

Appendix B: MTFS Model

CHANGES TO THE BUDGET YEAR-ON-YEAR	BUDGET		ADJUSTMENTS		BUDGET		Relative Changes 2024/25 to 2025/26
	2024/25 £m	Growth £m	Savings £m	Changes in Funding £m	2025/26 £m		
Base Budget	387.0				387.0		
Growth							
Demographics							
- Adult Social Care		7.3			7.3		
- Children's Social Care		3.0			3.0		
- Other Departments		1.0			1.0		
Sub-total		11.3			11.3		
Inflation							
- Adult Social Care		4.9			4.9		
- Children's Social Care		1.5			1.5		
- Contracts		2.0			2.0		
Sub-total		8.4			8.4		
Temporary Accommodation		11.6			11.6		
Capital Programme Financing		10.6			10.6		
Service Changes		10.1			10.1		
		52.0					
Savings							
Service Transformation			(2.7)		(2.7)		
Restructure			(2.2)		(2.2)		
Reduction in provision			(1.6)		(1.6)		
Procurement			(0.2)		(0.2)		
Income generation			(1.6)		(1.6)		
Digital			(0.6)		(0.6)		
			(8.9)				
	387.0				430.1		
Funding							
Revenue Support Grant	(30.9)			(0.6)	(31.5)		
Business Rates	(114.1)			(11.0)	(125.1)		
Council Tax	(162.1)			(16.3)	(178.4)		
Specific Grants	(79.9)			(15.2)	(95.1)		
	(387.0)				(430.1)		

MTFS ASSUMPTIONS	
Growth	The growth proposals in the budget are largely responsive in nature rather than introducing new service provision. This is a direct result of the volatile and unpredictable economic climate faced by the Council where rising demand and demographic pressures increase the cost of providing existing services to current service standards.
Demographic Growth	This largely relates to changes in the make up of the population due to ageing (Adult Social Care) and demand pressures on the placements, transitions, homecare and children with disabilities budgets (Children's Social Care).
Inflation	General inflation fell below the the Bank of England's target with CPI in September 2024 at 1.7%, although this has increased again to 2.5% at December 2024. Specific inflationary pressures are being experienced in social care where rising demand and a shortage of supply puts upwards pressure on prices. These inflationary pressures have direct effects on goods and services bought by the council and indirect effects via increased prices for services and supply contracts.
Capital Programme Financing	The inflation crisis since 2021 resulted in the Bank of England raising the base rate from a historic low below 1% up to 5.25% at its recent peak. As of December 2024, the base rate remains at 4.75% and is expected to remain at a higher level than before the crisis began. This means that, coupled with the inflationary pressures on the programme itself, the cost of financing the Capital Programme has increased significantly since the plans were produced and growth is required to ensure the budget is sufficient to ensure the continued affordability of the programme.
Temporary Accommodation	In recent years, Brent has seen a surge in cases of homelessness in which the authority has a statutory duty to provide accommodation. Due to a severe lack of available and affordable properties, high inflation and the limitations of the Housing Benefit system, Brent has been required to use a growing amount of expensive temporary accommodation, including B&Bs, the cost of which has increased rapidly at the same time.

