	Full Council 27 February 2025
	Report from the Corporate Director, Finance and Resources
	Lead Member – Deputy Leader & Cabinet Member for Finance & Resources (Councillor Mili Patel)

Budget and Council Tax 2025-26

Wards Affected:	All
Key or Non-Key Decision:	Council
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:	21 – See list attached
Background Papers:	None
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1.0 Executive Summary

1.1 The purpose of this report is to set out the Council's budget proposals for 2025/26. It also sets out the results of the statutory processes of consultation, scrutiny and equalities analyses. Following consideration by Cabinet on 10 February 2025, these proposals now form the basis of the budget to be agreed by Full Council on 27 February 2025. The report also sets out the overall financial position facing the Council for the medium term and highlights the significant risks, issues and uncertainties.

1.2 Reports on the budget position have been brought to Cabinet throughout the year, most recently in July and November 2024. In January 2025, Cabinet also received the Quarter 3 forecast position for 2024/25, which set out a forecast overspend of £17.4m. The forecast overspend is primarily within the Housing service (£15m), which has been experiencing high levels of demand since 2023 due to a rise in homelessness and a reduction in the supply of suitable temporary accommodation. Additionally, new pressures have arisen within the Children & Young People and Community, Health & Wellbeing directorates. These pressures are being partially offset by £8m of in-year savings that have been identified across the Council, which are part of a package of new measures to provide more assurance over the Council's spending decisions, in order to contain identified pressures as much as possible.

1.3 Since the Cabinet meeting on 10 February 2025, Appendices A and B, Tables 5 and 7 and sections 4 and 6 have been updated to reflect the Final Local Government Finance Settlement and Public Health Grant allocations. Other updates have been made to Appendix J (ii) – Schedule of Reserves to reflect post audit adjustments to the reserve balances at 31 March 2024, Appendix K (ii) – Fees and Charges schedule to reflect the changes to Brent's departmental structure that will come into effect from 1st April 2025 and the Capital appendices (Appendices E-I) to reflect changes to the portfolios of Cabinet members.

1.4 In February 2024, Council agreed the budget for 2024/25, which included £12.5m of savings, with £4.4m to be delivered in 2025/26. It was estimated in July 2024 that a further £30m of savings would be required across the Medium Term Financial Strategy period from 2025/26 to 2027/28, profiled £16m in 2025/26, £7m in 2026/27 and £7m in 2027/28. As a result, the total estimated savings requirement for 2025/26 as of the draft budget in November 2024 was £20.4m.

1.5 The £16m of new savings proposed at the Draft Budget in November 2024 is broken down as follows:

- £4.5m of savings proposals from services (Appendix C (ii))
- £5.0m of additional Council Tax income resulting from changes to the Council Tax Support scheme (to be approved by Full Council alongside the Budget & Council Tax report on 27 February 2025)
- £6.5m of operating efficiencies to be delivered by services in 2025/26

1.6 Brent has delivered total cumulative savings of £218m between 2010 and 2025. The proposed savings for 2025/26, in addition to those agreed in February 2024 will take this total to £238m (55% of the net revenue budget for 2025/26). Furthermore, the Medium Term Financial Strategy (MTFS) model has been extended to 2028/29 to cover what is expected to be a three year settlement from 2026/27. Budget assumptions on income and expenditure have been reviewed and updated and rolled over and there is now an estimated budget gap for

2026/27 to 2028/29 of £28m, which will require an average of just over £9m of savings in each year (up from the £7m estimate in July 2024 for the first two years).

1.7 The new government has stated its intentions to reform local government financing from 2026/27, with particular focus on diverting resources to authorities that need them most and delivering the first reset of the business rates retention system since it was created in 2013. Although a consultation on future funding reforms has been announced, until there are further details on the impact and transition to these reforms, it makes it extremely challenging to be precise about future financial targets. Likewise, the government has increased employer National Insurance Contributions without providing local authorities funding to offset higher fees from care providers and other commissioned services.

1.8 The savings requirement was calculated to ensure that the Council can set a balanced budget in 2025/26, within the current MTFS assumptions, by adding growth to the Housing budget to fund pressures in the provision of homelessness services and temporary accommodation. The government has indicated that 2026/27 will see the first multi-year local government finance settlement in ten years. This development would be a welcome one for Brent, providing some much needed clarity on what funding will be available to support the budget over the MTFS period and narrowing the range of possible budget gaps. However, it is clear that unless additional funding is forthcoming, further savings and budget reductions will be required.

1.9 The provisional local government finance settlement increased core spending power for Brent by 7.0%, including a 'referendum limit' for Council Tax of 4.99% (where 2% is ring fenced for Adult Social Care). Like last year, the Government's financing assumption is that all Councils would act on this. The decision on Council Tax will be taken by Full Council, but the budget has been constructed on the basis of a 4.99% rise in the Brent element of Council Tax, which is consistent with the previous position of increasing Council Tax by the maximum amount allowable under the legislation. In addition, this is based on taking into account the rising inflationary pressures that the Council is subject to, the financial position in the round, the need to protect frontline services such as social care and homelessness and the results of consultation through Brent Connects and other meetings held by the date of dispatch of this report. Further details regarding decisions on Council Tax, including support for residents that are financially vulnerable, are set out in section six of this report.

1.10 The Mayor of London has announced plans for an increase in his precept of 4.0% (slightly different rules on the limits for the Greater London Authority (GLA) apply due to its role as the police authority) making the overall increase in Council Tax 4.8%. This equates to £2,133.15 at Band D, or the equivalent of £41.02 per week, and the overall increase equates to £1.87 per week for a Band D property.

1.11 The provisional settlement for Brent was above the national and London averages and the September 2024 rate of Consumer Price Index (CPI) inflation, but was lower than the average for authorities with similar levels of deprivation. This settlement also follows a poor 2024/25 settlement for Brent, in which Brent received the lowest increase of any of the London boroughs and the previous government had to make a Guaranteed Funding Payment to keep the total value of the settlement at the safety net level.

1.12 The settlement provided limited additional resources, and the funding that was provided has been used to offset new pressures that have arisen since the draft budget was presented to Cabinet in November 2024, including the expected costs of the changes to National Insurance from 2025/26 and in-year pressures from 2024/25 that are expected to continue into 2025/26. However, due to the prudent approach taken to producing the draft budget in advance of the settlement, the savings requirement for 2025/26 remains the same as proposed in the draft budget in November 2024.

1.13 As the settlement was another single year settlement and the government has not (as of the date of dispatch of this report) begun the process of consulting on their proposed reforms, the 2025/26 settlement does not result in any major changes to the budget or MTFS position and little of the detail of these proposals is known at this time. Brent will engage with any consultations and the implications for the MTFS will be presented to Cabinet at the earliest opportunity.

1.14 Given the significant financial uncertainties that have been highlighted throughout this process, this is a balanced and proportionate approach to the demanding choices that must be confronted in budget setting. It should be recognised, however, that forecasting over the medium term has been, and continues to be, extremely difficult. There is a high level of uncertainty due to continued global conflicts, stubbornly high inflation, continued high interest rates, low growth in the economy, the effects of the cost-of-living crisis on residents and businesses in the borough and demographic changes. The significance of the financial challenge cannot be underestimated; however, the measures outlined in this report aim to ensure that the Council continues to operate in a financially sustainable and resilient way.

1.15 Aside from the updating of and adjustments to various technical assumptions the key features of this budget are:

- A Council Tax rise of 4.99% for the Brent element, making a Band D Council Tax of £1,642.77. Additionally, the Council will levy a Council Tax precept currently expected to be £490.38 at Band D on behalf of the GLA. Therefore, the total Council Tax at Band D is expected to be £2,133.15, which is an overall increase of 4.8%.

1.16 New budget savings proposals with an aggregate value of £4.5m to be delivered in 2025/26, as set out in Appendix C (ii). This is an addition to the £4.4m of existing savings for 2025/26 agreed by Full Council in February 2024 and set out in Appendix C (i). Together with £5m of additional Council Tax income resulting from the proposed changes to the Council Tax Support Scheme and £6.5m of operating efficiencies, this closes the £16m budget gap identified in July 2024.

1.17 This report is structured as follows:

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

2.0 Recommendation(s)

2.1 Agree an overall 4.99% increase in the Council's element of Council Tax for 2025/26, with 2% as a precept for Adult Social Care and a 2.99% general increase.

2.2 Agree the General Fund revenue budget for 2025/26, as summarised in Appendices A and B.

2.3 Agree the savings proposals for 2025/26, as set out in Appendices C (i) and C (ii).

2.4 Agree that in the event the proposed amendments to the Council Tax Support scheme are not approved by Full Council, £5m of reserves will be used to cover the budget shortfall in 2025/26, as set out in section 6.19.

2.5 Note the Equalities Impact Assessments on the budget proposals, as set out in Appendices C (iii) and C (iv).

2.6 Note the report from the Budget Scrutiny Task Group in Appendix D.

2.7 Note and agree inclusion of the HRA budget and business plan in the overall Council budget for 2025/26 as set out in section eight and appendix O of this report.

2.8 Agree the Dedicated Schools Grant, as set out in section nine of this report.

2.9 Agree the changes to the existing Capital Programme in relation to additions of new schemes and reprofiling, as set out in section ten of this report, and note the Capital Pipeline Schemes in Appendix E.

2.10 Agree the Capital Strategy, the Non-Treasury Investment Strategy, the Treasury Management Strategy and the Minimum Revenue Provision Statement as set out in Appendices F, G, H and I.

2.11 Agree the Reserves Strategy and schedule of reserves, as set out in Appendices J (i) and J (ii).

2.12 Agree the schedule of fees and charges, as set out in Appendix K (ii).

2.13 Note the results of the budget consultation, as set out in section seven and detailed in Appendices L (i) and L (ii).

2.14 Note the legal advice from the Corporate Director, Law and Governance, as set out in Appendix M.

2.15 Agree the Pay Policy Statement for 2025/26, as set out in Appendix N.

2.16 Agree to transfer the funding from the Extended Producer Responsibility (ERP) for packaging scheme to reserves in 2025/26.

Council Tax recommendations

2.17 In relation to the Council Tax for 2025/26 we resolve:

That the following amounts be now calculated as the Council's element by the Council for the year 2025/26 in accordance with Sections 31 to 36 of the Local Government Finance Act 1992 as amended:

(a) £1,127,293,760 being the aggregate of the amount that the Council estimates for the items set out in Section 31A(2) of the Act.

(b) £948,861,011 being the aggregate of the amounts that the Council estimates for the items set out in Section 31A(3) of the Act.

(c) £178,432,749 being the amount by which the aggregate at (a) above exceeds the aggregate at (b) above, calculated by the Council, in accordance with Section 31A(4) of the Act, as its Council Tax requirement for the year.

(d) £1,642.77 being the amount at (c) above, divided by the amount for the tax base of 108,617, agreed by the General Purposes Committee on the 15 January 2025, calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year.

(e) Table 1: Brent Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,095.18	1,277.71	1,460.24	1,642.77	2,007.83	2,372.89	2,737.95	3,285.54

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

2.18 That it be noted that for the year 2025/26 the proposed GLA precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, in respect of the GLA, for each of the categories of dwellings are as shown below:

Table 2: GLA Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
326.92	381.41	435.89	490.38	599.35	708.33	817.30	980.76

2.19 That, having calculated the aggregate of the amounts at paragraph 2.17(e) and 2.18 the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of council tax for the year 2025/26 for each of the categories of dwellings shown below:

Table 3: Overall Valuation Bands

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,422.10	1,659.12	1,896.13	2,133.15	2,607.18	3,081.22	3,555.25	4,266.30

2.20 That it be noted that the Corporate Director, Finance and Resources has determined that the Council element of the basic amount of Council Tax for 2025/26 is not excessive in accordance with the principles approved under Section 52ZB of the Local Government Finance Act 1992.

(a) That the Corporate Director, Finance and Resources be and is hereby authorised to give due notice of the said Council Tax in the manner provided by Section 38(2) of the 1992 Act.

(b) That the Corporate Director, Finance and Resources be and is hereby authorised when necessary to apply for a summons against any Council Taxpayer or non-domestic ratepayer on whom an account for the said tax or rate and any arrears has been duly served and who has failed to pay the amounts due to take all subsequent necessary action to recover them promptly.

(c) That the Corporate Director, Finance and Resources be and is hereby authorised to collect revenues and distribute monies from the Collection Fund and is authorised to borrow or to lend money in accordance with the regulations to the maximum benefit of each fund.

3.0 Cabinet Member Foreword

3.1 Fiscal discipline is a fundamental value of our administration. Despite many difficult settlements over the previous decade and a half, we have ensured that the foundations of our council are strong and that we can continue to deliver excellent services to residents. It is because of this long-term commitment to credibility that we can again present a fully balanced Budget to Full Council for approval.

3.2 As ever, this year's Budget was a team effort with many officers working to this pack. I want to thank them all for their efforts. Our commitment to clear and transparent presentation of the facts as they are, not as we wish them to be, is a commitment that we have made across this administration. Every year it is an iterative process and evolution upon the last budget, and we welcome any feedback as we look again to next year.

3.3 I also want to thank all those that took part in the budget consultation, including residents who took part in the formal consultation and all those that attended our Brent Connects meetings around the borough. Particular recognition must go to those councillors who took part in the Budget Scrutiny process – expertly led by Cllr Rita Conneely – for asking the difficult but necessary questions and ensuring we were certain of our plans and figures.

3.4 Local government across England and Wales is about to be significantly reformed. This is to be welcomed, our democracy should be organised in a way which maximises growth and allows every part of our great country to attract investment and fulfil its potential. Whilst London might not be the focus of the Devolution White Paper we are determined to play a role in influencing its final composition and considering how we can work with government to deliver local growth.

3.5 As noted above, our approach to fiscal discipline is non-negotiable and we will continue to deliver balanced and credible budgets in the years ahead. This is not just an abstract principle but vitally important to the functioning of the council. Across London, more than a dozen councils have had little choice but to approach government for Exceptional Financial Support. These boroughs are borrowing to avoid failure, but this is not sustainable and it is Brent's determination to avoid such extremes.

3.6 We look forward to the Chancellor's spending review and spring forecast statement. There is much to be welcomed in the new government's approach, one serious about fixing the foundations of local government and responding to the needs of the country. The Devolution White Paper acknowledges so many of the latent errors of the years of austerity, but now is the time to be bolder, to be courageous, and to re-wire the way that we think about what local government truly means, and what it is set up to do. We have always made the case that local authorities are an additional emergency service, the safety net where other services recede, and we collectively contribute more than any other branch of government towards the look, feel and prosperity of neighbourhoods up and down this country.

3.7 Brent Council remains committed to delivering not just essential services, but those that matter most to our residents. This budget protects those frontline services, while also ensuring that we maximise value for taxpayers, and continue to seek improvements to services wherever they can be found. We have not shied away from the challenges of the last year, and this report details the complex, London-wide Housing pressures which continue to place this council at sustained financial risk.

3.8 Our in-year overspend on Housing remains substantial. At the last financial quarter, this was reported as £17.4m and has been driven by rising homelessness and increased pressures within Housing Services (£15m), alongside new financial strains in Children and Young People (CYP) and Community Health and Wellbeing (CHW). While £8m of in-year savings have been identified to mitigate some of these pressures, the financial landscape remains extremely challenging.

3.9 Neither our residents nor the council created the Housing Emergency that we see today, but there is no doubt that both are profoundly impacted by it. Recent estimates suggest that over the last decade, as our city has grown, Brent has seen the highest recorded increase in private rents, with an average increase of 58.4%.

3.10 We have little other choice but to shape our financial plans around this reality. In February 2024, full Council approved £12.5m in cuts, profiled over two years, with £4.4m of these detailed once again within the report today. But that is still not close to filling the financial gap for this forthcoming financial year. Members are therefore asked today to agree a further £16m in proposals, broken down by a 4.99% increase in Council Tax, £6.5m of operational efficiencies, a further £4.5m in new cuts, and, most painful of all, a £5m reduction to our Council Tax Support Scheme.

3.11 The reports today lay bare how we are responding to this financial reality in the most equitable way possible. Taken together, we have updated our Medium-Term Financial Strategy to reflect the challenges before us, and we have set out both individual and cumulative equality impact assessments for all our proposals too. There is no doubt, though, that what we have put forward will have an impact on the council, on our residents, and on our partners alike.

3.12 By the end of 2025, the cumulative total of cuts made since 2010 will reach an astounding £238m—equivalent to nearly half of Brent's annual budget today. In that same period, we have reduced the overall number of staff employed by the council by half, becoming a leaner and more efficient organisation. This inherently has changed the nature of how we provide our services and will continue to in the financial years to come. We know that in both housing and social care, we still have more challenges to face.

3.13 The Provisional Local Government Finance Settlement for 2025/26 has increased Brent's core spending power by a welcome 7.0%, but the increase in employer National Insurance contributions has also created new cost pressures.

3.14 Brent's settlement was above both the national and London averages, but is still lower than the funding received by authorities with similar levels of deprivation. This follows a particularly poor settlement in 2024/25, where Brent received the lowest increase of any London borough and required a Guaranteed Funding Payment to maintain a safe funding level. Thankfully, due to the prudent approach taken to producing the draft budget in advance of the settlement, the savings requirement for 2025/26 remains unchanged at £16m.

3.15 Financial forecasting remains complex due to ongoing global uncertainties, including the conflict in Ukraine. There is still much to be proud of though, and our Administration's Priorities and Capital Programme speak to our very real ambition to making change happen in our borough.

3.16 The Government has announced plans to reform local government financing from 2026/27, prioritising support for the most financially strained authorities and implementing the first reset of the business rates retention system since its inception. While this is a welcome development, Brent still faces an estimated £28m budget gap up to 2029, necessitating an average of just over £9m in cuts per year. In addition to the introduction of multi-year budgets, we hope ministers will seize this opportunity to write a new chapter for local government.

3.17 Despite these immense pressures, our ironclad commitment to supporting our residents, protecting the most vulnerable, and investing in Brent's future is the golden thread throughout this budget report. We will continue to advocate for a fairer funding settlement that ensures we can successfully navigate the financial waters ahead. Today's report will continue to enable the Council to set a balanced budget in 2025/26, in accordance with our statutory obligations and in alignment with the principles set out in our Borough Plan (2023-2027).

4.0 Strategic Overview

MTFS Update

4.1 Brent has delivered total cumulative savings of £218m between 2010 and 2025. The proposed savings for 2025/26 (Appendix C (ii)), in addition to those agreed in February 2024 (Appendix C (i)) will take this total to £238m (55% of the net revenue budget for 2025/26).

