Public Document Pack

Audit and Standards Committee

Wednesday 23 September 2026 to be held on the rising of the preceding Audit & Standards Advisory Committee
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	Substitute Members
Councillors:	Councillors:
Choudry (Chair)	Labour Group:
Bajwa	Agha, S Butt, De Souza and Ibrahim
Blackman	
Brown	Conservative Group:
Donnelly-Jackson	A.Patel and H. Patel
J.Patel	
Perrin	Liberal Democrats Group:
	Georgiou and Want
	Green Group:
	Ahmadi Moghaddam and Mitchell

For further information contact: Harry Ellis, Governance Officer
Tel: 07394 837462; Email: harry.ellis@brent.gov.uk

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

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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.

Date of the next meeting: **To be confirmed**

Please remember to ***SWITCH OFF*** your mobile phone during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public. Alternatively, it will be possible to follow proceedings via the live webcast **HERE**

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Brent

MINUTES OF THE AUDIT AND STANDARDS COMMITTEE
Held in Conference Hall, Brent Civic Centre on Monday 16 June 2026 on the rising of the Audit & Standards Advisory Committee

PRESENT: Councillor Choudry (Chair) and Councillors Bajwa, Donnelly-Jackson, Georgiou, Ibrahim and Mitchell.

Also Present: David Ewart (Independent Chair of the Audit & Standards Advisory Committee), Councillor Jayanti Patel and Councillor Grahl (Deputy Leader and Cabinet Member for Finance, Resources and Reform), Sebastian Evans and Stephen Ross (Independent co-opted members on Audit & Standards Advisory Committee) (Sophia Brown (External Auditor Grant Thornton), Sheela Phillips (External Auditor Grant Thornton) & Matt Dean (External Auditor Grant Thornton).

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

Apologies for absence were received from Councillor Brown (with Councillor Georgiou attending as a substitute) and Councillor Blackman (with Councillor Ibrahim attending as a substitute).

In addition, it was noted that Councillor Jayanti Patel was attending in an informal capacity to represent Councillor Kansagra.

2. **Declarations of Interest**

There were no declarations of interest made at the meeting.

3. **Deputations (if any)**

There were no deputations received at the meeting.

4. **Minutes of the previous meeting**

RESOLVED to approve the minutes of the last meeting of the Committee held on Wednesday 3rd December 2025.

5. **Annual Governance Statement 2025-26**

The Committee received a report from the Corporate Director of Finance & Resources detailing the draft Annual Governance Statement (AGS) for 2025-26 as required by the Accounts and Audit Regulations 2015.

Members noted that the AGS had been referred on to the Committee for formal approval following its detailed consideration at the preceding meeting of the Audit & Standards Advisory Committee.

Having noted the comments highlighted at the preceding meeting of the Audit & Standards Advisory Committee in relation to the draft Annual Governance Statement it was **RESOLVED** to approve the 2025-26 Annual Governance Statement for formal sign off subject to clarification being included regarding the delay in completion of 2024-25 external audit and Statemen of Accounts as a result of work required to complete the reconciliation process in relation to Property, Plant and Equipment (PPE) Assets and Valuation referenced at paragraphs 142 and 148.

6. **Annual Standards Report 2025 - Amendment to Members' Code of Conduct Complaints Procedure**

The Committee received a report from the Corporate Director Finance & Resources presenting the Monitoring Officer's Annual 2025 which as well as providing an update on Member conduct issues and the work of the Monitoring Officer during 2025 together with the Q2 & Q3 quarterly reports on gifts and hospitality registered by Members and status of Member training following the May 2026 elections also included a recommended amendment to the Members Code of Conduct Complaints Procedure.

Members noted that the proposed amendment to the Complaints Procedure had been referred on to the Committee for formal approval following its detailed consideration at the preceding meeting of the Audit & Standards Advisory Committee with members reminded it related to an extension being sought in the timeframe for carrying out initial assessments from 10 to 15 working days with the proposed amendment based on a view (given he number and nature of complaints being received) that a more realistic timescale was required in order to better manage expectations and reflect the time required for assessment.

Having noted the basis of the discussion and comments highlighted at the preceding Audit & Standards Advisory Committee it was **RESOLVED** to approve the change in normal deadline for carrying out an initial assessment under the Members' Code of Conduct Complaints Procedure with an extension from 10 to 15 working days.

The meeting closed at 7.49 pm

COUNCILLOR SAQLAIN CHOUDRY
Chair

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

Statement of Accounts 2025/26

Wards Affected:	All
Key or Non-Key Decision:	Not Applicable
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
No. of Appendices:	Six: Appendix A: LB Brent Draft Audit Findings Report Appendix B: LB Brent Pension Fund Draft Audit Findings Report Appendix C: LB Brent Draft Letter of Representation Appendix D: LB Brent Pension Fund Draft Letter of Representation Appendix E: LB Brent Pension Fund Draft Audit Opinion Appendix F: Auditor Annual Report
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Minesh Patel, Corporate Director of Finance & Resources Tel: 020 8937 6528 Email: Minesh.Patel@brent.gov.uk

1.0 Purpose of the Report

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

2.0 Recommendation(s)

Audit & Standards Committee, having considered any comments referred by the preceding Audit & Standards Advisory Committee, is asked to:

2.1 Delegate approval of the draft letters of representation to Grant Thornton for the Council and Pension Fund to the Corporate Director of Finance & Resources, as set out in Appendices C and D.

2.2 Authorise the chair of the Audit & Standards Committee to sign the final statement of accounts for 2025/26, subject to a written assurance being provided that all outstanding matters and adjustments contained in the Audit Findings report had been made. If there were any material adjustments required as a result of the final Audit Findings report being issued, these would be reported back to the Audit and Standards Committee and also notified to all members of the Audit & Standards Advisory Committee.

2.3 Agree the audit fees for 2025/26, as set out in section 3.2.12 of this report.

3.0 Background

3.1 Contribution to Borough Plan Priorities and Strategic Context

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

3.2 Detail

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

3.2.2 The Audit Committee has responsibility for considering issues raised by the external auditors as part of the process of approving the annual statement of accounts. The basis for this consideration is the “report to those charged with governance” also referred to as the ISA260 (Audit Findings Report). The Council’s external auditors, Grant Thornton, produce the report following completion of the audit of accounts. The report is intended to identify any changes to the accounts, unadjusted misstatements or material weaknesses in controls identified during the audit work.

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

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

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

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

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

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

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

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

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

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

3.2.13 The Auditor's Annual Report is attached as Appendix F and is broadly positive regarding the Council's arrangements for securing value for money. Grant Thornton found that governance arrangements remain strong and that significant progress has been made in stabilising the Council's financial position and improving financial reporting. However, the auditor has retained two key recommendations relating to the delivery of savings required to achieve medium-term financial sustainability and the continued improvement of housing compliance following the Regulator of Social Housing's C3 judgement. No statutory recommendations were issued and the auditor anticipates issuing an unmodified opinion on the 2025/26 Statement of Accounts.

4.0 Stakeholder and ward member consultation and engagement

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

5.0 Financial Consideration

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

6.0 Legal Considerations

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

7.0 Equality, Diversity & Inclusion (EDI) Considerations

7.1 Not applicable.

8.0 Climate Change and Environmental Considerations

8.1 Not applicable.

9.0 Human Resources/Property Considerations

9.1 Not applicable.

10.0 Communication Considerations

10.1 Not applicable

Report sign off:

Minesh Patel
Corporate Director of Finance and Resources

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Audit Findings for London Borough of Brent

Year ended 31 March 2026

September 2026

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

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

www.grantthornton.co.uk

11 September 2026

Dear Members of the Audit & Standards Committee

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

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

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

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at Transparency-Report-2025 (grantthornton.co.uk).

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

Sophia Brown

Director
For Grant Thornton UK LLP

Contents

Headlines (1)

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

Financial statements

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

- give a true and fair view of the financial position of the Group and Authority and the Group and Authority's income and expenditure for the year.
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

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

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

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

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion, subject to the following outstanding matters:

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

(continued overleaf)

Headlines (2)

Outstanding matters continued:

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

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

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

Value for money (VFM) arrangements

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

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

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

We have completed our VFM work. Detailed commentary is set out in the separate Auditor's Annual Report, presented alongside this report. We identified two risks of significant weaknesses in the Authority's arrangements and so are not satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. Our findings are set out in the value for money arrangements section of this report page 54.

Headlines (3)

Statutory duties

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

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

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

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

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

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

Headlines (4)

Significant matters

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

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

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

Additional audit work was required in the following areas:

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

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

Group audit

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

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

Key

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

Involvement in the work of component auditors

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

Page 18

Our approach to materiality (1)

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

Basis for our determination of materiality

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

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

Specific materiality

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

Component performance materiality

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

Reporting threshold

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

Our approach to materiality (2)

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

Page 20

Overview of significant and other risks identified

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

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

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

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

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

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

Significant risks (1)

Risk identified

Management override of controls

Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities.

The Authority faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.

We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for both the Group and Authority, which was one of the most significant assessed risks of material misstatement.

Audit procedures performed

To address this risk, we have:

- Evaluated the design and implementation of management controls over journals.
- Analysed the journals listing and determined the risk-based criteria for selecting high risk unusual journals
- Tested the identified high-risk journal entries made during the year and the accounts production stage for appropriateness and corroboration to supporting evidence.
- Gained an understanding of the accounting estimates and critical judgements applied by management and considered their reasonableness.
- Evaluated the rationale for changes in accounting policies, estimates or significant unusual transactions.

Findings

Our audit work for both the Authority and Group is complete, and we have not identified any issues relating to management override of controls.

Conclusions

We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Having assessed management judgements and estimates individually and in aggregate we are satisfied that there is no material misstatement arising from management bias across the financial statements.

Significant risks (2)

Risk identified

Valuation of land & buildings

The Authority values its operational land & buildings on a rolling five-yearly valuation cycle in accordance with the CIPFA Code. In intervening years, current value is updated using appropriate indexation, unless a desktop valuation is required due to absence of a suitable index. In line with the CIPFA Code, the Authority determines the current value using the depreciated replacement cost or existing use value methods.

In applying this method, key assumptions are made by the appointed valuer to arrive at a value of a modern equivalent asset, meeting the capacity and location requirements of the services being provided by the replaced asset.

We therefore identified valuation of land & buildings as a significant risk, particularly key assumptions and inputs applied by the valuer at the financial statements date to determine the current value of the assets.

Audit procedures performed

To address the risk, we have:

- Evaluated management's processes and assumptions for the calculation of the estimate, the instructions issued to management's valuation expert and the scope of their work.
- Evaluated the competence, capabilities and objectivity of management's valuation expert.
- Evaluated the consistency of the disclosure with the valuation report.
- Evaluated the basis on which the valuations were carried out. Evaluated and challenged the information and assumptions used by the valuer.
- Evaluated the reasonableness of the assumptions used to form the estimate.
- Assessed the appropriateness of the indices provided by the valuer and reperformed management's indexation calculations.
- Evaluated the accounting entries for the valuation.
- Tested, on a sample basis, revaluations made during the year to ensure they were input correctly into the Authority's asset register and financial statement.
- Engaged our auditor's valuation expert, Lambert Smith Hampton, to review:

– the valuation instructions and their compliance with relevant CIPFA, IFRS and RICS requirements; and

– the valuation methodologies adopted, key assumptions applied and other relevant valuation matters.

Findings

Our work is complete. We identified one issue relating to the reclassification of two assets (combined carrying value of £19.2m) from land & buildings to surplus assets – see audit adjustments – Misclassification and disclosure changes section (page 29) for detail.

