 Brent	Cabinet 17 November 2025
	Report from the Corporate Director, Finance and Resources
	Lead Member - Deputy Leader & Cabinet Member for Finance and Resources (Councillor Mili Patel)
Draft Budget 2026-27	

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:	Three Appendix A: Summary of new budget proposals for 2026/27 Appendix B: Detailed budget templates for new budget proposals for 2026/27 Appendix C: Brent Council Debt Recovery Policy
Background Papers:	None
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1.0 Executive Summary

- 1.1. The purpose of this report is to set out the Council's draft budget proposals for 2026/27. It also provides a general update on the Council's overall financial position, including an overview of the current economic outlook.
- 1.2. This report will set out:
 - The National and Local economic context
 - Government funding outlook
 - Review of key budget assumptions
 - Other key budget themes
 - Budget requirement and new savings proposals
 - Risk management
 - Consultation, scrutiny and equalities
 - Overall financial position for the Housing Revenue Account, the Dedicated Schools Grant and the Capital Programme

2.0 Recommendation(s)

- 2.1. That Cabinet notes the overall financial position.
- 2.2. That Cabinet agrees to consult on the new budget proposals, as set out in Appendices A and B.
- 2.3. That Cabinet agrees to consult on a Council Tax increase of 4.99% (consisting of a 2.99% general increase plus 2% for the Adult Social Care Precept) in 2026/27.
- 2.4. That Cabinet endorses the approach to the statutory process of consultation, scrutiny and equalities between November 2025 and February 2026, as set out in section ten of this report.
- 2.5. That Cabinet endorses the changes to the technical budget assumptions underpinning the budget, as set out in sections six and seven of this report.
- 2.6. That Cabinet notes the position with regard to the funding for Schools and the Dedicated Schools Grant, as set out in section eleven of this report.
- 2.7. That Cabinet notes the position with regard to the Housing Revenue Account, as set out in section twelve of this report.
- 2.8. That Cabinet notes the position with regard to the Capital programme, as set out in section thirteen of this report.
- 2.9. That Cabinet notes the revised Debt Recovery Policy, as set out in Appendix C.

3.0 Cabinet Member Foreword

- 3.1. This year's draft budget sets out a clear and evidenced direction for Brent: fixing the foundations so that we can continue to run an efficient, fair, and future-focused council despite uncertain times
- 3.2. Across local government, the picture after 14 years of austerity, remains challenging. Thirty councils in England – including seven in London – have already required exceptional financial support to balance their immediate budgets. More are expected to follow. Yet here in Brent, thanks to many years of fiscal prudence and collaborative working between officers and Members, we remain in a robust position. Through years of judicious planning, careful

financial management and decisive early action, we remain a council committed to making every penny count.

- 3.3. At the heart of this budget is a simple but powerful belief: that restoring pride locally is the foundation for renewal nationally. That message runs through our recent Autumn Budget submission to the Chancellor: Building a Better, Bolder Brent - which set out six quick wins to help Government turn ambition into action. These include backing the West London Orbital rail line, reforming gambling laws to protect our high streets, giving councils powers to introduce a visitor levy on overnight accommodation, ensuring major events at Wembley contribute directly to local culture, creating a new long-term housing partnership with Government, and reforming local government finance once and for all.
- 3.4. In the meantime, the proposals set out in the following report and appendices, speak to a wider truth. When people see progress where they live - cleaner streets, safer town centres, better transport, fairer housing; it is there that we unlock pride in our borough. And that pride is fundamental to our social contract, it unlocks confidence, it unlocks investment, and it unlocks opportunity.
- 3.5. In advance of the Government's December settlement, we have written to the Chancellor setting out our asks for Brent clearly. Brent is ready to do its part in fixing the foundations of local government, provided we are given the right tools and the long-term funding certainty to plan for a better, bolder Brent.
- 3.6. Our focus remains on sound finances, strong services and fairness for residents. That is why Cabinet is proposing a 4.99% Council Tax rise in 2026/27 – consisting of a 2.99% general increase and 2% for the Adult Social Care precept. This is within the baseline we have maintained for several years. It is not a decision we take lightly, but it will raise £9.1 million in recurring income to protect vital frontline services, while continuing to provide support for those older and younger vulnerable people who need our support most. Through our Council Tax Support scheme and hardship funds, we continue to financially shield households from the sharpest pressures of the cost-of-living crisis.
- 3.7. Fixing the foundations means being honest about the challenges we face today – and to be realistic about how to meet them. The budget gap over the next three years stands at around £30 million, with £10 million falling in 2026/27. The full impact of national funding reforms will not be known until the provisional settlement in December 2025, but we cannot afford to wait for certainty before acting responsibly. Our proactive approach to cost control has already avoided over £8 million of expenditure in 2024/25, while 91% of agreed savings are on track for delivery. Where pressures have emerged, we have taken prompt mitigating action, ensuring that the council's overall financial position remains stable.
- 3.8. As has been expected of this administration, we continue to take a pragmatic approach to reserves – using them only for one-off pressures, not to paper over recurring gaps. If additional funding is forthcoming above our current assumptions, it will be used to strengthen our contingency and Future Funding Risks Reserve, not to expand day-to-day spending, beyond our means. Every pound from Brent taxpayers will be used with purpose and care.

- 3.9. The pressures we face are real and complex. Rising demand for temporary accommodation has placed immense strain on local housing services, with over 2,460 households now in temporary accommodation and a 36% increase in families in emergency placements over the past year. Brent has responded by expanding its housing portfolio – with 899 new properties due in 2025/26 and 2026/27, including new council homes and acquisitions through our capital programme, the Local Authority Housing Fund and i4B's street property purchases. Every new home delivered helps reduce our reliance on expensive temporary accommodation and gives more families the stability they deserve.
- 3.10. We are also taking decisive action in social care. Adult Social Care continues to face unprecedented demand, while the cost of children's placements - particularly those with complex needs - continues to rise. Our response is not to retreat from our responsibilities but to reform how we work: supporting families earlier, commissioning more efficiently, and focusing on prevention as much as care.
- 3.11. In education, Brent schools continue to deliver for our children despite financial headwinds. National reforms to school funding and early years entitlements will bring both opportunities and risks. Locally, 65% of maintained schools are forecasting in-year deficits, while demand for SEND support continues to grow, with an 8% increase in Education, Health and Care Plans this year alone. We will continue to press for sustainable national funding while doing everything we can locally to support inclusion and quality.
- 3.12. Our capital programme remains a cornerstone of Brent's long-term renewal. The regeneration of South Kilburn, where we expect to appoint a Single Delivery Partner in 2026/27, and the broader £800 million investment pipeline will deliver new homes, better public spaces and modern community facilities. Growth in capital financing has been carefully planned and externally reviewed to ensure affordability over the life of the programme.
- 3.13. Through it all, we are determined to keep running an efficient, modern council that works smarter, not just harder. That is why our budget proposals for 2026/27 are built around cross-cutting themes: commissioning and procurement, digital transformation, efficiency improvements, workforce productivity, income maximisation, resident experience, and service-specific proposals. Taken together, these will deliver over £10m of savings required to keep our budget balanced while improving how residents experience council services.
- 3.14. Fixing the foundations also means being clear about our priorities: so that where we spend, it must make a difference and where we save, it must be fair.
- 3.15. This is why we are also investing record-breaking sums into making visible improvements to our civic life - because creating pride, creates the condition for this borough to truly prosper. We continue to invest in Brent, and recently we announced a further £26.9 million investment package to improve parks, public spaces and youth centres across the borough. From better roads and greener parks to thriving local hubs, this is the biggest upgrade to local amenities in years. It reflects our belief that the small things - a clean street, a safe high street, a park that people want to visit - are the building blocks of community that a council is best placed to fix.

- 3.16. Brent has faced down many difficult budgets before and emerged stronger. This draft budget continues that record of resilience. It is cautious but ambitious, grounded in the values that have guided us for over a decade: fairness, responsibility and putting pride back into Brent.
- 3.17. Our task is not just to get through the next financial year but to ensure that we are ready to deliver for residents, to invest in our borough, and to make every decision count for the future of Brent.

4.0 Background

- 4.1. This report renews the Medium Term Financial Strategy (MTFS), which is the Council's overarching financial planning document. The MTFS contains forecasts of the financial position of the Council's General Fund revenue budget, as well as providing a framework within which financial planning is undertaken for the Housing Revenue Account, the Dedicated Schools Grant and the Capital Programme.
- 4.2. It should be recognised, however, that forecasting over the medium term is extremely difficult at any time but is particularly so currently as a result of the ongoing review of local government funding, which has created a high level of temporary uncertainty. As detailed in Section Five, the first multi-year local government finance settlement in a decade is expected to be delivered in December 2025. This will bring some much needed clarity, but without that it has been necessary to construct the Draft Budget on the basis of the current funding system, whilst highlighting the risks to the budget and setting out the actions that will be taken in the event of an adverse settlement to ensure that the Council can agree a balanced budget and sustainable MTFS in February 2026.
- 4.3. The report outlines the approach being taken to address the budget gap expected to result from demographic and inflationary pressures. The financial position for local authorities remains extremely challenging. The figures in this report are based upon best estimates and forecasts, which will be subject to change. 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.
- 4.4. As reported to Cabinet in July 2025, due to the issues identified above, the budget gap between 2026/27 and 2028/29 is estimated at £30m, with £10m of this falling in 2026/27, which was the central case based on current budget assumptions and scenario modelling at the time. Further details are set out in section eight of this report.
- 4.5. The Council has therefore now brought forward a series of new proposals totalling £10.4m, which, if approved following consultation and scrutiny, would be implemented in 2026/27. These new proposals, and the updates to budget assumptions set out in this report, will enable the Council to set a balanced budget for 2026/27. The new savings proposals for 2026/27 are summarised in Appendix A and full details of each of the proposals are set out in Appendix B.
- 4.6. The unprecedented financial challenge faced by local authorities in England which has resulted in requests for Exceptional Financial Support (EFS) from the Government remain unabated. EFS is a form of temporary financial

assistance provided by the UK Government to local authorities facing severe financial distress. It is designed to help councils avoid insolvency, meet immediate financial obligations, set legally balanced budgets, and continue the delivery of its statutory functions.

- 4.7. The UK Government has provided EFS to 30 local authorities in England (of which seven are London authorities) to help them manage severe financial pressures and set balanced budgets. This is up from 19 in 2024/25, with this number expected to continue to grow in 2026/27.
- 4.8. The rationale for the financial strain experienced by most of the councils currently accessing EFS is driven almost entirely by mandatory, high-cost, demand-led services that councils have little control over. Councils across the country continue to face growing financial pressures caused by decades of underfunding by central government and increasing demand for services such as social care and temporary accommodation. These pressures are further exacerbated by rising costs driven by higher inflation and interest rates.
- 4.9. The new savings proposals are designed to limit, as far as possible, service reductions and the impact on front line services particularly during these challenging times. This does not mean that delivering these planned savings, if approved, will be managerially straightforward, or that front-line services will be entirely unaffected, or that they can be achieved without staffing reductions.
- 4.10. In summary, the key features of the 2026/27 budget are:
 - A Council Tax increase of 4.99% (consisting of a 2.99% general increase plus 2% for the Adult Social Care Precept), making a Band D Council Tax of £1,724.76 (for the Brent element). The Greater London Authority (GLA) precept is unknown at this stage and is subject to their own decision making and consultation processes.
 - New budget savings proposals of £10.4m to be delivered in 2026/27, as set out in Appendices A and B.

5.0 Strategic Financial Overview

Economic Environment

- 5.1. Forecasts for growth in GDP for the UK in 2026 is expected to remain modest at 1.3%. This is similar to what is forecast for 2025 (forecast growth 1.3%), which may not be sufficient to significantly help many of those people still suffering from the cost-of-living crisis.
- 5.2. Forecasts for CPI inflation in 2026 is expected to average 2.5% which is lower than the 2025 current average of 3.4%. The high rate of inflation is driven by rising energy and utility bills.
- 5.3. Changes in global trade policies remains a source of uncertainty in the global economy though recent trade agreements mean there is less uncertainty than earlier in the year. The UK unemployment rate is forecast to rise to just over 5% by the first half of 2026, up from its current level of 4.8%. This projection is based on factors like decelerating economic growth and subdued hiring, though some recent data suggests the labour market is stabilizing and the pace of job cuts may have slowed from earlier estimates.

Fair Funding Review and Local Government Finance Settlement

- 5.4. The Government has committed to fundamental reform of local government financing from 2026/27, with particular focus on diverting resources to authorities that need them most and delivering the first reset of the business rates retention system since it was created in 2013. As part of these reforms, the Government has confirmed its intention to deliver a multi-year funding settlement to local authorities from 2026/27. This will provide greater certainty within which to plan budgets for future years.
- 5.5. On 20 June 2025, the Government launched a consultation on the Fair Funding Review 2.0. This followed the Spending Review, which set the overall funding for local government from 2026/27 to 2028/29. The multi-year funding settlement for local government is expected to cover the same period.
- 5.6. The consultation ran until 15 August and a response was submitted by Brent officers, following a review of the proposals, utilising modelling from London Councils on the impact of the proposed reforms. The Government will provide a summary of the responses to the consultation in the autumn, followed by a policy statement ahead of the provisional local government finance settlement in mid-December 2025. The policy statement, while not including detailed allocations, is usually the first indication of what will be in the settlement and the two are closely aligned. This year, it will be particularly important as this is likely to be the first firm indication of what the final reforms will look like.
- 5.7. Unfortunately, the Government has not provided detailed models or provisional allocations at local authority level, so at the time of dispatch of this report, it is not possible to determine the specific impacts of the reforms on Brent's funding, in order to include this in the draft 2026/27 budget.
- 5.8. The main elements of the proposed reforms included in the Fair Funding Review 2.0 consultation are as follows:
 - Simplification of grants – rolling several grants into the settlement and creating a smaller number of consolidated grants.
 - Relative needs assessment – Redistributing the available funding according to a revised assessment of relative need based on up-to-date data.
 - Resources adjustment – Adjusting the allocation of funding to account for differences in the council tax bases between authorities.
 - Reset of the business rates system – resetting the baselines that have not changed since 2013 and redistributing growth according to relative need.
 - Transitional arrangements – implementing the reforms across a three year period to smooth out the changes.
 - Funding floors – Most authorities will not see a reduction in core spending power, but this is funded from reductions to the allocations to authorities who are not being protected by the funding floor.
- 5.9. Current budget assumptions are prudent and so it is recommended to continue with the agreed budget strategy to deliver savings of £30m over the next three years and continue to review through the autumn. Any amendments to the MTFS post the conclusion of the Fair Funding Review will likely impact from 2027/28.

Administration Priorities

- 5.10. The budget process is designed to ensure that it is priority led so that resources are aligned with statutory responsibilities and Council priorities, which are set out in the four-year Borough Plan (2023-27).
- 5.11. The Borough Plan 2023-27 sets out the Council's vision for the four-year period covered by the plan. There is an emphasis on how the Council will work with others to support people through the cost-of-living crisis, realise climate change ambitions and harness the diverse range of communities. Central to these ambitions is making Brent the best it can be for everyone who lives and works in the borough.
- 5.12. The overarching theme of the plan is 'Moving Brent Forward Together'. 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. Each priority area has set outcomes the Council will work towards, building on the achievements so far with renewed focus and actions. It tackles cross-cutting issues such as homelessness and health inequalities.
- 5.13. The five priorities are:
- Prosperity and Stability in Brent
 - A Cleaner, Greener Future
 - Thriving Communities
 - The Best Start In Life
 - A Healthier Brent

Support for residents

- 5.14. Whilst the challenging budgetary situation outlined throughout this report requires difficult decisions to be taken, the Council recognises that the cost-of-living crisis is continuing to have an impact on the lives of residents and remains committed to providing support where it is needed through multiple schemes.
- 5.15. The Brent Resident Support Fund (RSF) has been in place since August 2020. In the period August 2020 to October 2025, RSF has supported 22,170 households with a total of £20.5m. The support provided is for help with the cost-of-living. This can include, but is not limited to, household bills, arrears in rent, mortgage, Council Tax, food, fuel, digital equipment and emergency funds. Urgent assistance is provided when residents are at risk of losing their home and when an application to the RSF is unsuccessful, the applicant is referred to a credit union for help with an interest-free loan. Further support is provided through signposting to other internal (e.g. Brent Hubs) and external (e.g. Citizens Advice) services.
- 5.16. As of 1 October 2025, 22,925 households are supported through Council Tax Support (CTS), of which 14,279 are working age and 8,646 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 £26m per annum.
- 5.17. Brent Hubs work with residents who find it difficult to access the support they need through mainstream services. This includes issuing vouchers to residents for urgent food and fuel support, as well as making referrals to food aid

agencies and support schemes for utility costs. From January to September 2025, 1,627 residents were supported through Brent Hubs with food and fuel needs through referrals to food banks.

