

# Public Document Pack



## **MINUTES OF THE AUDIT AND STANDARDS ADVISORY COMMITTEE HELD IN THE CONFERENCE HALL, BRENT CIVIC CENTRE ON THURSDAY 25 SEPTEMBER 2025 AT 6.00 PM**

**PRESENT:** Independent Chair David Ewart (Chair), Councillor Chan (Vice-Chair) and Councillors Choudry, Long, Molloy, J.Patel and L. Smith.

**Independent Co-opted Members:** Sebastian Evans, Rhys Jarvis & Stephen Ross.

**Also Present:** Andrew Hudson (Chair of i4B and First Wave Housing), Natoya Vincent (Strategy and Delivery Manager, i4B and First Wave Housing), Sophia Brown (Grant Thornton – External Auditor) and Sheena Phillips (Grant Thornton – External Auditor).

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

Apologies for absence were received from Councillor Kabir.

### **2. Declarations of Interest**

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

Councillor Long declared a personal interest in relation to Item 9 - Report on i4B Holdings Ltd and First Wave Housing Ltd given a potential property sale involving i4B.

### **3. Deputations (if any)**

There were no deputations considered at the meeting.

### **4. Minutes of the previous meeting**

It was **RESOLVED** that the minutes of the previous meeting held on Wednesday 23 July 2025 be approved as a correct record, subject to the following amendments:

#### **Item 7: Treasury Management Outturn Report**

- (a) 1<sup>st</sup> bullet point page 7 on agenda pack – under reference to the paragraph regarding the shareholding in CCLA (Churches, Charities and Local Authorities) it was noted that the wording should read; 'Jupiter is the shareholder of CCLA', rather than 'CCLA remained as shareholders'.
- (b) In addition, under the same bullet point a typographical error was identified in the line; 'Whilst it was the Council's policy to require an A-plus rating, the fund's rating was reported no to have changed'. It was recognised that the phrasing should read '...the fund's rating was reported not to have changed'.

Members noted the updates provided in relation to the Action Log of issues identified at previous meetings which it was noted would be subject to ongoing

review by the Chair. As part of this process, members felt it would be helpful for details to be provided on the expected duration or timeframe for those actions listed as ongoing.

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

None identified.

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

The Committee received a report from the Corporate Director Finance & Resources which presented the Standards Report, including the Q2 update on gifts and hospitality, for the Audit and Standards Advisory Committee.

In considering the report, members noted that in addition to the update on gifts and hospitality registered by Members, details were included on a recent standards decision made by Cornwall Council and the Government's announcement on the Ethics and Integrity Commission, replacing the Committee on Standards in Public Life.

Biancia Robinson (Principal Lawyer, Constitution Governance and Finance) further advised the Committee of one amendment to the committee report, specifically relating to paragraph 3.10, which referred to four Members who were expected to complete their mandatory data protection training on 17 September 2025. It was confirmed that two of these members had completed their training with two still outstanding.

Having thanked Biancia Robinson for introducing the report, the Chair then moved on to invite questions and comments from the Committee in relation to the report, with the following comments and issues discussed:

- In considering the report, independent members referred to the standards decision outlined in paragraph 3.8 of the report and queried the extent to which the Council's definition of disclosure of pecuniary interests explicitly covered situations where a councillor had not yet received an employment contract. In response, Biancia Robinson (Principal Lawyer, Constitution Governance and Finance) clarified that the Council's declaration of interest requirements obliged Members to disclose their employment status and in the referenced case, the councillor had declared his employment but had not yet commenced the role. Nonetheless, there remained an expectation to declare the disclosable interest, as in any case, it had also constituted a personal interest in the matter.
- As a further query, independent members drew attention to paragraph 3.18 concerning the newly proposed Ethics and Integrity Commission, with it being questioned how the Council was monitoring developments, who held responsibility for this, and how the Committee would be kept informed of any implications, including potential changes to the Code of Conduct. In response, Biancia Robinson (Principal Lawyer, Constitution Governance and Finance) advised that Marsha Henry (Director of Law), in her capacity as Monitoring Officer, held responsibility for ensuring compliance with any emerging requirements. It was additionally noted that it was unlikely the Commission's

remit would extend to making amendments to the Code of Conduct, as this area had already been reviewed. It was highlighted that Commission's focus was expected to be on promoting good practice and facilitating information sharing among local authorities although the final extent of any regulatory impact remained unclear at this stage.

With no further comments or questions raised the Chair thanked officers for the update provided and the Committee **RESOLVED** to note the contents of the report.

## 7. **Self-Referral to Regulator of Social Housing - September 2025 Update**

Spencer Randolph (Director Housing Services) was invited to introduce a report from the Corporate Director Resident & Housing Services providing an update on progress following the Council's self-referral to the Regulator of Social Housing following the previous update to the Committee in June 2025.

In presenting the update, Spencer Randolph (Director Housing Services) provided details on the ongoing engagement with the Regulator of Social Housing and the progress of the housing service improvement programme. The Committee were informed that monthly meetings with the Regulator had been taking place, with the most recent meeting held the day prior to the Committee meeting. It was reported that whilst the Regulator had expressed satisfaction with the pace and scope of change being implemented, the need for caution had been noted given the improvement process was not expected to yield immediate results, and it estimated that it would take between 18 months and 2 years before the regulatory judgment could be lifted. Nonetheless, the Regulator had commended the Council's multi-faceted approach to service recovery and contrasted Brent's strategy with that of other local authorities, noting that many had adopted a binary process involving initial internal resolution attempts, followed by consultancy engagement to assess the problem and subsequent contractor involvement to resolve the issue.