(*Continued overleaf*)

Significant risks (3)

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

Page 24

Significant risks (4)

Risk identified

Valuation of council dwellings

The Authority measures its council housing stock in accordance with the Ministry of Housing, Communities and Local Government's Stock Valuation for Resource Accounting guidance. It requires the use of the Beacon methodology whereby detailed valuations are performed on representative property types and applied to similar properties in the portfolio.

A full revaluation of the housing stock was carried out 2021-22. In intervening years, carrying values are updated using indices provided by management's expert valuer WHE. During 2025-26 WHE valued £61.5m of housing assets, which represents 100% of newly constructed dwellings in 2025/26.

The valuation of council housing assets represents a key accounting estimate which is sensitive to changes in assumptions and market conditions

We therefore identified the valuation of council dwellings as a significant risk, particularly the key assumptions and inputs applied by the valuer at financial statements date to determine the current value of the assets.

Audit procedures performed

To address the risk, we have:

- Evaluated management's processes for developing and assumptions for the calculation of the estimate, the instructions issued to management's valuation expert and the scope of their work.
- Evaluated the competence, capabilities, and objectivity of management's valuation expert.
- Evaluated the consistency of the disclosure with the valuation report.
- Evaluated the basis on which the valuations were carried out. Evaluated and challenged the information and assumptions used by valuer.
- Tested a sample of Beacon properties in respect of council dwellings, to consider whether the valuation assumptions are appropriate and representative of other Beacon properties within the Beacon group.
- Evaluated the assumptions made by management for any assets not revalued during the year and how management satisfied themselves that these are not materially different to current value.
- Assessed the appropriateness of the indices provided by the valuer and re-performed management's indexation calculations.
- Engaged our auditor's valuation expert, Lambert Smith Hampton, to review:
  – the valuation instructions and their compliance with relevant CIPFA, IFRS and RICS requirements; and
  – the valuation methodologies adopted, key assumptions applied and other relevant valuation matters.

(*Continued* overleaf)

Significant risks (5)

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

Significant risks (6)

Risk identified

Valuation of pension fund net liability

The Authority's share of the pension fund net liability, reflected in its Balance Sheet as the net defined benefit liability, represents a significant estimate in the financial statements.

The net position comprises a gross pension liability of £1,191.1m, offset by gross pension assets of £1,258.7m and adjusted by £188.9m in respect of the impact of the asset ceiling under IFRIC 14. The net liability, determined at Authority level, is subject to significant actuarial judgement and estimation uncertainty, and is therefore the element giving rise to the significant risk.

The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code. We therefore concluded that the methods and models used do not in themselves give rise to a significant risk of material misstatement.

We do not deem the IFRIC 14 assessment to be a significant risk, as the approach is established and no prior issues have been noted.

The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable.

Audit procedures performed

To address the risk, we have:

- Updated our understanding of the processes and evaluated the controls put in place by management to ensure the Authority's pension fund net liability was not materially misstated.
- Evaluated the instructions issued to the actuarial expert regarding the scope of work.
- Assessed the competence, capabilities and objectivity of management's expert actuary.
- Assessed the accuracy and completeness of the information provided by management to the actuary to complete the pension fund valuation.
- Tested the consistency of the pension fund asset and liability disclosures in the financial statements with the actuarial report.
- Undertook procedures to confirm the reasonableness of the actuarial assumptions used to form the estimate.
- Obtained assurances from the auditor of Brent Pension Fund as to the controls surrounding the validity and accuracy of membership data, contributions data and benefits data provided to the actuary by the pension fund, and the valuation of fund assets reported in the pension fund financial statements.
- Ensure the pension asset recorded in the financial statements meets the requirements of IFRIC 14.

Findings

Our audit work is substantially completed subject to receiving the IAS 19 assurance letter from the pension fund auditor. We noted one disclosure misstatement due to the omission of the Virgin Media case, which management has agreed to update in the final accounts – this is recorded this as a disclosure omission on, see page 29.

(*Continued* overleaf)

Significant risks (7)

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

Other risks (1)

Risk identified

Risk of fraud in revenue recognition (rebutted for all streams)

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption may be rebutted if the auditor concludes there is no risk of material misstatement due to fraud relating to revenue recognition.

In our risk assessment of all revenue streams for the Authority and Group, we considered the risk factors set out in ISA 240 and nature of the revenue streams at the Authority and Group. Based on the assessment, we have determined that the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams can be rebutted because:

- there is little incentive to manipulate revenue recognition;
- opportunities to manipulate revenue recognition are very limited; and
- the culture and ethical frameworks of local authorities means that all forms of fraud are seen as unacceptable, indicating a satisfactory control environment exists in the Authority to mitigate the risks of fraud.

We do not consider this to be a significant risk for the Authority or the Group; therefore, standard audit procedures were performed. We kept this rebuttal under review throughout the audit to ensure that our judgement remained appropriate.

Audit procedures performed

We have:

- Confirmed our understanding of the revenue business process and identified any relevant controls.
- Evaluated the Authority's accounting policy for recognition of income for appropriateness and compliance with the Code.
- Agreed, on a sample basis, relevant income and year-end debtors or income accruals to invoices and cash payment or other supporting evidence.
- Carried out testing on sample basis of invoices issued in the period prior to and following 31 March 2026 to determine whether income has recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties.

Findings and conclusions

Our audit work is complete, and we did not identify any errors or control points issues that would lead us to change our conclusion from the planning stage; that the risk of fraud arising from revenue recognition can be rebutted.

Other risks (2)

Risk identified	Audit procedures performed
Presumed risk of fraud in expenditure recognition Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies. There is a risk the Authority may manipulate expenditure to that budgeted by under-accruing non-pay expense incurred during the period or not record expenses accurately to improve financial results. In line with the Public Audit Forum Practice Note 10, having considered the risk in relation to fraud in expenditure recognition and the nature of the Authority's expenditure streams, we determine that the risk of fraud arising from expenditure can be rebutted because: • There is little incentive to manipulate expenditure recognition; • Opportunities to manipulate expenditure are very limited; and • The culture and ethical framework of local authorities, including the London Borough of Brent, mean that all forms of fraud are seen as unacceptable. However, we have identified that due to the level of estimation involved in manual accruals of expenditure, and the potential volume of large accruals at year-end, there is an increased risk of error in the completeness of expenditure recognition.	We have: • Evaluated the Group/Authority's accounting policy for recognition of expenditure for appropriateness and compliance with the Code 2025-26. • Updated our understanding of the Group/Authority's system for accounting for expenditure and evaluated the design and implementation of associated relevant controls. • Inspected transactions incurred around the end of the financial year to assess whether they were included in the correct accounting period. • Inspected a sample of accruals made at year-end for expenditure but not yet invoiced to assess whether the valuation of the accrual was consistent with the value billed after the year-end. • Investigated manual journals posted as part of the year-end accounts preparation that reduce expenditure to assess whether there is appropriate supporting evidence for the reduction in expenditure. **Findings and conclusions** Our audit work is complete and has not identified any errors or control points issues that would lead us to change our conclusion from the planning stage; that the presumed risk of fraud in expenditure recognition can be rebutted We are satisfied that judgements made by management are appropriate and have been determined using consistent methodology.

Page 30

Other findings

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

Other findings – information technology

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

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

Page 32

Assessment:

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

Other communication requirements

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

Other responsibilities (1)

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • The use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities. • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Authority's financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Authority meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Authority and the environment in which it operates • the Authority's financial reporting framework • The Authority's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified; and • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities (2)

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement, Narrative Report and Pension Fund Financial Statements), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. No inconsistencies were identified. We plan to issue an unmodified opinion in this respect.
Matters on which we report by exception	We are required to report on matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit • if we have applied any of our statutory powers or duties • where we are not satisfied in respect of arrangements to secure value for money and have reported a significant weakness. We have nothing to report on these matters except we identified significant weaknesses in respect of the Authority's arrangements to secure value for money (refer to page 54).
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. As the Authority does not exceed the specified group reporting threshold of £2 billion, detailed work is not required. In line with National Audit Office (NAO) guidance, audit certificates are required to remain open pending confirmation that the WGA group audit has been certified by the Comptroller and Auditor General, including where no issues exceed reporting thresholds. Accordingly, we cannot formally conclude the audit and issue an audit certificate until this confirmation is received. We are satisfied that this does not have a material effect on the financial statements for the year ended 31 March 2026.
Certification of the closure of the audit	We cannot formally conclude the audit and issue an audit certificate for the Authority for the year ended 31 March 2026 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until: • we receive confirmation from the National Audit Office that the audit of the WGA consolidation pack for the year ended 31 March 2026 is complete and certified by the Comptroller and Auditor General; and • we conclude the outstanding objection. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2026.

Audit adjustments (1)

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

Impact of adjusted misstatements

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

Audit adjustments (2)

Misclassification and disclosure changes

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

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

Audit adjustments (3)

Misclassification and disclosure changes – continued

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

Audit adjustments (4)

Misclassification and disclosure changes – continued

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

Audit adjustments (5)

Misclassification and disclosure changes – continued

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

Audit adjustments (6)

Impact of unadjusted misstatements

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

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

Impact of unadjusted misstatements in the prior year (1)

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

Page 42

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

Impact of unadjusted misstatements in the prior year (2)

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

Page 43

Impact of unadjusted misstatements in the prior year (3)

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

Impact of unadjusted misstatements in the prior year (4)

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

Action plan – financial statements audit (1)

We set out here our recommendations for the Authority which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

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

Page 46

Key

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

Action plan – financial statements audit (2)

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

Page 47

Key

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

Action plan – financial statements audit (3)

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

Action plan – financial statements audit (4)

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

Action plan – IT audit (1)

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

Page 50

Key

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

Action plan – IT audit (2)

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

Page 51

Key

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

Action plan – IT audit (3)

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

Page 52

Follow up of prior year recommendations (1)

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

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

Follow up of prior year recommendations (2)

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

Page 54

Follow up of prior year recommendations (3)

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

Follow up of prior year recommendations (4)

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

Page 56

Follow up of prior year recommendations (5)

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

Follow up of prior year recommendations (6)

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

Page 58

Follow up of prior year recommendations (7)

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

Page 59

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

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

Page 60

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

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

Page 61

Value for money arrangements

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

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

Page 62

Governance

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

Financial sustainability

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

Improving economy, efficiency and effectiveness

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

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

Independence considerations (1)

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

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

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

Independence considerations (2)

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

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

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

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

Fees and non-audit services (1)

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

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

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

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

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

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

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

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

Fees and non-audit services (2)

Audit-related non-audit services

Service	2024-25 £	2025-26 £	Threats identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	47,300	30,288 (variable)	Self-Interest because this is a recurring fee	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £30,288 (variable) in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Pooling of Housing Capital Receipts claim	10,000	10,000	Self-Interest because this is a recurring fee	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £10,000 in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Certification of Teachers' Pension Return	12,500	12,500	Self-Interest because this is a recurring fee	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £560,500 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	69,800	52,788		

Fees and non-audit services (3)

Total audit and non-audit fee

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

The total fee above is **£613,288**.

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

The fees reconcile to the financial statements as follows:

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

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

Additional fee analysis – fee variation for in year work

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

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

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

Appendices

Page 69

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

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence.	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

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

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

Page 71

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

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

Respective responsibilities

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

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

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. DRAFT audit opinion (1)

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

Report on the audit of the financial statements

Opinion on financial statements

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

In our opinion, the financial statements:

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

Basis for opinion

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

B. DRAFT audit opinion (2)

Conclusions relating to going concern

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

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

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

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

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

B. DRAFT audit opinion (3)

Other information

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

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

We have nothing to report in this regard.