4.2 The new government has stated its intentions to reform local government financing from 2026/27, with particular focus on diverting resources to authorities that need them most and delivering the first reset of the business rates retention system since it was created in 2013. Although a consultation on future funding reforms has been announced, until there are further details on the impact and transition to these reforms, it makes it extremely challenging to be precise about future financial targets. Likewise, the government has increased employer

National Insurance Contributions without providing local authorities funding to offset higher fees from care providers and other commissioned services.

4.3 The MTFS model has been extended to 2028/29 to cover what is expected to be a three year settlement from 2026/27. The model will be extended further to five years once the government has completed the upcoming funding review. Budget assumptions on income and expenditure have been reviewed and updated and rolled over and there is now an estimated budget gap for 2026/27 to 2028/29 of £28m, which will require an average of just over £9m of savings in each year (up from the £7m estimate in July 2024 for the first two years). Table 4 shows how this budget gap is distributed across the MTFS period.

Table 4: Budget gap 2026/27 to 2028/29

	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
In year budget gap	9.3	9.3	9.4
Cumulative budget gap	9.3	18.6	28.0

4.4 Table 4 includes items known at the time of dispatch of this report. As the budget continues to be developed throughout 2025/26, new pressures may arise, or additional in-year savings may be achieved, which will either increase or decrease the forecast budget gap. It is important to note that these figures include several assumptions around future budget growth requirements, interest rates and inflation, which could get worse as well as better. For example, if interest rates remain high and inflation rises again, this would increase the budget gap further. It is also important to note that the financial assumptions could improve, for example if demand led pressures are less than anticipated, this would reduce the forecasted budget gap.

4.5 During the Spring, these estimates will be refined and a further update will be brought to Cabinet in summer 2025, at which point the budget strategy for 2026/27 will be set out. The process of identifying these savings will be a major factor in the construction of the 2026/27 budget, enabling the Council to set a balanced budget for 2026/27, with the draft budget presented to Cabinet in autumn 2025.

4.6 During this process sufficient information may become available, through the consultation on the proposed reforms to local government financing, to enable Brent to plan more effectively across multiple years. In this scenario, the Council may decide to set savings targets for 2027/28 and 2028/29, in order to provide greater certainty to services and residents on what the required changes will be over the MTFS period.

4.7 Whether the Council is able to set a multi-year budget in 2026/27 or not, it is clear that 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.

Financial Context

4.8 In February 2024, Council agreed the budget for 2024/25, which included £12.5m of savings, with £4.4m to be delivered in 2025/26. It was estimated in July 2024 that a further £30m of savings would be required across the Medium Term Financial Strategy period from 2025/26 to 2027/28, profiled £16m in 2025/26, £7m in 2026/27 and £7m in 2027/28. As a result, the total estimated savings requirement for 2025/26, as of the draft budget in November 2024, was £20.4m.

4.9 Reports on the budget position have been brought to Cabinet throughout the year, most recently in July and November 2024. In January 2025 Cabinet also received the Quarter 3 forecast position for 2024/25, which set out a forecast overspend of £17.4m. The forecast overspend is primarily within the Housing service (£15m), which has been experiencing high levels of demand since 2023 due to a rise in homelessness and a reduction in the supply of suitable temporary accommodation. Additionally, new pressures have arisen within the Children & Young People and Community, Health & Wellbeing directorates. These pressures are being partially offset by £8m of in-year savings that have been identified across the Council, which are part of a package of new measures to provide more assurance over the Council's spending decisions, in order to contain identified pressures as much as possible.

4.10 In November 2024, Cabinet received a report, which set out the draft budget for 2025/26, including £16m of new proposed savings to close the budget gap identified at the MTFS update in July 2024. This is broken down as follows:

- £4.5m of savings proposals from services (Appendix C (ii))

- £5.0m of additional Council Tax income resulting from changes to Council Tax Support (to be approved by Full Council alongside the Budget & Council Tax report on 27 February 2025)

- £6.5m of operating efficiencies to be delivered by services in 2025/26

4.11 The savings approved in February 2024 are included in Appendix C (i). The new savings proposals to be approved by Full Council in February 2025 are summarised in Appendix C (ii), with their associated equalities impact assessments in Appendices C (iii) and C (iv).

4.12 The proposed changes to the Council Tax Support Scheme are to be presented to Full Council for approval alongside the Budget & Council Tax Report on 27 February 2025. The changes are subject to separate consultations and equalities impact assessments, with the details set out in that report. The budget has been constructed on the basis that the changes will be approved, but further detail is provided in Section 6.19 on the actions required if the changes are not approved.

4.13 The £6.5m of operating efficiencies are savings that will be delivered within the normal operation of the Council's services and as such have been agreed under the powers delegated to the Directors under the Council's constitution. These savings are in large part an extension of existing spending controls, deleting vacant posts, savings from the voluntary redundancy scheme and bringing forward and/or extending previously agreed savings such as reducing voids in supported living, renegotiating placements and automation of administrative processes. By their nature, these do not require public consultation and are considered business as usual activities to reduce costs. This will be monitored as part of the existing budget monitoring process and the Council's performance monitoring framework, with the relevant Key Performance Indicators (KPIs) to be updated accordingly.

4.14 In summary, these proposals and the budget assumptions set out in this report, will enable the Council to set a balanced budget for 2025/26 and ensure that the Council continues to operate in a financially sustainable and resilient way.

Current financial position

Uncertain Economic Environment

4.15 There is a high level of uncertainty in the economic environment in which Brent Council operates due to continued global conflicts, stubbornly high inflation, continued high interest rates, low growth in the economy, the effects of the cost-of-living crisis on residents and businesses in the borough and demographic changes.

4.16 The ongoing cost-of-living crisis will continue to impact on the lives of the residents of Brent in 2025/26 and the Council is committed to doing what it can to support those in greatest need.

4.17 Service demand continues to rise due to demographic changes which affect all age groups and continued inflationary pressures are causing providers to raise their prices, which impacts the Council as a whole, with particular pressure on adults' and children's social care and homelessness budgets.

Inflation

4.18 Consumer Price Index (CPI) inflation, briefly fell below the Bank of England's 2% target for the first time since April 2021, when it reached 1.7% in September 2024, the month that is used to uprate many government grants and the standard business rates multiplier for 2025/26. Since then, CPI has risen again to 3.0%, driven by higher transport and recreational costs.

4.19 At the time of dispatch of the draft budget report in November 2024, forecasts for CPI inflation in 2025 varied between 1.5% and 3.3%, with a median of 2.1%. The report acknowledged the risk that increased inflation in the last quarter of 2024 would mean that government grant income for the Council would not meet the actual inflationary pressures being experienced. In February 2025, the Bank of

England revised their forecast for inflation in 2025 upwards to 3.7% in Q3 2025 as a result of higher global energy costs.

4.20 With inflation recently increasing and currently 0.9% above the median of the forecasts for 2025/26, this report must acknowledge the risk that this gap will widen further throughout 2025 if inflation remains higher than previously expected.

Interest Rates

4.21 In February 2025, the Bank of England's Monetary Policy Committee (MPC) voted to reduce the base rate by 0.25% to 4.5%, having previously reduced the rate twice in the second half of 2024 from the recent high of 5.25%. The MPC vote for a reduction in the base rate was unanimous, with two members of the committee voting for a 0.5% cut. This represented a turnaround from December 2024, when the vote was split, with some members advocating a further cut, citing concerns over slowing demand and a weakening labour market, while others took a more cautious stance following the recent increase to inflation. The MPC report acknowledged that domestic inflationary pressures are easing, but remain elevated and some indicators have eased more slowly than expected.

4.22 In the Office for Budget Responsibility's (OBR) forecast alongside the Autumn Budget, they forecast that interest rates would fall more slowly than previously expected, before settling at 3.5%, 0.5% higher than they had forecast at the time of the Spring Budget in March 2024.

4.23 Higher interest rates increase the cost of borrowing for all organisations, Brent Council included. The holding of interest rates at a higher level for longer may have an impact on the Council's ability to use borrowing to fund capital investment our residents rely on in the Borough. Future policy decisions regarding interest rates are dependent upon UK economic data with the Bank monitoring both inflation and employment.

Growth

4.24 In the Office of National Statistics (ONS) December 2024 release of Gross Domestic Product (GDP) data, it was shown that the economy grew by 0.1% in the fourth quarter of 2024, following growth of 0.7% in Q1 2024, 0.4% in Q2 2024 and no growth in Q3 2024. This followed a brief recession at the end of 2023, with a clear pattern of low growth in the UK economy.

4.25 As a result of this, the Organisation for Economic Co-operation and Development (OECD) revised down its previous prediction of 1.1% growth for 2024 to 0.9%. Previous forecasts for 2025 have varied from 0.8% to 1.6%, with a median of 1.3%. This is slightly higher than current growth, but is unlikely to be sufficient to significantly help many of those people still suffering from the cost-of-living crisis.

Employment

4.26 One of the areas of greatest uncertainty for 2025 is the forecast increase or reduction in employment. At the time of the draft budget, this ranged from a 0.6% reduction in employment to a 1.2% increase in employment, with a median of a 0.6% increase in employment. All recent data has pointed to a relatively stable employment environment.

4.27 Wage pressures continue to persist with average earnings rising by 5.2% over the three months to October, outpacing market expectations, with the increase driven by private sector pay. Previous forecasts were for median growth in earnings of 3.6% in 2025, but the recent data suggests that this may be too low. In either case, it is likely that wages will grow faster in 2025 than CPI inflation and the income gap between those in employment and those out of employment will continue to grow.

Local Government Finance Settlement

4.28 The 2025/26 Local Government Finance Settlement is the seventh annual one-year settlement for local government. One-year settlements are necessary when there is only a single year's funding remaining within the horizon of the most recent Spending Review, or there is uncertainty over the policy framework for future years. Certainly, there has been for some time, disruption in government which inhibits longer term decision making. But the consequences for local government are significant in terms of short-term planning and obstacles to much-needed reforms.

4.29 However, following the change of government in July 2024, the new government has committed to fundamental reforms of local government financing and as part of this will deliver a multi-year settlement in 2026/27. This will provide greater certainty within which to plan budgets for future years.

4.30 Government announced in the Settlement that local government in England would receive a real-terms increase of 3.5% in Core Spending Power. While this amount is in line with the average annual increases since 2019, it is still 9% lower in real terms than in 2010.

4.31 The broad policy approach for the settlement is the following:

- A roll-over for the core elements of the settlement, preserving current distributions, and continuation of other features (such as enhanced business rates retention in some areas, and support to eliminate so-called 'negative Revenue Support Grant').

- Repurposing a number of smaller grants in order to target more funding towards authorities that have weak tax bases and high levels of need and service demand.

- extra funding for priority services, namely Adult Social Care and Children's Social Care.

- striking a balance between raising resources locally for funding pressures and protecting local taxpayers, through council tax referendum principles.

- a further one-off funding floor, which acts as a fallback to ensure that no councils will see a reduction in their Core Spending Power before they take decisions on council tax levels.

- A permanent shift in power away from the centre, towards people and communities.

4.32 The declared aim of this year's settlement is to begin the process of funding reforms to enable local government to focus on delivering for residents and providing high quality, vital frontline services that people rely on every day. The settlement acknowledges that the current system for funding local authorities does not represent best value for taxpayers and that without action it will get worse.

4.33 The changes included in this year's settlement are relatively minor and most of the key policy decisions that will affect Brent, including the business rates reset, are delayed until 2026/27. However, the redistribution of some existing funding within the settlement and statements by government ministers are indicative of their intention to implement fundamental reforms from 2026/27. This is welcome given that the funding formula was last updated in 2013/14, and the Fair Funding Review was launched in 2016, with implementation delayed multiple times.

4.34 The settlement also confirmed the Council Tax referendum limits for 2025/26. The increase in Core Spending Power provided to Brent is predicated on the Council raising its Council Tax by the referendum limit of 2.99% and levying an Adult Social Care precept of 2% (a 4.99% total increase).

4.35 Overall, inclusive of the proposed 4.99% increase to the Council Tax precept, Brent's Core Spending Power has increased by 7.0%. This is 0.2% higher than the national average, 1.3% higher than the London average and 4.5% higher than the average CPI inflation figure for the 12 months to December 2024.

4.36 However, while the Index of Multiple Deprivation shows that Brent has higher levels of deprivation than many authorities, at the provisional settlement the increase to Core Spending Power was 0.4% lower than the average for similar authorities. This settlement also follows a poor 2024/25 settlement for Brent, in which Brent received the lowest increase of any of the London boroughs and as a result was provided with a Guaranteed Funding Payment to keep the total value of the settlement at the safety net level.

Administration Priorities

4.37 The budget process is designed to ensure that it is priority led so that resources are aligned with statutory responsibilities and council priorities, which are set out in the four-year Borough Plan (2023-2027).

4.38 The Borough Plan 2023-2027 sets out the Council's vision for the four-year period covered by the plan. There is an emphasis on how the Council will work with others to support people through the cost-of-living crisis 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.

4.39 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 and Stability in Brent
- A Cleaner, Greener Future
- Thriving Communities
- The Best Start In Life
- A Healthier Brent

4.40 This year, as always, the Council will continue to deliver on these priorities, including:

4.41 **Prosperity and Stability in Brent**

- £31.4m towards delivering 1,700 new safe and secure homes by 2028.
- £10.4m raising standards for private renters.
- £1m to help residents cope with rising costs and tackling fuel and food poverty.
- £500k connecting people with new jobs through Brent Works.
- £2.9m giving people of all ages more opportunities to develop their skills through Brent Start.

4.42 **A Cleaner, Greener Future**

- £8.2m looking after 315 miles of road and 529 miles of pavement.
- £700k on reactive repairs, such as filling around 10,700 potholes.
- £2.3m maintaining Brent's 110 award-winning parks and open spaces.
- £21.6m collecting rubbish and recycling from 127,974 homes and on keeping our streets clean.

4.43 **Thriving Communities**

- £3m on Brent's Library, Arts and Heritage service, welcoming over 1m visits per year.
- £300k on cultural activities to build on the Brent 2020 legacy.
- £1.5m on community projects to empower local people and community groups to improve their neighbourhoods.

4.44 **The Best Start in Life**

- £44m creating 427 new school places for children with special educational needs.
- £397m funding Brent's 97% good and outstanding schools and settings.

- £900k looking after eligible children and young people during the school holidays.

4.45 **A Healthier Brent**

- £117.9m supporting over 4,600 elderly and vulnerable residents with vital social care support.
- £24.3m on improving people's health and wellbeing.
- £4.2m supporting residents to look after their wellbeing in Brent's leisure centres.

4.46 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.

Strategic Change Programme

4.47 The Council began work on balancing the budget for 2025/26 and beyond before the 2024/25 budget was formally approved by Full Council. Due to the significant size of the forecast budget gap our continued aim is not to only achieve savings through an apportionment approach by Directorate, but ensuring that the Council challenges itself to be more cost effective by working smarter and more efficiently, being ambitious and innovative.

4.48 To make this aim a reality, we began the Strategic Change Programme in late Spring of 2024 to drive a radical new approach across the organisation, with staff who are positive, empowered, accountable and confident to try new things. It will run until 2026 and has the following aims:

- Enable the delivery of Council priorities as set out in the Borough Plan
- Support our financial sustainability
- Develop a workforce fit for the future.

4.49 The core of the change programme is embracing our role as a place leader, listening properly to the aspirations of local people and the approaches that work for them, focusing on prevention, and collaborating with communities and partner organisations to make the biggest difference with every pound that's spent in Brent.

4.50 Our initial discovery work has uncovered a large opportunity to build a more strategic approach to working with key partners – deepening those partnerships with the voluntary, community and faith sector organisations as well as business and anchor institutions that help us to address local priorities and tackle social issues. We are also accelerating the opportunities presented by better use of data, community insights, new technology and hyperlocal ways of working.

4.51 Through stronger joint working and partnerships, we can have the biggest collective impact with every pound that's spent in this tough financial climate and crucially secure the best possible outcomes for our residents. Working with a borough-wide group of partners, we are looking at how we best develop our approach to Integrated Neighbourhood Teams, using shared data, insight and local knowledge to identify specific cohorts of people to work with in ways designed to prevent them from falling into crisis.

4.52 We are also working to align with and build on existing plans led by health partners for neighbourhood working, and plan to pilot this approach, starting in April 2025. It is ambitious, but if successful, this programme will fundamentally transform the way we organise and provide services.

5.0 Budget Development Process 2025/26

5.1 The budget development process for the Council to set its budget and council tax for 2025/26 was as follows:

- Meetings involving Cabinet and Corporate Management Team members to consider the key service and budget issues likely to affect the council in future years;
- Development of budget proposals by officers and relevant Lead Members for individual services within the context of the Borough Plan and the overall resources available;
- Development of the budget approach, based on the updated medium term financial outlook, which was considered by the Cabinet on 12 November 2024;
- The publication of a detailed list of savings proposals at Cabinet in November 2024 for the purposes of consultation, scrutiny and equality analyses;
- Debates through the Budget Scrutiny Task Group of the Resources and Public Realm Scrutiny Committee;
- Presentations and question and answer sessions at virtual Brent Connects meetings;
- Review of the schools budgets by the Schools Forum;
- Considering feedback from residents, businesses and other key stakeholders, whether received from the online consultation portal or other direct representations; and
- Conducting individual equality impact assessments (Appendix C (iii)) on the budget proposals and a cumulative equality impact assessment (Appendix C (iv)) on the overall budget in order to ensure that the consequences of the budget proposals were properly understood.
- Implementation of the External Auditor's Value for Money recommendations on financial sustainability.

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

6.0 Update and Review of Key Budget Assumptions

6.1 The 2025/26 Local Government Finance Settlement provided details of the core funding allocations for local authorities in 2025/26. The settlement is another one-year settlement, which does not help medium term planning. The settlement confirmed the funding announced in the Autumn Budget and the Local Government finance policy statement 2025 to 2026. The key headlines that are relevant for Brent from a budget setting point of view are set out below.

Revenue support grant (RSG) and other relevant grants

6.2 Revenue Support Grant (RSG) for 2025/26 is £31.5m, an increase of 1.85% from the 2024/25 level. This is in line with the September 2024 CPI inflation figure.

6.3 Existing allocation methodologies have continued for social care funding. For Brent, this includes £16.5m Local Authority Better Care Grant (see below), £5.9m Market Sustainability and Improvement Fund (unchanged from 2024/25) and £34.4m Social Care Grant – an increase of £5.2m (18%). The flexibility to increase Council Tax to fund Adult Social Care (the Adult Social Care precept) remains at 2%. This increase is included in the recommended 4.99% increase to Brent's Council Tax precept and this is intended to provide £3.4m of recurring funding for adult social care.

