012, the Council notionally split each of its existing long-term loans into General Fund and HRA pools. New long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g., premiums and discounts on early redemption) will be charged/ credited to the respective revenue account. Differences between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment) will result in a notional cash balance which may be positive or negative. This balance will be measured and interest transferred between the General Fund and HRA at the Council's average interest rate on investments, adjusted for credit risk.

96. The Council is eligible for the PWLB HRA rate, which is 0.4% below the Standard Rate until 31 March 2028. This discounted rate can be used to support local authorities borrowing for the Housing Revenue Account's capital programme and for refinancing existing HRA loans. The Council may choose to raise PWLB loans for the HRA in 2027/28 under the HRA concessionary rate subject to it being beneficial for the HRA.

97. **Markets in Financial Instruments Directive:** The MiFID II regulations took effect from January 2018 which saw the council reclassified as a retail client with the opportunity to opt up to professional client status. Retail clients have access increased protection however this would be balanced against potentially higher fees and access to a more limited range of products. The Council has opted up to professional client status with its providers of financial services, including advisors, banks, brokers and fund managers. Given the size and range of the Council's treasury management activities, the Corporate Director for Finance and Resources believes this to be the appropriate status for the Council's treasury management activities.

98. **Financial Implications:** A draft capital financing budget of £45.9m for 2027/28 has been determined to enable the Council to service its debt in a timely manner; to ensure it complies with the Statutory MRP Guidance and to allow the Council to continue with the delivery of its proposed capital programme in a prudent and affordable manner.

99. **Other Options Considered:** The CIPFA Code does not prescribe any particular treasury management strategy for local authorities to adopt. The Council believes that the above strategy represents an appropriate balance between risk management and cost effectiveness. Some alternative strategies, with their financial

and risk management implications, are listed below.

Table 10: Alternative Strategies

Alternative	Impact on income and expenditure	Impact on risk management
Invest in a narrower range of counterparties and/or for shorter times	Interest income will be lower	Lower chance of losses from credit related defaults, but any such losses may be greater
Invest in a wider range of counterparties and/or for longer times	Interest income will be higher	Increased risk of losses from credit related defaults, but any such losses may be smaller
Borrow additional sums at long-term fixed interest rates	Debt interest costs will rise; this is unlikely to be offset by higher investment income	Higher investment balance leading to a higher impact in the event of a default; however long-term interest costs may be more certain
Borrow short-term or variable loans instead of long-term fixed rates	Debt interest costs will initially be lower	Increases in debt interest costs will be broadly offset by rising investment income in the medium term, but long-term costs may be less certain
Reduce level of borrowing	Saving on debt interest is likely to exceed lost investment income	Reduced investment balance leading to a lower impact in the event of a default; however long-term interest costs may be less certain

Appendix 2 – Economic Commentary & Interest Rate Forecast 30 October 2026

Underlying assumptions:

- Recent data suggest that the UK economy has displayed considerable resilience to the higher energy prices and interest rates arising from the Middle East conflict. Inflation has risen and will move higher due to more recent energy price movements. The Budget impact will be minimal.

- September's no-change monetary policy decision was caveated by the majority of the MPC pointing to the need to tighten policy if inflationary conditions did not improve. Since then, wholesale energy prices have continued to rise, particularly wholesale UK gas and electricity prices. The effect on UK inflation is already apparent, and a further jump in the CPI rate from 3.5% will occur in the coming months as the Ofgem price cap is increased in January.

- The key concern remains the prospect of sticky second-round inflationary effects arising from persistently high headline inflation trickling into wage demands and price setting; there has been some early evidence of higher food and services inflation in recent data.

- We believe that any monetary policy will be performative rather than necessary. Marginal 'insurance' rate rises will have little effect on second-round inflation, but we believe credibility-restoring action (rate hikes) will be taken.

- We believe that the UK economy will slow more materially in the months ahead, irrespective of monetary tightening. UK households face another period of negative/weak real earnings growth amid a soft labour market and high borrowing costs, which will further pressure consumer spending. Growth will be weighted towards net trade and investment. Rate cuts will be necessary in future years.

- Gilt yields may remain high in the near term due to geo-political uncertainty. While UK monetary policy tightening could lead to a flatter yield curve, the key near term determinant of yields is energy prices, and thus the Middle East conflict. The outcome of Israeli and US elections may be influential here.

- While the conflict is the main near-term influence on yields, the UK fiscal position remains important. The Chancellor did little to address medium term issues, which leaves the UK vulnerable to investor confidence. AI-related activity also remains a risk on both sides of the gilt yield forecasts, with heavy bond issuance supporting higher yields, but a decline in investor confidence in the sector leading to a possible flight to quality (and lower yields).

Forecast:

- A further rise in Bank Rate to 4.25% is expected in February 2027, although a rise in December cannot be ruled out

- Market pricing for a higher Bank Rate path goes too far. The forecast is for our 4.25% Bank Rate peak to be reversed relatively quickly, as the MPC cuts rates to stimulate the economy

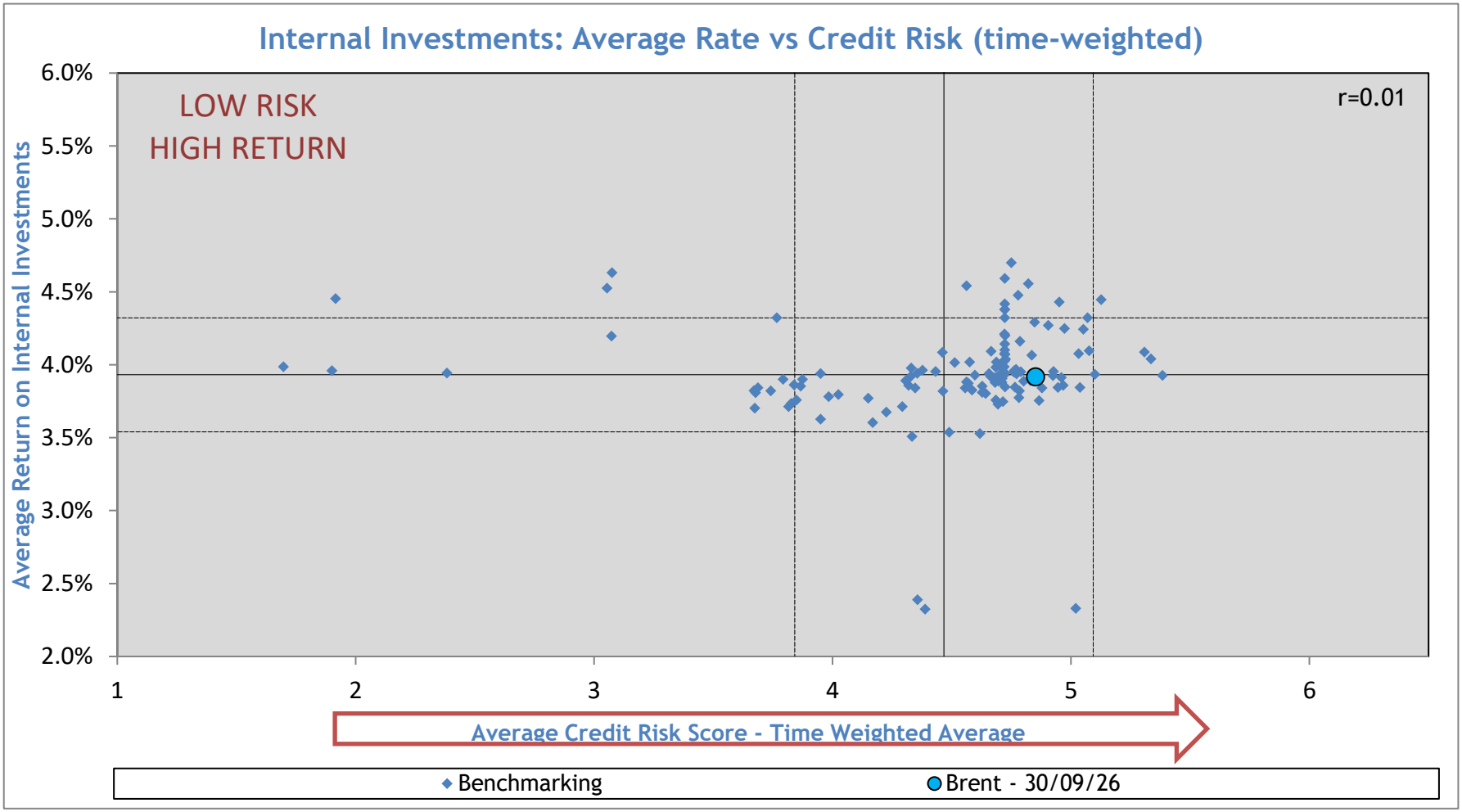
- Gilt yields/swap rates will remain high relative to our Bank Rate forecast, although monetary tightening could prompt a flatter curve or reduce term premia

- The main risk for medium term yields/rates is the Middle East conflict, escalation/de-escalation of which could move rates significantly either way

	Current	Dec-26	Mar-27	Jun-27	Sep-27	Dec-27	Mar-28	Jun-28	Sep-28	Dec-28	Mar-29	Jun-29	Sep-29
Official Bank Rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central Case	3.75	4.00	4.25	4.25	4.25	4.00	3.75	3.50	3.25	3.25	3.25	3.25	3.25
Downside risk	0.00	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
3-month money market rate													
Upside risk	0.00	0.25	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00
Central Case	3.90	4.15	4.40	4.30	4.25	4.00	3.80	3.55	3.30	3.30	3.30	3.30	3.30
Downside risk	0.00	-0.05	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50
5yr gilt yield													
Upside risk	0.00	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Central Case	4.95	4.90	4.90	4.85	4.70	4.50	4.30	4.10	3.90	3.90	3.90	4.00	4.00
Downside risk	0.00	-0.40	-0.40	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
10yr gilt yield													
Upside risk	0.00	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Central Case	5.30	5.20	5.20	5.10	5.00	4.90	4.70	4.50	4.30	4.30	4.30	4.40	4.40
Downside risk	0.00	-0.40	-0.40	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
20yr gilt yield													
Upside risk	0.00	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Central Case	5.71	5.70	5.60	5.50	5.50	5.40	5.20	5.00	4.80	4.80	4.80	4.80	4.80
Downside risk	0.00	-0.40	-0.40	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75
50yr gilt yield													
Upside risk	0.00	0.50	0.50	0.50	0.50	0.70	0.70	0.70	0.75	0.75	0.75	0.75	0.75
Central Case	5.14	5.35	5.25	5.15	5.15	5.05	4.85	4.65	4.45	4.45	4.45	4.45	4.45
Downside risk	0.00	-0.40	-0.40	-0.50	-0.50	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75	-0.75

PWLB Standard Rate = Gilt yield + 1.00%
PWLB Certainty Rate = Gilt yield + 0.80%
PWLB HRA Rate = Gilt yield + 0.40%
National Wealth Fund (NWF) Rate = Gilt yield + 0.40%

Appendix 3 - Average Rate vs Credit Risk



The Council measures the financial performance of its treasury management activities against similar Council's through benchmarking provided by its Treasury Management Advisor, Arlingclose limited. A credit rating of 4 is equivalent to credit score of AA-. The Council has a target rating of A which is a rating of 6. The current portfolio has a credit rating of A+ (Credit score 5) which exceeds our target rating.

