Brent	**Cabinet** 15 July 2024
	Report from the Corporate Director of Finance and Resources
	Lead Member - Deputy Leader, Cabinet Member for Finance & Resources (Councillor Mili Patel)

Financial Outturn 2023-24

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	None
Background Papers:	None
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1.0 Executive Summary

1.1 This report sets out the outturn for income and expenditure versus the revenue budget and capital programme for 2023/24 and other key financial data. The Council's General Fund outturned at break even. The Housing Revenue Account (HRA) had an underspend of £2m and the Dedicated Schools Grant (DSG) broke even. In 2023/24 the Council's capital programme spent £213m which equates to 95% of the approved budget.

1.2 Whilst the General fund as a whole broke even, there was a service overspend of £11.2m in the Resident Services department, primarily as a result of extremely high levels of demand for homelessness services. Care, Health & Wellbeing overspent by £1.9m and the Children & Young People service overspent by £1.1m, while other General Fund services outturned with modest underspends. The use of earmarked reserves set aside to manage unexpected pressures of £13.5m has resulted in an overall breakeven position for the General Fund.

1.3 Given the seriousness of the financial position that had been forecast throughout the year, a number of spending controls were introduced in 2023 in order to reduce the in-year overspend. These controls are estimated to have saved c£4m overall and therefore have reduced the required use of reserves. However, as reserves can only be used once this reduces the scope to address such pressures in the future. Further details of the impact of spending controls are set out in the paragraphs below.

Revenue Outturn

14 The table below analyses the various under and overspends at the end of the 2023/24 financial year across the service areas of the Council.

Table 1 – Revenue Outturn 2023/24

Service Area	Revised Budget	Actual Transactions	Over/(Under) Spend
	£m	£m	£m
Care, Health & Wellbeing	134.0	135.9	1.9
Children and Young People	72.5	73.6	1.1
Communities and Regeneration	7.9	7.7	(0.2)
Finance and Resources	13.1	13.0	(0.1)
Governance	14.6	14.2	(0.4)
Resident Services	84.8	96.0	11.2
Total Service Expenditure	326.9	340.4	13.5
Central Items / Transfer from reserves	(326.9)	(340.4)	(13.5)
General Fund (GF) Budgets / Outturn	**0.0**	**0.0**	**0.0**
DSG Funded Activity	0.0	0.0	0.0
Housing Revenue Account (HRA)	0.0	(2.0)	(2.0)
Total (GF, HRA, DSG)	**0.0**	**(2.0)**	**(2.0)**

Capital Outturn

15 For 2023/24 the Council spent £213m which equates to 95% of the approved capital programme budget, representing an underspend compared to budget by £11.2m as shown in Table 2 below.

Table 2 – Capital Expenditure

Capital Programme Item	Budget as at Feb 2024	Budget Changes since Feb 2024	Final Budget 2023/24	Outturn	Variance to Budget	Over / (Under) spend split	
						2023/24 Accelerated spend / (Slippage C/FWD)	(Underspend) / Overspend
	£m	£m	£m	£m	£m	£m	£m
Corporate Landlord	10.1	0.0	10.1	10.0	(0.1)	0.1	(0.2)
Housing, Care and Investment Board - GF	92.6	3.0	95.6	93.6	(2.1)	(2.1)	0.1
Housing, Care and Investment Board - HRA	49.9	(9.0)	40.9	42.8	1.9	1.8	0.1
PRS I4B	5.8	0.0	5.8	5.8	0.0	0.0	0.0
Public Realm	26.6	0.3	26.9	25.1	(1.8)	0.5	(2.3)
Regeneration	9.0	0.0	9.0	4.5	(4.5)	(4.1)	(0.4)
Schools	12.4	0.0	12.4	11.7	(0.7)	(0.4)	(0.3)
South Kilburn	13.6	9.0	22.6	18.9	(3.7)	(4.1)	0.4
St Raphael's	0.8	0.0	0.8	0.6	(0.2)	(0.2)	0.0
Grand Total	**220.8**	**3.3**	**224.1**	**213.0**	**(11.2)**	**(8.6)**	**(2.6)**

2.0 Recommendation

2.1 To note the overall financial position for 2023/24.

3.0 Cabinet Member Foreword

3.1 This report sets out the Financial Outturn for 2023/24. This report should be considered alongside the accompanying Q1 Forecast 2024/25 and Medium Term Financial Outlook reports respectively. Taken together these three papers give the most comprehensive picture of where we were financially, where we are today and where we might be heading.

3.2 These reports are the aggregate of thousands of hours of officer time, with careful input from service areas across the council; and are part of our longstanding commitment for transparency around our budget: joining our externally audited accounts, the budget scrutiny process, public consultation, and the ongoing work of the Members of the Audit & Standards Committee.

3.3 While our financial monitoring is robust and an area of pride to this council, the picture that these reports paint is much more sobering. If central government is the body entrusted to preserve the health and condition of the nation, it is local government that is left to deliver it. Since 2010, Brent Council has made at least £210m of cuts and the impact continues to be felt by everyone that lives and works in this borough. In the same period, our core funding from central government has decreased by 78%.