6.4 The £16.5m Local Authority Better Care Grant is a new grant for 2025/26, formed from consolidating the Adult Social Care Discharge Grant (£3.1m 2024/25) with the Improved Better Care Fund (£13.4m 2024/25). Both elements of this grant remain unchanged from 2024/25, with the Improved Better Care Fund having been fixed at that level since 2022/23. Like its predecessors, this grant will be required to be pooled into the Better Care Fund.

6.5 A new Children's Social Care Prevention Grant, worth £1.4m to Brent in 2025/26 has been allocated to fund the rollout of Family Help – a whole-family preventative service.

6.6 A new one-off Recovery Grant has been introduced in 2025/26 to target places with greater need and demand for services (using deprivation as a proxy) and less ability to raise income locally. Brent's share of this grant is £5.8m and the grant is not ringfenced. The government has been clear in its consultation on the provisional local government finance settlement that this grant will be replaced by the full funding reforms expected from 2026/27. It is therefore uncertain how much (if any) of this funding will continue in the base budget beyond 2025/26.

6.7 In 2024/25, Brent received £0.6m of Services Grant and £1.3m of Funding Guarantee. In 2025/26, Services Grant has been removed and the Funding Guarantee is now a Funding Floor, guaranteeing that no local authority sees a reduction in their Core Spending Power after taking into account the increase in council tax. As Brent has received an increase in Core Spending Power of 7.0%, no funding has been received from these grants in 2025/26. This results in a net increase of £3.9m in grants available for general revenue expenditure.

6.8 The New Homes Bonus allocation has fallen from £2.9m in 2024/25 to £1.9m in 2025/26. This is a loss of £1m of funds that would otherwise have been used to fund part of the capital programme, specifically the supply of new homes for the provision of temporary accommodation. The government has stated its intention in the provisional local government finance settlement for 2025/26 to be the final year of the New Homes Bonus in its current form and will consult on detailed proposals in the new financial year.

6.9 An additional £515m Employer National Insurance Contributions Grant has been provided to compensate local authorities for the additional costs arising from the increase to the National Insurance employers contribution rate and reduction of the threshold from April 2025. The allocation to Brent is £2.9m, which is broadly in line with an estimate of the direct cost to Brent of the National Insurance increase for Brent employees. Additional costs are also expected as a result of increased costs for contracts and commissioned services, however funding for these costs have not been provided for within the settlement. The potential impact of these unfunded new burdens are set out from section 6.44. Furthermore, there is a risk that any funding could be one-off, with the increase subsequently required to be budgeted for from 2026/27. Alternatively, as the grant has been included in Core Spending Power, the funding may be rolled forward in the settlement in 2026/27.

6.10 Outside of Core Spending Power, the Homelessness Prevention Grant has been uplifted by £192.9m to £633.2m in 2025/26. Brent's share of this funding has increased by £3.5m from £9.4m (including the £1.9m top-up to the original grant allocation in 2024/25) to £12.9m. A new ringfence has been created on this grant, which requires 49% of the allocation to be spent on prevention, relief and staffing activity.

6.11 Public Health grant, has also increased by £1.3m (5.4%) and is ringfenced for expenditure on Public Health related activities. The amount of Public Health grant included in specific grants has increased by a further £0.5m (1.9%) since the 2024/25 budget as a result of an uplift to the 2024/25 allocation in December 2024 to include the additional cost of the 2024/25 NHS pay award.

6.12 Overall, compared to the funding assumptions in the draft budget there is £21.4m of additional grant funding, of which £9.8m is ring fenced and £11.6m that can be used to fund specific pressures. While this new funding is welcome, there are new burdens that are unavoidable, primarily the indirect cost of employer National Insurance Contributions from contracts and commissioned services, notwithstanding existing inflationary and demand pressures. The impact on the reduction in National Insurance thresholds has a significant impact on the care sector, particularly for employers whose workforce is primarily part-time. For employees paid over £9,100, the additional employer's contribution arising as a result of the change to the threshold is £615 per employee. This is a significant increase in sectors with low average salaries or where employees work part-time, such as the care sector. This is a disproportionate increase compared to sectors with higher average salaries, where the impact of the increase to employer contributions is less of a burden. Overall, these additional unavoidable costs expected next year exceed the increase to general and new grants.

Council Tax

6.13 The settlement confirmed that Local Authorities will be able to increase Council Tax in 2025/26 by up to 2.99% without a local referendum. In addition, local authorities will be able to levy a 2% adult social care precept. This will provide total recurring funding of £16.3m, of which £7.8m relates to the increase in the tax base and £8.5m relates to the increase in council tax including the adult social care precept.

6.14 Like last year, the Government's financing assumption is that all councils will act on this and increase Council Tax by the maximum amount possible. It should be noted that the additional income generated through the Adult Social Care precept alone does not cover the total growth requirement for Adult Social Care pressures. However, the increase would permanently increase the council tax base income and it would also help to reduce the significant funding pressures in 2025/26 and beyond. Taking into account the unprecedented pressures within social care and the financial position in the round, the recommendation of this report is that the budget should be constructed on the basis of a Council Tax increase of 4.99% in 2025/26.

6.15 Of the £7.8m related to the increase in the tax base, £6.1m is Brent's share of the proposed changes to the Council Tax Support scheme, which will be presented to Full Council for approval alongside this report and £1.7m of other changes to the tax base.

6.16 Whilst it is acknowledged that increasing Council Tax will be difficult for some households and that some households who are currently receiving support through the Council Tax Support Scheme will have to pay more Council Tax, these proposed changes will result in a significant reduction of £8m in the cost to the Collection Fund of providing the support (£33m in 2024/25). Brent's share of this reduction is included in the £16m of savings required to balance the 2025/26 budget, meaning that further savings from services provided to residents has been avoided.

6.17 Furthermore, the Council is investing £1.1m of this additional income in 2025/26 to create a Hardship Fund. The Greater London Authority has also agreed to invest its £0.4m share of the additional income to provide a total Hardship Fund of £1.5m in 2025/26. This contribution by the Mayor of London is welcomed by Brent and will enable the Council to provide further support to residents who are experiencing difficulties as a result of this change, using the Council's existing powers to provide discretionary Council Tax discounts under Section 13A of the Local Government Finance Act 1992.

6.18 The consultation on the proposed changes to the Council Tax Reduction Scheme closed on 15 December 2024. Feedback from that consultation and an assessment of the equality impacts of the proposed changes are being considered by Cabinet, also on this agenda. Following the outcome of consultation and equalities impact assessments, the working assumption is that the amendments are approved by Full Council on 27 February 2025.

6.19 If the amendments to the Council Tax Support scheme are not approved by Full Council, the budget for 2025/26 will not be a balanced budget as alternative savings proposals have not been put forward as part of this budget setting round. Therefore, in the event of this scenario the proposal is to use £5m of reserves to cover the budget shortfall in 2025/26. As reserves can only be used once, £5m will have to be added to the budget gap in the Medium Term Financial Strategy and 2026/27 budget setting process.

6.20 Since the draft budget was presented to Cabinet in November 2024, a review of collection rates was undertaken as part of the calculation of the Council Tax Base for 2025/26, approved by General Purposes Committee on 15 January 2025. This review determined that it was necessary to reduce the target rate by 0.5% to 97.0%, as it was previously from 2022-2024, based on the long-term trends in the collection rate. The report acknowledged that a number of actions are currently being undertaken to improve the collection rate and that the target rate would be kept under review throughout 2025/26, with a view to updating it again if necessary for the 2026/27 budget setting cycle.

6.21 The reduction in the collection rate resulted in a decrease to the tax base which reduced the Council Tax income by £0.9m from the assumptions in the draft budget. The remaining £2.6m increase to the tax base is the result of underlying growth in the tax base, which remains unchanged from the assumptions in the draft budget following the Council Tax Base report.

6.22 Each financial year, the Mayor and London Assembly must prepare and approve a budget for each of the constituent bodies and a consolidated budget for the authority as a whole. At the date of dispatch of this report, the Mayor has proposed to increase the GLA precept by 4.0% to £490.38 per Band D property in the 32 London Boroughs. This would mean that the overall Council Tax would increase by 4.8%. This is 1% lower than the increase to the precept in 2024/25, because the referendum limit for the GLA in 2025/26 does not include an additional £20 increase for Transport for London (TfL). These figures are subject to change following the consultation process and confirmation of London Boroughs' tax bases. The final GLA budget will be considered by the London Assembly on 25 February 2025.

Business Rates

Business Rates Multiplier

6.23 In accordance with the regulations, the business rates multiplier should increase by CPI, which was 1.7% in September 2024. The government can however choose to freeze the multiplier. When it does this, it compensates local authorities for the income foregone. As in previous years, the Government has decided to freeze the Small Business Rates Multiplier at 49.9p to protect small businesses from the impact of inflation. However, following changes introduced in the Non-Domestic Rating Act 2023, the Standard Business Rates Multiplier has been decoupled from the Small Business Rates Multiplier and is now indexed separately. For 2025/26, the Government decided to increase the Standard Business Rates Multiplier by CPI to 55.5p. The Standard Business Rates Multiplier applies to rateable values of £51,000 or more.

6.24 In 2025/26 the Government will once again provide an additional grant to compensate for the income lost due to the under-indexation of the multipliers both in 2025/26 and for previous years. This takes the total funding received by Brent under the business rates retention system to £125.1m.

Pooling

6.25 The Government has allowed Local Authorities with a geographic link to form a business rates pool. Brent is part of the Eight Authority Business Rates Pool (comprising the City of London Corporation as well as Tower Hamlets, Hackney, Haringey, Waltham Forest, Brent, Barnet and Enfield) and the settlement confirms that this arrangement will continue. In forming a pool, the group of authorities are seen as a single entity from a business rates perspective and as a result benefit from retaining and sharing the levy which the City of London and Tower Hamlets would otherwise have to pay. There will continue to be benefits from the pooling arrangement but the amount for 2025/26 will not be known until the statutory returns for all eight authorities have been audited. Final settlement of the pooling benefits will therefore be received in 2026/27 at the earliest. Brent's share of the benefits will be transferred to the General Fund with the other business rates income.

Reset of the Business Rates Retention system

6.26 The government confirmed in the Local Government Finance Policy Statement 2025 to 2026 that it intends to reset the Business Rates Retention system in 2026/27. This means that from 2026/27, Brent will have a new Business Rates baseline and will no longer be able to retain any growth above the current baseline, which was set in 2013/14. As a result of this change, it is likely that 2025/26 will be the final year of the current pooling arrangement as the benefits currently accruing to the members of the pool will cease to exist under the reset system. At present, this creates a high degree of uncertainty for the future funding of the Council. Further details of the proposed reset will be set out by government in a consultation. Brent Council will engage with this consultation to ensure that the implications for the Council's Medium Term Financial Strategy are fully understood.

Revaluation

6.27 Since 1 April 2023, liabilities for business rates are based on the rateable value of properties on 1 April 2021. This revaluation was the first to take place since 2017 and resulted in either an increase or decrease to the business rates bills for individual businesses in line with the change in the open market annual rental value of the property between 2015 and 2021. The sector with the largest increase in rateable value overall in Brent was the industrial sector, with smaller increases for the retail, office and other sectors. Within each sector, some rateable values will have increased, while others decreased. In 2025/26, some businesses will see further increases to bills as transitional relief provided to reduce the impact of the change to the rateable value is removed. Following the introduction of the Non-Domestic Rating Act 2023, future revaluations will take place every three years, with the next scheduled for April 2026. Bills will also take into account any other reliefs that a property is eligible for, such as small business rates relief, ensuring that individual businesses are not disproportionately affected by changes to their rateable value.

6.28 Under the business rates retention system, revaluations have a nil impact on the funding received by the Council as the government adjusts the amount receivable by the Council to its Baseline Funding Level. However, the revaluation can impact on the levy calculation and therefore, changes to levies would be payable within the Eight Authority Business Rates Pool which could result in an increase or decrease to the benefit that is generated from the pooling arrangement.

Local Authority Funding Reform

6.29 At the same time as publishing the settlement, the government announced a consultation on the objectives and principles for local authority funding reform. This will update how local authorities are funded through the local government finance settlement. The consultation focuses on the objectives and principles for the review, however in the absence of detail and of numbers setting out the impact on the sector and on individual authorities will make it difficult to comment meaningfully. The aim is to establish consensus around the approach to the review, which will govern later steps and also narrow the scope for debate.

6.30 The proposals are set in a broader context of a planned shift of power away from the centre towards people and communities, including through the English Devolution White Paper, and efforts to set out and measure progress on key services and outcomes and to secure the highest standards in local government. There are further references to simplifying and consolidating the funding landscape; more emphasis on prevention, through place-based plans; identifying excessively burdensome activities and streamlining and rationalising reporting and evaluation requirements; and increasing flexibilities for fees and charges.

6.31 The case for funding reform is based on the argument that the allocation formulas are now more than 10 years out of date and no longer reflect relative need. As such, they fail to make best use of available public resources and offer poor value for money, with adverse impacts on financial resilience and those living in more deprived areas. The government commits to co-develop detailed proposals in a spirit of partnership between central and local government, consulting and engaging local authorities and others.

6.32 The reforms will be implemented through a multi-year settlement, beginning in 2026/27. A technical consultation on the planned reset of accumulated business rates retention growth is planned for early 2025. Consultation on detailed proposals will follow the multi-year Spending Review, which will conclude in 'late Spring', with a multi-year provisional settlement later in the year.

6.33 The government plans to base reforms on the following principles - dynamism, sustainability, robustness, stability and accountability. In essence, these require the reforms to be governed by an evidence-based policy approach, using the best available statistical techniques and the latest data, to arrive at a simpler, more transparent outcome. The main elements of reform are as set out below.

Relative Needs Assessment

6.34 Relative funding needs of authorities arising from differences in demand, are assessed through statistical formulas. A bespoke funding formula is proposed only for the largest and most significant service areas, with specific cost drivers. The consultation therefore proposes to simplify the existing approach with new bespoke formulas for adult social care; children, young people and family services; fire and rescue; and potentially highways maintenance. Each of these formulas should incorporate the most important factors which drive demand, however, little detail is provided on this. Potential cost drivers for the children's formula are listed, with detailed consultation promised after the conclusion of the Spending Review. The new formula used to allocate the Children's Services Prevention Grant for 2025/26 will be based on the same cost drivers. There is no information about the adult social care formula, nor any commitment on when this will be available. The main cost driver behind the Foundation Formulas will be population, but with a likely added emphasis on deprivation.

6.35 In summary, there is little or no detail provided on the needs formulas themselves and no numbers to understand the potential impact on Brent.

Taking account of differences in the cost of delivering services

6.36 The needs allocations are adjusted to take account of the relative cost of delivering services in different local authorities: upwards in high cost areas, downwards in low cost areas. This is well-precedented in previous settlement funding reviews.

6.37 Once again, the government proposes to implement the broad approach developed by the previous government. This was a more sophisticated, more granular approach which takes account of the cost of premises and labour in each authority and will be tailored to each service area. It also aims to take account, in particular, of extra costs in rural and urban areas, arising from extended travel times as a result of longer distances or traffic congestion.

Resources equalisation

6.38 Resources equalisation is the way in which allocations are adjusted to take account of the different levels of resources potentially available locally to fund services. This is a major factor in the review's outcome: local authorities better able to raise resources locally receive a larger reduction to their allocations, while those with less ability receive a smaller reduction.

6.39 The consultation invites views on the degree of equalisation (the percentage equalisation or assumed council tax level). Council tax referendum principles are to be maintained in the future.

Transition to the new approach and keeping allocations up to date

6.40 Transition arrangements are proposed to take account of the impact of reform as a whole, including the growth reset. One proposed approach to transition is a phased or 'blended' model. Future years' settlement allocations would be determined by a proportion based on the existing approach to allocations and a proportion based on the reformed approach.

6.41 Finally, the consultation invites comments on how to keep the formula up-to-date, by incorporating new data or even forward projections for future years.

6.42 Separate from the system changes described above, the government proposes to explore proposals to devolve responsibility for setting levels for some statutory fees and charges to local government. This will have an impact in circumstances where central government has not acted to update statutory fees to cover the cost of providing services. Changes would allow more discretion to tailor sales, fees and charges to specific local circumstances, while protecting vulnerable individuals or those on lower incomes.

6.43 Overall, it is welcome that the local government funding system is being reformed, with multi year financial settlements. Funding pressures and a lack of reform over recent years have weakened the financial sustainability of councils and left them with a complex, outdated funding system in need of wholesale reform. Councils need a significant and sustained increase in overall funding to meet the requirements being placed on them but this alone will not address the multiple issues with the current funding system. Creating an improved and a more sustainable system for local government has the potential to strengthen the value for money of local spending and, most importantly, improve services for communities. However, at this stage, the lack of detail setting out the impact on the sector as a whole and on individual authorities make it difficult to meaningfully comment on the proposals.

Departmental Pressures

6.44 Managing ongoing demand-led pressures remains a key aspect of the Medium Term Financial Strategy (MTFS). The existing annual growth assumptions are in fact estimated increases in unavoidable expenditure. Those built into the MTFS cover areas such as contract inflation, pay inflation and demographics (by which is meant meeting the cost of providing existing services for a growing and changing population). These expenditure assumptions represent the annual costs that have to be incurred just to stand still.

6.45 As the two areas most affected by the changes in demography and increasing contractual costs, the Service Reform and Strategy and Children, Young People and Community Development departments undertook scenario and sensitivity analysis of the effects of different levels of inflation and demographic change. This determined a central case (that is a position between possible best and worst cases), which has been used as the basis of the contract inflation and demographic changes in these areas.

6.46 There are also considerable pressures in other areas. The unprecedented demand for temporary accommodation is putting considerable pressure on the budget for Residents and Housing Services. The rise in interest rates since the inflation crisis began in 2021 has led to a significant increase in the cost of borrowing required for the Capital Programme. Concessionary fares are also experiencing substantial increases as usage in London returns to pre-pandemic levels. As the largest contributor to the Freedom Pass scheme, Brent faces a substantial increase in cost with the contribution forecast to rise by £3m in 2025/26. Concessionary fares are part of the Service Reform and Strategy budget.