*benchmarking is completed on a quarterly basis via Arlingclose, latest available in September 2026.

Appendix 4 – Existing Investment & Debt Portfolio

	31/10/2026 Actual Portfolio £m	31/10/2026 Average Rate %
Long-term borrowing:		
Public Works Loan Board	858.0	4.32%
LOBO's	39.5	3.00%
Private Placement	95.0	
GLA Green Finance Fund	12.0	4.71%
Short-term borrowing:		
Local Authorities	73.0	4.84%
Total External Borrowing	**1,077.5**	**4.22%**
Other long-term liabilities:		
Private Finance Initiative	43.7	N/A
Finance Leases	18.0	
Total gross external debt	**1,139.2**	**4.22%**
Treasury investments: Money Market Funds	71.3	3.97%
Total treasury investments	**71.3**	**3.97%**
Net debt	**1,067.9**	

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	Audit and Standards Advisory Committee 30 November 2026
	Report from the Director of Law
	Lead Member - Deputy Leader and Cabinet Member for Finance & Resources (Councillor Grahl)
Standards Report (Qtr. 2 update on gifts & hospitality)	

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:	Two: Appendix A: Gifts & Hospitality Register (Qtr. 2) Appendix B: Extracted summary of changes to RIPA Policy
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Pameel Crowther-Newman, Director of Law, (Interim) 020 8937 4102 Pameel.Crowther-Newman@brent.gov.uk Biancia Robinson, Principal Constitutional, Governance & Finance Lawyer 020 8937 1544 Biancia.robinson@brent.gov.uk.

1.0 Purpose of the Report

1.1 The purpose of this report is to update the Audit and Standards Advisory Committee on gifts and hospitality registered by Members; member training provides details on the recent outcome from the Investigatory Powers

Commissioner's Office (IPCO) regarding Regulation of Investigatory Powers Act 2000 (RIPA) Inspection.

2.0 Recommendations

That the Committee notes

2.1 The contents of the report.

2.2 The positive outcome of the 2026 IPCO inspection into the council's use of RIPA.

2.3 The changes to the updated policies and procedures on RIPA, as set out in Appendix B.

2.4 The Inspection outcome and updated policies and procedures on RIPA are to be noted by Cabinet.

3.0 Detail

Contribution to the Council Plan, *Believe in Brent 2026 – 2030* & Strategic Context

3.1. The reviewing and maintenance of high standards of member conduct supports the delivery of the borough plan by promoting confidence in the operation and good governance of the council.

Gifts & Hospitality

3.2 Members are required to register gifts and hospitality received in an official capacity worth an estimated value of at least £50. This includes a series of gifts and hospitality from the same person that add up to an estimated value of at least £50 in a municipal year.

3.3 Gifts and hospitality received by Members are published on the Council's website and open to inspection at the Brent Civic Centre.

3.4 For quarter two of 2026/27 (July-September 2026) four councillors have declared gifts and hospitality as being received. These are set out in further detail in Appendix A, together with the details of the receiving Councillors.

3.5 The Committee will recall that hospitality accepted by the Mayor in their civic role are recorded separately and published on the Council's website.

Member Training Attendance

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

3.7 The majority of members have now completed their core mandatory training with the exception of a few members for Standards and Code of Conduct Data and Protection & Information Security. A re-run of these session has been set for 25.11.26, and the 17.12.26 respectively with members who are yet to complete it all being invited. Officers will inform the Committee, by way of naming councillors, of any member who fails to attend the sessions in November and /or December.

RIPA Inspection

3.8 As this Committee is aware, the Regulation of Investigatory Powers Act 2000 (RIPA) gave the Council significant powers in order to investigate serious matters and offences. It enables the Council to use covert surveillance, covert human intelligence sources (CHIS) and the acquisition of service user or subscriber information in relation to communications data in a manner which is compatible with Article 8 of the European Convention on Human Rights (which governs an individual's right to respect for their private and family life). Before the Council may undertake covert surveillance, there are various criteria which must be met including approval of the application by a Magistrate.

3.9. Covert surveillance techniques include static surveillance (e.g. taking up an observer post to monitor the activities and movements of those suspected of having committed criminal offences); mobile surveillance (e.g. following someone to see where they are going without their knowledge) and using hidden CCTV at a crime hotspot. RIPA refers to these techniques as 'directed surveillance'. It also extends to the use of undercover officers and informants. RIPA refers to these as 'Covert Human Intelligence Sources' (more commonly referred to as CHISs).

4.0. The Council is periodically inspected by Investigatory Powers Commissioner's Office (IPCO) approximately every 2-3 years. The inspections focus on RIPA policies, procedures and practice. including, for example, the training undertaking by the Council, the use of open-source data in particular via social media, data protection compliance and the processes in place for investigations that do not meet the RIPA thresholds (non-RIPA process).

4.1 The Committee will also be aware that IPCO has responsibility for reviewing the use of investigatory powers by public authorities and other intelligence and law enforcement agencies. They oversee how these powers are used and ensure that investigations are conducted in accordance with the law.

4.2 Brent received a positive inspection report with note to omit references the Office of Surveillance Commissioners' Procedures and Guidance 2016 which are referenced throughout the policy and to distinguish the elements of proportionality that should be considered when authorising directed

surveillance, and CHIS. These have been undertaken, together with a few minor updates officers considered helpful for clarification purposes.

4.3 Substantive changes to the RIPA Policies and Procedures requires formal Cabinet approval. The changes proposed are not deemed substantive changes as they in essence only reference guidance which has been withdrawn and not replaced; and current guidance on the authorisation, management and oversight of covert surveillance and CHIS being continues to be the Home Office's RIPA Codes of Practice, for which our policy already cross-relates.

4.4 It is also proposed to make minor amendments to reflect the change in Director of Law. Extracts of the changes to the RIPA Policy are produced as **Appendix B** for Members consideration.

4.5 Given the positive outcome of the Inspection, Officers propose to update Cabinet and inform Cabinet at the same time of the updates to the policy.

4.0 Financial Considerations

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

5.0 Legal Considerations

5.1 Pursuant to the Localism Act 2011, the Council has to have arrangements in place to deal with any allegations of failure to comply with the code of conduct and must appoint an Independent Person whose views are sought and taken into account by the council before it makes its decision on an allegation that it has decided to investigate.

5.2 The Council, individual Members and co-opted Members are required to promote and maintain high standards of conduct in accordance with s27 of the Localism Act 2011. The attendance at mandatory training sessions is a means to achieve this and a requirement pursuant to the Brent Members' Code of Conduct as set out in Part 5, of the council's Constitution.

5.3 The legislative requirements regarding RIPA are contained within the body of this report. RIPA was introduced to ensure that covert surveillance undertaken by public authorities was done in accordance with the European Convention on Human Rights and the Human Rights Act 1998. The RIPA framework establishes a lawful process to use covert surveillance and thereby protects the Council from legal claims, providing it have been complied with.

5.4 The use of RIPA was modified by the Protection of Freedoms Act 2012. These changes mean that a local authority can only grant authorisations under RIPA for the use of directed surveillance where it is for the purposes of investigating criminal offences that carry a custodial sentence of six months or more, or criminal offences relating to the underage sale of alcohol or tobacco. Further, a magistrate's approval is required before the RIPA authorisation can take effect.

6.0 Equity, diversity and inclusion Implications

6.1 There are no equality implications arising out of this report.

7.0 Consultation with Ward Members and Stakeholders

7.1 As set out in the body of the report.

8.0 Human Resources/Property Implications (if appropriate)

8.1 Not applicable.

Report sign off:

Pameel Crowther- Newman
Interim Director of Law & Monitoring Officer

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Appendix A Qtr 2 (July - September 2026)				
Councillor	**Date of gift**	**Gift received**	**Value £**	**From**
Cllr Kelcher	14.07.2026	Attendance at Annual London House dinner & discussion	50.00	Pocket Living
Cllr Knight	08.07.2026	08.07.2026 - Lime Bike Dinner - Value £42.50. Received from Lime Bike	42.50	Lime bike
	14.07.2026	Pocket Living Housing Dinner	50.00	Pocket Living
	22.07.2026	Wembley Stadium tour CCTV & safety protocol induction @ Bruno Mars concert	150.00	The FA
Cllr Dixon	22.07.2026	Wembley Stadium tour CCTV & safety protocol induction @ Bruno Mars concert	150.00	The FA
Cllr Clinton	23.07.2026	Marks and Spencer's gift card	50.00	Kim Johnson - Vicars Bridge resident

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9.2 Please note that there may be circumstances where a less obvious CHIS exists. Care must be taken to identify that this person is a CHIS, and thereafter follow the correct procedure. An example is a case where a member of the public has given information, albeit not tasked to do anything with it. Such a person may be a CHIS if the information that s/he has covertly passed to Brent has been obtained in the course of (or as a consequence of the existence of) a personal or other relationship or where a member of the public is independently maintaining a relationship (i.e. "self-tasking") in order to obtain evidence of criminal activity, and we as the public authority intends to make use of that material for our own investigative purposes. .

9.3 Although not specifically recruited to be a CHIS, such a person may become one. ~~This situation is referred to by the OSC Procedures & Guidance 2016 as the risk of "status drift."~~ Therefore, when an informant gives repeat information about a suspect or about a family, and it becomes apparent that the informant may be obtaining that information in the course of a family or neighbourhood relationship, it is a strong indication that the informant is in reality a CHIS - to whom a duty of care is owed - if the information is then used.

9.5 Trading Standards regularly undertake covert test purchasing, and task children to request a one-off sale. The Council ~~, in accordance with OSC Guidance,~~ takes the view that such conduct ~~does not~~is unlikely to constitute a CHIS, as the child does not form any relationship with the target in a one-off sale, but cultivating trust or covertly establishing a relationship may do so. ~~.~~ However, you must consider whether covert test purchasing, and or the use of recording equipment, requires a Directed Surveillance authorisation ~~.~~.

9.6 Please note all authorisations for a juvenile CHIS or where confidential information may be obtained MUST be approved by the Chief Executive as Head of Paid Service. The Council must ensure that an appropriate adult is present at any meetings with a CHIS under 16 years of age. The appropriate adult should normally be the parent or guardian of the CHIS. In addition, for vulnerable or juvenile sources, the Investigatory Powers Commissioner must be informed within seven working days of an authorisation; and juvenile authorisations must be reviewed at least monthly.

13. Proportionality – striking the balance

13.1 The general principle for pproportionality is that it must be assessed on the facts of each case. The AO must balance the seriousness of the intrusion into the private or family life of the subject of the operation, and any other person who may be affected, against what the proposed activity seeks to achieve in investigative and operational terms. Each action authorised should bring an expected benefit to the investigation or operation and must not be disproportionate or arbitrary. The seriousness of a suspected offence does not, by itself, make the proposed activity proportionate. No activity should be considered proportionate if the information sought could reasonably be obtained by other, less intrusive means. This involves considering a number of factors as highlighted by s4.7 of the Covert Surveillance and Property Interference Code of Practice, namely~~Code, :~~

Directed surveillance: four elements

- ~~the seriousness of the intrusion into the private or family life of the target - and any other person likely to be affected (collateral intrusion);~~
- a) balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or harm;
- b) explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;
- c) considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the information sought;
- d) evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented, or have been implemented unsuccessfully.

