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

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

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

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

1. Apologies for absence and clarification of alternate members

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

2. Declarations of Interest

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

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

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

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

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

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

3. Deputations (if any)

There were no deputations considered at the meeting.

4. Minutes of the previous meeting

It was **RESOLVED** that the minutes of the previous meeting of the Committee held on Monday 27 July 2026 be approved as a correct record.

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

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

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

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

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

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

None.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In presenting the report, the Committee was advised that material improvements had included the full rebuild of True Compliance; correction of approximately 3,000 certificate issues; removal of inaccurate property records and addition of missing blocks and sub-blocks; validation of the social housing asset base; closure of more than 5,200 fire risk assessment actions since July 2025; stronger governance and specialist accountability; and stock condition survey coverage reaching 72%, with full coverage targeted by April.

Members noted that despite the progress made the Council remained graded C3 and was not yet in a position to demonstrate sustained compliance across all safety and quality requirements. The principal areas of non-compliance or high residual risk were identified as the remaining overdue and legacy fire safety actions; completion and evidencing of Building Safety Cases and external wall assessments; delivery of outstanding compliance contract procurements; completion of system integration; independent assurance over rebuilt data; reliance on interim or agency specialist capacity; and completion of surveys for the remaining 28% of homes.

In terms of ongoing improvement work, members were advised:

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

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

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

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

provided a reliable baseline from which to manage risk, track contractor delivery and demonstrate measurable improvement. An independent assurance audit of the rebuilt True Compliance data was also planned to provide further confidence prior to any future regulatory submissions.

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

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

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

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

As a result of the progress made, members were advised that the direction of travel was felt to be positive, with Council now having stronger governance, clearer accountability and materially improved data. The programme would, however, remain high risk until the remaining compliance backlogs, system interfaces, procurement dependencies, cladding and Building Safety Case requirements had been completed with the immediate objective to convert the stronger controls, systems and assurance into consistent outcomes for residents and success evidenced through reduced overdue actions, complete and auditable safety records, improved contractor performance, completion of stock surveys, reliable real-time reporting and clear assurance that compliance is embedded as business as usual.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(3) To note the remaining priorities, including completion of legacy fire safety remedial actions, delivery of Building Safety Cases and external wall assessments, implementation of new compliance contracts, completion of systems integration, independent assurance of the rebuilt data and achievement of 100% stock condition survey coverage by April 2027, as detailed within the report on which the Committee would continue to be kept updated.

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

8. Strategic Risk Register Update

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

11. **Any other urgent business**

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

The meeting closed at 7.48 pm

David Ewart
Independent Chair