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

B. DRAFT audit opinion (4)

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Authority and the Corporate Director Finance and Resources

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

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

B. DRAFT audit opinion (5)

Auditor’s responsibilities for the audit of the financial statements

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

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

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

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

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

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

B. DRAFT audit opinion (6)

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

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

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

- evaluation of the design effectiveness of controls over journals;
- analysing the journals listing and determining the risk-based criteria for selecting high risk unusual journals;
- testing the identified high risk journal entries made during the year and the accounts production stage for appropriateness and corroboration of supporting evidence;

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

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

B. DRAFT audit opinion (7)

- The engagement partner's assessment of the appropriateness of the collective competence and capabilities of the Group and Authority audit team members included consideration of their:
  - understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation
  - knowledge of the local government sector in which the Group and Authority operates
  - understanding of the legal and regulatory requirements specific to the Authority and Group including:
  - the provisions of the applicable legislation
  - guidance issued by CIPFA/LASAAC and SOLACE
  - the applicable statutory provisions.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the Authority and Group's operations, including the nature of its income and expenditure and its services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement.
  - the Authority and Group's control environment, including the policies and procedures implemented by the Authority and Group to ensure compliance with the requirements of the financial reporting framework.
- For components at which audit procedures were performed, we requested component auditors report to us instances of non-compliance with laws and regulations that gave rise to a risk of material misstatement of the Group financial statements.

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

B. DRAFT audit opinion (8)

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

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

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

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

B. DRAFT audit opinion (9)

Significant weaknesses in arrangements identified:

Financial sustainability

1. Significant weakness identified in relation to delivery of savings

Success of the delivery of the savings identified is unknown, and further savings are required in the medium-term to address a £20m Medium Term Financial Strategy (MTFS) budget gap.

This is a continuing significant weakness

Recommendations:

Key recommendation

Following changes to how savings are identified, through the Embrace Change Transformation Programme, management needs to both, focus on successful delivery of these savings, and work at pace to consistently apply these changes to identify the savings required to address the £20m medium-term gap in the MTFS. This will provide a continuous pipeline of sufficient recurrent savings and income generation schemes to achieve financial sustainability in the medium-term.

Page 80

Improving economy, efficiency and effectiveness

2. Significant weakness identified in relation to the quality of the Council's housing stock

The Regulator of Social Housing (RSH) awarded the Authority a 'C3 grading' in May 2025 for serious failings in meeting quality and safety consumer standards of its housing stock, following the self-referral made to the RSH by the Authority. Failure to deliver required improvements in response to the C3 judgement could lead to increased regulatory intervention and heightened scrutiny.

This is a continuing significant weakness

Key recommendation

Management must continue to drive forward improvement activity through delivery of the Housing and Tenant Satisfaction Improvement Programme against the C3 regulatory judgement, with a sustained focus on strengthening compliance for fire, water and asbestos safety. Progress against improvement must continue to be reported regularly to Cabinet to ensure sufficient oversight and assurance that necessary service improvements are delivered in readiness for the next inspection.

B. DRAFT audit opinion (10)

Responsibilities of the Authority

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

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

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

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

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

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

:

B. DRAFT audit opinion (11)

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

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

Use of our report

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

[Signature**]**

Sophia Brown, Key Audit Partner

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

London

23 September 2026

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Grant Thornton

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Grant Thornton

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

Year ended 31 March 2026

23 September 2026

Grant Thornton

London Borough of Brent Pension Fund
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Dear Audit and Standards Committee and Chair Cllr Saqlain Choudry

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

Page 86

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

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

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent.

We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at grant-thornton-transparency-report-2025.pdf.

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

Matthew Dean

Key Audit Partner

For Grant Thornton UK LLP

Contents

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of the London Borough of Brent Pension Fund (the 'Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2026 for the attention of those charged with governance.

Financial statements

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

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

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

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

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

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

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion, subject to the following outstanding matters:

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

Headlines (continued)

Financial statements

We have not yet concluded that the other information to be published with the financial statements, is consistent with our knowledge of your organisation and the audited financial statements, as our work remains ongoing at this time.

Our anticipated financial statements audit report opinion will be unmodified.

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

We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements.

Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 1 December 2026 and therefore this report has not yet been produced. We have therefore not given this separate statement at this time.

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

Significant Matters

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

Our approach to materiality

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

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

Basis for our determination of materiality

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

Performance materiality

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

Specific materialities for Benefits Payable and Contributions

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

Reporting threshold

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

Our approach to materiality (continued)

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

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

Overview of audit risks

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

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

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

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

Page 93

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

↑ Assessed risk increased since audit plan

↔ Assessed risk consistent with audit plan

↓ Assessed risk decrease since audit plan

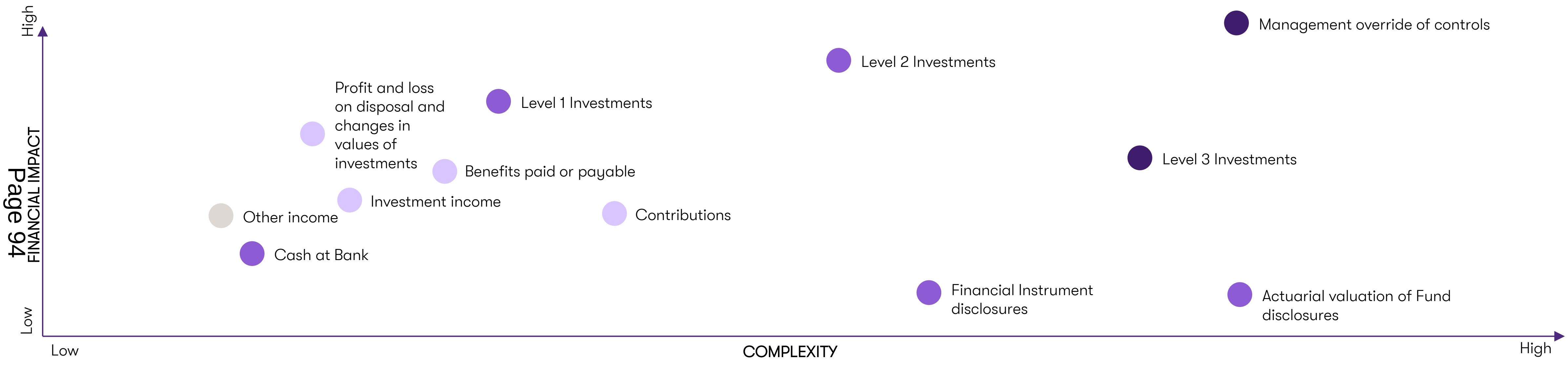
G Not likely to result in material adjustment or change to disclosures within the financial statements

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

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

Overview of audit risks

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



Glossary

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

Significant risks

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

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

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

Page 95

Significant risks (continued)

Risk identified	Audit procedures performed	Key observations

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

Page 96

Significant Classes of Transactions (continued)

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

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

Page 97

Significant Classes of Transactions

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

Page 98

Significant Classes of Transactions (continued)

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

Other areas impacting the audit

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

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

Other findings – Information Technology

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

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

Assessment:

- ● [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- ● [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- ● [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- ● [Black] Not in scope for assessment

Other communication requirements

Issue	Commentary
Matters in relation to fraud	• We have previously discussed the risk of fraud with the Audit and Standards Advisory Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures
Matters in relation to related parties	• We are not aware of any related parties or related party transactions which have not been disclosed
Matters in relation to laws and regulations	• You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	• A letter of representation has been requested from the Pension Fund. This will be shared with management and the Audit and Standards Advisory Committee informed at its meeting that there were no specific representations requested beyond those normally sought. We draw your attention to the draft Letter of Representation which is appended on the Agenda. • This will be signed alongside the final draft of the financial statements in advance of the conclusion of the audit.
Confirmation requests from third parties	• We requested from management permission to send confirmation requests to their custodian and investment managers. This permission was granted and the requests were sent. All requests were returned with positive confirmation and no alternative procedures were required. • We requested management to send letters to those internal legal counsel who worked with the Pension Fund during the year. All responses have been received with no issues noted.
Disclosures	• Our review found no material omissions in the financial statements • Significant disclosures in the 2025/26 statutory financial statements include the Fair Value Hierarchy, Actuarial Present Value of Promised Retirement Benefits, Uncertainty and risk disclosures
Audit evidence and explanations	• All information and explanations requested from management was provided.
Significant difficulties	• No significant difficulties were encountered in the delivery of the audit.

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the entity's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • for many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. – Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. *continued overleaf*

Page 103

Other responsibilities

Issue	Commentary
Going concern	The financial reporting framework adopted by the Pension Fund meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Pension Fund and the environment in which it operates • the Pension Fund's financial reporting framework • the Pension Fund's system of internal control for identifying events or conditions relevant to going concern • management's going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified • management's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	The Pension Fund is administered by the London Borough of Brent (the 'Council'), and the Pension Fund's accounts form part of the Council's financial statements. We are required to read any other information published alongside the Council's financial statements (including the Annual Governance Statement (AGS), the Narrative Report and Council's financial statements) and report whether it is materially consistent with the Pension Fund financial statements and our knowledge obtained during the audit. Our work to review Other Information remains ongoing at this time.
Matters on which we report by exception	We are required to give a separate consistency opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited pension fund financial statements within the administering authority's accounts. Due to statutory deadlines the Pension Fund Annual Report is not required to be published until 1 December 2026 and therefore this report has not yet been produced. We have therefore not given this separate opinion at this time and are unable to certify completion of the audit of the administering authority until this work has been completed. We are required to report if we have applied any of our statutory powers or duties as outlined in the Code. We have nothing to report on these matters.

Adjusted misstatements

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

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

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

Page 106

Adjusted disclosure misstatements

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

Page 107

Adjusted disclosure misstatements

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

Page 108

Unadjusted misstatements

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

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

Impact of unadjusted misstatements in the prior year

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

Action plan

We have identified one recommendation for the Pension Fund as a result of issues identified during the course of our audit. We have agreed our recommendations with management and we will report on progress on these recommendations during the course of the 2026/27 audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

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

Page 110

Assessment key:

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

Follow up of prior year recommendations

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

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

Page 111

Assessment:

✓ Action completed

→ Work in progress/Partially addressed

× Not yet addressed

Follow up of prior year recommendations

Page 112

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

Follow up of prior year recommendations

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

Follow up of prior year recommendations

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

Independence considerations

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

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

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

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

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

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

Independence considerations (continued)

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

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

Page 116

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

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

Fees and non-audit services

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

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

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

The fees reconcile to the financial statements as follows:

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

Page 117

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

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

Additional fee analysis – fee variation for in year work

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

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

Page 118

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

Grant Thornton

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[Prepare on client letterhead**]**

Grant Thornton UK LLP
8 Finsbury Circus
London
EC2M 7EA

23 September 2026

Dear Grant Thornton UK LLP

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

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

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

Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Information Provided

xvii. We have provided you with:

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

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

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

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

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

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

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

   a. management;

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

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

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

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

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

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

Annual Governance Statement

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

Narrative Report

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

Approval

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

Yours faithfully

Name……………………………

Position…………………………..

Date…………………………….

Name……………………………

Position…………………………..

Date…………………………….

Signed on behalf of the Authority

Appendix I

List of subsidiary undertakings

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

Appendix II

Unadjusted misstatements

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

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[Prepare on client letterhead**]**

Grant Thornton UK LLP
8 Finsbury Circus
London
EC2M 7EA

[Date**]**

Dear Grant Thornton UK LLP

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

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

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

Financial Statements

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

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

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

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

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

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

vi. Except as disclosed in the financial statements:

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

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

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

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

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

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

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

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

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

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

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

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

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

Information Provided

xiii. We have provided you with:

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

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

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

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

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

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

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

a. management;

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

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

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

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

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

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

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

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

Approval

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

Yours faithfully

Name……………………………

Position………………………….