~~13.3 Officers must explain why the particular covert method, technique and tactic is an appropriate use of RIPA and a reasonable way of achieving the desired objective. In particular, officers must explain why the intended surveillance will cause the least possible intrusion, and what alternative options have been tried or considered and why~~

~~they were unsuccessful or not considered suitable (See Note 73 of the OSC 2016 Procedures & Guidance and paragraph 4.6-4.7 of the 2018 revised Codes).~~

CHIS: five elements

13.~~4~~ ~~3~~ When AO's are considering an application under section 29 of RIPA for the use or conduct of a CHIS, the Authorising Officer must address the following five elements identified in paragraph 3.6 of the Covert Human Intelligence Sources Code of Practice, namely:

(a) balancing the size and scope of the proposed activity against the gravity and extent of the perceived crime or harm;

(b) explaining how and why the methods to be adopted will cause the least possible intrusion on the subject and others;

(c) whether the conduct to be authorised will have any implications for the private and family life of others, and an explanation of why, if relevant, it is nevertheless proportionate to proceed with the operation;

(d) evidencing, as far as reasonably practicable, what other methods had been considered and why they were not implemented, or have been implemented unsuccessfully;

(e) considering whether the activity is an appropriate use of the legislation and a reasonable way, having considered all reasonable alternatives, of obtaining the information sought~~The AO must take into account the risk of obtaining private information about persons who are not the subjects of the surveillance or property interference activity. Particular consideration should be given in cases where religious, medical, journalistic, or legally privileged material may be involved, or where communications between a member of parliament and another person on constituency business may be involved. An application should include an assessment of the risk of collateral intrusion and any details of any measures taken to limit this.~~

Intended and collateral intrusion

13.~~5~~ ~~4~~ For both directed surveillance and CHIS activity, the application must assess anticipated collateral intrusion and identify measures to avoid or minimise it. Where collateral intrusion is unavoidable, the AO must explain why it is proportionate. Activity deliberately directed at a person who is not suspected of involvement in the offence is intended intrusion, not collateral intrusion, and requires its own necessity and proportionality justification. Particular consideration must be given to confidential and personal information.

13.5 In brief, the AO needs to clearly articulate and provide sufficient information to support each applicable element. The AO must record their own reasoned assessment of necessity and proportionality, including the alternatives considered and the justification for any unavoidable intrusion. These assessments must be revisited during reviews and renewals and when circumstances change. For CHIS activity, the proportionality assessment does not replace the separate requirements for source-management arrangements, risk assessment, security and welfare.~~exactly why the proposed activity is proportionate to what is sought to be achieved and take into account the risk of obtaining private information about persons who are not subjects of the surveillance activity (collateral intrusion). The AO's considerations need to be fully documented.~~

14.5 Procedure once Judicial Approval Granted

14.5.1 If granted, the Authorisation/Renewal will be dated and timed. The 3 months (for DS) or 12 months (for a CHIS (four months for a juvenile source)) validity will run from this date and time.

18. Senior Responsible Officer (SRO)

18.1 Under the relevant Home Office Codes for surveillance, CHIS and Communications Data, the SRO is responsible for-

- the integrity of the process in place within the public authority for the management of CHIS and to acquire communications data.
- engagement with officers in the Office for Communications Data Authorisations (where relevant).
- compliance with Part II of the RIPA 2000 and Part 3 of IPA and with the relevant Codes oOf Practice
- oversight and prompt reporting (-as soon as reasonably practicable, and no later than ten working days (or as agreed with the Commissioner)) of errors in accordance with the Codes of Practice to the IPCO and the identification of both the cause(s) of errors, and the implementation of the processes to minimise repetition of errors; (-an example of such an error would be carrying out surveillance without proper authorisation);
- ensuring the overall quality of applications submitted to OCDA by the Council.
- engagement with the IPCO inspectors when they conduct their inspections; and
- where necessary, oversight of the implementation of post inspection action plans approved by the IPCO.

APPENDICES

APPENDIX 1: Senior Responsible Officer (SRO) Contact Details

Marsha HenryPameel Crowther-Newman, Director of Law, and Monitoring Officer (Interim): Marsha.Henry@brent.gov.ukPameel.Crowther-Newman@brent.gov.uk; 020 8937 4078 4102

	Audit & Standards Advisory Committee 30 November 2026
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance &Resources (Councillor Gwen Grahl)

Internal Audit Interim Report – 2026–27

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: Internal Audit Interim Report 2026–27
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Darren Armstrong, Deputy Director Organisational Assurance and Resilience 020 8937 1751 Darren.Armstrong@Brent.gov.uk; Matteo Biondi, Deputy Head of Assurance 07711 919651 Matteo.biondi@brent.gov.uk:

1.0 Executive Summary

1.1 This report provides an interim update on delivery of the 2026–27 Internal Audit programme and the assurance arising from work completed or substantially progressed during the year.

1.2 The report supports the Audit and Standards Advisory Committee in its oversight of the Council's governance, risk management and internal control arrangements. It summarises audit delivery, significant findings and management's progress in implementing agreed improvements. The detailed position is set out in Appendix 1.

2.0 Recommendations

2.1 The Committee is asked to note the report and the detailed position set out in Appendix 1.

3.0 Detail

3.1 Contribution to the Council Plan, *Believe in Brent 2026 – 2030* & Strategic Context

3.1.1 Internal Audit enhances and protects organisational value by providing risk-based and objective assurance, advice and insight. It helps the Council accomplish its objectives through a systematic, disciplined approach to evaluating and improving the effectiveness of governance, risk management and internal control.

3.1.2 Assurance activity assesses whether systems and processes are appropriately designed and operating effectively to mitigate risk. Advisory activity supports improvements to those arrangements where required.

3.1.3 The Council's response to Internal Audit findings should strengthen governance and the control environment, supporting delivery of the Council Plan priorities and wider strategic objectives.

3.2 Background

3.2.1 The Council's Internal Audit function is delivered in accordance with the Global Internal Audit Standards in the UK Public Sector and the applicable requirements for local government. It provides independent, risk-based assurance, advice and insight over governance, risk management and control arrangements.

3.2.2 The 2026–27 Internal Audit Plan continues the flexible and risk-based approach adopted in recent years, combining the following elements:

a) **Core Assurance Plan** – scheduled work over the Council's core systems and controls, forming part of a three-year cyclical programme. The 2026–27 programme represents the third year of the cycle.

b) **Agile, Risk-based Plan** – potential audit areas identified through rolling risk assessments, assurance mapping and consultation with senior management. This is not a fixed list: the Head of Internal Audit reviews and reprioritises activity to respond to emerging risks, issues and organisational priorities.

c) **Follow-up Activity** – monitoring and verification of the implementation of agreed audit actions, to assess whether improvements to governance, risk management and internal control have been effectively delivered and sustained.

3.3 Delivery of the 2026–27 Internal Audit Plan

3.3.1 The Internal Audit Interim Report for 2026–27 is attached at Appendix 1 and sets out the detailed position on delivery, assurance findings and performance.

3.3.2 Delivery is progressing across the Core Assurance and Risk-Focused programmes, with six grant and certification assignments completed and further reviews at reporting, fieldwork and planning stages. Appendix 1 summarises the assurance arising from this work and highlights areas requiring management attention. Draft opinions and findings remain subject to finalisation.

3.3.3 The Agile, Risk-based Plan remains deliberately flexible, allowing Internal Audit to respond to emerging risks and changing organisational priorities. Potential Quarter 4 reviews are set out in Appendix 1, section 2c, and are priorities for consideration rather than a fixed programme. CMT input and the Committee's observations on emerging risks and assurance gaps will inform the remaining programme.

3.3.4 In addition to planned assurance work, Internal Audit continues to provide advisory support and undertake follow-up activity. These activities are balanced with emerging priorities to maximise the assurance obtained from available resources.

3.4 Follow-ups

3.4.1 Progress on follow-up activity is detailed in Appendix 1. Four full follow-up reviews show varying levels of implementation, with significant outstanding actions requiring continued management attention. Appendix 1 also sets out the outstanding High-risk action position assessed at 2 November 2026. The original assurance opinions have not been re-rated.

3.4.2 Management and designated action owners remain responsible for implementing agreed improvements, establishing appropriate recovery arrangements where actions remain outstanding, and providing evidence of completion. Internal Audit will continue to monitor and verify implementation to assess whether the identified weaknesses and residual risks have been addressed.

3.4.3 Where significant actions remain overdue or sufficient evidence of implementation is unavailable, matters will be escalated through the appropriate management and governance arrangements. Committee oversight will support scrutiny of the outstanding risks and management's progress in addressing them.

4.0 Stakeholder and ward member consultation and engagement

4.1 None.

5.0 Financial Considerations

5.1 There are no direct financial implications arising from noting this report. Any resource or financial implications associated with implementing individual audit actions will need to be considered by the relevant service through its existing budget and approval arrangements.

6.0 Legal Considerations

6.1 Regulation 5 of the Accounts and Audit Regulations 2015 requires the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. Internal Audit operates in accordance with the Global Internal Audit Standards in the UK Public Sector, together with CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government, applicable from 1 April 2025.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no direct EDI implications arising from noting this report. Any equality implications arising from individual audit actions remain the responsibility of the relevant service to consider as part of implementation.

8.0 Climate Change and Environmental Considerations

8.1 There are no direct climate change or environmental implications arising from noting this report.

9.0 Communication Considerations

9.1 None.

Report sign off:

Minesh Patel
Corporate Director, Finance and Resources

Internal Audit Interim Report

2026-27

1a. Core Assurance Work 2026-27 – Summary

This section of the plan lists the work that will be undertaken in-year to provide assurance over the Council's core/key systems and controls. Whilst there may still be a need to flex this plan in response to significant changes or risks, it is anticipated that this aspect of the plan will remain relatively stable and unchanged in-year.

	System / Process	Not yet commenced	Planning	Fieldwork	Reporting	Comments
Key financial Systems	**Accounts Payable**				•	Reporting. Awaiting mgt responses
	Accounts Receivable			•		Fieldwork in progress – commenced Q2.
	Payroll				•	Reporting. Awaiting mgt responses
	Pensions			•		Fieldwork in progress – commenced Q3.
	Housing Benefits			•		Fieldwork in progress – commenced Q3.
IT Audit	**Cyber Assurance**			•		Fieldwork in progress – scheduled Q3.
	Technology Risk Management Review			•		Fieldwork in progress – scheduled Q3.
	IT Application (Synergy)			•		Fieldwork in progress – commenced Q3.
Inherent Risks	**Housing Compliance**	•	•	•		Awaab's Law: fieldwork in progress (Q2). Decent Homes: planning – Q3. Domestic Abuse: not yet commenced – planned Q3.
	Procurement	•				Not yet commenced – planned Q4.
	Information Governance	•				Not yet commenced – planned Q4.
	Adult's Safeguarding	•				Not yet commenced – planned Q4.
Rollover	**Housing Voids (Rollover Review)**		•			Planning – scheduled Q3.