3.4 We have made it clear at each Council Tax setting budget meeting, this has meant that the funding burden for Brent Council has been derived principally from Council Tax, Business Rates and Fees and Charges. In other words – local Brent residents.

3.5 In this period, the number of council employees has also reduced by at least 50%, shifting more work onto fewer people. As a council, we have innovated, we have identified efficiencies and we've continued to generate more income than ever before. These measures alone are not enough in the long-term though, but for now they are enough to keep this council on borrowed time.

3.6 In this financial year (25/26) officers and members will be asked to identify a staggering £16m in cuts if this council is to continue standing still as we are today. There is no doubt, these cuts will be challenging for residents and for officers and members alike.

3.7 It is therefore unconscionable to consider that things could still get worse. If things remain the same, the best estimate for 27/28 is that we will need to find in the region of £30m in savings.

3.8 Without intervention, we will enter freefall, heading towards the ground, with no easy way to pull back. Plainly, this will mean the functions that this council will be able to perform will be changed irreversibly, allowing for only the most vital services to remain.

3.9 Sadly, we are not alone in this position. There were more section 114 notices in 2023 than in the 30 years before 2018, with a survey from the Local Government Association showing that almost one in five councils "think it is very or fairly likely they will need to issue a section 114 notice this year or next due to a lack of funding.

3.10 Local authorities like Brent have become the government's emergency provider of last resort, delivering more services than ever, patching over political paralysis; from adult social care reform to the housing crisis; it is local government left picking up the price.

3.11 Residents are rightly angry – as the compact between council and citizen creaks more with every year. Residents rightly expect that by paying into the system that they should see a positive dividend. It is far harder to explain to residents that they are paying not just for their bins; but for looked after children, for whom the council is morally and legally obliged to support.

3.12 Under the Homelessness Reduction Act, we are also compelled to support those at threat of losing their home. The common thread between the MTFS, our Q1 report and the Financial Outturn is the enormous pressure our Housing teams are under.

3.13 Over 150 families per week are presenting at the Civic Centre as homeless, and this report sets out a further £10m overspend on Temporary Accommodation. The housing crisis did not begin in the council – and until there is fundamental change; things will only get worse before they get better.

3.14 We have many housing schemes that remain shovel ready, but without an increase in subsidy, the borrowing required means the numbers simply don't stack up, even over the multiplier of decades. In the meantime, i4B and our New Council Homes Programme remain our only shot, but with over 30k households registered on the housing wait list, it will take a generation to put right.

3.15 We also continue to be subjected to macro-economic factors outside of our control. The challenges facing any incoming government will be stark – from a public sector in managed decline; to the ongoing conflicts in the Middle East and Ukraine, and the climate crisis which will continue to alter our way of life forever.

3.16 Compared to our European counterparts, councils in the UK have significantly fewer powers over local spending and taxation. It can perhaps be of little surprise that over the past 15 years the average British household has become £8,800 poorer than its equivalent in five comparable countries, according to research prepared by the Resolution Foundation. Sluggish growth and a "toxic combination" of poor productivity and a failure to narrow the divide between rich and poor has resulted in a widening prosperity gap with France, Germany, Australia, Canada and the Netherlands, leaving us struggling to compete internationally.

3.17 Without a wholesale reset, our hands remain tied, and the status-quo will prevail. We should never forget, Council Tax is based on values that are now more than thirty years out of date, and the rate structure is so heavily regressive that Buckingham Palace pays less council tax than a 3-bed semi-detached home in Blackpool. That is the reality we exist within in.

3.18 At time of dispatch, we will not know who will form the next government. If we are to avoid more reports like the following, something has to give. Given the opportunity, Brent Council stands ready to rebuild and renew our public services. Until then, we will use our voice wherever we can to fight for the reform's we desperately need. For now, officers and members will continue working hand in hand to protect our residents – breathing life into the services we offer and the change we can make today.

3.19 The Borough Plan includes a specific priority to support residents affected by the cost-of-living crisis.

4.0 Revenue Detail

4.1. Care, Health and Wellbeing

Summary

Table 3 – Care, Health and Wellbeing Outturn 2023/24

Care, Health and Wellbeing	Revised Budget	Outturn	Over/(Under) Spend
	£m	£m	£m
Adult Social Care & Integrated Health Partnerships	110.4	112.3	1.9
Public Health	23.6	23.6	0.0
Total	**134.0**	**135.9**	**1.9**

4.1.1. The Care, Health and Wellbeing department overspent by £1.9m, as a result of pressures against the Adult Social Care budgets. In Quarter 3 the department was forecasting a break-even position.

Detailed Narrative

4.1.2. The £1.9m overspend against the Adult Social Care budgets have mainly arisen as a result of assumed income from health contributions of £1.5m for a number of clients, where the Q3 forecast had assumed income of £3m. However, following reviews in the last quarter of the year it transpired that several providers had been funded directly from health. Also, pressures arose against the Community Equipment budget of £0.4m where the supplier withdrew from the contract mid-year although a new provider was subsequently found, there have been some delays and cost pressures with the new contract in 2023/24.

