

	Cabinet 5 February 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader, Cabinet Member for Finance, Resources & Reform (Councillor Shama Tatler)
Budget and Council Tax 2024/25	

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	23 – See list attached
Background Papers:	Draft Budget 2024/25, Cabinet 16 November 2023
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1.0 Executive Summary

- 1.1. The purpose of this report is to set out the Council's budget proposals for 2024/25 and 2025/26. It also sets out the results of the statutory processes of consultation, scrutiny and equalities analyses. Following consideration by Cabinet on 5 February 2024 these proposals now form the basis of the budget to be agreed by Full Council on 29 February 2024. The report also sets out the overall financial position facing the Council for the medium term and highlights the significant risks, issues and uncertainties.

- 1.2. Reports on the budget position have been brought to Cabinet throughout the year, most recently in July and November 2023. In January 2024 Cabinet also received the Quarter 3 forecast position for 2023/24, which set out significant in year pressures within the Housing service, resulting in an expected overspend of over £13m. A number of actions were taken to mitigate these pressures, including the creation of a Budget Assurance Panel and the introduction of spending controls to reduce reliance on temporary staff and avoid non-essential expenditure.
- 1.3. In February 2023, Council agreed the budget for 2023/24, which included £18m of savings, with £4.5m to be delivered in 2024/25. It was estimated in November 2023 that a further £8m of savings would be required in 2024/25 and 2025/26, profiled £3.6m in 2024/25 and £4.4m in 2025/26. As a result, the total estimated savings requirement as of the draft budget in November 2023 was £8.1m in 2024/25 and £4.4m in 2025/26.
- 1.4. Brent has delivered total cumulative savings of £210m since 2010, and it is clear that over the remainder of the Spending Review period into 2024/25 further savings will be required. The lack of clarity about the future of local government financing makes it hard to be precise about future financial targets, but the estimated savings requirement was calculated to ensure that the Council can set a balanced budget in 2024/25 and 2025/26, within the current MTFS assumptions.
- 1.5. The provisional local government finance settlement increased core spending power for Brent by 5%, including an increase to the 'referendum limit' for Council Tax to 4.99% (where 2% is ring fenced for Adult Social Care). Like last year, the Government's financing assumption is that all Councils would act on this. The decision on Council Tax will be taken by Full Council, but the budget has been constructed on the basis of a 4.99% rise in the Brent element of Council Tax, which is consistent with the previous position of increasing Council Tax by the maximum amount allowable under the legislation. In addition, this is based on taking into account the rising inflationary pressures that the Council is subject to, the financial position in the round, the need to protect frontline services such as social care and homelessness and the results of consultation through Brent Connects and other meetings held by the date of despatch of this report. Further details regarding decisions on Council Tax, including support for residents that are financially vulnerable, are set out in section six of this report.
- 1.6. The Mayor of London has announced plans for an increase in his precept of 8.6% (slightly different rules on the limits for the Greater London Authority (GLA) apply due to its role as the police authority) making the overall increase in Council Tax 5.8%. This equates to £2,036.05 at Band D, or the equivalent of £39.15 per week, and the overall increase equates to £2.15 per week.
- 1.7. The provisional settlement for Brent was below the national and London averages and 1.7% below the September rate of CPI. Therefore, unlike in previous years, the settlement did not provide any additional resources and could have resulted in the need for additional savings proposals. However, due to the prudent approach taken to producing the draft budget in advance of the

settlement, the savings requirement for 2024/25 remains the same as proposed in the draft budget in November 2023.

- 1.8. However, this settlement also continued to defer many of the spending cuts that the Chancellor of the Exchequer had set out as necessary in his Autumn Statement to return the nation's finances to a sustainable position over the medium term. Therefore, it remains likely that further savings will be required from 2025/26 onwards and this will be kept under review and reported to Cabinet throughout 2024/25. Further details on the changes to the budget development process since the draft budget are set out in sections five and six of this report.
- 1.9. Given the significant financial uncertainties that have been highlighted throughout this process, this is a balanced and proportionate approach to the demanding choices that must be confronted in budget setting. It should be recognised, however, that forecasting over the medium term has been, and continues to be, extremely difficult. There is a high level of uncertainty due to War in Ukraine, conflict in the Middle East, high levels of inflation, labour shortages, rising interest rates, the effects of the cost-of-living crisis on residents and businesses in the borough and demographic changes. The significance of the financial challenge cannot be underestimated; however, the measures outlined in this report aim to ensure that the Council continues to operate in a financially sustainable and resilient way.
- 1.10. Agreeing the proposals in this report will enable the Council to set a balanced budget in 2024/25 in accordance with its statutory obligations and consistent with the Borough Plan (2023-2027). The plan focuses on how the Council will take forward delivery in the five priority areas being of fundamental importance to Brent and its people:
 - Prosperity, Pride and Belonging
 - A Cleaner, Greener Future
 - Respect and Renewal in Brent
 - The Best Start in Life
 - A Healthier Brent
- 1.11. As is customary during the budget setting process, the MTFs will need to ensure it provides a framework to enable and support the delivery of these programmes.
- 1.12. Aside from the updating of and adjustments to various technical assumptions the key features of this budget are:
 - A Council Tax rise of 4.99% for the Brent element, making a Band D Council Tax of £1,564.65. Additionally, the Council will levy a Council Tax precept currently expected to be £471.40 at Band D on behalf of the GLA. Therefore, the total Council Tax at Band D is expected to be £2,036.05, which is an overall increase of 5.8%.
 - New budget savings proposals with an aggregate value of £8m, with £3.6m to be delivered in 2024/25 and £4.4m in 2025/26, as set out in

Appendix C (ii). This is an addition to the £4.5m of existing savings for 2024/25 agreed Full Council in February 2023 and set out in Appendix C (i).

1.13 This report is structured as follows:

- Officer recommendations for Cabinet and Full Council to approve;
- Foreword from the lead Cabinet member;
- Strategic overview of the financial and macro-economic climate;
- Summary of the processes taken to develop the budget;
- Update on the 2024/25 revenue budget and review of the key budget assumptions;
- The results of consultation, scrutiny and equalities are set out;
- Updates from the Council's ring fenced budgets, specifically the Housing Revenue Account (HRA) and the Dedicated Schools Grant (DSG);
- The capital programme is set out, along with the associated capital strategy, investment strategy and treasury management strategy.

2.0 Recommendation(s)

Cabinet

- 2.1. Agree to recommend to Full Council an overall 4.99% increase in the Council's element of Council Tax for 2024/25, with 2% as a precept for Adult Social Care and a 2.99% general increase.
- 2.2. Agree to recommend to Full Council the General Fund revenue budget for 2024/25, as summarised in Appendices A and B.
- 2.3. Agree to recommend to Full Council the savings proposals for 2024/25 and 2025/26, as set out in Appendices C (i) and C (ii).
- 2.4. Note the Equalities Impact Assessments on the budget proposals, as set out in Appendices C (iii) and C (iv).
- 2.5. Note the report from the Budget Scrutiny Task Group in Appendix D.
- 2.6. Agree to recommend to Full Council the HRA budget and business plan for 2024/25, as set out in section eight and appendix Q of this report.
- 2.7. Agree the HRA rents for council dwellings, tenant service charges and garages as set out in section eight of this report.
- 2.8. Agree the rents set under the Housing General Fund for Brent Housing PFI and traveller's site pitches and to note the rents for Hillside dwellings as set out in section eight of this report.
- 2.9. Note the Dedicated Schools Grant, as set out in section nine of this report.

- 2.10. Agree to recommend to Full Council the changes to the existing Capital Programme in relation to additions of new schemes and reprofiling, as set out in section 11 of this report and Appendix E, and note the Capital Pipeline Schemes in Appendix F.
- 2.11. Agree to recommend to Full Council the Capital Strategy, the Investment Strategy, the Treasury Management Strategy and the Minimum Revenue Provision Statement as set out in Appendices G, H, I and J.
- 2.12. Agree for a new loan and equity facility of up to £40m to be made available to i4B Holdings Ltd for the provision of PRS accommodation in line with the Temporary Reform Accommodation plan as set out in section 11.38.
- 2.13. Agree to recommend to Full Council the Reserves Strategy and schedule of reserves, as set out in Appendices K (i) and K (ii).
- 2.14. Agree the action plan to implement CIPFA's Financial Management Code and conduct a Financial Resilience Assessment, as set out in Appendix L.
- 2.15. Agree, and where relevant agree to recommend to Full Council, the schedule of fees and charges, as set out in Appendix M.
- 2.16. Note the results of the budget consultation, as set out in section seven and detailed in Appendices N (i) and N (ii).
- 2.17. Note the legal advice from the Corporate Director of Governance, as set out in Appendix O.
- 2.18. Note the decision of the Corporate Director of Finance and Resources to continue as part of the Eight Authority Business Rates pool in 2024/25 as set out in section six of this report.

Full Council

- 2.19. Agree an overall 4.99% increase in the Council's element of Council Tax for 2024/25, with 2% as a precept for Adult Social Care and a 2.99% general increase.
- 2.20. Agree the General Fund revenue budget for 2024/25, as summarised in Appendices A and B.
- 2.21. Agree the savings proposals for 2024/25 and 2025/26, as set out in Appendices C (i) and C (ii).
- 2.22. Note the Equalities Impact Assessments on the budget proposals, as set out in Appendices C (iii) and C (iv).
- 2.23. Note the report from the Budget Scrutiny Task Group in Appendix D.

- 2.24. Note and agree inclusion of the HRA budget and business plan in the overall Council budget for 2024/25 as set out in section eight and appendix Q of this report.
- 2.25. Agree the Dedicated Schools Grant, as set out in section nine of this report.
- 2.26. Agree the changes to the existing Capital Programme in relation to additions of new schemes and reprofiling, as set out in section 11 of this report and Appendix E, and note the Capital Pipeline Schemes in Appendix F.
- 2.27. Agree the Capital Strategy, the Investment Strategy, the Treasury Management Strategy and the Minimum Revenue Provision Statement as set out in Appendices G, H, I and J.
- 2.28. Agree for a new loan and equity facility of up to £40m to be made available to i4B Holdings Ltd for the provision of PRS accommodation in line with the Temporary Reform Accommodation plan as set out in section 11.40.
- 2.29. Agree the Reserves Strategy and schedule of reserves, as set out in Appendices K (i) and K (ii).
- 2.30. Note the action plan to implement CIPFA's Financial Management Code and conduct a Financial Resilience Assessment, as set out in Appendix L.
- 2.31. Agree the schedule of fees and charges, as set out in Appendix M.
- 2.32. Note the results of the budget consultation, as set out in section seven and detailed in Appendices N (i) and N(ii).
- 2.33. Note the legal advice from the Corporate Director of Governance, as set out in Appendix O.
- 2.34. Agree the Pay Policy Statement for 2024/25, as set out in Appendix P.

Council Tax recommendations

- 2.35. In relation to the Council Tax for 2024/25 we resolve:

That the following amounts be now calculated as the Council's element by the Council for the year 2024/25 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

- (a) £1,091,619,573 being the aggregate of the amount that the Council estimates for the items set out in Section 31A(2) of the Act.
- (b) £929,557,820 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act.
- (c) £162,061,753 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the

Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year.

(d) £1,564.65

being the amount at (c) above, divided by the amount for the tax base of 103,577, agreed by the General Purposes Committee on the 11 December 2023, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

(e) Valuation Bands

A	B	C		D	E	F	G	H
£	£	£		£	£	£	£	£
1,043.10	1,216.95	1,390.80		1,564.65	1,912.35	2,260.05	2,607.75	3,129.30

being the amounts given by multiplying the amount at (d) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

2.36. That it be noted that for the year 2024/25 the proposed GLA precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, in respect of the GLA, for each of the categories of dwellings are as shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
314.27	366.64	419.02	471.40	576.16	680.91	785.67	942.80

2.37. That, having calculated the aggregate of the amounts at paragraph 2.35(e) and 2.36, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2024/25 for each of the categories of dwellings shown below:

Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,357.37	1,583.59	1,809.82	2,036.05	2,488.51	2,940.96	3,393.42	4,072.10

- 2.38. That it be noted that the Corporate Director of Finance and Resources has determined that the Council element of the basic amount of Council Tax for 2024/25 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.
- (a) That the Corporate Director of Finance and Resources be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 1992 Act.
 - (b) That the Corporate Director of Finance and Resources be and is hereby authorised when necessary to apply for a summons against any Council Taxpayer or non-domestic ratepayer on whom an account for the said tax or rate and any arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.
 - (c) That the Corporate Director of Finance and Resources be and is hereby authorised to collect revenues and distribute monies from the Collection Fund and is authorised to borrow or to lend money in accordance with the regulations to the maximum benefit of each fund.

3.0 **Cabinet Member Foreword**

- 3.1 This report sets out the Council's confirmed budget for 2024/25 following a series of statutory processes of scrutiny, consultation with residents and members, businesses, and other key stakeholders.
- 3.2 **On top of the £210m of cuts made since 2010, a further £8m is needed between 2024/25 and 2025/26.** It is important from the outset to note that the core funding Brent Council receives from government has decreased by 78% in this same period. This has meant that the funding burden for Brent Council has come principally from Council Tax, Business Rates and Fees and Charges. In other words, local Brent residents.
- 3.3 The seriousness of the Council's financial position today cannot be understated – with demand for housing, vastly outstripping supply. The picture across the country is grim, with 1 in 5 councils anticipating that they may issue a S.114 notice, effectively ending all spending beyond a bare legal minimum.
- 3.4 As a Labour administration we have consistently argued that the only limit to our ambition is the golden thread of funding. There is no opposition here to building more council homes, no denial here about the pace of change required to meet the Climate Emergency; nor any refusal to confront the inequalities that the pandemic shone a light on. We must confront reality though – and until a General Election, we will continue to deliver our services within the aftermath of a decade of austerity.
- 3.5 Brent deserves better than hollowed out public services which have been victim to years of real-term, compound cuts. There is simply no aspect of public

services today that resembles the condition the last Labour government left them in, after years of investment and care. Should the moment come, Brent Council stands ready to renew its public services and build them better than ever, with sustainable long-term financial planning that helps us truly ensure no resident is left behind.

