

	Cabinet 17 July 2023
	Report from the Corporate Director of Finance & Resources
Medium Term Financial Outlook	

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
No. of Appendices:	None
Background Papers:	N/A
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1. Purpose of the Report

- 1.1. This report sets out the overall financial position facing the Council and highlights the significant risks, issues and uncertainties with regards to the Council's Medium Term Financial Strategy (MTFS). It also sets out the proposed budget setting strategy for 2024/25, which is the Council's minimum legal duty in respect of local authority budget setting, in order to maximise the period of consultation with residents, businesses and other key stakeholders
- 1.2. The report also outlines how the MTFS will aim to provide a framework to invest in broader ambitions and long-term priorities such as the Borough Plan, the cost-of-living crisis and other future steps to ensure the Council continues to operate in a financially sustainable and resilient way as well as supporting residents in need.

1.3. The remainder of this report sets out the medium-term risks and uncertainties with regards to the current budget assumptions contained within the MTFS. These primarily relate to exceptional factors such as high levels of inflation, rising interest rates, increased demand for key services and uncertainty in government funding. In doing so, it must be recognised that the situation remains uncertain and it is extremely difficult to make a full, definitive and comprehensive assessment of the ongoing financial impact of these issues. As such, the figures in this report are based upon best estimates and forecasts and will therefore be subject to change. However, the significance of the financial challenge cannot be underestimated and over time, the Council will need to develop a response that continues to maintain a commitment to strong financial resilience and sustainability.

1.4. This report is structured as follows:

- Recommendations for Cabinet to approve
- Strategic overview of Local Government finance
- Future budget assumptions
- Proposed budget setting process for 2024/25
- Capital programme
- Housing Revenue Account
- Schools and the Dedicated Schools Grant

2. Recommendation(s)

That Cabinet:

- 2.1. Note the contents of the report and the potential financial impact on the Council's Medium Term Financial Strategy;
- 2.2. Agree the budget setting process for 2024/25, including the approach to consultation and scrutiny, as set out in section eight of this report;
- 2.3. Note and agree the proposed 2022/23 capital budget carry forwards and capital virements for 2023/24 as set out in section nine of this report;
- 2.4. Note the financial position with regards to the Housing Revenue Account, as set out in section ten of this report; and
- 2.5. Note the financial position with regards to Schools and the Dedicated Schools Grant, as set out in section eleven of this report.

3. Strategic Overview

Macro-Economic Outlook

- 3.1. The current and medium term the economic environment is volatile and uncertain with high inflation, particularly affecting energy costs, rising interest rates, a potential banking crisis and war in Ukraine, precipitating the cost-of-living crisis. Looking to the future, there is political uncertainty with a general election likely in 2024 and economic forecasts of little or no growth.
- 3.2. The Bank of England's view is that inflation peaked towards the end of 2022 and will now reduce in 2023 before reverting to its 2% target in 2024. The Treasury publish a summary of independent economic forecasts. In the latest issue (May 2023) the average of new independent forecasts is for CPI inflation to be 3.9% in December 2023 and 2.5% in December 2024.
- 3.3. CPI fell to 10.5% in December 2022 and 10.1% in January 2023, down from the peak of 11.1% in November 2022 – the highest rate of increase in 41 years. However, in February 2023 CPI rose again to 10.4% and then in March fell back to 10.1%, illustrating the volatility that persists in the economy. CPI for May 2023 was 8.7%. This is the latest figure and is unchanged from April.
- 3.4. The most recent major fiscal event was the Spring Budget on 15 March 2023. There were few measures of any major impact on local government. The Chancellor set out policies designed to promote growth and to shore up the public finances. He provided further support to consumers and businesses for energy costs. He committed to the target of halving inflation by December 2023. This is likely to entail further rises in interest rates, with commentators forecasting a peak as high as 7% for base rate by December 2023.
- 3.5. These factors create a challenging environment for the Council to plan its future resourcing requirements.

Local Government Issues

- 3.6. The government's Autumn Statement and Local Government Finance Settlement provided figures in sufficient detail to enable effective resource planning for the next two years. This brings welcome certainty after a protracted period of one-year settlements. However, the Autumn Statement in particular reveals that hard decisions on reducing public sector spending have been put back until the 2025/26 budget round. That is likely to be after the next general election and the task of making substantial reductions in public expenditure will therefore fall to the incoming government. There is no indication how much of any expenditure reductions will be targeted at local government but given the high level of the national savings requirement from 2025/26 onwards, it would be reasonable to assume that most parts of the public sector will be affected including local government. There is therefore a real risk of a new round of austerity.

- 3.7. Whilst there is cross-party recognition of adult social care funding pressures and in particular the adverse effect bed blocking has on the NHS, that consideration alone is unlikely to protect local government from a significant reduction in funding. The current MTFs anticipates an inflationary uplift of existing grants with no new funding. If the government opts for a cash-terms freeze in funding from 2025/26 onwards, this could equate to a substantial real-terms cut in spending power, if inflation remains high.
- 3.8. Future cuts to public sector expenditure have been put off until 2025/26, but they are not the only items deferred until then. The fair funding review of local government funding, the reset of the business rates baseline, and the introduction of a cap on care costs are just some major policy decisions currently on hold until after the next general election.

Brent Factors

- 3.9. The residents of Brent face an equally challenging economic environment with the effects of the cost-of-living crisis exacerbated by levels of unemployment above national and London averages. This could be made worse if the economic slowdown persists and results in a significant number of business failures. The Council is seeing the effect of Brent's precarious economic position through a post COVID-19 bounce back in both council tax and business rates collection which is below the London average. The Council will need to consider how it can assist residents and local business through these difficult economic times. At present the Resident Support Fund is a temporary provision reviewed annually. This may need to continue for some years to come.
- 3.10. The impact of COVID-19 scarring is another issue, and it will not be known for some time the exact extent and effect of this.
- 3.11. At a service level, there are considerable cost and demand pressures on children's social care in the Children & Young Peoples department as a result of increased placement numbers at a higher cost per placement. Staffing costs are also high due to recruitment difficulties which require the use of temporary staff to sustain service delivery. The adverse financial position could be worsened if the government removes the current statutory provision which eliminates the accounting requirement to fund the deficit on the DSG High Needs Block from General Fund reserves. This currently stands at c£20m. The statutory override is set to be reviewed in 2025/26.
- 3.12. Homelessness is another pressure area with rising demand, worsened by the cost-of-living crisis. There are also potential reductions in funding in this area. The review of Homelessness Prevention Grant has been pushed back until 2025/26. Brent loses substantial amounts of funding under either of the two options proposed in the government's consultation.
- 3.13. The relet environment contracts in Residents Services will face their first indexation over the period of the revised MTFs. Given the uncertainties over future inflation rates, and the size of these contracts, this is a significant financial risk which will potentially crystallise in 2025/26.