- 5.18. Brent Hubs has also played an active role in the Warm Spaces campaign, providing a welcoming social space for residents who may face difficulties heating their homes. This initiative includes a regular coffee morning in Kilburn, which typically attracts around 25 local residents each session. In 2025, the most common issues residents have sought support for at the Hubs include Council Tax (2,537 enquiries, 18%), Form Filling (2,472 enquiries, 17%), Housing and Homelessness (1,850 enquiries, 13%), Food and Fuel (1,627 enquiries, 12%), and General Enquiries (1,578 enquiries, 11%). The remaining 29% relate to a range of other needs such as employment, debt and money advice, and immigration support.
- 5.19. The Government's Household Support Fund (HSF) has been utilised to assist Brent households with the rising costs of food and fuel through the provision of vouchers, grants, and financial support to food aid organisations. Between 1 April and 30 September 2025, the Council supported 12,225 households with a total of £2.4m in assistance, with a further £2.5m projected to be allocated by the end of 2025/26. This support included school holiday food vouchers for the summer, half term, and Christmas periods, assistance for parents of children aged 0–4 years in receipt of Housing Benefit, as well as reactive support for households in urgent need. Additional activities are planned to extend assistance to residents claiming Housing Benefit only, disabled residents receiving Housing Benefit, and young carers, alongside continued funding for food banks, charities, and voluntary organisations that provide vital financial, food, and fuel support to local residents.

6.0 Review of Key Budget Assumptions

Overview of current MTFS

- 6.1. The General Fund revenue budget for 2025/26 was set at the Council meeting of February 2025, where savings of £4.5m were agreed, in addition to the £4.4m of savings agreed in February 2024. Further to this, there was an increase of £5m in Council Tax income resulting from changes to Council Tax Support from 1 April 2025 and £6.5m of operating efficiencies to be delivered by services in 2025/26, taking the total reduction in the net expenditure budget in 2025/26 to £20.4m.
- 6.2. At Quarter 2 (Q2), 91% of the savings are on track for delivery. Some savings have been flagged as being at risk, or delayed, and where this is the case, mitigating actions have been put forward. However, there is a risk that there will be a failure to deliver some savings in 2025/26 which will require the one-off use of reserves and without permanent mitigating actions, this will increase the pressure on the 2026/27 budget.
- 6.3. In 2025/26, there is a forecast overspend of £9.2m against the revenue budget at Q2. This is equivalent to 2% of the revised budget and is after growth of £53.3m was included in the 2025/26 budget to address expected inflationary and demand led pressures. The largest overspend is in the Housing Needs service (£5m), due to an extremely high level of demand for Temporary Accommodation and a lack of affordable Private Rented Sector (PRS) offers.

This is despite the £15m increase in the 2025/26 budget (£11.6m growth, £3.4m additional Homelessness Prevention Grant). There are also modest overspends in Adult Social Care (£1.2m), Strategic Commissioning & Capacity Building (£0.7m) and Children's Social Care (£2.2m).

- 6.4. If sustained until the end of the financial year, this would require a transfer from unallocated reserves. In turn, this would reduce the balance of unallocated reserves from £20m to £10.8m, significantly below what is considered by the Corporate Director, Finance and Resources to be an adequate balance for the Council. Equally, any overspending not dealt with in 2025/26 would, potentially, carry over into 2026/27, thereby increasing the requirement for further savings in that year, whilst at the same time providing no scope to draw on the Council's reserves.
- 6.5. The seriousness of the Council's financial position cannot be understated. Since 2023, spending controls have been introduced and a Budget Assurance Panel has been implemented, which has helped to facilitate a better grip of the Council's financial position and coordinated work to manage the pressures on services. This introduced a range of measures including proactive vacancy management, directorate led targeted non-essential spending controls including agency and interim spend, alongside department led management action plans, reflecting other actions being undertaken. These sensible, proactive and prudent measures are estimated to have led to cost avoidance of over £8m in 2024/25 and are providing more assurance over the Council's spending decisions.
- 6.6. However, it is clear from the current financial position at Quarter 2 in 2025/26 that further actions are now necessary. With the exception of maintaining health and safety, meeting a statutory requirement and fulfilling a contractual obligation, all other spending will be halted until further notice. In addition, controls on staff payments, recruitment and use of agency workers will be significantly enhanced.
- 6.7. While Brent is not currently in the financial situation of those Councils that have recently issued, or threatened to issue, a Section 114 notice (legally required when the Council cannot balance its budget, unlike the NHS and other parts of the public sector, councils are not allowed to carry a deficit) all efforts must be focused on positively changing the financial position.
- 6.8. In July 2025, the Medium Term Financial Outlook presented a revised budget gap of £30m from 2026/27 to 2028/29, profiled £10m per year.

Table 1: Budget gap 2026/27 to 2028/29 (July 2025)

	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
In year budget gap	10.0	10.0	10.0
Cumulative budget gap	10.0	20.0	30.0

- 6.9. This gap may change following the provisional local government finance settlement in December 2025. An adverse settlement may require a drawdown from reserves, but if additional funding is forthcoming above the assumptions included in the draft budget, the additional funding will be used to create a contingency budget and/or top-up the Future Funding Risks Reserve. The Future Funding Risks Reserve was set up to manage the in-year impact of funding reforms. Given the late nature of local government finance settlements relative to the budget setting cycle, it is impractical to determine the precise budget gap to then produce a set of reasonable, costed new savings/cost reduction measures before Full Council in the following February. The Council chooses to publish the savings proposals as early as possible to allow time for proper consultation, Equalities Impact Assessments (EIAs) and scrutiny in order to ensure delivery is on time and on budget.
- 6.10. The use of reserves to balance the budget can only be used as a short-term measure to address immediate pressures and must be dealt with through further savings or mitigating actions in future years. This is in addition to the existing budget gap in those years. It is clear that delivering this will be a significant challenge for the Council's services, but this is considered necessary to ensure that the Council can continue to deliver a balanced budget in future years, without having to rely on Exceptional Financial Support (EFS) from central government.

Departmental pressures

- 6.11. Managing ongoing demand-led pressures remains a key aspect of the 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.
- 6.12. As the two areas most affected by the changes in demography and increasing contractual costs, the Service Reform and Strategy (including Adult Social Care) and Children, Young People and Community Development (including Children's Social Care) 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. The growth for Children, Young People and Community Development for 2026/27 includes £1.1m of growth relating to 2025/26 that is estimated as a recurring pressure going forward. Current pressures within Service Reform and Strategy at risk of slipping into 2026/27

are currently estimated at £1.8m, this includes £0.5m additional cost of moving to a new Community Equipment provider that was reported at Q2.

- 6.13. There are also substantial pressures in other areas. The continued unprecedented demand for temporary accommodation is putting considerable pressure on the budget for Residents and Housing Services. A further £8m of growth has been included in the Housing Needs budget, £4m to address the 2025/26 pressure and £4m for the projected increase required for 2026/27.
- 6.14. Updated modelling of the requirement for Capital financing has been undertaken. Whilst interest rates remain high, the impact of the Capital Programme on the revenue budget is increasing over time. However, work is ongoing to mitigate these increases and as a result the growth for Capital Financing in 2026/27 is currently low (£0.5m). There remains a high risk that if the mitigations cannot be achieved, the Capital Financing budget will either require more growth, or the Capital Programme will have to be reduced to ensure that it remains affordable to the revenue budget.
- 6.15. Concessionary fares continue to experience substantial increases as usage in London returns to pre-pandemic levels and fares increase. As the largest contributor to the Freedom Pass scheme, Brent faces a substantial increase in cost with the contribution forecast to rise by £1.8m in 2026/27, £1.4m in 2027/28 and £1.4m in 2028/29, although this is a small reduction on the forecast at the time of the Medium Term Financial Outlook in July. Concessionary fares are part of the Service Reform and Strategy budget.
- 6.16. Other significant growth requirements in the 2026/27 draft budget include growth for pressures on the waste/recycling contract, the variable element of the West London Waste Authority Levy and the 2026/27 pay award.
- 6.17. A summary of these growth and cost pressures are shown in Table 2.

Table 2: Growth / Cost Pressures

GROWTH	
	2026/27
Brent Categories	£m
Demographics - Adult Social Care	4.2
Demographics - Children's Social Care	2.7
Demographics - Temporary Accommodation	4.0
Demographics - Other	0.2
	11.1
Inflation - Adult Social Care	8.3
Inflation - Children's Social Care	2.0
Inflation - Temporary Accommodation	4.0
Inflation - Other	2.8
	17.1
Capital Programme Financing	0.5
Grand Total	28.7

- 6.18. The following sections provide commentary on the service pressures and other challenges faced by each department. The growth included in the draft budget of £28.7m is based on the central cases of the modelling produced by the service areas.

Service Reform and Strategy

- 6.19. In addition to delivering excellent adult social care and public health services, the directorate leads the work across the council and with health partners to improve health and well-being outcomes for all our residents. This means improving health and care services but also recognising and tackling the social determinants of health (skills, work, leisure, housing) and ensuring that tackling health inequalities is at the core of everything we do as set out in the Health and Wellbeing Strategy.
- 6.20. The Directorate is also home to a number of enabling services that work across the council and with residents and partners to effect change. This includes communication and community engagement functions, ensuring residents are aware of things happening in the council and have their voices heard on the issues that matter most to them; change, insight and policy capacity to support services to understand their performance, identify areas of improvement and create opportunities for innovation, including through the digital programme where we embrace technology and explore the opportunities for AI to contribute to service redesign; and commissioning and procurement teams, ensuring that we get maximum value from the Brent pound.

6.21. The directorate has the highest net budget in the Council, and this budget is spent on a wide range of services. The highest spend area within the directorate is Adult Social Care, with a budget of over £140m, where packages of care are provided to vulnerable and elderly residents to allow them to maintain their wellbeing and independence. In addition, the Public Health provides services to reduce ill health and improve health and wellbeing to residents within a budget of £26.1m. The directorate also provides Leisure services, training to improve residents' digital skills, grants to the community and more with a budget of £14.4m. Collaboration with the NHS helps to reduce the pressure on budgets through joint funding of packages of care and through grant funding. The department also generates income for the Council through charging for conferences and events in the Civic Centre and advertising.

6.22. Services provided by the directorate:

- Provided vital social care support to 5,497 elderly and vulnerable residents
- Our sports centres welcomed 1.2m visitors
- 3,500 free exercises classes
- 740 free oral health checks for children
- 7,841 health checks
- 82k residents visited our Have Your Say portal – over 8,200 registered users, 120% increase since 2023
- Over £1.6m distributed to community projects
- Provided over 4,000 digital devices to residents to tackle digital exclusion
- More than £1.2million generated in income from advertising, filming and events
- Supported up to 15,000 visitors a month to access information and services via our accessible website
- Distributed YourBrent magazine to 140,000 households, regular e-newsletters to over 17,000 residents and engaged with around 40,000 followers via our social media channels

Adult Social Care & Strategic Commissioning

6.23. The department faces funding pressures mainly within Adult Social Care due to increasing demand for services and recruitment and retention challenges. There have been demographic pressures as the number of older people and working age adults requiring care increases. In Brent, as of October 2025, there has been a 4% increase in client numbers compared to the same period last year. There have been significant increases in service users requiring a Home Care package (8%) and those receiving care in Supported Accommodation (7%) which is partly due to Brent's strategy of reducing demand in residential settings (i.e. a 2% reduction in clients placed in residential & nursing settings) and promoting independence at home.

6.24. Chart 1 shows the number of adults accessing long term care (i.e. Residential, Nursing and Community Care such as Supported living, Home Care etc.) is

relatively high in Brent compared to the average across London. The reasons for the relatively higher numbers are due to factors such as an ageing population, more residents living with long-term conditions and a growing mental health need.

Chart 1: Number of adults accessing long term care in Brent compared to the London average

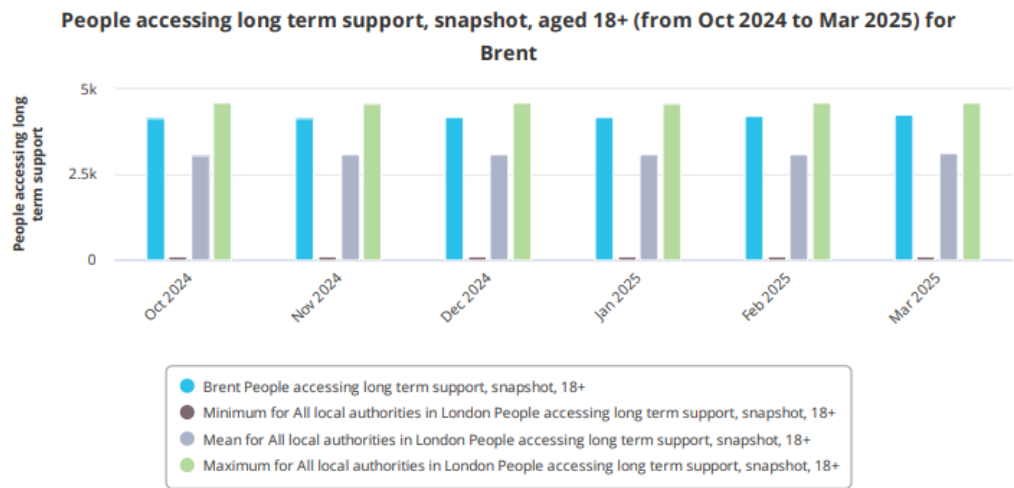


Chart Source: LG Inform Benchmarking data

- 6.25. Inflationary pressures are also having an impact on the budget with the overall average weekly cost increasing by 6% as of October 2025 when compared to September 2024. An increasing number of service users are presenting with multiple and complex health issues impacting their social care need and resulting in more expensive packages of care needing to be commissioned. Average weekly costs have increased across most service provisions, especially in Nursing Care (10% increase), Residential Care (6% Increase) and Supported Accommodation (6% increase).
- 6.26. Table 3 shows the current (Q2 2025/26) Nursing and Residential average weekly rates compared to the average for Northwest London (NWL) authorities. It is important to note that there are factors that can have an impact on the benchmarking data such as the size of the borough, where placements are being made (in borough or out of borough) and the number of placements, which is the case with residential placements. The data in Table 3 shows that Brent is higher than the average in NWL however Brent has a lower-than-average number of service users placed in residential care in line with the strategy to promote independence.

Table 3: Average Weekly Cost Benchmarking Data Q2 2025/26

Borough	Average Placement	Average Residential	Average Nursing
Weekly Costs			
Brent	1,063	1,244	883
Average North West London Boroughs (NWL)	1,027	980	1,061
Highest NWL	1,061	1,001	1,099
Lowest NWL	993	952	1,024

- 6.27. Various mitigation plans are in place to reduce the pressure on care costs. Emphasis is on assessing one-to-one/two-to-one care costs through timely assessments and interventions, evaluating short term packages, continuing engagement with Health in regard to Section 22 funding (where certain service provisions meet a health need and are eligible for Health Funding under the Care Act 2014), and reviewing CHC (Continuing Health Care Funding; fully funded by Health for adults who have significant ongoing health needs) and S117 funding (Joint funding agreements with Health; current agreement is 60:40 split, where Brent are liable to pay 60% of the total care costs).
- 6.28. Staffing remains a critical factor for Adult Social Care and managing recruitment, retention, and the costs associated with staffing will be key to maintaining the quality and sustainability of services. There is a continued reliance on the use of agency staff who are more expensive than permanent staff. Also, as care shifts towards more complex community-based services, investment in staff training and development will become increasingly important to ensure that the workforce have the skills required to deliver high-quality, person-centred care. The department currently has a retention strategy in place for hard to fill roles and has been successful in converting a number of agency staff to permanent staff. In 2024, 14 agency staff had converted to permanent. In 2025 so far, 17 have either converted or are in the process of converting.
- 6.29. The Council is also working closely with the care provider sector to manage challenges such as recruitment and retention and service quality.
- 6.30. The Social Care funding reforms planned for October 2025 will no longer go ahead and this introduces further risk and uncertainty as the sector is uncertain about any plans in place to address the funding pressures and unmet need in the system. Social care funding is reliant on the Adult Social Care Precept and various social care grants such as the Better Care Fund (BCF), the Social Care grant, the discharge grant and the Market Sustainability and Improvement Fund (MSIF), to support services. The budget assumes continuity of these funding sources, however a longer-term financial settlement for social care, incorporating the various grants that are provided, will reduce uncertainty and enable sustainable services.

Public Health

- 6.31. The ring-fenced Public Health grant contracts are also likely to be impacted by inflationary increases. Most public health services are commissioned from the NHS and the Government has commenced the 2026/27 NHS pay round and depending on the agreed rate of increase, there is the risk that the national Agenda for Change pay awards will again significantly outstrip uplifts in the

public health grant. There continues to be increasing levels of need for a number of public health services, notably sexual health services, as a result of demographic change, increased levels of infection and substance misuse where there is considerable unmet need.

- 6.32. The future of the additional time limited grant funding awarded by Office for Health Improvement and Disparities (OHID) mainly for drug and alcohol services in 2026/27 is currently unknown, with a decision expected later this calendar year. In the meantime, officers are preparing a contingency plan utilising public health grant reserve to avoid a “cliff edge” in services should the grants not be continued.

Leisure Services

- 6.33. The Leisure Service continues to face challenges due to factors such as increases in energy costs, the slow return to leisure centres following the COVID-19 pandemic, the impact of the cost-of-living crisis on residents, inflationary costs of running the centres, increases in the London Living Wage, reduced income and ageing facilities. The Council continues to work with leisure providers to ensure the continuity of an affordable service and review the required investment to enable the leisure assets continue to be financially viable in the long term.