- 3.6 The evidence of the financial strain on councils has been growing, and since we submitted our budget proposals in November, the Government's provisional settlement for local authorities has provided insufficient funding to meet the severe cost and demand pressures faced by councils of all political colours and types. Councils in London face a £400 million shortfall in funding this year alone, rising to £4 billion across England for this year and next.
- 3.7 With an expensive adult social care bill as well as soaring levels of homelessness leaving us with a financial pressure worth £13m, balancing our budget and preserving essential services this year has been the hardest task yet. The provisional settlement is particularly poor for Brent. The increase in government support at 5% is the lowest of the London boroughs (excluding the City of London) and is less than the September CPI rate of inflation of 6.7%.
- 3.8 We have consistently argued that council tax rises have never been the solution to the long-term pressures faced by councils, and yet chronic underfunding leaves councils facing the tough choice about whether to increase council tax bills or face financial instability. The same applies too with Business Rates, which are in dire need of reform in a digital world. As local councillors we are acutely aware of the significant burden any increase places on households and businesses, particularly in a year of economic uncertainty and increased costs.
- 3.9 Unfortunately, in the words of the Government: ***“At the 2023 to 2024 Settlement, we heard calls from the sector for stability. Now is not the time for fundamental reform”***.
- 3.10 Local authorities across London know full well that the cost-of-living crisis will not finish in March, and so the Government's decision not to extend the Household Support Fund (HSF) beyond March 2024 represents a missed opportunity to provide certainty, both now and for the future, to local authorities and to our most vulnerable residents. The HSF has been a lifeline for many, allowing us to support residents with food and fuel vouchers, grants, and financial support to food aid organisations. We supported over 11,000 families in 2023, as well as investing £32m into our Council Tax Support Scheme with the most substantial programme anywhere in London.
- 3.11 With the future of the Resident Support Fund, the Holiday Activities and Food Programme, and the HSF in doubt, we must look to new models of support to protect our residents. Reserves can only be spent once and are held to confront unplanned emergencies when they arise. They are not a solution to the long-term financial pressures that councils face, nor is the Government suggestion of a fire sale of public assets.

- 3.12 This is the sixth one-year settlement in a row for Brent Council, which continues to hamper our financial planning. The Council will continue to fight for long-term resources and certainty – including a multi-year settlement – alongside our sustained efforts to deliver a balanced budget, safeguard frontline services, and ensure no one in our borough is left behind.
- 3.13 I would like to pay tribute to all those that have shaped the report today; be that at consultation, or through our Brent Connects forums, we value every piece of feedback we receive. Lastly, I'd like to thank the Finance Team and the officers behind this report, without your continued care and stewardship of this council's finance, this authority would not have met the challenges we face today and in the future.

4.0 Strategic Overview

Financial Context

- 4.1 In February 2023, Council agreed the budget for 2023/24 which included £18m of savings, profiled £13.5m in 2023/24 and £4.5m in 2024/25. In July 2023, Cabinet received an update to the MTFS and as a result of demand and inflationary pressures a budget gap of £8m was identified between 2024/25 and 2025/26. These savings will be in addition to the £210m removed from the Council's budget since 2010 as a result of significant reductions in government funding and the challenges posed by new legislation, at a time when demand for key services is rising. In October 2023 Cabinet received the Quarter 2 forecast position for 2023/24, which set out significant in year pressures within the Housing Service. High levels of demand due to a rise in homelessness and reduction in supply of suitable accommodation are expected to result in an overspend of over £13m.
- 4.2 A number of immediate and medium-term actions were taken to mitigate these pressures in order to maintain financial control over the current budget position, including the creation of a Budget Assurance Panel to provide additional oversight and scrutiny of its financial position and the imposition of a number of spending controls to provide more assurance over the Council's expenditure decisions and reduce the risk that the budget position deteriorates further. Cabinet received the Quarter 3 report in January 2024, which shows that despite increasing demand and cost pressures the situation has not got worse but further enhanced spending controls are needed to pull the budget back into a balanced position.
- 4.3 In November 2023 Cabinet received a report which set out a series of new savings proposals totalling £8m which, if approved following consultation and scrutiny, would be implemented in 2024/25 and 2025/26. These proposals, and the budget assumptions set out in this report, will enable the Council to set a balanced budget for 2024/25 and 2025/26. The savings proposals are summarised in Appendices C (ii) and C (iii) with their associated equalities impact assessments in Appendices C (iii) and C (iv).

Current financial position

Uncertain Economic Environment

- 4.4 War in Ukraine, conflict in the Middle East, high levels of inflation, labour shortages and rising interest rates present the Council with a volatile and uncertain economic environment. The ongoing cost-of-living crisis will impact the residents of Brent and the Council is committed to doing what it can to support those in greatest need. Service demand continues to rise due to demographic changes which affect all age groups and inflationary pressures are causing providers to raise their prices, which impacts the Council as a whole, with particular pressures on adults' and children's social care and the homelessness budgets.

Inflation

- 4.5 Inflation peaked in October 2022 at 11.1% on the CPI measure and is currently (December 2023) at 4.0%. The Bank of England (BoE) expect inflation to continue to fall, but not to return to its target level of 2% until the end of 2025. RPI, which is often used as the basis for indexation in contracts, peaked at 16.4% in October 2022 and currently (December 2023) stands at 5.2%. It is worth noting that at the time of setting the 2023/24 budget the Bank of England was forecasting that inflation would fall to its target rate of 2% by January 2024. In fact, inflation has not fallen by such a large amount, and this is a contributory factor to the overspend reported in the Quarter 3 report.
- 4.6 The inflation rates in September 2023 were 6.7% (CPI) and 8.9% (RPI). The September inflation figures are important as they are used for the uprating of much central government expenditure including pensions (under the triple lock) and other welfare payments. The local government finance settlement sets out the government's assumptions on the level of resources available to local government, which it terms Core Spending Power (CSP). The government has uprated local government resources by the September CPI figure and this increase applies to government grants. Business rates for standard rate payers will increase by the 6.7% September CPI figure, but small businesses whose rateable value is less than £51,000 will benefit from a freeze in their business rates, with the government paying the Council compensation for the increase foregone as a result. 2024/25 is the first year that the government has applied different business rate increases to standard and small business rate payers.

Interest Rates

- 4.7 Having remained at 1% or less since February 2009, interest rates have been rising steadily as the BOE attempts to quell inflation which remains significantly above the BOE's official target of 2%. In December 2023 the BOE decided to keep the base rate unchanged at 5.25%. The latest Monetary Policy report says rates are expected to remain around 5.25% until Q3 2024 and then decline gradually to 4.25% by the end of 2026. Some forecasters predict a swifter cut in base rate to around 3% by late 2025. There is no expectation that interest rates will return to anywhere near 1% in the foreseeable future.

- 4.8 For the Council, this translates into higher costs of borrowing which in turn will have an adverse impact on the capital programme. For Brent residents, high interest rates will adversely affect the holders of existing mortgages and first-time buyers alike.

Cost-of-Living Crisis

- 4.9 Since late 2021, the UK has experienced a rise in the costs of living for individuals and businesses. For many Brent residents, this means having to make difficult decisions on how they spend their income, which can have a negative impact on their standard of living.
- 4.10 In previous years the Council provided various initiatives aimed at supporting residents who may be struggling and enabling Brent and partner organisations to best respond to local needs. These included the Brent Resident Support Fund (RSF), Family Food Fund, Council Tax Support (CTS) and Brent Hubs. In addition, the government provided additional support via the Household Support Fund (HSF).

Financial Support

- The **Brent Resident Support Fund (RSF)** has been in place since August 2020. In the period August 2020 to December 2023, RSF has supported 10,087 households with a total of £14.5 million.
 - **Council Tax Support (CTS)**: 25,951 households are supported through CTS of which 17,451 are working age and 8,500 are pension age. Pension age residents are entitled to full Council Tax support depending on their income, savings and household composition. The total support given to households is around £32m per annum.
 - **Brent Hubs** have supported 3,426 residents with food and fuel needs through referrals to food banks. Brent Hubs have also continued to provide emergency fuel and food support through supermarket and fuel vouchers with over 375 residents receiving on average a £40 voucher.
 - Brent received £5.6m of **Household Support Fund (HSF)** in 2023/24. Between 1 April 2023 and 31 December 2023, the **HSF** provided 18,291 households with a total of £5.2m. There is no further support being provided by the government in 2024/25.
 - In 2023/24, £1m has also been made available in the form of the **Family Food Fund**, which has supported 1,828 residents. This was a one-off funding which will not be available in 2024/25.
- 4.11 The Government is no longer providing support to residents via the Household Support Fund in 2024/25 and the poor local government finance settlement for Brent means that the Council has had to reduce the level of support available in 2024/25. As a result, a new model of support for Brent residents has been developed through the piloting of Cost-of-Living Outcome Based Review (OBR)

projects and guided by a series of Design Principles. Details of the new proposal are set out in a report on the same agenda. In summary the report proposes a single, joined-up model including development of a Community Wellbeing Programme aligned with a refreshed Resident Support Fund (RSF), designed to support residents to be more resilient in the longer term and align more closely with strategic priorities and related projects. £1m of recurring funding has been allocated in the MTFs to support this new model.

Local Government Finance Settlement (18 December 2023)

- 4.12 The 2024/25 settlement is the sixth annual one-year settlement for local government and continues the trend of the last 13 years of real terms cuts to funding. One-year settlements are necessary when there is only a single year's funding remaining within the horizon of the most recent Spending Review, or there is uncertainty over the policy framework for future years. Certainly, there has been for some time, disruption in government which inhibits longer term thinking. But the consequences for local government are significant in terms of short-term planning and obstacles to much-needed service transformation.
- 4.13 Ministers have said they have delivered an above-inflation increase in councils' Core Spending Power next year with an increase of 6.5% in cash terms.
- 4.14 The broad policy approach for the settlement is once again four-fold:
- a uniform roll-over for the core elements of the settlement, preserving current distributions, and continuation of other features (such as enhanced business rates retention in some areas, and support to eliminate so-called 'negative Revenue Support Grant')
 - extra funding for priority services, namely Adult Social Care and Children's Social Care (announced in the Autumn Statement 2022)
 - striking a balance between raising resources locally for funding pressures and protecting local taxpayers, through council tax referendum principles
 - a further one-off funding guarantee, which acts as a fallback to ensure that all councils see a minimum 3% increase in their Core Spending Power before they take decisions on council tax levels.
- 4.15 The declared aim is stability for budgeting purposes (which in turn requires a delay to all significant policy changes). There are no new resources for service provision, arising from the 2023 Autumn Statement and any nominal increase in funding available to the Council is predicated on the Council raising its council tax by the referendum limit of 2.99% and levying an adult social care precept of 2%.
- 4.16 The provisional settlement is particularly poor for Brent. The increase in government support at 5% is the lowest of the London boroughs (excluding the City of London) and less than the September CPI rate of inflation of 6.7% used as the basis for uprating most grants. While the government recognises in the

Index of Multiple Deprivation that Brent has higher levels of deprivation than many authorities, Brent's increase in Core Spending Power is 1.5% less than the national average of 6.5% and also less than the London average of 6.3%. Indeed, the settlement is so poor for Brent that the government has had to make a Guaranteed Funding payment to keep the total value of the settlement at this safety net level.

- 4.17 Viewed in the round, the Council has a total level of increase that is little different to the MTFs position, which was cautious. The headline cash increase of 5% is low compared to the rest of the country (6.5%) and London (6.4%). Inflation was 6.7% in September 2023, where the indexation on most of our contracts are based upon, so this settlement represents a real terms cut in resources.
- 4.18 Last year's settlement offered some certainty for 2024/25 on elements of the overall package. But there was continuing uncertainty on, for example, the future of New Homes Bonus (long overdue for decision and only confirmed for one year in the recent policy statement) and the future of the Services Grant. Overall, the forward look for 2024/25 fell short of a funding guarantee backed by indicative allocations.
- 4.19 Other than changes to the overall allowance for inflation, no additional funding has been provided in the settlement to tackle issues such as homelessness which are causing significant overspending. None of the funding in the settlement is available to address the current forecast overspend in this area of £13m, which looks set to continue in the new financial year.
- 4.20 According to IFS calculations, current OBR figures suggest real terms growth in public expenditure budgets of 0.9% over the period 2024/25 to 2028/29. Once the requirements for protected budgets are factored in, this suggests a 1.8% real terms cut in unprotected budgets (such as for local government) over the same period. If inflation is around 2%, this is effectively a series of flat-cash settlements. So, if current plans are sustained, resources will be very tight.
- 4.21 The timing of the general election this year and the Spending Review which will likely follow, suggest that there may well be at least one further one-year settlement in 2025/26.
- 4.22 Since the provisional settlement does not provide adequate funding to cover inflationary pressures and offers no new funding to tackle persistent pressures in homelessness, the Council will be under pressure to continue to realise its planned savings whilst taking action to curb its expenditure in order to maintain a balanced budget.
- 4.23 At this stage, no changes to the draft budget are required as a result of the settlement and the final budget will be presented to Cabinet on 5 February 2024 and then Full Council on 29 February 2024.
- 4.24 On 24 January 2024, the Government unexpectedly announced a further £600m of funding for local government. £500m of this relates to Social Care Grant for adults' and children's social care – the Council expects to receive

£2.8m of this. The Council is also anticipating a further £0.6m of Guaranteed Funding payments as the Government has raised the guarantee from 3% to 4%. The Council will utilise the additional funding to manage budget pressures as they materialise in 2024/25. This funding is considered one off and therefore does not require a change to the budget assumptions as a result of this announcement. At the date of despatch of this report, the Final Local Government Finance Settlement has yet to be released and these figures are therefore subject to change.

5.0 Budget Development Process 2024/25

5.1 The budget development process for the Council to set its budget and council tax for 2024/25 was as follows:

- Meetings involving Cabinet and Corporate Management Team members to consider the key service and budget issues likely to affect the council in future years;
- Development of budget proposals by officers and relevant Lead Members for individual services within the context of the Borough Plan and the overall resources available;
- Development of the budget approach, based on the updated medium term financial outlook, which was considered by the Cabinet on 16 November 2023;
- The publication of a detailed list of savings proposals at Cabinet in November 2023 for the purposes of consultation, scrutiny and equality analyses;
- Debates through the Budget Scrutiny Task Group of the Resources and Public Realm Scrutiny Committee;
- Presentations and question and answer sessions at virtual Brent Connects meetings;
- Review of the schools budgets by the Schools Forum;
- Considering feedback from residents, businesses and other key stakeholders, whether received from the online consultation portal or other direct representations; and
- Conducting individual equality impact assessments (Appendix C (iii)) on the budget proposals and a cumulative equality impact assessment (Appendix C (iv)) on the overall budget in order to ensure that the consequences of the budget proposals were properly understood.