- 3.14. Whilst the 2023/24 Local Government Finance Settlement provided higher than expected grant funding, it would be unrealistic to expect similar levels of increase in future years, particularly given the public sector funding cliff edge in 2025/26. The government recognises that social care requires additional funding, which was forthcoming in the 2023/24 settlement. However, some of the “new” funding was actually the repurposing of existing funding allocated for the introduction of the care cap and other social care reforms, which are now deferred until 2025/26. It is unclear whether genuinely new funding will be made available if introduction of the care cap resumes in 2025/26. Without new funding, there will be a gap if there are ongoing costs supported by the use of the repurposed grants.
- 3.15. Looking more widely, whilst the 2024/25 levels of funding are largely known, there is still uncertainty over whether the government may tweak the distribution methodology to redirect funds in support of its Levelling Up agenda. Also, the government has given no commitment to the continuation of the New Homes Bonus. Commentators expect that there will be a re-distribution in 2024/25 and that this will be the last distribution. In 2023/24 Brent received £7.9m – the largest amount in England. This funding stream looks set to cease in its entirety from 2025/26.
- 3.16. Since the MTFs was agreed by Full Council in February 2023, detailed models have been developed to forecast changes in demographic demand and inflationary pressures on social care budgets in the Care, Health and Wellbeing, and Children and Young Peoples services. For Resident Services, forecasts have been made of the anticipated effects of reletting contracts under the Redefining Local Services (RLS) programme. As with any financial model, the quality of the input data will affect the quality of the output forecast. Whilst the Council has the leading software products for care management, there is some work to be done on making best use of the data captured. Whilst this information is important for forward planning, timely and accurate data will be essential for in-year monitoring of growth against demand and inflationary pressures as they occur.

Borough Plan

- 3.17. The Borough Plan 2023-27 sets out the Council’s vision for the next four years. 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.
- 3.18. 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. The five priorities are:

- Prosperity, Pride and Belonging
- A Cleaner, Greener Future
- Respect and Renewal in Brent
- The Best Start In Life
- A Healthier Brent

3.19. As is customary during the budget setting process, the MTFS will need to ensure it provides a framework to enable and support the delivery of these programmes.

Cost of Living Crisis

3.20. Since late 2021, the UK has experienced a rise in the cost of living for individuals and businesses. For many Brent residents, this means having to make difficult decisions on how they spend their income, which can have a negative impact on their standard of living.

3.21. The April 2023 Cost of Living poll by YouGov for the GLA found 48% of Londoners surveyed were going without basic needs, struggling to make ends meet or just about managing with their financial situation, with 32% buying less food and essentials to manage their living costs. Of those surveyed, the groups that were most likely to face these challenges included Black and Asian Londoners, social renters (from housing association or Council), and those whose daily activities were considerably limited by health problems or disabilities. These findings align with the Council's Resident's Attitudes Survey, conducted in 2021 to inform the Borough Plan, which at that time found almost a quarter of residents said their financial situation had got worse.

3.22. The Council has a number of initiatives aimed at supporting residents who may be struggling and enabling Brent and partner organisations to best respond to local needs. These include:

Financial Support

- The **Brent Resident Support Fund (RSF)** has been in place since August 2020. In the period August 2020 to March 2023, RSF has supported 7,930 households with a total of £13m. 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 or in an emergency crisis.
- Further support is provided through signposting to other internal (e.g. Brent Hubs) and external (e.g. Citizens Advice) services. The Council and key partners are also trialling a subsidiary of the RSF, a Crisis Response Fund, to provide rapid financial aid (for residents facing emergencies). The trial began in December 2022 and will be evaluated in the Summer.

- During 2022/23 Brent has also supported 94,000 households with a £150 rebate, funded from government grants, to help with the cost of energy bills.
- **Council Tax Support (CTS):** 27,014 households are supported through CTS as at 31 May 2023, of which 18,503 are working age and 8,511 are pension age. Working and Pension age residents are entitled to a maximum of 100% Council Tax Support depending on their income, savings and household composition. The total CTS given to households is forecast to be around £32.8m in 2023/24. Working age residents on CTS with some council tax to pay have also received £25 off their bill through the government's council tax rebate scheme. Care leavers receive 100% support for their council tax costing around £0.1m. Residents can also receive support due to hardship through the Council's Section 13A policy paid as part of RSF or directly.
- A new training programme to upskill front-line staff began in January 2023. The programme aims to enable more effective and earlier interventions by Brent and partner staff and to increase capacity for money and debt support in the borough. A CoL Practitioners Network has also been developed and recently expanded to include external partners to share learning and improve access to existing support.
- In addition, a six-month pilot to increase capacity for specialist debt advice is being tested in partnership with Advice for Renters and Brent Hubs. The pilot began in February 2023 and is exploring the benefits of providing this advice to RSF applicants who are seeking support to deal with debt to help them to avoid going back into debt in future. As of May 2023, 132 residents had accessed this service.