Date…………………………….

Name……………………………

Position………………………….

Date…………………………….

Signed on behalf of the Fund

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

Opinion on financial statements

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

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

Other information

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

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

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

We have nothing to report in this regard.

Opinion on other matters required by the Code of Audit Practice

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

Matters on which we are required to report by exception

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- the applicable statutory provisions.

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

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

Use of our report

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

Signature

Matthew Dean, Key Audit Partner

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

London

Date: TBC

London Borough of Brent

Auditor's Annual Report
Year ending 31 March 2026

September 2026

Contents

Page 139

01 Introduction and context

Introduction

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

Opinion on the financial statements

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

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

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

Auditor's powers

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

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

Value for money

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

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

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

Local government – context

Local government has remained under significant pressure in 2025-26

National

Past

Funding not meeting need

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

Workforce and governance challenges

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

Present

Financial sustainability

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

External audit backlog

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

Future

Digital change

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

Reorganisation and devolution

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

Page 141

Local

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

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

Page 142

02 Executive summary

Executive summary – our assessment of value for money arrangements

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

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

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

Page 143

Executive summary (1)

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

Financial sustainability

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

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

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

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

Governance

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

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

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

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

Executive summary (2)

Improving economy, efficiency and effectiveness

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

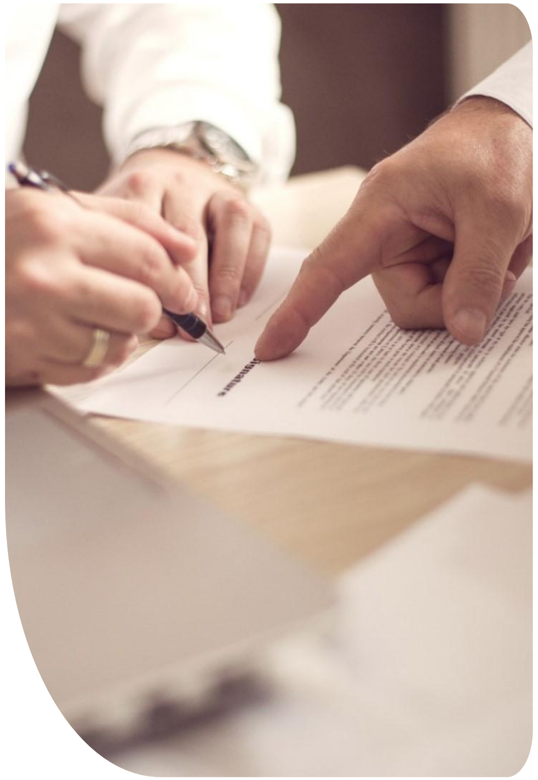
In May 2025, following the Council's self-referral, the Regulator of Social Housing (RSH) gave a ‘requires improvement’ C3 rating for failing to meet the Safety and Quality Standard in relation to accuracy and completion of fire safety data and housing repairs. A programme of work was put into place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

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

Executive summary – auditor's other responsibilities

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

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



Page 146

Page 147

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

Opinion on the financial statements

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

Audit opinion on the financial statements

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

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

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

We conducted our audit in accordance with: International Standards on Auditing (UK), the NAO Code of Audit Practice (2024, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Council provided draft accounts in line with the national deadline of 30 June 2026.

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report can be found in our external audit papers pack which we are presenting at this Committee. Requests for this Audit Findings Report should be directed to the Council.

Opinion on the pension fund statements

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

Audit opinion on the financial statements

The Pension Fund is required to publish its Annual Report by 1 December 2026. We issue an auditor's consistency report which includes our opinion that the 2025-26 Brent Pension Fund financial statements within the Pension Fund Annual Report are consistent, in all material aspects, with those within the audited administering authority's Financial Statements.

We expect to issue the consistency report at the same time as our opinion on the financial statements.

Page 149

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

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

We conducted our audit in accordance with: International Standards on Auditing (UK), the Code of Audit Practice (2024) published by the National Audit Office, and applicable law. We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Findings from the audit of the financial statements

The Pension Fund provided draft accounts in line with the national deadline.

We report the detailed findings from our audit in our Audit Findings Report. A final version of our report can be found in our external audit papers pack which we are presenting at this Committee. Requests for this Audit Findings Report should be directed to the Council.

Other reporting requirements

Annual Governance Statement

Under the Code of Audit Practice published by the National Audit Office we are required to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting or is misleading or inconsistent with the information of which we are aware from our audit.

We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

We have nothing to report in this regard.

Page 150

Use of auditor's powers

We bring the following matters to your attention:

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

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

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

Page 152

04 Value for money commentary on arrangements

Value for money – commentary on arrangements

This page explains how we undertake the value for money assessment of arrangements and provide a commentary under three specified areas.

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

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

Page 153

Financial sustainability

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

Governance

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

Improving economy, efficiency and effectiveness

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

Financial sustainability – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them	**General Fund** - The Council reported a £18.3m overspend for the 202526 year, which was mitigated by the use of £16.7m of the Future Funding Risk Reserve and the remaining offset from the net underspend position on central budgets, to ensure a balanced budget. The Council set a balanced budget for 2026-27, based on realistic assumptions, supported by scenario planning and not requiring government Exceptional Financial Support. The 2026-27 budget seeks to strengthen the unallocated reserves position, following the use of reserves to balance the budget in 2025-26. Further details are provided on page 42, however these actions respond to the weakness and Key Recommendation raised in our prior year work. The Council updated its Medium-Term Financial Strategy (MTFS) to 2028-29, which includes the impact of the 3-year Local Government Settlement, following the Fair Funding Review. The Council was impacted favourably by the review; the settlement delivers increases in core spending power of 9.6% in 2026-27 for the Council, with further increases in later years 2027-28 (7.4%) and 2028-29 (7.0%), inclusive of 4.99% increases in council tax in all years. This allows management to build additional growth into the MTFS to stabilise demand-led budgets and replenish reserves over the medium-term – there is £54.2m growth in budgets overall, at the same time as £10.4m of savings. Despite this, there is still a forecast £20m gap in the medium-term, between 2027-28 and 2028-29. The Council does have sufficient earmarked and general fund reserves to support the position, although it is not sustainable to apply these to mitigate the gap, and would divert reserves away from their earmarked purposes. Management must now focus on identifying alternative solutions, such as additional savings, to meet the gap – we raise **Improvement Recommendation 1** (page 25) to encourage this focus on protecting reserves. *(Continued overleaf)*	A

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

Financial sustainability – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
(continued from page 18)	**Dedicated Schools Grant (DSG)** – The cumulative DSG deficit at the end of 2025-26 rose to £20.2m. Prior to recent government announcements the Council needed to meet deficits from its revenue reserves at the end of 2027-28. Now, the Council is eligible for government support, in the form of the High Needs Stability Grant, supporting up to 90% of deficits at the end of 2025-26. The Council submitted the required Special educational Needs Reform Plan, to support its application for the grant, by the required deadline. The Council received a £2.1m increase in Revenue Support Grant resulting from a technical change to the baseline for the Fair Funding Assessment in 2025-26. Management used this to create a new reserve which will hold sufficient funds to resolve the remaining 10% of the accrued DSG deficit, such that no cumulative deficit remains. This responds to one element of our prior year improvement recommendation (see Appendix C page 47 for further details). **Housing Revenue Account (HRA)** – The outturn position for 2025-26 is an underspend of £0.1m, which was transferred to reserves, increasing the General HRA Reserve balance to £4.6m. The proposed 2026-27 HRA budget forecasts a break-even balance, maintaining the reserve levels achieved at the end of 2025-26. Management sets a target operating HRA reserve balance of 5% of rental income. For 2026-27 this equates to £3.7m, and plans are comfortably within this level. The HRA budget is set each year in the context of the 30-year Business Plan. The Business Plan is reviewed annually allowing for horizon scanning, sensitivity analysis and the identification and mitigation of risks in the short, medium and long-term. Baseline assumptions forecast consistently small surpluses over 30 years, with a projected HRA reserve balance of £154.7m in year 30, which could potentially be used to reduce debt. However, the Council has a track record of overspends, in addition to sensitivity analysis demonstrating that if voids run 0.5% higher than baseline, bad debt write off is 1% higher than baseline, and retail price index is 0.5% higher than baseline, there will be consistent deficits on the HRA with a negative reserve of £0.9m by 2035-36. Given the long-term nature of the forecasts, management has sufficient time with which to find solutions to mitigate risks identified from the sensitivity analysis. **Balance Sheet** – The Council holds significant net assets of £1.655bn at year-end, this is a small reduction of 1.1% compared to prior year. Within this, the Council holds fewer current assets than current liabilities, creating pressure should all liabilities fall due at the same time. As such we raise **Improvement Recommendation 2** (page 26) to encourage management to consider how it can strengthen this position.	A

Financial sustainability – commentary on arrangements (3)

We considered how the Council:	Commentary on arrangements	Rating
plans to bridge its funding gaps and identify achievable savings	The 2025-26 budget included an £8.9m savings target, £6.9m (77.5%) of these savings were achieved. Although savings delivery was closely monitored, under-delivery contributes to the year-end overspend position. Savings of £10.4m are included in the 2026-27 budget, an increase on both the target and actual delivery in 2025-26. Management moved away from identifying and managing savings centrally via a top-down approach for 2026-27 and instead requested each service to identify its own savings and efficiencies. The aim is to make each department take ownership of its financial challenges, build resilience into future budget planning, and find savings that are realistic and specific to that service. Each department has its own savings programme, with clear targets, owners and reporting in place. A strong level of senior stakeholder engagement was observed through the process as savings were developed through meetings involving Cabinet and the Corporate Management Team, with support from the Embrace Change Programme, as well as individual departments heads. A key outcome from this process is that savings are now more evenly spread across departments, the purpose of which was to achieve stronger buy-in to deliver plans. On this basis, we think the increase in savings required compared to prior year, is reasonable and well-supported. Each individual savings scheme is supported by comprehensive and clear documentation which serves to support effective monitoring, transparency and accountability for delivery. For each scheme the type of saving, service impact, staffing impact, risks involved (and how they will be managed), financial impact, Equality Impact Assessment (EQIA) and responsible owner is fully understood. We identified a significant weakness in arrangements in the prior year and raised a Key Recommendation in relation to the Council's arrangements to deliver savings. We acknowledge the actions taken, specifically changing the way in which savings are identified. We will keep a watching brief in 2026-27 to determine if the actions taken impact outcomes, i.e. the savings identified can successfully be delivered under this new approach. Pending further evidence, the Key Recommendation remains open and is updated to ensure if reflects current circumstances and progress made, refer to **Key Recommendation 1** (page 24).	R

Financial sustainability – commentary on arrangements (4)