6.47 A summary of these growth and cost pressures are shown in the Table 5.

Table 5: Growth / Cost Pressures

GROWTH	
	2025/26
Categories	**£m**
Demographics – Adult Social Care	7.3
Demographics - Children's Social Care	3.0
Demographics - Other	1.0
	11.3
Inflation – Adult Social Care	4.9
Inflation – Children's Social Care	1.5
Inflation – Other	2.0
	8.4
Temporary Accommodation	11.6
Capital Programme Financing	10.6
Service Changes - Other	11.4
Grand Total	**53.3**

6.48 The Service Changes heading includes unavoidable changes resulting from new burdens, increases in ringfenced grants and externally driven changes to service levels, for example concessionary fares.

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

6.50 The following sections set out the pressures, mitigations and risks expected in 2025/26, as well as medium to long term pressures and mitigations, for each service area.

Summary of Service Area Pressures

Residents and Housing Services

Homelessness

6.51 Housing Needs and Support continues to be the most significant area of risk and pressure for the Residents and Housing Services department. It is forecast to result in a £15.2m budgetary pressure in 2024/25. An extremely high level of demand for housing services and emergency accommodation is a national issue that is particularly acute in London. The Housing Needs Service in Brent has seen a 12% increase in the number of homelessness presentations received in 2023/24 (7,300) compared to 2022/23. The total number of households in temporary accommodation in Brent has increased to 2,054 (by 8%) over the same period, and the number of families in emergency temporary accommodation has increased by 36%. As at the end of December 2024, the total number of homeless households living in emergency type accommodation had risen to 1,204, with the service placing an average of 30 households every week. This is a 121% rise in comparison to December 2022 that had 545 households in stage 1 temporary accommodation and a 10% increase when compared to September 2024.

6.52 In 2025/26, the average number of homeless households living in emergency type accommodation is expected to increase to 1,643, resulting in a circa £10.2m additional cost to the Housing Needs and Support budget. A worsening of the situation in temporary accommodation is estimated to result in 1,726 households in stage 1 accommodation resulting in a £11.2m cost to the budget. A best-case scenario is estimated to result in 1,561 households in stage 1 accommodation, resulting in a £9.1m cost to the 2025/26 budget.

6.53 In addition, inflationary pressures arising from an increase in provider costs is expected to result in a £1.4m cost to the 2025/26 budget. This is the central case based on scenario modelling, with the worst case being £1.7m and best case being £0.9m.

6.54 In both cases, the central case has been built into the MTFS, which is based on projecting forward the expected increase in homelessness presentations, the additional cost of temporary accommodation, projections on loss of housing benefit subsidy and factoring in the impact of various interventions being put in place to manage demand and costs.

6.55 Together with the additional £3.4m of funding through the Homelessness Prevention Grant, this brings the total growth available for Housing to £15m, which is equivalent to the overspends experienced in 2023/24 and forecast for 2024/25.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. The Council is essentially bridging the gap between rent and the amount the Council is allowed to recover in housing benefit subsidy from the DWP. The resulting subsidy loss is included in the overall Housing Needs and Support forecast. If the cap for how much the local authority can claim back from the DWP were to be removed and brought back in line with Local Housing Rates for the current year, this could partially help alleviate the current pressure by circa £3.8m. In 2025/26 the pressure is expected to be circa £1m.

6.56 London Councils conduct analysis and benchmarking of peers that help to gauge the situation across London. The latest analysis showed that Housing pressures are increasing rapidly compared to budgeted levels and that Councils' net deficit on homelessness service spending is projected to be 40% (£167.8m) higher in 2024/25 than it was in 2023/24. Homelessness presentations continue to increase year on year across London, rising by 7.5% when compared to a year earlier and the number of households owed a prevention or relief duty increased by 3.4%. Data from 26 councils showed that the gross total monthly spend on temporary accommodation across London reached £97.6m.

6.57 As these issues are London wide, the availability of B&B and Annexe accommodation is severely restricted across the capital, with many Councils being forced to book expensive provision to meet statutory duties. This lack of availability of accommodation is resulting in having to use expensive providers and at times outside of Brent, which also causes significant financial pressures to the families placed there due to additional travel costs for children at schools in Brent.

6.58 The supply of settled TA properties, leased from private owners and used to move families out of B&B and Annexe accommodation has also contracted. This is due to fewer new properties being available under Private Sector Leasing (PSL) schemes, as owners not renewing the lease for existing stock when the lease ends and there is less appetite from landlords on any new approaches. London's Private Rented Sector (PRS) is affected by multiple factors driving a reduction in the availability of properties for rent. The demand for housing is continuing to increase while supply is reducing across the whole market. Greater reliance on the PRS to house lower income households and increasingly limited housing benefits are making accommodation less affordable and available. Factors such as taxation, interest rate changes and uncertainties about future regulation are reducing availability at the lower end of the PRS.

6.59 The local housing allowance (LHA) sets the maximum amount that can be claimed to cover housing costs, and is meant to ensure that people can access the cheapest 30% of local homes. However, private rents have risen rapidly to their highest recorded levels, which means that the proportion of new private rental properties affordable to people on Universal Credit or Housing Benefits has dropped to just 5% according to London Councils. As a result, low-income households on benefits increasingly cannot afford private sector rents.

6.60 From April 2021 to December 2023, 4.3% of London's rental properties were sold without replacement, with more affordable properties having been particularly impacted. London's PRS is shrinking. During 2023, PRS stock across the lower end in London reduced by 3.3% per month as a proportion of available listings, in comparison to 2.6% per month across the rest of the PRS in London. The Office for National Statistics has published its latest private rent and house prices bulletin providing figures for October 2024. To note, in the months to October 2024 average UK private rents increased by 8.7%, this is up from 8.4% in the 12 months to September 2024. Average rents increased to £1,348 (8.8%) in England, with rent inflation highest in London (10.4%) and lowest in Yorkshire and the Humber (5.9%). The average monthly private rent in Brent was £2,115 in November 2024. This was an increase from £1,651 in November 2023, a 28.1% rise. The reduction in the lower end of the PRS results in less availability of more affordable PRS stock, which particularly affects the ability of low-income households to access the PRS, which makes it harder for local authorities to prevent and relieve homelessness. This contraction and availability of the PRS market for low income households coupled with the limited impact that would be had of removing the cap on subsidy Councils can secure from the DWP show how widespread fundamental changes are needed to address the current homelessness pressure.

6.61 The Council has designed a programme of works to focus on containing the projected pressures. Several workstreams covering affordability of Temporary Accommodation and new and alternative supply have been set up. Officers are actively looking to renegotiate prices and identify alternative arrangements that would allow the Council to move some of the most expensive cases with the aim of reducing costs for the Housing Needs service. Officers also continue to carefully consider and assess the needs of homelessness applications. In 2023/24, 49% of approaches were successfully prevented or relieved. At the end of December 2024, the average percentage of approaches that had successfully been prevented or relieved in 24/25 reached 51%.

6.62 The Council's wholly owned housing company, i4B, that is set up to acquire, let, and manage a portfolio of affordable, good quality PRS properties, is continuing its street property acquisition programme and had a target to acquire 25 homes in 2024/25. This target has already been exceeded. Properties are let to homeless families at Local Housing Allowance (LHA) levels. This enables the Council to either prevent or discharge its homelessness duty and therefore reduce temporary accommodation costs whilst also ensuring families have a secure and responsible landlord. The rise in LHA rates has enabled i4B to increase its acquisition price caps. As at end of December 2024, 34 properties have been acquired at a cost of £19.1m, including refurbishment costs, and these property sizes range between one to five bed properties, meaning i4B has exceeded its target for the year and is on track to acquire a total of 37 properties in the year. Negotiations are in progress for additional properties in the borough. i4B continues to be self-financing and the current portfolio results in an annual saving in excess of £4m in Temporary Accommodation costs. Whilst building and new acquisitions would not solely resolve the homelessness crisis, the Council is doing everything within its powers and the funding available to source new supply. Any new supply would help to avoid additional housing costs and mitigate the risk of further overspends.

Supported Exempt Accommodation

6.63 The supported exempt accommodation properties are another area leading to growing pressures on the Council finances and presents a new budgetary risk for 2024/25. This is due to providers not being constrained by the LHA caps like other landlords and are therefore able to charge a higher rent once they justify that they are providing support. The amount of Housing Benefit subsidy is dependent on the Rent Officer decision from the Valuation Office Agency and is awarded based on the claim related rent. This is a national challenge as there is a need for better regulation around the agreed criteria that a provider should meet to be considered as a Supported Exempt Accommodation provider and further clarity on what constitutes as minimal care would enable a universal approach when considering an individual’s support needs. At Brent a detailed review has taken place within the Adult Social Care and Single Homelessness Team to ensure providers can adequately fulfil the care and support duties required for Supported Exempt Accommodation. The main routes of referrals are coming from the Voluntary Sector from services such as Crisis, Thames Reach and Single Homeless Prevention Service (SHPS). Historically, this has not been a significant budget pressure for the Council. At this stage an overspend of £4.5m is projected, while further analysis is carried out to understand the scale and quality of referrals from external organisations. It is anticipated that a similar pressure will remain in 2025/26, although the continuous work with the supported exempted accommodation providers is likely to alleviate some of this budgetary pressure.

6.64 A dedicated working group has been set up within the Council aiming to minimise the opportunities for exploitative landlords to join the Supported Exempt Accommodation market by introducing a clear strategy on the Council’s mechanisms to review landlords that enter this market and those already established. Reviews will also be carried out to consider the individual's support care needs and to verify whether the provider is providing the appropriate amount of care.

6.65 A consultation is expected to be launched on the implementation of the Supported Exempt Accommodation Act. The Supported Housing (Regulatory Oversight) Act was introduced in 2022 and came into force on 29 August 2023. The Act introduces national standards for support and give local housing authorities power to set up licensing schemes to manage the scale and distribution of supported accommodation and tackle poor quality supported housing. As Government starts consulting on the standards and licensing and more details becomes known, further horizon scanning will continue to ensure the outputs of this work are aligned to the new requirements.

Household Support Fund

6.66 The Household Support Fund (HSF) is a key programme of discretionary support designed and administered within Residents and Housing Services but financed by central government. In recent years, it has helped support Brent's most 'vulnerable' households, including funding free school meals provision outside of term time, dispensing welfare benefits and debt advice (for instance, through contracting with organisations such as Citizens Advice, the Credit Union). The Household Support Fund has been extended for 2025/26, the allocations are yet to be announced.

Children, Young People and Community Development

6.67 The final local government finance settlement announced £263m of national funding into a new Children's Social Care Prevention Grant that will be used to invest in the national rollout of Family Help reforms in 2025/26. This new grant will lay the groundwork for children's social care reform, enabling direct investment in additional prevention activity through transition to Family Help. Brent is set to receive a ring-fenced allocation of £1.4m.

6.68 Also announced in the provisional settlement was a Children and Families Grant worth £414.4m (£2.85m for Brent). This grant consolidates several existing DfE Children's Social Care programmes and will retain its 2024/25 allocations in 2025/26 as set out in Table 6. The expectation is for this grant to support local authorities that are currently spending on preventative services to continue their current level of spend. There will be no increase in the grant allocation for the next financial year.

Table 6: Children and Families Grant allocations 2025/26

Children and Families Grant 2025/26	National (£m)	Brent (£m)
Supporting Families programme	253.50	1.84
Supported Accommodation Reforms	94.50	0.57
Staying Put	33.30	0.22
Virtual School Heads extension for previously Looked After Children (LAC)	7.60	0.03
Leaving Care Allowance uplift	13.40	0.10
Personal Advisor Support for Care Leavers	12.10	0.09
Total	**414.40**	**2.85**

6.69 The government has confirmed the continuation of the Family Hubs and Start for Life programme into 2025/26. The objective of the programme is to join up and enhance services delivered through transformed family hubs in local authority areas, ensuring all parents and carers can access the support they need when they need it. Brent's provisional grant allocation for the programme next year is £1.6m, a £0.2m increase from 2024/25.

6.70 The children's social care placement costs that relate to support for LAC and Children with Disabilities are projected to rise by 5.5% in 2025/26, driven by demographic changes and inflationary adjustments aligned with agreed rate increases with providers and the September 2024 CPI. In addition to this, the current quarter 3 forecast has presented a £0.9m placements budget pressure due to increased demand. This in-year growth in demand is expected to add an additional pressure of £2m in 2025/26. The anticipated growth to balance the CYP placements budgets for the upcoming year equates to £4.5m and this has been accounted for in the MTFS. The estimated growth requirement represents a central projection based on scenario modelling of the current mix of placement types and numbers. In the worst-case scenario, the cost could reach £9.1m, while the best-case scenario is projected at £3.5m.

6.71 The increase in the Employer's National Insurance Contribution is presumed to be reflected in contracted services and placement costs. This is expected to create a post Draft Budget financial pressure of approximately £0.6m on the CYP directorate's budgets for the next year. The directorate will collaborate with suppliers to negotiate and mitigate costs where possible.

Service Reform and Strategy

6.72 The budgets for Adult Social Care and Strategic Commissioning in 2025/26 face significant pressures due to the service being primarily demand-driven, with pressures typically stemming from demographic and inflationary factors. The department also relies on agency staff for social work and hard to fill roles such as Occupational Therapists.

6.73 Brent is experiencing an aging population, leading to an expected rise in residents aged 65 and over. Longer life expectancies and complex care needs contribute to increased costs. Despite forecasts anticipating growth, there is a risk of demand surpassing predictions, and needs becoming more complex, which could lead to budget pressures. There has been a 7% increase in the number of residents supported in 2024/25. At the same time, the average weekly cost of care for areas such as Supported Living and Residential Dementia have increased by 7% and 8% respectively.

6.74 In 2025/26, there is a risk of significant inflationary pressures in 2025/26 following the government's decision to increase the rate of employer National Insurance contributions (NIC) from 13.8% to 15% and reduce the threshold at which employers start paying NI from £9,100 to £5,000. Additionally, the London Living Wage (LLW) is expected to increase by 5.3%.

6.75 The adult social care sector in Brent is mainly staffed by care workers paid at the LLW with a significant number of staff employed part-time, which is also part of the Council's commitment to pay staff at LLW. The change in the threshold at which employers start paying NIC, disproportionately increases the cost of employing part-time staff. Independent advice from Care Analytics and the West London Alliance, of which Brent is part of, has indicated that the impact of these changes for adult social care providers could be significantly more than the growth previously assumed in the draft budget.

6.76 These changes pose sustainability risks to the adult social care market, with some providers likely to face higher risks of failure as local authority funding, which supports 70%-80% of the market, is under pressure. If the market fails, the implications will likely include reduced access to care and support for people in need, more pressure on the NHS and increased burden on families and unpaid carers.

6.77 A number of scenarios have been modelled which indicate that the Adult Social Care demographic and inflationary pressures could range from a best case of £10.4m to a worst case of £22.3m. The MTFS modelling however has taken the central case scenario and the pressure is estimated as £12.2m. The central scenario is based on demographic trends and local factors which influences Brent's approach to inflationary uplifts with providers, such as existing contractual arrangements in place and the state of the market. The optimistic scenario was based on demographic trends and assumed an inflationary uplift of 3.75%. The pessimistic scenario was based on independent advice from Care Analytics and assumed inflationary uplifts ranging from 6%-12%.

6.78 Opportunities have been identified which include using technology to pre-empt demand for adult social care and provide preventative insight. Costs will continue to be managed through commissioning approaches, working in partnership with other councils in the West London Alliance to set residential and nursing prices bands/ negotiate prices for the care home Dynamic Purchasing Vehicle on an annual basis. This aims to balance fair and sustainable rates of care through a greater degree of control over current and future increases and help mitigate the risks to the council of exposure to market forces that drive up costs. Brent will also continue to work with other West London boroughs and through wider London networks, sharing information available to commissioning teams and brokers to help manage placement prices sustainably.

6.79 Within Adult Social Care there is a national challenge with the recruitment and retention of staff, in particular Qualified Social Workers and Occupational Therapists. This has meant that during 2024/25, 22% of the staffing establishment has been filled by agency staff. There has been management action to convert agency staff to permanent staff and there have been 16 conversions in 2024 so far. Work however is still ongoing to review the agency staff, reducing the number and cost within the department. Without these measures there is a risk of agency staff numbers increasing as well as the associated costs of recruiting agency staff.

6.80 The department also manages the Better Care Fund (BCF), a national programme aimed at developing health and social care integration. It is a pooled budget arrangement between health (North West London Integrated Care Board (ICB)) and the Council. The ICB Minimum contribution to the BCF will increase by 3.9% i.e. £0.49m and the Disabled Facilities Grant (DFG) will increase by £0.8m a 14% increase compared to last year. However the Discharge Funds which were previously separate grants have now been consolidated within the improved BCF for the local authority element and ICB Minimum contribution for the health element in 2025/26.

6.81 The budget in this department also includes the ring-fenced Public Health grant and the allocation for 2025/26 will see a £1.3m cash increase i.e. a 5.4% increase compared to the previous year. Most of public health services are commissioned from the NHS therefore this increase is expected to accommodate the agenda for change 2024/25 pay awards which were higher than expected at 5.5% and the pay award for 2025/26 of 2.8%.

6.82 The Leisure Service is dependent on income generation, and this will need to be maximised in 2025/26 in order to mitigate the rising running costs. The challenges in the service have also been compounded by the impact of the cost-of-living crisis. The increasing indexed unitary charges and rising utility costs have created significant financial pressures at Willesden Sports Centre. The pressures have been mitigated by a smoothing reserve which is depleting. The MTFS includes provision to mitigate the pressures over the next few years as the reserve is expected to diminish considerably in 2025/26. The council is working with leisure providers to ensure the continuity of an affordable service and in the course of the year reviewing the required investment to enable the leisure assets continue to be financially viable in the long term.

Neighbourhoods and Regeneration

Public Realm

6.83 In 2023/24, new contracts were introduced for key Public Realm services, such as parking and waste management. The waste management contract, the largest of these, is experiencing pressures as some operations have not performed as anticipated prior to the contract's start.

6.84 The key drivers contributing to this issue are the poor quality of communal recycling, which renders it unrecyclable and necessitates disposal as residual waste, and a rise in fly-tipping in recent years. Programmes are in place to address both challenges, aiming to improve services and reduce residual waste volumes. However, these issues continue to pose pressure heading into 2025/26.

6.85 Brent is embracing its unique diversity and working to overcome language and cultural barriers, as well as addressing high levels of deprivation and the significant number of Houses in Multiple Occupation (HMOs). The selective licensing conditions can be used to hold landlords to account for poor waste practices, and a process is being developed with the Selective Licensing team to enable better and wider enforcement. These efforts are aimed at fostering better waste management behaviours and enhancing the overall recycling outcomes for the community.