4.1.3. Controls have already been put in place by the department to ensure that these pressures do not reoccur in 2024/25 including:

- Meetings have already taken place with Health to review the joint funded packages. The department are working to revert to the process of all packages paid for by the Council and recharged to Health. All new packages are already being funded in full by ASC, with Health re-charged for their element.
- The community equipment contract will be entering its second year, and therefore it is expected to become more established and stable. Monthly monitoring of the

contract will continue to monitor trends in spending.

4.1.4. There was an increase in the number of service users supported in 2023/24 overall however the largest percentage growth is in the number of people in supported living, a 16% increase in the year largely due to mental health placements i.e. a 12% increase and learning disabilities a 7% increase. Other increases in demand included Homecare (11%), Direct Payments (4%), Nursing (6%) and Residential Care (2%). Many individuals in need of support have multiple and complex health issues impacting their social care need and this has resulted in challenges and more expensive solutions being commissioned. This has led to average weekly costs per package increasing with Nursing care costs increasing by 8% to £1,126 per week and supported living costs increasing by 9% to £1,000 per week.

4.1.5. In October 2023, the department had spending controls in place, these included a recruitment freeze where appropriate (i.e. not for essential services) with approval required from the Corporate Director to recruit to a post and a review of all agency staff with contracts terminated where appropriate. This led to savings of £0.3m. An emphasis was put on converting agency to permanent staff with 13 successful conversions. In addition, a process was put in place where all placement costs were signed off by the Director of Adult Social Services (DASS).

4.1.6. The Public Health budget outturn is a breakeven position and includes a planned drawdown from earmarked reserves of £0.6m to fund a planned activity from the prior year such as the Brent Health Matters small community grants, family food fund and the active travel promotion.

Savings & Slippages

4.1.7. In 2023/24, CHW savings target was £4.3m across a number of services within the department including homecare, reablement, staffing, learning disability and mental health placements which have all been delivered.

4.2. Children and Young People (General Fund)

Summary

Table 4 – Children and Young People Outturn 2023/24

Children and Young People (GF)	**Revised Budget**	**Outturn**	**Over/(Under) Spend**
	£m	**£m**	**£m**
Central Management	1.1	1.1	0.0
Early Help	5.6	4.7	(0.9)
Safeguarding and Quality Assurance	2.0	2.1	0.1
Localities	24.0	24.5	0.5
Looked After Children and Permanency	7.8	7.8	0.0
Forward Planning, Performance & Partnerships	29.1	30.6	1.5
Inclusion	2.8	2.8	0.0
Setting and School Effectiveness	0.1	0.0	(0.1)
Total	**72.5**	**73.6**	**1.1**

4.2.1. The Children and Young People department's General Fund budget overspent by £1.1 m which is £0.8m more than the Q3 reported position of £0.3m. The increase is largely due to pressures against the Placements budgets in Forward Planning, Performance and Partnerships (FPPP) as it had emerged that some elements of the care leavers semi-independent cost pressures had not been factored into the Q3 forecast. The Placements budget is also dependent on various income and internal recharge sources which were less than anticipated as at Q3. A lack of full, agreed cost sharing for children's care packages at an Integrated Care Board (ICB) level for CYP Placements and Children with Disabilities remain a high risk for the department, particularly in events where placement charges are disputed.

4.2.2. The pressure across the department has mainly arisen because of two cost drivers namely, the demand for placements for looked after children with complex needs and the use of agency staff to fill vacant social worker roles because of the challenge of recruiting and retaining social workers.

4.2.3. Pressures against the placement budgets 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. This has also been evident in the care leavers cohort in semi-independent placements where a number of young people require high levels of additional support.

4.2.4. The department continues to face pressures due to the national challenge of recruitment and retention of social workers leading to a reliance on agency staff. A shortage of social workers and other case holding staff is also an acknowledged regional issue, which requires a coordinated regional approach over the medium term. CYP management continue to take steps to improve recruitment and retention of social workers including several recruitment drives, a weekly Establishment Board created to scrutinise all agency recruitment, and corresponding activity to achieve permanency through conversations with agency staff to convert to permanent roles and in 2023/24 there were 14 agency conversions to permanent staff.

Detailed Narrative

4.2.5. The FPPP service overspent by £1.5m which is an increase of £1.8m compared to the underspend position assumed at Q3 of £0.3m. The main reasons for the change from Q3 are as follows:

- £1.2m relates to the pressures that emerged against the Semi-independent placement costs for Care Leavers where the forecast had been understated at Q3. Going forward actions will be undertaken to ensure that the forecasting is strengthened such as ensuring regular reconciliations and reviews take place and continued management oversight. There is also the risk of additional cost pressures being passed on to local authorities, due to the DfE introducing registration for all providers of supported accommodation from October 2023. £0.2m grant funding was provided in 2023/24 to support this reform however the full impact of the changes may materialise from 2024/25 onwards. The average weekly cost for care leavers in semi-independent accommodation in 2023/24 was £723, compared to £707 per week in 2022/23. For Looked After Children in semi-independent accommodation the average weekly cost was £1,161 per week in 23/24 compared to £817 per week in 2022/23. The significant increase in the LAC placements in semi-independent as well as inflationary increases, was due to additional support provided for a number of complex cases.
- £0.3m shortfall against the income target estimated for Housing Benefit at Q3. Work is underway by the service to ensure that providers are informed that Housing Benefit monies will be collected at source from the fees paid for the 2023/24 financial year.