We considered how the Council:	Commentary on arrangements	Rating
plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities	The Council's Borough Plan continues to set the vision for 2023-2027. The overarching theme of the plan is 'Moving Brent Forward Together', and this is achieved via 5 priorities - Prosperity and Stability in Brent, A Cleaner, Greener Future, Thriving Communities, The Best Start in Life, A Healthier Brent. The most significant areas of growth in the Council's budget are observed within the Service Reform and Strategy (SRS) Directorate, where the growth specifically relates to Adult Social Care Services, and Children, Young People and Community Development (CYPCD) Directorate. There is a degree of 'fire fighting' observed in the growth, with the budget re-based in these areas to respond to increasing demand, outside costs and changing demographics in these services. However, the budget is not solely reactive, with investment directed towards commissioning teams to work to limit fee uplifts in care packages, technology enabled care, and improving support for children transitioning into adulthood. This strongly aligns to values and priorities in the Borough Plan. Savings included in the budget are spread evenly across directorates, and, on a net basis, budgets across all directorates have grown as the Council invests in improving its services. Savings are focussed on prevention, early intervention or income generation. As such, the need to make savings as not hindered the Council works towards its goals.	G
ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system	The Council's People Strategy 2025-28 focusses on building a diverse, inclusive, and future-ready workforce. It aims to foster a culture of empowerment, tackle pay gaps, and use data-driven insights from staff surveys to ensure a supportive environment, where staff feel valued and represented. Workforce considerations are evident and implicit within the 2026-27 budget. Examples include a review of workforce to accommodate demand in the Planning Service, converting agency staff to permanent staff within Adult Social Care in 2025-26 (ongoing in 2026-27) and ongoing review of agency usage and consideration of the impact of pay inflation and the national living wage. The Property Strategy 2024-2027 aims to create a sustainable, compliant, and diverse portfolio that fosters thriving communities, taking one of four actions with regards to Council assets – strategic hold, actively manage, invest, and dispose. Within the Capital Programme and Strategy for 2026-27 and beyond, the Council is investing in its estate, with the largest areas of investment in regeneration and housing projects. Simultaneously, capital receipts from asset disposals fund a proportion of the programme, accounting for £61m of £1.4bn funding over 6 years. Asset disposals are scrutinised and approved by Cabinet to ensure that decision makers are satisfied with the rationale for disposal and have assurance that the Council can continue to effectively provide service following disposal. This responds to our prior year improvement recommendation, refer to Appendix C page 47. (*Continued overleaf*)	G

Financial sustainability – commentary on arrangements (5)

We considered how the Council:	Commentary on arrangements	Rating
(continued from page 21)	The Council aims to achieve a carbon-neutral Borough by 2030, through its Climate & Ecological Emergency Strategy 2021-2030. The Strategy focusses on reducing emissions by enhancing energy efficiency in buildings, promoting sustainable travel, reducing waste, and boosting green spaces and encouraging residents to join the Brent Environmental Network. There is strong alignment between the Strategy and the Capital Programme, which includes £40m investment in climate action projects, £0.075m for community-led climate projects, £2.1m for energy efficiency measures across the retained estate, £36m to development a District Heat Network in South Kilburn, £2.9m to install energy efficient heating in the Council-owned flats.	G

Grant Thornton insight

Climate data

Progress against the Climate & Ecological Emergency Strategy is monitored via the Council's Climate Action Dashboard. A variety of data sources are used to collate the information included in the dashboard, many external to the Council. The availability of relevant and timely data is not always within the Council's control, as such several metrics are dated between 2023 and 2025. The timeliness, relevance and reliability of the data could be improved, and so management may wish to explore alternative, internally produced data, to strengthen monitoring arrangements. The detailed dashboard tracking itself is notable practice. It achieves transparency and its predictive nature, based on forecasting outcome, allows decision Members to take action in good time.

Financial sustainability – commentary on arrangements (6)

We considered how the Council:	Commentary on arrangements	Rating
identifies and manages risk to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions in underlying plans	The Council explicitly identifies risks within the 2026-27 budget, identification of these is supported by scenario planning and sensitivity analysis used in developing estimates within the budget. Those identified, and provided for, include demand pressures in housing services, Adult Social Care and Children's Services, increases in the London Living wage, market risk increasing costs in Adult Social Care, lack of caps applied to supported accommodation providers, costs of recruitment and agency staff, increasing costs of waste and leisure facilities and that Public Health grant uplifts may be insufficient to meet pay and contract inflation. Risks identified are considered to be complete and representative of the Council's operating environment. Identified risks are supported by analysis and data, ensuring that Members are well informed when approving the budget. Contingency reserves are held to mitigate unforeseen events, over and above these risks. A minimum of £4.1m has been allocated to a combination of contingency provision for 2026-27 and the replenishment of earmarked reserves. The level of contingency reserves is based on professional judgement, considering risks such as delivery of savings, demand pressures, funding uncertainty, and exceptional events, and creates an important buffer for the Council within its financial plans. Risks are then monitored through quarterly Financial Forecast Reports, presented to Cabinet.	G

Financial sustainability – Key Recommendation

Significant weakness identified in relation to financial sustainability

Key finding: In the prior year we identified a significant weakness in arrangements, and raised a Key Recommendation, encouraging management to quantify the savings identified through the Embrace Change Transformation Programme and integrate these into the Medium-Term Financial Strategy (MTFS), providing a pipeline of sufficient recurrent savings and income generation schemes supported by robust business cases through collaboration and business transformation. We note significant progress in responding to the recommendation, as highlighted earlier in the report. However, until there is evidence that the savings identified for 2026-27, under the updated arrangements, are delivering as expected, the recommendation remains in progress.

Evidence: Management has moved away from identifying and managing savings, centrally via a top-down approach for 2026-27, and instead requested each service to identify its own savings and efficiencies. This identified £10.4m of recurrent savings, quantified and included in the 2026-27 budget and MTFS as permanent savings. The savings are allocated to individual departments and assigned a responsible owner. Departments will take a lead role in managing their own savings delivery, as well as it continuing to be monitored via existing budget monitoring reports to Cabinet. At the time of writing, success of the delivery of the savings identified is unknown, and further savings are required in the medium-term to address a £20m MTFS budget gap. Therefore, the weakness is not yet fully addressed but significant progress has been made in responding.

Impact: If management is not able to effectively deliver all planned savings, the MTFS position will be negatively impacted, which could further reduce reserve levels and risk the medium-term financial sustainability of the Council.

Key Recommendation 1

KR1: Following changes to how savings are identified, through the Embrace Change Transformation Programme, management needs to both, focus on successful delivery of these savings, and work at pace to consistently apply these changes to identify the savings required to address the £20m medium-term gap in the MTFS. This will provide a continuous pipeline of sufficient recurrent savings and income generation schemes to achieve financial sustainability in the medium-term.

Financial sustainability – improvement recommendations (1)

Area for improvement identified: Protecting unallocated reserves

Key finding: Management forecasts a gap in the MTFS of £20m; £10m in each of 2027-28 and 2028-29 (this has since been updated to £5m and £15m, in respective years). The Council holds sufficient total usable reserves to support the gap as a temporary measure, but unallocated general fund reserves alone are not sufficient to respond and if reserves alone were used to support the gap, earmarked reserves would need to be diverted away from their planned purposes. This is not a sustainable solution, nor one that we are aware of management expecting to explore; however, it is important management identifies alternative solutions through the 2027-28 budget- setting process.

Evidence: The 2026-27 budget expects the Council to hold £45.2m in unallocated reserves – a general fund working balance of £22.5m and a Future Funding Risk Reserve of £22.7m, which is an uncommitted budget stabilisation to respond to future budget risk. This suggests the Council has sufficient uncommitted reserves to support the MTFS gap, as a temporary measure. However, the budget was set prior to confirmation of the 2025-26 outturn position. The year-end position required use of the Future Funding Risk Reserve of £16.7m, reducing the reserve to £6m. This is not sufficient to support the MTFS gap alone. Pending alternative solutions being identified, management would either reduce the general fund working balance below the acceptable threshold set by the Council (5% of net expenditure, or approximately £20m) or require the use of earmarked reserves. The Council expects to hold £40.5m in committed earmarked reserves and service budget reserves at the end of 2026-27.

Impact: Although the Council has sufficient unallocated and earmarked reserves to support the MTFS gap of £20m, this is not a sustainable solution as reserves are a finite resource that need to be protected and replenished to support future financial risk.

Improvement Recommendation 1

IR1: Through the 2027-28 MTFS and budget-setting process management should focus on exploring ways it can boost the Future Funding Risk Reserve, whilst simultaneously protecting earmarked reserves, by identifying alternative measures to fund the MTFS budget gap.

Financial sustainability – improvement recommendations (2)

Area for improvement identified: Strengthening the balance sheet

Key finding: At the end of 2025-26 the Council holds fewer current assets than liabilities, potentially hindering its ability to service these obligations.

Evidence: The Council holds fewer current assets than liabilities, by £53m and may need to consider ways it can strengthen its balance sheet. Management may explore how this can be achieved through its Treasury Management Strategy, as cash, cash equivalents and short-term investments account for 22% of current assets and have reduced by 5% since prior year.

Impact: Should all current liabilities fall due at once the Council could not meet these obligations with its available current, liquid assets.

Improvement Recommendation 2

IR2: Management should explore ways it can strengthen its balance sheet, specifically its current ratio, considering how this could be achieved through its treasury management practices.

Governance – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
monitors and assesses risk and how the Council gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud	The Council has established risk management arrangements to identify, assess, monitor and report strategic risks that could impact achievement of its objectives. A Strategic Risk Register is maintained and continues to be regularly reported to the Audit and Standards Advisory Committee (ASAC), which has oversight of the Council's most significant risks and mitigating actions. There were 13 strategic risks on the Register which is appropriate for a council of Brent's size, with the two highest possible risks identified around lack of affordable accommodation and non-compliance with statutory housing duties (refer to page 35). The Risk Management Strategy, dated 2023, is being refreshed, which is good practice as we expect key policies to be updated every two to three years. In addition, the Council maintains an effective Internal Audit function, and over 2025-26, it was noted within the Head of Internal Audit's opinion that there was improvement in management implementation of recommendations, which is positive. There were several limited assurance opinions issued over 2025-26, this included areas like AI governance and contract management which are discussed later in further sections of the report, nevertheless an overall 'reasonable assurance' opinion was issued by the Head of Internal Audit for 2025-26.	G
approaches and carries out its annual budget setting process	The budget-setting process remains largely consistent from prior years, it is well-established, well-understood and well-embedded. The process includes adequate time for consultation with budget holders, elected Cabinet Members, the public and other appropriate stakeholders. Budget reports are comprehensive in their detail, to ensure Members' decision-making is well-informed. There is clear focus on service pressures, risks and savings, with each assumption clearly justified. Management proactively strengthened budget setting arrangements by introducing the Budget Scrutiny Task Group, established on 2 September 2025 in time to input into the 2026-27 budget-setting process from the outset. This introduces an additional layer of challenge into the process, brings together a wealth of expertise and demonstrates a tangible response to a challenging financial environment in the sector. The Group, comprises of Members from both scrutiny committees (Resources and Public Realm, and Community and Wellbeing) and the Audit and Standards Advisory Committee, to ensure challenge and risk are at the heart of their review. The Group has supported existing stakeholder engagement, by holding a series of meetings with the Cabinet and Senior Officers between November and December 2025, and financial data, forecasts, benchmarking, narrative explanations, and risk information to help inform its findings and recommendations on the budget, which were considered by Cabinet in its approval of the budget.	G

Governance – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information; supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships	Budget monitoring arrangements remain consistent with the prior year, where no improvement opportunities were identified. The frequency (quarterly), timeliness (within 2 months of the period being reported on) and content of the reports continues to be appropriate and reflective of the Council's financial risk. The report is risk-focussed, providing the most detail on areas with the most significant variances, and forward looking, focussing on the forecast outturn and mitigating actions at directorate level. This allows Members to understand the tangible changes being made at the Council, achieving transparency and accountability, reviewing outcomes at subsequent meetings. Specific attention is paid to savings, as a separate appendix to the budget monitoring, which reflects and responds to the heightened risk in this area. In the prior year, we raised an improvement recommendation encouraging management to strengthen arrangements around accounts production and facilitation of the audit process in line with statutory deadlines. Although the 2024-25 audit process did face challenges the audit was completed, with an unmodified opinion, by the national backstop deadline of 28 February 2026. The 2025-26 draft accounts were produced by the national deadline of 30 June 2026, and the audit team is satisfied with the quality of these accounts and associated working papers. As such the recommendation is addressed, further details are provided in Appendix C (page 48).	G

Grant Thornton insight

Scrutiny scheduling

The Council's Scrutiny Committee tends to review the budget monitoring information following Cabinet review. It is common practice for scrutiny committees to review such information prior to Cabinet, for them to effectively support Members in decision-making. Management does aim to ensure that the Committee undertakes pre-scrutiny, but this is not always feasible due to Committee scheduling. Instead, in these instances, the role of the Scrutiny Committee is to focus on accountability and assurance, their emphasis is less on whether Cabinet should have approved a decision, and more on whether the Council is effectively managing its position. Management has alternative arrangements, where financial matters are urgent and scheduling does not align with formal public meetings. Specifically, the Chair convenes informal briefing sessions to enable a degree of pre-decision scrutiny in these instances and ensure that the Committee is not constrained by the schedule of formal meetings and can be agile to time sensitive risks as they arise. These arrangements do address the potential risk of the Committee not being able to fully realise its role. However, management may wish to consider if Committee scheduling can be reviewed to ensure that Scrutiny consistently occurs prior to Cabinet, to avoid additional arrangements being required, achieving transparency in scrutiny arrangements.