6.86 In Q3 of 2023-2024, Brent started collecting paper and card separately, and the communal recycling rounds were separated to go directly to residual waste. The co-mingled recycling suffered in tonnages whilst we were embedding the new recycling service charges. There is still work to do to improve recycling at flats, such as rolling out food waste at these properties to further improve performance. In addition, the waste education team has transferred from Veolia to be part of the Brent service so that resources can be better directed to combat negative behaviours and reduce rates of contamination.

6.87 The cost of disposal of residual waste is approximately 2.5 times higher than for recycling waste. In 2023/24 Brent collected approximately 53.6k tonnes of residual waste, and 19.8k tonnes of recycling, therefore, it is a key challenge for the service to ensure that recycling is maximised, and costs can be maintained within budget. For every tonne of material that could be recycled instead of sent as residual waste, it is estimated it would save the Council £88. Therefore if 10% of waste that was disposed of as residual waste, was able to be recycled instead it could reduce costs by over £450k per annum.

6.88 At the same time as waste tonnage is increasing, the price per tonne disposal cost has also risen significantly. In 2024/25 it is up 8.5% compared to the previous year, and a 15.7% increase when comparing this year to 2021-22. These costs are largely out of the control of the Council and are a reflection of high levels of inflation in recent years which has led to increasing contract prices for waste disposal.

6.89 Linked to this, is the first year of the new recyclate reprocessing contract, where fluctuations in material volumes, rejection rates, and market prices combine to create pressures for the affordability of the contract. The first year's operation of this contract highlighted some financial pressures, due to some factors not being as anticipated:

- Less tonnage is being collected/processed, and more loads being rejected. There has been a downturn in DMR (Dry Mixed Recycling) tonnage across the country and this is largely down to purchasing habits changing and manufacturers using less packaging. At the same time the total accepted tonnage has been largely impacted by acceptance criteria at the recyclates reprocessing centre, with more materials being rejected at the front end.

- Recyclate material prices not as anticipated. Material prices are difficult to forecast due to significant variations of prices across all materials.

6.90 The 2025/26 budget has allocated growth to cover the expected inflationary increase to the waste contract and increased waste disposal costs through the West London Waste Authority. Other pressures mentioned above are expected to be contained within existing budgets and planned reserve usage in 2025/26.

6.91 Over the coming years there are expected to be changes to national waste policies. The first one of these is the Extended Producer Responsibility for packaging. From 2025, some organisations and businesses will have to pay a fee for the packaging they supply to or import into the UK market.

6.92 The money will go to local authorities such as Brent, who are responsible for waste collection and also to waste disposal authorities such as West London Waste Authority. It will cover net costs of collecting, managing, recycling and disposing of household packaging waste.

6.93 In the first year (April 2025 to March 2026) LAs will receive a basic payment based on publicly available and existing data (including WasteDataFlow information and Office for National Statistics (ONS) data), and data about tonnages, operations and unit costs gathered from a representative sample of LAs across the UK. From the second year (2026/27) the basic payment and any adjustments will be based on data LAs submit to the Scheme Administrator.

6.94 In November 2024, the provisional notice of basic payment for Brent was given at £3.6m. This will be received across 3 payment dates in 2025/26. The funding will be to maximise recycling and drive down packaging waste. This will be done by refining key services to improve participation, reduce contamination and reach locations within the Borough currently underserved.

6.95 The amount awarded is calculated using the LAPCAP model developed by DEFRA, which considers factors like the type and frequency of collections, local population density, deprivation levels, and specific waste management requirements. Payments only cover the packaging portion of household waste and exclude certain items like PET drinks containers (until 2028), business waste, littered waste, and packaging collected with food or garden waste. The calculation includes data on costs, tonnage of materials, income from selling recyclables, and overheads, ensuring that payments reflect efficient, cost-effective waste management for each authority.

6.96 In order to see the benefits within Brent we will have to see an improvement in recycling performance. Without this there is the risk that the funding provided in future years will not be sufficient and create a cost pressure. Further details of the scheme are awaited to understand the full financial implications for Brent.

6.97 The Parking and Traffic Enforcement Services contract with NSL (Marston Group) continues to deliver strong results, emphasising collaboration to enhance operational efficiency and customer experience.

6.98 Key service improvements for 2024/25 include a new enforcement plan targeting frequent contravention areas and newly established Controlled Parking Zones, reviewed monthly. This has increased deployed hours, improved outputs, and focused efforts on persistent offenders and blue badge misuse, resulting in more vehicle removals. Enhanced Wembley Stadium Event Day enforcement plans have been implemented with additional resources. The fleet now includes eight e-bikes, boosting coverage and response times. Additionally, new CCTV cameras have been introduced to support four new School Street zones and expand three existing ones, with redeployment of cameras to high-need areas maximising effectiveness. CCTV is utilised where it is available and in cases where it will pay for itself.

6.99 Over 250,000 Penalty Charge Notices were issued in 2023/24, with an expected increase to around 280,000 in 2024/25. Looking ahead to 2025/26, further efficiencies will include modernising the CCTV enforcement control room, upgrading camera equipment, streamlining Pay and Display machines to cut costs, leveraging technology for operational improvements, and refining enforcement plans. For CCTV maintenance, a new contract was awarded in October 2024 with DSSL (previously with Tyco) £0.8m. PCN income will be used to offset the budget requirement for this.

6.100 The Parking contract with NSL is subject to annual inflation adjustments, which account for increases in the London Living Wage (LLW) for staff-related costs and the Consumer Price Index (CPI) for other pricing elements. These adjustments are calculated each April using a multiplier based on LLW or CPI values from February of the preceding year. Additionally, mail costs are adjusted according to Royal Mail delivery rates. A rise in inflation could increase operational costs, however any financial pressures resulting from contract inflation in 2025/26 will be offset by increased revenue.

Inclusive Regeneration & Climate Resilience

6.101 Economic challenges have seen the scaling back or cancellation of some major developments. This has created issues for Inclusive Regeneration & Climate Resilience, as it is heavily dependent on commercial planning income and related items, such as income in building control. The impact within Building Control is further exacerbated by changes meaning almost all major project work is assigned to Local Authorities by the BSR (Building Safety Regulator) which has taken away the department's ability to bid for further work.

6.102 Whilst it is hoped that the economy will recover there is uncertainty about when this could reflect in a recovery of planning income. In the short term, an increase in planning fees could help to mitigate some of the impact, and the use of reserves to help. However, the change by the BSR is more difficult to mitigate against.

6.103 Beyond Building Control, the directorate is planning to use some of its reserves to maintain service levels in 2025/26. As these reserves start to run out over the next couple of years the directorate will need to continue to identify new sources of funding or reduce the services it offers. This is a particular challenge in the Regeneration service which use one off external funding streams to maintain staffing to help deliver the regeneration and employment strategies within the borough. If further external funding is not secured the level of service provided will need to reduce after 2025/26.

Capital Financing

6.104 The Capital Financing budget covers the Council's revenue expenditure related to prudential borrowing used for capital projects. This budget covers interest payments on past loans taken to finance historical capital expenditure, interest payments on new loans required for the capital programme, loan premiums from prematurely refinanced loans, and the Minimum Revenue Provision (MRP) charge, which is the statutory repayment of debt. Additionally, the budget receives interest income expected from the Council's treasury cash balances and loans advanced to third parties.

6.105 The Capital Financing Budget is forecast to experience increasing pressure in the coming years due to the significant investment within the Capital Programme. Since the draft budget, gilt yields have experienced significant volatility, with 10 year gilt yields rising from approximately 3.8% to 4.6%. The

Council can secure loans at a margin above gilts from the Public Works Loan Board. The current cost of a 30-year maturity PWLB loan is circa 6.2%. This movement alone is forecast to cost an additional £3.6m per annum since the draft budget to cover the cost of financing our proposed capital expenditure plans.

6.106 These factors create a challenging environment in which to plan and execute the Councils strategic capital investment objectives. Brent has multiple schemes that rely exclusively on borrowing and these schemes are subject to regular scrutiny to ascertain their continued viability and whether they provide best value with risk mitigation being a principle concern. If a capital scheme is deemed to be no-longer viable the Council may pause the scheme subject to a later review, reduce the scope or remove from the capital programme entirely. Any decision in this regard will be reported to Cabinet.

6.107 Over two thirds of the capital programme projects within 2025/26 are dependent on debt financing to fund the in-year capital expenditure. A significant proportion of these schemes are invest-to-save opportunities where the project will generate revenue streams to contribute to the capital financing costs of the schemes. This helps mitigate the cost of delivering the scheme for the capital financing budget. These outcomes are closely monitored throughout the project and upon completion to ensure these funding sources can be realised.

Overall summary of the budget position

6.108 The main general fund revenue budget for 2025/26 is set out in detail in Appendices A and B. The budget includes £53.3m of growth items and £8.9m of savings.

6.109 The £8.9m of savings is made up of £4.4m agreed by Full Council in February 2024 (Appendix C (i)) and £4.5m of new savings proposals (Appendix C (ii)) recommended for approval in this report.

6.110 The £4.5m of new savings were proposed at the Draft Budget in November 2024. These savings were required in order to close the £16m budget gap for 2025/26, which had been identified in the July 2024 MTFS update to Cabinet. The remainder of the budget gap is covered by the following items:

- £5.0m of additional Council Tax income resulting from changes to Council Tax Support (to be approved by Full Council alongside this report)

- £6.5m of operating efficiencies to be delivered by services in 2025/26

6.111 Provided that the key assumptions set out in this report hold true then expenditure in 2025/26 should be contained within budget. The overall revenue budget for 2025/26 is set out in Table 7:

Table 7: Net Revenue Budget

REVENUE BUDGET	2025/26
	£m
Service Area Budgets	
Service, Reform and Strategy	179.2
Children, Young People and Community Development	97.4
Neighbourhoods and Regeneration	34.0
Finance and Resources	29.2
Residents and Housing Services	30.4
Total Service Area Budgets	**370.2**
Central Budgets	61.2
Total Budget Requirement	**431.4**
Funding	
Revenue Support Grant	(31.5)
Business Rates	(125.1)
Council Tax	(178.4)
Specific Grants	(96.4)
Total Funding	**(431.4)**

6.112 At Quarter 3 the Council was forecasting a net overspend of £17.4m on the General Fund budget, arising mainly from pressures on the homelessness budget in Residents and Housing Services, which has been experiencing high levels of demand since 2023 due to a rise in homelessness and a reduction in the supply of suitable temporary accommodation.

6.113 Additionally, new pressures have arisen within the Children and Young People and Community, Health and Wellbeing directorates. These pressures are being partially offset by £8m of in-year savings that have been identified across the Council, which are part of a package of new measures to provide more assurance over the Council's spending decisions in order to contain identified pressures as much as possible.

6.114 Significant additional growth for temporary accommodation costs of £11.6m has been built into the 2025/26 budget to recognise that the pressures on the homelessness budget are ongoing and are not likely to reduce in the immediate future. However, together with the additional £3.4m of funding to be received by the service through the Homelessness Prevention Grant and management actions carried out since 2023 to reduce the overspend, it is expected that the revised budget will be sufficient to cover the forecasted expenditure in 2025/26.

6.115 The potential impact has been modelled, with the current assumptions being the central case. The best case would be that management action further reduces the overspend in 2024/25 and results in an underspend in 2025/26 that would enable the replenishment of reserves that have been depleted in recent years. This would then provide some protection in future years from requiring additional savings to cover further unexpected increases in costs. However, should the current overspending represent the new norm, additional savings would be required in 2026/27 to fund this.

Adequacy of reserves

6.116 Section 25 of Local Government Act 2003 requires the Corporate Director, Finance and Resources to report to Council his view of the adequacy of the reserves and the robustness of the estimates underpinning the budget. To provide context to those assessments, this report provides an overview of macroeconomic context within which the Council operates and medium-term economic outlook (section 4), details of the governance (section 5) and scrutiny (section 7) arrangements, and an assessment of compliance with relevant codes and standards (Section 6.129-6.134).

6.117 As part of the implementation of CIPFA's Financial Management Code, the Council reviewed its approach to reserves. It produced a Reserves Strategy set out in Appendix J (i), which defines a formal policy to determining the purposes for which reserves will be held and how the amount of those reserves will be calculated. This is closely aligned with the MTFS.

6.118 Whilst reserves are held for a variety of purposes, they can be grouped under two main headings: reserves held for planned and specific purposes and those held to hedge against the unexpected.

6.119 Planned reserves are an intrinsic part of the Council's medium and long term financial planning processes, as they enable funds to be carried across years to fund planned expenditure and to smooth demand that may be uneven over time. Within this heading also fall reserves required by statute or the accounting code of practice. The Council's financial plans will determine the nature and level of these reserves.

6.120 Contingency reserves provide funds to cover uncertain events that may transpire. This includes holding a working balance to cover bumps in the Council's cash flow. Unlike planned reserves, the level of contingency reserves is subjective and requires professional judgement. Indeed, Section 25 of Local Government Act 2003 places a duty on the Corporate Director, Finance and Resources to report to Council his view of the adequacy of the reserves so that the Council can make an informed decision. To do this, consideration needs to be given to the risks facing the Council, such as failure to deliver savings, overspending due to demand pressures, uncertainty over future funding and potential natural disasters. These need to be considered from the perspective of likelihood and impact. Past experience and comparison with similar local authorities, such as other London boroughs, are a means to assess the level at which reserves need to be held. Also, it would not be prudent to set a level of reserves that would guard against all possible eventualities. Some events, like major natural disasters or a second pandemic, are of such calamitous impact that no local authority could be expected to weather them without assistance from central government. Indeed, this is why the government has the Bellwin scheme to support for such events and why it provided substantial support to alleviate the financial effects of the COVID-19 pandemic.

6.121 The Council has taken these factors into account and has decided that, as a principle, 5% of net expenditure should be held as generally usable reserves. This equates to £20m for 2025/26. The details of this assessment are explained further in the Reserves Strategy at Appendix J (i). These increases will be built into the MTFS to meet the requirement to maintain balances at this level. It is the opinion of the Corporate Director, Finance and Resources, as required by Section 25 of Local Government Act 2003, that this level of generally usable reserves constitutes the amount that is sufficiently robust to maintain the Council's financial sustainability.

6.122 Brent has total reserves of £529m as at 31 March 2024. On the face of it this would appear to be a high figure, but the following analysis shows that in practice the figure for all practical purposes is substantially lower. £415m (78%) of these reserves are for the funding of the Council's capital programme. £32m (6%) is legally ring fenced for bodies such as our maintained schools, the Housing Revenue Account and Public Health. £62m (12%) of reserves have been earmarked for a specific purpose or future expenditure commitment. This includes reserves managed by departments (for example unspent government grants with ring fenced commitments or funds set aside to meet known, or unknown, expenditure pressures) and reserves used to smooth out expenditure that by its nature will vary considerably from year to year and avoid uncontrollable under and over spends, for example insurance claims, PFI contracts and redundancy, etc. Finally, 4% is a general reserve, as set out above, which is held as a contingency against unforeseen events (for example unexpected in-year overspends, failure to identify sufficient savings to balance the budget in-year or future funding risks) and to ensure that the Council has sufficient funds available to meet its cash flow requirements.

6.123 Appendix J (ii) sets out the Council's schedule of earmarked reserves, their purpose and a forecast for the use of each reserve. In accordance with the Council's financial regulations and scheme of transfers and virements, this report sets out the use and purpose of these reserves. In addition, should an overspend arise, it is determined that it can be set against the General Fund balance or the service pressures reserve, which are defined as the Council's generally usable reserves for these purposes. Approval of these arrangements is required for compliance with the Council's financial regulations and scheme of transfers and virements. Should the use of reserves become necessary due to overspending which cannot be contained in 2025/26, this will be funded from reserves with the assumption that any ongoing overspending will have to be funded by additional savings in 2026/27.

Robustness of estimates

6.124 Section 25 of the Local Government Act 2003 requires the Section 151 officer to report to Council on the robustness of estimates made for the purposes of the calculations included in the budget.

6.125 This report sets out the key assumptions (Section four) around growth, inflation and the impact of macro conditions highlighted in the context as well as assumptions in income from fees and charges that align with the economic environment, anticipated demand and the impact of pricing. The Council has made various assumptions around grant funding (Section six).

6.126 The Council has used a variety of techniques to ensure that the estimates made in setting the budget are robust. These include revised forecasts of the resources available to the Council, which sets the financial envelope in which the Council has to operate, and identification of areas subject to significant demand and cost pressures. Sensitivity analysis has been used to ascertain the impact of changes to demographics and the level of inflation. A central case scenario has been used, which is the anticipated most likely outcome, to determine any growth requirements in these areas. Departmental bids for growth and corporate provisions for cost pressures, such as the pay award, have been subject to challenge.

6.127 The culmination is the budget gap which will be bridged by savings, which themselves have been subject to challenge by the Corporate Management Team and members. Finally, the impact of the Local Government Finance Settlement has been reviewed to ensure that the estimates made in the budget remain robust and appropriate.

6.128 The budget has been constructed on the basis of the most realistic scenario, however considering the worst case scenarios set out in this report for the most significant cost drivers (adults and children's social care and temporary accommodation) suggests £17.2m of further growth may be needed. Likewise, if the best case scenario were to pass, £3.2m less growth would be needed than currently assumed. In the event the worst scenario were to transpire during 2025/26, the Council would need to enhance existing spending controls (such as a recruitment freeze and pausing all non essential spend) and direct departments to identify and deliver further in year savings. The need for these interventions will be determined as part of the budget monitoring process, however it is important to acknowledge at this stage of the budget process the inherent risks involved in setting the 2025/26 budget and the actions that will be required if the worst case scenario transpires.

CIPFA Financial Management Code – Financial Resilience Assessment

6.129 CIPFA recommends that local authorities undertake a Financial Resilience Assessment (FRA) each year. The FRA builds on the one-year assessments required under section 25 of the Local Government Act 2003 of the robustness of the estimates used in the budget calculations and the adequacy of the proposed levels of financial reserves.

6.130 The Financial Management Code states that "Effective governance and financial management is focused on ensuring that the authority is able to operate sustainably in the long term. This means that the authority needs to look beyond the limited time horizons of its funding arrangements and to consider the longer-term financing of its operations and activities".

6.131 The Financial Resilience Assessment considers long-term financial stability. It does so by considering warning signs such as the symptoms of financial stress and reviewing how effectively the authority manages its finances. This includes explicit consideration of capital resources, reserves, savings plans and the use of performance information.