5.2 This report updates the position on the core estimates that drive the Medium Term Financial Strategy assumptions, including the outcome of the final settlement and the consultation, scrutiny and equalities analyses processes.

6.0 Update and Review of Key Budget Assumptions

6.1 The 2024/25 Local Government Finance Settlement provided details of the core funding allocations for local authorities in 2024/25. The settlement is another one-year settlement, which does not help medium term planning, but there is sufficient information to produce a high-level forecast of government funding in 2025/26. The settlement confirmed the funding announced in the Autumn Statement and the Local Government finance policy statement 2024 to 2025. The key headlines that are relevant for Brent from a budget setting point of view are set out below.

Revenue support grant (RSG) and other relevant grants

6.2 RSG for 2024/25 is £30.89m an increase of 6.62% from the 2023/24 level. This is in line with the September CPI inflation figure.

6.3 Existing allocation methodologies have continued for adult social care funding. For Brent, this includes £13.34m Improved Better Care Fund – fixed at that level since 2022/23 and £29.21m Social Care Grant – an increase of £6.87m (31%). The ASC precept remains 2% - this is intended to provide £3.1m of recurring funding for social care.

6.4 For the Market Sustainability and Improvement Fund (MSIF), Brent's allocation is £5.88m – a £2.73m increase. This arises from a combination of inflation on the existing MSIF grant and the incorporation into MSIF of the workforce grant, which was not previously part of the core spending power grants. As these grants are ring-fenced and must be passed to the service, there is no impact on the MTFS.

6.5 Brent's allocation of Adult Social Care Discharge Grant is £3.12m – an increase of £1.25m. This grant is ringfenced for use on interventions that best enable the discharge of patients from hospital to the most appropriate location for their ongoing care.

6.6 There is no new funding for children's social care or homelessness.

6.7 For other grants there is a 6.7% increase in line with the September 2023 CPI inflation rate. This is therefore not new money, but funding needed to address rising costs across the Council.

6.8 The New Homes Bonus allocation has fallen from £7.91m in 2023/24 to £2.91m in 2024/25. This is a loss of £5m of funds that would otherwise have been used to fund part of the capital programme, specifically the supply of new homes for the provision of temporary accommodation. This reduction is the largest reduction by value in London and is due to the timing of when properties are completed. The large payment in 2023/24 was due to a large backlog of properties that occurred during COVID-19 that were completed in 2022/23.

6.9 Brent will receive a number of one-off grants totalling £1.9m. These include a Guaranteed Funding Payment of £1.34m, which ensures authorities receive a

minimum 4% increase in funding (before council tax decisions) - the significant reduction in the NHB grant is the main driver in requiring this safety net payment – and Service Grant of £0.56m, down 84% on the 2024/25 allocation. At the date of despatch of this report, the Final Local Government Finance Settlement has yet to be released and this particular grant is therefore subject to change.

Council Tax

- 6.10 The settlement confirmed that Local Authorities will be able to increase Council Tax in 2024/25 by up to 2.99% without a local referendum. In addition, local authorities will be able to levy a 2% adult social care precept. This will provide total recurring funding of £11.3m, of which £3.6m relates to the increase in the tax base and £7.7m relates to the increase in council tax including the adult social care precept.
- 6.11 Like last year, the Government's financing assumption is that all councils will act on this and increase Council Tax by the maximum amount possible. It should be noted that the additional income generated through the Adult Social Care precept alone does not cover the total growth requirement for Adult Social Care pressures. However, the increase would permanently increase the council tax base income and it would also help to reduce the significant funding pressures in 2024/25 and beyond. Taking into account the unprecedented pressures within social care and the financial position in the round, the recommendation of this report is that the budget should be constructed on the basis of a Council Tax increase of 4.99% in 2024/25.
- 6.12 While it is acknowledged that increasing Council Tax will be difficult for some households, it should also be recognised that the Council continues to invest in the Council Tax Support scheme, which provides over £32m of support for around 26,000 households who are financially vulnerable. In addition, the Council's Resident Support Fund has made available funds for residents who are having difficulty due to unforeseen financial circumstances as a result of the cost-of-living crisis.
- 6.13 Since the draft budget was presented to Cabinet in November 2023, a review of collection rates was undertaken as part of the calculation of the Council Tax Base for 2024/25, agreed at General Purposes Committee on 11 December 2023. This review determined that the long-term collection rate was still below the Medium Term Financial Strategy target rate of 97.5% and that the cost-of-living crisis is likely to continue to have an impact on collection of Council Tax. The target was due to revert to its previous level in 2024/25 following the recovery from the COVID-19 pandemic and return to normal debt recovery action. On the basis that this will be kept under review and an update provided to Cabinet in the July 2024 update of the Medium Term Financial Strategy, it was considered reasonable at this stage to continue with the assumed increase to the long-term collection rate, whilst acknowledging that this represents a risk with the cost-of-living crisis ongoing. All other budget assumptions for Council Tax remain unchanged from those presented as part of the draft budget.

- 6.14 Each financial year, the Mayor and London Assembly must prepare and approve a budget for each of the constituent bodies and a consolidated budget for the authority as a whole. At the date of despatch of this report, the Mayor has proposed to increase the GLA precept by 8.6% to £471.40 per Band D property in the 32 London Boroughs. The increase includes a bespoke additional £20 requested by the Mayor of London, and approved by Central Government, to fund TfL services. This would mean that the overall Council Tax would increase by 5.8%.
- 6.15 These figures are subject to change following the consultation process and confirmation of London Boroughs' tax bases. The final GLA budget will be considered by the London Assembly on 22 February 2024.

Business Rates

Baseline Funding Level

- 6.16 The Government sets the share of business rates funding that the Council will receive at the Baseline Funding Level (BFL). Under this arrangement, Brent is allowed to keep its share of the business rates that it collects and in addition receives a top up from the national business rates pool to bring funding to the BFL level. In the Local Government Finance Settlement, the BFL for Brent was increased by 4.7% to £95.9m.

Business Rates Multiplier

- 6.17 In accordance with the regulations, the business rates multiplier should increase by CPI, which was 6.7% in September 2023. The government can however choose to freeze the multiplier. When it does this, it compensates local authorities for the income foregone. As in previous years, the Government has decided to freeze the Small Business Rates Multiplier at 49.9p to protect small businesses from the impact of inflation. However, following changes introduced in the Non-Domestic Rating Act 2023, the Standard Business Rates Multiplier has been decoupled from the Small Business Rates Multiplier and is now indexed separately. For 2024/25, the Government decided to increase the Standard Business Rates Multiplier by CPI to 54.6p. The Standard Business Rates Multiplier applies to rateable values of £51,000 or more. In 2024/25 the Government will once again provide an additional grant to compensate for the income lost due to the under-indexation of the multipliers both in 2024/25 and for previous years. This takes the total funding received by Brent under the business rates retention system to £114.2m, a 6.5% increase on 2023/24.

Pooling

- 6.18 The Government has allowed Local Authorities with a geographic link to form a business rates pool. Brent is part of the Eight Authority Business Rates Pool (comprising the City of London Corporation as well as Tower Hamlets, Hackney, Haringey, Waltham Forest, Brent, Barnet and Enfield) and the settlement confirms that this arrangement will continue. In forming a pool, the group of authorities are seen as a single entity from a business rates perspective and as

a result benefit from retaining and sharing the levy which the City of London and Tower Hamlets would otherwise have to pay. There will continue to be benefits from the pooling arrangement but the amount for 2024/25 will not be known until the statutory returns for all eight authorities have been audited. Final settlement of the pooling benefits will therefore be received in 2025/26 at the earliest. Brent's share of the benefits will be transferred to the general fund with the other business rates income.

Revaluation

- 6.19 Since 1 April 2023, liabilities for business rates are based on the rateable value of properties on 1 April 2021. This revaluation was the first to take place since 2017 and resulted in either an increase or decrease to the business rates bills for individual businesses in line with the change in the open market annual rental value of the property between 2015 and 2021. The sector with the largest increase in rateable value overall in Brent was the industrial sector, with smaller increases for the retail, office and other sectors. Within each sector, some rateable values will have increased, while others decreased. In 2024/25, some businesses will see further increases to bills as transitional relief provided to reduce the impact of the change to the rateable value is reduced. Following the introduction of the Non-Domestic Rating Act 2023, future revaluations will take place every three years, with the next scheduled for April 2026.
- 6.20 Bills will also take into account any other reliefs that a property is eligible for, such as small business rates relief, ensuring that individual businesses are not disproportionately affected by changes to their rateable value.
- 6.21 Under the business rates retention system, revaluations have a nil impact on the funding received by the Council as the government adjusts the amount receivable by the Council to its Baseline Funding Level. The revaluation can impact on the levy calculation and therefore, changes to levies would be payable within the Eight Authority Business Rates Pool could result in an increase or decrease to the benefit that is generated from the pooling arrangement.

Departmental pressures

- 6.22 Managing ongoing demand-led pressures remains a key aspect of the Medium Term Financial Strategy (MTFS). The existing annual growth assumptions are in fact estimated increases in unavoidable expenditure. Those built into the MTFS cover areas such as contract inflation, pay inflation and demographics (by which is meant meeting the cost of providing existing services for a growing and changing population). These expenditure assumptions represent the annual costs that have to be incurred just to stand still.
- 6.23 As the two areas most affected by the changes in demography and increasing contractual costs, the Care, Health and Wellbeing and Children and Young People's departments undertook scenario and sensitivity analysis of the effects of different levels of inflation and demographic change. This determined a central case (that is a position between possible best and worst cases), which

has been used as the basis of the contract inflation and demographic changes in these areas.

6.24 There are also considerable pressures in other areas. The unprecedented demand for temporary accommodation is putting considerable pressure on the budget for Residents Services. Concessionary fares are also experiencing substantial increases as usage in London returns to pre-pandemic levels. As the largest contributor to the Freedom Pass scheme, Brent faces a substantial increase in cost with the contribution forecast to rise by £3.6m (34%) in 2024/25. Concessionary fares are part of the Care, Health and Wellbeing budget.

A summary of these growth and cost pressures are shown in the table below.

Table 1: Growth / Cost Pressures

GROWTH		
	2024/25	2026/26
Categories	£000s	£000s
Demographics - CHW	3,608	3,677
Demographics - CYP	1,080	1,651
Demographics - Other (inc. Housing)	900	1,000
	5,589	6,327
Inflation - CHW	3,397	2,438
Inflation - CYP	1,506	1,035
Inflation - Other (inc. Housing)	1,455	914
	6,358	4,386
Pay	6,500	3,500
Service Changes	14,210	6,486
Grand Total	32,656	20,700

6.25 The Service Changes heading include increases for concessionary fares, homelessness, capital financing as well as hospital discharges (funded by additional grant) and amounts set side as contingency and for future funding risks.

6.26 The budget for next year is very different to previous years in that directorates will be required to control expenditure within their areas, without seeking additional growth from central budgets when risks or issues emerge that are not already recognised within the Medium Term Financial Strategy. Therefore, it is paramount to ensure that all directorates have adequate plans in place for any expected pressures and significant risks.

6.27 It appears that many other London boroughs have not provided budget growth to services in 2023/24 in an attempt to maintain resources and inevitably those services have overspent as they did not have robust plans in place to prevent this. Therefore, the Council needs to have strong plans in place to address the risks facing each service. The following sections set out the pressures,

mitigations and risks expected in 2024/25, as well as medium to long term pressures and mitigations, for each service area.

- 6.28 The following sections provide commentary on the service pressures and other challenges faced by each department.

Summary of Service Area Pressures

Resident Services

Homelessness

- 6.29 Homelessness is a significant issue nationally with housing demand increasing rapidly and less supply available, which quickly widens the budget gap. The increase in demand for B&B, Annexes and Emergency Homeless Lets (EHL) is forecast to result in a significant budgetary pressure in 2023/24, which is expected to remain in the coming years. The Housing Needs Service in Brent has seen a 38% increase in a number of homelessness presentation. Whilst the COVID-19 pandemic, associated lockdowns and the ban on Private Rented Sector (PRS) evictions may have been a factor in this growth, demand for homelessness services continues to grow. If demand continues at the same rate, the service will receive a total of 8,200 applications per year, an average of 158 applications every week.
- 6.30 London Councils share some analysis and benchmarking of peers that helps to gauge a position across London. They revealed that Housing pressures are increasing rapidly compared to budgeted levels and that on average Boroughs are projecting to overspend their budgets by 49%. Across London, total number of homelessness presentations has increased by 24%, whilst total number of residents owed a prevention or relief duty has gone up by 15%. A total number of households in temporary accommodation has increased by 13% and a total number of families in Bed and Breakfast hotels rose by 443%.
- 6.31 Once the Council accepts that a household is eligible as homeless, as defined by legislation, the Relief Duty to take reasonable steps to help the applicant secure that accommodation becomes available for at least six months is triggered. If the applicant is also deemed to be in priority need, as defined by legislation, there is an immediate statutory duty to secure suitable interim accommodation, pending further enquiries into the application.
- 6.32 As these issues are London wide, the availability of B&B and Annexe accommodation is severely restricted across the capital, with many Councils being forced to book rooms in commercial hotels to meet statutory duties. This lack of availability of accommodation is resulting in having to use expensive providers and at times outside of Brent, which also causes significant financial pressures to the families placed there due to additional travel costs for children at schools in Brent.
- 6.33 The supply of settled TA properties, leased from private owners and used to move families out of B&B and Annexe accommodation has also contracted. This

is due to fewer new properties being procured under Private Sector Leasing (PSL) schemes, and owners not renewing the lease for existing stock, when the lease ends.

- 6.34 London Councils' findings suggest that London's PRS (Private Rented Sector) is affected by multiple factors driving a reduction in the availability of properties for rent. The demand for housing is continuing to increase while supply is reducing across the whole market. Greater reliance on the PRS to house lower income households and increasingly limited housing benefits are making accommodation less affordable and available. It appears to be supply side factors notably taxation, interest rate changes and uncertainties about future regulation that are reducing availability at the lower end of the PRS.
- 6.35 The type of accommodation provided as TA also has a bearing on entitlement to housing benefit subsidy for the payments made. Where a family occupies more than one room in a hotel and those rooms are not connected only one room will be eligible for subsidy. Depending on whether the accommodation is self-contained (exclusive use of a kitchen, bathroom and toilet) or non-self-contained (one or more facilities is shared), there is a cap on the subsidy entitlement based on the applicable Local Housing Allowance (LHA). Payments above the LHA cap are ineligible for HB subsidy.
- 6.36 The loss of subsidy cost is forecast to rise to £8.9m in 2023/24 (from £3.7m in 2022/23) as rents increase but the LHA remains unchanged at its current level. Benefits paid to those living in TA is limited to 90% of the 2011 LHA rates which, particularly since the pandemic, is significantly less than rents being charged by most private sector landlords today. The subsidy loss is expected to remain high in coming years due to the high level of demand and insufficient supply.
- 6.37 The government has initially launched a technical consultation seeking views on the approach to the funding arrangements and conditions for the Homelessness Prevention Grant. This has been postponed and 2024/25 allocation has been confirmed to be £7.6m, a 3.6% increase when compared to 2023/24.

