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|  | Full Council 27 February 2025 |
| | Report from the Chief Executive |
| | Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Mili Patel) |
| Auditor’s Annual Report on the London Borough of Brent | |

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| Wards Affected: | All |
| Key or Non-Key Decision: | Council |
| Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small> | Open |
| No. of Appendices: | One Appendix A: Auditor’s Annual Report on the London Borough of Brent |
| Background Papers: | N/A |
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1.0 Purpose of the Report

- 1.1 This report presents the Council’s external auditor’s annual report on value for money as part of the 2023/24 audit of the year end accounts. It also sets out their key recommendations.

2.0 Recommendation(s)

- 2.1 To note the report and recommendations.

3.0 Background

3.1 Contribution to Borough Plan Priorities and Strategic Context

3.1.1 Securing value for money underpins all aspects of financial management within the Council which enables the delivery of the priorities and objectives within the Borough Plan.

3.2 Detail

3.2.1 The National Audit Office introduced a new Code of Audit Practice for 2020/21 which revised the approach to the audit of Value for Money (VFM).

There are three main changes:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness.
- More extensive reporting, providing commentary on arrangements across all key criteria.
- Auditors to arrive at a more sophisticated judgement on performance, as well recommendations.

3.2.2 The Council's external auditors, Grant Thornton, are required to report in more detail on whether the Council has put in place proper arrangements to secure Value for Money (VfM) in respect of economy, efficiency and effectiveness in its use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that the Council can deliver its objectives and safeguard public money. As is customary, their report is to be presented to Full Council to be considered at the same time as setting of the Council's budget.

3.2.3 The annual report has put forward a key recommendation, for the first time, highlighting the use of reserves in 2023/24 and 2024/25 to fund in year overspends arising from the unprecedented pressures in homelessness and temporary accommodation. This has been acknowledged as a key risk to the Council's financial sustainability and resilience. The continued use of reserves to manage these pressures is unsustainable and in order to stabilise the financial position of the council, £16m of new savings have been put forward for delivery in 2025/26, which will provide the growth needed in the housing budget to manage these pressures going forward.

3.2.4 The report also recognises that in line with significant challenges faced by other local authorities, the Council has been compelled to make difficult decisions in order to balance its budget and ensure it maintains its finances on a sustainable footing. The auditors found that the Council's financial planning both short and longer term was based on sound judgements.

3.2.5 All of the recommendations have been accepted and management responses have been provided. Delivery of actions will be reported to Cabinet as part of future budget reports.

3.2.6 The full report is attached at Appendix A.

4.0 Stakeholder and ward member consultation and engagement

4.1 The Annual Report has been subject to consideration by the Audit & Standard Advisory Committee prior to its submission to Council.

5.0 Financial Consideration

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

6.0 Legal Considerations

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

7.0 Equity, Diversity & Inclusion (EDI) Considerations

7.1 There are no equality, diversity and inclusion (EDI) considerations.

8.0 Climate Change and Environmental Considerations

8.1 There are no climate change and environment considerations.

9.0 Human Resources/Property Considerations

9.1 There are no human resources/property considerations.

10.0 Communication Considerations

10.1 There are no communications considerations.

Report sign off:

Minesh Patel

Corporate Director of Finance &
Resources