Children, Young People and Community Development General Fund

- 6.34. The Children, Young People and Community Development directorate has responsibility for improving outcomes for all Brent's children, particularly the most vulnerable, as well as responsibilities for community safety, employment and skills delivery and refugee/migrant integration. The directorate works with children, parents and carers, schools and settings, and a wide range of partners to improve the life chances of children and young people as well as adults who require community safety, employment and skills and migrant support services.
- 6.35. The Council spends around £97m on children's social care, which encompasses a wide range of essential services including safeguarding vulnerable children, supporting foster care and adoption arrangements, and providing youth support services.
- 6.36. A further £255.5m funds children's education through the Dedicated Schools Grant (DSG). This funding supports early years education in nurseries, the operation and improvement of local schools, and targeted services for children with special educational needs and disabilities (SEND). It also covers costs related to school transport, ensuring pupils can access education safely, and contributes to wider educational support services such as inclusion initiatives, specialist teaching, and alternative provision for pupils who need additional support.
- 6.37. Across CYPCD, we are working together to:
- 6.38. Break down the cultural and structural divisions between service areas in the interest of improving outcomes for children and young people.
- 6.39. Look ahead to identify and plan for future changes and pursue continuous improvement.
- Deliver evidence based services and foster innovation and creativity.

6.40. We have established clear ways of working:

- We work in partnership with children and young people via Brent Care Journeys 2.0 and the Brent Youth Parliament. With partners this is achieved the Brent Multi Agency Safeguarding Arrangements, the Children's Trust, the Strategic School Effectiveness Partnership Board and the Safer Brent Partnership.
- We are on a continuous journey of learning and development to improve outcomes for children and young people.
- We use evidence-based methodologies to inform our work including Signs of Safety and Trauma Informed approaches in line with the Brent CYPCD Ways of Working document, '*This is Brent, this is how we grow*'.

6.41. Services provided by the directorate:

- Brent Start helped 2,360 residents gain new skills
- Brent Works helped 231 residents find jobs and apprenticeships.
- £1.4m on community safety and tackling anti-social behaviour, with 2,295 penalty fines issued
- 950 people supported by our Violence against Women and Girls services.
- 298 new school places for children with special educational needs
- School holiday activity places for children
- 97% of Brent schools are judged as good or outstanding by Ofsted
- Took care of 295 children in care
- Supported 21,041 local people at our Family Wellbeing Centres.

Placement costs for children in care

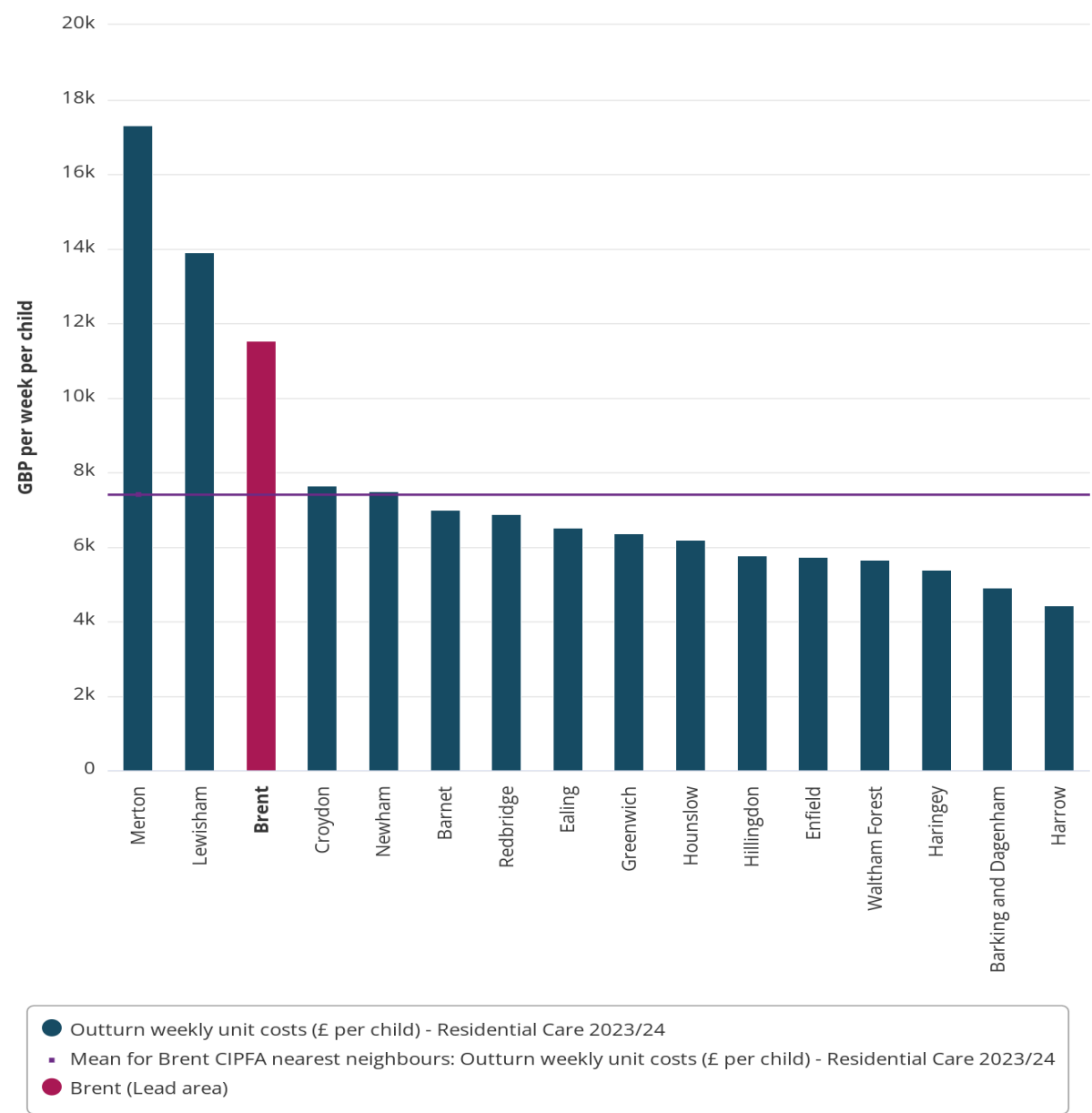
6.42. The challenges faced by the CYPCD directorate are largely in line with the national picture over the past few years. Pressures continue to arise due to the increased cost of placing children in care, particularly in residential and secure placements, although the overall number of children and young people receiving support in Brent has remained stable in the last year and the overall number of Looked After Children (LAC) has decreased as shown in Table 4 below.

Table 4: Brent LAC children in residential homes

	2022/23	2023/24	2024/25	2025/26 (forecast)	MTFS 2026/27
No. of LAC (excluding mother & baby)	319	307	298	298	298
No. of LAC in a residential home	23	22	38	39	42
% of LAC in a residential home	7.2%	7.2%	12.8%	13.1%	14.1%
	£m	£m	£m	£m	£m
Outturn (Residential)	9.6	10.7	11.9	16.3	19.2

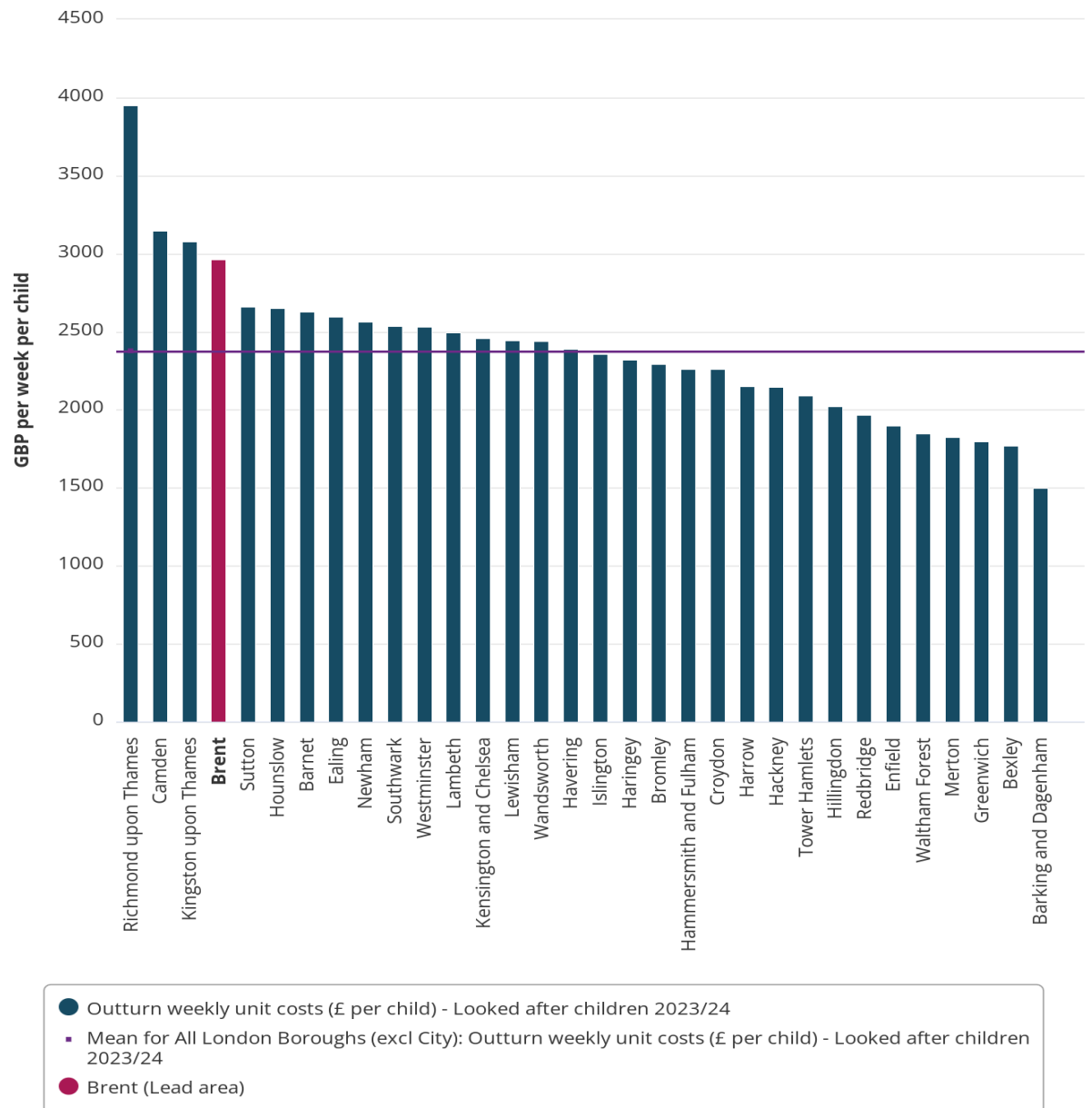
- 6.43. The projection for 2026/27 reflects the net impact of different types of LAC placements with the main cost driver being residential placements. Pressures against the placement budgets arise from a combination of the impact of inflation and increased rates, particularly as Brent's looked after children often enter care late, with complex needs and requiring higher levels of support.
- 6.44. A significant challenge is securing suitable placements, largely due to difficulties within the national residential market, as highlighted in a national review of children's social care. Consequently, placements with higher levels of support within them have been required, which can be extremely costly. A key factor driving these costs is staffing ratios, with providers often insisting on higher staffing levels, as a condition of accepting placements. The impact of inflation and the shortage of available placements is expected to further increase costs in 2026/27 by an estimated £3.6m. The new in-house care home is now expected to be open by the end of 2025/26. This would help alleviate some of the market pressures and achieve annual cost avoidance savings of circa £0.3m. Brent is also working closely with two neighbouring authorities to ensure greater sufficiency of residential placements in the local area.
- 6.45. A more recent development is the increase in the number of remand cases, with six young people in care at the start of 2025/26. The length of time of these placements is dependent on the speed of moving cases through the criminal justice system and beyond the local authority's control, further impacting projections for the next financial year.
- 6.46. As of August 2025, there were 291 (295 in August 2024) LAC in Brent. The directorate continues to effectively manage the number of children in care by supporting families to look after their children when it is safe to do so. The current average weekly cost for a residential placement in 2025/26 is £7,287 (£6,492 in 2024/25). Additionally, there are currently seven remanded clients in secure accommodation with an expected annual cost of £1.4m. The average weekly costs of the top six residential placements involving complex needs currently range between £9,870 and £13,190, with these costs set to see inflationary increases in 2026/27.
- 6.47. Chart 2 shows the outturn weekly unit costs in Residential Care across the "CIPFA nearest Neighbours" comparison group in 2023/24 (latest available) with Brent ranking the 3rd highest average spend of £11.5k.

Chart 2: Outturn weekly unit costs (£ per child) - Residential Care (2023/24) for Brent & Brent CIPFA nearest neighbours



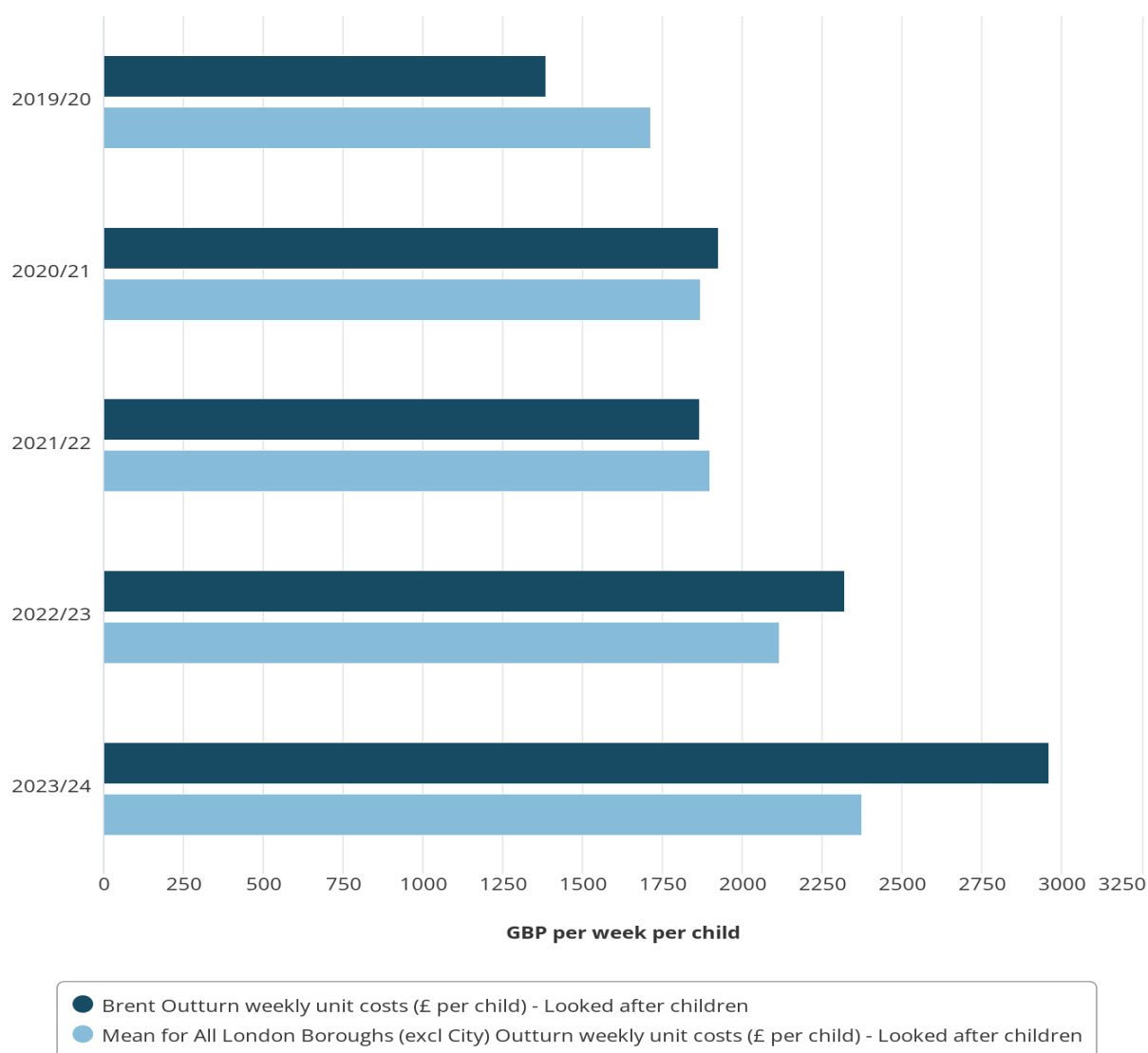
6.48. Chart 3 shows the weekly unit costs (£ per child) for Looked After Children in 2023/24 (latest available) for all London boroughs.

Chart 3: Outturn weekly unit costs (£ per child) - Looked after children (2023/24) for All London Boroughs (excluding City of London)



6.49. Chart 4 shows the weekly unit costs per child for Looked After Children (LAC) in Brent from 2019/20 to 2023/24. This shows that over the last few years, the LAC unit costs in Brent have been in line with the average unit costs when compared to statistical neighbours with a significant increase in 2023/24 due to meeting complex placement needs.

Chart 4: Outturn weekly unit costs (£ per child) - Looked after children (from 2019/20 to 2023/24) for Brent



- 6.50. These pressures against the placement budgets sufficiency challenge are a combination of the impact of inflation and increased costs because Brent's looked after children often enter care late, with complex needs and require higher levels of support and that is reflected in the increases in unit costs for the period reflected in the benchmarking charts. In this period the increase was particularly pronounced for the residential and the care leavers cohort in semi-independent placements (where a number of young people require high levels of additional support). Since then, the department has made progress in reducing the unit cost for clients in semi-independent accommodation through a number of initiatives implemented by the Strategic Commissioning Group. For the residential cohort, however, and in line with the national picture, the unit costs continue to increase due to the lack of available placements.
- 6.51. The directorate also provides support to Care Leavers, who are entitled to support from the local authority until the age of 25. The number of care leavers receiving support has risen in recent years and currently stands at 572 (567 at this time last year), with further increases anticipated in the new financial year.