1a. Core Assurance Work 2026-27 – Summary (cont'd)

	System / Process	Not yet commenced	Planning	Fieldwork	Reporting	Comments
Grant / Certification	**Supported Internships Grant**				●	Completed.
	Disabled Facilities Capital Grant (DFG)				●	Completed.
	Brent River College				●	Completed.
	Barham Park Accounts - Certification				●	Completed.
	DfT Highway Maintenance Grant				●	Completed.
	Brent River College (Part II)				●	Completed.
School Audits	**Harlesden Primary School (Follow-up)**			●		Fieldwork in progress (Q3).
	Stonebridge School			●		Fieldwork in progress (Q3).
	Newman Catholic College (Follow-up)			●		Fieldwork in progress (Q3).

1b. Core Assurance Work 2026-27 – Findings (High & Medium)

This section provides a summary of findings from core assurance audits where fieldwork has been completed. Draft findings and provisional assurance opinions are identified and remain subject to finalisation following management responses.

System / Process	Assurance Provided	Summary of Findings
Accounts Payable	***Moderate*** *Provisional – draft*	Core payment controls operated effectively, supporting the Moderate opinion. Improvements are needed in purchasing compliance, payment timeliness and monitoring information. **High Risk** 1. **Purchasing, Invoice Processing and Data Quality** Purchasing compliance, payment timeliness and the reliability of monitoring information require improvement to strengthen financial oversight; testing did not identify duplicate payments. **Medium Risk** 2. **Purchasing Agreement Management and Oversight** Responsibilities for maintaining and reviewing purchasing agreements are not clearly defined, increasing the risk that inaccurate or unsupported information remains uncorrected. 3. **Expenditure Outside the Purchase-Order Process and Payment Delays** Incomplete reporting of expenditure outside the purchase-order process limits oversight of payment delays and their causes, although individual delays may have valid explanations. 4. **Aged Creditor Reporting and Data Quality** Inaccurate reporting and unclear ownership weaken monitoring and resolution of outstanding supplier balances, despite regular follow-up.

System / Process	Assurance Provided	Summary of Findings
Payroll	***Moderate*** *Provisional – draft*	Core payroll controls provide an adequate framework, and previous audit actions are largely complete. The remaining findings concern targeted improvements rather than weaknesses undermining the system's overall integrity. **Medium Risk** 1. **Independent Review of Payroll Changes** Payroll checking records do not consistently demonstrate independent review, weakening the audit trail; this is not evidence of incorrect pay. 2. **Review of Legacy Recurring Allowances**

An unresolved legacy allowance requires periodic review of continued entitlement pending Legal resolution; existing controls automatically stop current allowances at their agreed end dates.

3. **Documentation of Recruitment Incentive Payments**

   Recruitment incentive payments are not explicitly covered in the relevant employment documentation, leaving a risk of inconsistent interpretation despite existing arrangements.

2a. Risk-Focussed Work 2026-27 – Summary

This section of the plan is intended to be flexible and adaptive to respond to changing risks and priorities, and to ensure audit resources are allocated efficiently and effectively to the areas with the greatest assurance needs. The audits undertaken as part of this section of the plan will be determined via a number of factors, including:

- an on-going internal audit risk assessment;
- assurance mapping against strategic and directorate risks;
- identification of new and emerging threats and risk areas; and
- on-going consultation with senior management.

System / Process	Not yet commenced	Planning	Fieldwork	Reporting	Comments
Child to Adult Transition		●			Planning – scheduled Q3.
Licensing			●		Fieldwork in progress – scheduled Q3.
Fleet Management			●		Fieldwork in progress – scheduled Q3.
Expenses	●				Not yet commenced – planned Q3.
Crisis Resilience Fund (Advisory)				●	Reporting.
Property Maintenance Framework (Advisory)				●	Reporting.
Employment Rights Readiness (Advisory)			●		Fieldwork in progress – scheduled Q3.
Brent Funeral Service				●	Reporting. Awaiting mgt responses
Management of Tenancy Management Organisations (TMOs)				●	Completed.

2b. Risk-Focussed Work 2026-27 - Findings (High & Medium)

The tables below summarise the High and Medium findings from the risk focussed work to date.

System / Process	Assurance Provided	Summary of Findings
Management of Tenant Management Organisations (TMOs)	***Limited***	Oversight has improved, but the Council's assurance and intervention arrangements require further strengthening. The Limited opinion concerns the Council's landlord oversight, not evidence of widespread TMO service failure. **High Risk** 1. **Oversight and Monitoring** More complete, timely and reliable service and financial information is needed to support effective Council oversight, challenge and intervention. 2. **Governance Framework** Governance agreements and Council decision-making, escalation and intervention arrangements require updating and clearer documentation to strengthen accountability. **Medium Risk** 3. **Roles and Responsibilities** Clearer documentation of oversight responsibilities and delegated authority is needed to establish consistent ownership and accountability. 4. **Policies and Procedures** Formal oversight procedures and information-sharing controls are needed to support consistent monitoring and appropriate access to housing information. 5. **Risk Management** Formal arrangements for assessing, recording and escalating risks are needed to support systematic management of delegated housing services. 6. **Business Continuity** Reviewed and tested continuity and Council contingency arrangements are needed to demonstrate readiness to maintain critical housing services during disruption.

System / Process	Assurance Provided	Summary of Findings
Brent Funeral Service	***Limited*** *Provisional – draft*	Significant financial, governance and resilience weaknesses limit assurance over public funds and sustainable service delivery. The proposed Limited opinion reflects the combined findings and evidence gaps; approval and management agreement remain outstanding. **High Risk** 1. **Governance and Regulatory**

System / Process	Assurance Provided	Summary of Findings
		Formal operating procedures, oversight and continuity arrangements were not adequately evidenced, increasing the risk of inconsistent decisions and service disruption. 2. **Financial Controls** Weaknesses in income recording, payment assurance and financial monitoring limit assurance over cost recovery and public funds; evidence gaps do not establish financial loss. 3. **Procurement and Ethical Conduct** Purchasing approvals, supplier arrangements and conflict-of-interest controls were not adequately evidenced, limiting assurance over transparent decisions and value for money. 4. **Operational and Physical Security** Incomplete service-delivery records limit traceability and independent verification of transport payments; this does not establish that the services were not provided. 5. **System Security, Resilience and Information Governance** System oversight, information governance and tested recovery arrangements were insufficiently evidenced, increasing exposure to unauthorised access, information loss and disruption.

2c. Risk Assessment – to inform audit activity in Q4

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

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

System / Process	Prioritisation	Rationale / Suggested Scope
Commercial Property – Leases and Rent Collection	Priority 1	The commercial estate is a key income stream exposed to economic volatility and arrears risk. Indicative coverage includes lease management, rent invoicing, arrears monitoring, data accuracy, rent reviews and governance for maximising income.
CYP & ASC Purchasing & Payment Processes	Priority 1	The proposed move towards a single payments team makes this a timely area for assurance over purchasing and payment responsibilities. Payments supporting SEND, looked-after children, fostering and adult social care require clear authorisation and accurate, timely processing. Potential risks include inadequate segregation of duties, duplicate or incorrect payments, and payments continuing after support arrangements change.
Public Health Contract Performance (Advisory)	Priority 1	Listed in the planned advisory programme. Assess the adequacy of monitoring and performance management for Public Health contracts, focusing on high-risk services, compliance, value for money, data quality and effective oversight.
Emergency Duty Team	Priority 2	Out-of-hours social care involves urgent decisions where access to information and wider service support may be limited. Potential risks include delayed responses, inconsistent prioritisation or escalation, and incomplete handovers affecting continuity of care and safeguarding.
Housing Allocations	Priority 2	A planned risk-based candidate reflecting the need for fair, consistent allocations in line with statutory duties. Assess consistent and effective application of the Housing Allocations policy, including eligibility assessments, prioritisation, decision-making, record-keeping and oversight.
Budget Pressures / Savings Delivery	Priority 2	Governance, monitoring and delivery of key savings and pressure areas, realism of savings, forecast accuracy and corrective action.
Performance Management	Priority 2	KPI governance, data quality and reliability of performance information. Potential Q4 advisory review, subject to refresh and alignment with the new Council Plan.

3a. Follow-up Work – Programme Position and Results

Internal Audit continues to operate an established follow-up process, tracking actions through to confirmed implementation, to provide confirmation that improvements in the Council's governance, risk management and control have been embedded. The table below lists the key follow-ups in-progress and planned for 2026-2027 (based on audits completed in 2025-2026).

Follow-up programme – current position

Audit	Original assurance	Follow-up type / delivery status	Original findings*			Agreed actions*			
			H	M	L	H	M	L	Total
Assets & Valuations	Limited	**Full follow-up** – Completed. Results below; actions not implemented.	4	0	0	14	0	0	**14**
Deputyship & Appointees	Limited	**Full follow-up** – Completed. Results below Partially implemented.	5	4	0	13	9	0	**22**
Health & Safety	Limited	**Full follow-up** – Completed. Draft results below; actions not implemented.	5	0	0	22	0	0	**22**
Residential and Nursing Care	Limited	**Full follow-up** – in validation	7	1	0	7	1	0	**8**
AI Governance	Limited	**Full follow-up** – in validation	2	3	0	6	11	0	**17**
STS Asset Management	Limited	**Full follow-up** – in validation	4	2	0	16	8	0	**24**
IT Application (Oracle)	Limited	**Full follow-up** – not yet commenced (Q4)	4	2	2	14	8	8	**30**
Council Tax & Business Rates	Limited	**Full follow-up** – in validation	2	3	1	7	13	3	**23**
Pay Policy and Allowance	Limited	**Full follow-up** – reporting through the Payroll review; one action group partially implemented	6	0	0	6	0	0	**6**
Harlesden Primary School (Follow-up)	Limited	**Full follow-up** – in validation	7	12	0	7	12	0	**19**
Newman Catholic College (Follow-up)	Limited	**Full follow-up** – in validation.	16	10	5	16	10	5	**31**
HRA Financial Management (Hybrid)	Moderate – draft	**Hybrid follow-up** – Actions not due.	0	4	0	0	10	0	**10**
Capital Expenditure (Hybrid)	Moderate	**Hybrid follow-up** – actions recorded as implemented	0	4	3	0	14	8	**22**
Budgetary Control (Hybrid)	Moderate	**Hybrid follow-up** – Actions not due.	1	2	1	1	2	1	**4**

Children's Safeguarding (Hybrid)	Moderate	**Hybrid follow-up** – Actions not due.	0	4	0	0	4	0	**4**
Waste Management/Enforcement (Hybrid)	Moderate	**Hybrid follow-up** – Actions not due.	0	3	1	0	12	3	**15**
Contract Management (Full)	Limited	**Full follow-up** – Q4	3	0	0	25	0	0	**25**
Parking – debt collection (Hybrid)	Moderate	**Hybrid follow-up** – Actions not due.	1	6	0	2	6	0	**8**
Martyn's Law (Hybrid)	Advisory	**Hybrid follow-up** – Actions not due.	2	0	0	2	0	0	**2**
Ashley College PRU (Follow-up) (Hybrid)	Moderate	**Hybrid follow-up** – implementation largely evidenced; three overdue actions recorded	0	5	4	0	13	6	**19**
Elsley (Follow-up) (Hybrid)	Moderate	**Hybrid follow-up** – Actions not due.	0	7	6	0	7	6	**13**
GLA – Affordable Housing Programme (Full)	Advisory	**Full follow-up** – Actions not due.	3	0	0	13	0	0	**13**

Full follow-up results – progress and residual risk

The following table summarises the results of four full follow-ups. Original assurance opinions are shown for context and have not been replaced or re-rated.