In contrast, members were advised Brent had already engaged consultants and contractors and had commenced risk mitigation activities from the outset. It was conveyed that an external audit had been conducted, focusing particularly on compliance within the housing service with confirmation provided that a root cause analysis was also underway to ensure that lessons were learned and that similar issues would not recur and with a recovery plan developed based on the audit findings.

As part of the recovery plan, additional staff had been appointed to focus specifically on compliance and complaints. The structure of the compliance team was outlined, which included team leaders responsible for gas safety, electrical safety, fire safety, and environmental health matters such as legionella, air quality, water systems and lift maintenance. Members heard that significant work was also being undertaken to remediate and improve the systems. In relation to the concerns identified in relation to data, the rebuild of True Compliance and the NEC asset register was underway and due to be complete by April 2026 with additional governance implemented around the management of data, in particular restricting property creation access which would provide a more controlled approach to new properties being added to the system and feeding into compliance workstreams accurately. It was further reported that additional contractors had been engaged to address identified issues, particularly those relating to fire safety.

The Committee received assurance that all high-risk actions associated with high-rise buildings had either been resolved or were subject to further work to action with the service now having also begun to address high-risk actions in medium-rise buildings.

In terms of resident engagement, it was confirmed that communication efforts were ongoing. A digital newsletter, 'The Notice Board' had been circulated to over 6,000 tenants, with printed versions scheduled for distribution to all residents. The newsletter provided updates on service developments and contractor assignments. A new contractor was due to commence work the following week, joining the existing contractor to provide maintenance and repair services. The two contractors would operate across the borough, with one covering the eastern region and the other the western region. Residents would be informed of their designated contractor through the newsletter.

Following on from the initial update, Tom Cattermole (Acting Corporate Director Residents and Housing Services) then addressed the Committee regarding governance arrangements supporting the housing improvement programme. It was reported that a review of governance structures had taken place since the last Committee meeting with section 4.5 in the report providing details on the establishment of the Housing and Tenant Satisfaction Improvement Board (chaired by the Council's Chief Executive), which had been convened for the first time in September 2025. It was explained that the Improvement Board was supported by three distinct workstreams, each being led by a Director with the purpose to provide strategic oversight of the entire improvement programme. It was noted that this represented a new layer of governance that had not previously existed and was intended to ensure robust monitoring throughout the implementation process with the Board providing governance and oversight by monitoring the progress of improvement initiatives and ensuring compliance with housing standards.

Having thanked Spencer Randolph and Tom Cattermole for introducing the report, the Chair then moved on to invite questions and comments from the Committee in relation to the update provided, with the following comments and issues discussed:

- As an initial query, details were sought regarding whether the next phase of the service investigations had revealed any concerns regarding material hazards. In response, Spencer Randolph (Director, Housing Services) confirmed that all blocks of flats, ranging from high-rise buildings to converted street properties, were subject to fire risk assessments. It was stated that compliance levels were considered high relative to the number of properties requiring such assessments with the original issue identified as prompting the self-referral relating to assessments having been closed without sufficient evidence that any associated actions had been resolved. Referring to the audit subsequently undertaken as the basis for the recovery plan members were advised this had included a root cause analysis with it identified that between 95% and 100% of properties requiring fire risk assessments had received them, depending on the assessment cycle. A validation exercise was underway to ensure that all properties requiring assessments had been included with any properties found to have been omitted subject to reassessment. It was emphasised that the primary issue concerned the

closure of actions arising from assessments, rather than the assessments themselves.

- Members then turned their attention to section 6.4 of the committee report, regarding the anticipated costs and financial implications arising from the actions identified and Recovery Plan. In response, Spencer Randolph (Director, Housing Services) explained that the Council managed 8,500 homes and referenced a local authority with 21,000 homes that had incurred costs of £2.3m to recover their position. It was noted that, proportionally, the cost for the Council would be significantly lower. Whilst the evaluation was ongoing, members were advised that no significantly high cost issues had been identified thus far. Funding had been provisionally allocated for the current and following financial years as part of the recovery plan. It was added that many costs would be absorbed within existing programmes, such as fire door inspections and replacements. Whilst additional provision had been made, it was, however, acknowledged that details on the final costings were not yet available, due to the ongoing evaluation.

As a further query, details were sought on the potential impact any significant additional costs identified were likely to have on the Housing Revenue Account (HRA). In response, Minesh Patel (Corporate Director, Finance and Resources) clarified that the HRA was a ring-fenced account. It was explained that services within the HRA were funded by rental income from residents, which supported various housing-related services. It was further stated that the HRA currently held reserves of approximately £5m, which exceeded the minimum reserve level required. Should significant costs arise, a call upon these reserves would be made. Following on from the previous question, members asked whether high costs could result in rent increases for residents. In response, Minesh Patel conveyed that rent increases within the HRA were governed by a statutory formula applicable to social rents. It was confirmed that councils were not permitted to raise rents beyond the limits set by legislation.

- Members expressed appreciation for the publication of 'The Notice Board' and requested that copies be made available to all members. Further enquires were made around whether the ongoing review had affected the usual programme of maintenance and repair. In response, Spencer Randolph (Director, Housing Services) confirmed that 'The Notice Board' had been distributed through the members' updates and undertook to ensure that it would be circulated to all members. In response to the second query, it was noted that the review had not impacted the broader programme of repairs and maintenance. It was emphasised that, while compliance remained a key focus, there was also a concerted effort to improve service delivery across housing management and property services. A newly appointed Head of Service was leading this transformation, with particular attention being paid to void turnaround times and the reduction of works in progress and two contractors having now been engaged, introducing a degree of competitive performance. Additional operatives and managers had been recruited within the repairs, maintenance, and voids teams. These measures had resulted in observable improvements across the service, extending beyond compliance-related matters.