Service Changes - Other	These are unavoidable changes resulting from new burdens, increases in ringfenced grants and externally driven changes to service levels, for example concessionary fares. It includes the pay award, which has been higher than the norm in recent years As a response to inflation and the cost of living crisis. With inflation having fallen, growth for the pay award is lower in 2025/26, but if inflation remains above the Bank of England's 2% target, a higher pay award may be expected. If future pay awards are based on flat rate increases, this tends to increase the cost of the pay award at Brent due to extra London weighting and the associated increase in national insurance and pensions on costs.
Savings - Full Details in Appendix C	New savings proposals for agreement total £4.5m. These are in addition to the savings of £4.4m agreed in the 2024 Budget and Council Tax Report, which will also be delivered in 2025/26. The total savings for 2025/26 is £8.9m.
Service Transformation	These are savings which involve changing methods of service delivery to match current demand levels whilst delivering the service in the most efficient, effective and economic manner.
Restructure	These are savings which require changes to the staffing establishment.
Reduction in provision	These are savings where the level of provision will be reduced. Whilst as a matter of policy the Council aims to avoid cuts to frontline services, in order to balance the budget a number of small cuts to service provision have been proposed where the impact on service users will be minimal.
Procurement	These are efficiency savings arising from securing better value for money and lower prices for contracts let by the Council without an adverse impact on service quality or the level of service provision.
Income generation	These are savings arising from the generation of additional external income. This includes the implementation of telecare service charges and contributions from Public Health to delivery of mental health services and Speech and Language Therapy in Family Wellbeing Centres.
Digital	These are efficiency savings arising from the better use of software and digital transformation, whilst improving the customer experience.
Funding	
Revenue Support Grant (RSG)	The 2025/26 RSG allocation of £31.5m has been calculated by uprating the 2024/25 amount by an indexation factor based on the September 2024 CPI inflation increase of 1.7%. It is anticipated that future years will be calculated in the same way.
Business Rates	The Government introduced separate standard and small business rates multipliers in April 2024. The standard multiplier has been uprated by the 1.7% September 2024 CPI rate. The small business multiplier has been frozen with local authorities compensated for the loss of additional income via s31 grant based on the yield if the multiplier had increased by the September 2024 CPI rate. The rating list was revalued with effect from April 2023 and 2025/26 is expected to be the final year of the current valuation, with a new revaluation taking place in April 2026. To keep the effect of the revaluation as revenue neutral, the increase in the retained business rates share has been reduced to zero by reducing the amount of the top up thus keeping the Baseline Funding Level unchanged. The government has also announced their intention to reset the Business Rates retention system in April 2026. Details of this will not be announced until later, but it is expected that this will result in some changes to how Brent receives funding and how much is received through the Business Rates Retention system from 2026/27.
Council Tax	The increase in Council Tax income in 2025/26 arises from four elements: 1. A 2.99% increase in Council Tax + a 2% Adult Social Care precept (+£9.4m) 2. An increase in the tax base (+£1.7m) 3. A reduction in the long term collection rate assumption from 97.5% to 97.0% (-£0.9m) 4. The proposed revision of the Council Tax Support Scheme, to be approved at the same Full Council meeting as the Budget & Council Tax report on 27 February 2025 (+£6.1m)
Specific grants	The government has uprated some existing grants, particularly the Social Care grant (up 18%) and introduced a new Children's Social Care Prevention Grant (£1.3m) for expenditure on prevention activities. The existing Improved Better Care Fund and Discharge Grant (previously assumed in the MTFs to not continue in 2025/26) have been merged into the Local Authority Better Care Grant, but no uplift has been applied. The government has also replaced a number of smaller grants, including the Services Grant with a new unringfenced Recovery grant, with the allocation based on targeting at those authorities with greater needs, but were also clear that this is only the first step towards fundamental reforms of local government funding in 2026/27. It is therefore unclear how much of this additional funding will be received beyond 2025/26. Brent's New Homes Bonus allocation has continued to decline to £1.9m from £2.9m in 2024/25. Also the Funding Guarantee from 2024/25 was a Funding Floor (applied to ensure no authority received a reduction in Core Spending Power). As Brent received an increase of 6.2% in Core Spending Power, this funding was not applicable. However, these two grants are not included in the MTFs due to the uncertainty of how much will be received each year. Outside of Core Spending Power, the Public Health Grant is expected to be uprated by inflation and a grant of c.£3m is expected from government to fund the changes to the National Insurance employer's contribution rate and threshold from April 2025.

SPECIFIC GRANTS		2024/25	2025/26	Difference
		£m	£m	£m
Local Authority Better Care Grant		-	16.5	16.5
Improved Better Care Fund		13.4	-	13.4
ASC Discharge Fund		3.1	-	3.1
Social Care Grant		29.2	34.4	5.2
ASC Market Sustainability and Improvement Fund		5.9	5.9	-
Children's Social Care Prevention Grant		-	1.3	1.3
Total Social Care Grants		51.6	58.1	6.5
Recovery Grant		-	5.8	5.8
Services Grant		0.6	-	0.6
Other grants		27.7	31.2	3.5
Total Specific Grants		79.9	95.1	15.2