Food and energy support

- **Brent Hubs** work with residents who find it difficult to access the support they need through mainstream services. This includes issuing vouchers to residents in need of urgent food and fuel support, as well as making referrals to food aid agencies and support schemes for utility costs. Since January 2021, over 8,115 residents have accessed Hub services. Over the same period, the Hubs provided food and fuel vouchers.
- The most common needs which residents present with at the Hubs are food and fuel support (25%), housing costs (18%), homelessness (11%), form filling – such as RSF applications - (16%), debt and money (7%), welfare benefits (7%), and other, for example, employment, general support, immigration etc.(16%).
- The Government's **Household Support Fund (HSF)** has been used to provide support to Brent households with the cost of food and fuel in the form of food and fuel vouchers, grants, and financial support to food aid organisations. The HSF is a follow-on fund from the previous COVID-19 Winter Support Fund and COVID-19 Local Support Funds, which had been in place since December 2020.
- In partnership with Sufra NW London, the Council is trialling the delivery of a new wraparound support and food aid model aiming to

increase community resilience, tackle food insecurity and provide holistic support for residents. The Community Wellbeing Project commenced in February 2023 for a 6-month pilot at Bridge Park Leisure Centre. The model gives members access to a host of support including weekly food shopping, hot meals, access to themed workshops, gym access as well as 1-2-1 advice sessions with a Brent Hubs advisor and creation of a personal development plan. 200 members are enrolled on the programme, and to date have accessed 919 weekly food shops. In addition 1,239 daytime meals and 1,444 evening meals have been served (including members and non-members).

Service Specific Pressures, Risks and Mitigations

- 3.23. The Council is operating in a challenging financial environment with a funding outlook which is uncertain for local government in general and in particular, there is a lack of clarity around long-term funding for adult social care and emerging pressures in children's services. In addition to this uncertainty, there is also the potential for significant spending pressures from demand-led services, specifically in children's and adult social care, new burdens which impact on the budget and on-going pressures as a result of the cost-of-living crisis. Although growth has been built into the MTFS to help alleviate some of these pressures, they continue to present a significant budget risk, particularly in respect of the demographic pressures and contractual indexation. Sluggish economic growth, rising inflation, demand pressures on services and the reletting of a number of significant contracts in the Resident Services department add further financial risks. Therefore, Brent is likely to require significant savings over the next few years to deliver a balanced budget.
- 3.24. The demand for social care services and complexity of care needs are also ever-increasing resulting in higher costs. Whilst there are some reductions in costs due to fewer Residential and Nursing placements following the COVID-19 pandemic, the demand for homecare and supported living is on the rise.
- 3.25. The cost-of-living crisis and the steep rise in inflation, particularly for heating and fuel costs, are likely to have an impact on social care placement expenditure as providers look to recover some of the additional costs which they are incurring.
- 3.26. Another key area of uncertainty is the fair cost of care and social care reforms, where the government has pushed the introduction of a number of key measures to after the next general election. Funding for these has been diverted to provide additional resources for placements in the current year and 2024/25. The question remains, however, if and when the deferred reforms are reinstated, will the government funding be adequate? This is likely to present a substantial financial risk to the Council.
- 3.27. As the cost of living is rising, the demand for housing services can be expected to increase and the number of homeless applications to rise. The current economic climate could also have an impact on the rent collection rates and

result in increases in rent arrears. In addition, the service is reliant on the PRS for supply to prevent homelessness and end statutory homelessness duties. However, this market continues to contract. With more people placed in Temporary Accommodation, higher costs and less supply available to prevent homelessness, this could cause financial pressures on the budgets.

- 3.28. The Redefining Local Services (RLS) programme was initiated in May 2019 to develop and implement a commissioning strategy for environmental services. The existing contracts were synchronised so that the new service arrangements would come into place during 2023/24. The final delivery model will operate as a “specialist contracts delivery model with low to moderate levels of insourcing”. The procurement process is now underway for these specialist contracts.
- 3.29. Risks around the procurement process are being monitored and reviewed, however until the procurement processes are completed, there remains a financial risk around the affordability of the contracts. In particular, the rising rates of inflation and fuel costs, which could lead to increased contract prices.

Care, Health and Wellbeing

- 3.30. All of Adult Social Care’s activities are focused on the following areas in order to manage demand through demographic pressures:
- Diversion through prevention - continuing work with BCS and the Access service to develop this further
 - Eligibility – ensuring that only people who require ASC support access funded services, including ensuring appropriate referrals to the NHS for Continuing Health Care and appropriate reviews of aftercare provision under Section 117 of the Mental Health Act 1983
 - Maximising community and family support – giving people that use the service a voice and ensuring carers are supported to continue caring through the development of the carer strategy and coproduction
 - Strength-based practice to promote independence – ongoing work
 - Embedding practice that focuses on outcomes – recognising that social workers drive costs
- 3.31. The current position for CHW is:
- Adult Social Care has the lowest levels of placements in London and continues to look at ways of minimising this. Current activities include:
 - hospital to home trusted assessors (in-reach service to hospital which takes people home and supports them pending a full assessment),
 - night calls from hospital to reduce even further placements, and
 - occupational therapy intervention after a hospital discharge to reduce costs (this is the highest cost intervention).
 - Savings are fully focused on managing the increase in demand due to demographic changes. The following are currently in place:

- extra care: additional capacity (Honeypot Lane is a new extra care block coming on stream end of May 2023) and continuing to utilise fully the wider extra care stock,
 - stepping down Learning Disabilities support as appropriate from residential to supported living,
 - development of reablement,
 - reviewing low cost and very high-cost support packages,
 - reviewing double handed care,
 - Mental health reviews to ensure the most appropriate support is allocated.
- There are Quality Assurance Meetings (every package is signed off by a Head of Service) and monthly monitoring of budget and service activities takes place across ASC. The aim is to ensure the allocation of the right amount of the right resource – this underpins everything
 - ASC are working with Public Health to develop a Well-being service. This will be focused on prevention and will include social prescribing
 - Better management of transitions - earlier ASC intervention through the development of a tracking database that provides information on potential transitional cases by year. This will help planning earlier ASC intervention
 - Workforce - development of a workforce strategy to address the shortage of occupational therapists and social workers. Currently OTs are paid a market supplement which has helped to retain OTs in ASC. OTs have been strategically placed in the service to maximise independence and reduce the demand for care (access, hospital discharge, reablement) .
 - Digital solutions – currently exploring making better use of telecare as a preventative measure and including families and friends more in supporting loved ones