Governance – commentary on arrangements (3)

We considered how the Council:	Commentary on arrangements	Rating
ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency, including from audit committee	Management can evidence sufficiently detailed, comprehensive and informative papers which support effective challenge, scrutiny and debate at Committee. We have not reviewed any evidence of inappropriate decision-making. Reports are supported by covering reports which clearly articulate recommendations, further detail, consideration of alternative options, relevant stakeholder engagement, as well as financial, legal, climate change and HR implications. In 2025-26, the Council continued to have two Overview and Scrutiny Committees: the Community and Wellbeing Scrutiny Committee and the Resources and Public Realm Scrutiny Committee. The Council's call-in process is operating effectively and utilised where appropriate to facilitate additional scrutiny of executive decisions. Over 2025-26, there was one call-in meeting in relation to decisions concerning the Barham Park Trust. The call-in process is used as a mechanism for further review of significant decisions and reinforces accountability within the decision-making process, use of this to further scrutinise decisions indicates that members actively exercise their scrutiny responsibilities. The Council's audit structure continues to include both an Audit and Standards Committee as well as an Audit and Standards Advisory Committee. Audit business is primarily conducted through the Advisory Committee, which in 2025-26 was chaired by an independent member and includes three additional independent members. This level of independent representation is indicative of robust governance arrangements and exceeds CIPFA best practice guidance, which recommends two independent members. In addition to this, a review of Committee effectiveness was undertaken which supports continuous improvement while also highlighting strengths and learning gaps.	G

Page 165

Governance – commentary on arrangements (4)

We considered how the Council:	Commentary on arrangements	Rating
monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and board member behaviour	The Council refreshes its Constitution annually, which sets out expected standards of behaviours for Members and officers through policies like the Members' Code of Conduct and the Protocol for Member/Officer Relations. There is an annual process in place for constitutional review, designed to ensure that the Constitution remains current, effective, fit for purpose and aligned with the external environment within which the Council operates. This provides assurance that governance arrangements are regularly evaluated and updated where necessary, we would consider this to be an appropriate control mechanism and good practice. The review undertaken in May 2025 included an update to the gifts and hospitality provision of the Member's Code of Conduct, which supports transparency, maintains public confidence and provides assurance that potential conflicts of interest are appropriately managed. Registers of interests are published on the Council's website, in line with good practice. Quarterly standards reports were considered by Audit and Standards Advisory Committee in 2025-26, supporting the maintenance of high standards of Member conduct and facilitating effective oversight of complaints and declarations of gifts and hospitality. In 2025-26, there were eight Member Code of Conduct complaints received by the Monitoring Officer, all were subject to the Council's assessment process and the majority of which are resolved. This is a relatively low number of complaints, suggesting that the expected standards of behaviour are generally upheld across the organisation. The 2025-26 Local Government and Social Care Ombudsman (LGSCO) statistics identify that the Council's rate of upheld complaints, together with the number of upheld decisions per 100,000 residents, is slightly higher than the average for comparable authorities. Nevertheless, the Council is not identified as an outlier for poor performance, and demonstrates strong responsiveness to Ombudsman findings, in maintaining a 100% compliance rate with recommendations and achieving a satisfactory remedy rate that exceeds the sector average. As a result, no recommendation has been raised as there is assurance that the Council is committed to learning from complaints and implementing appropriate solutions where failings are identified.	G

Governance – commentary on arrangements (5)

Grant Thornton insight

Governance – next steps

Overall, the Council's governance arrangements are strong, have been consistent and stable for several years and well engrained into business-as-usual process. This is reflected by the 'green' rating across all governance areas reviewed. With the introduction of new Members in 2026-27, following May 2026 elections, and a change in political balance, governance arrangements are being reviewed and updated.

Priorities the Council may need consider for the year ahead:

- Ensure assurance arrangements (performance, finance, risk) are in place to support the new corporate plan
- Continue taking stock of Member-officer relations following induction, and checking group dynamics under no overall control (NOC)
- Continue to engage and involve officers across the Council in advance of and as part of budget development in the context of this ebing the first time in over a decade that the Council is in NOC for budget setting.
- Stress-test constitutional provisions for budget amendments, given the more complex path to agreement under NOC
- Revisit Standing Orders in light of NOC, as it is ten years on from the last full constitutional review
- Begin scenario-planning governance mechanics for SEND and adult social care reform ahead of national change
- Active use of the Annual Governance Statement as an improvement tool, see suggested article for information and best practice - Making the Annual Governance Statement matter | Grant Thornton

Improving economy, efficiency and effectiveness – commentary on arrangements (1)

We considered how the Council:	Commentary on arrangements	Rating
Uses financial and performance information to assess performance to identify areas for improvement	Cabinet considers quarterly performance scorecards, which track progress against the five priority areas identified within the Borough Plan 2023-2027. Benchmarking is used to support performance reporting and continuous improvement. The Q4 Performance Report identified 46.7% of indicators to be green-rated, 23.3% to be red-rated and the remainder to be amber/contextual. A significant portion of red-rated indicators related to continued pressures in housing demand and temporary accommodation, both of which are also influenced by broader national challenges. Management is aware of the areas requiring continued focus in 2026-27 to drive improvement and looks to further deliver new council homes and to bring empty properties back into use; this will be followed up as part of our work in 2026-27. Artificial intelligence (AI) has been a primary area of focus for the Council, notably the Council established its own in-house automation capability through the Intelligent Automation Centre of Excellence (CoE), responsible for identifying, designing, and delivering automation solutions across the organisation. This is noteworthy, as it is relatively uncommon for local authorities within the sector to possess this level of specialist expertise and dedicated resource internally. The CoE enables the Council to drive innovation, improve efficiency, and support service transformation by leveraging AI and automation technologies. An internal audit review of AI governance commissioned by management resulted in a limited assurance opinion in August 2025. Since then, there is clear evidence that management is addressing findings and taking proactive steps to strengthen governance arrangements to drive improvement - this includes a follow-up internal audit review scheduled for 2026-27, a detailed deep-dive review presented to Audit and Standards Advisory Committee in February 2026, and implementation of refreshed risk management and reporting arrangements. These developments demonstrate Council awareness of existing gaps and development areas, with improvement activity being progressed in response. Given the work already underway and management's commitment to addressing Internal Audit findings, we do not raise a separate recommendation within this report.	G

Improving economy, efficiency and effectiveness – commentary on arrangements (2)

We considered how the Council:	Commentary on arrangements	Rating
evaluates the services it provides to assess performance and identify areas for improvement	The Council received positive feedback from Ofsted following the focused review of Children's Services in November 2025, which provided assurance regarding the effectiveness of service delivery and the Council's commitment to supporting vulnerable children and families but did not provide a formal graded judgement. The Council's last LGA Corporate Peer Challenge Report was received in April 2025, and a Progress Review Report was issued in January 2026 which commended the Council for the positive progress made in responding to identified recommendations. Following the Council's self-referral, the Regulator of Social Housing (RSH) gave a 'requires improvement' C3 rating for failing to meet the Safety and Quality Standard in relation to accuracy and completion of fire safety data and housing repairs, resulting in a key recommendation in our 2024/25 Auditor's Annual Report. Over 2025/26, the Council has developed and implemented a Housing and Tenant Satisfaction Improvement Programme (HTSIP) to drive forward improvement activity in housing quality, regulatory compliance, resident safety and satisfaction across the Council's housing portfolio. The Programme has three major projects, one of which is a remediation project primarily focused on addressing regulatory breaches and rebuilding compliance. The Council has taken proactive action following the C3 Judgement to appoint independent advisors to audit the Council's big eight areas of compliance, and to undertake a root cause analysis, with findings and recommendations incorporated into the HTSIP. These are positive developments and it is clear that the Council is on an improvement journey, however poor compliance in fire, water and asbestos safety was still being reported as at June 2026. As a result, the Council has not yet reached a position which would support an upgrade from its current C3 rating. Our key recommendation has been updated (**Key recommendation 2**).	R

Page 169

Improving economy, efficiency and effectiveness – commentary on arrangements (3)

We considered how the Council:	Commentary on arrangements	Rating
ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives	The Council has continued to demonstrate a strong commitment to partnership working and collaboration, while also enhancing stakeholder engagement through its 'Have Your Say' consultation portal. The portal is a central feature on the Council's public-facing website, and provides a mechanism for engagement with residents, businesses, community groups and other stakeholders on matters like 2026/27 budget proposals and the Brent Connects agenda. There has also been work underway to strengthen partnership arrangements with the voluntary and community sector building upon a recommendation raised within the LGA Corporate Peer Challenge, demonstrating the Council's approach towards enhancing collaboration with partners in the public sector and voluntary community sector with a new Voluntary Community Sector Steering Group established. By strengthening these arrangements, the Council is enhancing its ability to work collaboratively with partners to address local challenges, improve outcomes for residents and to build a more coordinated local support network.	G
commissions or procures services, assessing whether it is realising the expected benefits	Over 2025-26, management maintained a strong focus on driving forward the Procurement Improvement Programme (PIP) and progressing the associated five workstreams. A Commissioning, Procurement and Contract Management Assurance Board (CPCMAB) was established for oversight, scrutiny, challenge and assurance over the PIP and other commissioning, procurement and contract management activity. Significant progress was made across the workstreams, including the successful recruitment of additional procurement resource to enhance capacity and resilience, a comprehensive review and refresh of procurement guidance, tools, templates, policies and supporting documentation, as well as the continued embedding of procurement and contract management expertise within service areas to promote greater organisational awareness and accountability. The PIP was closed in April 2026 as sufficient improvement had been demonstrated, nevertheless, management recognises that there are further opportunities to drive continuous improvement and to strengthen arrangements. Significant progress was also made in strengthening contract management arrangements across the organisation. As part of this work, management introduced a contract tiering approach to categorise contracts into four levels (platinum, gold, silver and bronze) based on their value, risk and strategic importance. (continued overleaf)	G

Page 170

Improving economy, efficiency and effectiveness – commentary on arrangements (4)

We considered how the Council:	Commentary on arrangements	Rating
(continued from page 33)	This aligns with good practice and supports a proportionate, risk-based approach to contract oversight and management across the Council. A Contract Management Framework was developed and implemented in April 2026, supported by targeted training for contract managers across the organisation. Management is in the process of implementing a new centralised contracts register designed to improve the accuracy, visibility and management of contract information. The new register is scheduled to go live from August 2026 and planned to be integrated with the Council's tendering platform from 2027-28 onwards to provide a single consolidated system for managing the full contract lifecycle. Although Internal Audit issued a limited assurance review for contract management in draft in June 2026, this work was primarily undertaken prior to the implementation of the new Framework and other improvement activity. Discussion with officers and our review of findings indicates that recommendations are largely focused on ensuring that recent improvements are effectively embedded, consistently applied and sustained over time, rather than identifying new or systemic weaknesses within arrangements. The Council is currently transitioning from the implementation of improvement activity towards practical application and embedding within day-to-day activities. Our work did not identify a separate recommendation given the improvement activity over 2025-26. Despite formal conclusion of the PIP in April 2026, management remained committed to further strengthening arrangements and continues to build on progress achieved to date with ongoing initiatives to strengthen governance arrangements. Ongoing recruitment activity is also in place to enhance contract management capacity and to provide additional oversight over the Council's contract portfolio.	G

Page 171

Improving economy, efficiency and effectiveness – Key Recommendation

Significant weakness identified in relation to the quality of the Council's housing stock

Key finding: A significant weakness and Key Recommendation was reported in our 2024-25 Auditor's Annual Report given the Council's C3 regulatory judgement (serious failings in meeting quality and safety consumer standards) issued in May 2025 from the Regulator of Social Housing following a self-referral. The Council has since been on an improvement journey through the development and implementation of its Housing and Tenant Satisfaction Improvement Programme (HTSIP) however continued and sustained improvement is still required to rebuild compliance, particularly in areas like fire, water and asbestos safety.