- £0.4m relates to a reduction in the forecast internal recharge income expected from the SEN team for the education costs of children in residential care.
- (£0.1m) has offset the pressures and this is due to the increased income compared to the Q3 forecast expected from the Home Office for Care Leavers and Unaccompanied Asylum-Seeking Children (UASC) presenting to the borough. The overall funding was based on 92 agreed UASC and 123 care leavers for 2023/24 compared to 67 UASC and 107 care leavers in 2022/23, representing an overall 24% increase compared to 2022/23.

4.2.6. The Localities service overspent by £0.5m which is a reduction from the Q3 forecast position of £0.7m mainly due to an increase in the forecast income from health and a reduction in the forecast number of clients requiring a direct payment. The main pressure in the Localities service is due to the reliance of temporary agency social work staff to cover vacant positions in the social work teams (£0.3m) with £0.2m of the overall pressure arising at the Short Break Centre due to use of agency staff to provide 2:1 support where there have been complex cases and a shortfall against income from other local authorities. At the end of 2023/24, the demand led budgets i.e., Care at Home, Direct Payments, Residential and day services supporting Children with Disabilities (CWD) clients and families saw an increase of 28% when compared to 2022/23. Growth funding allocated was however sufficient to mitigate the pressure.

4.2.7. The Safeguarding and Quality Assurance service also overspent by £0.1m mainly due to the use of agency staff to cover sickness absences i.e., £64k and a shortfall in income expected from health of £32k.

4.2.8. The pressures in the service have been mitigated by underspends in the Early Help service of £0.9m as part of the council wide spending controls in place, the service maximised the use of grant funds to cover costs and held positions vacant where possible. The Setting and School Effectiveness service also underspent by c£0.1m which is mainly due to an underspend against the Brent Music Service due to in year vacancies and underspends in the supplies and services budgets.

Savings and Slippages

4.2.9. The department had a £0.84m savings target to deliver. The savings are mainly from reductions in care packages of £0.36m, staffing efficiencies of £0.36m, and £0.12m arising from contract savings and a reduction in the training budget. These savings have all been delivered.

4.3. Communities and Regeneration

Summary

Table 5 – Communities and Regeneration Outturn 2023/24

Communities and Regeneration	Revised Budget	Outturn	Over/(Under) Spend
	£m	**£m**	**£m**
Communities and Strategy	4.8	4.0	(0.8)
Regeneration	3.1	3.7	0.6
Total	**7.9**	**7.7**	**(0.2)**

4.3.1. Communities and Regeneration had a small underspend of £0.2m in 2023/24. This is a net result of an overspend of £0.6m in Regeneration offset by an underspend of £0.8m in Communities and Strategy.

Detailed Narrative

4.3.2. Communities and Regeneration has underspent by £0.2m, reflecting the impact of spending controls on the budget. One off additional income, pausing some spending in Communications whilst the new Communications strategy was developed and holding posts vacant in Communities generated an underspend of £0.8m. This underspend offset an overspend of £0.6m in Regeneration and Building Control. This overspend is due to income in Building Control not returning to the pre-pandemic levels that were budgeted for.

Savings and Slippages

4.3.3. Communities and Regeneration had six savings in 2023/24. One of these was delivered as planned (CR03), and the others were partially delivered, with other underspends used to ensure that the directorate stayed within its budget.

4.4. Finance & Resources

Summary

Table 6 – Finance and Resources Outturn 2023/24

Finance & Resources	**Revised Budget**	**Outturn**	**Over/(Under) Spend**
	£m	**£m**	**£m**
Finance	7.9	7.8	(0.1)
Audit and Investigations	1.3	1.3	0.0
Shared Technology Services*	0.0	0.0	0.0
Property & Assets	3.9	3.9	0.0
Total	**13.1**	**13.0**	**(0.1)**

*Shared Technology Service show a net zero budget, however their gross expenditure budget is £17m. This expenditure is fully recharged across the three partner boroughs, therefore the income for these recharges net the expenditure to zero.

4.4.1. The Finance & Resources department underspent by £0.1m. This came from the Finance service, with the other services breaking even.

Detailed Narrative

4.4.2. Finance & Resources achieved an overall underspend of £0.1m. This matched the projected position at Quarter 3.

4.4.3. The £0.1m underspend in Finance is a result of the spending controls introduced by the Council in October 2023. This was achieved largely through the holding of vacant staffing positions.

Savings & Slippages

4.4.4. In 2023/24, the department achieved £1.1m worth of savings as planned through reductions in staffing, digital transformation, security service transformation, rationalising soft FM services and other departmental efficiencies.

4.5. Governance

Summary

Table 7 – Governance Outturn 2023/24

Governance	Revised Budget	Outturn	Over/(Under) Spend
	£m	**£m**	**£m**
Executive and Member Services	4.4	4.3	(0.1)
Human Resources	3.9	3.5	(0.4)
Legal Services	5.0	5.6	0.6
Procurement	1.3	0.8	(0.5)
Total	**14.6**	**14.2**	**(0.4)**

4.5.1. The Governance department has underspent by £0.4m, which is consistent with the position reported as part of the Quarter 3 Financial Forecast presented to Cabinet.