Full follow-up	Original assurance	Follow-up status	Findings fully addressed	Actions implemented	Progress, residual risk and next steps
Assets & Valuations	**Limited**	**Not implemented**	**0 of 4**	**0 of 14** 14 outstanding	Data cleansing and governance design have progressed, but principal documents remain draft and completed control checks were not evidenced. Register reconciliation, data quality and asset-change controls remain unverified. **Next:** Complete recovery milestones and evidence approved, operating controls. Targeted verification recommended after 31 January 2027; further phased legacy remediation follows.
Deputyship & Appointees	**Limited**	**Partially implemented**	**8 of 9** 1 High finding partially implemented	**20 of 22** actions implemented. Two High-risk actions remain partially implemented.	Financial authorisation, segregation, independent exception review, referral tracking and debt procedures have improved. Significant residual risk remains while pooled banking and the existing system continue; individual accounts and CASPER/CasparGov are not yet delivered. SJP complaint outcomes/redress remain unconfirmed.

					Next: Verify formal procedure approval/publication and recurring governance reports showing challenge and action tracking. Revised target: 28 February 2027.
Procurement	**Limited**	**Partially implemented**	**4 of 7**	**7 of 12** 5 outstanding: 3 High, 2 Medium	Inactive purchase-order closure, supplier financial checks, waiver recording and guidance, and strategy implementation have progressed. Reliable non-contracted spend data, Board-level oversight and remaining workflow/staff guidance improvements are still outstanding. **Next:** Complete the five outstanding actions by 31 December 2026, followed by targeted verification of implementation and operating effectiveness.
Health & Safety	**Limited**	**Not implemented**	**0 of 5**	**0 of 22** 22 outstanding	Reported local activity and draft Compliance Group arrangements do not demonstrate Council-wide implementation or functioning oversight. All original action dates have passed. **Next:** Agree a Council-wide recovery plan with accountable owners, firm deadlines and evidence requirements. Revised target: 28 February 2027.

3b. Outstanding High-Risk Actions

The table below summarises outstanding High-risk actions from follow-up work and dated management updates, including 2024/25 reviews.

For each review, the original implementation date shown is the latest original target date across its outstanding High-risk actions, rather than the individual deadline for every action. Revised implementation dates reflect the latest deadlines provided by management. Revised deadlines do not indicate that actions have been implemented. Actions remain outstanding pending Internal Audit verification.

Audit / source	Outstanding High actions	Latest original implementation date	Revised implementation date(s)
Property Assets and Valuations 2025/26 full follow-up	14	30 September 2026	31 January 2027
Health and Safety 2025/26 full follow-up	22	31 March 2026	28 February 2027.
Direct Payments to Children 2024/25 review	6	31 July 2025	30 November 2026.
Lyon Park Primary School 2024/25 review	3	30 April 2025	31 January 2027.
Wembley Learning Zone 2024/25 review	3	31 January 2026	31 December 2026
Procurement 2024/25 review full follow-up	3	30 June 2025	31 December 2026.
Deputyship and Appointees 2025/26 full follow-up	2	31 May 2026	28 February 2027
Section 20 2024/25 review	1	1 May 2026	January 2027
Social Housing Act – Anti-Social Behaviour 2024/25 review	2	30 November 2025	January 2027

4a. Internal Audit – Key Performance Indicators

The Head of Internal Audit is responsible for the internal audit function's conformance with the Global Internal Audit Standards (GIAS) and continuous performance improvement. This includes implementing and maintaining a quality assurance and improvement program (QAIP) that covers all aspects of the internal audit function. To complement and inform the ongoing and periodic assessments of the Internal Audit function, Key Performance Indicators (KPIs) have been defined to measure the performance of the internal audit service. Achievement scores against each of these KPIs for 2026-27 to date are set out in the table below:

KPI	Target	Achievement	Comments
KPI1 - Activity	100% of Core Assurance Plan completed across the 3-year cycle	● On-track	100% of Core Assurance planned work completed in 2025-26. On-track to deliver all Core Assurance audits in 2026-27.
KPI2 - Activity	100% of strategic risks/ key inherent risks covered across 3-year cycle	● On-track	On track to cover strategic and key inherent risks across the three-year cycle through the Core Assurance and risk-focussed audit programmes.
KPI3 - Delivery	Timeliness in raising issues with Management - end of fieldwork to closing meeting <10 working days.	● On-track	9 audits completed where formal report issued. End of fieldwork meeting held within 10 working days in all instances.
KPI4 - Delivery	100 % of acceptance to audit recommendations	● Met	100% of audit actions accepted in audits concluded to date.
KPI5 – Follow-up	100 % of Critical and High-risk actions followed-up within 1 month of due date	● Met	All Critical and High-risk actions due for follow-up during the reporting period were followed up within one month of their due date, meeting the 100% target.
KPI6 – Follow-up	75% of audit actions implemented within original timescales.	● Partially Met	There is a limited population size for follow-ups completed thus far in 2026-27, though trends appears to be on track.
KPI7 – Quality	100% of audit satisfaction surveys rated as 'good or better'	n/a	No survey responses received.
KPI8 - Quality	Conformance to the Public Sector Internal Audit Standards	● On-track	A self-assessment against the standards will be undertaken in Q4.

Appendix A – Basis of our Classifications

Critical

A finding that could have a:

- ***Critical*** *impact on operational performance; or*
- ***Critical*** *monetary or financial statement impact; or*
- ***Critical*** *breach in laws and regulations that could result in material fines or consequences; or*
- ***Critical*** *impact on the reputation or brand of the organisation which could threaten its future viability*.

High

A finding that could have a:

- ***Significant*** *impact on operational performance; or*
- ***Significant*** *monetary or financial statement impact; or*
- ***Significant*** *breach in laws and regulations resulting in significant fines and consequences; or*
- ***Significant*** *impact on the reputation or brand of the organisation*.

Medium

A finding that could have a:

- ***Moderate*** *impact on operational; or*
- ***Moderate*** *monetary or financial statement impact; or*
- ***Moderate*** *breach in laws and regulations resulting in fines and consequences; or*
- ***Moderate*** *impact on the reputation or brand of the organisation*.

Low

A finding that could have a:

- ***Minor*** *impact on the organisation's operational performance; or*
- ***Minor*** *monetary or financial statement impact; or*
- ***Minor*** *breach in laws and regulations with limited consequences; or*
- ***Minor*** *impact on the reputation of the organisation.*

Appendix B – Assurance Ratings

Rating	Description
Substantial Assurance	There is a sound control environment with risks to key service objectives being satisfactorily managed. Recommendations will normally only be Advice and Best Practice
Moderate Assurance	An adequate control framework is in place but there are weaknesses which may put some service objectives at risk. There are *medium* priority recommendations indicating weaknesses, but these do not undermine the system's overall integrity. Any *critical* recommendation will prevent this assessment, and any *high* recommendations would need to be mitigated by significant strengths elsewhere.
Limited Assurance	There are several significant control weaknesses which could put the achievement of key service objectives at risk and result in error, fraud, loss or reputational damage. There are *high* recommendations indicating significant failings. Any *high* recommendations would need to be mitigated by significant strengths elsewhere.
No Assurance	There are fundamental weaknesses in the control environment which jeopardise the achievement of key service objectives and could lead to significant risk of error, fraud, loss or reputational damage being suffered.

	Audit and Standards Advisory Committee 30 November 2026
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader and Cabinet Member for Finance and Resources (Councillor Gwen Grahl)

Evaluating the Effectiveness of the Audit and Standards Advisory Committee 2026-27

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:	Two Appendix 1: CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2026 Appendix 2: CIPFA's Audit Committee Maturity Model Assessment
Background Papers:	None
Contact Officer(s): (Name, Title, Contact Details)	Darren Armstrong, Deputy Director Organisational Assurance and Resilience 020 8937 1751 Darren.Armstrong@brent.gov.uk

1.0 Executive Summary

1.1 This report sets out the proposed approach for evaluating the effectiveness of the Audit and Standards Advisory Committee, taking account of updated guidance published by the Chartered Institute of Public Finance and Accountancy (CIPFA) in 2026.

1.2 The Council has previously undertaken periodic reviews of the Committee's effectiveness, including a comprehensive member self-assessment undertaken in 2022-23. The approach proposed in this report builds on that previous work but reflects CIPFA's revised emphasis on assessing not simply whether appropriate arrangements are in place, but how well embedded and effective

those arrangements are and the impact the Committee has on the Council's governance, risk, control and assurance arrangements.

1.3 It is proposed that all members of the Committee complete a structured survey based primarily on CIPFA's 2026 audit committee maturity model. This will consider the Committee across four areas:

- Purpose, governance and accountability;
- Membership and structure;
- Functions of the Committee; and
- Impact and effectiveness.

1.4 The maturity model provides a five-level scale ranging from Initial through to Leading Practice, allowing the Committee to establish both an overall assessment and its relative maturity across each of these areas.

1.5 The member survey will form part of a wider evidence-based assessment. Officers will separately review those elements of the CIPFA model which are factual or capable of objective verification, including the Committee's terms of reference, membership and structure, work programme, meeting arrangements, reporting and training. The results will then be considered alongside members' views to produce an overall assessment.

1.6 The resulting assessment will identify areas of strength and, where appropriate, opportunities to improve the Committee's effectiveness. These will inform a proportionate improvement action plan and the Committee's future work and development programme.

2.0 Recommendations

2.1 The Committee is asked to:

(a) note the requirements and good practice set out in CIPFA's 2026 guidance for evaluating audit committee effectiveness;

(b) agree to undertake an assessment of the effectiveness and maturity of the Audit and Standards Advisory Committee using CIPFA's 2026 maturity model as the principal framework;

(c) agree that all Committee members will be invited to complete a survey covering the judgement and effectiveness elements of the maturity assessment;

(d) note that officers will undertake an accompanying evidence-based assessment of the factual and structural elements of the maturity model; and

(e) note that the results of the assessment, together with any proposed improvement actions, will be reported back to the Committee and used to inform its Annual Report and future work and development programme.

3.0 Detail

3.1 Contribution to the Council Plan, *Believe in Brent 2026 – 2030* & Strategic Context

3.1.1 The Audit and Standards Advisory Committee is an important part of the Council's governance and assurance framework. Its role is to provide an independent and high-level focus on the adequacy of the Council's governance, risk management, internal control and assurance arrangements.