Evidence: The HTSIP is a comprehensive improvement plan with three projects: Building Safety Compliance, Housing Improvement, Estate Community Safety and Public Realm Improvement Project. The Building Safety Compliance Project is focused on addressing regulatory breaches, and each of the three projects has an individual Project Board reporting into the overarching HTSIP Board which is chaired by the Chief Executive. Boards meet monthly, with further updates reported to Cabinet for oversight over improvement activity.

Despite this, as at August 2026, the Council was still reporting compliance statistics where improvements are required for the following areas: overall compliance of 69% for fire safety risk assessments, 71% compliance for legionella risk assessments and water safety, as well as 5% compliance for asbestos reinspection and asbestos safety. Although we are noting gradual improvement in 2026-27 to date. Over 1,700 (19%) of assets still have no stock condition survey on record, despite management accelerating stock condition survey activity significantly in 2025-26. The Council is targeting C1 readiness by 2029 and appears to be on track for this with several years of improvement activity ahead, however continued focus on the delivery of the HTSIP and embedding of continuous improvement will be required.

Impact: Failure to deliver required improvements in response to the C3 judgement could lead to increased regulatory intervention and heightened scrutiny.

Key recommendation 2

KR2: Management must continue to drive forward improvement activity through delivery of the Housing and Tenant Satisfaction Improvement Programme against the C3 regulatory judgement, with a sustained focus on strengthening compliance for fire, water and asbestos safety. Progress against improvement must continue to be reported regularly to Cabinet to ensure sufficient oversight and assurance that necessary service improvements are delivered in readiness for the next inspection.

Pension Fund (1)

The Council is the administering authority for the Brent Pension Fund. As part of our value for money work we are required to consider the Council's arrangements in respect of the Pension Fund.

We considered the Pension Fund's:	Commentary on arrangements	Rating
Financial sustainability: Sufficiency of funds to meet liabilities	The Pension Fund is revalued every three years by an independent actuary, to assess future liabilities and set employers' contribution rates. The most recent formal valuation, as at 31 March 2025, assessed the whole Pension Fund as being 113% funded. This is a strong position whereby the Fund is estimated to be able to meet its pension liabilities with its available assets. This is a significant and positive improvement from 87% funded at last valuation (March 2022). Benchmarking the Fund's investment management costs against other Local Government Pension Schemes (LGPS), based on 2024-25 data, the Fund was highlighted as having comparatively low costs compared to net investment assets at 0.179%. The Pension Fund has a deep understanding of the causal factors of the low costs, attributed to its investment strategy, ongoing fee arrangements, and as a significant proportion of Fund's assets are invested through pooled vehicles, the Fund benefits from economies of scale and competitive fee structures. In addition, the Fund has a relatively high allocation to passive investment strategies, which attract lower management fees than actively managed mandates. The Fund has appropriate governance and monitoring arrangements in place to ensure that any future increases are identified, challenged and considered in the context of the value delivered to the Fund.	G
Governance: Appropriateness of governance arrangements	The Fund's governance arrangements consist of a Pensions Committee and Pensions Board. The Pensions Committee has delegated responsibility to manage the Fund and is the decision-making body supporting the Pensions Board in its role to ensure compliance with LGPS regulations and legislation, and to ensure the effective and efficient governance and administration of the Fund. The two met sufficiently regularly, quarterly, in 2025-26. Standing agenda items and ad hoc reports cover a range of issues in relation to risk, performance and compliance. Local Pensions Partnership Administration (LPPA) is responsible for administration of the Fund against agreed Service Level Agreements (SLAs), reporting quarterly to the Pensions Board on performance. The average percentage of cases processed on time during the final quarter of the year was 98.9%, performance stabilised over the year, and no case types fell below the SLA target of 95%. Risks are appropriately mitigated or managed, and this is clearly articulated through the Pension Fund Risk Register, reviewed quarterly by the Pension Board. (*Continued overleaf*)	G

Page 173

Pension Fund (2)

We considered the Pension Fund's:	Commentary on arrangements	Rating
Governance (continued from page 36)	The Pension Schemes Act 2026 received Royal Ascent in April 2026 and the Pooling, Management and Investment of Funds Regulations and Governance amendment Regulations were published in May 2026, coming into force on 30 June 2026. Under the legislation all investment assets in the Pension Fund will need to be held and managed by a pool company by 30 September 2026, unless it is not practicable to do so. 93% of assets were pooled as at 31 March 2026. The Pension Fund has worked with the London Collective Investment Vehicle (LCIV), signing an Investment Management Agreement, under which the Pension Fund's assets will pass to LCIV for their management, achieving the pooling requirements by the deadline.	G
Improving Economy, Efficiency and Effectiveness: annual report findings	We considered arrangements for implementing some key work streams and the impact on the Fund Administration teams. For 2025-26 these include: • **Implementing the McCloud remedy** - Implementation requires lots of complex calculations so could potentially impact heavily on administration teams. At July 2026 the LPPA is focused on ensuring that members who are eligible for the remedy receive an annual benefit statement with an underpin by 31 August 2026. The LPPA is completing a review of its retrospective cases that will enable remedy payments to be made. Therefore, the Fund is progressing implementation as expected and remains on target. • **Preparing for the Pensions Dashboard** - The Department for Work and Pensions designed an online platform (Pension Dashboard) and public sector schemes are required to be connected by October 2025 per the guidance provided, with a statutory deadline of 31 October 2026. The LPPA held a roundtable dashboard discussion with its clients on 7 July 2026. It is continuing to assess the Pension Fund's business readiness for the Dashboard Available Point (member go live). Members from the LPPA Member Panel were invited to support the Money and Pensions Service testing of their Dashboard. Positive progress towards the deadline is observed. • **Preparing and maintaining a Funding Strategy Statement** - In January 2025 the Pensions Scheme Advisory Board, CIPFA and MHCLG produced "Guidance for Preparing and maintaining a Funding Strategy Statement (FSS)". The Pension Committee approved the updated FSS in February 2026, following consultation with employers and review by the Pensions Board for compliance with the guidance. The FSS was agreed to be compliant via this process.	

Page 175

05 Summary of value for money recommendations raised in 2025-26

Key Recommendations raised in 2025-26

	Recommendation	Relates to	Management actions
KR1	Following changes to how savings are identified, through the Embrace Change Transformation Programme, management needs to both, focus on successful delivery of these savings, and work at pace to consistently apply these changes to identify the savings required to address the £20m medium-term gap in the MTFS. This will provide a continuous pipeline of sufficient recurrent savings and income generation schemes to achieve financial sustainability in the medium-term.	Financial sustainability (page 24)	**Actions:** The Embrace Change Portfolio is strengthening the Council's ability to deliver transformation in a more strategic, coordinated, and financially sustainable way, with clearer alignment to corporate priorities. All major change programmes are required to define clear outcomes, financial and non-financial benefits, and delivery milestones, with progress monitored through strengthened portfolio governance and reporting. The Corporate Programme Management Office (CPMO) works alongside programme teams, Finance and Corporate Management Team (CMT) to provide challenge and assurance on delivery confidence, monitor risks and issues, and validate the realisation of expected benefits. This ensures that planned savings are achievable, sustainable and fully evidenced before they are incorporated into the MTFS. The Quarter 1 Financial Forecast report to Cabinet in July 2026 contained an update from each directorate on the progress towards delivery of the agreed savings. Following feedback from the Council's Budget Scrutiny Task Group, the Quarter 2 Financial Forecast in October 2026 will include a detailed savings tracker by theme and service to enable enhanced scrutiny of the savings delivery. Where savings are considered to be at risk of non-delivery, services are expected to develop mitigating actions where possible. The tracking will also cover the reasons for under and over delivery against themes, to ensure that the savings delivered continue to align with corporate priorities. For 2027/28-2028/29, the Council has a £20m budget gap, profiled £5m in 2027/28 and £15m in 2028/29 as at July 2026, with a further £30m gap in the medium-term to 2032. The Council has acknowledged the scale of this challenge and that transformational change is required. Building on the approach taken in 2026/27, the Council is adopting a new approach called Integrated Business Planning from the 2027/28 budget setting cycle onwards. This approach will combine budget, risk and performance in one place, ensuring that the MTFS and the new Council Plan are more closely aligned. **Responsible officer:** Ravinder Jassar, Deputy Director - Corporate & Financial Planning **Due date:** As part of the 2027-28 Budget Setting Process (February 2027)

Key Recommendations raised in 2025-26

	Recommendation	Relates to	Management actions
KR2	Management must continue to drive forward improvement activity through delivery of the Housing and Tenant Satisfaction Improvement Programme against the C3 regulatory judgement, with a sustained focus on strengthening compliance for fire, water and asbestos safety. Progress against improvement must continue to be reported regularly to Cabinet to ensure sufficient oversight and assurance that necessary service improvements are delivered in readiness for the next inspection.	Improving economy, efficiency and effectiveness (page 35)	**Actions:** Management accepts this recommendation and acknowledges that sustained improvement is required to address the findings of the Regulator of Social Housing's C3 regulatory judgement. The Council has established a comprehensive Housing and Tenant Satisfaction Improvement Programme (HTSIP), overseen by the Chief Executive and supported by dedicated programme boards and monthly reporting arrangements, to drive and monitor improvement activity across housing compliance, housing management and estate services. The programme is designed not only to address the specific areas of non-compliance identified by the Regulator but also to embed stronger governance, assurance, asset management and reporting arrangements to support long-term compliance and continuous improvement. Significant progress has been made during 2025/26 and continues into 2026/27 to strengthen the Council's understanding of its compliance position through the completion of a comprehensive compliance audit and the implementation of the action plan. Progress against the HTSIP will continue to be reported regularly to Cabinet. This will ensure Members maintain oversight of delivery, risks and recovery actions, and provide assurance that the Council is making sustained progress towards regulatory compliance and future inspection. **Responsible Officer:** Spencer Randolph, Director – Housing Services **Due Date:** 31st March 2027