6.132 The Council undertook a Financial Resilience Assessment after approval of the 2023/24 budget. That initial assessment found that the Council's finances were in good shape and sustainable over the longer term. There were areas for improvement and the FRA recommended that the Council should focus on longer term planning, given current uncertainties and anticipated problems on the horizon. The Council intends to use the information in this budget report as part of its Financial Resilience Assessment to ensure that the Council benefits from long-term financial sustainability.

6.133 The budget presented in this budget report has been constructed on the basis that the estimates and assumptions made are robust and that if approved, this will ensure Brent has a balanced budget for 2025/26. Furthermore, the update in section four on the Medium Term Financial Strategy provides details of how the Council has looked beyond the immediate budget cycle to determine the likely actions required over the following three years in order to ensure the budget remains balanced over the MTFS period.

6.134 However, the budget will be monitored closely throughout 2025/26, with updates brought to Cabinet on a quarterly basis. In the worst case scenario that the budget cannot be contained within the resources available to fund it, the

Council would bring forward additional in year savings to pull the budget back to a balanced position.

Value For Money

6.135 The Council's external auditors, Grant Thornton, are required to report in more detail on whether the Council has put in place proper arrangements to secure Value for Money (VfM) in respect of economy, efficiency and effectiveness in its use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that the Council can deliver its objectives and safeguard public money. This is assessed under the following areas: Financial Sustainability; Governance; and Improving economy, efficiency and effectiveness.

6.136 As is customary, their report is to be presented to Full Council on 27 February to be considered at the same time as setting the 2025/26 budget. The annual report put forward a key recommendation, for the first time, highlighting the use of reserves in 2023/24 and 2024/25 to fund in year overspends arising from the unprecedented pressures in homelessness and temporary accommodation. This has been acknowledged as a key risk to the Council's financial sustainability and resilience. The continued use of reserves to manage these pressures is unsustainable and in order to stabilise the financial position of the council, £16m of new savings have been put forward for delivery in 2025/26, which will provide the growth needed in the housing budget to manage these pressures going forward.

6.137 As has been set out in this report, the Council will need to make difficult choices in the medium term to demonstrate financial resilience and sustainability. As part of the budget development process, the emphasis continues to be on delivering efficiency measures, service and digital transformation, cost reductions and income generation with a view to protecting front line services and Council priorities as much as possible.

7.0 Statutory process of consultation, scrutiny and equalities analyses Equalities

7.1 The Council has a duty to pay due regard to the need to eliminate unlawful discrimination and advance equality of opportunity and foster good relations between those who have a protected characteristic and those who don't when making decisions. Each of the budget proposals set out in Appendices C (i) and C (ii) have been subject to an initial equality impact assessment (EIA) to assess their potential or likely impact on service users and employees with protected characteristics. Where the EIA process identified a disproportionate impact, the proposals were subject to a full EIA. In addition to individual EIAs, a cumulative (or overall) EIA has been produced to assess and understand the potential cumulative and compounding impact on groups with a protected characteristic that arise from either changes across a range of services or a group of savings proposals. For the new savings proposed in Appendix C (ii), these EIA reports are set out in Appendices C (iii) and C (iv), alongside the actual proposals. The EIAs for the savings agreed in February 2024 were attached as appendices to the 2024/25 budget report agreed at Full Council. In summary, it has been concluded that all of the proposals are considered reasonable and have shown due regard to the Public Sector Equality Duty.

Scrutiny

7.2 A Budget Scrutiny Task Group was convened after Cabinet published the draft budget proposals in November 2024. The task group, made up of members of the two scrutiny committees (Resources & Public Realm and Community Wellbeing) reviewed the proposals, as well as the budget development process, with relevant Lead members, officers and community members. The task group's report and recommendations, attached in full at Appendix D, were agreed by the Resources & Public Realm scrutiny committee on 28 January 2025 as part of the Cabinet's decision making process.

Consultation

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

7.4 The Council conducted a broad consultation process between November 2024 and January 2025 where the budget proposals for 2025/26 were presented. This included attendance at all five Brent Connects events and an online consultation on the specific budget proposals.

7.5 The detailed budget proposals were published on the Council's website, inviting comments and feedback through the online consultation portal. A number of people accessed the online consultation and provided responses. Appendices L (i) and L (ii) contain further information about the results of consultation and sets out a summary of emerging themes and other key findings.

7.6 There are various business forums and associations that the Council regularly engages with that include a wide range of both small and large local businesses. These include West London Business (a non-profit business membership organisation), the Federation of Small Businesses, the Chamber of Commerce, and town centre business associations. The consultation on the budget was published in a newsletter that is sent to a large number of Brent businesses, explaining why the views of local businesses were important and how they could have their say.

7.7 The local voluntary sector is closely engaged with Brent's communities and has considerable experience of the impact of the Council's difficult choices against a background of funding reductions. Engagement with the local voluntary sector has therefore been an important part of the consultation process. Invitations to participate in the consultation were sent to all Brent voluntary and community sector organisations. In addition, the consultation was publicised in the CVS Brent newsletter, inviting responses through the online portal.

7.8 Overall, the most commented theme was the proposed increase in Council Tax. It is acknowledged that increasing Council Tax will be difficult for some households to manage in the current circumstances and section six of this report sets out the rationale the Council considered as part of its decision making. In summary, the additional income will provide much needed funding to limit the impact of the significant pressures expected in 2025/26, in particular for the provision of social care and homelessness services, as well as preventing the wholesale cuts to the key services the Council provides that many other Councils are having to consider.

7.9 One of the main aims of the consultation and communications strategy was to raise awareness of the Council's financial position, inform residents on how the Council spends its budget and ensure residents, businesses and other key stakeholders were fully aware of the opportunities to have their say, by knowing how to respond and when the consultation events were taking place. This was delivered through a variety of communication channels, including publicity on the Council's website, media briefings and use of the Council's Facebook and X, formerly known as Twitter, accounts to disseminate reminders and encourage residents to participate.

8.0 Housing Revenue Account (HRA) Budget

8.1 The proposed HRA annual budget for 2025/26 sets out proposed expenditure for housing management services, stock investment, maintenance work and new council housing development programmes, as well as rent and service charge setting proposals for 2025/26.

8.2 The HRA budget is set each year in the context of the 30-year business plan (included in Appendix O). The business plan is reviewed annually allowing for horizon scanning and the identification and mitigation of risks in the short, medium and long term. Early identification of risks enables planning and implementation of mitigations to ensure the HRA can continue to remain financially secure and deliver on its priorities to provide a safe, suitable and secure place to call home.

8.3 After four consecutive years of rent reductions, between 2016/17 to 2019/20, the Government set out its rent policy, which originally allowed rent levels to be increased by CPI plus 1% for the next five years starting from April 2020. However, in light of exceptional inflation levels, government amended its rent setting policy for 2023/24 to introduce a 7% rent rise limitation, compared to 11.1% if CPI plus 1% was applied. This was estimated to equate to a circa £2m reduction in income in that year. Furthermore, rent increases in 2023/24 did not only affect that financial year, but also have an impact on future rent levels. There is no provision in the current rent regulations to allow anything more than the maximum (CPI+1%) increases in future years. Therefore, a lower rent increase in 2023/24 meant that the base for a rent increase in 2024/25 is also lower and so on for future years. For 2025/26, rents are being increased by CPI plus 1%, which equates to a 2.7% rent uplift.

8.4 Table 8 shows a snapshot of current average rent levels from occupied properties and the proposed increase of 2.7% for 2025/26. All new re-lets are charged at Formula Rent and new builds are charged at Formula or Affordable Rent that are in line with Greater London Authority (GLA) benchmarks and are adjusted annually in line with rent standards. Updated rent levels are reflected in the current average rent for 2024/25, average rent can change depending on the time of reporting. The average proposed rent rate for 2025/26 is £3.93 per week (2.7%) higher than the current financial year.

Tenant Rents for 2025/26

Table 8: Average rent levels

Bed Size	Current average rent 2024/25	Proposed average rent 2025/26 (2.7%)	Rent uplift
	£	£	£
Bedsits	106.31	109.18	2.87
1	127.65	131.09	3.44
2	148.31	152.31	4.00
3	160.74	165.08	4.34
4	176.21	180.97	4.76
5	188.69	193.78	5.09
6	196.00	201.29	5.29
7	242.18	248.72	6.54
Average rent	**145.51**	**149.44**	**3.93**

8.5 A rent increase of 2.7% is estimated to result in additional £1.6m of income when compared to current levels of income. This is due to national inflation increasing by 1.7% compared to last year, which is a reflection of the current economic climate.

8.6 For tenants in receipt of housing support to help pay their rent, the cost of rent increase will be met by their housing benefit or the housing element of universal credit, unless the level of support is reduced by factors that may apply to individual circumstances such as the benefit cap. Brent Housing Management provide support to tenants who are struggling to pay their rent. The primary objective is to ensure that tenants have all the support that they are entitled to, rather than pursuing an eviction. Support options include assessing whether the tenant is claiming all the welfare benefits that they are entitled to, assisting them to claim from the Council’s Resident Support Fund and arranging a suitable payment plan. Brent Housing Management endeavour to identify vulnerable tenants and maintain contact with tenants to ensure that they continue to get the required support to sustain their tenancy.

8.7 The net rent amounts exclude service charges. Service charges are recharged to tenants and leaseholders, which are based on the actual costs incurred for providing specific services, such as estate cleaning.

Tenants Service Charges 2025/26

8.8 Individual service charge elements are adjusted to bring them in line with the estimated contract costs of providing these services to tenants in 2025/26. The tables below show a snapshot of the current average service charges for occupied properties, compared to proposed rates, this is analysed below for services provided to tenants. The current average can change depending on the time of reporting, to reflect re-lets and stock movements such as new additions and right to buy sales. With the recent changes to right to buy which has led to a significant increase in right to buy applications, tenant service charges income could potentially reduce in future due to the reduction in properties available to tenants, however there would be a compensating effect from service charges to leaseholders due to the transfer of the stock.

Service charges frozen for 2025/26

8.9 The cost of servicing for the laundry room is forecast in line with service charges. Therefore, no increases are proposed for this charge for 2025/26.

Table 9: Service Charges frozen for 2025/26

Service	No. of Properties	Current Average Charge 2024/25	Estimated Average Charge 2025/26	Increase / (Decrease)
		(£/Week)	(£/Week)	%
Laundry	25	2.59	2.59	0.00%

Service charge increases for 2025/26

8.10 The estate cleaning service was in-sourced in 2019/20, with a commitment to pay staff at the London Living Wage before being integrated into Local Government pay scales. The cost of bringing the service in-house and the associated costs for pay inflations, vehicles, machinery and material is estimated to be under recovered by £0.2m in 2024/25. A phased approach to cost recovery was modelled in previous years to allow service charges to increase over a four-year period. The proposed increase of £1.15 per week in 2025/26 will result in break-even position in 2025/26.

8.11 The concierge service contract for the blocks in South Kilburn was ended in June 2024 and there are no plans to provide this service again in the near future. Hence the service charge contribution from tenants for this service has been removed from the 2025-26 budget and likewise the expenditure. New build Council housing blocks that consist of concierge service will receive service charges based on estimated cost and adjusted in following years in line with actual cost incurred. There are currently 92 additional new build properties receiving concierge services in Assembly and Braunston House. Proposed service charges on this block are estimated at £13.58 per week.

8.12 The helpline monitoring service charge is currently £2.08 per week on average. An increase of £0.06 per week is estimated to result in a break-even position for 2025/26.

8.13 Unmetered communal lighting, heating and hot water charges are adjusted annually in line with cost incurred and forecasted energy supplier inflations, reflecting price fluctuations of energy as closely as possible. In the past year, energy prices have reduced significantly compared to the unprecedented volatility experienced in the last two years. The 27% decrease in Communal lighting and the 50% decrease in Communal Heating reflects the anticipated decrease in electric and gas prices from our energy partners in 2025/26.

8.14 The communal TV aerial repairs and maintenance service charge is currently £0.80 per week on average. An increase of £0.02 per week is estimated to result in a break-even position for 2025/26.

8.15 Grounds maintenance service is included within the Council's wider corporate contract. The annual contribution from the HRA is estimated to offset against the HRA's proportion of the contract cost through existing charges. The average cost of grounds maintenance is currently £1.32 per week, which is proposed to increase to £1.53 for 2025/26 in order to achieve a balanced position.

Table 10: Service Charges for 2025/26

Service	No. of Properties	Current Average Charge 2024/25	Estimated Average Charge 2025/26	Increase / (Decrease)
		(£/Week)	(£/Week)	%
Estate Caretaking	4,575	9.18	10.33	12.50%
Helpline Monitoring	14	2.08	2.14	2.88%
Communal Lighting	5,430	4.87	3.56	(26.90%)
Communal Heating	388	44.88	22.44	(50.00%)
TV Aerial	3,171	0.80	0.82	2.50%
Grounds Maintenance	5,157	1.32	1.53	15.91%

District Heat Network

8.16 Unity Place in South Kilburn hosts the energy centre for the local district heat network for metered billing. It currently supplies heat and hot water to 235 properties and tenants are billed based on actual usage. The fuel contract has been renewed from 1 October 2024 to a two-year variable rate until 30 September 2026. Based on the projected fuel contract rates in the current energy market, heat tariff for 2025/26 is estimated to be a variable element of £0.07 p/kWh and a standing charge of £0.50 per day, in order to recover costs.

Table 11: District Heat Network

Service	No. of Properties	Current Charge per kWh 2024/25	Estimated Charge per kWh 2025/26	Increase / (Decrease)
		(£p/kWh)	(£p/kWh)	%
Heating Tariff	235	0.10	0.07	(30.00%)
Standing Charge	235	0.45	0.50	11.11%

Brent Supported Living

8.17 There are currently 28 Extra Care and Supported living properties. These homes are all one-bedroom, self-contained residential flats developed as part of previous New Accommodation for Independent Living (NAIL) programme and are managed within the HRA. The properties are fully adapted, and the homes benefit from communal facilities, including a garden area. There is access to 24-hour care, allowing residents to contact care staff from anywhere in the building.

8.18 Table 12 compares the current gross rent levels (including service charges) for these homes against the proposed increase of 2.7% for 2025/26. This equates to an increase of £9.66 per week when compared to the current financial year.

Table 12: Gross Rents for Brent Supported Living

Current Gross Rent 2024/25	Proposed Gross Rent 2025/26 (2.7%)	Proposed vs Current Rent
(£/Week)	(£/Week)	(£/Week)
357.79	367.45	9.66

Garage Rent for 2025/26

8.19 HRA currently has 212 occupied garages with an estimated annual income of £0.25m for 2024/25. Cabinet approved a standard rate of pricing during budget setting in 2021/22.

8.20 Table 13 shows the current standard rate and the proposed uplift of CPI+1 (2.7%) for garage rents.

Table 13: Garage Rents

Garage Charge (net)	Current Standard Rate (2024/25)	Proposed Standard Rate (2025/26) (+2.7%)
	(£/Week)	(£/Week)
LBB Tenants & Leaseholder	18.68	19.19
LBB Resident	24.91	25.58
Non - Resident	31.14	31.99

HRA Budget 2025/26

8.21 The proposed budget for 2025/26 is set out in Table 14 and shows a net balanced budget. The budget movements are as a result of the items summarised below.

Table 14: HRA budget 2025/26

Technical Adjustments	**£m**
Gross tenant rent uplift	(2.6)
Leaseholder service charge uplift to reflect cost incurred	(1.6)
Increase in service charges for major works in line with profiled works	(0.1)
Growth	
Pay grade linked increment	0.2
Pay and operational cost inflation on previous year	0.9
Leaseholder insurance contract inflation	0.6
Estate caretaking services cost inflation	0.1
Not renewing contracts	(0.4)
Bad debt provision	0.1
Increase in depreciation costs	0.7
Increase in interest costs	2.8
Saving Target	
Restructures to achieve savings on staffing costs	(0.7)
Total Net Movement	**0.0**

8.22 The proposed 2025/26 HRA budget summarised in Table 15 ensures a break-even balance at year end. The opening reserve balance is currently £2.4m, which represents 4% of gross rent.

Table 15: HRA Budget 2024/25 v Draft Budgets for 2025/26

HRA Budget 2024/25 v Draft Budgets 2025/26	**(1) Budgets 2024/25**	**(2) Draft Budgets 2025/26**	**(2-1) Variance**	**Variance Explanation (2-1)**
Description	**£'000**	**£'000**	**£'000**	
Rents and Service Charge	(61.6)	(64.1)	(2.5)	Tenant rents and service charges offset by rent loss through voids and RTB sales
Non-Dwelling Rents	(0.2)	(0.3)	(0.1)	Garage rents
Leaseholders' Charge for Services and Facilities	(3.1)	(4.7)	(1.6)	Uplift to reflect increased cost of rechargeable services
Major Works and Other Contribution Towards Expenditure	(1.0)	(1.1)	(0.1)	Service charge reduction based on profiled major works completion
Total Income	**(65.9)**	**(70.2)**	**(4.3)**	
Repairs and Maintenance	18.0	18.9	0.9	Repairs contract uplifts, repairs delivery model and provision for disrepairs offset by efficiency saving target on voids
Supervision and Management	12.7	12.2	(0.5)	Operational cost inflations offset by savings in management and support services
Special Services	7.3	7.0	(0.3)	Estate service maintenance cost inflation and reduction due to savings on service
Rent and Rates and Other Charges	1.9	2.5	0.6	Council tax and insurance contract inflation
Depreciation of Fixed Assets	15.5	16.2	0.7	Increase in depreciation costs
Bad or Doubtful Debts	1.3	1.4	0.1	Provision for non-payments

Capital Financing and Debt Management	9.2	12.0	2.8	Increase in interest costs
Total Expenditure	**65.9**	**70.2**	**4.3**	
(Surplus)/or Deficit for the Year on HRA	**0.0**	**0.0**	**0.0**	
Housing Revenue Account brought forward	(2.4)	(2.4)	0.0	
(Surplus)/or Deficit on HRA	0.0	0.0	0.0	
Closing balance	**(2.4)**	**(2.4)**	**0.0**	

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

8.23 The Council Housing Asset Management Strategy (AMS) 2022-2026 sets out a vision for responsive repairs, investment, reform and improvement of the stock and its performance. The AMS consists of a 5-year budget requirement totalling £80.8m and has outlined requirements to increase investment in tower blocks over the next two years. The overall major works programme budget has been set at £26m for 2024/25 and £33.4m for 2025/26.

8.24 Tower block funding profile for debt repayment and interest involves mitigating cost reduction of £0.7m in revenue budget to be achieved between 2023 to 2025. Saving targets have been identified in void repairs, disrepair works and staff vacancies. In addition to revenue savings, cost reductions to long-term capital programme have been profiled totalling £33.5m between 2026 to 2048. Budget projections for planned works over this period is £13.5m per annum on average and is estimated to be sufficient by Housing Property Services to enable statutory maintenance works to Council properties to be undertaken.