Children with special needs

- 6.52. The continued growth in the number of children and young people with Education, Health and Care Plans (EHCPs) may increase the pressure on some General Fund services, such as SEN Transport. Delivery of the new Travel Assistance Policy Implementation Plan (TAPIP) will be essential to managing transport costs in 2026/27, supporting young people to become more independent by reducing reliance on Council organised transport.
- 6.53. The CYP CD directorate relies on health contributions from the Integrated Care Board (ICB) to fund health-related expenses associated with placement costs and the health component of a Special Educational Needs and Disabilities (SEND) child's Education, Health, and Care Plan (EHCP). Brent continues to collaborate with health partners to secure maximum contributions through a Joint Funding Panel which challenges placement decisions on a case-by-case basis.
- 6.54. Looking ahead to 2026/27, the Government's principal initiative for children's social care will focus on implementing the Families First Partnership (FFP) Programme. This reform seeks to develop a more integrated system by aligning early help and child in need functions. As part of the programme, the Government provided new funding in 2025/26, with Brent receiving £1.4m, to enable local authorities to invest in preventative support services. This includes targeted early help, child in need, and child protection activities. The intention is to reduce late interventions to support families, to maintain children living within their family network and to mitigate financial pressures within children's social care through transformation.
- 6.55. The Government has confirmed funding for the Families First Partnership Programme through the Children's Social Care Prevention Grant for the 2025/26 financial year. While formal grant determinations have only been published for this period, wider Spending Review commitments indicate that approximately £523m per year will continue to be made available for children's social care prevention throughout the Spending Review period (to 2028/29), with further Transformation Fund allocations expected in 2026/27 and 2027/28. Detailed allocations and grant conditions for future years are yet to be confirmed.

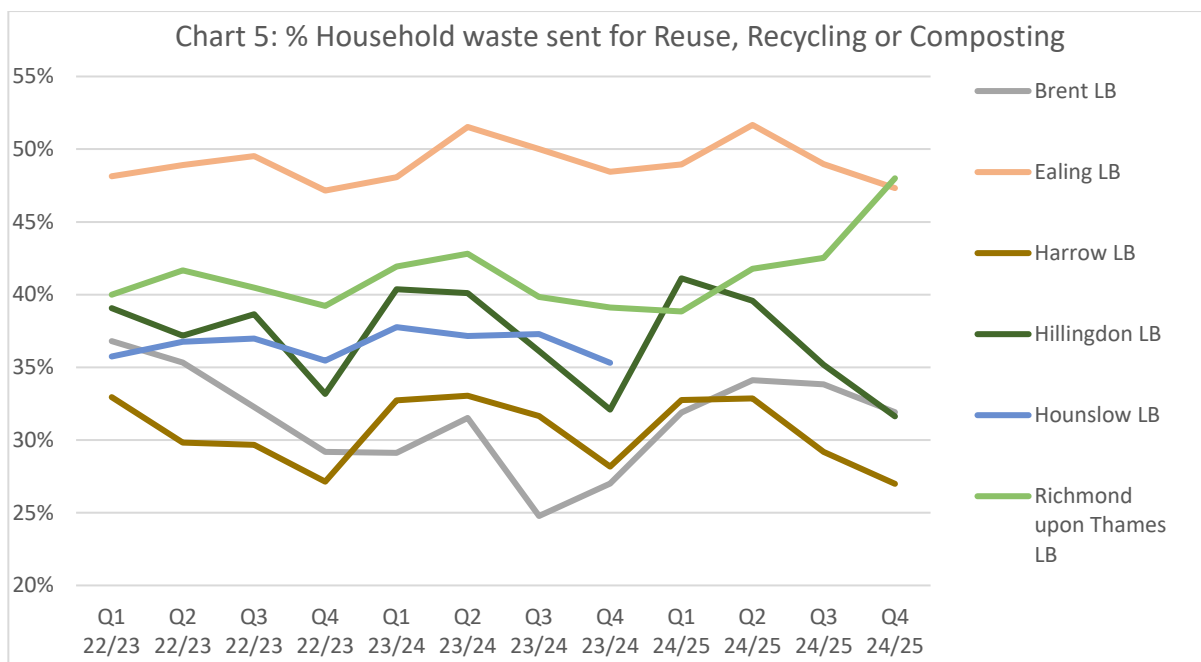
Neighbourhoods and Regeneration

- 6.56. The Department is dedicated to enhancing Brent's quality as a place. Our goal is to improve the lived experience of residents, visitors, and businesses by facilitating new housing and job opportunities through careful planning and regeneration.
- 6.57. We also focus on maintaining and enhancing the public realm, ensuring that parks, public spaces, and community facilities are welcoming and functional. Our environmental enforcement team upholds standards by addressing waste management and pollution control.
- 6.58. Additionally, we manage the highway infrastructure, ensuring that roads, pavements, and transportation networks are safe, efficient, and well-maintained. By focusing on these areas, we strive to create a vibrant, sustainable, and inclusive environment for all who live, work, and visit Brent.

- 6.59. The Directorate spends around £32m on the provision of waste collection and environmental services; including bin collection, waste disposal, recycling, street cleaning and environmental protection.
- 6.60. Through the provision of parking management and traffic enforcement, the Directorate is able to generate over £19m of income that is reinvested in highways improvements and meets the cost of the provision of the 'Freedom Pass' to Brent residents.
- 6.61. Services provided by the directorate:
- Cleared 21,000 fly tips
 - Repaired 7,229 potholes
 - Collected 31,000 tonnes of rubbish and recycling from 127,974 homes
 - Cut our carbon emissions by 71.1% since 2010
 - Kept 110 award-winning parks and open spaces flourishing
 - £9.3m looking after 315 miles of road and 529 miles of pavement
 - Determined 1,871 planning applications in the last year; including 20 Major applications and 1,851 Minor or other applications
 - Issued 122 Enforcement Notices in the year, and undertook "Direct Action" on 18 unlawful developments and commenced prosecution on 9 cases
 - Delivered 5 community centres, now leased to local organisations, strengthening local service delivery and community engagement.

Public Realm

- 6.62. New contractual arrangements for several key Public Realm services, including parking and waste management, commenced in 2023/24. The most significant of these is the waste management contract, which is currently facing some financial pressures. These issues stem from the challenges around reducing residual waste and increasing the amount of waste diverted for recycling.
- 6.63. The service continues to implement a range of engagement and enforcement activities aimed at reducing residual waste volumes. These measures have contributed to actual tonnages collected between April and August 2025 being at a better, lower level than originally forecast. This reduction is further evidenced by the 'Pay As You Throw' rebate received for Quarter 1 (Q1) 2025/26.
- 6.64. Based on current performance and trajectory, the service anticipates a continued helpful downward trend in residual waste tonnages for the remainder of the financial year. The revised forecast for 2025/26 reflects a 3% reduction compared to the original projection.
- 6.65. Chart 5 shows the percentage of household waste sent for recycling alongside the other London Boroughs making up the West London Waste Authority.



- 6.66. As is shown in Chart 5, Brent's recycling rate has been in the lower range amongst the West London Waste Authority boroughs, mainly due to contamination in communal bins. However, recent figures show signs of improvement, with recycling rates rising steadily over the past year before levelling off. This recent increase in recycling rates reflects the early impact of service changes and targeted engagement, which will remain a priority going forward.
- 6.67. An upgrade to the food waste recycling service at communal properties was introduced in 2024/25 which has seen performance improve. There is still work to do to improve recycling at flats above shops, such as rolling out food waste at these properties to further improve performance. In addition, the waste education team are running several small projects to combat negative behaviours and reduce rates of contamination.
- 6.68. A compounding problem is that the price per tonne disposal cost continues to rise significantly. In 2024/25 it was up by 8.5% compared to the previous year and in 2025/26 up by a further 1%. These costs are largely beyond the Council's control and reflect high levels of inflation in recent years.
- 6.69. In addition to this, the recycle reprocessing contract has seen fluctuations in material volumes, rejection rates, and market prices. In the first year of the contract some financial pressures were faced due to challenges around a lower tonnage collected for recycling and more loads were being rejected.
- 6.70. There has been a significant improvement however in the second year of the contract and processing costs have reduced. In 2023/24, 33% of recyclable material collected was downgraded upon arrival at the processor. Considering the high percentage of rejected loads, specific measures were introduced with a focus on trying to get better quality material to the reprocessing facilities. This can be seen in the reduction of processing costs for 2024/25 which has in turn helped the Council to achieve a higher rebate value, through the sale of recyclates.

- 6.71. Table 5 shows the improvement in tonnage and cost reduction from 2023/24 to 2024/25. Co-mingled tonnage refers to the weight of mixed recyclable materials collected together in a single stream, rather than being separated by type.

Table 5: Improvement in tonnage and cost reduction from 2023/24 to 2024/25

Year	Total Tonnage Collected	Co-mingled collected tonnage	% Co-mingled downgraded	Paper & Card collected Tonnage	% Paper & Card Downgraded	Processing costs	Rebate
2023/24	19,822	13,823	23%	5,999	0%	£2,270,173	£493,364
2024/25	20,629	14,611	18%	6,018	0%	£1,555,804	£739,926

- 6.72. There is still work to be done to further improve the contamination in the accepted tonnage and further reduce costs. There has been a downturn in DMR (Dry Mixed Recycling) tonnage across the country, and this is largely due to a change in purchasing habits and manufacturers utilising less packaging.

- 6.73. Whilst there has been an upturn in recycling more of these materials than previously, rebate values are largely dictated by market material prices, which are not within service control. Table 6 highlights three different material types which have experienced the largest movements in terms of unit price.

Table 6: Material types with the largest movements in unit price (per tonne)

Year	Aluminium Cans		Pot, Tubs and Trays		PET Clear	
	High	Low	High	Low	High	Low
2023/24	£17.22	£6.41	£4.61	-£0.67	£16.21	£6.71
2024/25	£31.34	£13.84	£4.15	-£4.75	£33.75	£11.71

- 6.74. In 2025, the Extended Producer Responsibility policy was introduced which shifts the financial and physical responsibility for managing products, such as packaging, to the producers themselves after they have been used. The goal is to encourage more sustainable practices, by making producers pay the costs of collection and recycling. For 2025/26, local authorities will receive quarterly payments starting between October and December, followed by two instalments between January and March. Payments may be adjusted based on updated data, and while initial funding is Treasury backed, future income may decline as producers reduce packaging costs.

- 6.75. Additional waste reforms include the introduction of the Emissions Trading Scheme for energy-from-waste facilities from 2028, adding costs to fossil-based emissions to incentivise reductions, and the implementation of a Deposit Return Scheme encouraging container recycling through a refundable deposit scheme.

- 6.76. Parking continues to perform well, however, as it acts as a deterrent, its effectiveness may shift over time alongside behaviour changes. Ongoing monitoring and potential adjustments to enforcement measures, such as camera locations, will be important to maintain performance.

Inclusive Regeneration & Climate Action

- 6.77. Recent economic constraints have led to the reduction or cancellation of several significant development projects. This has had a direct effect in Inclusive

Regeneration & Climate Action, which is substantially reliant on revenue generated through commercial planning activities and associated functions, including Building Control. The challenges within Building Control have been compounded by regulatory changes introduced by the Building Safety Regulator (BSR), which now allocates the majority of key project work directly to Local Authorities. As a result, the department no longer has the opportunity to competitively bid for such work, further limiting its income-generating capacity. In addition, ongoing staff shortages are further restricting the service's ability to pursue additional work and generate income, placing increased pressure on existing resources and limiting operational flexibility.

- 6.78. Whilst it is hoped that the wider economy will recover, there remains uncertainty around when this will translate into an uplift in planning-related income. In the short term, an increase in planning fees may help to offset some of the financial impact. However, the changes introduced by the BSR present a more complex challenge that is not easily mitigated. In response, the department is actively exploring a range of mitigation strategies, including reviewing recruitment processes, enhancing career development pathways, increasing agency pay rates, and considering a commissioning-based delivery model to improve resilience and capacity.
- 6.79. Community Infrastructure Levy (CIL) income is expected to decline in the coming years, primarily due to a reduction in housing delivery and planning approvals. As CIL income is directly linked to new development, any decrease in construction activity directly impacts income levels.
- 6.80. Furthermore, the implementation of new building safety regulations and ongoing delays within the planning system are contributing to a slower pace of housing development. These factors are contributing towards the challenges to maintaining a robust development pipeline, thereby reducing the potential for future CIL receipts.
- 6.81. CIL income includes a 5% administrative fee, which supports staffing costs within the Council. A continued decline in CIL receipts would place pressure on the services that rely on this funding, requiring alternative sources to maintain those services.

Property & Assets

- 6.82. Within Property & Assets, the Commercial Property team has experienced pressures on its income collection in recent years. The service is focused on mitigating these income risks by securing new tenants to replace those with expired leases and by actively marketing vacant assets. Post-pandemic shifts in working patterns have led to a sustained decline in demand for commercial space. To remain competitive, the Council has introduced rent-free incentives; however, this strategy has a direct impact on service revenue and requires careful financial oversight.

Residents and Housing Services

- 6.83. Resident and Housing Services is responsible for the council's Resident Services, Housing Needs and Support, and Housing Services. Its role is to make all of our services easier to access, to ensure that residents have access to secure, safe and decent housing, to ensure that support is available for those residents who are most in need and to lead work with our partners and

communities. We also provide library services, the Brent Museum and Archive service, and registrar and bereavement services for the borough.

- 6.84. The Housing Needs service is responsible for delivering the Council's statutory responsibilities on homelessness, developing viable options to meet residents' housing needs. The team provides a dedicated Domestic Abuse service as well as a specialist Rough Sleeper service, working with partners to deliver an outreach service, to support the most vulnerable. The team is also responsible for the allocation of social housing, either directly from the Council's own stock or through nomination to Registered Providers.
- 6.85. The Council spends £31m across Residents and Housing Services, including £16m on homelessness services and temporary accommodation and £15m on resident services including libraries, registration and bereavement, customer service and council tax services.
- 6.86. The Housing Revenue Account (HRA) spends around £70m on the management and maintenance of the Council's 8,500 units of housing stock and 4,000 leaseholders, including repairs, improvements, and management costs.
- 6.87. Services provided by the directorate:
- Our Housing Needs Service assessed 8,800 homelessness approaches and are providing Temporary Accommodation for 2,400 homeless households.
 - Secure an average of 30 properties a month in the private rented sector to end homelessness.
 - Prevent and relieve 35% of the homelessness applications received
 - 892 new homes to be delivered under the New Council Homes Programme
 - 2 New Medical Centres
 - £4.3m in cost-of-living support
 - Helped 4,500 residents with housing, debt and more
 - Licensed 20,000 properties, driving up standards for renters
 - Our libraries welcomed 1,350,363 visitors
 - £1.3m for community projects
 - Approximately 4.7m visits to the website – up 12.5% from 2023/24
 - Our Contact Centre answered 242,543 phone calls
 - Housing benefit was processed for nearly 11,000 recipients
 - Council tax support provided for over 23,000 residents
 - Registered 3,800 births, 2,100 deaths, and 2,500 marriages and civil partnerships
 - 3,200 citizenship ceremonies were held

Homelessness

- 6.88. Housing Needs and Support continues to be the most significant area of pressure for the Residents and Housing Services department. The service experienced a £15.3m overspend in 2024/25 and the continued pressure is forecast to result in a £5m overspend in 2025/26. In 2025/26, an additional £3.4m of funding was allocated through the main Homelessness Prevention Grant and £11.6m of growth built into the base budget resulting in an increase of £15m in the service budget in comparison to the previous financial year to deal with continuous pressures and demand. However, demand continues to increase and the associated costs remain high.
- 6.89. An extremely elevated level of demand for housing services and emergency accommodation is a national issue that is particularly acute in London. The Housing Needs Service in Brent has seen a 12% increase in the number of homelessness presentations received in 2025/26 (7,300) compared to 2024/25. The total number of households in temporary accommodation in Brent has increased to 2,460 (by 20%) over the same period, and the number of families in emergency temporary accommodation has increased by 36%. As at the end of quarter two in 2025/26, the total number of homeless households living in emergency type accommodation had risen to 1,474, with the service placing an average of 21 households every week. This is a 12% rise in comparison to April 2025 that had 1,318 households in stage 1 temporary accommodation. The service is expecting the number of households in emergency type accommodation to increase to 1,498 by the end of the year.
- 6.90. Tables 7 and 8 show the number of approaches and the number of subsequent applications the service has received over the past 3 years, and demand to date this year. An approach is recorded when a person applies for housing assistance, either online or physically presents to the Council. An application is only recorded if following a triage interview the case progresses.