- Members requested clarification regarding the three workstreams under the Housing and Tenant Satisfaction Improvement Board and also raised concerns about communication between the service strands, citing instances where tenant management and property services were felt to have failed to coordinate effectively. In response, Spencer Randolph (Director, Housing Services) acknowledged that such issues had occurred historically. It was reported that significant changes had been implemented within the tenancy service, including the appointment of new Area Tenancy Managers who had begun to make a noticeable impact, with residents providing positive feedback. It was further highlighted that a cultural change programme was underway to ensure that tenancy and property services operated cohesively as a unified entity. It was additionally mentioned that tenant satisfaction measures were based on annual snapshots, which did not always reflect ongoing improvements. Nonetheless, recent data indicated progress in tenancy management and complaint handling, although challenges remained within the repairs service. These findings aligned with known service issues and were being actively addressed. Tom Cattermole (Acting Corporate Director Residents and Housing Services) further advised the Committee that an additional member briefing had been scheduled for late November or early December in order for the Cabinet Member for Housing to provide a comprehensive overview of the workstreams.
- As a further issue highlighted, independent members referred to the previously identified 12,500 unresolved fire actions and queried whether any issues had been detected with the underlying software and if this remained within the scope of the root cause analysis. In response, Spencer Randolph (Director, Housing Services) clarified that the software itself was not inherently problematic. However, concerns had arisen regarding its governance and the manner in which access had been granted to officers to input and remove data. It was highlighted that the system was being rebuilt from the ground up, with enhanced compliance structures, restricted access rights to make changes to the system, and the introduction of robust training manuals and processes to prevent recurrence.
- Independent members then moved on to focus on issues identified within paragraph 6.5 of the committee report, which indicated that grant funding could be withheld during the notice period and enquired whether any such impact had materialised and what the financial implications might be for the current year and budget forecasts. In response, Spencer Randolph (Director, Housing Services) advised that he had been meeting regularly with the Greater London Authority (GLA) in relation to the Council's regeneration programme and stated that, although there had been potential for grant funding to be withheld, the GLA had expressed satisfaction with the updates provided and no adverse financial implications therefore having arisen to date.
- Members enquired whether the Regulator was satisfied with the timelines and progress to date and then raised a secondary issue in relation to feedback received from residents and tenant groups following the distribution of 'The Notice Board' newsletters. In response, Tom Cattermole (Acting Corporate Director Residents and Housing Services) confirmed that the Regulator was satisfied with the progress made thus far. In relation to resident and tenant feedback, it was acknowledged that concerns had arisen but it was noted that

residents had appreciated the transparency with which the issue had been communicated. A series of summer roadshows had been conducted, during which approximately 500 residents were engaged. Furthermore, a tenant engagement event was scheduled to take place on 29 October 2025, which would include a Q&A session for residents. While concern had been expressed regarding the content of the communications, the openness of the Council's approach had been positively received.

- Members referenced paragraph 4.5 of the committee report, which stated that the Housing and Tenant Satisfaction Improvement Board had held its initial meeting in September 2025, and requested details regarding attendance, outcomes of the meeting, and the frequency and reporting lines of the Board. As an additional question, members referred to the audit findings, which identified several major tasks requiring completion over the next 18 to 24 months and sought clarification on the prioritisation of these tasks, particularly the rationale for commencing with gas compliance as outlined in paragraph 4.9. In response, Spencer Randolph (Director, Housing Services) advised that the initial priority had been fire risk assessments and the associated remedial actions. All high-risk, high-rise fire risk assessments had been addressed. The Committee were advised that the Council was now progressing through compliance streams, with a focus on validating data and improving compliance. Gas compliance had been prioritised due to the volume of data involved and number of properties requiring gas safety certification. This approach had enabled the Council to address the largest compliance stream first. The remaining 8 compliance streams were being addressed in a logical progression, with full remediation anticipated by April 2026. In response to the question regarding governance of the Board, Tom Cattermole (Acting Corporate Director Residents and Housing Services) advised that the September 2025 meeting had been the first session, during which the terms of reference and scope had been agreed and undertook to circulate the governance structure overview to members following the meeting. Members were informed that the governance framework included an independent Housing Management Advisory Board, comprising the Cabinet Member for Housing and another non-executive councillor, resident representatives, and independent housing advisors with the Board chaired by the Chief Executive.

In welcoming the transparent nature of the approach outlined, the Chair thanked officers for the update provided on which the Committee would continue to monitor progress and seek to revisit at a future meeting.

With no further issues raised the Committee **AGREED** to note the update provided, with the following identified as specific actions:

- (1) That the 'The Notice Board' newsletter be disseminated to all members of the Audit and Standards Advisory Committee, for reference and information.
- (2) Details on the governance structure relating to the Housing and Tenant Satisfaction Improvement Board be provided for members of the Audit and Standards Advisory Committee. **Strategic Risk Register Update**

Darren Armstrong (Deputy Director, Organisational Assurance and Resilience) was then invited to introduce a report from the Corporate Director Finance & Resources which provided an update on the Council's strategic risks as of September 2025.

In introducing the report, members noted that it summarised those risks which senior management had assessed as having a significant impact and/or likelihood of materialising, with the potential to adversely affect the achievement of the Council's objectives. It was further noted that the format of the report remained broadly consistent with previous iterations, although minor presentational improvements had been made. It was additionally stated that the Council's overall risk profile continued to reflect the heightened risk environment in which it operated.