Children and Young People

- 3.32. The volatility of placement costs for Looked after Children (LAC) and Children with Disabilities (CWD) remains a risk. The challenge remains that there is a shortage of appropriate places for local authorities seeking to place children and high costs are often charged by providers to place them. An individual high cost residential or secure placement can cost over £0.3m per annum. The highest residential placement cost at a point in 2022/23 was £19k per week. However, there have been multiple successful step downs from expensive residential placements to semi-independent with an average weekly rate of £913 or independent foster placements, with an average cost of £900 per week. Brent was also successful in a DfE bid to build and run a residential children's home in 2024/25 and this was agreed at Cabinet in May 2023. The home will help to manage costs and improve placement sufficiency.
- 3.33. To manage these pressures, a CYP Placements Commissioning Board has been put in place to oversee the development of four workstreams which include:

- Growing Brent's in-house foster care provision by developing a new and competitive package for in-house carers and reducing the requirement to use more expensive Independent Fostering Agencies (IFAs).
 - Preventing escalating need to more expensive residential care placements by targeting mental health and wellbeing services for children with complex needs.
 - Developing new approaches to market management and engagement to build relationships with providers more effectively and to ensure the local market develops to meet Brent's needs
 - Promoting greater independence for care experienced young people thereby reducing placement spend and the number of care experienced young people in paid for accommodation through a system-wide approach that supports young people transitioning to independence (e.g., working with Housing for tenancy sustainment).
- 3.34. The recruitment and retention of skilled and experienced social workers remains a national challenge and leads to a reliance on agency staff that are more expensive than permanent staff. The challenge also remains that many of these cases held by social work staff are complex and there are high caseloads. At the end of 2022/23, caseloads in the Localities and LAC & Permanency service were 2,937 which was 17.5% above the budgeted levels of 2,500 cases. Attractive offers and manageable caseloads from other local authorities continue to prove a challenge with Brent's recruitment and retention. CYP management undertook a review of incentives in 2022/23 and it is anticipated that this will help in the drive to recruit to positions on a permanent basis.

Communities and Regeneration

- 3.35. Communities and Regeneration have identified the following risks:
- The economic challenges faced by the country have significantly slowed income generation for Communities and Regeneration, as it is heavily dependent on commercial planning income and related items, such as building control. If the economy rebounds in 2024 as forecast by the Office for Budget Responsibility it is likely that this income will rebound as well, however there is a risk that this income will take longer to recover. It would be challenging to find short term savings to address this within Communities and Regeneration that do not impact the long-term development of the borough.

Governance

- 3.36. Governance experience growth pressures as a result of increased demand for social care.
- The changes in demographic demand creating pressures on social care budgets in the Adult Social Care & Health and Children and Young Peoples services also lead to additional demand by these

services for legal advice and representation from Legal Services and from external barristers. The staffing and external costs create a pressure and if the internal team lacks capacity more expensive external support has to be procured. The service seeks to manage the demand for representation by expensive external barristers through recruitment of in-house advocates but recruitment and retention of advocates is very challenging.

Resident Services

- 3.37. As a result of the cost-of-living crisis, the demand for housing services is increasing and the number of homeless applications is rise rising. This trend can be expected to continue. The service is reliant on the private rented sector (PRS) for supply to prevent homelessness and end statutory homelessness duties. However, this market continues to contract. With more people placed in Temporary Accommodation, higher costs and less supply available to prevent homelessness, this could cause financial pressures on the budgets. The current economic climate is also likely to impact the rent collection rates, which would result in increases in rent arrears.
- 3.38. The Redefining Local Services (RLS) programme was initiated in May 2019 to develop and implement a commissioning strategy for environmental services. The existing contracts were synchronised so that the new service arrangements would come into place from 1st April 2023. With a number of new contractual arrangements for key services within the Environmental Services, there are some uncertainties that could materialise in financial pressures before the contracts are fully embedded. The contract costs are being closely monitored and remain in review against the budget available.
- 3.39. The Environmental and Leisure service also has a considerable income target of £33m and a small percentage change can have a large monetary impact. For example, an additional 1% reduction in income would be equivalent to around £0.3m. In the last few years income collected was significantly impacted due the pandemic and subsequent recovery and in the current year there also remains some concern around the impacts of the cost-of-living crisis on the level of income received. This will be closely monitored throughout the year.
- 3.40. As a need for care for children with EHCPs is increasing, and there is a risk that this trend will continue, costs within the Brent Transport Services are also rising. Increase in demand exacerbated by rising prices on taxi routes could put financial pressures on the budget. In addition, a review of the service is currently underway with savings linked to the anticipated outcomes, which could also be at risk.

4. Demographic and Demand-Led Service Pressures

- 4.1. Much of what the Council terms 'growth' is in fact the cost of standing still. Some of this is unavoidable (e.g. contract inflation, pay awards), whilst other parts result from growth pressures, such as demographic changes, that increase demand for services (e.g. adult social care, children's services, homelessness).

- 4.2. The MTFS recognises that there are demand pressures arising from demographic changes and cost pressures arising from price inflation. At the time of the February 2023 Budget Report, the growth built into the MTFS assumed that the demographic pressures would crystallise in line with the central case scenario forecast developed in June/July 2022. It is worth noting that this forecast was made before the full effects of the cost-of-living crisis were known and there is therefore a risk that the demographic pressures may be higher, particularly in children's social care.
- 4.3. Inflation on care contracts for both adults and children, and the main Residents Services' contracts, had been assumed to be 10% in 2023/24, falling to 6% in 2024/25 and 2% in 2025/26, which was in line with forecasts at the time by OBR and the Bank of England. However, inflation is volatile and subject to external factors beyond the control of governments or central banks. There is therefore a risk that inflation does not halve by the end of the year in line with the government's promise or revert to the Bank of England's target rate of 2% by 2025/26, heaping further pressure on a financial year already heavy with uncertainty.
- 4.4. The MTFS assumes that the pay award will require funding of £8.5m in 2023/24, £6.5m in 2024/25 with a substantial reduction to £3.5m by 2025/26. A 1% pay increase costs about £1.6m. This mirrors the forecast reduction in inflation. Since inflation is a key driver for the level of pay claims, that is not unreasonable, but it does mean that the inflation and pay award risks are coupled and it becomes critical that both reduce substantially by 2025/26 if they are to be contained within the current provision. For the pay award, there is also a risk if a further flat rate increase is agreed. Flat rate increases are more costly to Brent than percentage rate increases due to the profile of employee grades and the extra cost that London weighting imposes on London Boroughs when it is added on to the national flat rate increase. At present the 2023/24 has not been agreed; union requests for pay rises in 2024/25 are in the normal form of a percentage increase, while the employers are offering another flat rate increase. Which will prevail is unknown. The position for 2025/26 is a further unknown. This is therefore a risk.
- 4.5. As inflation is so volatile, as part of the budget setting process for 2023/24, part of the Future Funding Risks reserve was ear-marked to fund one-off spikes in inflation that do not require incorporation in the base budget.