Detailed Narrative

4.5.2. This outturn position is a net result of the following variances:

- £0.6m overspend in Legal Services as a result of pressures on this service associated with staffing costs due to challenges in recruitment to posts exacerbated by the increased rates which are currently required to secure agency staff for some types of legal work due to competition across London, and higher than budgeted professional fees paid to barristers for advice and representation
- (£0.5m) underspend in Procurement due to staffing vacancies and spending controls, as well as general efficiencies
- (£0.4m) underspend in Human Resources attributable to a recruitment lag on apprenticeship and graduate schemes, as well as an early achievement of 2024/25 savings
- (£0.1m) saving in Executive and Membership due to a reduced number of councillors following the boundary review.

Savings and Slippages

4.5.3. A £0.35m saving was planned to be delivered from the department's budget in 2023/24, predominately through internal restructures and service transformations. This saving has been delivered in full as planned.

4.6. Resident Services

Summary

Table 8 – Resident Services Outturn 2023/24

Resident Services	Revised Budget	Outturn	Over/(Under) Spend
	£m	**£m**	**£m**
Resident Services Directorate	2.7	0.0	(2.7)
Customer Access	17.5	17.3	(0.2)
Environment & Leisure	46.1	46.2	0.1
Transformation	14.6	15.3	0.7
Housing GF	4.0	17.3	13.3
Total	**84.8**	**96.0**	**11.2**

4.6.1. The Resident Services department is reporting a net overspend of £11.2m for 2023/24.

Detailed Narrative

Resident Services Directorate

4.6.2. The directorate budget contained funding for the 2023/24 pay award for the department that was held to reduce the impact of overspends in other service areas.

Customer Access

4.6.3. Customer Access are showing a small underspend of £0.2m, which in part is due to additional income generated by the Registration and Nationality service.

4.6.4. Customer Access also continued to support residents though the cost-of-living crisis. The Council allocated £3m from reserves to the Resident Support Fund to support residents experiencing financial difficulty. The Government continued to fund the Household Support Fund and the Council has been granted £5.6m which was used to support households receiving free school meals for holiday period, 0-4 year old children whose parents or guardians are on Housing Benefits, food banks, careers in Brent, Housing Benefits residents who did not qualify for any government help, as well as reactive food support through supermarket vouchers. In addition, £2m of the Household Support Fund has been made available for the Resident Support Fund for reactive support through applications.

Environment and Leisure

4.6.5. Environment and Leisure are reporting a net overspend of £0.1m, which is predominately a result of the following variances:

- £0.4m staffing related pressures resulting in additional costs over budget
- £0.4m additional costs due settling historic energy bills
- £0.3m pressure on the leisure centres budgets associated with under-recovery of income
- (£0.8m) higher than budgeted parking income that allowed funding for related activities permitted under the Road Traffic Regulation Act 1984 due to the ring-fence nature of this income.
- (£0.2m) cost reductions achieved as a result of expenditure controls put in place during the year

Transformation

4.6.6. Within the Transformation service there was a £0.7m overspend which is largely attributable to an increase in a cost of service delivery. The increase in users alongside an increase in costs relating to inflation resulting in third party suppliers increasing prices for system licenses and other items. In addition, there were increases in usage of services such as print and cloud storage.

Housing GF

4.6.7. Housing report a total net overspend of £13.3m, which is consistent with reported forecasts during the year and is primarily due to extreme pressures on the Housing Needs service. An extremely high level of demand for homelessness services and emergency temporary accommodation is a national issue, but it is particularly acute in London. The Housing Needs Service in Brent has seen a 12% increase in homelessness approaches in 2023/24 (7,300) compared to 2022/23 (6,529). As at the end of March 2024, the total number of homeless households living in emergency B&B and Annexe accommodation has risen from 580 in June 2023 to 751, broken down between 485 families and 266 single people.

4.6.8. Furthermore, whilst the demand for housing is continuing to increase, the supply is reducing across the whole market. The supply of settled TA properties has decreased significantly due to fewer new properties being procured under Private Sector Leasing (PSL) schemes and owners not renewing the lease for existing stock when the lease ends. Greater reliance on the Private Rented Sector to house lower income households and increasingly limited housing benefits are making accommodation less affordable and available.

4.6.9. 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 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. This means that if the cost of the housing benefit claim is higher than those rates, the local authority loses money.

4.6.10. The council suffered a £10.4m loss due to these Housing Benefit subsidy rules (up from £3.7m in 2022/23). The council is essentially bridging the gap between rent and the amount the council is allowed to recover in housing benefit subsidy from the Department of Works and Pensions. This means that if the weekly award of housing benefit for a placement in a bed and breakfast is higher than £170 on average per week, the council only receives £170, and the difference comes at a cost to the council. The average placement is in excess of £280 per week.

4.6.11. The Affordable Housing & Partnerships service has achieved a £0.4m underspend attributable to the expenditure controls put in place during the year. This has helped to offset pressures on the Housing PFI contract within the same service.

Savings and Slippages

4.6.12. In 2023/24, the department had a £4m saving target, of which £2.45m has been achieved as planned. A £1.2m saving allocated against the Brent Transport Services and a £350k saving attributed to new accommodation experienced slippages against the original delivery timeline, however these were covered with a one-off use of reserves. Programmes of works are planned for 2024/25 to address these gaps.

4.7. Collection Fund

4.7.1. The budgeted net collectible amount for Council Tax (after exemptions, discounts and

Council Tax support) was £194.7m in 2023/24. The actual net collectible amount as at 31 March 2024 was £193.3m, a decrease of £1.4m since April 2023. The decrease during the year was due to back dating of exemptions which should have applied to student accommodation in the 2022/23 financial year. After accounting adjustments for items such as impairment for doubtful debt, and write-offs, the cumulative Council Tax surplus on the Collection Fund decreased to £1.2m (£12.4m in 2022/23). This decrease is due to revising the methodology for the impairment for doubtful debt. The in-year collection rate was 92.2%, 2.1% lower than the amount achieved in the previous year, although collection will continue to be attempted in future years to meet the long term target of 97.5% contained within the Medium Term Financial Strategy.

4.7.2. The budgeted net collectible amounts for Business Rates (after exemptions, reliefs and discounts) was £125.5m. The actual net collectible amount as at 31 March 2024 increased to £129.3m, an increase of £3.8m since April 2023. This increase is due to revising the methodology for the impairment for doubtful debt. The Collection Fund had an in-year surplus of around £9.0m, of which £3.4m belongs to the GLA and £2.9m to central government. Brent's share will be transferred to the Collection Fund, which is used to smooth out any fluctuations in the Collection Fund balance between years. As at the 31 March 2024, the amount collected was 93.2%, this is higher than the amount collected in the same period last year, at 93.0%, however, this is 0.8% below the in-year target of 94%. This underperformance was driven by a small number of issues with businesses with relatively large liabilities that only became apparent later in the year.

5.0 Dedicated Schools Grant (DSG)

Summary

Table 9 – Dedicated Schools Grant Outturn 2023/24

DSG Funding Blocks	Revised Budget	Outturn	Over/(Under) Spend
	£m	£m	£m
Schools Block	119.5	118.8	(0.7)
High Needs Block	74.8	76.2	1.4
Early Years Block	24.4	23.4	(1.0)
Central Block	2.1	1.8	(0.3)
Total	**220.8**	**220.2**	**(0.6)**

5.1.1. At the end of 2023/24, the overall DSG deficit has reduced from the brought forward balance of £13.8m to £13.2m following a net in-year surplus of £0.572m. The in-year surplus was mainly driven by surpluses against the Schools Block (£0.643m), Early Years Block (£1m) and the Central Schools Services Block (£0.278m). These surpluses were offset by a pressure against the High Needs Block which saw a deficit of £1.4m.

Detailed Narrative

5.1.2. The Schools Block surplus was due to an underspend against the pupil growth budget which was top sliced from schools' funding allocations to account for in year pupil growth in primary and secondary schools. Increase in pupil numbers were less than the initial projections that the budgets were based on.

5.1.3. The under-spend against the EY Block is mainly driven from the £1.4m additional funding that was provided by the DfE in September 2023, to account for rate increases for the 2, 3 & 4 year old childcare provisions in Brent with the balance of the surplus attributable to lower take up of childcare provisions in the financial year, compare to the funding received. The EY Block funding is based on headcounts at January census points. Therefore, there is a risk that the DfE may claw back some of the funding received in 2023/24 following confirmation of the final January 2024 census and a final in-year adjustment expected in July 2024. This surplus will be held in reserves to offset any potential clawbacks.

5.1.4. The CSSB underspend is mainly attributable to staff vacancies and less reliance on the use of external consultants.

5.1.5. The HN Block has reported an overspend of £1.4m compared to £0.8m reported in Q3. The main reason for the increase from Q3, being the top-up funding for post-16 provision. There was an increase in the number of children requiring Education, Health, and Care Plans (EHCPs) which was 3,576 as at March 2024 compared to 3,309 as at March 2023 an increase of 8.1%. This led to increases in the top-up funding for in-borough mainstream academies and special schools, placements in independent day special schools and alternative education for children awaiting placements as well as the post-16 provision.

5.1.6. The ring-fenced DSG funds local authority schools' budgets, and this is the main source of income for schools. In 2023/24, maintained school balances have decreased by £1.9m from £14.9m to £13m. This reduction in school balances is mainly attributable to inflationary pressures. Of the 56 maintained schools, 24 increased their balances and 32 decreased their balances. 7 schools closed in deficit at the end of 2023/24 and 4 schools that were previously in deficit recovered their deficit, however 4 new schools closed with deficit balances. The challenge remains that school budgets are under considerable pressure due to rising costs. In some cases, reduced funding levels have resulted from a reduction in the number of pupils on the school roll.