New Council Homes Programme 2025/26

8.25 The development and management of new council homes and affordable housing remains a key priority in the Council's Housing Strategy and the HRA Asset Management Strategy. The Council has an ongoing commitment to deliver 5,000 affordable homes in the borough of which 1,957 will be delivered directly by the Council by 31 March 2028. As of December 2024, 879 new homes have been delivered by Council. The forecast capital investment on acquisitions and building new Council homes in 2024/25 is £19.3m, with a capital budget in 2025/26 set at £15.5m.

8.26 The Alperton Bus garage development which will deliver 155 social rented homes is set to complete during 2025/26. To finance the purchase, the Council has taken a 50 year lease with annual lease payments set at a proportion of current social rent levels and indexed at CPI + 1% annually. After the 50 year lease ends, a reversionary 949 year lease will be granted at a nominal rate. The Council has established a reserve within the financing structure to address the ongoing repayments required under the lease. This reserve is particularly important in mitigating potential risks, particularly in scenarios where social rent policies may deviate from the current CPI + 1% increase.

Housing General Fund

Temporary Accommodation

8.27 In 2021 two purpose-built developments in Harlesden, Anansi House (92 Units), for families, and Knowles House (57 Units), for single people, became available. These properties were developed specifically to meet the statutory duty to secure suitable interim accommodation for homeless households and replace the use of privately owned Bed & Breakfasts and Annexes.

8.28 The proposal is to hold rents capped at Local Housing Allowance (LHA) levels. LHA rates for 2025/26 will be frozen at the 2024/25 levels, following their increase in April 2024. Based on the LHA rate for April 2024, this will result in the uplift in rents for 2025/26 shown in Table 16:

Table 16: Temporary Accommodation rents

Bed Size	Number of Units	Current average rent 2024/25	Proposed average rent 2025/26 (Based on current LHA rate)	Rent uplift
Bedsits	57	295.49	331.39	35.90
1	69	295.49	331.39	35.90
2	23	365.92	412.86	46.94
Average Rent		**330.71**	**372.12**	**41.41**

8.29 In 2024/25 it was proposed to add additional charges to meet all outgoings applying to the Premises including both communal and personal utility water charges, heating charges and Wi-Fi charges. In 2025/26, a 36% increase to Utilities and a 294% increase to Water is proposed to meet the outgoing costs. Total forecasted cost incurred for utilities is estimated to be under recovered by £45k, and £159k for Water in 2024/25. Table 17 shows the uplifts that are proposed for 2025/26 to meet the outgoing costs:

Table 17: Temporary Accommodation utilities, water and wi-fi charges

Service	No. of Units	Current Weekly Charge for 2024/25	Estimated Weekly Charge for 2025/26	Increase / (Decrease)
				%
Utility	149	£10.50	£14.26	36%
Water	149	£7.00	£27.56	294%
Wi-Fi	149	£3.00	£3.48	16%

8.30 Once the main housing duty is accepted, a further charge for council tax is proposed. There are 126 units that are band C properties, which has a proposed Council Tax charge of £1,460.24 for 2025/26. There are 23 units that are band D properties, which has a proposed Council Tax charge of £1,642.77 for 2025/26. The GLA precept is not confirmed at this stage and is subject to their own decision making and consultation process. However, including the proposed GLA precept, these figures are £1,896.13 for Band C and £2,133.15 for Band D. In addition, once the main housing duty is accepted tenants will be expected to meet all outgoings applying to the Premises including water charges and electric and other costs whether metered or billed, directly, in line with the licensee's obligations.

Hillside Rent Setting

8.31 In addition to the dwellings contained within the HRA, the Council also continues to hold dwellings in the General Fund (GF). These dwellings were formerly held by the Stonebridge Housing Action Trust (HAT) and were transferred to Brent Council in August 2007 when the HAT was dissolved. The Council currently owns 324 properties under this scheme and Hillside Housing Trust (part of Hyde Housing Group) manages these properties on the Council's behalf.

8.32 Table 18 sets out the rent levels for 2024/25, with an average increase of £3.92 per week for 2025/26.

Table 18: Average Rent Increase for Hillside

	Weekly Rent 2024/25 (£)	Weekly Rent 2025/26 (£)	Increase (£)	Increase (%)
1 Bed Flat	£119.43	£122.65	£3.22	2.7%
2 Bed Flat	£139.89	£143.67	£3.78	2.7%
1 S/croft Elders	£119.34	£122.56	£3.22	2.7%
2 S/croft Elders	£139.89	£143.67	£3.78	2.7%
2 Bed House	£151.95	£156.05	£4.10	2.7%
3 Bed House	£168.18	£172.72	£4.54	2.7%
4+ Bed House	£177.04	£181.82	£4.78	2.7%

8.33 Hillside are also responsible for setting service charges across the stock, including those retained by the Council. The average service charge per week for 2025/26 has been recommended by Hyde. It will cover the contracted costs of Hyde in providing the services.

Housing Private Finance Initiative (PFI)

8.34 The Non-HRA Housing PFI refers to 364 units of rented accommodation managed by Hyde under a PFI contract. The stock is made up of a mixture of Temporary Accommodation, Discounted Market Rents and Affordable Rent properties, which are up to the lower of 80% of market rates or the Local Housing Allowance (LHA). As per the cabinet decision on the 17 January 2017 in regard to PFI Housing Tenancy Conversions, Temporary Accommodation units are being phased out with the units being converted into Affordable Rent and Discounted Market Rent properties.

8.35 The proposal is to move towards Local Housing Allowance (LHA) alignment for relevant rents by the end of the contract in December 2028. LHA rates for 2025/26 will remain frozen at the current levels. This is after an increase in 2024/25 where the rates were raised to the 30th percentile of local market rents from April 2024 after being frozen since April 2020.

Travellers' Site Pitch Rent

8.36 The current weekly pitch rent is £180.26. It is proposed to increase this by 2.7% to £185.13 for 2025/26. Travellers' site pitch rent is estimated to generate an annual income of £0.28m.

9.0 Schools and Dedicated Schools Grant (DSG)

9.1 The autumn statement announced an additional £2.3bn will go into core schools budgets next year. £1.3bn will go towards the pre-16 mainstream schools' budgets and £1bn for SEND and alternative provision funding to improve outcomes and return the system to financial sustainability. The government plans to work with the wider sector, including local authorities to progress this work.

9.2 Mainstream schools are in receipt of additional grants to the DSG in the current 2024/25 financial year, including the teachers' pay additional grant (TPAG), teachers' pension employer contribution grant (TPECG) and the core schools budget grant (CSBG). From 2025/26, funding previously distributed through these grants will be allocated through the Schools Block and the Central Schools' Services Block (CSSB) by adding these grants to the baseline and increasing the minimum per pupil funding.

9.3 Table 19 sets out the changes to the National Funding Formula (NFF) for Brent in 2025/26, including the impact of the grants that have now been rolled into baselines.

Table 19: Brent NFF Allocation 2025/26

Brent NFF Allocation 2025/26	**Schools Block**	**High Needs Block**	**CSSB**	**Early Years Block**	**Total**
	£'000	£'000	£'000	£'000	£'000
2024/25	274,404	85,007	2,125	34,350	**395,886**
2025/26	298,181	90,325	2,445	41,442	**432,394**
Increase	**23,777**	**5,318**	**320**	**7,092**	**36,508**
% Change	**8.7%**	**6.3%**	**15.1%**	**20.6%**	**9.2%**
*Other grants included in 2025/26 allocations (TPAG, TPECG, CSBG)	19,223		396		19,619
Increase/(decrease) excluding other grants	**4,554**	**5,318**	**(75)**	**7,092**	**16,889**
% Change excluding other grants	**1.7%**	**6.3%**	**-3.5%**	**20.6%**	**4.3%**

9.4 Brent will receive an increase in mainstream pupil funding of £23.8m of which £19.2m relates to funding previously allocated to schools as separate grants. This represents a 1.7% (4.8% in 2024/25) comparable increase exclusive of other grants.

9.5 As in previous years, the Council will continue to set a local funding formula for mainstream schools in 2025/26, although the total funding available to schools will be determined by the NFF and as required, the Council will need to move closer towards the NFF factors in line with the government's plans for local authorities to move towards the compulsory direct NFF.

9.6 Key features of the 2025 to 2026 schools NFF include:

- An increase in factor values in the NFF to increase the amount of funding available to schools. Through the minimum per pupil funding levels, every primary school will attract at least £4,955 per pupil, and every secondary school at least £6,465 per pupil.
- The funding floor will continue to protect schools from sudden drops in their per-pupil funding.
- Rolling the 2024/25 TPAG, TPECG and CSBG into the schools NFF, ensuring that this additional funding forms an on-going part of schools' core budgets.

9.7 The High Needs block (HNB) of the DSG will see a 6.3% (£5.3m) increase in 2025/26, partly due to increased commissioned places in special schools and academies from September 2025. This additional funding level is welcomed, given the current deficit management plan includes an assumption of a 3% increase in the HNB funding for next financial year. This additional funding will go towards setting a balanced budget to mitigate the projected 6% growth in EHCPs.

9.8 The government plans to continue the expanded roll out of funded childcare hours for parents of children from 9-months-old, up to 3- and 4-year-olds. Brent's allocation of the Early Years' grant for 2025/26 is £41.4m and this represents an increase of £7.1m (21%) compared to the last financial year, with the most significant changes reflected against the 2-year-old working parents' entitlement which will increase by £1.9m ((58%) and under 2-year-old working parent entitlement set to increase by £4.2m (128%) based on the expansion of hours to 30-hours from September 2025. Brent's rates for the new financial year will rise to £13.32 for under 2s, £9.77 for two-year-olds and £6.80 for 3-and 4-year-olds. Funding for Brent's Maintained Nursery Supplementary grant is set to increase by 13% to £1m at a rate of £7.08 per hour.

9.9 The CSSB will increase nationally by an average of 1.85% for ongoing responsibilities that local authorities continue to have for all schools, while those local authorities in receipt of funding for historic commitments within this block will see a 20% decrease compared to 2024/25 allocations. The overall impact for Brent is a 20% increase in the per pupil rate of funding for ongoing responsibilities, and a 20% reduction against the historic commitment which currently relates to a pensions strain contribution to the Council's central budgets. As a result, the amount to be transferred to the centralised budgets towards this pension cost will be reduced accordingly.

9.10 In 2025/26, funding for the CSSB will incorporate allocations that were provided separately in 2024/25 for increased copyright license costs, TPECG, and CSBG for centrally employed teachers. Excluding these grants, which are now part of the 2025/26 baseline, the allocation reflects a 1% reduction in funding for ongoing responsibilities compared to 2024/25.

9.11 The government has announced an additional £1.4bn towards the continuation of the School Rebuilding Programme with a further £2.1bn being allocated to maintain and improve school buildings. The school Rebuilding Programme is transforming over 500 schools in the most need of renovation nationally and three of Brent's schools are included in this programme which will continue into 2025/26.

9.12 Brent Schools had the option to bid directly to the Department for Education (DfE) for up to £0.150m of the school-based capital grant to expand their existing nurseries or open a new one by September 2025, as part of the government's drive to deliver more school-based nurseries. Applications closed on 19 December 2024 and the Early Years' team within the CYP directorate has been working with schools to encourage take up of this offer from the government. The DfE has confirmed that six primary schools have been selected as early adopters of the universal breakfast club provisions in Brent.

9.13 The government acknowledges the increasing financial pressures that rising costs of SEND (Special Educational Needs and Disabilities) provision are placing on local authorities, particularly due to the impact of DSG deficits. The government has stated it intends to outline its proposed reforms to the SEND system in greater detail in 2025/26. This will include measures to support local authorities in managing both historical and ongoing deficits, as well as plans for transitioning from the current system to a reformed model. These reforms will guide any decisions regarding the removal of the current statutory override, with the overarching aim of enabling local authorities to deliver high-quality, financially sustainable services for children and young people with SEND.

9.14 In the autumn statement, the government pledged to assist schools and colleges with the extra costs linked to the rise in employer National Insurance contributions from April 2025. At the time of dispatch of this report, the distribution methodology and funding allocations are unknown, but the Education and Skills Funding Agency has stated that this will be provided to local authorities and schools in March 2025.

10.0 Capital Programme Budget 2025/26 – 2029/30

10.1 Brent's Capital Programme is a key component of the Borough's MTFS, and it is a major part of the budget setting process. The programme is principally concerned with meeting the Council's statutory obligations in relation to housing and schools but also emphasises improvement of town centres, highways, public spaces and other community amenities.

10.2 A fundamental part of the Council's successful financial strategy has been the expansion of Brent's capital investment programme over the last six years. The capital investment programme has generated significant revenue savings over the medium-term and the concept of 'invest to save' remains the core ethos and eligibility criteria for new schemes. Further details of the Council's approach to capital investment to support the Council's objectives can be found in the Capital and Non-Treasury Investment Strategies in appendices F & G.

10.3 The Council's Capital Programme utilises a wide range of funding sources so as to reduce the need to borrow and manage the Council's cost of debt. These include capital receipts, grants, S106 and CIL (Section 106 and Community Infrastructure Levy), reserves and contributions from revenue. Affordability continues to be the key factor in the Council's borrowing strategy, especially given the Council's net borrowing position. The use of internal borrowing provides a cost-effective approach of using internal resources to postpone the need for external borrowing and make effective use of the Council's cash resources. The programme encompasses a mix of invest-to-save, grant-funded, and self-financed projects and consequently, our strategy ensures external borrowing as a last resort for funding projects.

10.4 The broader economy is facing significant challenges due to the economic volatility in recent years, characterised by high inflation and rising interest rates. Inflationary pressures surrounding costs, particularly in the construction sector, resulting in high volatility, have made it challenging to reliably estimate potential expenditure associated with capital schemes within our development. The capital schemes within the programme undergo regular scrutiny to assess their viability and affordability, with risk-mitigation decisions made as needed. A large portion of the projects are invest-to-save opportunities, designed to generate revenue streams that help offset financing costs, and these are closely monitored throughout the project.

10.5 The Council has initiated an ambitious Capital Programme, planning to invest approximately £779.56m over a five-year span, from 2025/26 to 2029/30. This investment covers substantial expenditures in both the General Fund and the Housing Revenue Account (HRA), aligning with the Council's strategic objectives across the borough. In addition, the Council has a Capital pipeline, which currently holds 19 projects with a provisional value of £598.50m. These pipeline projects do not form part of the Capital Programme and no funding has yet to be allocated to these. Further details can be found in Appendix E – Capital Programme Pipeline.

10.6 A comprehensive overview of the Capital Programme, categorised by portfolio for the five-year period from 2025/26 to 2029/30, is provided in Table 20 with 2024/25 provided for comparison

10.7 The revised budget for the year 2025/26 currently stands at £346.62m. This budget is subject to modifications as new projects receive approval before Full Council in February 2025.

Table 20: Summary of the Capital Programme 2024/25 to 2029/30

Portfolio	Board (Programme)	2024/25 Revised Budget £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m	Total 2025/26 to 2029/30 £m
Resources: Cllr Mili Patel	Corporate Landlord	13.53	9.72	36.13	24.27	3.67	4.50	**78.29**
Regeneration, Planning & Property: Cllr Teo Benea	South Kilburn	33.36	28.02	20.17	16.90	7.55	1.20	**73.85**
Regeneration, Planning & Property: Cllr Teo Benea	Regeneration	45.61	106.55	33.58	23.32	14.12	0.00	**177.57**
St Raphael's: Cllr Fleur Donnelly-Jackson	St Raphael's	0.54	3.15	3.85	12.50	0.00	0.00	**19.50**
Environment & Enforcement: Cllr Krupa Sheth	Public Realm	24.59	17.51	4.34	1.29	5.99	0.00	**29.13**
Adult Social Care, Public Health & Leisure: Cllr Neil Nerva	Public Realm	0.28	0.28	0.32	0.32	0.25	0.25	**1.42**
Children, Young People and Schools: Cllr Gwen Grahl	CYP & Schools	28.32	16.93	26.63	5.83	5.27	0.00	**54.66**
Housing & Residents Support: Cllr Fleur Donnelly-Jackson	Housing GF	75.56	114.08	30.77	2.83	0.00	0.00	**147.68**
Housing & Residents Support: Cllr Fleur Donnelly-Jackson	Housing HRA	54.73	50.38	94.07	27.98	13.94	11.09	**197.46**
Total		**276.52**	**346.62**	**249.86**	**115.24**	**50.79**	**17.05**	**779.56**

Housing Programme

10.8 The development and management of housing remain central to the Council's strategy, with significant investment across various programmes to address housing needs and enhance living standards. The Housing Programme is advancing steadily, with key projects now entering pivotal stages of delivery. Projects such as Fulton Road, Church End Regeneration, and Watling Gardens are progressing toward completion, with Fulton Road and Church End expected by 2025/26. Temporary accommodation initiatives, including Edgware Road and LAHF, aim to alleviate housing pressures. Challenges, such as cost pressures in the New Council Homes Programme and delays at Clock Cottages, are being actively managed, with alternative solutions being explored. Overall, the Council demonstrates a strong commitment to improving housing supply, affordability, and quality through its ambitious plans and ongoing investment.

General Fund Housing

10.9 The General Fund is allocated to spend £147.68m over the next five years, starting from 2025/26, on mixed-use developments.

Fulton Road

10.10 The Council has entered into a long-term lease agreement, spanning 999 years. The acquisition of the development at Fulton Road will result in an additional 294 homes, within the Wembley Park ward. This site is focused on meeting the current demand for larger family-sized accommodations, with a priority on delivering 3-bedroom homes, estimated to cost approximately £85.54m. The Fulton Road development is progressing steadily and is expected to complete in 2025/26. It comprises 118 London Living Rent units, which Brent Council will sub-lease to one of its housing companies, and 176 London Affordable Rent units, which will be transferred to the HRA upon completion. Once transferred, these units will be fully financed and maintained within the Housing Revenue Account.

Aids & Adaptations – Private Works

10.11 The Council has secured £9.82m in Disabled Facilities Grant funding, intended to cover the expenses associated with adapting the homes of vulnerable Brent residents. This initiative aims to help individuals maintain their independence and quality of life by supporting home adaptations, allowing them to stay in their homes, reducing the need for more intensive care. In turn, this could help alleviate some of the pressures facing Adult Social Care, which is grappling with increased costs due to Brent's aging population and the growing complexity of care needs.