Table 7: Number of approaches for temporary accommodation 2023-2025

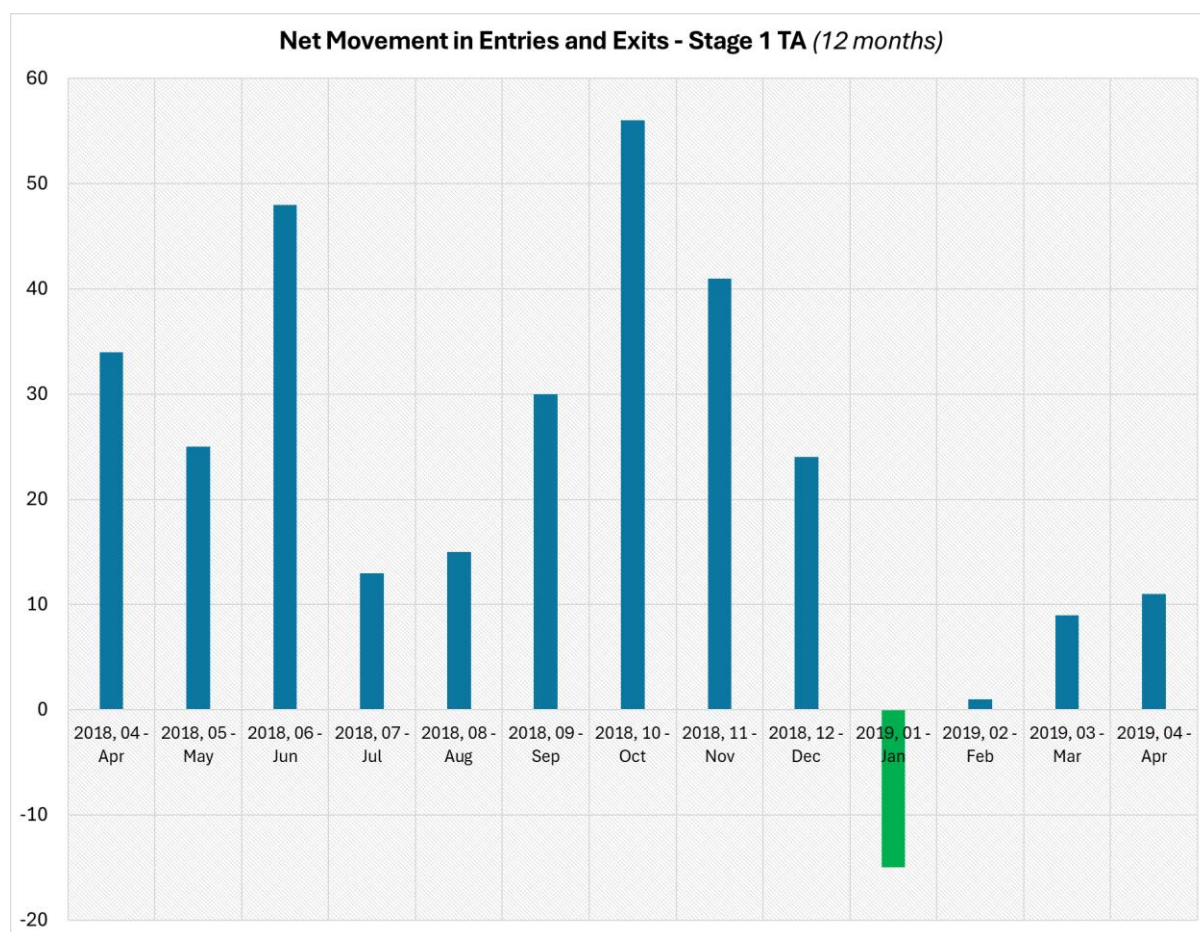
Year of approach	Actual approaches	Projected approaches	Total
2023	9113		
2024	8957		
2025	7073	2131	9204

Table 8: Number of successful Homeless duties owed 2023-2025

Year	Duty owed - actual	Duty owed – projection	Total
2023	2932		2932
2024	2945		2945
2025	2026	921	2947

- 6.91. Chart 6 shows a net number of entries and exits from Stage 1 accommodation over the past 12 months. Following the influx of new build properties available to temporary accommodation households at the start of summer, there was a net decrease in Stage 1 figures. However, in other months, new entries exceeded exits, leading to a net increase in Stage 1 households.

Chart 6: Net Movement in Entries and Exits from Stage 1 temporary accommodation over the past 12 months



- 6.92. Homeless households placed in temporary accommodation who are entitled to it can claim Housing Benefit to go towards their housing costs. Local authorities pay the cost of that Housing Benefit upfront and then are paid back by the Department for Work and Pensions (DWP) through subsidy arrangements. Households can receive the full Housing Benefit they are entitled to, however the amount the Council can claim back is limited to 90% of the Local Housing Allowance (LHA) rates from 2011. At Brent, rents charged to tenants are therefore calculated at 90% of the 2011 LHA rates in order to minimise subsidy losses. However, current LHA rates are on average 47% higher than 2011 rates, and the cost of nightly placements is considerably higher than what the Council is able to recover, therefore leading to a substantial net cost of the service. If the cap for how much the local authority can claim back from the DWP were to be removed and brought back in line with LHA rates for the current year, this could partially help alleviate the current pressure by around £3.8m.
- 6.93. London Councils conduct analysis and benchmarking of peers that helps to gauge the situation in London. The latest estimates show that Housing pressures are increasing rapidly compared to budgeted levels and that councils' net deficit on homelessness service spending was projected to be 124% (£410m) higher in 2025/26 than it was in 2024/25. The gross total monthly spend on temporary accommodation across London for April 2025

reached £94m. Based on the London Councils analysis, boroughs spent £5.5m a day on homelessness in 2024/25 – up from £4.2m a day in 2023/24.

- 6.94. As part of the Preventing Homelessness Programme the Council has a dedicated workstream focusing on reducing temporary accommodation spend and preventing homelessness among residents who have approached the Council as homeless. The programme contains a number of activities and workstreams, including improved private sector offer incentives, improving process for considering offers of properties to use as temporary accommodation from the private sector, developing MHCLG Bed & Breakfast elimination plan, enhancing the role of Housing Resolutions Officers, acquiring self-contained leased accommodation at scale and developing strategies aiming to discharge the 100 most expensive temporary accommodation placements. Council officers are proactively renegotiating contract prices and identifying alternative solutions to relocate some of the highest-cost cases, with the objective of reducing overall expenditure within the Housing Needs service. Officers continue to rigorously assess and manage homelessness applications to prevent or relieve demand where possible. In the 2024/25 financial year, 51% of homelessness approaches were successfully prevented or relieved.
- 6.95. The Council is continuously looking to increase supply of new temporary accommodation by seeking new accommodation via acquisition or leasing.
- 6.96. In 2026/27, the average number of homeless households living in emergency type accommodation is expected to increase to 1,575, resulting in a circa £6.7m additional pressure to the current Housing Needs and Support budget. A worsening of the situation in temporary accommodation is estimated to result in 1,654 households in stage 1 accommodation resulting in a £7.5m pressure to the budget. A best-case scenario is estimated to result in 1,497 households in stage 1 accommodation, resulting in a £5.5m pressure to the 2026/27 budget.
- 6.97. In addition, inflationary pressures arising from an increase in provider costs is expected to result in a further £1.4m cost to the 2026/27 budget. This is the central case based on scenario modelling, with the worst case being £2.3m and best case being £0.9m.
- 6.98. In both cases, the central case has been built into the MTFS, which is based on projecting forward the expected increase in homelessness presentations, the additional cost of temporary accommodation, projections on loss of Housing Benefit subsidy and factoring in the impact of various interventions being put in place to manage demand and costs. However, it is important to recognise that a lot of elements are subject to change, and unforeseen circumstances may arise. As such, these projections may not fully materialise in reality, and actual outcomes could differ significantly from those anticipated. If the worst case scenario materialised, corporate reserves would be utilised to cover the budget gap.

Council's New Builds Programme

- 6.99. The Council is expecting 892 new properties to be added to its portfolio during 2025/26 and 2026/27 as part of the Capital Programme. These are mostly HRA properties, some of which may house people in temporary accommodation, depending on allocations, therefore alleviating pressures on this service. Most

recently, out of 115 new units delivered, 66 were allocated to homeless households. Of the 66 social housing allocations, 26 were direct offers targeting individuals in the most expensive forms of temporary accommodation. These households were prioritised based on their placement in higher priority bands (A and B), with the aim of reducing overall accommodation costs. The remaining 40 properties were allocated through Locata via the Choice-Based Lettings (CBL) system. These were offered to households who submitted bids and are in the highest priority banding, with allocations made in order of longest waiting time.

- 6.100. If the remaining social housing homes within the current pipeline are used to target the households in the most expensive forms of temporary accommodation and similar allocation rates are seen, this could result in an annual cost avoidance of circa £5m - £8m. However, due to the increasing level of demand, the number of households in temporary accommodation and the associated costs, there is a risk that this benefit could be at least partially counterbalanced.

Acquisitions

- 6.101. Two grant-funded programmes are currently supporting the delivery of temporary accommodation: the Local Authority Housing Fund (LAHF), which aims to deliver 35 units for temporary accommodation alongside resettlement homes, and the Council Homes Acquisition Programme (CHAP).
- 6.102. The CHAP is part of the Mayor's Affordable Homes Programme (AHP) 2021-2026 and the funding aims to enable councils to purchase properties and convert them into social rented housing or accommodation for homeless households (including temporary accommodation). The CHAP programme intends to part-fund the acquisition of homes at the following grant rates;
- For social rent, up to £200k per home
 - For accommodation for homeless households, up to £85k per home.
- 6.103. Officers have undertaken a financial appraisal to determine the feasibility of acquiring properties of the requisite specification and standard for this programme based on the grant funding levels noted above. At the levels of grant funding noted above, it was deemed that the programme was undeliverable, and officers have since been in dialogue with the GLA to demonstrate how/why additional grant funding is required. Following productive discussions, officers have now had a revised bid accepted, with grant funding increased to £120k per property, with the total grant amounting to £1.8m and a delivery target of 15 properties in the financial year.
- 6.104. The Deed of Variation (DoV) to the 2021-2026 Affordable Homes Programme (AHP) received Cabinet approval in September and officers have begun sourcing a pipeline of properties suitable for the programme. The Council currently has five properties in conveyancing and one in negotiation.
- 6.105. The LAHF is a £450m grant fund from the Ministry of Housing, Communities and Local Government (MHCLG), with objectives to reduce local housing pressures and use of expensive and unsuitable accommodation, reduce temporary accommodation costs, provide sustainable settled housing to those on the Afghan Citizens Resettlement Scheme (ACRS) and support local

housing markets by assisting the delivery of new housing stock or new developments.

- 6.106. In August 2024, the Council successfully secured a capital grant allocation of £10.5m and a revenue grant allocation of £86k from the LAHF. The Memorandum of Understanding (MOU) that has been signed with MHCLG is to acquire at least 42 properties. As per the MOU, the Council has agreed to deliver 25 properties in the 2024/25 financial year ('the Year 1 delivery target') and 17 properties in the 2025/26 financial year ('the Year 2 delivery target'). Officers have made significant progress acquiring against the full delivery target of 42 properties, with a total of 39 properties either completed, in conveyancing or awaiting valuation and an expectation that several properties currently in negotiation will soon follow suit. Where possible, officers have prioritised the acquisition of larger 3+ bedroom family homes as these property types would relieve the Council of several applicants within the current 25 costliest temporary accommodation placements.

Leasing

- 6.107. While various leasing options continue to be assessed to secure cost-effective nightly paid placements, progress in delivering new supply through this route has been limited. Since the completion of the 45 unit lease in March 2023, few opportunities have met the Council's affordability criteria. Negotiations for another lease to provide 40 units have experienced significant delays due to issues with the counterparty's solicitors, though the arrangement is now in its final stages. A new lease has recently been completed which is expected to deliver 192 units from April 2026. To help accelerate progress and strengthen commercial negotiations, Greenlight Commercial & Consulting have been engaged to support this workstream and a number of options are currently being negotiated, modelled and assessed.

PRS - i4B Holdings Ltd Acquisitions

- 6.108. i4B is continuing its street property acquisition programme with an initial target of acquiring 15 homes. i4B, a housing company wholly owned by Brent Council, was established to acquire, let, and manage a portfolio of affordable, high-quality PRS properties. These properties are leased to homeless families at Local Housing Allowance (LHA) rates, enabling the Council to prevent or discharge homelessness duties, thereby reducing reliance on temporary accommodation and associated costs while ensuring families have access to secure and responsible landlords. i4B remains self-financing, with the current portfolio generating annual savings in temporary accommodation costs. This self-financing portfolio generates annual savings exceeding £4m-£6m by reducing reliance on temporary accommodation. While new builds and acquisitions alone will not fully resolve the homelessness challenge, the Council is actively utilising its available resources and powers to expand housing supply.

Supported Exempt Accommodation

- 6.109. Supported exempt accommodation properties continue to create financial pressures for the Council and represent a budgetary risk. Unlike other landlords, providers of supported exempt accommodation are not bound by Local Housing Allowance (LHA) caps and can charge higher rents once they

demonstrate that support services are being provided. Housing Benefit subsidy levels depend on Rent Officer determinations, which are based on the rent claimed by providers. This issue reflects a national challenge, highlighting the need for clearer regulation regarding the criteria that providers must meet to qualify as Supported Exempt Accommodation. Greater clarity on what constitutes minimal care would enable a more consistent approach to assessing individual support needs across the sector. Historically, costs associated with supported exempt accommodation have not posed a significant budgetary pressure for the Council and have been managed within corporate central budgets. However, an overspend of £4m occurred in 2024/25 and the overspend for 2025/26 is projected to be circa £1.8m.

- 6.110. A dedicated working group has been established within the Council with the objective of minimising opportunities for exploitative landlords to enter the Supported Exempt Accommodation market. The group has developed a clear strategy outlining the Council's processes for reviewing both new landlords seeking to join this market and those already operating within it. Senior managers have met with the providers with the greatest subsidy loss to the Council to discuss options to reduce this loss. The reviews process will also assess individuals' support needs and verify that providers are delivering the appropriate level of care. This strategy and reviews process should bring the cost of SEA under control and, in time, should lead to cost avoidance and/or savings.
- 6.111. A consultation on the implementation of the Supported Exempt Accommodation Act was launched in February 2025 seeking views on plans to implement measures set out in the Supported Housing (Regulatory Oversight) Act 2023 and on the Government's proposal to introduce a locally led licensing regime for supported housing across England, and new National Supported Housing Standards for the support provided. Brent Council submitted a substantial response to this outlining the Council's broad support for the Act and areas where it could go further. As the Government analyses the responses to the consultation on standards and licensing, the Council is proactively preparing to develop and implement the new licensing team. At the same time, the Council continues to make sure its activities and strategies remain aligned with emerging regulatory requirements.

7.0 Other Key Budget Themes

Employee Costs

- 7.1. The local government pay award for 2025/26 has been agreed, with a flat percentage increase of 3.2% on all pay grades. This is a change from recent years, when the pay award has included a combination of a fixed absolute increase at lower pay grades and a flat percentage at higher pay grades. This is estimated to cost Brent's General Fund revenue budget £3.8m in 2025/26, which is contained within the growth that was included in the 2025/26 budget in February 2025.
- 7.2. The pay award for 2026/27 has yet to be agreed and the type of pay award is also unknown, which makes budgeting for future pay awards challenging. However, an estimate can be made based on inflation expectations. The MTFS for 2026/27 in respect of pay inflation does not include any growth, because of

an expected decrease in the employer's pension contributions following the pension fund valuation in March 2026. From 2027/28 onwards, the MTFs is assuming increases in line with a return to the Bank of England's 2% inflation target.

Fees and Charges

- 7.3. The Council provides a wide range of services and the ability to charge for some of these services has always been a key funding source to support the cost of providing the service.
- 7.4. The Council provides both statutory and discretionary chargeable services. Where fees and charges apply to statutory services these are often set nationally, for example some planning and licensing fees. Discretionary services are those that an authority has the power to provide but is not obliged to. These cover a wide range of services such as Libraries, Waste, Culture, Sport & Recreation, and Parking etc.
- 7.5. Where the Council has discretion over charges for services provided, detailed advice and guidance will be issued. In setting fees and charges consideration needs to be given to the recovery of both direct costs (staffing, materials, bought in services) and indirect costs (office accommodation, back-office support) of the service.
- 7.6. Setting fees and charges at an optimum and fair level can be challenging due to all variables that needs to be considered. Whilst the Council is committed to supporting the borough's residents through the current economic challenges, a freeze on increases in fees and charges is not an affordable option.
- 7.7. The precarious financial situation that the Council has to contend with in 2026/27 require the Council to ensure maximization of its fees and charges. To this effect, a fundamental review of the fees and charges policy is to be undertaken in earnest as £0.5m has been proposed as financial savings to be achieved via changes to the fees and charges policy in order to contribute to the savings target for 2026/27 and beyond. Initial discussions are being held with a potential organisation that can assist the Council to undertake the review.
- 7.8. The Council will consider the likely impact of any increase in fees and charges, and to what extent these will be affordable to the customers it serves.

Council Tax

- 7.9. Council Tax is one of the most significant sources of income for the Council, making up £178.4m (or 41%) of total core funding in 2025/26.
- 7.10. In the 2025/26 Local Government Finance Settlement (LGFS), Central Government set the referendum limit at 3%, with a 2% adult social care precept. The Government's Council Tax policy for 2026/27 has not yet been confirmed, but the Spending Review and the Fair Funding Review both strongly implied that the current referendum limits will continue at least across the Spending Review period from 2026/27 to 2028/29.
- 7.11. The Government is also likely to continue its financing assumption 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.