Page 177

Improvement recommendations raised in 2025-26

	Recommendation	Relates to	Management actions
IR1	Through the 2027-28 MTFS and budget-setting process management should focus on exploring ways it can boost the Future Funding Risk Reserve, whilst simultaneously protecting earmarked reserves, by identifying alternative measures to fund the MTFS budget gap.	Financial sustainability (page 25)	**Actions:** Management acknowledges the risk to the General Fund reserve balances and this risk has been explicitly communicated to members in the Quarter 1 Financial Forecast 2026/27 and the Medium Term Financial Outlook reports to Cabinet in July 2026 Prior to the reporting of a £9.5m overspend at Q1, as part of the budget setting for 2026/27, the MTFS was updated to include provision for increases to both the general fund working balance (to maintain the 5% level) and the Future Funding Risk reserve in each year up to 2030/31. In acknowledgement of the importance of this, these growth items have been retained in the MTFS, even as pressures have increased again in the first few months of 2026/27. Protecting earmarked reserves is recognised as important, to ensure that the priorities for which the funding is required can be delivered. The Council only considers repurposing earmarked reserves where it is both legitimate within the conditions of the funding and where it is considered on the balance of risks to be the most appropriate use of the available resources. **Responsible officer:** Ravinder Jassar, Deputy Director - Corporate & Financial Planning **Due date:** As part of the 2027-28 Budget Setting Process (February 2027)

Page 178

Improvement recommendations raised in 2025-26

	Recommendation	Relates to	Management actions
R2	Management should explore ways it can strengthen its balance sheet, specifically its current ratio, considering how this could be achieved through its treasury management practices.	Financial sustainability (page 26)	**Actions:** The Council will consider options to strengthen its balance sheet as part of the 2027/28 Treasury Management Strategy. In line with advice from our Treasury Management advisers, we adopt a "little and often" approach to borrowing to minimise unnecessary interest costs. This approach is supported by detailed and proactive cash flow monitoring. During 2025/26, cash balances did not fall below the £20 million minimum level set out in the Treasury Management Strategy. As a result of this approach, cash balances may fluctuate from year to year, and such movements do not necessarily indicate a deterioration in the Council's balance sheet position. A lower cash balance at 31 March 2026 compared with 31 March 2025 was anticipated, as funding expected in April 2026 was higher due to the positive outcome of the Fair Funding Review and the receipt of additional capital grants. The Council continues to have ready access to borrowing through the Public Works Loan Board (PWLB) and the inter-authority lending market. Consequently, we do not consider there to be a significant risk to the Council's ability to meet its liabilities as they fall due. The increase in current liabilities is primarily attributable to the maturity of historic debt and the Council's increased use of EIP loans, which currently offer better value in a higher interest rate environment. In addition, accruals typically increase in March as service areas process receipts before the financial year-end and Finance posts year-end adjustment journals. Finance is working with service areas to encourage more timely receipting, while the Oracle team is developing new dashboards to enhance the monitoring and reporting of actual expenditure. **Responsible officer:** Amanda Healy, Deputy Director – Investment and Infrastructure **Due date:** As part of the 2027-28 Treasury Management Strategy (February 2027)

Page 179

Page 180

06 Follow up of previous Key Recommendations

Follow up of 2024-25 Key Recommendations (1)

	Prior Key Recommendation	Raised	Progress	Current status	Further action
KR1	The Council must urgently take additional difficult decisions to ensure that a realistic budget can be set for next year and in the medium-term, so this can be delivered without the need to further draw on reserves nor Exceptional Financial Support (EFS) from central government.	2024-25	The 2026-27 budget is balanced, without the requirement of EFS. The Council benefitted from an increase in core spending power over the next three years, resulting from the impact of the Fair Funding Review on the Local Government Settlement. This was applied to known and ongoing pressures in Adult Social Care, Children's Social Care, Temporary Accommodation and the Dedicated Schools Grant deficit. Simultaneously, management identified £10.4m of savings in the 2026-27 budget and seeks to strengthen unallocated reserves. There is planned usage of usable reserves in 2026-27 of £19.2m, however this is for the purpose the reserves were set aside for. The Council determined that a minimum of 5% of net expenditure (service budgets) should be held as generally usable reserves; equivalent to £20.0m for 2025-26 and £22.6m for 2026-27. An increase is built into the budget to maintain balances at this level. There are unaddressed gaps in the latter two years of the MTFS, which will be worked through in the 2027-28 budget setting process.	Implemented	No further action required

Page 181

Follow up of 2024-25 Key recommendations (2)

	Prior Key Recommendation	Raised	Progress	Current status	Further action
KR2	It is critical that savings through the Embrace Change Transformation Programme are quantified and integrated into the Medium-Term Financial Strategy (MTFS) providing a pipeline of sufficient recurrent savings and income generation schemes supported by robust business cases through collaboration and business transformation.	2024-25	Action is ongoing as part of the 2027-28 budget-setting process. As part of the 2026-27 budget-setting process, management updated the approach to identifying savings. This service-led approach fully identified £10.4m of permanent budget savings required for 2026-27, more evenly spread across services. There remains a £20m cumulative budget gap in the latter two years of the MTFS which will require further savings identification as part of the 2027-28 budget-setting process. We acknowledge the proactive change to the savings process, but there is continued need to deliver further savings in later years. This, coupled with the need for us to observe delivery of the 2026-27 savings under the new approach, keeps the recommendation open. We require evidence in 2026-27 to demonstrate that the change in approach leads to a change in outcomes, savings are delivered, and medium-term savings are identified.	**Partially implemented** – in progress	Updated key recommendation - See **Key recommendation 1** page 24
KR3	The Council should ensure that governance and oversight arrangements for the Housing Improvement Plan provide assurance for officers and Members over timely delivery of actions and that improvements are sustained and embedded across housing services.	2024-25	In response to the C3 rating, management established a Housing and Tenant Satisfaction Improvement Programme (HTSIP) with three major workstreams. To support governance and oversight of the HTSIP, the Council established an HTSIP Board, chaired by the Chief Executive and a resident-led Housing Management Advisory Board (inaugural meetings held in September 2025). Each of the three major projects of the HTSIP has its own project Board which feeds into the overall HTSIP Board. Despite this, management continued to report poor compliance in several of the big eight areas, including fire, water and asbestos safety. The Council also lacks stock condition survey data for almost one-fifth of its asset portfolio, constraining its ability to effectively assess and manage property-related risks.	**Partially implemented** – in progress	Updated key recommendation - See **Key recommendation 2** page 35

07 Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Council's Corporate Director of Finance and Resources is responsible for preparing the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Corporate Director of Finance and Resources is required to comply with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. In preparing the financial statements, the Corporate Director of Finance and Resources is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Appendix B: Value for money auditor responsibilities

Our work is risk-based and focused on providing a commentary assessment of the Council's value for money arrangements.

Phase 1 – Planning and initial risk assessment

As part of our planning, we assess our knowledge of the Council's arrangements and whether we consider there are any indications of risks of significant weakness. This is done against each of the reporting criteria and continues throughout the reporting period.

Phase 2 – Additional risk-based procedures and evaluation

Where we identify risks of significant weakness in arrangements, we will undertake further work to understand whether there are significant weaknesses. We use auditor's professional judgement in assessing whether there is a significant weakness in arrangements and ensure that we consider any further guidance issued by the NAO.

Phase 3 – Reporting our commentary and recommendations

The Code requires us to provide a commentary on your arrangements which is detailed within this report. Where we identify weaknesses in arrangements we raise recommendations.

A range of different recommendations can be raised by the Council's auditors as follows:

Statutory recommendations – recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.

Key recommendations – the actions which should be taken by the Council where significant weaknesses are identified within arrangements.

Improvement recommendations – actions which are not a result of us identifying significant weaknesses in the Council's arrangements, but which if not addressed could increase the risk of a significant weakness in the future.

Information that informs our ongoing risk assessment

Cumulative knowledge of arrangements from the prior year	Key performance and risk management information reported to the Executive or full Council
Interviews and discussions with key stakeholders	External review such as by the LGA, CIPFA, or Local Government Ombudsman
Progress with implementing recommendations	Regulatory inspections such as from Ofsted and CQC
Findings from our opinion audit	Annual Governance Statement including the Head of Internal Audit annual opinion

Appendix C: Follow up of 2024-25 improvement recommendations (1)

	Prior recommendation	Raised	Progress	Current position	Further action
IR1	Using the property strategy, the Council could identify assets for disposal to support the capital programme, reduce long-term borrowing, and lower revenue costs. The impact of capital receipts should be reflected in the MTFS once confirmed.	2024-25	£61m of capital receipts are included within the Capital Programme to 2030-31, although borrowing remains the predominant source of funding for the life of the programme this is planned to reduce year on year. We have seen evidence of the Council actively disposing of assets and gaining approval for these via Cabinet; management is actively pursuing this strategy. The Property Strategy 2025-2028 remains in place, which governs the disposal of assets. The Corporate Assets Board, established in 2025-26, is responsible for overseeing the management of Council-owned assets, including disposals.	Implemented	No further action required
IR2	The Council should develop and integrate a comprehensive DSG deficit recovery strategy, reflected in the MTFS and aligned with the statutory override timeline, while also strengthening HRA financial planning to address compliance risks and future cost pressures. This should include scenario modelling, reserve strategy adjustments, and engagement with DfE and the Regulator of Social Housing to mitigate long-term sustainability risks.	202425	The government committed to covering up to 90% of local authority accumulated deficits up to March 2028 subject to the approval of the local SEND Reform Plan, after which councils will need to fund the remaining 10%. The plan was been submitted within the required deadlines. The cumulative DSG deficit at the end of March 2026 was £20.2m and the MTFS was updated to include the financial impact of the 10% that will not be covered by the High Needs Stability Grant. Management set up a reserve to fund the remaining 10% which is sufficient to cover this in full. In relation to the HRA, a sensitivity analysis was undertaken to explore the impact on HRA reserve balances from a range of assumptions. The year-end HRA outturn position increased reserves slightly, by £0.1m, to £4.6m and a breakeven plan for 2026-27 maintains this position. This is above the £3.7m (or 5%) minimum threshold the Council set that it estimates maintains a sustainable position. Baseline assumptions in the 30-year plan provide consistently small surpluses over 30 years, with a projected reserve balance of £154.7m in year 30, which could potentially be used to reduce debt.	Implemented	No further action required

Page 186

Appendix C: Follow up of 2024-25 improvement recommendations (2)

	Prior recommendation	Raised	Progress	Current position	Further action
IR3	The Council should put in place robust arrangements for the production of the financial statements going forward, ensuring that there is sufficient capacity and capability within the finance team to meet statutory reporting requirements, comply with the international financial reporting standards, and support the full audit of the financial statements.	2024-25	Management met the statutory deadline of 30 June 2026 for the production of the draft accounts. Officers understand the underlying cause of the issues experienced with accounts preparation and effectively facilitating the audit in 2024-25. This can be pinpointed to the quality of data on the Council's assets and capacity/experience challenges within the Finance Team. In 2025-26 the Finance Team recruited a permanent Head of Finance for capital, a largely permanent capital team reporting to them, and a permanent Deputy Chief Accountant. In recent years these roles were mostly filled by interim staff, exacerbating the challenges. In addition, management created a project team to review the current data held on the Council's assets and develop a single version of the truth. The Finance Team worked with the external auditors to undertake more advanced testing, to reduce pressure at year-end. The Finance and audit teams developed a delivery plan, with key milestones, targeting a mid-September deadline for completion of the audit fieldwork. The audit team is satisfied with the effectiveness of audit process and the quality and timeliness of accounts and working papers.	Implemented	No further action required

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