Energy

- 6.38 Volatilities in the energy market are being closely monitored but this is one of the risk areas for the department. For 2023/24, energy costs are currently forecast to be lower than initially feared and are expected to be contained within the allocated budget, however this risk remains for 2024/25.
- 6.39 Higher utility costs are also impacting operations of leisure centres, which means that a risk of provider failure is increasing. Supporting operators by subsidising their operating costs would create budgetary pressures for the Council and closing sites would also have a significant impact on both communities and income levels. The Council is working closely with the leisure providers to ensure continuity of the affordable service and will continue to monitor its position for 2024/25.

Transport Services

- 6.40 The provision of sufficient special needs home to school transport is the Council's statutory obligation and Brent Transport Service continues to experience annual net growth in passenger numbers leading to an increase in cost of service delivery. Rising demand linked to the increase in the EHCPs (Educational, Health and Care Plans), as well as prices on taxi routes put considerable pressure on the budget. This obligation is recognised in the MTFS and growth is built in based on prior years' trends and demography forecasts. The service continues to monitor the demand projections and considers mitigations to reduce the impact if necessary, such as commissioning detailed service reviews, route optimisation and alternative means of transport.

Children and Young People (CYP)

- 6.41 Nationally, pressures faced by CYP departments based on information collated by the Association of Directors of Children's Services (ADCS) in the summer of 2023 included; increasing pressure on budgets following the pandemic; rising need and complexity of need; challenges in the placement market; workforce challenges; increasing costs in line with the cost of living crisis and rising inflation; rising number of children with Education, Health and Care Plans (EHCPs) underfunding of Unaccompanied Asylum Seeking Children care leaver cohorts, and the impact of the changes to the supported accommodation new regulatory regime.
- 6.42 The challenges faced by the CYP department are largely in line with the national picture and over the past few years the overspends in the department have arisen from rising demand due to the volatility of placement costs; recruitment and retention challenges which has led to a reliance on qualified social worker agency staff and the impact of rising inflation.
- 6.43 In November 2023, the number of Looked After Children (LAC) was 323 and a challenge remains in Brent that some of the children looked after are older and have needs that are more complex and therefore, are placed in higher cost placements. The current 2023/24 average weekly cost of a residential placement is £6,280, which is £259 higher than the 2022/23 average. In 2023/24, the weekly costs of six residential placements with complex needs, ranged from £10,000 to £14,847. Findings from a survey by the Local Government Association (LGA) in November 2023 showed that nationally, the number of Children's placements costing £10,000 per week or more had risen by 1158% i.e., 120 in 2018/19 compared to 1,510 in 2022/23. The survey also highlighted the most frequent factors driving the high cost of certain placements are a lack of choice in providers, children in care exhibiting challenging behaviours and complex or significant mental health needs.
- 6.44 Nationally, local authorities continue to struggle to find suitable, local placements and high-cost placements tend to be emergencies and this then leads to private providers charging unjustifiably high prices for placements and making excessive profits. The risk remains that the impact of inflation and the

lack of sufficiency of placements, is likely to see the weekly cost increase further in 2024/25.

- 6.45 The CYP department also manages the placement costs of Unaccompanied Asylum-Seeking Children (UASC) presenting to the borough and the former UASC care leavers represent 35% of the care leaver cohort in Brent who need to be accommodated until the Home Office make a final asylum determination. There is a lack of sufficient funding from the Home Office for this cohort and local authorities are required to manage the shortfalls. Although grant funding is received from the Home Office to mitigate these costs, the funding is not sufficient to cover costs such as specialist age assessment social workers, legal costs, additional personal advisors to manage cases and subsistence costs.
- 6.46 The national challenge for the recruitment and retention of skilled and experienced social work staff remains and has led to a reliance on agency staff in the Localities and Looked After Children & Permanency (LAC&P) teams. Currently across the Localities team, agency staff occupy c33% of the establishment which is a reduction from 44% in 2022/23. This is because of actions such as a weekly Establishment Board created to scrutinise all agency recruitment, corresponding activity to achieve permanency through conversations with agency staff to convert to permanent roles and working in collaboration with neighbouring local authorities on effective and targeted recruitment and retention activity. Caseloads have remained consistently higher than budgeted levels and as of October 2023, there were 2,864 cases managed by the teams which exceeds the budgeted levels of circa 2,500 by 15%. A risk remains if demand continues to grow, this could create added pressures in these areas. Management will continue to monitor the caseload levels and the use of agency staff while continuing the drive to recruit permanent staff.

Care, Health & Wellbeing (CHW)

- 6.47 Within Adult Social Care, demographic and inflationary pressures, high spend on agency staff, as well as uncertain implications of the fair cost of care and other social care reforms, all pose financial risks to the budget. Whilst the planned social care charging reforms have been delayed from October 2023 to October 2025, the sector must still work to ensure sustainable rates for care are paid with fair cost of care funding from the Government continuing for the next two years.
- 6.48 Adult Social Care in Brent has already seen rising costs and client numbers in the current year, in particular Supported Living, Nursing and Residential care services. Nursing Care and Supported Living client numbers have both increased by 10% since 2022/23 and average package costs for Residential Dementia Care have increased by 8% at a time when client numbers have grown by 6%.
- 6.49 Inflation has been higher and is likely to persist longer than originally forecast. Higher inflation has had, and will have, implications for pay. Almost all care workers are paid at, or very close to, the National Living Wage (NLW), or the

London Living Wage (LLW) in London. This means that the labour element will increase in line with the annual increase in the NLW/LLW.

- 6.50 In 2024/25 the costs of these fee and wage increases plus other financial pressures such as demography and inflation on other adult social care budgets is expected to exceed the extra resources available to adult social care nationally by between £300m and £600m.
- 6.51 Public Health contracts are also likely to be affected by the rising levels of inflation. The majority of public health services are commissioned from the NHS where the national Agenda for Change pay awards have significantly outstripped uplifts in the public health grant, even before the resolution of industrial disputes.
- 6.52 Within ASC there has been a challenge with the recruitment and retaining of staff, in particular Qualified Social Workers and Occupational Therapists. This has meant that during 2023/24, 29% of the staffing budget is currently being used to fund agency staff. Work is ongoing to review the agency staff, reducing the number and cost within the department. Without these measures there is a risk to the staffing costs increasing, and that taking a larger percentage of the budget.

Communities and Regeneration

- 6.53 The highest risk area in Communities and Regeneration is Building Control. Building Control was set a target for income £0.5m higher before the pandemic than they have been able to achieve post-pandemic. In addition, for Building Control there is uncertainty over the impact of the new Building Safety Act which will see a switch to cost recovery basis for some types of works which could limit income. The ongoing economic and regulatory pressures affecting the construction sector are resulting in fewer developments getting to the stage of requiring Building Control approval, leading to an anticipated drop in applications and consequent fee income.
- 6.54 Beyond Building Control, the directorate is planning to use some of its reserves to maintain service levels in 2024/25. As these reserves start to run out over the next couple of years the directorate will need to either identify new sources of funding or reduce the services it offers. This is a particular challenge in the Regeneration service, which has used one off external funding streams in the past to maintain staffing to help deliver the regeneration of the borough but will need to reduce the level of service provided after 2024/25 if it does not find additional funding.

Overall summary of the budget position

- 6.55 The main general fund revenue budget for 2024/25 is set out in detail in Appendices A and B. The budget includes £29.8m of growth items and £8m of savings. Provided that the key assumptions set out in this report hold true then expenditure in 2024/25 should be contained within budget. The overall revenue budget for 2024/25 and 2025/26 is set out in the table below:

Table 2: Net Revenue Budget

REVENUE BUDGET	2024/25	2025/26
	£m	£m
Service Area Budgets		
Care, Health and Wellbeing	141.5	145.4
Children and Young People	73.4	74.6
Communities and Regeneration	5.5	5.5
Finance and Resources	12.4	14.3
Resident Services	84.3	84.3
Governance	14.3	14.2
Total Service Area Budgets	331.4	338.2
Central Budgets	55.3	59.2
Total Budget Requirement	386.7	397.4
Funding		
Business Rates	(114.2)	(117.5)
Revenue Support Grant	(30.9)	(31.8)
Specific Grants	(79.6)	(78.2)
Council Tax	(162.1)	(169.9)
Total Funding	(386.7)	(397.4)

- 6.56. At Quarter 3 the Council was forecasting a net overspend of £13m on the general fund budget, arising mainly from pressures on the homelessness budget in Residents Services.
- 6.57 The Council is anticipating that it will need to fund any shortfall from reserves and that there may be further overspending in 2024/25 on homelessness, which will also be funded from reserves, before homelessness expenditure falls back in line with the current budget. For this reason, there is no need to add in additional growth or to seek additional savings.
- 6.58 The potential impact has been modelled, with the current assumptions being the central case. The best case would be that management action further reduces the overspend in 2023/24 and results in no further overspend in 2024/25, thus containing the drawn down of reserves to a reduced amount at the end of 2023/24. However, should the current overspending represent the new norm, additional savings would be required in 2025/26 to fund this.

Adequacy of reserves

- 6.59 Section 25 of Local Government Act 2003 requires the Corporate Director of Finance and Resources to report to Council his view of the adequacy of the

reserves and the robustness of the estimates underpinning the budget. To provide context to those assessments, this report provides an overview of macroeconomic context within which the council operates and medium-term economic outlook (section 4), details of the governance (section 5) and scrutiny (section 7) arrangements, and an assessment of compliance with relevant codes and standards (Sections 6.71-6.76).

- 6.60 As part of the implementation of CIPFA's Financial Management Code, the Council reviewed its approach to reserves. It produced a Reserves Strategy, set out in Appendix K (i), which defines a formal policy to determining the purposes for which reserves will be held and how the amount of those reserves will be calculated. This is closely aligned to the MTFS.
- 6.61 Whilst reserves are held for a variety of purposes, they can be grouped under two main headings: reserves held for planned and specific purposes and those held to hedge against the unexpected.
- 6.62 Planned reserves are an intrinsic part of the Council's medium and long term financial planning processes, as they enable funds to be carried across years to fund planned expenditure and to smooth demand that may be uneven over time. Within this heading also fall reserves required by statute or the accounting code of practice. The Council's financial plans will determine the nature and level of these reserves.
- 6.63 Contingency reserves provide funds to cover uncertain events that may transpire. This includes holding a working balance to cover bumps in the Council's cash flow. Unlike planned reserves, the level of contingency reserves is subjective and requires professional judgment. Indeed Section 25 of Local Government Act 2003 places a duty on the Corporate Director of Finance and Resources to report to Council his view of the adequacy of the reserves so that the Council can make an informed decision. To do this, consideration needs to be given to the risks facing the Council, such failure to deliver savings, overspending due to demand pressures, uncertainty over future funding and potential natural disasters. These need to be considered from the perspective of likelihood and impact. Past experience and comparison with similar local authorities, such as other London boroughs, are a means to assess the level at which reserves need to be held. Also, it would not be prudent to set a level of reserves that would guard against all possible eventualities. Some events, like major natural disasters or a second pandemic, are of such calamitous impact that no local authority could be expected to weather them without assistance from central government. Indeed, this is why the government has the Bellwin scheme to support for such events and why it provided substantial support to alleviate the financial effects of COVID-19 pandemic.
- 6.64 The Council has taken these factors into account and has decided that as a principle 5% of net expenditure should be held as generally usable reserves. This equates to £17.9m (2023/24), £19.2m (2024/25) and £19.7m (2025/26). The details of this assessment are explained further in the Reserves Strategy, at Appendix K (i). These increases will be built into the MTFS to meet the requirement to maintain balances at this level. It is the opinion of the Corporate

Director of Finance and Resources, as required by Section 25 of the Local Government Act 2003, that this level of generally usable reserves constitutes the amount that is sufficiently robust to maintain the Council's financial sustainability.

- 6.65 Appendix K (ii) sets out the Council's schedule of earmarked reserves, their purpose and a forecast for the use of each reserve. In accordance with the Council's financial regulations and scheme of transfers and virements, this report sets out the use and purpose of these reserves. In addition, should an overspend arise, it is determined that it can be set against the General Fund balance or the service pressures reserve, which are defined as the Council's generally usable reserves for these purposes. Approval of these arrangements is required for compliance with the Council's financial regulations and scheme of transfers and virements. Should the use of reserves become necessary due to overspending which cannot be contained in 2024/25, this will be funded from reserves, with the assumption that any ongoing overspending will have to be funded by additional savings in 2025/26.
- 6.66 The Council has considered CIPFA's Resilience Index and the Office of Local Government's Data Explorer, which shows Brent as having the highest level of reserves of its nearest neighbour group and a strong overall financial position. Specific issues with the deficit on the DSG High Needs block and the level of HRA reserves have also been considered.

Robustness of estimates

- 6.67 Section 25 of the Local Government Act 2003 requires the Section 151 officer to report to Council on the robustness of the estimates made for the purposes of the calculations included in the budget.
- 6.68 This report sets out the key assumptions (section 4) around growth, inflation and the impact of macro conditions highlighted in the context as well as assumptions in income from fees and charges that align with the economic environment, anticipated demand and the impact of pricing. The Council has made various assumptions around grant funding (Section 6) and considered the impact of reductions in grants such as the New Homes Bonus.
- 6.69 The Council has used a variety of techniques to ensure that the estimates made in setting the budget are robust. These include revised forecasts of the resources available to the Council, which sets the financial envelope in which the Council has to operate, and identification of areas subject to significant demand and cost pressures. Sensitivity analysis has been used to ascertain the impact of changes to demographics and the level of inflation. A middle case scenario has been used which is the anticipated most likely outcome to determine any growth requirements in these areas. Departmental bids for growth and corporate provisions for cost pressures, such as the pay award, have been subject to challenge.
- 6.70 The culmination of this work is the identification of the budget gap which will be bridged by savings, which themselves have been subject to challenge by the

Corporate Management Team and members. Finally, the impact of the Local Government Finance Settlement has been reviewed to ensure that the estimates made in the budget remain robust and appropriate.