- 7.12. Taking into account the unprecedented pressures within social care and housing and the financial position in the round, the budget has been prepared on the basis of a 4.99% increase in the Brent element of Council Tax. This will add £9.1m of recurring income to the Council's budget.
- 7.13. Substantial rises in Council Tax cause difficulties for some households and for that reason the Council continues to fund a Council Tax Support scheme for households who are financially vulnerable, supplemented by a Council Tax Support Hardship Fund, which in 2025/26 has made available £1.5m, (£1.1m from Brent, £0.4m from the GLA) and the Resident Support Fund, which has made available £1m of additional funds for residents who are having difficulty as a result of the cost-of-living crisis.
- 7.14. The Mayor of London's precept, which makes up about 23% of the overall bill, is unknown at this stage and is subject to their own decision making and consultation processes.
- 7.15. In 2024/25, by 31 March 2025, only 91.2% of the net collectable debit for 2024/25 had been collected, 1% lower than the equivalent figure for 2023/24. Based on the collection in the year to date, a similar level of collection can be expected at the end of 2025/26, although actions are currently being undertaken with the aim of improving collection in the short-term and enabling a sustainable growth in the collection in the long-term.
- 7.16. As a result of collection being low over a number of years, the decision was taken at General Purposes Committee in January 2025 to reduce the long-term collection rate target from 97.5% to 97%. The current low in-year collection does not necessarily mean that the target needs to be reduced, and every effort will be made by the Council to achieve this target if possible. However, if it is necessary to reduce the target, this will reduce the funding available to the General Fund from 2026/27 by approximately £0.95m for every 0.5% reduction.
- 7.17. The funding environment for local government, as detailed in Section Five and throughout this report, is uncertain, with a high degree of risk that the funding assumptions in the draft budget will not be sufficient to balance the budget for 2026/27 following the Local Government Finance Settlement in December. At the same time, Brent is experiencing significant overspends on services in 2025/26, following several years of similar overspends, which have depleted the useable reserves.
- 7.18. Low collection of Council Tax is therefore a significant risk to the Council's financial resilience. Any budget gap arising from reduced expectations for collection will have to be met either from additional use of reserves in the short term or from additional budget savings above the challenging programme of savings for 2026/27 proposed in this report.
- 7.19. Recent years have seen some of the pressure from the reduction in Council Tax collection be mitigated by higher than average tax base growth, which has been driven by the regeneration work ongoing within the borough. The current MTFS assumptions are based on the Local Plan and the housing targets set by central government, but there is some evidence that the speed of

housebuilding could be beginning to slow down. If this does materialise, it will represent a further loss of funding to Brent in future years.

- 7.20. Work will continue between now and the final budget in February 2026 to determine the future expectations for collection and tax base growth. The assumptions to be included in the February budget will be confirmed in the report to General Purposes Committee in December 2025.

Business Rates

- 7.21. As set out in section Five, the Government is intending to carry out the first reset of the Business Rates Retention System since 2013 in 2026/27. At the same time as this, the valuations used to calculate how much businesses pay will be updated in April 2026, as part of the new three-yearly revaluation cycle. The Government will also legislate to introduce three new multipliers, increasing the total number of multipliers to five, to convert the Retail, Hospitality and Leisure (RHL) relief into two new permanent multipliers for small and standard rated businesses, to be funded by a higher multiplier on large businesses.
- 7.22. Along with the other funding assumptions, the current MTFS assumptions for the 2026/27 budget in relation to the Business Rates Retention System (BRRS) are based on the current funding system. As a result of this, the following areas of the BRRS represent a risk ahead of the 2026/27 budget:
- Growth - Since the current BRRS was created in 2013, Brent has benefitted from growth in its NNDR income above the baseline assumed by Government, from developments such as the London Designer Outlet in Wembley Park, which have increased the tax base. The new BRRS will redistribute such growth as part of the new baselines to ensure funding is allocated according to need. Brent may receive a relative share of this funding back, but the exact proportion will not be known until the Provisional Local Government Finance Settlement in late 2025. Any growth generated after the reset of the BRRS is expected to be retained locally once again, so the incentive to drive growth in the borough will remain. However, the Government has indicated an intention to reform how levies are collected on growth, so that a levy is charged on all growth. This means that Brent will retain a smaller share of any growth in the new system than it did in the current system.
 - Pooling – Brent is currently a member of the 8 Authority Pool with seven other London boroughs, with the City of London as the lead authority. Brent is currently forecast to receive £3.7m from the pool in 2025/26. Previous analysis following the Fair Funding Review suggested that pooling would be unlikely to continue into 2026/27, however central government has recently invited authorities to confirm their intentions regarding pooling in 2026/27. Work is now ongoing to determine whether pooling is likely to continue to benefit the Council, either in its current form, or through a new structure. The final position is unlikely to be known until after the Provisional Local Government Finance Settlement in late 2025, but authority is delegated to the S151 officer to decide on the Council's participation in a pool in 2026/27. The decision taken will be reported to Cabinet in the final budget in February 2026.

- Retail, Hospitality and Leisure – Since the COVID-19 pandemic, retail, hospitality and leisure businesses have been particularly impacted by high inflation and the cost-of-living crisis impacting on customer behaviour. These businesses are highly affected by increases to the staff costs seen in recent years as a result of salary inflation and the increase to employer national insurance contributions, while at the same time energy prices have remained high and their contribution required to business rates bills was almost doubled in 2025/26. At the present time, it is not known whether the April 2026 revaluation will lead to a further increase in the business rates bills for these businesses, or a decrease, but there is a risk of further pressure on the sector that could lead to an increase in non-collection of business rates for Brent and business closures, with a consequent negative impact on the MTFS, Brent's high streets and the availability of leisure facilities for Brent's residents.

Reserves Strategy and Financial Resilience Assessment

- 7.23. The Council adopts a risk-based approach to the management of useable reserves and as part of setting the annual budget, the S151 Officer undertakes a review of risks and known commitments to calculate a minimum level for the General Fund reserve. In 2023/24, this was increased to £20m, from £18m, to ensure that this reserve is adequate – this represented 5% of net expenditure, which is the minimum prudent level determined by the S151 Officer. In 2026/27, the £20m GF reserve balance may need to be increased in adherence to the 5% of net expenditure policy.
- 7.24. The overspends in 2023/24 and 2024/25 have reduced reserves in Brent, and the overspend projected in 2025/26 will further reduce reserves. As the ratio of reserves to income decreases the Council becomes more vulnerable to smaller financial shocks, therefore the Council needs to stabilise the level of reserves to income to help ensure its financial resilience.
- 7.25. The Council will undertake a review of its earmarked reserves in 2025/26 to ensure that no reserve is held which is no longer required for its original purpose. This review should assess the extent to which they could be repurposed to support the Council's budget; however, many earmarked reserves are already set aside to help fund expenditure to which the Council is already committed. The use of some reserves is also ring-fenced by statute to specific purposes (Community Infrastructure Levy and Public Health are examples of this).
- 7.26. The pragmatic approach on reserves is to use it only to fund one-off items as the reserves themselves are by nature single sums that can only be used once. According to CIPFA's Financial Management Code, running down reserves by persistent use to support the revenue budget would be a symptom of financial stress, indicating a financial position that is not sustainable in the long run.
- 7.27. Any draw down from reserves in the proposed budget and future forecasts in the MTFS needs to be stress tested to determine its effect on the level of usable reserves. Having insufficient reserves is not prudent and would expose the Council to considerable financial risk and would be likely to lead to an adverse external audit opinion on financial sustainability and resilience.

- 7.28. In the Financial Management Code, CIPFA recommends that local authorities undertake an annual Financial Resilience Assessment (FRA) to determine the long-term financial sustainability of the authority. The Financial Resilience Assessment looks at symptoms of financial stress (such as running down reserves as mentioned earlier) and effective financial management (for instance, having clear plans for delivering savings). The assessment will take place following the provisional settlement and will be included in the final budget to be presented to Cabinet in February 2026.

Investment in Debt Recovery

- 7.29. Since the COVID-19 pandemic, the Council has experienced a decline in collection rates across all lines of debt, most notably for Council Tax and Business Rates. As arrears become increasingly difficult to recover over time, improving both in-year and arrears collection is essential to support the medium-term financial position.
- 7.30. Overall Council debt has increased by over 28% over the last three years, reflecting the impact of the ongoing cost-of-living crisis on residents and businesses as well as under-resourced debt collection practices. Work is underway to strengthen debt management capacity, with a focus on consistency, fairness, and digital innovation. Enhanced data analytics and new communication tools are being introduced to improve debt profiling, increase customer contacts and reduce arrears, while maintaining a clear commitment to supporting residents in financial hardship. The aim is to increase overall collection rates while ensuring that recovery processes are proportionate and sensitive to individual circumstances.
- 7.31. Since April 2025, overall debt has reduced by 6%, which is more than double the reduction in the same period last year, reflecting the effectiveness of the investment and exceeding business case targets. Further improvements to the debt position are expected for the remainder of the financial year and the medium-term.
- 7.32. The debt recovery policy is critical to secure the necessary income to fund essential services while ensuring a fair and compassionate approach to collection. The Council's debt recovery policy was last updated in April 2021. This has been refreshed and is attached to this report in Appendix C to clearly set out the actions the Council will take for those individuals who can't pay and won't pay, including support for customers who are vulnerable or have problem or multiple debts.
- 7.33. Following revision of the policy, the Council will implement a more assertive approach to debt recovery. This will include earlier identification of deliberate non-payment and non-engagement, with a clear distinction made between those who are unable to pay and those who choose not to. In cases of wilful refusal or culpable neglect, the Council will escalate enforcement without delay, deploying legal remedies such as bankruptcy proceedings and charging orders (including enforced sale of property) where justified. This strengthened approach ensures enforcement resources are used effectively, public funds are protected and essential services are maintained. The revised policy reinforces the Council's commitment to financial accountability and makes clear that

individuals who have the means to pay but fail to do so will face firm and proportionate enforcement action.

8.0 Budget Requirement and new savings proposals

- 8.1. In February 2025, Council agreed the revenue budget for 2025/26, which included £4.5m of savings, in addition to the £4.4m of savings agreed in February 2024. Further to this, there was an increase of £5m in Council Tax income resulting from changes to Council Tax Support from 1 April 2025 and £6.5m of operating efficiencies to be delivered by services in 2025/26, taking the total reduction in the net expenditure budget in 2025/26 to £20.4m.
- 8.2. In July, Cabinet received an update to the MTFS, at which time due to the high level of demand for services and inflationary pressures being experienced, scenario analysis suggested a central case budget gap of £10m in 2026/27. On that basis, the Council has brought forward a series of new proposals totalling £10.4m, which if approved following consultation and scrutiny, would be implemented in 2026/27.
- 8.3. Since the Medium Term Financial Outlook in July 2025, the Q2 financial forecast has been reported to Cabinet, which shows a £9.2m forecast overspend in 2025/26. Some of these pressures are expected to be recurring, which has resulted in a reduction in the contingency budget set aside to provide flexibility to respond to in-year pressures without having to use earmarked reserves. Any further increase in the recurring pressures between now and the end of 2025/26 will either have to be met by further operating efficiencies, or through the use of earmarked reserves to balance the 2026/27 budget, with additional savings required from 2027/28 to permanently close the budget gap.
- 8.4. The budget gap over the next three years from 2026/27 is currently estimated at £30m (£10m in each year). However, since the Spending Review was announced on 11 June 2025 and a consultation on the 'Fair Funding Review' was announced on 20 June 2025, the impact on the budget gap is currently uncertain.
- 8.5. Unfortunately, the Government has not released details of the potential impact of these announcements at individual council level. In addition, final decisions have yet to be taken on the transition mechanism and which grants will be in scope for consolidation. Analytical tools are being developed to model the implications; however these still rely on assumptions that are uncertain. In reality, there is unlikely to be any certainty over the 2026/27 budget, or the MTFS, until the provisional local government finance settlement in December, when the outcome of the funding reforms will be known.
- 8.6. Current budget assumptions are prudent and so it is recommended to continue with the agreed budget strategy to deliver savings of £30m over the next three years and continue to review through the autumn. Any amendments to the MTFS post the conclusion of the Fair Funding Review will likely impact from 2027/28. For the avoidance of doubt, the budget gap assumes that Council Tax will rise by 5% in each year from 2026/27.
- 8.7. Over the course of this year, a new collaborative approach has been developed to address the Council's medium-term financial challenge and identify sustainable savings. This approach focuses on identifying high-impact

opportunities, including cross-directorate working, improving productivity, better use of digital solutions, and increasing income generation.

- 8.8. This resulted in the identification of 11 priority savings opportunities for further development. These fall into two categories: service-specific savings, which can largely be delivered within the directorate, and strategic, cross-cutting programmes, which require coordinated, corporate-level oversight.
- 8.9. Throughout the process, in producing the draft budget proposals, the emphasis continues to be on delivering efficiency measures, service transformations, cost reductions and income generation with a view to protecting front line services and Council priorities as much as possible.
- 8.10. A summary of the proposals are set out in Appendix A and further details are set out in Appendix B. In contrast to previous years, the proposals have been developed with cross-cutting themes, with the detailed allocations to services to be confirmed in the final budget in February 2026.
- 8.11. Table 9 summarises the savings proposals.

Table 9: summary of savings proposals

Themes	Total (£m)
Commissioning & procurement	3.1
Digital programme	1.4
Efficiency	3.2
Workforce	0.4
Income Maximisation	0.5
Resident Experience	0.7
Service specific	1.1
Total	10.4

- 8.12. Detailed budget templates have been produced, set out in Appendix B, which set out further details of each proposal, while providing the overall current budget context, the key risks and mitigations and the equalities impact where relevant.
- 8.13. A summary of the overall draft 2026/27 budget is set out in Table 10.

Table 10: Overall summary of the 2026/27 draft budget

Proposed Budget	2026/27
	£m
Expenditure	
Base Budget from 2025/26	431.4
Growth	
Demographics	7.1
Inflation	13.1
Temporary Accommodation	8.0
Capital Programme Financing	0.5
	28.7
Total Expenditure	460.2
Income	
Revenue Support Grant	(32.7)
Specific Grants	(96.5)
Council Tax	(190.5)
Business Rates	(130.1)
Total Income	(449.8)
Budget Gap (Expenditure less Income)	10.4
Savings	
Savings Proposals (for agreement in February 2026)	(10.4)
Budget Gap (After Savings)	0.0

- 8.14. It should be noted that this report reflects the position at this point in the budget preparation and these numbers will change as the budget develops between now and February 2026. The 2026/27 draft budget has been prepared under a high level of uncertainty regarding the future of local government funding as set out in Section Five, with the outcome of the Fair Funding Review still unknown at this time. On that basis, the funding figures included in the draft budget have been based on the current funding environment and will be updated following the Provisional Local Government Finance Settlement in December 2025.
- 8.15. There is a high risk based on modelling undertaken during the Government's consultation on the Fair Funding Review that the upcoming changes to Local Government funding from 2026/27 will result in some loss of grant funding to Brent across the MTFS period, albeit with transition arrangements expected to limit the impact on the 2026/27 budget. However, the assumptions included in the MTFS in respect of funding have typically been prudent, with more grant funding being received in the settlement in December in previous years than was assumed in the draft budget in November, which has provided some

protection against the in-year overspends that have been experienced. It remains possible that the current funding assumptions will remain sufficient to balance the budget as set out in this report, or that the position for 2026/27 may still include a greater amount of core funding than has been assumed in the MTFS. Alternatively, there may be some loss of funding that would need to be mitigated in the final budget through further operating efficiencies or the use of earmarked reserves in 2026/27 and additional savings from 2027/28, but the gap would be lower than it would otherwise have been, had the existing assumptions been less prudent. In either case, in the absence of clarity from central government on the funding allocations for 2026/27, this is considered to be a balanced approach to setting the draft budget for 2026/27. Any revisions will be reflected in the budget to be considered by Cabinet in February 2026.

9.0 Risk Management

- 9.1. The Council adopts a risk-based approach to its financial planning with the expectation for budget holders to complete an MTFS Risk Register. The earlier the Council becomes aware of a potential risk to the achievement of its Medium-Term Financial Strategy (MTFS) or its annual budget, the sooner – and the more effectively – it can take action to address that risk and to mitigate its impact.
- 9.2. The pressures on social care and temporary accommodation spending detailed above mean that the risks of serious, sustained overspends has increased in recent years. The Council's risk management approach is shown by the forecast reduction in spending in 2025/26 to help offset overspends, and the significant savings proposed in this draft budget.
- 9.3. Through the financial planning and budget setting process risks have been identified and actions to control or mitigate those risks have been developed. The MTFS contains a risk register covering risks inherent in the MTFS assumptions and other factors both within the Council and externally that could have an impact on the Council's financial position. In the sections of the report covering service pressures (sections 6.11 - 6.88), risks were extensively explored and in the detailed savings proposals (Appendix B) risks and mitigating actions are also considered.

10.0 Consultation with Ward Members and Stakeholders

Consultation

- 10.1. 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 considered. Legally, the results of consultation are something that Members must have due regard to, alongside other relevant considerations, when making decisions.
- 10.2. As in previous years, it is proposed to formally consult on the draft budget via the online consultation portal, where respondents will be invited to focus their attention on the new budget proposals for 2026/27.
- 10.3. There are a number of 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 a number of town centre business associations. The consultation on the budget will be published in a newsletter that is sent to a large number of Brent businesses, explaining why the views of local businesses are important and how they could have their say.