5.1.7. The cumulative deficit of £15.1m will be carried forward to 2024/25. A HN Block Deficit Recovery Management Plan is in place with longer-term actions to recover the deficit and a task group has been set up by the council to coordinate and monitor these actions. Some of these actions to reduce costs include managing demand through ceasing EHCPs where appropriate, developing Alternative Provision education in the borough, increasing the amount of special provision within the borough, particularly for secondary phase pupils and 16–25-year-old SEND students and various financial management actions. In 2023/24 the cost avoidance achieved as a result of these actions was £2.6m.

5.1.8. Brent is also a part of the DfE programme called Delivering Better Value (DBV) in SEND to provide dedicated support and funding to help local authorities reform their high needs systems. The Council received £1m grant funding allocated over two financial years i.e., 2023/24 and 2024/25 to deliver the actions in the Management Plan, as well as cost benefits identified as part of the programme. The four workstreams developed with the DBV funding are:

- Intervention First workstream is to enable improved outcomes by meeting needs and improving outcomes earlier, avoiding the need for some children to have EHCPs.
- SEND Assurance workstream focusses on the audit of EHCPs and accompanying records of plans for children aged under 7 that include support 26 hours and above and post-16 plans that include support of 19.5 hours and above to assess if this level of support is needed.
- Workforce and inclusive environments workstream have been focusing on ensuring schools have the relevant training and workforce experience to support the wide range of needs of children and young people at SEN Support.
- Commissioning workstream involves reviewing the High Needs Block

contribution to the Early Years Inclusion fund (EYIF) to ensure that the funding is used in an effective manner to contribute to cost avoidance against the HNB.

5.1.9. Progress against these workstreams is monitored on a quarterly basis by the DfE via quarterly submissions and follow up review meetings. The DBV programme will not address the historic deficit, but the current Management Plan and efficiencies identified from the programme may allow funds to be released to address historic deficits. The financial impact of the DBV benefits will be monitored in 2024/25 when they are expected to materialise. A combination of these longer-term recovery actions and anticipated funding increases will reduce the deficit.

6.0 Housing Revenue Account (HRA)

6.1.1. The budgets for the Housing Management function are contained within the ring-fenced Housing Revenue Account (HRA), which had a balanced budget set for 2023/24.

6.1.2. The HRA has achieved a £2m surplus for 2023/24, which has allowed the increase of the HRA operating reserve balance to £2.4m.

Detailed Narrative

6.1.3. The outturn for 2023/24 is predominantly a result of the following variances:

- £1.9m overspend associated with an increased demand for responsive repairs and a backlog of works
- £0.4m pressure due to increased levels of disrepairs claims
- £0.4m higher service charges on new build blocks than planned budgets
- (£1.6m) adjustment on expected credit losses for arrears balances at year end
- (£1.2m) interest charge less than anticipated due to a combination of less than expected borrowing for new builds, a use of alternative funding sources and favourable interest rates received on balances
- (£0.8m) reduction in expenditure as a result of a review of support services and bringing a number of support functions under Housing Management Services
- (£0.7m) underspend on staffing costs in the Property Services as a result of vacancies and spending controls introduced by the Council during the year
- (£0.4m) additional rental income from new stock additions

7.0 Capital Programme

Table 10 - Capital Programme Outturn for 2023/24

Capital Programme Item	Budget as at Feb 2024	Budget Changes since Feb 2024	Final Budget 2023/24	Outturn	Variance to Budget	Over / (Under) spend split	
						2023/24 Accelerated spend / (Slippage C/FWD)	(Underspend) / Overspend
	£m	£m	£m	£m	£m	£m	£m
Corporate Landlord	10.1	0.0	10.1	10.0	(0.1)	0.1	(0.2)
HCIB - GF	92.6	3.0	95.6	93.6	(2.0)	(2.1)	0.1
HCIB - HRA	49.9	(9.0)	40.9	42.8	1.9	1.8	0.1
PRS I4B	5.8	0.0	5.8	5.8	0.0	0.0	0.0
Public Realm	26.6	0.3	26.9	25.1	(1.8)	0.5	(2.3)
Regeneration	9.0	0.0	9.0	4.5	(4.5)	(4.1)	(0.4)
Schools	12.4	0.0	12.4	11.7	(0.7)	(0.4)	(0.3)
South Kilburn	13.6	9.0	22.6	18.9	(3.7)	(4.1)	0.4
St Raphael's	0.8	0.0	0.8	0.6	(0.2)	(0.2)	0.0
Grand Total	**220.8**	**3.3**	**224.1**	**213.0**	**(11.2)**	**(8.6)**	**(2.6)**

7.1 The Council's corporate strategy drives an ambitious five-year capital investment programme totalling £1,011m which is financed from a combination of capital receipts, grants, contributions, reserves and external borrowing.

7.2 For 2023/24 the Council spent £213m which equates to 95% of the approved capital programme budget which is an improvement on the 82% spent in the previous financial year. Overall, the expenditure in 2023/24 represented an under spend of £11.2m compared to budget as shown in Table 10 above. Due to the project-based and multi-year nature of capital expenditure, underspends in a year may be due to scheme costs slipping into future years or being accelerated into current year with no overall impact on the cost of the scheme compared to overall scheme budget. £8.66m of the £11.2m reported underspend relates to schemes costs that have slipped into 2024/25.