CIPFA Financial Management Code – Financial Resilience Assessment

- 6.71 CIPFA recommends that local authorities undertake a Financial Resilience Assessment (FRA) each year. The FRA builds on the one-year assessments required under section 25 of the Local Government Act 2003 of the robustness of the estimates used in the budget calculations and the adequacy of the proposed levels of financial reserves.
- 6.72 The Financial Management Code states that “Effective governance and financial management is focused on ensuring that the authority is able to operate sustainably in the long term. This means that the authority needs to look beyond the limited time horizons of its funding arrangements and to consider the longer-term financing of its operations and activities.”
- 6.73 The Financial Resilience Assessment considers long-term financial stability. It does so by considering warning signs such as the symptoms of financial stress and reviewing how effectively the authority manages its finances. This includes explicit consideration of capital resources, reserves, savings plans and the use of performance information.
- 6.74 The Council undertook a Financial Resilience Assessment after approval of the 2023/24 Budget. That initial assessment found that the Council’s finances were in good shape and sustainable over the longer term. There were areas for improvement and the FRA recommended that the Council should focus on longer term planning, given current uncertainties and anticipated problems on the horizon. The Council intends to use the information in this budget report to update its Financial Resilience Assessment to ensure that the Council’s benefits from long-term financial sustainability. Further details of the methodology are set out in Appendix L.

Value For Money

- 6.75 The Council’s external auditors, Grant Thornton, are required to report in more detail on whether the Council has put in place proper arrangements to secure Value for Money (VfM) in respect of economy, efficiency and effectiveness in its use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that the Council can deliver its objectives and safeguard public money. This is assessed under the following areas: Financial Sustainability; Governance; and Improving economy, efficiency and effectiveness.
- 6.76 As is customary, their report is to be presented to Full Council on 29 February to be considered at the same time as this budget report. The report concluded that there have been no significant weaknesses identified in the Council’s VfM arrangements and only improvement recommendations were made. Overall, the commentary from the auditors in respect of financial sustainability is

positive, recognising that in line with significant challenges faced by other local authorities, the Council has been compelled to make tough decisions in order to balance its budget and ensure it maintains its finances on a sustainable footing. The auditors found that the Council's financial planning both short and longer term was based on sound judgements. The report notes that the Council has a good track record in setting and achieving balanced budgets and identifying and responding to financial risks.

7.0 Statutory process of consultation, scrutiny and equalities analyses

Equalities

- 7.1 The Council has a duty to pay due regard to the need to eliminate unlawful discrimination and advance equality of opportunity and foster good relations between those who have a protected characteristic and those who don't when making decisions. Each of the budget proposals set out in Appendix C have been subject to an initial equality impact assessment (EIA) to assess their potential or likely impact on service users and employees with protected characteristics. Where the EIA process identified a disproportionately negative impact with no reasonable mitigation, the proposals were subject to a full EIA. In addition to individual EIAs, a cumulative (or overall) EIA has been produced to assess and understand the potential cumulative and compounding impact on groups with a protected characteristic that arise from either changes across a range of services or a group of savings proposals. These EIA reports are set out in Appendices C(iii) and C(iv), alongside the actual proposals. In summary, it has been concluded that all of the proposals are considered reasonable and have shown due regard to the Public Sector Equality Duty.

Scrutiny

- 7.2 A Budget Scrutiny Task Group was convened after the Cabinet published the draft budget proposals in September 2023. The task group, made up of members of the two scrutiny committees (Resources & Public Realm and Community Wellbeing) reviewed the proposals, as well as the budget development process, with relevant Lead members, officers and community members. The task group's report and recommendations, attached in full at Appendix D, were agreed by the Resources & Public Realm scrutiny committee on 24 January 2024 as part of the Cabinet's decision making process.

Consultation

- 7.3 The Council recognises consultation as a key part of policy formulation and makes considerable effort to ensure that the views of residents, businesses and other key stakeholders are taken into account. The Council has consulted on the budget options in a variety of ways. Legally, the results of consultation are something that Members must have due regard to in making budget decisions. However, consultation need not legally be the single or even most significant determining factor in choosing between difficult options, although at Brent considerable emphasis is usually placed on the results of consultation.

- 7.4 The Council conducted a broad consultation process between November 2023 and January 2024 where the budget proposals for 2024/25 and 2025/26 were presented. This included attendance at all five Brent Connects events and an online consultation on the specific budget proposals.
- 7.5 The detailed budget proposals were published on the Council's website, inviting comments and feedback through the online consultation portal. A number of people accessed the online consultation and provided responses. Appendix N(i) contains further information about the results of consultation and sets out a summary of emerging themes and other key findings.
- 7.6 There are various business forums and associations that the Council regularly engages with that include a wide range of both small and large local businesses. These include West London Business (a non-profit business membership organisation), the Federation of Small Businesses, the Chamber of Commerce, and town centre business associations. The consultation on the budget was published in a newsletter that is sent to a large number of Brent businesses, explaining why the views of local businesses were important and how they could have their say.
- 7.7 The local voluntary sector is closely engaged with Brent's communities and has considerable experience of the impact of the Council's difficult choices against a background of funding reductions. Engagement with the local voluntary sector has therefore been an important part of the consultation process. Invitations to participate in the consultation were sent to all Brent voluntary and community sector organisations. In addition, the consultation was publicised in the CVS Brent newsletter, inviting responses through the online portal.
- 7.8 In addition to comments made through the online consultation portal, Brent received direct representations from the following organisations- Brent Mencap, Crisis, Sufra and Brent Friends of the Earth. In addition, a letter was received from Barry Gardiner MP. For transparency, these comments are attached in Appendix N(ii) and responses included in Appendix N(i).
- 7.9 Overall, the most commented theme was the proposed increase in Council Tax. It is acknowledged that increasing Council Tax will be difficult for some households to manage in the current circumstances and section 6 of this report sets out the rationale the Council considered as part of its decision making. In summary, the additional income will provide much needed funding to limit the impact of the significant pressures expected in 2024/25, in particular for the provision of social care and homelessness services, as well as preventing the wholesale cuts to the key services the Council provides that many other Councils are having to consider. In addition, it should be recognised that the Council continues to invest in the Council Tax Support scheme, which provides over £32m of support for around 26,000 households who are financially vulnerable.
- 7.10 One of the main aims of the consultation and communications strategy was to raise awareness of the Council's financial position, inform residents on how the Council spends its budget and ensure residents, businesses and other key

stakeholders were fully aware of the opportunities to have their say, by knowing how to respond and when the consultation events were taking place. This was delivered through a variety of communication channels, including publicity on the Council's website, media briefings and use of the Council's Facebook and X, formerly known as Twitter, accounts to disseminate reminders and encourage residents to participate.

8.0 Housing Revenue Account (HRA) Budget

- 8.1 The proposed HRA annual budget for 2024/25 sets out proposed expenditure for housing management services, stock investment, maintenance work and new council housing development programmes, as well as rent and service charge setting proposals for 2024/25.
- 8.2 The HRA budget is set each year in the context of the 30-year business plan (included in Appendix Q). The business plan is reviewed annually allowing for horizon scanning and the identification and mitigation of risks in the short, medium and long term. Early identification of risks enables planning and implementation of mitigations to ensure the HRA can continue to remain financially secure and deliver on its priorities to provide a safe, suitable and secure place to call home.
- 8.3 After four consecutive years of rent reductions, between 2016/17 to 2019/20, the Government set out its rent policy, which originally allowed rent levels to be increased by CPI plus 1% for the next five years starting from April 2020. However, in light of exceptional inflation levels, government has amended its rent setting policy for 2023/24 to introduce a 7% rent rise limitation, compared to 11.1% if CPI plus 1% was applied. This was estimated to equate to a circa £2m reduction in income in that year. Furthermore, rent increases in 2023/24 did not only affect that financial year, but also have an impact on future rent levels. There is no provision in the current rent regulations to allow anything more than the maximum (CPI+1%) increases in future years. Therefore, a lower rent increase in 2023/24 meant that the base for a rent increase in 2024/25 is also lower and so on for future years. For 2024/25, rents are being increased by CPI plus 1%, which equates to a 7.7% rent uplift.
- 8.4 The table below shows a snapshot of current average rent levels from occupied properties and the proposed increase of 7.7% for 2024/25. All new re-lets are charged at Formula Rent and new builds are charged at Formula or Affordable Rent that are in line with Greater London Authority (GLA) benchmarks and are adjusted annually in line with rent standards. Updated rent levels are reflected in the current average rent for 2023/24, average rent can change depending on time of reporting. The average proposed rent rate for 2024/25 is £10.32 per week (7.7%) higher than the current financial year.

Tenant Rents for 2024/25

Table 3: Rents

Bed Size	Current average rent 2023/24	Proposed average rent 2024/25 (7.7%)	Rent uplift
	£	£	£
Bedsits	98.49	106.07	7.58
1	117.43	126.47	9.04
2	136.48	146.98	10.50
3	148.19	159.60	11.41
4	162.84	175.37	12.53
5	174.10	187.50	13.40
6+	181.99	196.00	14.01
Average rent	134.08	144.40	10.32

- 8.5 A rent increase of 7.7% is estimated to result in additional £4.1m of income when compared to current levels of income. This is due to national inflation increasing by 6.7% compared to last year, which is a reflection of current economic climate.
- 8.6 For tenants in receipt of housing support to help pay their rent, the cost of rent increase will be met by their housing benefit or the housing element of universal credit, unless the level of support is reduced by factors that may apply to individual circumstances such as the benefit cap. Brent Housing Management provide support to tenants who are struggling to pay their rent. The primary objective is to ensure that tenants have all the support that they can get, rather than pursuing an eviction. Support options include assessing whether the tenant is claiming all the welfare benefits that they are entitled to, assisting them to claim from the Council's resident support fund and arranging a suitable payment plan. Brent Housing Management endeavour to identify vulnerable tenants and maintain contact with tenants to ensure that they continue to get the required support to sustain their tenancy.
- 8.7 The net rent amounts exclude service charges. Service charges are recharges to tenants and leaseholders, which are based on the actual costs incurred for providing specific services, such as estate cleaning.

Tenants Service Charges 2024/25

- 8.8 Individual service charge elements are adjusted to bring them in line with the estimated contract costs of providing these services to tenants in 2024/25. The tables below show a snapshot of the current average service charges for occupied properties, compared to proposed rates, this is analysed below for services provided to tenants. The current average can change depending on

time of reporting, to reflect re-lets and stock movements such as new additions and right to buy sales.

Service charge frozen for 2024/25

- 8.9 Grounds maintenance service is included within the Council’s wider corporate contract. The annual contribution from the HRA is estimated to offset against the HRA’s proportion of the contract cost through existing charges.
- 8.10 The cost of maintenance and servicing for the laundry room is forecasted in line with service charges. Therefore, no increases are proposed for this charge for 2024/25.

Table 4: Service Charges

Service	No. of Properties	Current Average Charge 2023-24	Estimated Average Charge 2024-25	Increase / (Decrease)
		(£/Week)	(£/Week)	%
Grounds Maintenance	4,835	1.32	1.32	0.00%
Laundry	25	2.59	2.59	0.00%

Service charge increases for 2024/25

- 8.11 The estate cleaning service was transferred in-house in 2019/20, with a commitment to pay staff at the London Living Wage before being integrated into LGPS pay scales. The cost of bringing the service in-house and the associated costs for pay inflations, vehicles, machinery and material is estimated to be under recovered by £0.28m in 2023/24. A phased approach to cost recovery was modelled in previous years to allow service charges to increase over a four-year period. The proposed increase of £1.37 per week in 2024/25 is estimated to result in break-even position in 2024/25.
- 8.12 The concierge service charge is currently £11.37 per week on average. An increase of £1.90 is estimated to contribute towards inflationary cost pressures of providing this service to blocks in South Kilburn. Contribution towards this service reduces when tenants are re-housed and property is decommissioned for regeneration purposes, resulting in budget pressure as cost of servicing the blocks remain. Cost mitigations are managed through budget reduction in other services such as repairs. New build Council housing blocks that consist of concierge service will receive service charges based on estimated cost and adjusted in following years in line with actual cost incurred. There are currently 92 additional new build properties receiving concierge services in Assembly and Braunston House. Proposed service charges on this block are estimated at £18.83 per week.
- 8.13 The helpline monitoring service charge is currently £1.93 per week on average. An increase of £0.15 per week is estimated to result in a break-even position for 2024/25.

8.14 Unmetered communal lighting, heating and hot water charges are adjusted annually in line with cost incurred and forecasted energy supplier inflations, reflecting price fluctuations of energy as closely as possible. The past year has experienced unprecedented price movement and volatility with wholesale gas and electricity prices. Cost of gas has experienced increase of 225% and electricity cost has increased by 66%. Total forecasted cost incurred for communal energy is estimated to be under recovered by £0.41m in 2023/24. Uplift on gas charges to tenants in current year 2023/24 was capped at 100%, in order to spread the cost for tenants. Proposed uplift for gas charge is 90% for 2024/25, this will result in an average increase of £21.26 for communal heating and £6.08 for hot water. Proposed uplift for communal lighting is 45%, this will result in an average increase of £1.51 in 2024/25.

8.15 The communal TV aerial repairs and maintenance service charge is currently £0.74 per week on average. An increase of £0.06 per week is estimated to result in a break-even position for 2024/25.

Table 5: Service Charges

Service	No. of Properties	Current Average Charge 2023-24	Estimated Average Charge 2024-25	Increase / (Decrease)
		(£/Week)	(£/Week)	%
Estate Caretaking	4,531	7.82	9.19	17.50%
Concierge	396	11.37	13.27	16.70%
Helpline Monitoring	48	1.93	2.08	7.70%
Communal Lighting	5,313	3.36	4.87	45.00%
Communal Heating	345	23.62	44.88	90.00%
Communal Hot Water	19	6.76	12.84	90.00%
TV Aerial	3,137	0.74	0.80	7.70%

District Heat Network

8.16 Unity Place in South Kilburn hosts the energy centre for the local district heat network for metered billing. It currently supplies heat and hot water to 235 properties and tenants are billed based on actual usage. The current fuel contract runs from 1 October 2022 on a two-year variable rate until 30 September 2024. The Council was eligible to apply for Energy Bills Discount Scheme 2023/24, which provides support to heat networks. Costs for the following year are projected based on previous years usage and reconciliation is undertaken to adjust future charges for variances in billing. Heat tariff for 2024/25 is estimated to be a variable element of £0.10 p/kWh and a standing charge of £0.45 per day, in order to recover costs.