5. Income Assumptions

Government Grants

- 5.1. At present the Council's core grant funding consists of generally usable Revenue Support Grant (RSG - £28.97m in 2023/24), and specific grants for items such as for Public Health (PHG), the Improved Better Care Fund (iBCF) and additional Social Care Grant (SCG). The MTFS assumes a small inflationary increase for RSG and PHG with a cash freeze for iBCF. The SCG increases in line with the government's projections. Any inflationary increase may be inadequate to cover actual price rises experienced in the service areas. There are a number of other lower value grants which are also expected to remain frozen in cash terms. Whilst most grants are expected to continue at current levels, the 2022/23 Services Grant is expected to cease.
- 5.2. Whilst the government does not intend to introduce wholesale changes to the local government finance system, such as via a Fair Funding Review; this does not mean that it will make no changes. The government remains committed to the "Levelling Up" agenda and this could see resources redistributed out of London. Also, many key public sector funding decisions have been deferred to after the next election. This means that the incoming government will face significant challenges to balance the books and some of the pain is likely to be shared with local government. The future funding position is therefore uncertain and most likely unfavourable.

Council Tax

- 5.3. Council Tax is one of the most significant sources of income for the Council, making up £140.1m (or 43%) of total core funding in 2022/23 rising to £150.8m (or 42%) in 2023/24. In 2023/24, the referendum threshold limit (excluding the GLA share) was set at from 5%, including 2% for the Adult Social Care Precept.
- 5.4. As set out when the 2022/23 budget was agreed, there was an implicit assumption from the Department for Levelling Up, Communities and Housing (DLUCH), built into future funding settlements, that all local authorities would increase council tax by up to the referendum limit. As the increase would permanently increase the council tax base income, it would also reduce the significant funding pressures in 2023/24, and beyond, and support the unprecedented pressures within social care. In addition, the GLA precept, which makes up around 20% of the overall Council Tax bill and is subject to their own decision making, was increased by 9.7% in 2023/24 to provide additional funding for the Metropolitan police and Transport for London.
- 5.5. Substantial rises in Council Tax causes difficulties for some households and for that reason the council continues to fund a Council Tax Support scheme support for households who are financially vulnerable. In 2022/23 £32m was provided to around 28,000 households. In addition, the Council's Resident Support Fund has made available £6m of additional funds for residents who are having difficulty as a result of the cost-of-living crisis.

- 5.6. The current budget assumptions for 2024/25 have taken a prudent view and assumed that government will maintain the current referendum limit of 5% (of which 2% is the Adult Social Care Levy). 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. Although the government maintain that reforming social care remains a priority, it has deferred introduction of the cap on care fees and other social care reforms until after the next general election.
- 5.7. Other considerations that need to be taken into account when setting Council Tax, such as assumed tax base growth, the long-term collection rate and the cost of the Council Tax Support scheme will be set out for Cabinet when the draft budget proposals are published later this year.

Business Rates

- 5.8. The government allocate Business Rates back to Brent based on their assessment of need (the Baseline Funding Assessment) and the actual Business Rates collected. Brent receives a top up as need is in excess Business Rates collection. The MTFS assumes that business rates will be uprated by CPI inflation in line with the move away from RPI inflation introduced by the government in the 2023/24 local government finance settlement.
- 5.9. The Government has continued to allow Local Authorities with a geographic link to form a business rate pool. The settlement confirmed the Eight Authority Business Rates Pool (involving the City of London Corporation as well as Tower Hamlets, Hackney, Haringey, Waltham Forest, Brent, Barnet, and Enfield) will continue in 2023/24. In forming a pool, the group of authorities are seen as a single entity from a business rate perspective and in doing this, should retain more of the business rate income generated locally.
- 5.10. Based on the financial modelling undertaken to date, the benefit for Brent is estimated to be in the region of £2m. This is based on estimates using forecasts from participating boroughs and are therefore only illustrative and a lower set of figures is entirely possible. It is important to note that the final value of the pooling gain will not be known until the Statement of Accounts for the Pool Collection Fund, managed by The City of London Corporation, has been finalised and audited in the autumn of 2023. This position will be closely monitored during 2023/24 but even at this stage it is not deemed prudent to build this potential additional income into the base budget and to place reliance for funding on a future income stream that is in no way guaranteed.

6. Medium Term Financial Strategy

- 6.1. The aim of the MTFS is to ensure a long term, stable and sustainable financial position that will allow the Council to achieve its strategic objectives. It reflects the impact of central government funding decisions and the impacts of the national and local economic context. It also provides a robust financial framework to support achievement of the Council's overall objectives and delivery of services.

- 6.2. The MTFS will be refreshed as part of the draft 2024/25 budget that will be presented to Cabinet later this year, including extending out to 2025/26. Adopting a long-term and forward-looking approach should leave the Council in a sustainable financial position, with long term plans in place to give certainty to residents about future levels of service provision.
- 6.3. It is important that the refreshed MTFS closely aligns with the Borough Plan for which it is the funding statement. It should also be closely linked to individual service plans for which it provides the funding sources and the Capital Strategy, which is key to sustaining the Council's services and investment in future improvements.
- 6.4. This will produce a comprehensive suite of forward planning documents that allow the Council to ensure long term financial stability and a structured forecast of the future based on a 'no surprises' approach.