Of the 13 strategic risks, 12 remained outside their target risk scores, and none were showing a downward trend. However, 11 risks were reporting stable trends, with scores unchanged since the previous update in March 2025. A key change in the report was highlighted in terms of the increase in the risk score for noncompliance with statutory housing duties. This score had risen from 10 to the maximum of 25, indicating that the risk had materialised. This escalation was attributed to issues surrounding the Council's self-referral to the Regulator of Social Housing. No new risks had been added to the register, and no existing risks had been closed or de-escalated.

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

- Members queried the lack of detail in the report regarding Risk E: Climate and Ecological Emergency Mitigation and questioned how progress against the action plan would be monitored and reported. Details were also sought regarding management of the risk identified in relation to financial resilience and sustainability, particularly in the context of the upcoming local elections. In response, Darren Armstrong advised that progress on Risk E should be tracked across subsequent iterations of the report. It was explained that two previously separate climate-related risks had been merged into a single entry, although the risk details in the content remained unchanged. The current risk score was aligned with its target score, indicating that officers believed the risk could not be further reduced at present with ongoing monitoring of the impact of mitigating actions to be included as part of the ongoing updates to Committee on which member's feedback would be relayed to the relevant risk owners, with a view to providing more specific updates on progress and outcomes. Minesh Patel (Corporate Director, Finance and Resources) addressed the second query, clarifying that political pledges made during election campaigns were not representative of the Council's formal position. Should such pledges be adopted by a newly appointed administration, the Council would assess their affordability and determine whether they could be implemented within existing financial constraints.

As a point of clarification, the Chair confirmed that Darren Armstrong (as Deputy Director, Organisational Assurance and Resilience) was responsible for drawing together the Strategi Risk Register, but not for the ownership or management of individual risks, responsibility for which rested with the designated risk owners.

- Independent members raised concerns regarding pressures on the SEND system, particularly the increasing reliance on the independent sector. It was observed that the independent sector was facing fragility due to factors such as National Insurance and reductions in rate relief, which were contributing to rising costs. It was questioned what mitigation measures were in place should the independent sector decline. In response, Darren Armstrong (Deputy Director, Organisational Assurance and Resilience) undertook to refer the member's comments and queries to the appropriate risk owner and to seek a response following the meeting.
- Independent members took the opportunity to share observations from practice identified elsewhere, noting that sustainability and resilience were increasingly being addressed holistically across sectors. It was suggested that the Council consider appointing dedicated officers for sustainability and resilience, in line with emerging practices in the private sector. In response, Darren Armstrong (Deputy Director, Organisational Assurance and Resilience) acknowledged the suggestion and confirmed that it had been noted for consideration.
- Members sought details on whether there had been a cultural shift across the Council in terms of understanding and managing risk at departmental and strategic levels. As a supplementary question, members queried the implications of outsourcing cyber security services, and whether this had led to a reduction in internal expertise, particularly in relation to emerging technologies such as artificial intelligence (AI). In response, Darren Armstrong confirmed that he would refer the cyber security query to the relevant risk owner. It was noted that an internal review of cyber security and third-party risk had been undertaken in the previous financial year, which had provided assurance regarding the use of outsourced services. In relation to the broader question of risk culture, it was conveyed that the Council demonstrated a positive approach to risk management, particularly at senior levels. The strategic risk report was led and agreed by the Council Management Team (CMT) and was subject to detailed review and the current register reflected a more transparent and comprehensive approach. It was acknowledged that while some departments maintained thorough and regularly updated risk registers, others required additional support and encouragement. Efforts were ongoing to strengthen risk maturity across all directorates, building upon the existing strategic risk register and the wider risk management strategy and framework.
- Members requested further details regarding the non-compliance of statutory housing duties. In response, Darren Armstrong informed the Committee that non-compliance with statutory housing duties was a recurring item on the Council's annual audit plan. It was stated that internal audit activity consistently included work in this area. Ongoing discussions were taking place with Spencer Randolph (Director Housing Services), and housing colleagues to determine how best to utilise audit time to focus on the highest risk areas. The intention was to avoid duplication of existing work while identifying opportunities to add value from an internal audit perspective. It was further noted that concerns and risks associated with data transfer would be incorporated into those discussions.

- As an additional issue, members referred to security access levels, noting that this issue had arisen in both external and internal audits, and sought clarification on measures in place to ensure appropriate access and prevent manipulation of system data. In response, Darren Armstrong advised that in addition to the annual review of non-compliance statutory housing duties, the Council also conducted annual reviews of IT applications. These reviews included an assessment of security and permission levels. Although the reviews focused in depth on specific applications, the findings were distributed across all systems to ensure that risks were identified and mitigated consistently. It was confirmed that the Council had previously undertaken a review of the NEC application and continued to conduct such reviews on a rolling basis. Any concerns identified in one application were shared across others to promote best practice and strengthen overall system integrity.
- Members observed that a number of risks remained unchanged and that several continued to be categorised as high. Particular reference was made to Risk K, which related to serious incidents or wider safeguarding concerns involving vulnerable adults. It was queried whether there had been any material change and whether the score had been increased to align with Risk H, as indicated in paragraph 3.3.3 of the committee report. In response, Darren Armstrong explained that this matter had been subject to ongoing discussion at CMT level. Previous iterations of the risk register had shown differing scores for safeguarding risks relating to children and adults. Directors and risk leads had been tasked with reviewing the rationale for this discrepancy and determining whether alignment was appropriate. It was agreed that the impact of safeguarding risks should be considered equivalent for both groups. Consequently, the decision was taken to align the scores, with the adult safeguarding risk (Risk K) increased to match that of the children's safeguarding risk (Risk H). It was clarified that this adjustment was not driven by any material change in risk factors. Rather, these were considered inherent risks that would persist unless there were significant failings, adverse regulatory outcomes, or legislative changes. It was additionally noted that such risks were unlikely to be reduced below the current level.
- Independent Members referred to the forthcoming implementation of Martyn's Law, expected to come into effect within approximately 18 months and queried what resources would be required by the Council to fulfil its responsibilities under the legislation, particularly in relation to risk reviews and compliance scrutiny. In response, Darren Armstrong stated that the Council was approaching Martyn's Law as a cross-cutting responsibility. While the Emergency Planning and Resilience Team was leading coordination efforts, resources were being drawn from across the organisation, including Property Services, Facilities Management, and Public Realm teams. It was confirmed that the Council did not anticipate the need for additional resources at this time. The necessary expertise and capacity were already present within the organisation, and the focus was on collaborative working to ensure effective implementation.
- Returning to the issue of Risk K, members noted its alignment with Risk H and expressed concern that the Council appeared to be accepting a level of risk that could not be mitigated. In response, Darren Armstrong clarified that the

target score for both risks was 8, which represented a change from previous iterations. It was explained that while the impact of certain risks could not be reduced due to their inherent severity, efforts were focused on managing and reducing the likelihood through enhanced controls and mitigation measures. The current score of 12 reflected the severity of impact, which remained constant, while the target score of 8 was aspirational and based on reducing likelihood. It was emphasised that the risk leads were working towards achieving this target, and that it represented the lowest feasible level given the nature of the risks.

In seeking to bring consideration of the item to a close, the Chair thanked officers and members for their contributions and the Committee **AGREED** to note the update provide with the following identified as specific actions:

- (2) Feedback in relation to Risk E: Climate and Ecological Emergency Mitigation be relayed to the relevant risk owners, with a view to providing more specific updates on progress and outcomes.
- (3) Comments concerning the need for mitigation measures in the event of a decline in the independent sector, arising from increased pressures on the SEND system and growing reliance on independent provision, be relayed to the relevant risk owners, with a view to providing more detailed updates and outcomes.
- (4) That members' queries regarding the implications of outsourcing cyber security services be relayed to the relevant risk owners.

9. **Performance & management of i4B Holdings Ltd and First Wave Housing Ltd review**

Minesh Patel (Corporate Director, Finance and Resources) was invited to introduce a report which provided an updated on the governance and oversight arrangements the Council had in place as Shareholder of i4B Holdings Ltd (i4B) and Guarantor of First Wave Housing Ltd (FWH). Members were advised that the report (in line with previous versions) also outlined the mechanisms through which the Council monitored performance, risk and compliance, and highlighted key governance developments from the most recent Shareholder / Guarantor meeting held in September 2025.

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

Having thanked Minesh Patel for introducing the report, the Chair then moved on to invite questions and comments from the Committee in relation to the update report, with the following comments and issues discussed:

- As an initial query, independent members cited paragraph 4.6.4 of the committee report, which stated that i4B was in the process of arranging a Phase 3 loan with the Council, comprising a £32 million loan and £8 million in equity. Clarification was sought regarding the nature of the equity component. In response, Amanda Healy (Deputy Director Investment and Infrastructure) clarified that the equity element represented an investment made by the Council into the company. This investment did not attract interest repayments and was a capital contribution intended to financially support the organisation.
- Independent members additionally referred to paragraph 4.5 of the committee report, which addressed the composition of the Boards and capacity. Recent changes in Council-appointed directors were noted and it was queried whether these changes posed any risks to continuity of experience from the Council's perspective. In response, Minesh Patel advised that the changes reflected a number of changes at senior officer level across the Council following the retirement of individual officers, which had necessitated discussions with Andrew Hudson (Chair of i4B and FWH), as well as with Kim Wright (Chief Executive) and Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance & Resources), to assess the future composition of the Board. It was confirmed that Andrew Hudson had articulated clear ambitions for the Board's future direction, and that discussions regarding Board composition had commenced in the previous year. In continuing the response, Andrew Hudson (Chair of i4B and FWH) elaborated that due to their nature, it had not been possible to plan the timing of the changes in the usual manner. However, the situation had presented an opportunity to introduce new perspectives and ideas to the Board and encourage new members to share their initial impressions, recognising the value of fresh insight. In relation to continuity of experience, Andrew Hudson reported that Sadie East (Director Communications Insight and Innovation) had now joined the Board and previously served as a senior director within the Council. It was further noted that she had been closely involved with the companies throughout their development and her appointment was expected to provide a high degree of knowledge and expertise.
- Members enquired about the potential impact of the Renters' Rights Bill on the operations of i4B, to which Minesh Patel responded that the Bill aimed to establish clear standards for landlords and expressed the hope that, as a Council-owned subsidiary organisation, i4B and FWH Housing would serve as exemplars of good landlord practice.
- Member referred to the significant amendment of the Defective Premises Act (1972) by the Building Safety Act (2022) and questioned how many acquisitions made by i4B and FWH had involved new-build properties. In response, Natoya Vincent (Strategy and Delivery Manager, i4B and First Wave Housing) clarified the new-build acquisitions, which included the Lexington block and another block leased from Quintain. Additionally, in September 2024, the company had acquired a small block comprising 6 flats and 3 houses, all of which were new builds.

- With reference to paragraph 4.8.5 of the committee report, which highlighted persistent issues with void properties within i4B, members requested further information regarding the scale of the issue and the proposed path to resolution. In response, Andrew Hudson (Chair of i4B and FWH) acknowledged that void properties represented one of the most significant challenges faced by the companies. It was noted that the issue was not unique to i4B and FWH, but was also being addressed by the Council. The problem resulted in lost revenue and underutilised housing stock that could otherwise be occupied by Brent residents. To improve management of voids, weekly meetings had been established between Natoya Vincent (Strategy and Delivery Manager, i4B and First Wave Housing) and colleagues in the Property Management Team, which reviewed each void property, assessed progress, and identified any delays. Recent staff appointments were expected to alleviate ongoing resource pressures and in the longer term, a new Head of Property Management had been appointed, and broader improvements were underway within the housing management function which extended beyond the specific issues that had led to the Council's self-referral to the Regulator. It was further reported that the establishment of a Void Improvement Group, which i4B and First Wave were a part of, was examining the entire void management process, beginning with the lettings team. The aim was to ensure that preparations for re-letting commenced as soon as a property became vacant. Efforts were being made to streamline the process by initiating void works in parallel with tenant identification, thereby reducing delays and improving efficiency.
- The Chair raised concerns regarding the current interest rate environment and enquired whether there were any indications that rates might change in a manner that would alleviate existing financial pressures. In acknowledging the impact of the current interest rate environment, the importance of exploring alternative forms of support from central government, including potential discounts on interest rates was highlighted. It was reiterated that a return to the previously low rate of 2% was improbable, and that future planning would need to reflect the prevailing financial conditions.

With no further issues raised, the Chair thanked Andrew Hudson and officers for the update provided and the Committee **RESOLVED** to note the governance arrangements and assurance provided in relation to the oversight mechanisms in place for i4B and FWH.

#### 10. **London Borough of Brent Interim Auditor's Annual Report 2024-25**

Sophia Brown (Grant Thornton – External Auditor) was invited to introduce the London Borough of Brent Interim Auditor's Annual Report 2025 in relation to value for money work for the financial year 2024-25.

In presenting the report, it was confirmed that the report remained in draft form and could not be finalised until the audit opinion on the financial statements for the same period had been issued. The Committee were advised that the majority of the work had been completed. Upon finalisation, the report would include specific commentary on the accounts audit and the outcome of a separate piece of work currently underway on procurement. Should the findings of that work be available in time, they would be incorporated into the final version.

The Committee was then directed to the executive summary within the committee report. Members were reminded that the findings related specifically to the 2024-25 financial year. It was noted that in the previous year, one significant weakness had been identified in relation to financial sustainability, particularly concerning the use of reserves and the financial challenges faced by the Council. For the current year, that recommendation had been updated to reflect the latest position. A new significant weakness had also been raised in the same area, with the Key Recommendation focusing on the savings required over the medium term. It was emphasised that while the two issues were intrinsically linked, they had been separated to ensure clarity of focus and distinct actions for each. A further significant weakness had been identified in relation to the Council's self-referral to the Regulator of Social Housing, which had been previously identified.

Attention was drawn to the progress made on last year's improvement recommendations, as detailed in Appendix C of the committee report. Seven recommendations had been closed, including one relating to savings, which had been incorporated into Key Recommendation 2. One recommendation concerning procurement arrangements remained outstanding. Members heard that 3 new improvement recommendations had been raised for 2024-25. These related to the use of the Property Strategy to review the Council's asset base, maintaining a strong focus on the cumulative deficit of the Dedicated Schools Grant, and strengthening financial planning within the Housing Revenue Account (HRA). An additional recommendation had been made regarding arrangements for producing the year-end financial statements.

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

- As an initial query, the Chair requested clarification on the distinction between Key Recommendations, Improvement Recommendations and Statutory Recommendations. In response, Sophia Brown (Grant Thornton – External Auditor) explained that Improvement Recommendations were previously used to highlight areas of good or best practice. The approach had since evolved such that failure to address an Improvement Recommendation within the following year could result in the identification of a significant weakness. Where a significant weakness was identified, a Key Recommendation would be raised. These were formally reported to the Committee within the Auditor's Annual Report. At Brent, the full report was also presented to Full Council in February, which was considered good practice but not universally adopted. Should Key Recommendations remain unaddressed, and the situation deteriorated, the matter could escalate to a Statutory Recommendation. Statutory Recommendations fell under the Local Audit and Accountability Act (2014) and were considered serious. They were reported to the Secretary of State and required presentation to Full Council within one month of issuance, ensuring all members were made aware. Failure to address statutory recommendations could result in further escalation, including the issuance of a public interest report.
- Members queried the inclusion of the Dedicated Schools Grant (DSG) deficit in the committee report, noting that the issue affected multiple councils. It was

also observed that the statutory override had been repeatedly extended, with members questioning why the matter had been specifically highlighted in Brent's report. In response, Sophia Brown (Grant Thornton – External Auditor) confirmed that the statutory override had recently been extended. However, it was emphasised that the override was not guaranteed and should not be relied upon indefinitely. It was acknowledged that Brent had maintained a strong focus on the DSG deficit. Discussions with Kim Wright (Chief Executive) and Minesh Patel (Corporate Director, Finance and Resources) had confirmed that significant work had been undertaken to reduce the deficit from a peak of approximately £16m to a current position of £13m with the ongoing focus on this area noted and forming the basis of its inclusion in the report.

- Members requested further detail regarding the disposal of Council assets, to which Amanda Healy (Deputy Director Investment and Infrastructure) explained in response that the reference to asset disposal related to corporate assets owned by the Council. A review was being undertaken through the asset strategy to identify opportunities for improved utilisation or disposal. Where assets were underused or the cost of bringing them back into appropriate use was prohibitive, options for disposal were considered. This could involve the transfer of freehold or full disposal, depending on the circumstances. It was clarified that the process was not limited to housing assets and could include land or buildings of various types. Minesh Patel further added that the Council owned a wide range of assets, many of which were not housing-related. Examples included facilities located in parks such as pavilions. The importance of understanding the full asset base and identifying opportunities for optimal use was emphasised. It was also noted that while some councils in financial distress had resorted to widespread asset disposal, Brent was not currently in that position.
- Views were sought from officers around their level of confidence in the valuation of Council assets as well as the frequency with which those valuations were revisited and sense-tested. In response, Minesh Patel noted that asset valuation was one of the contributing factors to delays in the audit process. The importance of understanding the nature and value of each asset was emphasised. Valuations were undertaken by independent valuers who assessed each asset based on their existing use or potential future use. It was confirmed that this process was designed to ensure objectivity and accuracy in the valuation of the Council's asset base.
- Independent members queried whether there were concerns regarding the accuracy of the Council's reserves, particularly in light of other financial pressures and use. In response, Sophia Brown (Grant Thornton – External Auditor) clarified that this was not currently an audit issue. It was explained that the level of usable general fund reserves was monitored to ensure they did not fall below the minimum threshold set by the Council. Should reserves approach a precarious level, this would be flagged accordingly. It was further noted that the audit issues affecting the financial statements were primarily related to Property, Plant and Equipment (PPE). Any prior period adjustments (PPAs) would typically impact unusable reserves rather than usable reserves.

- Independent members referred to the committee report's mention of increased demand for supply-managed housing and queried the origin of the projected figure of circa 18% growth in relation to temporary accommodation and homeless households. In response, Sophia Brown (Grant Thornton – External Auditor) explained that the figure was derived from Council data and reflected year-on-year budgeting for 2025-26, based on increases observed in 2024-25. Members were further advised that projections for 2025-26 were expected to exceed those of the previous year. The report also included commentary on new properties anticipated to come on stream towards the end of the financial year, which would contribute to addressing the increased demand.
- In querying the risks to the Housing Revenue Account (HRA) arising from refurbishment costs, members requested clarification on how reserves were calculated and what level of reserves was considered appropriate. In response, Sophia Brown (Grant Thornton – External Auditor) stated that it was not within the external auditors remit to determine the appropriate level of reserves. Instead, she reviewed the Council's own minimum threshold and assessed the year-on-year trajectory of the reserve balance. Members were advised to consider the reserve level in the context of the 2025-26 budget, including whether it would be maintained, replenished or reduced. Monitoring this trajectory throughout the year was essential to assessing financial resilience. The Chair recalled that a formula existed for calculating recommended reserve levels and requested that this be circulated to Members.

In seeking to bring consideration of the item to a close, the Chair thanked officers and members for their contributions and as a result of the outcome of the discussion, the Committee **AGREED** to note and endorse the contents of the report with the final version, once complete to be referred to Full Council in February 2026 and the following identified as specific action:

- (5) That the existing formula for calculating recommended reserve levels be circulated to committee members.

#### 11. **London Borough of Brent & Pension Fund Audit Progress Report & Sector Update**

Sheena Phillips (Grant Thornton – External Auditor) was invited to introduce the London Borough of Brent and Pension Fund Audit Progress Report and Sector Update, which provided a progress update on the audit process as of September 2025. Since receipt of the draft statement of accounts, substantial progress had been made, and the accounts were generally in good order. However, issues remained in relation to Property, Plant and Equipment (PPE). Specifically, the reconciliation between the valuation report and the fixed asset register had not yet been resolved. This issue had also been identified during the previous year's audit. It was confirmed that discussions were ongoing with the finance team, who were preparing a working paper to demonstrate that no material misstatement existed between the valuation report and the fixed asset register. Due to the unresolved reconciliation, the audit of Property, Plant and Equipment (PPE) had not yet commenced, as the valuation report was a prerequisite for this work. A dedicated resource was due to begin in early October 2025, and it was hoped that the

necessary working papers would be provided by management to enable commencement.

In terms of issues identified, these included the need to complete the valuation of assets totalling £15 with any subsequent adjustment to be reflected in the Annual Financial Report. Additionally, a misclassification of assets held for sale had been noted and would be corrected. It was stated that the recommendation made in the previous year regarding reconciliation had not yet been fully addressed, as the valuation report remained outstanding. Updates were also provided on other significant risk areas. Work on pension liability was nearing completion, pending finalisation of the Pension Fund Report. In relation to management override of controls, journal transactions had been selected and forwarded to the finance team for review. Progress had also been made on the implementation of IFRS 16, which was of particular importance given that 2024-25 was the first year of adoption. Two completeness tests had been completed alongside balance testing, although evidence was still awaited for certain items. Management had been informed that all outstanding evidence, excluding that related to Property, Plant and Equipment (PPE), would be required to facilitate completion of the audit. In concluding the presentation, Sheena Phillips reported that good progress had been made under the circumstances.

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

- The Chair enquired about the likelihood of completion of the Audit Findings Report in time for the Committee's meeting on 3 December 2025. In response, Sophia Brown (Grant Thornton – External Auditor) confirmed that progress on the majority of audit work was satisfactory. Provided that the outstanding information was received when the team concluded its current phase, most testing would be completed. It was noted that resources were available to address any remaining areas, including a dedicated resource for Property, Plant and Equipment (PPE). Subject to receipt of the required information, the audit remained on track for completion by the December meeting.
- Independent members referred to the prior period adjustments (PPAs) and queried the restatement of infrastructure assets totalling £63 million. It was questioned how this had been identified, particularly in light of previous issues with infrastructure assets, and whether the assets had been written out or reclassified. A follow-up question was raised regarding the adequacy of information available to support reclassification of the assets. In response, Rav Jassar (Deputy Director Corporate and Financial Planning) acknowledged the specificity of the question and advised that it would be best addressed by Ben Ainsworth (Head of Finance). A response would be obtained and circulated to Members following the meeting.
- Independent members questioned whether, aside from the revaluation of the £15 million in previously unvalued assets, there were any indications that the notes on Property, Plant and Equipment (PPE) might materially differ from those in the draft accounts. In response, Rav Jassar (Deputy Director Corporate and Financial Planning) confirmed that he was not aware of any

changes to the Property, Plant and Equipment (PPE) notes compared to the draft accounts.

- Independent members referred to a previous meeting at which the impact of materiality on the areas of scope and sample sizes had been discussed and sought confirmation as to whether materiality had affected the areas selected for testing or the extent of testing required. In response, Sophia Brown (Grant Thornton – External Auditor) stated that the areas identified for testing in the current year were broadly consistent with those selected in the previous year. The change in materiality had not resulted in any significant areas being excluded from scope. It was further noted that sample sizes had been reduced slightly, but this had not materially affected the audit approach. Other issues under consideration continued to require attention and were being addressed accordingly.
- Members enquired when the misclassification of assets had been discovered, how it had been identified, and the level of confidence that no further misclassifications remained. In response, Amanda Healy (Deputy Director Investment and Infrastructure) confirmed that the challenges relating to asset classification had been identified during the audit process for the financial year 2024-25. Members heard that significant progress had been made across multiple teams, and a dedicated internal workstream had been established to address and improve asset management for the current financial year. It was reported that the work remained ongoing and involved several strands, including efforts to ensure the completeness of asset records. Measures had been implemented to strengthen governance and introduce processes to identify and address such issues earlier in the financial cycle. Confidence was expressed that these improvements would support early detection and resolution of any future misclassifications.
- Members observed that issues relating to Property, Plant and Equipment (PPE) and fixed assets had also arisen in the previous year and questioned how the Council's position had improved since then and whether the audit team was sufficiently resourced to meet deadlines once sample data was received. In response, Sophia Brown (Grant Thornton – External Auditor) highlighted that improvements had been observed compared to the previous year. Specifically, reconciliation issues that had previously hindered progress had been resolved, resulting in a smoother process. It was noted that the proximity between audit cycles had also contributed to improved evidence quality and timeliness. In relation to resourcing, it was confirmed that the audit team had been allocated until the end of September 2025 and was prepared to process all provided. Members were further advised that a dedicated resource had been assigned to PPE and that an experienced auditor, familiar with the Council's processes and history, would remain on the audit until December 2025. This auditor was well-equipped to address any outstanding matters once the audit team had moved on.
- In querying the status of the pension valuation, independent members questioned whether it was in progress, completed, or causing any delays. In response, Sophia Brown (Grant Thornton – External Auditor) confirmed that the pension fund audit was being held pending completion of the Council's audit. The IAS 19 letter was ready to be issued which was required for

pension liability work. It was noted that, had the Council's audit been finalised, the pension fund audit would have been in a position for sign off. The Chair added that the draft pension accounts had already been reviewed by both the Pension Sub-Committee and the Pension Board. Progress on the pension side was therefore well advanced.

- As a final issue raised, the Chair acknowledged the resources made available and noted that confidence was growing in the likelihood of the Audit Findings Report being completed in time for the meeting scheduled on 3 December 2025. However, it was recognised that several matters remained unresolved. The Chair requested that any updates or changes to the anticipated timeline be communicated to the Committee promptly to ensure clarity.

In seeking to bring consideration of the item to a close, the Chair thanked officers and members for their contributions and in welcoming the ongoing support from Grant Thornton (as External Auditors) and efforts of officers within the Council the Committee **AGREED** to note the update provided, with the following specific action identified;

- (6) That a written response be provided for the Committee addressing how the restatement of infrastructure assets totalling £63 million had been identified, particularly in light of previous issues associated with infrastructure assets, and whether the assets had been written out or reclassified. A response was also to be circulated to members following the meeting, providing clarification on the adequacy of information available to support the reclassification of the assets.

## 12. **Audit & Standards Advisory Committee Forward Plan & Work Programme for 2025-26**

The Committee received an update on the Forward Plan. It was noted that several substantive items were scheduled for consideration at the December meeting. In contrast, the February meeting was currently light in content, while the March meeting contained a significant number of items. It was confirmed that efforts would be made to review and potentially reallocate items across the meetings to ensure a more balanced agenda. This exercise would be undertaken in consultation with Harry Ellis (Governance Officer).

At this stage, the opportunity was taken by an independent member to propose that the Committee consider incorporating deep dive sessions into its annual work programme to allow for focused examination of specific areas of interest to provide enhanced assurance. It was suggested that the Committee identify potential topics for deep dives throughout the year and referred to the impact of artificial intelligence (AI) on the organisation as a possible subject for future exploration.

In response, the Chair acknowledged that the Committee had previously undertaken deep dive sessions, although recent attempts had been hindered by competing priorities. It was suggested that the February meeting, given its lighter agenda, would present a suitable opportunity to schedule a deep dive. The Chair proposed that the Committee agree on a topic at the 3 December 2025 meeting with members encouraged to submit any suggestions for deep dive topics to Harry Ellis (Governance Officer) ahead of that meeting.

On this basis, it was therefore **RESOLVED** to note the Committee's Forward Plan and Work Programme for the 2025-26 Municipal Year with the dates for further meetings noted as:

- Wednesday 3 December 2025
- Tuesday 3 February 2026
- Tuesday 24 March 2026

13. **Any other urgent business**

No items of urgent business were identified.

The meeting closed at 7:51pm

David Ewart  
(Independent Chair)