Table 6: Heating

Service	No. of Properties	Current Charge per kWh 2023-24	Estimated Charge per kWh 2024-25	Increase / (Decrease)
		(£p/kWh)	(£p/kWh)	%
Heating Tariff	235	0.12	0.10	(17%)
Standing Charge	235	0.55	0.45	(18%)

Brent Supported Living

- 8.17 In November 2020, tenants moved in to 11 new independent living homes at Peel Road. These homes are all one-bedroom, self-contained residential flats developed as part of previous New Accommodation for Independent Living (NAIL) programme and are held within the HRA. The properties are fully adapted and the homes benefit from communal facilities, including a garden area. There is access to 24-hour care, allowing residents to contact care staff from anywhere in the building.
- 8.18 The table below compares the current gross rent levels (including service charges) for these homes against the proposed increase of 7.7% for 2024/25. This equates to an increase of £25.58 per week when compared to the current financial year.

Table 7: Gross Rent

Current Gross Rent 2023/24	Proposed Gross Rent 2023/24 (7.7%)	Proposed v Current Rent
(£/Week)	(£/Week)	(£/Week)
332.21	357.79	25.58

Garage Rent for 2024/25

- 8.19 HRA currently has 225 occupied garages with an estimated annual income of £0.2m for 2023/24. Cabinet approved a standard rate of pricing during budget setting in 2021/22.
- 8.20 The table below shows the current standard rate and the proposed uplift of CPI +1 (7.7%) for garage rents.

Table 8: Garage Rents

Garage Charge (net)	Current Standard Rate (2023/24)	Proposed Standard Rate (2024/25) (7.7%)
	(£/Week)	(£/Week)
LBB Tenants & Leaseholder	17.35	18.68
LBB Resident	23.13	24.91
Non - Resident	28.92	31.14

HRA Budget 2024/25

8.21 The proposed budget for 2024/25 is set out in the table below and shows a net balanced budget. The budget movements are as a result of the items summarised below.

Table 9: HRA budget 2024/25

Technical Adjustments	£m
Gross tenant rent uplift	(4.6)
Leaseholder service charge uplift to reflect cost incurred	(0.2)
Reduction in service charges for major works in line with profiled works	0.1
Growth	
Pay grade linked increment	0.3
Pay and operational cost inflation on previous year	0.7
Legal resources for disrepairs and income collection	0.2
Repairs contract inflation	1.8
Disrepair and associated temporary accommodation	0.3
Repairs delivery model implementation	1.2
Increased responsive repairs and void costs	0.1
Estate caretaking services cost inflation	0.4
Leaseholder insurance contract inflation	0.2
Council tax and service charge on leased properties	0.2
Bad debt provision	0.1
Saving Target	
Review void standards and active interventions to reduce costs	(0.4)
Reduction in staffing through vacancies	(0.2)
Efficiencies in support services	(0.2)
Total Net Movement	0.0

- 8.22 Rent and service charge increase alone are not estimated to be sufficient to cover inflationary cost uplifts and budgetary demands from services, therefore the budget includes £0.8m in year savings target, in addition to annual efficiency saving targets that are already incorporated into medium-term financial plans.
- 8.23 In order to address budget gap associated with expenditure on void properties, closer monitoring of void specifications to ensure overspend is reduced is now in place. This has reduced the number of voids requiring extensive refurbishments which have both higher specifications and longer turnaround times. Overall improvements to void turnaround and lettings process is expected to reduce the void rent loss and Council tax liability period. This is estimated to generate £0.4m saving.
- 8.24 Estimated saving of £0.2m can be achieved through vacant posts within property services, as there is a workforce shortage that have the required levels of expertise.
- 8.25 Estimated saving of £0.2m is anticipated as a result of general efficiencies and reduced expenditure associated with support services.
- 8.26 The proposed 2024/25 HRA budget summarised in table below ensures a break-even balance at year end. The opening reserve balance reduced by £1m in 2021/22 due to partially funding a provision for identified capital works to Granville New Homes blocks that have transferred to the HRA from First Wave Housing on 1st April 2022. HRA reserves were used to cover the timing difference and the provision will be released when works commence, returning the HRA reserves to previous value of £1.4m.

Table 10: HRA Budget 2023/24 v Draft Budgets for 2024/25

HRA Budget 2023/24 v Draft Budgets 2024/25	(1) Budgets 2023/24	(2) Draft Budgets 2024/25	(2-1) Variance	Variance Explanation (2-1)
Description	£'000	£'000	£'000	
Rents and Service Charge	(57.0)	(61.6)	(4.6)	Tenant rents and service charges offset by rent loss through voids and RTB sales
Non-Dwelling Rents	(0.2)	(0.2)	0.0	Garage rents
Leaseholders' Charge for Services and Facilities	(2.9)	(3.1)	(0.2)	Uplift to reflect increased cost of rechargeable services
Major Works and Other Contribution Towards Expenditure	(1.1)	(1.0)	0.1	Service charge reduction based on profiled major works completion
Total Income	(61.2)	(65.9)	(4.7)	
Repairs and Maintenance	15.0	18.0	3.0	repairs contract uplifts, repairs delivery model and provision for disrepairs offset by efficiency saving target on voids
Supervision and Management	11.9	12.7	0.8	operational cost inflations offset by savings in management and support services
Special Services	6.9	7.3	0.4	estate service maintenance cost inflation
Rent and Rates and Other Charges	1.5	1.9	0.4	council tax and insurance contract inflation
Depreciation of Fixed Assets	15.5	15.5	0.0	
Bad or Doubtful Debts	1.2	1.3	0.1	provision for non-payments

HRA Budget 2023/24 v Draft Budgets 2024/25	(1) Budgets 2023/24	(2) Draft Budgets 2024/25	(2-1) Variance	Variance Explanation (2-1)
Description	£'000	£'000	£'000	
Capital Financing and Debt Management	9.2	9.2	0.0	
Total Expenditure	61.2	65.9	4.7	
(Surplus)/or Deficit for the Year on HRA	0.0	0.0	0.0	
Housing Revenue Account brought forward	(0.4)	(0.4)	0.0	
(Surplus)/or Deficit on HRA	0.0	0.0	0.0	
Closing balance	(0.4)	(0.4)	0.0	

HRA Stock Improvement and Major Works Budget 2024/25 and 2025/26

- 8.27 Planned works include refurbishments such as new roofs, windows, lifts, kitchens, bathrooms, heating systems and planned fire safety works. Major works relate to extensive refurbishment programmes, such as the planned major refurbishment of high-rise blocks.
- 8.28 The Council Housing Asset Management Strategy (AMS) 2022-2026 sets out a vision for responsive repairs, investment, reform and improvement of the stock and its performance. The AMS consists of a 5-year budget requirement totalling £80.8m and has outlined requirements to increase investment in tower blocks over the next two years. The overall major works programme budget has been set at £26m for 2024/25 and £30.4m for 2025/26.
- 8.29 Tower block funding profile for debt repayment and interest involves mitigating cost reduction of £0.7m in revenue budget to be achieved between 2023 to 2025. Saving targets have been identified in void repairs, disrepair works and staff vacancies. In addition to revenue savings, cost reductions to long-term capital programme have been profiled totalling £33.5m between 2026 to 2048. Budget projections for planned works over this period is £13.5m per annum on average and is estimated to be sufficient by Housing Property Services to enable statutory maintenance works to Council properties to be undertaken.

New Council Homes Programme 2024/25

- 8.30 The development and management of new council homes and affordable housing remains a key priority in the Council's Housing Strategy and the HRA Asset Management Strategy. The Council has an ongoing commitment to

deliver 5,000 affordable homes in the borough of which 1,700 will be delivered directly by the Council by 31 March 2028. As of December 2023, 844 new homes have been delivered by Council. The forecast capital investment on acquisitions and building new Council homes in 2023/24 is £35m, with a capital budget in 2024/25 set at £31.4m.

Housing General Fund

Temporary Accommodation

- 8.31 In 2021 two purpose-built developments in Harlesden, Anansi House (92 Units), for families, and Knowles House (57 Units), for single people, became available. These properties were developed specifically to meet the statutory duty to secure suitable interim accommodation for homeless households and replace the use of privately owned Bed & Breakfasts and Annexes.
- 8.32 The proposal is to hold rents capped at Local Housing Allowance levels. The LHA rates in the UK will be raised to the 30th percentile of local market rents from April 2024 after being frozen since April 2020. The new LHA rates are expected to be published in January 2024.
- 8.33 There is also a proposal to add additional charges to meet all outgoings applying to the Premises including both communal and personal utility water charges, heating charges and Wi-Fi charges.

Once the main housing duty is accepted, a further charge for council tax is proposed. There are 126 units that are band C properties, which has a proposed Council Tax charge of £1,809.82 for 24/25. There are 23 units that are band D properties, which has a proposed Council Tax charge of £2,036.05 for 24/25.

Hillside Rent Setting

- 8.34 In addition to the dwellings contained within the HRA, the Council also continues to hold dwellings in the General Fund (GF). These dwellings were formerly held by the Stonebridge Housing Action Trust (HAT) and were transferred to Brent Council in August 2007 when the HAT was dissolved. The Council currently owns 324 properties under this scheme and Hillside Housing Trust (part of Hyde Housing Group) manages these properties on the Council's behalf.
- 8.35 The table below sets out the rent levels for 2023/24, with an average increase of £10.84 per week for 2024/25.

Table 11: Average Rent Increase

	Weekly Rent 2023/24 (£)	Weekly Rent 2024/25 (£)	Increase (£)	Increase (%)
1 Bed Flat	£115.35	£124.23	£8.88	7.7%
2 Bed Flat	£136.56	£147.08	£10.52	7.7%
1 S/croft Elders	£115.35	£124.23	£8.88	7.7%
2 S/croft Elders	£136.56	£147.08	£10.52	7.7%
2 Bed House	£148.32	£159.74	£11.42	7.7%
3 Bed House	£162.55	£175.07	£12.52	7.7%
4+ Bed House	£171.12	£184.30	£13.18	7.7%

- 8.36 Hillside are also responsible for setting service charges across the stock, including those retained by the Council. The average service charge per week for 2024/25 is set at £8.16 per week, an increase of £0.58 from the 2023/24 average, based on an uplift of 7.7%.

Housing Private Finance Initiative (PFI)

- 8.37 The Housing PFI refers to 364 units of rented accommodation managed by Hyde under a PFI contract. The stock is made up of a mixture of Temporary Accommodation, Discounted Market Rent and Affordable Rent properties, which are up to 80% of market rates and are capped at the London Affordable Rent (LAR) set by the GLA. As per the cabinet decision on the 17 January 2017 in regards to PFI Housing Tenancy Conversions, Temporary Accommodation units are being phased out with the units being converted into Affordable Rent and Discounted Market Rent properties.

- 8.38 The proposal is to hold rents capped at Local Housing Allowance levels. The LHA rates in the UK will be raised to the 30th percentile of local market rents from April 2024 after being frozen since April 2020. The new LHA rates are expected to be published in January 2024.

Travellers' Site Pitch Rent

- 8.39 The current weekly pitch rent is £167.37. It is proposed to increase this by 7.7% to £180.26 for 2024/25. Travellers' site pitch rent is estimated to generate an annual income of £0.25m.

9.0 Schools and Dedicated Schools Grant (DSG)

- 9.1 The final DSG allocations were announced on 19 December 2023 and the proposed budget was endorsed by Schools Forum on 25 January 2024.

Schools Block and Central Services Schools Block (CSSB)

- 9.2 Brent will receive an increase in mainstream pupil funding of £4.1 million which represents a 1.5% increase compared to 2023/24. This is lower than the national percentage increase of 2.2% but higher than the London average of 1%. The increase in London is lower than the national percentage increase as funding is primarily driven by pupil numbers and London continues to experience a decline in pupil numbers. As in previous years, the Council will continue to set a local funding formula for mainstream schools in 2024/25, although the total funding available will be determined by the national funding formula.
- 9.3 For the first time, in 2024/25 the Department for Education (DfE) will allocate funding to local authorities on the basis of falling rolls, as well as growth. Local authorities can use this funding to support schools which see a short-term fall in the number of pupils on roll. In December 2023, the DfE will allocate funding through the growth and falling rolls factors at LA Level, based on the observed differences between the primary and secondary number on roll between the October 2022 and October 2023 school censuses.
- 9.4 The DfE also announced an additional grant for Teachers' pay to contribute towards the 2024/25 pay award. Brent mainstream schools (excluding special schools) will receive each a lump sum of £2,306, a per pupil rate for primary schools of £62, Key stage 3 pupils £86 and key stage 4 pupils £98. There will also be a per pupil free school meal rate of £53 for eligible primary pupils and £77 per eligible secondary pupils. Special schools will be funded at £446 per place. Schools do not need to spend the grant in year.
- 9.5 Schools continue to feel the impact of rising inflationary costs and increases in energy prices, alongside the 6.5% teachers' pay increase from September 2023, of which the DfE will be part funding 3% via the Teachers' pay grant. The DfE expects schools to fund 3.5% of the increase within existing budgets and will only provide additional funding for costs above this.
- 9.6 Quarter 2 of the current financial year 2023/24 saw 79% of Brent schools projecting an in-year deficit and 39% of these schools' plan to use over 50% of reserves to balance their budgets. There are also currently 6 schools in deficit with recovery plans in place to recover the deficit.
- 9.7 The DfE expects schools to manage these pressures within the allocated funding increase of 1.5% expected in 2024/25. A few Brent schools are also experiencing falling rolls and as a result will have significant reductions in funding. This is requiring schools to make strategic decisions to mitigate the impact of this, including the consideration of staffing restructures.
- 9.8 A new School Place Planning Strategy 2024-2028 was approved by Cabinet in October 2023. This sets out steps to support schools with falling rolls, including capping admission numbers, bringing schools together in federations and reducing capacity across the estate.

- 9.9 In February 2023, the Mayor of London informed all London authorities that he will provide funding at £440 per child for all state-funded primary school children to receive Free School Meals (FSM) for the academic year 2023/24. The Mayor's ambition was that the funding offers all primary aged children access to a meal at least once a day. The funding was at a rate of £2.65 per meal and provision was also made for Kosher meals funded at a rate of £3.50. These rates are above the government's current rate of £2.41 which is to enable schools fund the associated costs such as administrative and staffing costs of delivering additional FSMs. This was intended to be a one-year arrangement only however, the Mayor informed London authorities on the 9 of January 2024 that the funding will continue for the 2024/2025 academic year which will be until July 2025. The proposed price per meal will also increase from £2.65 to £3.00 per meal which is still higher than the government's 2024/25 increased rate of £2.53. The rate for the Kosher meals is yet to be confirmed.
- 9.10 In 2024/25, the Brent Central Schools' Services Block (CSSB) will see a 0.5% net reduction however there are two elements to the funding of this block i.e., the funding for ongoing responsibilities that local authorities continue to have for all schools will increase by 2.8% (£55k) but the funding for historic commitments which relates to a pensions strain contribution to the corporate budgets will see a 20% decrease (£66k) compared to 2023/24. This will mean that the amount transferred corporately will be reduced.

High Needs Block (HNB)

- 9.11 In 2024/25, High Needs block of the DSG allocation will be £85 million which is a 3.5% (£2.8 million) increase compared to 2023/24. The NFF will ensure that every local authority receives an increase of at least 3% per head of population, compared to 2023/24, and no more than 5%. Brent will receive just over the minimum 3% increase which is also in line with the London average increase of 3.3%.
- 9.12 The additional £2.8m is significantly lower than the funding increase received in the past few years. The increase is likely to be insufficient to deal with growing demand for Education health and Care Plans (EHCPs) the main cost driver of the pressure and inflationary increases. It will also not be sufficient to mitigate the brought forward 2022/23 DSG deficit of £13.8m.
- 9.13 The High Needs Block received a transfer of 0.5% of the Schools Block income in 2023/24. Continuing this transfer in 2024/25 would enable potential pressures arising from the growth in EHCPs and inflationary pressures to be mitigated.
- 9.14 The DfE requires local authorities with an overall DSG deficit to have a Management Plan in place to recover the deficit over a number of financial years. Brent is currently part of the DfE's Delivering Better Value (DBV) in SEND programme which provides dedicated support and funding to help local authorities reform their high needs systems and the Council was awarded a £1m grant over two financial years 2023/24 and 2024/25. The findings for Brent from the DBV programme's analytical phase identified a number of opportunities to tackle rising demand which included supporting the needs of some children

through targeted support in place of an EHCP, ensuring EHCPs are of the right duration (i.e., more time limited EHCPs) and focusing on fewer support hours being put in place when children start school and building support over time as needs develop.

- 9.15 A Deficit Management Plan agreed by the Schools Forum is still in place with actions being taken to manage demand, improve the sufficiency of places and financial management to recover the deficit in the medium to long term. These include managing demand for EHCPs through a graduated approach in mainstream settings, establishing more SEND provision in the borough including a new special school and developing new Additionally Resourced Provisions (ARPs). In addition, ensuring there is full cost recovery from other local authorities that place pupils in Brent special schools including administration and other specific costs; a review of the DSG funded SEN support services and continued central government lobbying. The Plan is also reviewed by the DfE.
- 9.16 Pressures against the HNB has led to there being a £13.8 million deficit in the DSG carried forward from 2022/23 and any further pressures in 2023/24 will increase the deficit position. The statutory override in place to enable local authorities hold deficit balances is due to end in 2025/26, after which the deficit could pose a significant risk to the Council's General Fund balances which are also currently under pressure.

Early Years Block

- 9.17 Nationally the government announced a £288 million increase for 2024/25 and for Brent, the indicative allocation for 2024/25 is estimated as £35.2 million an increase of £10.8 million compared to 2023/24.
- 9.18 The reason for the significant increase is because of the government's plans announced in the Spring Budget in March 2023 to expand early years childcare entitlements to take effect between April 2024 and September 2026. Therefore:
- From April 2024, working parents of 2-year-olds can access 15 hours of free childcare per week (38 wk./y). Disadvantaged children, such as those with parents on low incomes or who have an EHCP, will still be eligible for 15 hours free early education.
 - From September 2024, the above will be extended to parents of 9-month to 3-year-olds.
 - From September 2025, working parents of 9-month to 3-year-olds will be able to access 30 free hours p/w (38 wk./y).
- 9.19 The government's proposals include an uplift in the hourly rate paid to providers to deliver existing free hours offers and childminder grants for new childminders. The government will also provide additional investment into setting up wraparound childcare for school-aged children with a pledge that families will be able to access childcare between 8am and 6pm during the school day. These

reforms will see the government spending an additional £4.1bn 2027/28 on free hours and early education. Officers in the Early Years teams in Brent are working with the local sector to ensure that the objectives in the policy are met.

- 9.20 The 2024/25 uplift will mean that for Brent, the hourly rate for 3 – 4-year-olds will increase from £5.93 to £6.59, the 2-year-old rate will increase from £6.84 to £9.59, and a new hourly rate has been introduced for under 2s which will be £13.07. The maintained nursery schools' hourly rate will increase from £5.18 to £6.27.
- 9.21 It should be noted that the indicative allocations for these entitlements will be updated following termly headcounts in the summer 2024 and autumn 2024 terms, and the January 2025 census as funding is only paid for places taken up. The key principle of allocating the funding for the Early Years Block remains the same i.e., at least 95% of funding received is allocated directly to providers with the remaining 5% retained for central services.

10.0 Pay Policy Statement 2024/25

- 10.1 Section 38 of the Localism Act 2011 requires local authorities to publish an annual 'Pay Policy Statement', setting out their policies in respect of chief officer remuneration and other specified matters. Regard must be had to guidance to be published by the Secretary of State in preparing the statement, which must be approved by Full Council. The Council is then constrained by its pay policy statement when making determinations on chief officer pay, although the statement may be amended at any time by a further resolution of the Full Council. No new guidance has been published since the statement was adopted for 2023/24 and so there are no proposed changes to the statement related to the guidance. The Draft Pay Policy Statement, attached as Appendix P, contains minor updating and cosmetic changes from the Statement adopted by full Council for the last financial year.

11.0 Capital Programme Budget 2023/24 – 2028/29

- 11.1 The Capital Programme of the Council constitutes an integral component of our medium-term financial strategy and plays a pivotal role in the overarching budget setting process. This program is primarily dedicated to supporting the Council's legal obligations, ensuring the availability of adequate school facilities for children and young individuals. Simultaneously, it emphasises investment in new affordable housing as well as the enhancement of our existing housing stock, town centres, public spaces, and community amenities within the Brent area.
- 11.2 A critical facet of the Council's successful financial strategy has been the expansion of our capital investment programme over the last 5 years. This expansion has enabled us to generate substantial revenue savings over the medium-term financial planning (MTFP) period and this invest to save option is a key prioritisation criterion for new proposals coming forward. For a comprehensive understanding of our capital strategy, please refer to the Capital and Non-Treasury Investment Strategies provided in Appendices G & H. These

documents delineate our overarching approach to capital investment and how it aligns with the Council's objectives from the Borough Plan.

- 11.3 The Council's Capital Programme leverages a diverse range of funding sources, including capital receipts, grants, S106 and CIL (Section 106 and Community Infrastructure Levy), reserves, contributions from revenue, and, as a last resort, borrowing. Affordability remains a critical consideration in our borrowing strategy, especially since the Council transitioned to being a net borrower. This shift aligns with our cost-effective approach of utilising internal resources to delay the need for external borrowing. The program encompasses a mix of invest-to-save, grant-funded, and self-financed projects to mitigate treasury risk. Consequently, our strategy emphasises external borrowing as a last resort for funding projects.
- 11.4 The prevailing economic conditions have had a significant impact on both the affordability and execution of the capital programme. Escalating costs, particularly in the construction sector, have rendered it exceedingly challenging to estimate the potential expenditure associated with development projects in their early phases. Moreover, interest rates have experienced highs of 6.14% throughout the year (30-year PWLB loan) which has applied additional pressure to the affordability of capital schemes. These factors collectively create a complex environment for forecasting future borrowing rates and evaluating the affordability of delivering the capital programme. The budget encompasses numerous schemes that rely on borrowing for financing. These schemes undergo regular scrutiny to ascertain their viability. The primary focus of this capital programme is to ensure optimal value for money while facilitating the delivery of essential services. Our emphasis is on mitigating key risk areas and exploring opportunities for efficiency savings. In the event that schemes face viability challenges, the Council may need to pause them, subject to a later review, reduce their scope, or remove them entirely from the programme to allocate funding appropriately as seen with the Affordable Homes Programme during 2023/24. Decisions of this nature will be duly reported to the Cabinet through project updates and quarterly financial monitoring reports.
- 11.5 S106/Community Infrastructure Levy (CIL) will be utilised to undertake major infrastructure projects meeting the conditions or terms for funding. The capital programme includes CIL funded schemes totalling £18.5m from FY2024/25. The total CIL allocation includes contributions towards a major regeneration of Wembley Housing Zones, Picture Palace, College of North West London (CNWL), and some public realm works on Highways, Parks and the Northwick Park Mortuary Expansion.
- 11.6 The Council has initiated an ambitious Capital Programme, planning to invest approximately £796.8m over a five-year span, from 2024/25 to 2028/29. This investment covers substantial expenditures in both the General Fund and the Housing Revenue Account (HRA), aligning with the Council's strategic objectives across the borough. The Council has a Capital pipeline, which currently holds 16 projects with a provisional value of £433.8m. However, these pipeline projects are not included in the Capital Programme presented in Table 1 and Appendix E, but are detailed separately in Appendix F.

- 11.7 A comprehensive overview of the Capital Programme, categorised by portfolio for the five-year period from 2024/25 to 2028/29, is provided in Table 12. Detailed information about the Capital Programme and its financing can be found in Appendix E.
- 11.8 The revised budget for the year 2023/24 currently stands at £220.9m. This budget is subject to modifications as new projects receive approval before Full Council in February 2024.

Table 12: Summary Capital Programme

Portfolio	Board (Programme)	2023/24 Budget £m	2024/25 Budget £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	Total 2023/24 to 2028/29 £m
Resources: Cllr Shama Tatler	Corporate Landlord	10.1	14.2	19.0	10.8	28.2	0.5	82.3
Regeneration, Planning & Growth: Cllr Shama Tatler	South Kilburn	13.6	27.2	0.1	0.1	0.0	0.0	41.1
Regeneration, Planning & Growth: Cllr Shama Tatler	Regeneration	9.0	64.7	110.4	7.2	0.0	0.0	191.4
St Raphael's : Cllr Shama Tatler	St Raphael's	0.8	0.3	19.5	0.0	0.0	0.0	20.6
Regeneration, Planning & Growth: Cllr Krupa Sheth	Public Realm	16.3	18.0	6.6	0.0	0.0	0.0	41.0
Public Health: Cllr Neil Nerva	Public Realm	0.1	1.2	0.0	0.0	0.0	0.0	1.4
Environment: Cllr Krupa Sheth	Public Realm	10.2	4.6	5.0	1.0	1.0	6.0	27.8
Children, Young People and Schools: Cllr Gwen Grahl	Schools	12.4	24.7	26.3	7.3	3.3	0.0	73.9
Housing, Homelessness & Renters Security: Cllr Promise Knight	Housing GF	96.9	103.1	47.6	30.7	3.6	0.0	282.0
Housing, Homelessness & Renters Security: Cllr Promise Knight	Housing HRA	49.9	57.3	100.3	33.3	9.9	0.0	250.7

Portfolio	Board (Programme)	2023/24 Budget	2024/25 Budget	2025/26 Budget	2026/27 Budget	2027/28 Budget	2028/29 Budget	Total 2023/24 to 2028/29
Adult Social Care: Cllr Neil Nerva	Housing GF	1.5	3.0	0.5	0.0	0.0	0.0	5.0
Adult Social Care: Cllr Neil Nerva	Housing HRA	0.1	0.0	0.0	0.0	0.0	0.0	0.1
TOTAL		220.9	318.3	335.5	90.5	46.0	6.5	1,017.7

11.9 The Capital Programme consists of projects that receive annual approval from the Cabinet, as well as newly endorsed projects within the fiscal year. Typically, new capital schemes and projects are incorporated into the Capital Programme as part of the annual budget allocation process. However, our governance framework allows for the addition of new schemes and projects, including those advanced from the pipeline provision, during the year, contingent upon the requisite approvals.

11.10 The 2024/25 – 2028/29 Capital Programme is underpinned by several pivotal projects, which include:

Corporate Landlord

Civic Centre

11.11 The planned programme of works to the value of c£1.0m for FY2024/25 to FY2025/26 and then £0.5m for future financial years, this will allow for improvement works to the Council's retained estate.

Customer Experience Improvements at the Civic Centre

11.12 The redesign of the face-to-face public spaces in the Civic Centre will allow an improved service delivery to residents and customers. The project works totalling £1.8m includes improvements to accessibility, expanding the Hubs, self-service, Libraries and Arts and Heritage offer whilst also unlocking efficiencies in how customer facing services operate.

Digital Strategy & ICT Investment

11.13 £6.9m is to be invested into Digital Strategy (from FY2024/25 to FY2026/27) with the objective of greater access to information and resident's services, improved access to public Wi-Fi for residents, provision of access to devices and digital skills for traditionally excluded residents, use of data to better understand our customers and improve the way we deliver services, and ensuring staff have access to technology that will enable them to work efficiently and effectively. £5.5m (from FY2024/25 to FY2026/27) is also being invested into IT, the bulk of which will upgrade and replace IT infrastructure for staff.

Libraries

11.14 Kilburn Library will be refurbished with £0.8m worth of improvements planned for the building as well as the garden which is currently underused. An extension will be made to the building and the layout will be reconfigured to create a larger more flexible space for residents. This is due to be completed by March 2025.

Central and North West London College (CNWL) Campus

11.15 A loan of up to £49.9m is to be provided to enable Central and North West London College to acquire and develop a new campus in Wembley Park. The loan would be repaid by way of sale of the college's existing site to a property

developer, which would also result in the delivery of much needed housing to local area as a result. Over 50% of the overall loan budget is in FY2027/28 and this will be reviewed regularly depending on usage required.

Regeneration

South Kilburn Estate Regeneration

11.16 The South Kilburn Regeneration programme will deliver over 2,400 homes of which 50% will be affordable. The programme is around halfway through with 10 sites delivered or on site and 7 sites remaining to be developed. The scheme includes a new larger high quality urban park, an improved public realm, a new primary school and health facilities, and improved environmental standards and a site-wide energy solution. The budget for the financial year includes project costs on live projects and acquisition costs for obtaining vacant possession. The budget will increase following the individual business cases for each of the remaining sites, which will be presented to Cabinet when site and the financial positions are more known.

11.17 The planned expenditure from FY2024/25 over 5 years is £27.4m for the delivery of homes including infrastructure improvements. The programme is self-financing and is expected to be fully funded by a combination of capital receipts and grants.

11.18 Given the lack of certainty in such a large regeneration scheme, the Council is exploring the usage of a single delivery partner going forward as opposed to using several contractors for each of the schemes not yet started. This could have potential savings and provide certainty for the programme which a project team the appropriateness of this route.

Other Regeneration Projects

11.19 Wembley Housing Zone (WHZ) is a multi-tenure scheme, funded by grants, CIL and borrowing. Planned expenditure from FY2024/25 on is £119.2m.

11.20 The Bridge Park Regeneration project is aiming to deliver improved leisure facilities and other community space. The options and viability for the development is taking place.

11.21 Picture Palace is a local Community regeneration project to help deliver extensive cultural and community uses in the heart of Harlesden town centre. This project is fully funded by SCIL to amount of £3.1m from FY2024/25.

11.22 Grand Union Canal bridge is fully funded by SCIL and has a budget of £6.8m from FY2024/25.

Public Realm

11.23 There will be continued investment in public realm to ensure the infrastructure is fit-for-purpose and achieves our vision of making use of the opportunities presented by developments within the borough.

11.24 The Highways Capital Scheme Programme has an annual £3.5m highways capital maintenance budget to maintain carriageways and structures. The council agreed a further £15.0m investment from FY2022/23 for over four years to be spent on planned maintenance works. These works are on Carriageways and Footways. The total budget for Highways Management in FY2024/25 is £10.3m

Integrated Street Cleansing & Waste Contract Fleet

11.25 There is a further £11.9m budget from FY2024/25 from a total £21m programme budget to purchase fleet required to deliver the Integrated Street Cleansing & Waste Contract, the borrowing costs to fund the asset purchases will be offset by contributions from revenue.

Transport for London (TfL)

11.26 The Council receives a fixed block of capital funding annually from TfL. In FY2023/24, the Council has initially been allocated £1.0m, which comprises the Safer Corridors and Neighbourhoods programme and the Cycle Parking programme. In the absence of confirmed funding allocations for FY2024/25, TfL to publish end of January 2024, the budget assumes the same level of funding as FY2023/24 and will be updated once available.

Parks Improvement Programme

11.27 The Parks Service is investing £2.0m from FY2024/25 to improve various areas of aging infrastructure across the borough's parks; including pathways and playgrounds. They are also seeking to install a number of new welcome notice boards with improved maps of each location, wildflower meadow information boards and to make infrastructure improvements to allotments with new fencing, pathways and new sustainable toilets.

11.28 There are 2 new projects within the Public Realm budget. Local Electric Vehicle Infrastructure (LEVI) which is a new grant funded project for electric vehicle public charge points in the Borough for those who do not have private parking with a budget of £1.2m. Northwick Park Mortuary Expansion is a Tri-Borough scheme (Brent, Harrow and Barnet) which will see the expansion of the Northwick Park mortuary to increase facility demands. Brent will administer the project and will use SCIL to cover its share of the costs alongside contributions from Harrow and Barnet.

Schools

Special Educational Needs and Disabilities (SEND) Schools

- 11.29 The Council has statutory responsibilities in relation to children and young people with special educational needs and disabilities (SEND), that require the Council to ensure that there is suitable provision to meet their needs.
- 11.30 The Programme will meet this demand via a number of work-streams, including construction of a new build SEND School, Additionally Resourced Provision (ARP), expansion of existing SEND schools and capital improvement projects. The budget includes a key school site, London Road, where designs are underway.

Schools Capital Improvement

- 11.31 The Council is responsible for 38 community and foundation schools and nurseries across 41 sites in Brent. The Council has a statutory duty to undertake major projects at these schools to ensure the buildings are weather tight and provide a safe environment for education.
- 11.32 Funding is provided to carry out these works by the Department for Education (DfE) via the School Condition Allocation (SCA). This funding is provided each year based on an assessment by the DfE of high-level building condition need and is provided to meet Brent's local condition priorities across its schools. The Council places SCA monies in a specific capital budget, the School Asset Management Programme (AMP) budget, to meet its statutory requirement.

Relocation of Islamia Primary School

- 11.33 In September 2022, Cabinet approved capital funding to support the relocation of Islamia Primary School from its existing site in Salusbury Road to the vacant Strathcona Site. The proposed capital investment is up to £10.0m depending on the option chosen with the preferred option expected to cost £9.1m. The relocation proposal requires statutory consultation and, if the proposal proceeds, it will come back to Cabinet for determination in the FY2024/25. Childrens Care Home.
- 11.34 The Department for Education (DfE) has given a grant of £1.1m for the acquisition of a housing asset that can be used as a children's care home within the Borough. As part of the grant conditions this is to be match funded by the Council, which will be funded by borrowing. The acquisition of an asset is being budgeted between FY2023/24 and FY2024/25.

Housing Programme

- 11.35 The development and management of both new and existing Council housing remains a primary focus, evident through continuous investment in housing repairs, maintenance, and enhancements. The Housing programme is now entering a crucial phase, marked by the commencement and completion of key projects.

General Fund Housing

11.36 The General Fund is allocated to spend £147.8m over the next five years, starting from FY2024/25, on mixed-use developments. In cases where grants from the Greater London Authority (GLA) are utilised, the properties will be transferred to the Housing Revenue Account (HRA) upon the completion of the respective scheme.

Fulton Road

11.37 The Council has entered into a long-term lease agreement, spanning 999 years. The acquisition of the development at Fulton Road will result in an additional 294 homes, offering a combination of London Affordable Rent and London Living Rent options within the Wembley Park ward. This site is focused on meeting the current demand for larger family-sized accommodations, with a priority on delivering 3-bedroom homes. The scheme is estimated to cost approximately £85.5m. This development is currently in progress, with work advancing steadily, and we anticipate completion by FY2025/26. Once completed, these units will either be transferred to the HRA or allocated to one of the Council's housing companies.

Aids & Adaptations – Private Works

11.38 The Council has secured £9.9m in Disabled Facilities Grant funding, intended to cover the expenses associated with adapting the homes of vulnerable Brent residents. This initiative is designed to assist individuals in maintaining their residence and quality of life.

Church End regeneration

11.39 The project is about to enter the main works phase, intending to provide 99 homes for affordable rent, with a projected completion date sometime in FY2025/26. £46.9m in capital spending is targeted over the next five years. Church End is one of the Council's flagship projects and a key priority, aligning with Brent's Local Plan. This Council's objective is to rejuvenate the local centre, stimulate the local economy, and offer new housing, workspace, and other amenities to support the local community.

i4B Holdings

11.40 i4B Holdings is actively involved in acquiring properties throughout the borough and purchasing street properties, which are then offered as affordable rented homes. This initiative aims to alleviate the housing pressures in our community, reduce the financial burden, and decrease the number of families in temporary accommodations. The Council plays a role by acting as a lender, providing the necessary funds to balance the equation. Our involvement includes a combination of equity investment and loans to support i4B's provision of PRS accommodation which enables the Council to either prevent or discharge its homelessness duty and therefore reduce temporary accommodation costs. Given the significant demand pressures in temporary accommodation, a new loan and equity facility of £40m will be made available for further street property

or block purchase opportunities to further increase the supply of PRS accommodation in line with its business plan.

- 11.41 Current plans involve the provision of 25 street properties during FY2024/25, which will expand the Council's temporary accommodation capacity and explore new opportunities for new construction projects. As part of the FY2024/25 Capital Programme, £6.3m expenditure, being the company's remaining drawdown, is earmarked to facilitate these initiatives.

Temporary Accommodation (TA)

- 11.42 The Edgware Road project is intended to provide 110 affordable homes for temporary accommodation along with five retail units. Presently, the project is at the Pre-construction Services Agreement (PSCA) stage. The planned capital expenditure for the next five years is set at £42.6m. The Council is collaborating with Higgins, the contractor, to finalise the project's design. Progress thus far has faced significant challenges, primarily due to recent legislative changes that have impacted the original design. We are currently exploring all available options to move forward with the project, including the possibility of the Council submitting a fresh planning application. Given the significant demand pressures for TA, the Council has identified a number of void properties within the South Kilburn programme which can be utilised for this provision through meanwhile use. A provisional budget of £0.7m is requested to bring these homes into use.

Housing (HRA)

- 11.43 Planned expenditure on housing HRA over the next 5 years from FY2024/25 is £200.8m.

New Council Homes Programme (NCHP) - 2021-2026

- 11.44 The New Council Homes Programme (NCHP) - Affordable Homes Programme 2021-2026 comprises a series of projects currently in the early stages of development across the Council. The combined value of these projects amounts to £69.1m, with expenditure projected over the next five years. Most of these projects have already received planning approvals. The objective is to explore viability through securing partial funding for these initiatives through the GLA's new Affordable Homes Programme 2021-2026. Additionally, the Council is actively exploring various alternative delivery options for these schemes.

Major Repairs & Maintenance of council stock

- 11.45 An overarching objective for the Council has been to meet the government's mandate of ensuring that 100% of social homes adhere to the decent home standard. To accomplish this, the Council has made significant investments in its Housing Revenue Account (HRA) properties, ensuring that they not only meet but also consistently maintain the decent homes standard.

11.46 The Council remains dedicated to investments in repairs, maintenance, and enhancements to extend the lifespan of its assets. The HRA Capital Programme outlines planned expenditures amounting to £67.5m over the upcoming years.

Watling Gardens

11.47 The Watling Garden project comprises 125 units and is presently under construction, making substantial progress. Over the next five years, total capital expenditure of £37.3m has been allocated to this project. The scheme aims to provide a combination of social housing and shared ownership units. However, due to changes in legislative requirements related to the inclusion of a second staircase, the anticipated completion date has been extended by nine months. We now expect the project to be completed in early FY2026/27

Acquisitions at Neville and Winterleys and Grand Union Phase 2

11.48 The Council has initiated two acquisition schemes at Neville and Winterleys, as well as Grand Union Phase 2, which will provide 101 and 115 affordable units, respectively. The projected expenditure for these two schemes over the next five years amounts to £17.9m. Historically, acquisition schemes have proven to be highly economically viable for the Council, facilitating cross-subsidisation within the capital program. Moreover, these schemes have yielded highly favourable outcomes for the residents of Brent.

St Raphael's

11.49 The Council has made a substantial commitment to enhance the overall quality of the estate through a £19.8m investment over the next five years. This investment will be directed towards improvements in various aspects, including the care and maintenance of the estate, targeted enhancements of green spaces, improved waste management, parking facilities, and the establishment of a new community centre.

Statutory Capital & Treasury Reports

11.50 In recognition of the importance of capital investment in asset and treasury management to Council activities, CIPFA and central government have compiled codes of practice and regulations for Councils to follow. These ensure that Councils have effective processes and practices in place to control, manage and govern capital investment decisions, that include borrowing and treasury management practices.

11.51 The requirement on local authorities in relation to this statutory guidance is that they should “have regard” to such guidance and each year must produce a number of documents/strategies for approval by council or a nominated body.

11.52 The various statutory reports are as follows:

- Capital Strategy (high-level report covering the basics of capital programme, treasury management and investments for service commercial reasons) – Appendix G.
- Non-Treasury Investment Strategy (disclose the contribution that investments make “towards the service delivery objectives and / or place making role of the local authority – Appendix H.
- Treasury Management Strategy (the Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) requires the Council to approve a treasury management strategy before the start of each financial year. The strategy outlines a framework within which the Council manages its cash flows, borrowing and investments, and the associated risks – Appendix I.
- Minimum Revenue Provision (the process for calculating the annual charge to the revenue account of provision to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements (such as PFI) – Appendix J.

11.53 The statutory capital and treasury reports have been included here for noting in Appendices G – J.

12. Stakeholder and ward member consultation and engagement

12.1 Section seven of this report provides more details of the statutory consultation process with regards to setting the 2024/25 budget.

13. Financial Considerations

13.1 The Council’s financial position has been set out in this report and Members are under a legal obligation to set a balanced budget. In doing so they are obliged, under normal administrative principles, to take into account the various relevant factors, particularly in respect of consultation and equalities. In doing so Members are, of course, entitled to exercise their political judgement, paying regard to the relevant factors rather than being absolutely determined by them.

13.2 The budget report sets out a comprehensive picture of the council's finances over the short, medium and long term to assist in the decision making process in setting the 2024/25 budget.

13.3 In considering the budget report, a key consideration should be the delivery of the savings programme as it presents substantial management challenges. Again, considerable management attention has been, and is being, devoted to ensure that these can be delivered, but it is important to stress again the inherent risks in delivering such a complex programme.

13.4 In addition to the risk of delivery of the savings programme, there remains considerable uncertainty on the future of Local Government funding from 2025/26. In consequence, and following a comprehensive review of budget

assumptions, the general reserve is expected to increase from £17.9m to £19.7m to ensure that the Council continues to follow the principle set out in section six regarding the appropriate level of generally usable reserves. This level is still relatively low for London, but is not unreasonable.

13.5 That said, the budget now proposed is realistic and affordable, albeit challenging. The increases in Council Tax set out, if agreed, will generate significant additional revenue over time, minimising the number of difficult new decisions about funding for specific services to be proposed. If agreed, this budget would provide for affordable services in 2024/25.

13.6 Formally, this section of the report is the report of the Section 151 officer to which the Council is required by Section 25 of the Local Government Act 2003 to have regard confirming that if the budget as proposed were to be agreed the estimates made for the purposes of the calculations are robust and the proposed financial reserves are adequate. The Section 151 officer concludes that the proposed level of reserves are adequate and the estimates underpinning the proposed budget are robust.

14.0 Legal Considerations

14.1 These are set out in Appendix O.

15.0 Equality, Diversity & Inclusion (EDI) Considerations

15.1 Section seven of this report provides more details of the approach to complying with the Equalities Act 2010 and the outcome of equalities impact assessments.

16.0 Climate Change and Environmental Considerations

16.1 Climate change and environmental considerations are taken into account as part of the budget development process. Each of the savings proposals set out in Appendix C will have regard to these considerations as they are developed.

17.0 Human Resources Considerations

17.1 Of the proposals identified in Appendix C, there are some where there is a potential impact on staffing and could be subject to redundancy.

17.2 The Council will apply its Managing Change Policy and Procedure in the application of all restructuring arrangements which have an impact on staff, consulting with staff and trade union representatives accordingly.

18.0 Communication Considerations

18.1 Section seven of this report provides more details of how the budget proposals have been communicated with residents, businesses and other key stakeholders.

Report sign off:

Minesh Patel

Corporate Director of Finance and
Resources