7. Overall Summary

- 7.1. Brent has delivered total cumulative savings of £196m since 2010. In February 2023, the Council agreed a further £18m of savings spread across 2023/24 and 2024/25. Looking forward further savings will be required in 2024/25 and 2025/26. The lack of clarity around the future level of local government funding and uncertainty about the economic environment, particularly inflationary pressures, make it hard to be precise about future financial targets. The current working assumption is that £8m of savings will be required between 2024/25 to 2025/26 to balance the budgets of those years. The exact gap is inherently uncertain, simply because of the number of variables to be estimated and the difficulty of doing so over longer periods of time. The accuracy of this is probably at best +/- 20%, and wider variations are entirely plausible.
- 7.2. These estimates, which will be refined over the summer, will be a major factor in the construction of 2024/25 budget. The Council will be looking to identify and deliver savings of c£8m in addition to the £4.5m of 2023/24 savings carried into 2024/25 to bridge the gap in 2024/25 and enable it to set a balanced budget as required by law. The budget gap for 2025/26 will be reviewed once the local government finance settlement for 2024/25 is known. The Council will need to take difficult decisions about which services to prioritise and protect and which to reduce in order to continue to deliver affordable and sustainable budgets.
- 7.3. It is within this overall financial context that the other financial reports on this agenda, specifically the Financial Outturn 2022/23 report and Q1 2023/24 Financial Forecast report, become particularly relevant. Firstly, the Financial Outturn 2022/23 report sets out the outturn for income and expenditure versus the revenue budget for 2021/22. A number of departments overspent with the CYP outturn showing significant structural problems caused by demographic pressures and inflation. Secondly, the Q1 Financial Forecast report for 2023/24 sets out that based on current assumptions and other budget pressures, such as inflation and demographic pressures, can be contained within the overall growth built in the 2023/24 budget.

- 7.4. However, it must be stressed that these forecasts and estimates are based on a number of assumptions which are subject to constant change. It is incredibly difficult to predict how businesses will weather the general economic downturn. In addition, the current inflationary pressures being experienced makes financial planning and management exceptionally challenging. This uncertainty runs alongside existing budget pressures including social care demand, reductions in various income streams, housing and homelessness.
- 7.5. Nevertheless, despite all of the uncertainties, risks and moving parts, all Local Authorities have to put together financial plans for 2024/25. For Brent, it is proposed to continue to base plans on an assessment on the range of possible scenarios rather than wait for the outcome of the Local Government Finance settlement in December 2023.

8. Proposed budget setting process for 2024/25

- 8.1. The proposed budget setting process following this Cabinet meeting is as follows:
- Draft budget for 2024/25 and 2025/26 presented to Cabinet in autumn 2023. The precise date is dependent on the Chancellor's autumn statement where announcements on the Spending Review and Local Government funding are expected;
 - The proposals, together with any changes made by Cabinet, will form the basis of consultation between October 2023 and February 2024 with residents, businesses and other key stakeholders;
 - The Budget Scrutiny Task Group will review the budget proposals and report accordingly;
 - The General Purposes Committee will review the calculation of the Council Tax base in December 2023; and
 - After the statutory processes of consultation, scrutiny and equalities have concluded, a draft budget will be presented to Cabinet to recommend a final budget and Council Tax to the February 2024 Council meeting.

9. Capital programme

- 9.1. In 2022/23 the Council spent £191.6m of the £232.6m approved budget outlined in Table 1.

Table 1 - 2022/23 Final Outturn Position							
Portfolio / Programme	Budget as at Feb 2023	Budget Changes since Feb 2023	Final Budget 2022/23	Outturn	Over / (Under) Spend to Budget	Over / (Under) spend Breakdown	
						2022/23 Slippage /Spend Carried Forward	Underspend for Removal
	£m	£m	£m	£m	£m	£m	£m
Corporate Landlord	17.3	0.6	17.9	13.4	(4.5)	(4.3)	(0.2)
HCIB - GF	79.4	(0.6)	78.8	60.1	(18.8)	(18.8)	0.0
HCIB - HRA	59.4	0.0	59.4	44.6	(14.9)	(14.9)	0.0
PRS I4B	19.9	0.0	19.9	40.0	20.1	20.1	0.0
Public Realm	21.1	0.2	21.3	13.5	(7.8)	(7.8)	0.0
Regeneration	9.4	0.0	9.4	2.5	(6.9)	(6.6)	(0.3)
Schools	12.5	0.0	12.5	5.5	(7.0)	(7.0)	0.0
South Kilburn	11.5	0.0	11.5	11.2	(0.3)	(0.3)	0.0
St Raphael's	1.9	0.0	1.9	0.8	(1.1)	(1.1)	0.0
Grand Total	232.4	0.2	232.6	191.6	(41.1)	(40.6)	(0.5)

- 9.2. The 2022/23 outturn position was lower to the revised budget by £41.1m. Further details on the outturn position are contained within the Financial Outturn Report for 2022/23. It is proposed that the slippage of £40.6m is re-profiled into 2023/24 and future years, as set out in the table below.

Table 2 - Budget Adjustments Breakdown 2023/24 to 2027/28						
	2023/24	2024/25	2025/26	2026/27	2027/28	Total
	£m	£m	£m	£m	£m	£m
2022/23 Underspend	42.8	(1.7)	0.0	0.0	0.0	41.1
Cabinet Approved Budget						
Corporate Landlord - Kilburn Library and the Library Garden	0.0	0.8	0.0	0.0	0.0	0.8
Housing - DFG Allocation	1.9	7.6	2.3	0.0	0.0	11.8
Housing - Capital Repairs Allocation	3.1	0.0	0.0	0.0	0.0	3.1
Schools - Residential Children's Care Home	2.2	0.0	0.0	0.0	0.0	2.2
Additional New Budget						
Public Realm – additional TFL, NCIL & S106 Projects	2.4	0.0	0.0	0.0	0.0	2.4
Heather Park S106 Additional Amount	0.1	0.0	0.0	0.0	0.0	0.1
Housing - Learie Constantine adjustment to reflect prior approvals	2.7	0.4	0.0	0.0	0.0	3.1