- 10.4. 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 will therefore play an important part of the consultation process and invitations to participate in the consultation will be sent to all Brent voluntary and community sector organisations.
- 10.5. Overall, the main aim of this approach to consultation is to raise awareness of the Council's financial position, inform residents of how the Council spends its budget and ensure residents, businesses and other key stakeholders are aware of the opportunities to have their say, by knowing how to respond and when the consultation events are taking place. This will be delivered through a variety of communication channels, for example through the local newspaper, publicity on the Council's website, e-Newsletters, posters, media briefings and use of the Council's social media platforms, including Facebook and X, to disseminate reminders and encourage residents to participate in the consultation process.

Scrutiny

- 10.6. In line with the Council's statutory scrutiny responsibilities, the Budget Scrutiny Task Group will review the draft budget through a series of evidence sessions. This will include scrutiny of the budget development process, the budget assumptions in the MTFS as well as the new proposals set out in appendices A and B. Following this, a report summarising the outcomes of the scrutiny process and setting out the Task Group's recommendations will be examined by the Resources and Public Realm Scrutiny Committee in January 2026. Pending approval, the report will then be presented to Cabinet in February 2026 for consideration as part of their decision-making.

Equalities Impact assessments

- 10.7. 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. This duty is set out in more detail in the Equity, Diversity and Inclusion (EDI) considerations section of this report.
- 10.8. Each of the budget proposals attached in Appendix B have been subject to an Equality Impact Assessment (EIA) screening to assess their potential or likely impact on service users and employees with protected characteristics. Where the EIA screening has identified any potential negative impacts, the proposal will be subject to a full EIA and may need to be changed or even rejected if no appropriate mitigation measures can be put in place. The consultation process outlined in this report will be an important source of information for these exercises. If a proposal involves a staffing restructure, an EIA will be conducted as part of that process, which forms part of the Managing Change policy.

11.0 Schools and Dedicated Schools Grant (DSG)

- 11.1. Following the conclusion of the multi-year Spending Review in June 2025, the Department for Education (DfE) will publish the National Funding Formula (NFF) allocations and operational guidance in autumn 2025. DSG allocations based on the NFF are expected to be released in December 2025.
- 11.2. In 2026/27, the Council will continue to implement a locally determined funding formula for mainstream schools. However, the total funding envelope will be set by the NFF. In accordance with national policy direction, local authorities are required to progressively align their local formula with the structure and factors of the NFF, as part of the transition towards a fully centralised direct NFF model.
- 11.3. The 2025 Spending Review set out a national framework for increased investment in education, which will have direct implications for Brent's strategic planning and school funding allocations. The uplift of £4.7bn to the schools' budget by 2028/29, alongside targeted measures such as the extension of free school meals to families on Universal Credit, supports Brent's commitment to tackling child poverty and improving educational equity. A national allocation of £2.6bn has been made to support the provision of mainstream school places between 2026 and 2030. While Brent is currently experiencing a decline in primary school demand in some areas, due to falling birth rates, this funding may still offer opportunities to address localised pressures in secondary provision.
- 11.4. In May 2025 the Government announced the School Budget Support Grant (SBSG) to help schools manage the financial impact of the 2025 teacher pay award. The grant provided targeted support to mainstream schools, academies, and centrally employed staff, with over £470m allocated nationally for the 2025/26 financial year. From 2026/27, the SBSG will no longer be issued as a separate grant. Instead, it will be mainstreamed into the schools' block of the DSG, reflecting a shift toward simplifying schools funding through the NFF.
- 11.5. In 2025/26, the number of Brent schools experiencing financial difficulties remains high, with 65% of 54 maintained schools projecting an in-year deficit. The proportion of schools relying heavily on reserves has increased, with 43% of schools in deficit planning to use 50% or more of their reserves, compared to 42% in 2024/25. A few Brent Primary schools continue to experience falling rolls, and details of this will be set out in the 2024-2028 school place planning strategy refresh to be presented to Cabinet in November 2025. This leads to a reduction in per pupil funding and therefore schools must make strategic decisions to mitigate the financial impact, including the consideration of staffing restructures. Schools continue to face rising inflationary pressures, compounded by a 4% increase in teachers' pay from September 2025. The DfE expects schools to fund 1% of this increase from existing budgets through productivity gains and smarter spending. Funding has already been provided to support 1.3% of the pay award and additional funding will be provided to fund the remaining 1.7%.
- 11.6. Special Educational Needs and Disability demand pressures in Brent continue to rise, with an 8% annual increase in EHCPs as of January 2025 compared to January 2024. To set a balanced DSG budget for 2026/27, the local authority

will, as in previous years, seek approval from the Schools Forum for a 0.5% transfer from the Schools Block. The ongoing pressures on the High Needs Block (HNB) budgets have resulted in a £13.6m deficit carried forward from 2024/25 and further forecasted pressures of £2.7m in 2025/26 are expected to increase the deficit to £16.3m. On 11 June 2025, as part of the Spending Review, the Government confirmed that its intended approach to SEND reform would be set out in a Schools White Paper in autumn 2025. However, in October 2025, the Government announced that this would be delayed until early 2026.

- 11.7. Since 2020, a 'statutory override' has been in place that allows local authorities to hold deficit balances on their DSG spending from their main revenue budgets, meaning that local authorities' DSG deficits could be separated from their wider accounts. This override has been extended to 2028, pending wider reform of the system.
- 11.8. Table 11 shows the year-on-year increase in EHCPs over the past 5 years compared to the national average. Between January 2021 and January 2025, the number of children with EHCPs increased by 1,007 (36%). This growth has placed a significant pressure on the HNB budget where funding has not increased at the same pace.

Table 11: Growth in EHCPs (SEN2 annual return to the DfE)

	January	January	January	January	January
Financial year	2021	2022	2023	2024	2025
Number of EHCP	2,784	2,938	3,251	3,500	3,791
Brent Year on Year % increase	15%	6%	11%	8%	8%
National Year on Year % increase	10%	10%	9%	11.4%	11.5%

- 11.9. The Council continues to monitor its High Needs Block Deficit Recovery Management Plan, which outlines a series of long-term actions aimed at reducing the cumulative deficit. Since the plan has been in place Brent's annual EHCP growth has been below the national average. Depending on the outcomes of the SEND reform which has been pushed back to be announced early in 2026, and in the wider context of the Fair Funding review, the Council will continue to develop and, where necessary, strengthen its deficit recovery plan to ensure it remains fit for purpose and responsive to changing circumstances.
- 11.10. In the Spring Budget of March 2023, the Government announced a significant expansion of early years childcare entitlements, to be distributed to local authorities, including Brent, between April 2024 and September 2026. 2026/27 marks the first full year of the expanded 30-hour entitlement for children aged 9 months to school age in working families. At the Spending Review 2025, the Government said it would provide an additional £1.6bn a year by 2028/29, compared to 2025/26, to continue the expansion. Funding for the National Wraparound Childcare Programme is scheduled to end in March 2026 with no confirmed allocation for 2026/27. The increase in the pass-through rate from 96% to 97% in 2026/27 means Brent must allocate a larger proportion of its

early years funding directly to providers, leaving less available for central services. This reduces the borough's flexibility to fund essential support functions such as inclusion services, quality improvement, and provider engagement.

12.0 Housing Revenue Account

- 12.1. The Housing Revenue Account (HRA) is a ring-fenced account, which contains the income and expenditure relating to the Council's landlord duties in respect of 12,538 dwellings, 8,698 Council properties and 3,840 leaseholders.
- 12.2. Each year, the HRA budget is set in the context of the 30-year business plan. 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 that the HRA can continue to remain financially secure and deliver on its commitments to:
 - Expand and accelerate the development of new Council homes
 - Continue to maintain and improve existing Council homes
 - Transform and continuously improve front line services to tenants and leaseholders
- 12.3. The HRA budget setting from 2016/17 to 2019/20 was principally directed by the Welfare Reform Act 2016, which imposed a 1% rent reduction for four years. This has resulted in a reduction of rental income and bottom-line surpluses previously assumed in the business plan. The resulting £23m loss of income, along with increased capital expenditure on major works, has led to the full utilisation of the major repairs reserve at the time in order to finance investment in the existing housing stock.
- 12.4. The rent cap of Consumer Price Index (CPI) plus 1% has been in place since its introduction in 2020/21, with the exception of 2023/24, when the Government intervened with a rent rise limitation of 7%. This ceiling resulted in an estimated £2m reduction of income to the HRA when compared to the standard policy of CPI plus 1% policy. There was then a reversion to the standard rent setting arrangements in 2024/25, and the Government originally extended the current CPI plus 1% rent settlement by one year to cover 2025/26. Following a consultation, from April 2026, the Government has, for the first time, provided a 10-year settlement on social housing rent policy. From 1 April 2026, social housing rents will be allowed to increase by CPI plus 1% each year for 2026 - 2036. For 2026/27, CPI plus 1% is equal to 4.8%, allowing the potential to increase rental income by £3.6m. A £3.6m increase in rent has the effect of an additional £108m investment in the HRA over a 30-year period.
- 12.5. In addition, the Government confirmed at the Spending Review that it will implement a rent convergence mechanism as part of the new rent settlement. Convergence would allow rents for Social Rent properties that are currently below 'formula rent' to increase by an additional amount each year, over and above the CPI plus 1% limit, until they 'converge' with formula rent. Formula rent refers to the formula that is used to calculate the rent that may be charged for a given property when it is let to a new tenant. The details of precisely how, and at what level, this mechanism will be implemented are expected to be

confirmed at Autumn Budget on 26 November 2025. During the consultation the Government sought views on the rate of convergence (whether weekly rents should be allowed to increase each year by either £1 or £2 (over and above the CPI plus 1% limit) until they converge with formula rent) and the timing of convergence (whether convergence should be available to Registered Providers for the full period of the 10 year rent settlement, or only for part of it). The impact of the rent convergence is not yet factored into the HRA 30-year Business Plan, but a scenario planning exercise has been conducted, which indicates that if the Council was to inflate all of its social housing rent to formula rent tomorrow, it would mean an additional £3.7m per annum for the HRA.

- 12.6. HRA rent setting needs to be considered in the context of the ring-fence and the 30-year business plan. A 10-year rent settlement permitting to increase rents by the CPI plus 1% helps to provide some stability and certainty over planned investment in the stock, service improvement and new development. However, this alone is insufficient to keep pace with rising costs and will not return the national HRA projection to a cumulative surplus in 10 years, which is vital to enable local authorities to invest in improving the quality and supply of social and affordable housing. Local authorities' HRAs are facing significant financial pressures driven by escalating maintenance and repair costs and increasing demand for affordable housing. These challenges are compounded by rising borrowing costs, which have increased debt servicing expenses and limited the councils' capacity to finance new housing developments. Additional regulatory requirements related to building safety and energy efficiency standards are also resulting in considerable additional compliance costs. Rising inflation and supply chain disruptions have further exacerbated expenditure, while welfare reforms and demographic shifts continue to impact rental collection rates, increasing the risk of arrears. As a result, the councils are encountering considerable financial difficulties in balancing its obligations to provide safe, affordable housing while maintaining fiscal sustainability, necessitating urgent strategic financial planning and potential service adjustments.
- 12.7. It is illegal to set a budget that would result in negative balances on the HRA. If faced with this likely situation, significant savings will be required from the management and maintenance budgets. Brent's HRA is currently in a difficult financial position due to a combination of several challenging factors. Previous prolonged rent freezes and strict limitations on rent increases have significantly constrained revenue growth, making it difficult to keep pace with rising costs. As a result of four years of rent reductions, the HRA lost £23m in rental income. Over the next 6 years, the level of expenditure inflation (based on the Retail Price Index) was on average 0.47% higher than the CPI plus 1% rate. In addition, looking at the current HRA portfolio, 88% of social rent/formula rent properties are generating income at the level below the 'formula rent'. This reduces the possible rent roll by £3.7m per annum.
- 12.8. At the same time, the HRA has faced substantial expenditure requirements driven by increased compliance obligations, including building safety and environmental standards, which have necessitated costly upgrades and ongoing maintenance. The high cost of contracts and materials, exacerbated by inflation rates consistently outstripping permitted rent rises, has further strained the budget. The repairs and maintenance spend has increased by 20%

over the last year (and 35% over the last two years) against an 11% increase in income over the last year (and 20% over the last two years). The repairs and maintenance spend in 2024/25 was £21.1m against the turnover of £70.3m in the same year. The supervision and management spend was £13.4m.

- 12.9. Additionally, elevated borrowing costs have increased debt servicing expenses, reducing the funds available for essential housing investments. Debt financing costs have increased by 22% over the last year and 43% over the last two years. The interest charge in 2024/25 was £10.9m against the turnover of £70.3m in the same year.
- 12.10. In order to absorb these cost pressures, the fund has been required to meet significant savings targets in recent years. Over the last six years, the HRA had £6m deducted in savings from its budget, the majority in 2023/24 (£3m) due to the rent rise limitation. Together, these factors have contributed to the current challenging financial position in the fund, underscoring the need for a reassessment of funding strategies and expenditure priorities.
- 12.11. For September 2025 CPI is 3.8%, which means that rents will be allowed to be increased by 4.8% in line with the CPI plus 1% policy for 2026/27. The increase is essential for inflation led growth, service maintenance, contract obligations and to continue capital investment in the Council's existing housing stock. However, as highlighted above, it does not entirely mitigate other risks which are present in the current economic climate. Factors such as inflation on energy and material costs, repairs and maintenance contracts and anticipated wage increases, mean any decision to set rents at less than the maximum permitted, provides a significant risk to the sustainability of the HRA. Local authorities still need to cover the inflationary pressures within the HRA whilst delivering on their operational requirements and strategic priorities some of which are additional legislative requirements, from repairs and maintenance, to building safety, fire safety, damp and mould and decarbonisation. These pressures together with uncertainty around the inflation and interest rates pose significant financial pressures to the HRA and a risk that spend could exceed income generated through rent and service charge collection. There is a continuous requirement for the fund to make savings in order to deliver a balanced financial position. Any investment plans must be approached cautiously and allow for flexibility.
- 12.12. While the HRA's operating reserve currently stands at £4.5m (6% of the turnover, against the target level of 5%) and the fund has £5.9m set aside in earmarked reserves, this figure remains relatively low compared to the Council's peers. In absolute terms, the operating reserve balance is £9.6m lower than peer average. The average reserve balance per unit of stock for peers is also higher at £1,351 per unit, which is £807 higher than Brent at £544 per unit of stock.
- 12.13. This comparatively smaller reserve base presents a financial risk, limiting the Council's capacity to respond effectively to unforeseen financial pressures or emergencies. The level of reserves is currently not projected to increase while the fund is experiencing significant financial pressures and the tower block programme and affordable housing supply require significant investment. However strengthening reserve levels in future years will be important to

enhance financial resilience and ensure greater flexibility in managing future budgetary challenges.

- 12.14. Table 12 sets out the main draft budget movements and changes proposed for 2026/27.

Table 12 - HRA Draft Budget 2026/27

	£m
Rent (4.8% rise)	(3.6)
Additional rent from new builds	(8.4)
Service charges increase	(0.2)
Service charges increase based on profiled major works completion	(0.6)
Bad Debt Provision	1.0
Repairs and Major works inflation, additional units and increased demand	5.3
Void works	1.2
Increase in debt financing costs	1.5
Increase in depreciation charges	0.5
Pay Award and other supervision and management costs	2.0
Increases in insurance costs, Council Tax, decant costs and other charges	1.4
Total Impact	0.0

Income

- 12.15. As part of the Council's capital programme, 892 properties are coming on stream during 2025/26 and 2026/27, most of which are HRA properties. 634 are expected to be added to the HRA portfolio in 2025/26 and 200 in the following year, generating additional rental income. The additional income from new builds and a 4.8% rent uplift are anticipated to be enough to cover all of the cost increases projected for the following financial year.

Tenants Service Charges

- 12.16. Service charges are recharges to tenants, which are based on the actual costs incurred for providing specific services, such as estate cleaning. For the purpose of the budget setting, individual service charge elements are adjusted to bring them in line with the estimated costs of providing these services to tenants. Service charges are adjusted if there is a projected over or under recovery of costs.
- 12.17. Unmetered communal lighting, heating and hot water charges are adjusted annually in line with the forecast energy supplier inflations. 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.

Debt Financing Costs

- 12.18. The ongoing high inflationary environment and high interest rates are exerting a pressure on both operational and capital costs. Inflation is driving up the price

of materials and labour associated with repairs and maintenance, while higher borrowing costs increase the expense of financing new build and improvement programmes. Further pressures stem from the Capital Programme, where insufficient Government funding has been allocated to meet key environmental priorities and statutory requirements, including carbon reduction initiatives and fire safety requirements for housing stock. The lack of adequate financial support to address these priorities places additional strain on the HRA's capital resources, complicating efforts to invest in sustainable and energy-efficient improvements while balancing other essential investment needs. In addition, the remediation programme as a result of the Council's self-referral represents a further risk to the HRA and results in financial pressures associated with addressing the identified compliance issues. As a result of these factors, the budget required for interest payable as a result of the HRA's borrowing is expected to increase by £1.7m.