3.1.2 CIPFA describes audit committees as a key component of an authority's governance framework. An effective committee should provide confidence to those charged with governance that appropriate governance, risk and control arrangements are in place and operating effectively. It should also support effective internal and external audit, financial and governance reporting, accountability and continuous improvement.

3.1.3 The effectiveness of the Committee therefore depends on more than compliance with its formal terms of reference. It also depends on the quality of its challenge, the knowledge and engagement of its members, its relationships with officers and assurance providers, and ultimately the influence and impact it has on the Council's governance arrangements.

3.2 CIPFA Guidance

3.2.1 CIPFA published a revised Position Statement and supporting practical guidance on audit committees in 2026. The Position Statement sets out CIPFA's expected model for audit committees, including their purpose, independence, membership, core functions, engagement and outputs. CIPFA expects local government bodies to make their best efforts to adopt these principles.

3.2.2 The guidance places particular emphasis on demonstrating the impact of the Committee. CIPFA recognises that, as an advisory rather than executive body, its effectiveness can sometimes be difficult to measure directly. Evidence of effectiveness is therefore likely to be demonstrated through the Committee's influence, persuasion and support, alongside compliance with good practice and the knowledge and experience of its membership.

3.2.3 CIPFA recommends that an assessment of effectiveness should consider:

- whether the Committee operates in accordance with recommended practice and applicable legislation;

- how effectively it fulfils its terms of reference and core functions;

- how effectively the Committee itself operates, including the support, training and development provided to members;

- its impact on governance, risk management, internal control and audit arrangements; and

- feedback from those who interact with the Committee.

3.2.4 CIPFA also recommends that audit committees report annually on how they have complied with the Position Statement, discharged their responsibilities and assessed their performance. The assessment should therefore not be treated as a standalone exercise, but as part of a continuing process of evaluation and improvement.

3.3 Previous Assessments

3.3.1 The Committee has previously undertaken periodic assessments of its effectiveness. A comprehensive member self-assessment was undertaken during 2022-23, with each member independently completing a questionnaire. The results were subsequently considered by the Committee and informed an improvement action plan. Audit and Standards Advisory Committee 6 February 2024.

3.3.2 In February 2024, the Committee agreed that, rather than repeat the full questionnaire annually, its effectiveness would also be considered through the Chair's Annual Report and reflected in the Committee's ongoing development arrangements. Audit and Standards Advisory Committee 6 February 2024.

3.3.3 The publication of substantially revised CIPFA guidance in 2026 provides an appropriate opportunity to undertake a further comprehensive assessment. This will both provide an updated view of the Committee's effectiveness and establish a baseline against the new CIPFA maturity model.

3.4 Proposed Approach

3.4.1 It is proposed that the assessment is undertaken using CIPFA's 2026 maturity model as the principal framework. This represents a development from the Council's previous approach because it allows the Committee to consider not only whether particular arrangements exist but how mature, embedded and effective they are.

3.4.2 The maturity model assesses arrangements against five levels:

1) Initial - Arrangements are informal, inconsistent or not yet established.

2) Developing - Some arrangements exist but are incomplete, reactive or inconsistently applied.

3) **Established -** Arrangements are in place and operating consistently, meeting basic expectations.

4) **Advanced -** Arrangements are well embedded, effective and subject to regular review and improvement.

5) **Leading Practice -** Arrangements are fully embedded and proactive, demonstrably add value and align with recognised good practice.

3.4.3 The assessment is structured around four themes:

A. **Purpose, governance and accountability**
This considers whether the Committee has a clearly defined purpose, appropriate accountability and independence, whether its role is understood across the organisation and whether it can appropriately escalate matters of concern.

B. **Membership and structure**
This considers the composition, knowledge and skills of the Committee, member induction and training, independent membership, support arrangements and relationships with key officers and external audit.

C. **Functions of the Committee**
This is the most substantial element of the assessment and considers how effectively the Committee fulfils its responsibilities across governance, risk management, internal control, financial reporting, the Annual Governance Statement, assurance, internal audit and external audit.

D. **Impact and effectiveness**
This considers how the Committee operates in practice, including the quality of chairing, member participation and challenge, the apolitical nature of its work, engagement from senior officers and the extent to which the Committee's views are taken seriously and lead to improvement.

3.5 Member Survey

3.5.1 Each Committee member will be invited to complete a survey independently. The survey will focus particularly on those aspects of the CIPFA model which require judgement about the quality, effectiveness and impact of the Committee rather than simple confirmation that an arrangement exists.

3.5.2 Members will be asked to assess statements using the five-point maturity scale and will have the opportunity to provide comments or evidence supporting their assessment. The survey will also provide an opportunity for members to identify:

- aspects of the Committee that work particularly well;
- areas where its effectiveness or influence could be strengthened;

- areas where members would welcome further information, support or training; and

- any changes they believe would allow the Committee to add greater value.

3.5.3 Individual responses will be brought together to identify the overall assessment and any significant differences in members' views. The intention is not simply to produce a numerical score, but to use the results to support a constructive discussion about where the Committee is performing well and where further development would be beneficial.

3.5.4 A number of the CIPFA maturity model criteria relate to matters of fact rather than member perception. For example, whether the Committee's terms of reference reflect CIPFA's recommended functions, whether it meets at least four times each year, whether appropriate independent membership arrangements exist and whether appropriate arrangements are in place for training, reporting and engagement with internal and external audit.

3.5.5 It is therefore proposed that officers complete these parts of the assessment separately using documentary and other supporting evidence. This should make the exercise more robust and avoid asking Committee members to score matters which can be established objectively.

3.5.6 Evidence is expected to include, where appropriate, the Committee's terms of reference, annual work programme, agendas and minutes, attendance records, training and development activity, the Chair's Annual Report and evidence of how recommendations and issues raised by the Committee have been progressed.

3.5.7 The officer assessment and member survey will then be brought together to form the overall maturity assessment. This mixed approach should provide a more rounded assessment than relying solely on either member perceptions or a compliance checklist.

3.6 Outcomes

3.6.1 The results will provide both an overall maturity assessment and an assessment against each of the four themes. These will make it possible to identify areas where arrangements are well established as well as those where there is scope for further improvement.

3.6.2 The purpose of the exercise is not to achieve a particular numerical score or to demonstrate compliance for its own sake. The assessment should provide a practical basis for considering whether the Committee is making the contribution expected of it and where changes could increase its effectiveness and impact.

3.6.3 Where development opportunities are identified, these will be translated into a proportionate improvement action plan. This could include, for example, changes to the Committee's work programme or terms of reference, targeted

member development, different approaches to agenda planning and assurance reporting, or strengthening arrangements for engagement with senior management and other assurance providers.

3.6.4 The results and improvement actions will be reported back to the Committee. They will also inform the Committee's Annual Report and, where relevant, the Council's Annual Governance Statement. This reflects CIPFA's recommendation that the Committee's assessment of its impact and areas for improvement should feature in its annual reporting and that significant areas requiring improvement should be considered as part of the AGS

4.0 Stakeholder and ward member consultation and engagement

4.1 None.

5.0 Financial Considerations

5.1 There are no direct financial implications arising from noting this report. Any resource or financial implications associated with implementing individual audit actions will need to be considered by the relevant service through its existing budget and approval arrangements.

6.0 Legal Considerations

6.1 Regulation 5 of the Accounts and Audit Regulations 2015 requires the Council to undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance. Internal Audit operates in accordance with the Global Internal Audit Standards in the UK Public Sector, together with CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government, applicable from 1 April 2025.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no direct EDI implications arising from noting this report. Any equality implications arising from individual audit actions remain the responsibility of the relevant service to consider as part of implementation.

8.0 Climate Change and Environmental Considerations

8.1 There are no direct climate change or environmental implications arising from noting this report.

9.0 Communication Considerations

9.1 None.

Report sign off:

Minesh Patel
Corporate Director of Finance and Resources

CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2026

Scope

This position statement includes all principal local authorities in the UK, corporate joint committees in Wales, the audit committees for PCCs and chief constables in England and Wales, PCCFRAs and the audit committees of fire and rescue authorities in England and Wales.

The statement sets out the purpose, model, core functions and membership of the audit committee. Where specific legislation exists[1], it should supplement the requirements of that legislation.

Status of the Position Statement

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt. It has been prepared in consultation with sector representatives and practitioners.

CIPFA expects all local government bodies to make their best efforts to adopt the principles, aiming for effective audit committee arrangements. This will enable those bodies to meet their statutory responsibilities for governance and internal control arrangements, financial management, financial reporting and internal audit.

The 2026 edition of the Position Statement replaces the 2022 edition.

[1] Local Government & Elections (Wales) Act 2021, Cities and Local Government Devolution Act 2016, Levelling Up and Regeneration Act 2023 and the English Devolution and Community Empowerment Act 2026.

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Purpose of the audit committee

Audit committees are a key component of an organisation's governance framework. Their purpose is to provide an independent and high-level focus on the adequacy of governance, risk and control arrangements. The committee's role in ensuring that there is sufficient assurance over governance, risk and control gives greater confidence to all those charged with governance that those arrangements are effective.[2]

The committee has oversight of both internal audit and external audit, together with the financial and governance reports. An effective audit committee helps ensure adequate arrangements for both internal challenge and public accountability.

The audit committee should be established so that it is independent of executive decision making and is able to provide objective oversight. It is an advisory committee with sufficient importance in the organisation that its recommendations and opinions carry weight and have influence with the leadership team and those charged with governance.

The committee should:

- be directly accountable to the organisation's governing body or the PCC and chief constable
- in local authorities, be independent of both the executive and the scrutiny functions
- in police bodies, be independent of the executive or operational responsibilities of the PCC or chief constable
- have rights of access to and constructive engagement with other committees/functions – for example, scrutiny and service committees, corporate risk management boards and other strategic groups
- have rights to request reports and seek assurances from relevant officers
- be of an appropriate size with experienced, trained committee members.

Large committees and regular substitutions should be avoided to support continuity and build understanding. Where substitutes are essential, they should be trained to fulfil their role.

The role of lay or co-opted independent members

The audit committees of the PCC and chief constable should follow the requirements set out in the Home Office financial management code of practice. This requires the committee to be made up of co-opted independent members.

The audit committees of local authorities in Wales must include co-opted independent members in accordance with the appropriate legislation. Audit committees in England should, in preparation for

[2] In a local authority, the full council is the body charged with governance. The audit committee may be delegated some governance responsibilities but will be accountable to full council. In policing, the PCC and chief constable are both corporations sole and thus are the individuals charged with governance.

expected additional guidance, arrange to appoint at least one co-opted independent committee member.

Where the applicable legislation only requires one lay member or where no legislation exists, CIPFA recommends that each organisation's audit committee should include at least two co-opted independent members to provide appropriate technical expertise.

Core functions

The core functions of the audit committee are to provide oversight of a range of core governance and accountability arrangements, responses to the recommendations of assurance providers and helping to ensure robust arrangements are maintained.