Corporate Landlord – Improving Customer Experience	0.1	0.0	0.0	0.0	0.0	0.1
Budget Re-profiling						
Schools – SEND and Youth Provision Programmes	(24.4)	24.4	0.0	0.0	0.0	0.0
Corporate Landlord – ICT Investment Fund	1.7	(1.7)	0.0	0.0	0.0	0.0
South Kilburn – William Dunbar	0.8	0.0	0.0	0.0	(0.8)	0.0
Housing – St Raphael’s	(32.0)	14.0	18.0	0.0	0.0	0.0
Housing – General Fund Schemes	(8.7)	2.0	6.8	(0.1)	0.0	0.0
Housing – HRA Schemes	(38.1)	36.4	3.7	(2.0)	0.0	0.0
Corporate Landlord – Digital Strategy Programme, Equipment for Flexible Working and Oracle Cloud Phase 2	(2.1)	1.1	1.0	0.0	0.0	0.0
Regeneration – Grand Union Bridge	(6.8)	6.8	0.0	0.0	0.0	0.0
Regeneration – Morland Gardens	(29.5)	9.3	15.2	4.0	1.0	0.0
Budget Removals						
Removal of School budgets for completed projects	(0.3)	0.0	0.0	0.0	0.0	(0.3)
Removal of completed GLA Right to Buy Back project	(1.5)	0.0	0.0	0.0	0.0	(1.5)
Removal of completed Public Sector Decarbonisation project	(0.2)	0.0	0.0	0.0	0.0	(0.2)
Total	(85.8)	99.4	47.0	1.9	0.2	62.7

The budget adjustments set out in Table 3 include:

- 9.3. £41.1m slippage/brought forward and underspend from 2022/23 set out in Table 1 above.
- 9.4. Budgets Approved by Cabinet since the 22/23 Budget Report:
- £0.8m approved for the upgrade of premises and facilities at Kilburn Library.
 - £11.8m approved in respect of the Disabled Facilities Grant allocation including £1.9m for 23/24.
 - £3.1m addition for the Housing HRA capital repairs budget
 - £2.2m approved for the development of a residential Children’s Care Home.
- 9.5. Additional New Budget
- £2.4m for additional grant and S106 allocations for several public realm projects including LIP and Green Streets funding from TFL and Heather Park.
 - £3.1 addition for Learie Constantine to reflect prior approvals.
 - £0.1m addition for the inclusion of Registrars to the improvements to the Customer Experience project.
- 9.6. Budget re-profiling

- Reprofile of scheme of works for SEND programme, Youth Provision and relocation of Islamia Primary School.
- Reprofile of the ICT Investment Fund after the project schedule allowed for a quicker rollout.
- Reprofile following works brought forward on the William Dunbar site
- Reprofile of the St Raphael's Estate wide improvement works to be in line with the proposed project plan.
- Reprofile for updated schedule of works across various housing delivery programmes within the Housing General Fund and HRA
- Reprofile of the Digital Strategy programme workplan, Oracle Cloud workplan, expected demand for the Flexible Working Equipment and CNWL loan negotiations.
- Reprofile of the Pedestrian and Cycle Bridge across the Grand Union Canal
- Reprofile of the Morland Gardens project following the public inquiry to the stopping up order.

9.7. Budget Removals

- Removal of remaining budget for completed schools projects that have completed, allowing repurposing of the grant funding within the Schools Board.
- Removal of the remaining budget for the Right to Buy Back budget following the conclusion of the grant programme.

The revised budget position for 2023/24 to 2027/28 is summarised in Table 3 below.

Table 3 - Capital Programme Revised Budget 2023/24 to 2027/28						
Board	2023/24 Revised Budget	2024/25 Approved Budget	2025/26 Approved Budget	2026/27 Approved Budget	2027/28 Approved Budget	Total 2022/23 to 2026/27
	£m	£m	£m	£m	£m	£m
Corporate Landlord	14.3	27.2	17.3	8.9	27.8	95.5
HCIB - GF	96.9	85.5	36.1	4.5	0.0	223.0
HCIB - HRA	135.5	149.8	40.7	20.8	0.0	346.8
PRS I4B	0.0	0.0	0.0	0.0	0.0	0.0
Public Realm	35.6	11.8	9.2	1.0	7.1	64.7
Regeneration	44.8	79.8	44.0	19.0	1.0	188.6
Schools	19.6	44.8	2.2	0.0	0.0	66.6
South Kilburn	28.1	13.6	2.2	11.4	6.3	61.6
St Raphael's	0.8	14.0	18.0	0.0	0.0	32.8
Total	375.6	426.5	169.7	65.6	42.2	1,079.6
Approved Feb 23	461.4	327.1	122.7	63.7	42.0	1,016.9
Budget Adjustments	(85.8)	99.4	47.0	1.9	0.2	62.7

Capital Pipeline

- 9.8. The programme agreed by Council in February 2023 included £531.6m of pipeline schemes. The capital pipeline is a list of potential future investment projects identified by each of the sub-boards. In evaluating the investment pipeline proposals several factors are considered. These include statutory requirements, demonstrable linkages to corporate priorities, with the ability for proposals to generate revenue savings and, to a slightly lesser extent, their potential to generate future capital receipts or other financial returns.
- 9.9. Schemes will be brought forward once further refined and subject to detailed business cases, they will be promoted to the main programme following Cabinet approval where necessary.
- 9.10. Since February the proposed Children's Care Home project has received Cabinet approval and is now part of the main programme reducing the pipeline to £529.4m.

10. Housing Revenue Account

- 10.1. 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 approximately 12,000 dwellings including those held by leaseholders.
- 10.2. The HRA budget is set each year 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 the HRA can continue to remain financially secure and deliver on its commitments:
- Expand and accelerate the development of new council homes;
 - Continue to maintain and improve existing council homes; and
 - Transformation and continuous improvement of front line services to tenants and leaseholders.
- 10.3. Since 2020/21, and originally for the following four years, the Council had the power to increase rents annually up to a maximum of CPI plus 1%. This had helped to provide some stability and certainty over planned investment in the current stock, service improvements and new developments, at least in the short to medium-term. For 2023/24, the government has introduced a rent rise limitation. The average rent currently sits at £133.42 per week, an increase of 7% when compared to the previous year as opposed to an 11.1% increase if the CPI plus 1% continued. This represented a £2m reduction in investment in the HRA. The HRA has to modify service delivery and achieve considerable savings in order to close the gap between the rental income raised and the increased cost of delivering the service as a result of inflation. A cap on rent rises does not only affect one financial year, but also has an impact on future rent levels. There is no provision in the current rent regulations to allow anything more than the maximum (CPI plus 1%) increases in future years. Therefore, a

lower rent increase in 2023/24 means that the base for a rent increase in 2024/25 is also going to be lower and so on for future years. It is currently anticipated that from 2024/25 onwards, the rent caps will increase by CPI (at September of the previous year) plus 1.5% annually.

- 10.4. HRA rent setting needs to be considered in the context of the ring-fence and the 30-year business plan. If the Council applies the CPI plus 1.5% rent policy for 2024/25, this would result in an average rent per week of £142.76 and give the potential to raise an additional £2.1m per annum for the next 2 years. A £3.8m increase in rent has the effect of an additional £114m investment in the HRA over a 30-year period.
- 10.5. Some costs such as repairs are rising significantly and are likely to remain at those levels without falling when the current economic pressures subside. Medium-term investment plans must be approached cautiously and allow for flexibility. High levels of uncertainty around the inflation and rising interest rates pose a financial risk to the HRA. This has an impact on the cost of materials and repairs, as well as the cost of new build contracts. Rising energy costs are to be passed on to tenants and leaseholders resulting in an increased risk of non-collection. In addition, rising cost-of-living is likely to impact rent collection rates and consequently result in increased rent arrears. Other pressures involve the capital programme as there is no new government funding having been made available to meet environmental priorities and requirements such as carbon reduction works to homes. In addition, an increase in service requests relating to damp and mould is likely to put additional pressures on budgets. The increased costs experienced by the HRA would have to be met by rent inflation and modifying service delivery, in addition to the annual saving targets which are incorporated into the medium-term financial plan.
- 10.6. The influences outlined above are continuously monitored and a reappraisal of HRA budget priorities will be considered if necessary. As part of the budget setting process, the HRA budget will be subject to a separate consultation process.

11. Schools and Dedicated Schools Grant

- 11.1. The 2022 Autumn Statement announced that the core schools' budget would increase by £2bn in the next two financial years 2023/24 and 2024/25, over and above totals announced at the Spending Review 2021. This additional funding against the Schools Block of the DSG will go towards supporting Brent schools, especially those experiencing financial difficulty and currently projecting an in-year deficit. Also, for the academic year 2023/24, the Mayor of London will fund Free School Meals for all primary aged children who are currently not eligible for the current Government offer.
- 11.2. Despite the increased funding, Brent schools are still faced with budget challenges as they manage rising costs due to wage increases and other inflationary increases such as rising energy costs. The impact of the cost-of-living crisis could also have an impact on schools.

- 11.3. Another challenge faced by some primary schools remains the impact of falling rolls in their reception and key stage 1-year groups and this directly affects the funding the schools receive as pupil numbers drive school funding. The affected schools will need to respond to the reduced funding when planning their budgets through restructures to prevent the school going into a deficit.
- 11.4. School balances decreased in 2022/23 mainly attributed to inflationary pressures and the impact of falling rolls. Seven schools ended the financial year 2022/23 in deficit an increase from the previous year of six schools. These schools will require licenced deficit agreements with recovery plans to return to a balanced position.
- 11.5. At the end of 2022/23, the overall DSG deficit in Brent which has arisen because of the increasing number of children with Education, Health and Care Plans (EHCP), funded through the High Needs Block, has reduced to £13.8 million following an in-year surplus of £1.3 million added to the brought forward balance from 2021/22 of £15.1m.
- 11.6. The trend shows that the number of children with EHCP's continue to grow based on published data.

Table 4

	January 2019	January 2020	January 2021	January 2022	January 2023
Financial Year	2019	2020	2021	2022	2023
Number of EHCP	2,173	2,426	2,784	2,938	3,251
Brent Year on Year % Increase	5%	12%	15%	6%	11%
National Year on Year % Increase	11%	10%	10%	10%	9%

- 11.7. The cumulative deficit of £15.1million will be carried forward to 2023/24 and Brent has a Deficit Recovery Management Plan in place with longer-term actions to recover the deficit with regular updates on progress presented at Schools Forum. A combination of longer-term recovery actions includes managing demand by applying a graduated approach to reduce the need for an EHCP, improving sufficiency of places by establishing more SEND provision in the borough, improved financial management and anticipated government funding increases will help to reduce the deficit. The risk also remains that the number of EHCPs will continue to rise.
- 11.8. As a result of DSG being in deficit, Brent as well as 54 other local authorities, are part of the DfE's programme to support local authorities manage their deficits i.e., Delivering Better Value (DBV) in Special Educational Needs and Disabilities (SEND) programme. The programme involved bidding for a £1 million grant to support reforms of the high needs system. Brent was part of the first tranche of 20 authorities to commence the programme and was awarded the £1 million grant in March 2023 to deliver on actions against the Management Plan.
- 11.9. A key finding from the 1st Tranche of 20 LAs on the DBV programme was that the highest impact objective to pursue to provide better support for children and young people and reduce the number that need an EHCP or a special school

placement, is increasing the ability of local systems to support children in a mainstream setting.

- 11.10. The financial year 2022/23 was the final year of the statutory override set out in the School and Early Years Finance Regulations 2021 which requires local authorities to either carry forward any cumulative DSG deficit to set against the DSG in the next funding period or carry forward some or all the deficit to the funding period after that. The government has now extended the arrangement for another three financial years from 2023/24 to 2025/26.

12. Financial Implications

- 12.1. The financial implications are set out throughout the report.

13. Legal Implications

- 13.1. Standing Order 24 sets out the process that applies within the Council for developing budget and capital proposals for 2024/25. 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 tax payers, service users and others under Section 3 (2) Local Government Act 1999.

14. Equality Implications

- 14.1. 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, advance equality of opportunity and foster good relations between different protected groups when making decisions. The groups protected by law, also known as 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 disadvantage, etc.) is not a characteristic protected by the Equality Act 2010, Brent Council is committed to considering the impact on socio-economic groups.
- 14.2. 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 of the information available to them.

15. Consultation with Ward Members and Stakeholders

15.1. The detailed approach to the statutory consultation process will be set out as part of the budget report to be presented to Cabinet in October 2023.

16. Human Resources

16.1. Not applicable.

Report sign off:

Minesh Patel

Corporate Director of Finance & Resources