Church End Regeneration

10.12 The project, currently underway within the main works phase, intends to provide 99 homes for affordable rent, with a projected completion date in 2025/26. £34.07m in capital spending is targeted over the next five years. Church End is one of the Council’s flagship projects and a key priority, aligning with Brent’s Local Plan. This Council’s objective is to rejuvenate the local centre, stimulate the local economy, and offer new housing, workspace, and other amenities to support the local community.

Clock Cottages

10.13 The Clock Cottage contract, awarded in July 2022 with an initial £4.20m allocation, pertained to the retention and part re-use of Clock Cottage, demolition of the single-storey stable buildings, and erection of a new two-storey building. This will provide 13 self-contained units (Use Class 3b) to be used as assisted living accommodation for adults with disabilities.

10.14 The project's initial allocation included around 40% in provisional sums. However, a recent site survey revealed the need to demolish internal walls and floors, which was not part of the original contract but became necessary for the project's critical path. As a result, additional funding was needed to complete the work, increasing the total allocation to £6.39 million. This included a request for £0.99 million in additional funds to be financed through prudential borrowing.

i4B Holdings

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

10.16 At the beginning of 2024/25, i4B had an opening balance of approximately £21.00m remaining from its loan facility for private rented sector property acquisitions. During the course of the year, the company would aim to purchase 40 units, with forecasted loan drawdowns expected to utilise most of the remaining loan facility, amounting to approximately £20.50m in 2024/25. Looking ahead to 2025/26, i4B will need to establish a new agreement with Brent and develop a plan for future acquisitions.

Temporary Accommodation (TA)

10.17 The Edgware Road project is intended to provide 110 affordable homes for temporary accommodation along with five retail units. Following the sign-off on the Pre-Construction Services Agreement (PCSA) on 30th March 2023, in November 2023, a Section 73 application was submitted, requesting an amendment to the initial planning permission to now include three additional stories, a second staircase, and a third lift. These changes address updated fire safety standards and expand the development’s capacity. The planned capital expenditure for the next five years is set at £40.52m.

10.18 In October 2024, the Council entered a Memorandum of Understanding (MOU) with the Ministry of Housing, Communities and Local Government (MHCLG) to deliver up to 42 homes under the Local Authority Housing Fund (LAHF) initiative. The plan includes 35 units for temporary accommodation, 5 resettlement units, and 2 large resettlement units for families requiring 4 or more bedrooms, with 25 units scheduled for delivery in 2024-25 and the remaining 17 units in 2025-26. The total allocation for the scheme is £25.80m, of which £10.49m is grant-funded with £15.32m financed through prudential borrowing. The Council is considering the option of acquiring larger properties than originally planned to better address local housing needs. However, this approach presents challenges, as larger properties are typically more expensive and often occupied. To support this initiative, an additional £5.19m in funding has been proposed to accommodate the increased costs associated with acquiring such properties.

Housing (HRA)

10.19 Planned expenditure on housing HRA over the next 5 years from 2024/25 is £197.46m.

New Council Homes Programme (NCHP) - 2021-2026

10.20 The New Council Homes Programme comprises a series of projects in the early stages of development, with a combined value of £71.87m projected for expenditure over the next five years. However, due to rising costs and financial pressure; including construction industry resource constraints, inflation, new Building Safety Regulations for buildings over 18m or seven storeys, and the council's broader financial challenges, a review is underway to assess the viability of these schemes. As a result, £48m of the allocation initially planned for 2025/26 has been deferred to 2026/27 while the review is underway.

Major Repairs & Maintenance of Council Stock

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

10.22 The Council remains dedicated to investments in repairs, maintenance, and enhancements to extend the lifespan of its assets. The HRA Capital Programme outlines planned expenditures amounting to £104.00m over the upcoming years.

Tower Blocks Programme

10.23 The Council manages several high-rise tower blocks, originally constructed in the 1960s-70s, which are funded through the Housing Revenue Account (HRA). These buildings require substantial refurbishment to extend their lifespan by

40-60 years, focusing on upgrades to external structures, interiors, and aging mechanical and electrical systems. A five-year investment of £39.40m has been allocated for essential works, including statutory compliance, fire safety enhancements, and decarbonisation efforts, with the refurbishments expected to deliver significant annual savings in repair costs.

Watling Gardens

10.24 The Watling Gardens project comprises 125 units and is presently under construction, making substantial progress. Over the next five years, total capital expenditure of £22.78m has been allocated to this project. The scheme aims to provide a combination of social housing and shared ownership units. However, due to changes in legislative requirements related to the inclusion of a second staircase, the anticipated completion date has been extended by nine months. We now expect the project to be completed in early 2027/28.

Acquisition at Grand Union Phase 2

10.25 The Council has initiated the acquisition of Grand Union Phase 2, a scheme that will deliver 115 affordable units at a total cost of £30.61m. The projected expenditure for this scheme over the next five years amounts to £1.49m. Historically, acquisition schemes have demonstrated strong economic viability for the council.

Corporate Landlord

Retained Estate

10.26 £10m is being invested to fund necessary building improvements works across the Council's retained buildings. This investment will enable the Property & Assets Team to replace ageing equipment, upgrade essential building components, and enhance spaces to meet current standards and reduce disruptions. These upgrades will also support the proactive corporate landlord strategy, ensuring that the Council's buildings remain fit for purpose.

Digital Strategy & ICT Investment

10.27 £7.4m is to be invested into Digital Strategy (from 2025/26 to 2028/29) with the objective to improve access to online services for both residents and businesses and to make better use of data to understand customers' needs to improve the way services are delivered to residents. The investment will also ensure that staff have the digital skills to effectively use existing and new technology.

Libraries

10.28 £0.8m will be invested at Kilburn Library to upgrade the library facilities including the garden and improve the accessibility of the building through improved design and signage. The works will also extend the footprint of the building to create a dedicated event and learning space for the community. This is due to be completed by the end of March 2026.

Central and North West London College (CNWL) Campus

10.29 A loan is to be provided to enable Central and North West London College to acquire and develop a new campus in Wembley Park. The loan would be repaid by way of sale of the college's existing site to a property developer, which would also result in the delivery of much needed housing for the local area. The timing and value of the loan required will depend on updated project proposals from the college.

Public Sector Decarbonisation Scheme – Phase 4 (new)

10.30 The Council has submitted a bid to the Public Sector Decarbonisation Scheme Phase 4 programme to support the Council's objectives to reduce carbon emissions from its corporate buildings by implementing energy efficiency and heat decarbonisation measures such as insulation, window glazing, LED lighting, Building Management System upgrades, solar panels on roofs and heat pumps. The outcome of the grant application is expected by May 2025.

Public Realm

Highways Management

10.31 Highway infrastructure is the most visible, well used and valuable physical asset owned by the Council. The latest value of Brent's asset is estimated at around £4.5bn and includes 505 km of roads; 847 km of pavements; 20,700 road gullies, and 90 bridges and structures. In the last two years there was significant additional investment to the maintenance budget, consisting of £3.5m base Brent capital funding, £5.33m extra Brent Capital funding and £200k TfL funding. These maintenance works include carriageways and highways, footbridges, main A & B roads, injection patching, drainage, and road condition surveys. In addition to the £3.5m highway maintenance base funding this year, a s106 funded hostile vehicle maintenance programme to prevent illegal vehicle parking concludes in 2025/26.

Environmental Health & Climate Emergency

10.32 The Integrated Street Cleansing & Waste Vehicle acquisition programme continues, with £1.4m of the £21m to be spent in 2025/26. The borrowing costs to fund the purchase of the fleet over eight years is to be funded by revenue contributions. The expansion of the Northwick Park Hospital Mortuary (£2.5m) should be delivered this year subject to Barnet Council's and Harrow Council's capital contribution confirmation. This is a tri-borough project, funded equally by neighbouring Harrow and Barnet, with the Brent contribution funded by SCIL. Meanwhile, the first year of the 'Green Corridors' scheme will commence in the Church End and Roundwood Green wards in Willesden (this particular project will cost £3m and is funded by SCIL). The Green Corridors strategy is integral to supporting sustainable growth, addressing the climate and ecological emergency while contributing to a healthier, greener, and more cohesive community in Brent via a range of traffic management, active travel and inclusive green infrastructure improvements.

Healthy Streets & Parking

10.33 TfL are expected to continue to fund a number of ongoing Healthy Streets schemes (£2.5m), including Local Safety, Bus Priority, School Travel Plan, School Streets Development, Cycle Parking Scheme, and Safer & Healthier Travel. There are many risks within the programme due to the lack of certainty regarding TFL funding. Announcements often provide very little notice for planning as well as a lack of certainty on value and Brent having to be more competitive against other London boroughs to win new funding for new schemes. Some of the Healthy Streets schemes have seen tangible successes in traffic reduction, inclusivity and good levels of resident satisfaction. The Beresford Avenue/Mount Pleasant Controlled Parking Zone scheme (£0.8m) is to be funded by s106.

Parks & Landscaping

10.34 The major works in this area of the Public Realm budget in 2025-26 are for the sports pitch improvements in Gladstone Park (£0.4m), as well as ongoing playground infrastructure improvements, park maps and information boards, and pathways in parks and green open spaces across the borough. Tree works and landscaping improvements are scheduled for Wealdstone Brook, and Wembley Central Square (£0.2m), both NCIL funded.

Vale Farm Asset Management Programme

10.35 The proposed asset management programme has been developed following a building condition report that set out a programme of required works to ensure the equipment and facilities are maintained to a safe and acceptable standard. The programme includes a £1.4m investment over the next 5 years to 2030.

Woodcock Park Flood Alleviation Scheme

10.36 The Wealdstone Brook flows through Woodcock Park. The Environment Agency flood map for rivers and seas shows that the properties along the brook downstream of Woodcock Park are at medium and high risk of flooding. The proposed Woodcock Park Flood Alleviation Scheme (£0.5m) is expected to be funded by SCIL.

Active Travel Infrastructure Improvements

10.37 Infrastructure Improvements for Active Travel (£0.5m in 2025/26, SCIL funded) is another Public Realm Pipeline Scheme addressing the climate and ecological emergency through the delivery of several Green Neighbourhood pilots (the first phase being Church End & Roundwood; and Kingsbury). Church End and Roundwood have been allocated SCIL funding following Cabinet approval. With significantly reduced TfL funding there is a need to invest in our infrastructure to support walking and cycling in the wider borough and it is currently anticipated that an additional £2m will be required over the next 4 years to deliver our strategic objectives outlined in the Brent Active Travel Implementation Plan.

Park Pavilions Improvements

10.38 There are a number of proposed improvements scheduled to cost £0.9m across 2025/26 and 2026/27 to park pavilions including replacing water piping and heating systems across the Borough to ensure they maintain health and safety compliant.

Regeneration

South Kilburn

10.39 During 2024/25 the remaining sites to be built from the 30 year South Kilburn programme began the transition from their original site by site delivery model budget to the Single Delivery Partner (SDP) model. Future year budgets from 2025/26 will reflect the Council's costs aligned to the revised programme of delivery under the SDP model. The SDP budget has been set at almost £60m for the five years from 2025/26 up to 2029/30. The South Kilburn programme as a whole maintains the principle of self-financing, and the costs and expenditure is forecasted to be covered by income through capital receipts and other sources of funding such as SCIL and infrastructure grant.

10.40 In 2025/26, a budget of more than £18m has been set for the South Kilburn sites, funded by a mix of capital receipts, grants from the Greater London Authority, and SCIL. The largest site works will be at Carlton & Granville, with over £6m of development costs to be delivered from the main works contract. There are £2m of main works costs scheduled to be delivered at NWCC. £1.5m of acquisition costs each are planned at the Austen & Blake and Masefield Wordsworth & Dickens sites. A £2m budget has been earmarked for Dunbar & Saville – the majority of costs relate to rehousing current residents. £1m has been set aside for SDP procurement work, and our ongoing consultancy work with Deloitte. Work begins on the delivery of two new South Kilburn schools (£1.2m in 2025/26), and the Queens Park Gyratory (£0.6m). The remaining £2m is for ongoing works for Hereford & Exeter, Peel, John Ratcliffe and Craik Crone Zangwell.

10.41 Meanwhile, the District Energy Network, currently approved by Cabinet at £17.5m has been included for delivery in this five year period.

Wembley Housing Zone

10.42 In December 2024 a £23.6m construction contract was signed with Wates to complete the Ujima House site by July 2026. Work has been well underway with Cecil Avenue since May 2024, and this is expected to complete in September 2026. The 2025/26 capital budget is £77.5m in respect of the delivery of the Wembley Housing Zone programme. The funding is a broad mix of SCIL, GLA grants, s106, capital receipts and borrowing.

Other Regeneration Schemes

10.43 The 2025/26 Regeneration capital budget is rounded out by three other projects. This year will be the final year of delivery of three new Medical Centres in Brent (£1.1m); the Grand Union Canal Bridge, SCIL funded, with the remaining £6.6m of the scheme to be delivered equally during 2025/26 and 2026/27 (£3.3m each year). The Bridge Park Regeneration project is aiming to deliver improved leisure facilities and other community space, with £2m on viability, consultancy and design works budgeted this year.

Pipeline Regeneration Schemes

10.44 The Neasden Civic Partnership Programme, regenerating Neasden town centre, is proposed to cost £10.5m, and to be delivered over three years to 2027/28. The scheme has applied for £7.4m SCIL funding and £3.1m regeneration grant secured from the Greater London Authority.

Staples Corner Masterplan

10.45 The Staples Corner Growth Area Masterplan will improve accessibility between the Staples Corner industrial business park and the new Brent Cross Town development. The proposed Masterplan scheme is expected to cost £2m over the next 3 years and is funded by SCIL. The A5 Toucan Crossing (which allows pedestrians and cyclists to use the same crossing over busy roads) will provide a direct pedestrian / cycle link from the Staples Corner Growth Area to Brent Cross West Thameslink Station.

10.46 The Hillside Corridor (£0.8m) pipeline budget in 2025/26, funded by borrowing, will focus on the viability of the programme.

Children and Young People and Schools

SEND Expansion

10.47 The SEND programme continues with £12.6m capital budget allocated in 2025/26 (funded by the DfE's Basic Needs grant). The budgeted £12.6m spend in 2025/26 relates to completion of the new SEND school at London Road, and three Additionally Resourced Provisions (ARPs) that will complete for September 2025. An ARP is a provision, within a school, designed to provide specialist and targeted support for children with long term special educational needs.

Schools Asset Management Plan & Devolved Formula Capital

10.48 The Schools Asset Management Plan budget in 2025-26 is £2.4m. The School's AMP budget is fully funded by the Department for Education and the current three year allocation ends in 2025/26 (£2.4m pa). The AMP funding is used to improve the condition of school buildings, ensuring the buildings are weathertight and provide a safe environment for education. An application has been made to renew the current grant agreement under the same terms with a proposed additional £7.2m grant request.

10.49 The Devolved Formula Capital funding, at £0.6m and funded by the DfE, covers the capital funding devolved to schools to use at their school site.

Post-16 Skills Centre

10.50 The budget for the Welsh Harp Post-16 Skills Centre in 2025-26 includes funding for design, surveys, and planning. The centres support young people aged 16– 25 with SEND. Additionally, the project is proposing further investment of £3m to deliver Post-16 skills centre at Airco Close and the horticultural centre at the Welsh Harp which is expected to be funded by £2m DfE Basic/High Needs grants, and £1m SCIL.

Youth Facilities Proposals

10.51 Officers will be taking youth facilities project proposals to Cabinet in early 2025 and subject to approval, will use the £0.5m budget for initial design and survey costs for the proposed youth facilities.

Statutory Capital & Treasury Reports

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

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

10.54 The various statutory reports are as follows:

- Capital Strategy (high-level report covering the basics of capital programme, treasury management and investments for service commercial reasons) – Appendix F.
- Non-Treasury Investment Strategy (disclose the contribution that investments make "towards the service delivery objectives and / or place making role of the local authority – Appendix G.
- Treasury Management Strategy (the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) requires the Council to approve a treasury management strategy before the start of each financial year. The strategy outlines a framework within which the Council manages its cash flows, borrowing and investments, and the associated risks – Appendix H.

- Minimum Revenue Provision (the process for calculating the annual charge to the revenue account of provision to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements (such as PFI) – Appendix I.

10.55 The statutory capital and treasury reports have been included here for noting in Appendices F – I.

11.0 Pay Policy Statement 2025/26

11.1 Section 38 of the Localism Act 2011 requires local authorities to publish an annual 'Pay Policy Statement', setting out their policies in respect of chief officer remuneration and other specified matters. Regard must be had to guidance to be published by the Secretary of State in preparing the statement, which must be approved by Full Council. The Council is then constrained by its pay policy statement when making determinations on chief officer pay, although the statement may be amended at any time by a further resolution of the Full Council. No new guidance has been published since the statement was adopted for 2024/25 and so there are no proposed changes to the statement related to the guidance. The Draft Pay Policy Statement, attached as Appendix N, contains minor updating and cosmetic changes from the Statement adopted by full Council for the last financial year.

12.0 Stakeholder and ward member consultation and engagement

12.1 Section seven of this report provides more details of the statutory consultation process with regards to setting the 2025/26 budget.

13.0 Financial Considerations

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

13.2 The budget report sets out a comprehensive picture of the council's finances over the short, medium and long term to assist in the decision making process in setting the 2025/26 budget.

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

13.4 In addition to the risk of delivery of the savings programme, there remains considerable uncertainty on the future of Local Government funding from 2026/27. In consequence, and following a comprehensive review of budget assumptions, the general reserve is expected to increase to £20.3m to ensure that the Council continues to follow the principle set out in section six regarding the appropriate level of generally usable reserves. This level is still relatively low for London, but is not unreasonable.

13.5 That said, the budget now proposed is realistic and affordable, albeit challenging. The increases in Council Tax set out, if agreed, will generate significant additional revenue over time, minimising the number of difficult new decisions about funding for specific services to be proposed. If agreed, this budget would provide for affordable services in 2025/26.

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

14.0 Legal Considerations

14.1 These are set out in Appendix M.

15.0 Equity, Diversity & Inclusion (EDI) Considerations

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

16.0 Climate Change and Environmental Considerations

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

17.0 Human Resources Considerations

17.1 Of the proposals set out in Appendices C (i) and C (ii), there are some where there is an impact on staffing and could be subject to redundancy.

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

18.0 Communication Considerations

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

Related document(s) for reference:

Draft Budget 2025/26 - Cabinet 12 November 2024

Report sign off:
Minesh Patel Corporate Director, Finance and Resources