Specific responsibilities include the following.

Maintenance of governance, risk and control arrangements

- Support a comprehensive understanding of governance across the organisation and among all those charged with governance. The committee supports the organisation to put the principles of good governance into practice.

- Consider the effectiveness of the organisation's risk management arrangements. It should understand its risks and seek assurances that active arrangements are in place on risk-related issues. Risk management should cover both the organisation and its collaborations.

- Monitor the effectiveness of the system of internal control, including arrangements for financial management, ensuring value for money, supporting standards and ethics, and for managing the organisation's exposure to the risks of fraud and corruption.

Financial and governance reporting

- Be satisfied that the organisation's accountability statements, including the annual governance statement, properly reflect the risk environment and any actions required to improve it. Statements should demonstrate how governance supports the achievement of the organisation's objectives.

- Support the maintenance of effective arrangements for financial reporting and review the statutory statements of account and any reports that accompany them.

- Consider the management of financial and sustainability risks to the organisation and how financial and governance reports provide accountability.

Establishing appropriate and effective arrangements for audit and assurance

- Consider the arrangements in place to secure adequate assurance across the organisation's full range of operations and its collaborations with other entities.

- In relation to the organisation's internal audit functions, the audit committee should apply the Code of Practice for the Governance of Internal Audit:

    - oversee internal audit's independence, performance and conformance to professional standards

    - support effective arrangements for internal audit
    - make best use of internal audit within the assurance framework.
- Consider the opinion, reports and recommendations of external audit and inspection agencies and their implications for governance, risk management or control, and monitor management action in response to the issues raised by external audit.
- Contribute to the operation of efficient and effective external audit arrangements, supporting the independence of auditors and promoting audit quality.
- Support effective relationships between all providers of assurance, audits and inspections, and the organisation, encouraging openness to challenge, review and accountability.

Audit committee membership

The members of the committee will need to be of high calibre to provide the level of expertise and understanding required of the committee, and to have an appropriate level of influence within the organisation. When selecting elected representatives to be on the committee or when co-opting independent members, aptitude should be considered alongside relevant knowledge, skills and experience.

Organisations should aim to ensure audit committee membership has the following characteristics:

- A membership that is trained to fulfil its role so that members are objective, have an inquiring and independent approach and are knowledgeable.
- A membership that promotes good governance principles, identifying ways that better governance arrangements can help achieve the organisation's objectives.
- A strong, independently minded chair who displays a depth of knowledge, skills and interest. There are many personal skills needed to be an effective chair, but key to these are:
    - promoting apolitical open discussion
    - managing meetings to cover all business and encouraging a candid approach from all participants
    - maintaining the focus of the committee on matters of greatest priority.
- A willingness to operate in an apolitical manner.
- Unbiased attitudes – treating auditors, the executive and management fairly.
- The ability to challenge the executive and senior managers when required.
- Knowledge, expertise and interest in the work of the committee.

While expertise in the areas within the remit of the committee is very helpful, the attitude of committee members and the willingness to have appropriate training are of equal importance.

When appointing co-opted independent members to the committee, organisations should consider the overall knowledge and expertise of the existing members. They should also consider succession planning.

Engagement and outputs

The audit committee should address the full range of responsibilities within its terms of reference and generate planned outputs.

To enable the committee to operate effectively, the committee requires adequate support, including:

- efficient secretariat support
- an appropriate training programme
- an annual work programme.

To discharge its responsibilities effectively, the committee should:

- meet regularly, at least four times a year, and have a clear policy on those items to be considered in private and those to be considered in public
- be able to meet privately and separately with the external auditor and with the head of internal audit
- include as regular attendees the CFO(s), the chief executive, the head of internal audit and the appointed external auditor. Other attendees may include the monitoring officer and the head of resources (where such a post exists). These officers should also be able to access the committee members or the chair as required and be available to them
- have the right to call on any other officers or agencies of the organisation as required. Police audit committees should recognise the independence of the chief constable in relation to operational policing matters
- support transparency, reporting regularly on its work to those charged with governance
- report annually on how the committee has complied with the Position Statement and discharged its responsibilities and include an assessment of its performance. This annual report should be available to the public.

Impact

As a non-executive body, the influence of the audit committee depends not only on the effective performance of its role but also on its engagement with the leadership team and those charged with governance.

The committee should evaluate its impact and identify areas for improvement. These assessments should feature in the committee's annual report. Where significant improvement is required, it should be considered for inclusion in the AGS.

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Audit committee maturity model assessment

This tool uses the maturity model in Audit committees: Practical guidance for local authoritties and police (CIPFA, 2026).

The statements reflect the guidance in the publication and are suitable for UK local government bodies. Undertaking the evaluation will support the committee's development and inform the annual review of governance.

The five-level maturity scale

The model enables users to assess the maturity (overall strength) of their audit committee arrangements across four areas:
A. Purpose, governance and accountability
B. Membership and structure
C. Functions of the committee
D. Impact and effectiveness

Ratings are based on five maturity levels, with results calculated for each area and for the assessment overall.
In local government, maturity may fluctuate over time rather than progress linearly. For example, high member turnover can temporarily reduce maturity as less experienced members join the committee.

CIPFA encourages all committees to achieve and maintain at least level 3, while more established committees should aim for higher levels.

Score	Level	Description
1	Initial	Arrangements are informal, inconsistent or not yet established.
2	Developing	Some arrangements exist but are incomplete, reactive or inconsistently applied.
3	Established	Arrangements are in place and operating consistently, meeting basic expectations.
4	Advanced	Arrangements are well embedded, effective and subject to regular review and improvement.
5	Leading practice	Arrangements are fully embedded and proactive, demonstrably add value and align with recognised good practice.

Instructions for completing the assessment

This version of the assessment is the 'single' assessment. It is designed to be used either by a lead assessor or the facilitor for a group self-assessment. To enable you to collect a range of perspectives and then combine those results, CIPFA will be bringing out a multi-use assessment template in the next few months.

Who should complete the assessment?
The assessor may be an officer of the council or an external facilitator. Alternatively, the committee can complete their own assessment as a group. Another option would be for the chair of the committee to complete the assessment.

Scoring factual questions
Each section contains some factual statements, such as "The committee meets at least four times per year." The answer to these can be verified and may be more more clearly yes or no. Where the criteria is fulfilled, a score of 5 may be given. Not meeting the criteria should score 1 unless a higher score can be justified. Always explain your reasoning in the Evidence/comments column.

Scoring opinion questions
These questions may trigger debate, and there may be a range of perspectives. Agreeing a score and capturing comments and suggestions is a valuable part of the assessment. Remember to include the reasoning in the Evidence/comments column.

Evidence/comments
You do not have to provide physical evidence to support all responses. However, a reference to relevant evidence can be helpful, for example, noting meeting

Reviewing the results

The results should be shared with the committee and key stakeholders, including senior management and the external auditors. The overall result should be included in the committee's annual report and used as evidence of the committee's effectiveness for the annual governance statement.

Developing an action plan
Undertaking the review is likely to identify areas where training or other forms of development would benefit committee members. It may also identify gaps in the terms of reference or other structural matters. Creating an action plan will address these areas and help.

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Audit committee maturity model

Single assessment version

This tool uses the CIPFA 2026 maturity model for audit committees as detailed within Audit committees: Practical guidance for local authorities and police (2026). The statements reflect the guidance in the publication, where more explanatory details are provided.

The single assessment version records the consensus or consolidated results from a review. If you are looking to combine the views across a range of key officers and members, please use the multi-

Scoring each statement

Under 'Score', a drop down provides the options for scoring. There are differencesbetween the factual statements, which may be more clear-cut, and the opinion statements where there may be different perspectives.

Factual statements should be scored:

1 No – Arrangements are informal, inconsistent or not yet established.
2 In part – Some arrangements exist but are incomplete, reactive or inconsistently applied.
4 Yes – Arrangements are well embedded, effective and subject to regular review and improvement.

Opinion statements should be scored:

1 – Arrangements are informal, inconsistent or not yet established.
2 – Some arrangements exist but are incomplete, reactive or inconsistently applied.
3 – Arrangements are in place and operating consistently, meeting basic expectations.
4 – Arrangements are well embedded, effective and subject to regular review and improvement.
5 – Arrangements are fully embedded and proactive, demonstrably add value and align with recognised good practice.

Each section will receive an overall score based on both the factual and opinion statements.

Please score all statements. The overall maturity level is calculated by scoring all the statements. If a question is not answered, it will impact the calculation of the section and reduce the overall maturity level.

A. Purpose, governance and accountability

A1–A6 are factual statements (based on current arrangements); A7–A9 are opinion-based statements (reflecting judgement on maturity and effectiveness).

Reference	Statement from CIPFA's guidance	Score	Evidence/comments that support the score
A1	The committee has a clearly defined purpose in its terms of reference that aligns to the CIPFA 2026 Position Statement.		
A2	The committee is stand-alone and is not combined with other functions such as standards or scrutiny.		
A3	The committee reports directly to the governing body (eg full council, PCC and chief constable etc).		
A4	The committee has not taken on any decision-making responsibilities.		
A5	The governing body holds the committee to account at least annually.		
A6	The committee publishes an annual report that demonstrates how it fulfils its terms of reference.		
A7	All those in leadership roles and all those charged with governance have a good understanding of the role and purpose of the committee.		
A8	The committee escalates any issues or concerns to those in governance or leadership roles.		
A9	Officers engage with the committee in a candid and transparent way.		
	Overall section assessment Average score (A1–A9)	**0.0 Initial**	

B. Membership and structure

B1–B3 are factual statements (based on current arrangements); B4–B9 are opinion-based statements (reflecting judgement on maturity and effectiveness).

Reference	Statement from CIPFA's guidance	Score	Evidence/comments that support the score
B1	The committee does not include members of the executive (eg mayor, cabinet).		
B2	The size of the committee is eight or fewer and does not allow substitutes.		
B3	At least two co-opted (lay) independent members are included or more if required by legislation.		
B4	Committee members have the necessary knowledge and skills to undertake their role.		
B5	A regular programme of training is provided to all committee members.		
B6	New members receive adequate induction training and support.		
B7	Co-opted independent (lay) members receive tailored briefings and support to understand the authority and meet key people.		
B8	The committee has good working relationships with key officers and external audit.		
B9	The committee has access to adequate secretariat support and advice.		
	Overall section assessment (Average score B1–B9)	**0.0 Initial**	

C. Functions of the committee

C1.1–C3 are factual statements (based on current arrangements); C4–C16 are opinion-based statements (reflecting judgement on maturity and effectiveness).

Reference	Statement from CIPFA's guidance	Score	Evidence/comments that support the score
C1	The terms of reference explicitly includes the following:		
C1.1	Governance arrangements		
C1.2	Risk management arrangements		
C1.3	Internal controls		
C1.4	Annual governance statement		
C1.5	Financial reporting		
C1.6	Assurance framework		
C1.7	Internal audit		
C1.8	External audit		
C2	The committee has met privately with both external audit and internal audit at least once in the last year.		
C3	The committee's agendas align with the recommended functions of the committee, ensuring adequate coverage of each during the year.		
C4	The committee supports the principles of good governance – for example, encouraging use of a local code of governance, reviewing lessons learned and emphasising the importance of accountability.		
C5	Management are encouraged to establish a robust control environment and the adequacy of control arrangements is reviewed regularly.		
C6	The overall arrangements for managing risk are reviewed regularly and assurance sought on the effectiveness of the risk management arrangements.		
C7	The committee understands the organisation's risk profile and uses this when considering governance and audit agenda items.		

C8	The committee is alert to the risks to financial resilience and follows up to ensure they are managed effectively.		
C9	The committee understands how the authority strives to ensure value for money and tests the robustness of its VfM arrangements.		
C10	The committee considers the adequacy of the assurance framework for its needs and those of the leadership team.		
C11	The committee seeks to make best use of available assurances to check risks are managed and arrangements are effective.		
C12	The committee engages well with external audit, supporting the audit process and following up on their recommendations.		
C13	The committee provides the necessary governance of internal audit as set out in the Code of Practice on the Governance of Internal Audit, thus supporting the function's conformance with professional standards.		
C14	The committee is proactive with the conclusions of internal audit's reports and follows up with management when action is required.		
C15	The committee reviews the financial statements, asking challenging questions and identifying areas of concern.		
C16	The committee encourages a robust review of governance to support the preparation of the AGS.		
	Overall section assessment **Average score (C1.1–C16)**	**0.0 Initial**	

D. Impact and effectiveness

D1 is a factual statement (based on current arrangements); D2–D8 are opinion-based statements (reflecting judgement on maturity and effectiveness).

Reference	Statement from CIPFA's guidance	Score	Evidence/comments that support the score
D1	The committee meets at least four times per year.		kkk
D2	Meetings are well chaired, ensuring key agenda items are addressed and next steps are clear.		
D3	Meetings have a good level of discussion and engagement from all the members.		
D4	The committee maintains a non-political approach to its discussions.		
D5	Agenda items are supported by the appropriate accountable officer so that questions are answered and next steps agreed.		
D6	The committee's recommendations are in line with its purpose, focusing on governance, risk, control and audit matters.		
D7	Those in leadership or senior management roles take the views of the committee seriously.		
D8	Review and continuous improvement are embedded in the committee's approach.		
	Overall section assessment **Average score (D1–D8)**	**0.0 Initial**	

Overall maturity assessment	**0.0 Initial**	View the results in the results dashboard

Calculation of section and overall maturity levels

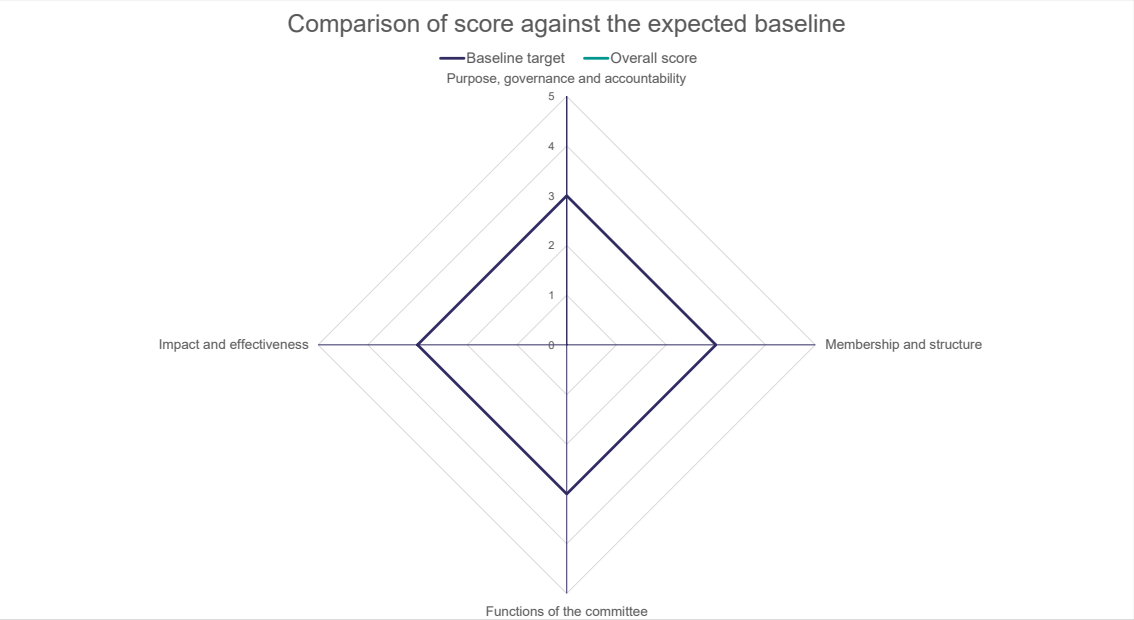
Each section has a maturity level that is the averge across each of the statements.
The overall maturity level is an average across all statements.

Score (section or overall)	Maturity level
Less than 2	Initial
2 but less than 3	Developing
3 but less than 3.9	Established
3.9 but less than 4.7	Advanced
4.7 to 5	Leading practice

CIPFA recognises that maturity levels may fluctuate, for example following a significant change in the membership of the committee.

Overall results dashboard

Section	Section title	Baseline target	Overall score	Maturity level
A	Purpose, governance and accountability	3	0.0	Initial
B	Membership and structure	3	0.0	Initial
C	Functions of the committee	3	0.0	Initial
D	Impact and effectiveness	3	0.0	Initial
	Overall assessment		0.0	Initial



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Audit committee action plan

Where a statement has been scored with less than 3, the table below will automatically include it in the action plan below. Please choose the most appropriate priority, High, Medium or Low, for each.

Deciding on appropriate actions
Suggested actions could include the following:
- Structural changes to the committee
- Changes to operational practices
- Recruitment of new lay members
- Update of the committee's terms of reference
- Provision of training or other development activity.

Other areas for action could also be added.

Priority	Assessment reference	Statement requiring action	Current rating	Proposed actions
	A1	The committee has a clearly defined purpose in its terms of reference that aligns to the CIPFA 2026 Position Statement.	0	
	A2	The committee is stand-alone and is not combined with other functions such as standards or scrutiny.	0	
	A3	The committee reports directly to the governing body (eg full council, PCC and chief constable etc).	0	
	A4	The committee has not taken on any decision-making responsibilities.	0	
	A5	The governing body holds the committee to account at least annually.	0	
	A6	The committee publishes an annual report that demonstrates how it fulfils its terms of reference.	0	
	A7	All those in leadership roles and all those charged with governance have a good understanding of the role and purpose of the committee.	0	
	A8	The committee escalates any issues or concerns to those in governance or leadership roles.	0	
	A9	Officers engage with the committee in a candid and transparent way.	0	
	B1	The committee does not include members of the executive (eg mayor, cabinet).	0	
	B2	The size of the committee is eight or fewer and does not allow substitutes.	0	
	B3	At least two co-opted (lay) independent members are included or more if required by legislation.	0	
	B4	Committee members have the necessary knowledge and skills to undertake their role.	0	
	B5	A regular programme of training is provided to all committee members.	0	
	B6	New members receive adequate induction training and support.	0	
	B7	Co-opted independent (lay) members receive tailored briefings and support to understand the authority and meet key people.	0	
	B8	The committee has good working relationships with key officers and external audit.	0	
	B9	The committee has access to adequate secretariat support and advice.	0	
	C1.1	Governance arrangements	0	
	C1.2	Risk management arrangements	0	
	C1.3	Internal controls	0	

C1.4	Annual governance statement	0
C1.5	Financial reporting	0
C1.6	Assurance framework	0
C1.7	Internal audit	0
C1.8	External audit	0
C2	The committee has met privately with both external audit and internal audit at least once in the last year.	0
C3	The committee's agendas align with the recommended functions of the committee, ensuring adequate coverage of each during the year.	0
C4	The committee supports the principles of good governance – for example, encouraging use of a local code of governance, reviewing lessons learned and emphasising the importance of accountability.	0
C5	Management are encouraged to establish a robust control environment and the adequacy of control arrangements is reviewed regularly.	0
C6	The overall arrangements for managing risk are reviewed regularly and assurance sought on the effectiveness of the risk management arrangements.	0
C7	The committee understands the organisation's risk profile and uses this when considering governance and audit agenda items.	0
C8	The committee is alert to the risks to financial resilience and follows up to ensure they are managed effectively.	0
C9	The committee understands how the authority strives to ensure value for money and tests the robustness of its VfM arrangements.	0
C10	The committee considers the adequacy of the assurance framework for its needs and those of the leadership team.	0
C11	The committee seeks to make best use of available assurances to check risks are managed and arrangements are effective.	0
C12	The committee engages well with external audit, supporting the audit process and following up on their recommendations.	0
C13	The committee provides the necessary governance of internal audit as set out in the Code of Practice on the Governance of Internal Audit, thus supporting the function's conformance with professional standards.	0
C14	The committee is proactive with the conclusions of internal audit's reports and follows up with management when action is required.	0
C15	The committee reviews the financial statements, asking challenging questions and identifying areas of concern.	0
C16	The committee encourages a robust review of governance to support the preparation of the AGS.	0
D1	The committee meets at least four times per year.	0
D2	Meetings are well chaired, ensuring key agenda items are addressed and next steps are clear.	0
D3	Meetings have a good level of discussion and engagement from all the members.	0
D4	The committee maintains a non-political approach to its discussions.	0
D5	Agenda items are supported by the appropriate accountable officer so that questions are answered and next steps agreed.	0
D6	The committee's recommendations are in line with its purpose, focusing on governance, risk, control and audit matters.	0

D7	Those in leadership or senior management roles take the views of the committee seriously.	0
D8	Review and continuous improvement are embedded in the committee's approach.	0

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	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	FM Code Report					X	
18	Financial Resilience Assessment Report						
19	**Governance**						
20	To review performance & management of i4B Holdings Ltd and First Wave Housing Ltd			X			X
21	Procurement Strategy Review Progress Update						
22	Referral to Social Housing Regulator			X			
23	Review of the use of RIPA Powers						X
24	Receive and agree the Annual Governance Statement	X*					
25	**Risk Management**						
26	Strategic Risk Register Update			X			
27	Emergency Preparedness		X				
28	Deep Risk Dive - subject areas to be confirmed					X	
29	**Audit Committee Effectiveness**						
30	Review the Committee's Forward Plan	X	X	X	X	X	X
31	Review the performance of the Committee (self-assessment)						X
32	Chair's Annual Report	X					
33	Training Requirements for Audit Committee Members (as required)						
34	CIPFA Position Statement Update				X		
35	**Standards Matters**						
36	Standards Report (including gifts & hospitality)	X	X		X		X
37	Annual Standards Report						X
38	Member Complaints & Code of Conduct						X
39	Review of the Member Development Programme and Members' Expenses (incorporating Review of the Financial and Procedural Rules governing the Mayor's Charity Appeal)						X
40	**Committee Development - training sessions to be identified**						
41	Member induction & role of Committee	X					
42							
43							
44							
45							
46	* Requires approval by Audit & Standards Committee						

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