Corporate Landlord

7.3 Corporate Landlord recorded a minor overall underspend of £0.1m compared to the revised budget. Significant activities included an accelerated £0.9m expenditure on ICT due to early laptop replacements, countered by a £0.6m delay in IT Licenses renewals and a £0.2m delay in Civic Centre Development.

Regeneration

7.4 The Regeneration programme reported spending that was £4.5m lower than anticipated. Key variances include a £2.1m CIL payment by the Council factored into the 2023/24 budget that was not required after the unconditional target date was achieved before the end of 2023/24 making Wates liable for the £2.1m CIL payment due in 2023/24. There was also £1.0m delay in budgeted payments to the contractor as the build contract was signed in 2024/25. Additional slippages involved £0.5m at the Wembley Medical Centre and £0.3m lower spending at Picture Palace as the budget included £0.3m which had already been accounted for in the preceding financial year. The UK Shared Prosperity Fund also reported an underspend which will be carried over to future periods.

St Raphael's

7.5 St Raphael's budget recorded an underspend of £0.2m against the current year's budget, with this expenditure now slipped to subsequent periods. This will start with the procurement exercise for the community hub which is now expected to commence this summer with start on site aimed for January 2025.

Housing – General Fund

7.6 At outturn, the Housing General Fund (GF) reported an underspend of £2.0m. Several factors contributed to this variance: Demand led the Private Sector Homes Adaptations to exceed the budget by £1.1m, while the Empty Private Sector Homes Programme was £0.9m under budget, influenced by competition from the private market. The Learie Constantine development underspent by £1.0m due to a later than planned project completion. The Clock Cottages scheme, which is still under construction reports spending being over the budget by £0.3m, due to an acceleration in the programme. BICC Redevelopment concluded with £1.9m under the budget, correlating to delayed payments to contractors. The Nail Acquisition & Refurbishment reported £0.4m in deferred spending with anticipated future spend. The Edgware Road Project commenced earlier than planned, resulting in £1.1m in advance payments and is expected to see significant cost increases due to design changes.

Housing - Housing Revenue Account

7.7 At year-end, the House Revenue Account (HRA) capital programme reported an overspend against the current year budget of £1.9m, largely due to spending at two developments. Claire Court saw an accelerated spend of £3.0m as the project advanced more swiftly than initially expected. In contrast, Windmill Court; the now-discontinued project, recorded a £0.5m overspend resulting from the Council's strategic decision to repurchase properties, thereby surpassing the revised budget. Additional HRA capital programme slippages were reported across Grand Union and RTB Acquisitions, with postponed expenditures amounting to £1.2m.

Schools

7.8 Schools' capital programme expenditure in 2023/24 was £0.7m below the allocated budget for the year largely due to the delayed commencement of the London Road SEND school. Budget adjustments were also made during the year to incorporate staff capitalisation costs directly into project expenditure, affecting overall budget utilisation. Accelerated spending on Devolved Formula projects and the Schools Asset Management Plan slightly offset the underspend from delays.

South Kilburn

7.9 The South Kilburn programme is a 15-year programme that aims to transform the South Kilburn area into a sustainable and vibrant neighbourhood. The South Kilburn projects underspent by £3.7m mostly from slipped expenditure to future periods. The slippage is mainly a result of the Council reviewing scheme delivery and re-profiling of schemes in light of recent interest rate rises, build costs inflation and recent changes building regulations. This is to ensure that the remainder of the programme is deliverable. The programme remains a key Council priority and the Council is currently exploring the most effective model of delivery including the appointment of a Single Delivery Partner.

Public Realm

7.10 Public Realm spending ended the year £1.8m below the revised budget. Accelerated expenditures included £1.3m on the RLS waste vehicle project and £0.3m on increased contractor works for highways management. Lower than anticipated spending on several large infrastructure projects and external grant-funded road patching due to works taking longer than anticipated contributed to slippages in the overall underspend.

Capital Financing

7.11 The capital financing budget outturn for 2023/24 is £25.0m. There was an increase in costs due to several factors including a further review of the MRP policy which resulted in an increase in the charge in year. Investment income has increased with the rise in interest rates but has been partially offset with the associated increase in rates for new borrowing in year. £130.0m of new loans were drawn that includes £60.0m new long-term PWLB loans and £70.0m of temporary borrowing.

8.0 Stakeholder and ward member consultation and engagement

8.1 There are no stakeholder and ward member consultation arising from this report.

9.0 Financial Considerations

9.1 This report is about the Council's financial position in 2023/24, but there are no direct financial considerations in agreeing the report.

10.0 Legal Considerations

10.1 There are no legal considerations arising out of this report.

11.0 Equality, Diversity and Inclusion (EDI) Considerations

11.1 There are no EDI considerations arising out of this report.

12.0 Climate Change and Environmental Considerations

12.1 There are no climate change or environmental considerations arising out of this report.

13.0 Communication Considerations

13.1 There are no direct communication considerations arising out of this report.

Report sign off:

Minesh Patel
Corporate Director of Finance & Resources