Bad Debts

- 12.19. It is recognised that the current economic climate and increased rental charges can have an adverse impact on the level of rent collections. Whilst approximately a third of rental charges are covered through Housing Benefit payments, the remainder is expected to be paid directly by tenants who are in employment or in receipt of universal credit and are at risk of increased levels of non-collection. Collection rents currently stand at circa 93% for current year debt and 8% for prior years' debt. For every 1% drop in collection, the loss of income is estimated to be £0.7m. A requirement to increase the allowance for uncollected debt in 2026/27 is estimated to be £1m.

Repairs and major works

- 12.20. In 2025/26, the repairs contract for planned and responsive repairs that was previously outsourced to one contractor was re-procured. The new approach represents a hybrid model which consists of six lots and three contractors delivering responsive repairs, voids and planned works across the borough. The HRA is contending with elevated demand for repairs and maintenance services as a whole. A large volume of complex repairs, as well as increased instances of issues such as damp and mould, are placing substantial strain on budgeted resources. This heightened requirement for responsive maintenance is expected to continue into the next financial year, leading to cost pressures beyond previous expectations. Based on the cost of the new contracts, current trends and future projections, the repairs and maintenance budgets are expected to require a £4.6m increase.

Pay Award and other supervision and management costs

- 12.21. The HRA staffing budget for 2025/26 is £11.9m. The pay award for 2026/27 has not been agreed yet, but it is estimated to result in a budgetary requirement of circa £0.2m. Other supervision and management costs, such as Service Level Agreement arrangements, corporate overheads, direct IT costs, compensation and disturbance payments require a £1.8m increase in respective budgets.

Voids

- 12.22. The HRA is experiencing continued increases in cost associated with expenditure on void properties in order to bring them to lettable standards. Additional requirements such as measuring and dealing with damp and mould

could potentially require additional resources within the property management team. With the need to ensure sufficient staffing resource and requirements within the major works programme, the budgetary pressures identified for void and responsive works could require additional funding estimated at £1.3m.

12.23. Table 13 summarises the proposed draft budget for the HRA for 2026/27.

Table 13 - HRA 2025/26 Budget vs HRA Draft Budget 2026/27

HRA Budget 2025/26 v Draft Budgets 2026/27	(1) Budgets 2025/26	(2) Draft Budgets 2026/27	(2-1) Variance	(2-1) Variance Explanation
Description	£'000	£'000	£'000	
Rents and Service Charge	(64.1)	(76.1)	(12.0)	Tenant rents and service charges offset by rent loss through voids and RTB sales
Non-Dwelling Rents	(0.3)	(0.3)	0.0	Garage rents
Leaseholders' Charge for Services and Facilities	(4.7)	(4.9)	(0.2)	Uplift to reflect increased cost of rechargeable services
Major Works and Other Contribution Towards Expenditure	(0.8)	(1.4)	(0.6)	Service charge increase based on profiled major works completion and other contributions
Total Income	(69.9)	(82.7)	(12.8)	
Repairs and Maintenance	17.4	23.9	6.5	Repairs contract uplifts, additional units, repairs delivery model and provision for disrepairs and voids
Supervision and Management	17.3	19.3	2.0	Operational cost inflations
Rent and Rates and Other Charges	5.7	7.1	1.4	Council Tax and insurance contract inflation

Depreciation of Fixed Assets	16.1	16.6	0.5	Increase in depreciation costs
Bad or Doubtful Debts	1.4	2.4	1.0	Provision for non-payments
Capital Financing and Debt Management	12.0	13.4	1.4	Increase in interest costs
Total Expenditure	69.9	82.7	12.8	
(Surplus)/or Deficit for the Year on HRA	0.0	0.0	0.0	
Housing Revenue Account brought forward	(4.5)	(4.5)	0.0	Operating reserve brought forward
(Surplus)/or Deficit on HRA	0.0	0.0	0.0	
Closing balance	(4.5)	(4.5)	0.0	Operating reserve closing balance

12.24. The rent uplifts are being calculated and budgetary requirements, along with the required savings, are being finalised. The HRA draft budget and the 2026/27 HRA Business Plan will be updated accordingly to reflect the impact. Assumptions within the budget, including proposed changes to rents and service charges, will be subject to consultation and ongoing review. These updates will inform the final HRA budget for 2026/27 will be presented to Cabinet in February 2026 for approval by Full Council.

13.0 Capital Programme

13.1. The Capital Programme in Table 14 comprises of projects approved by Full Council at the February 2025 budget setting plus new projects and in-year budget adjustments to existing projects such as those approved by Cabinet in October 2025 as part of the Quarter 2 Financial Forecast report.

Table 14 – Current Capital Programme Budget and Financing

Capital Programme Budget	Forecast	Budget	Budget	Budget	Budget	Total
	2025/26	2026/27	2027/28	2028/29	2029/30	£m
	£m	£m	£m	£m	£m	
Corporate Landlord	11.5	36.3	23.3	2.7	0.6	74.4
Housing GF	111.5	24.9	20	7.6	1.2	165.2
Schools	22.9	43.7	26.7	16.6	0.0	109.9
Regeneration	98.6	3.9	12.5	0	0.0	115.0
Public Realm	37.3	9.5	1.6	6	0.0	54.4
South Kilburn	31	24.7	5.8	5.3	0.0	66.8
St Raphael's	0.4	10	21.1	17.5	0.0	49.0

HRA	8.4	104.6	28.0	13.9	11.1	166.0
Total Capital Expenditure	321.6	257.6	139.0	69.6	12.9	800.7
Capital Programme Financing	Forecast	Budget	Budget	Budget	Budget	Total
	2025/26	2026/27	2027/28	2028/29	2029/30	£m
	£m	£m	£m	£m	£m	
Grants & Other Contributions	76.9	23.6	9.2	5.7	0.6	116.0
S106 & CIL	48.7	32.0	21.2	14.4	0.0	116.3
Capital Receipts	6.3	9.8	33.9	2.1	0.4	52.5
Reserves	5.3	2.4	1.0	0.9	0.1	9.7
Major Repairs Allowance	13.7	17.2	18.1	13.9	11.1	74.0
Revenue Contribution	6.3	3.8	0.6	0.6	0.6	11.9
Prudential Borrowing	164.4	168.8	55.0	32.0	0.1	420.3
Total Capital Financing	321.6	257.6	139.0	69.6	12.9	800.7

- 13.2. Whilst it has a less direct impact on revenue than revenue budgets, Brent's Capital Programme still significantly influences revenue outturn. On one hand, effective capital investment in invest to save projects, such as digital transformation or temporary accommodation, can lead to significant cost avoidance or income generation. On the other hand, capital spend funded by borrowing, results in interest costs and Minimum Revenue Provision (MRP) (a prudent charge for the repayment of borrowing).
- 13.3. Given the multi-year nature of capital projects, this budget is subject to significant volatility over the coming months and full details of the budget changes will be reported in the budget setting report in February 2026. The key challenges and risks of the Capital Programme are set out below.

Housing

Challenges and key risks

- 13.4. Brent's Capital Programme plays a key role in alleviating homelessness and temporary accommodation cost pressures by increasing the supply of homes. New social housing helps reduce waiting lists, whilst Brent will continue to use Government grant programmes, such as the Local Authority Housing Fund (LAHF), to purchase properties for use for temporary accommodation, reducing the need for costly leases or hotel placements. Brent's Capital Programme also includes loan facilities to i4B Holdings Ltd to enable them to purchase PRS accommodation to help reduce homelessness.
- 13.5. Brent's housing delivery programme has been very successful in providing new homes with 892 new homes expected to come into use in 2025/26. However, high build costs, rising interest costs and changes in grants are having a significant impact on viability across both General Fund and HRA schemes.
- 13.6. These factors make it extremely challenging to make delivery or acquisition of new housing viable. With the challenges many councils and registered providers are facing, many new financing products and deal structures are being offered, however these carry significant financial risks. For example, long-term leases could lock the Council into payments that increase in line with

inflation when rents could deviate from this based on Government decisions. Officers are considering alternative options such as taking advantage of new Government rules that allow Right-to-Buy receipts to be combined with grant from 2026/27 onwards.

- 13.7. Details of the announced £39bn Government housebuilding grant programme have not been published but changes in the design of grants, such as the relaxation in match funding requirements, will be required to enable viable schemes. The Council is working closely with the GLA to support the delivery of the remaining phases in South Kilburn to help maximise the delivery of affordable homes in the remaining phases being offered as part of the Single Delivery Partner phases.
- 13.8. A priority for the housing Capital Programme will be investing in fire safety and other improvements to our housing stock following the self-referral to the Regulator of Social Housing in 2025/26. The current position of the HRA makes additional borrowing to fund these works unaffordable so officers are exploring alternative funding sources such as unrestricted Right-to-Buy receipts and disposals of vacant HRA sites. Other pressures on HRA capital budgets include the Granville Homes remediation and the enfranchisement of leases budget with some leasehold properties starting to expire.
- 13.9. The Government is also consulting on changes to the formula for Disabled Facilities Grant which could severely reduce Brent's funding. This would mean the need to scale back the current programme and would place additional pressure on the HRA capital budget to fund adaptation works currently funded from this Budget.

Corporate Landlord

Challenges, demand pressures and key risks

- 13.10. The Corporate Landlord Board area includes the Civic Centre, Digital Strategy, Libraries and other Council properties. The focus of the 2026/27 capital budget will be on improving existing assets in line with the property strategy and invest to save opportunities such as digital transformation or energy efficiency. A key risk for the programme is that the Council does not secure the necessary Public Sector Decarbonisation Scheme grants or fails to meet the strict grant funding arrangements meaning that energy efficiency works need to be funded by our own resources.
- 13.11. A key part of the property strategy in 2026/27 will be identifying suitable properties to dispose of to generate much needed capital receipts and reduce the need for costly major repairs.

Children, Young People & Community Development

Challenges, demand pressures and key risks

- 13.12. Schools is an area of the Capital Programme where there are significant invest to save opportunities supported by grant funding available from the DfE. Officers are developing proposals to use capital grant funding to deliver additional Special Educational Needs and Disabilities (SEND) places in the borough. The cost avoidance of placing a child in a Brent Special school as compared with placement in the independent sector is £36k per year per child.

- 13.13. Other priorities for the CYP capital programme in 2026/27 include the relocation of Islamia School, the Youth Facilities Programme, the Welsh Harp Post-16 Centre and the Schools' Asset Management Programme. A key challenge with schools' capital works is the potential for ground or building condition issues during building works which could increase the pressure on capital budgets.

Public Realm

Challenges, demand pressures and key risks

- 13.14. Public Realm, which consists of improvements to community infrastructure in Brent such as roads, parks and CCTV, is an important part of the Capital Programme.
- 13.15. Affordability remains a significant challenge for public realm schemes as borrowing to fund investment in parks and other community infrastructure rarely leads to direct revenue savings. Given the financial pressure, the programme will focus on maintaining existing infrastructure and projects funded by grants. The Public Realm programme relies heavily on grants from Transport for London (TfL) but grant levels vary, which influence the amount of capital works that can be carried out.

Regeneration and South Kilburn

Challenges, demand pressures and key risks

- 13.16. The focus of the Regeneration programme in 2026/27 will be major existing projects including the South Kilburn Regeneration, Wembley Housing Zones and the South Kilburn District Heat Network. With Strategic Community Infrastructure Levy (SCIL) and Carbon Offset Fund balances already committed and the UK Shared Prosperity Fund coming to an end, there is limited available funding for new schemes.
- 13.17. 2026/27 is an important year for the South Kilburn regeneration programme as Brent intends to appoint a Single Delivery Partner (SDP) and start on site on the Hereford and Exeter development. Capital budget will be focussed on buying out the remaining 33 leaseholders to obtain vacant possession of the sites and clearing the sites in preparation for the SDP, as well as progressing the Neville House, Winterleys, Carlton Hall and Carlton House and Carlton and Granville developments. The SDP model is a new way of the Council delivering a major regeneration programme intended to streamline delivery and improve co-ordination, but it also carries substantial risks and carries significant uncertainty for the budget. Officers are working with external development consultants to mitigate these risks, and it is essential to appoint the right partner that can ensure the programme achieves its aims including maximising returns for Brent.
- 13.18. Other existing regeneration programmes continue to progress. Wembley Housing Zones is set to complete in 2026/27, generating a significant land receipt for the Council and delivering 141 affordable homes. These affordable homes include 50 Shared Ownership homes. The Council does not have experience of selling or managing Shared Ownership properties, so Officers are working on a plan to mitigate the risks of these properties remaining vacant.

Capital Financing Budget

- 13.19. The Capital Financing budget is the part of the Council's revenue budget that covers income and expenditure associated with financing the Council's Capital Programme. This budget covers interest payments on past loans taken to finance historical capital expenditure, interest payments on new loans required for the Capital Programme, loan premiums from prematurely refinanced loans, and MRP. Additionally, the budget includes forecast interest income from the Council's treasury cash balances and loans advanced to third parties, such as the Council's subsidiary companies.
- 13.20. A significant proportion of the Council's Capital Programme is forecast to be funded by borrowing, resulting in additional pressure to the Capital Financing Budget in future years. The Council can secure loans at a margin above gilts from the Public Works Loan Board. For example, the current cost of a 30-year maturity PWLB loan is 6.37%. This requires a higher return on investment or saving needed to cover any new investment by the Capital Programme and with income streams or other subsidy not increasing to reflect this, the programme will be streamlined to maximise delivery and impact on the limited resources available. As part of the Property Strategy, officers are developing a disposal strategy within the Council's asset management strategy to support with generating capital receipts to finance capital expenditure where possible.
- 13.21. The future demands of the Capital Programme mean that the capital financing budget will come under pressure in 2026/27 as well as any requirements to replenish the internal borrowing position of the Council. Internal borrowing is the difference between the Loan Capital Financing Requirement (CFR) and external debt and occurs due to timing differences when capital expenditure that is meant to be financed through external debt is instead paid for through cash resources that are intended for other purposes. Cash is replenished at a later date.
- 13.22. Over £12m of growth has been added to the capital financing budget in the last three years in anticipation of the future demands on the capital financing budget. Given the many complexities involved in calculating the future financing requirement of an £800m Capital Programme, an external review will be commissioned and factored into a future budget process. For 2026/27, growth of £0.5m will be maintained as per previous financial modelling.
- 13.23. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR). This is the amount of the Capital Programme, past and present, that is funded by borrowing and has not been paid for by revenue or other resources. The Capital Financing Requirement (CFR) could increase to £1.6bn by the end of 2026/27.

14.0 Stakeholder and ward member consultation and engagement

- 14.1. Consultation on the Council's budget is a statutory process. The approach to consultation on the Council's budget proposals with residents, businesses and other key stakeholders is set out in section ten of this report.

15.0 Financial Considerations

- 15.1. The financial considerations are set out throughout the report. As the budget proposals are for consultation at this stage, not agreement, there are no direct costs associated with agreeing the recommendations, other than for consultation, the costs of which are built into existing budgets.

16.0 Legal Considerations

- 16.1. A local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular, local authorities are required by the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. The Corporate Director, Finance and Resources is required to report on the robustness of the proposed financial reserves.
- 16.2. Standing Order 19 sets out the process that applies within the Council for developing budget and capital proposals for 2026/27. There is a duty to consult representatives of non-domestic ratepayers on the Council's expenditure plans before each annual budget under Section 65 of the Local Government Finance Act 1992. The Council also has a general duty to consult representatives of Council Taxpayers, service users and others under Section 3 (2) Local Government Act 1999.
- 16.3. The Council is also required to comply with other statutory and common law consultation obligations relevant to particular options being considered and with the Public Sector Equality Duty. The Council must consult at a formative stage in the decision making process and adequate time must be given for public consideration and response. The consultation information must be accurate, fair and balanced, give sufficient reasons for proposals to permit of intelligent consideration and response and the information produced by the consultation must conscientiously be taken into account in finalising the proposals.

17.0 Equity, Diversity & Inclusion (EDI) Considerations

- 17.1. Under the Public Sector Equality Duty (PSED) in the Equality Act 2010, Brent Council is required 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 do not, when making decisions. The protected characteristics are age, disability, gender, race, religion or belief, pregnancy and maternity, marriage and civil partnership, sexual orientation and gender reassignment. Although socio-economic status (people on low income, young and adult carers, people living in deprived areas, groups suffering multiple disadvantages, etc.) is not a characteristic protected by the Equality Act 2010, Brent Council is committed to considering the impact on socio-economic groups.
- 17.2. The PSED does not prevent decision makers from making difficult decisions in the context of the requirement to achieve a significant level of savings across all operations. It supports the Council to make robust decisions in a fair, transparent and accountable way that considers the diverse needs of all our local communities and workforce. Consideration of the duty should precede and inform decision making. It is important that decision makers have regard to the statutory grounds in the light of all available material, including relevant

equality analyses and consultation findings. If there are significant negative equality impacts arising from a specific proposal, then decision makers may decide to amend, defer for further consideration or reject a proposal after balancing all the information available to them. This may mean making up the shortfall from additional reductions elsewhere.

18.0 Climate Change and Environmental Considerations

- 18.1. Climate change and environmental considerations have been considered for each of the savings proposals and are set out in Appendix B.

19.0 Human Resources/Property Considerations

- 19.1. Where budget proposals involve staffing reductions, the Council's Managing Change policy will apply.

20.0 Communication Considerations

- 20.1. A communications and engagement plan is in place to ensure the budget proposals and consultation channels are effectively communicated to residents, business and other key stakeholders as set out in section ten of this report.

Related report(s) for reference

Medium Term Financial Outlook, Cabinet July 2025

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources.