



Resources & Public Realm Scrutiny Committee

16 July 2025

Cabinet

28 July 2025

Report from the Corporate Director, Finance and Resources

**Lead Member -
Deputy Leader & Cabinet Member
for Finance and Resources
(Councillor Mili Patel)**

Quarter 1 Financial Forecast 2025/26

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
List of Appendices:	Two: Appendix A: Savings Delivery Tracker Appendix B: Prudential Indicators
Background Papers:	N/A
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1.0 Executive Summary

- 1.1 This report sets out the financial forecast for the General Fund revenue budget, the Housing Revenue Account, the Dedicated Schools Grant and the Capital Programme, as at Quarter 1 2025/26.

- 1.2 The Council's revised General Fund revenue budget for 2025/26 is £431.4m. The forecast at Quarter 1 is an overall breakeven position, however there are a number of risks could impact this forecast that are being managed by services. These risks and uncertainties are set out below. The current budget also reflects £8.9m of savings agreed by Full Council in February 2025, the status of which are set out in Appendix A.
- 1.3 There are also potential budget pressures being reported within the Housing Revenue Account as a result of considerable savings being required following rent limitations imposed by central government in previous years and increased demand and costs associated with repairs. Further details are set out in section 11. The Dedicated Schools Grant is reporting a breakeven position however there remains a cumulative deficit of £13.6m that presents a significant risk. Further details are set out in section 10. There is significant risk within the delivery of the Capital Programme due to the complex nature of the projects within it which may result in slippage. The Quarter 1 forecast for the Capital Programme is currently being finalised and will be included in section 12 of the version of this report presented to PCG.
- 1.4 The tables below show the forecast position against budget for the General Fund, Dedicated Schools Grant, Housing Revenue Account and Capital Programme.

Table 1: 2025/26 Quarter 1 forecast for the General Fund

	Budget	Forecast	Overspend / (Underspend)
	£m	£m	£m
Service Reform and Strategy	180.5	180.5	0.0
Children, Young People and Community Development	95.6	95.6	0.0
Neighbourhoods and Regeneration	35.7	35.7	0.0
Finance and Resources	30.2	30.2	0.0
Residents and Housing Services	30.9	30.9	0.0
Subtotal Service Area Budgets	372.9	372.9	0.0
Central Budgets	58.5	58.5	0.0
Total Budget Requirement	431.4	431.4	0.0
Funding	(431.4)	(431.4)	0.0

Grand Total General Fund Budgets	0.0	0.0	0.0
DSG Funded Activity	0.0	0.0	0.0
Housing Revenue Account (HRA)	0.0	0.0	0.0
Net Total*	0.0	0.0	0.0**

*DSG and HRA budgets have been presented as net figures in the table above. Gross income and expenditure budgets for the DSG and HRA are shown below.

Table 2: 2025/26 Quarter 1 forecast for the Dedicated Schools Grant

DSG gross income and expenditure			
	Budget	Forecast	Overspend / (Underspend)
	£m	£m	£m
DSG			
Income	(252.0)	(252.0)	0.0
Expenditure	252.0	252.0	0.0
Total	0.0	0.0	0.0

Table 3: 2025/26 Quarter 1 forecast for the Housing Revenue Account

HRA gross income and expenditure			
	Budget	Forecast	Overspend/ (Underspend)
	£m	£m	£m
HRA			
Income	(69.9)	(69.9)	0.0
Expenditure	69.9	69.9	0.0
Total	0.0	0.0	0.0

Table 4: 2025/26 Quarter 1 forecast for the Capital Programme

Portfolio / Programme	Revised Budget 2025/26	Current Forecast	FY Variance	
			(Underspend)/ Overspend	(Slippage)/ Brought Forward
	£m	£m	£m	£m
Corporate Landlord	12.9	12.9	0.0	0.0
HCIB - GF	97.9	97.9	0.0	0.0
HCIB - HRA	39.7	39.7	0.0	0.0
Public Realm	25.0	25.0	0.0	0.0
Regeneration	119.5	119.5	0.0	0.0

CYP & Community Development	23.1	23.1	0.0	0.0
South Kilburn	25.0	25.0	0.0	0.0
St Raphael's	3.5	3.5	0.0	0.0
Grand Total	346.6	346.6	0.0	0.0

Current Economic Environment

- 1.5 In the current and medium term, the economic environment is weak, with domestic output stagnating in the second half of 2024, and many people and organisations are still suffering from the cost-of-living crisis. The outlook has also become more uncertain due to upward pressure on defence spending and a tightening of global trade restrictions in recent months
- 1.6 Inflation has fallen from a peak of over 11% in 2022, to close to the Bank of England's 2% target since the middle of 2024. As of May 2025, the Bank forecasts that inflation will rise temporarily to 3.7% in 2025, partly because of higher energy prices, before falling back to the 2% target after that. As a result, interest rates remain high at 4.25%, having most recently been cut in May 2025, but are forecast to fall below 4% in 2026.
- 1.7 The residents of Brent face an equally challenging economic environment with the effects of the cost-of-living crisis exacerbated by levels of unemployment above national and London averages. After effects of the recent high level of inflation, and continuing high interest rates, combined with global instability, mean that the cost-of-living crisis is unlikely to end in the near future.

Local Government Funding

- 1.8 The government's Autumn Statement and Local Government Finance Settlement provided figures in sufficient detail to enable effective resource planning for 2025/26. The settlement was the seventh annual one-year settlement for local government, ahead of the Spending Review that was delivered on 11 June 2025.
- 1.9 At the Spending Review, it was announced that Core Spending Power across England would increase by an average of 2.6% a year in real-terms between 2026/27 and 2028/29, assuming maximum council tax increases of 4.99% a year. There was some limited additional revenue funding for children's and adult social care, but overall the impact on current funding assumptions is still unclear.
- 1.10 The spending review was heavily constrained by economic reality, the relatively sluggish performance of the UK economy has limited the scope for movement, and at the same time, demographic pressures, especially an

ageing population, are increasing demands for services. In the medium term, the focus of the Spending Review was to increase capital funding, especially for Housing and Transport, with the goal of improving the UK economy.

- 1.11 The government has also committed to fundamental reform of local government financing from 2026/27, with particular focus on diverting resources to authorities that need them most and delivering the first reset of the business rates retention system since it was created in 2013. As part of these reforms, the government has stated its intention to deliver a multi-year funding settlement to local authorities for 2026/27. This will provide greater certainty within which to plan budgets for future years.
- 1.12 The government recognised in the Spending Review that funding alone will not address the challenges facing local government. To support long-term financial sustainability, a consultation on proposals to update and reform the funding system was announced on 20 June 2025. More detail on the Spending Review and Fair Funding Review 2.0 consultation are included in section five of the Medium Term Financial Outlook report.

Maintaining Financial Control

- 1.13 Local government is facing the most challenging financial environment for many decades. Many councils are overspending and depleting their reserves, most are experiencing the adverse effects of a prolonged period of high inflation, high interest rates and significant increases in demand due to demographic changes. In 2025/26, the government has agreed to provide 30 Councils with support to manage financial pressures via the Exceptional Financial Support process (up from 19 in 2024/25), including 8 Councils for which support has been agreed for prior years. Many more authorities are in talks, allowing them to use capital resources (such as borrowing or selling assets) to pay for day to day spending. Concerns about future levels of government funding are widespread. Against this backdrop, Brent has maintained a strong position in terms of financial resilience and sustainability with a good track record of delivering savings and balancing the overall budget.
- 1.14 Despite the considerable efforts of the Council to manage its position, the operating environment and wider economic context continues to be volatile with small changes in demand disproportionately materialising in large financial pressures. These are particularly in Children's social care and Adult social care packages in terms of volumes and complexities, and temporary accommodation volumes, costs of provision and loss of Housing Benefit subsidy from central government. The Council is also dealing with the impact of rising costs due to the continued high level of provider inflationary pressures, and the impact of the cost-of-living crisis which also affects important income streams of the Council.

- 1.15 Since 2023, a number of immediate and medium-term actions have been taken to mitigate these pressures in order to maintain financial control over the current budget position. The Council has implemented a Budget Assurance Panel to provide additional oversight and scrutiny of its financial position, including in-year budget pressures and issues, mitigating actions and the delivery of agreed savings.
- 1.16 Given the pressures in 2024/25, in-year savings were required and £8.6m of one-off savings were identified, on top of the permanent savings agreed at Full Council. These measures included proactive vacancy management, directorate led targeted non-essential spending controls including agency and interim spend, alongside department led management action plans reflecting other actions being undertaken. A view will be taken during 2025/26 on whether similar additional in-year measures are required if the current forecast overspend worsens.
- 1.17 An update on the overall financial position over the medium-term is provided alongside this report in the Medium Term Financial Outlook report.

2.0 Recommendation(s)

- 2.1 That Cabinet note the overall financial position and the actions being taken to manage the issues arising.
- 2.2 That Cabinet note the savings delivery tracker in Appendix A.
- 2.3 That Cabinet note the prudential indicators for treasury management in Appendix B.
- 2.4 That Cabinet approves the virements set out in section 9.18 of this report.
- 2.5 That Cabinet note the debt written off as set out in section 9.22
- 2.6 That Cabinet approve an uplift to the Capital Programme Budget of £851k following the successful grant award of UK Shared Prosperity Funding as set out in section 12.2 of this report.

3.0 Cabinet Member Foreword

- 3.1 As we enter the 2025 to 2026 financial year, Brent Council continues to navigate a landscape of profound economic and social challenges. Although the first quarter sets out a breakeven forecast against our £431.4 million General Fund revenue budget, this is not without significant risk. This is a sobering reminder of the pressures we face, but it is also a testament to our unwavering commitment to protecting services for our residents.

- 3.2 The pressures are not abstract they are rooted in the lived experiences of our communities. In 2024 to 2025, we received 6,281 homelessness applications — including 3,538 from single individuals and 2,743 from families. While this represents a 14 per cent reduction from the previous year, the demand remains high, and the cost of temporary accommodation continues to rise. The number of households in bed and breakfast accommodation increased by 10 per cent in just one month, from 1,078 in February to 1,182 in April 2025.
- 3.3 We are not standing still. We have increased the Housing Needs and Support budget by £14 million this year, and our wholly owned housing company, i4B, continues to deliver affordable homes, with 15 new acquisitions planned for 2025 to 2026. We are also implementing a new model of resident support, backed by £1 million in recurring funding, to help households build long-term resilience.
- 3.4 Across the Council, we are delivering £8.9 million in agreed savings, with 91 per cent on track for delivery. We are investing in our people, our infrastructure and our future. We are also working across departments to deliver the Embrace Change programme, transforming how we support residents and manage public money.
- 3.5 But we must be honest about the risks. The cost of social care packages continues to rise, with a 7 per cent increase in service users and a 7 per cent increase in average weekly costs from 2024 to 2025. The pressures in children's placements, particularly in residential and secure settings, remain acute. Our collection rates for debt and Council Tax and Business Rates, while improving, still fall short of pre-pandemic levels.
- 3.6 We must continue to challenge ourselves, innovate and collaborate. Brent has never shied away from difficult choices and in the following financial quarters, we will continue to take whatever action is needed to retain this council's reputation for financial sustainability.

Revenue Detail

4.0 Service Reform and Strategy

Table 5: 2025/26 Quarter 1 forecast for Service Reform and Strategy

Service Reform and Strategy	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Adult Social Care	122.4	122.4	0.0
Strategic Commissioning & Capacity Building	17.5	17.5	0.0
Public Health	26.1	26.1	0.0

Leisure	1.6	1.6	0.0
Integrated Care Partnerships	0.1	0.1	0.0
Communications Insight and Innovation	12.8	12.8	0.0
Total	180.5	180.5	0.0

Summary

- 4.1 The Service Reform & Strategy department (SRS) budget for 2025/26 includes previously agreed savings of £4.7m. Growth funding has also been built into the budgets of £12.5m to account for assumptions around demographic and inflationary trends.
- 4.2 The Directorate at this early stage is currently forecast to breakeven by the end of the year however, a significant part of the department's budget funds demand led care packages. Risks and uncertainties against the budgets are detailed below which may impact on the forecast position going forward.

Risks and uncertainties

Adult Social Care, Strategic Commissioning & Capacity Building and Integrated Care Partnerships

- 4.3 There remains a number of risks and uncertainties which could impact on the budgets within the SRS department. These include the following:
- 4.4 Demand for social care services has been increasing as people live longer and as children transition into adult social care services. In the 2024/25 financial year, the number of service users grew from 4,172 to 4,476, an increase of 7%. At the end of May the number of users reached 4,505. If this pattern continues, the number of service users will reach 4,833. As well as a trend of increasing client numbers, there are pressures from increasing costs, with the average weekly cost also increasing by 7%. When setting the budgets for 2025/26, growth for both demographic and inflation were factored in. Any increases above the modelled growth could cause budget pressures and as such, the trends for both will be carefully monitored with focused attention on higher cost packages.
- 4.5 In addition to the trend of demographic and inflationary increases, complex cases cause significant financial strain. Complex cases tend to require more resources from care providers, this then comes at a higher cost to the Council, and whilst the average number of clients with complex cases remains relatively constant, the cost of these packages has been increasing. There was a 10% increase in cost in 2024/25 for these high-cost packages, with new packages also costing more than existing ones. Packages of care are being

reviewed to ensure that the level of care is appropriate for the clients, with exploration into alternative solutions also being made, whilst prioritising the wellbeing of the client.

- 4.6 Recruitment and retention of staff remains a risk nationally in the social care sector. The sector continues to be faced with high staff turnover and vacancy rates. The shortage of qualified staff can have detrimental effects on the care provided to adult service users and added stress on existing staff. The national shortage of care workers has changed the workforce model across social care leading to a reliance on agency staff that are more costly compared to permanent staff. Management continues to focus on agency to permanent conversions as part of its workforce planning strategy and to maintain stability for the clients. An internal realignment of staffing was undertaken to better align the structure to Brent's priorities.
- 4.7 Partnership working with the NHS is a key factor in management of finances within the social care sector, with linkages between the Council and NHS for Section 117 and Continuing Healthcare (CHC) clients. This relationship has seen significant improvement during the last year, and the continuation of this progress will be important to ensure that any financial pressures can be mitigated early on.
- 4.8 Of the £4.7m savings target, £1.3m is linked to technology-enabled care, telecare, and housing-related contracts. There is a risk of these savings not being delivered within the agreed timeframe, these will be closely monitored, and actions to mitigate the financial impact are being developed.

Public Health

- 4.9 As of Quarter 1, the Public Health grant is forecast to break even, despite sustained inflationary pressures and rising costs in NHS-commissioned contracts under the national Agenda for Change framework. These financial pressures have been compounded year on year, as NHS pay awards have consistently exceeded the annual uplifts to the Public Health grant.
- 4.10 For 2025/26, the government has confirmed an increase in grant allocations to help address ongoing pay-related pressures arising from the 2024/25 NHS pay awards. While this uplift will help ease some of the strain, the council will also draw on its Public Health earmarked reserves to ensure the continued delivery of essential services. The allocation for 2025/26 also includes dedicated funding to support the expansion of supervised toothbrushing programmes. There is also a £3.5m planned use of the public health grant reserve in 2025/26.

- 4.11 Spending on targeted Public Health initiatives—funded through the Drug and Alcohol Treatment Recovery and Improvement Grant (DATRIG), Stop Smoking Grant, and Start for Life Grants—is progressing as planned and aligned with the outcomes set out in national guidance. The DATRIG, issued by the Department of Health and Social Care (DHSC), has replaced the previous Supplementary Substance Misuse Treatment and Recovery Grant (SSMTRG) and Rough Sleepers Drug and Alcohol Treatment Grant (RSDATG) which, in recent years, have enabled a significant expansion of local treatment services, resulting in improved outcomes.
- 4.12 While positive indications have been received regarding the continuation of DATRIG funding after 2025/26, formal confirmation has not yet been issued. In response, the service is proactively developing a contingency plan to utilise the Public Health reserve, if required, to ensure sustained delivery and protect progress achieved to date.

Leisure

- 4.13 The leisure service is heavily reliant on income generation, making it vulnerable to financial pressures arising from fluctuating demand and unexpected cost increases. There is a risk to the budget due to the rising costs of operating and maintaining Bridge Park Community Leisure Centre (BPCLC), which continues to put significant pressure on the service budget. While there have been some increases in income from specific activities, these gains have not been sufficient to fully offset growing expenditure on staffing, cleaning, security, and repairs. A paper discussed at the Cabinet meeting held on the 16th of June, Cabinet agreed to proceed to close the BPCLC on the 31st of July 2025 which will partially mitigate any risks going forward.
- 4.14 Leisure services at Vale Farm Sports Centre are currently delivered under a Tri-Borough contract shared by Brent, Ealing, and Harrow councils. The council is currently engaged in an open procurement process, in collaboration with Harrow and Ealing, for the future provision of leisure services at Vale Farm. Evaluation of bids from prospective providers is underway, with the new contract expected to commence in March 2026.
- 4.15 Willesden Sports Centre continues to face significant financial pressures due to rising indexed unitary charges and increasing utility costs. The forecast assumes a full drawdown of the £0.4m smoothing reserve. The reserve is expected to be fully utilised within the current year. In response, the council is working closely with leisure providers to develop a sustainable delivery model that ensures the long-term affordability of the service.

Communications, Insight and Innovation

- 4.16 For the Communications, Insight and Innovation service which includes Change and Customer Insight, Communications, Digital Strategy, and ICT Solutions (including Brent's funding for the Shared Technology Service), there are currently no significant risks to the budgets and savings delivery.
- 4.17 The service aims to manage any vacancies to support delivery of planned activities without disruption and ensuring efficiency improvements are achieved through process automation and contract renegotiations. The service also oversees The Drum, which has undergone a review this year to optimise its commercial income potential.

Savings and Slippages

- 4.18 A savings target for 2025/26 of £4.7m is planned to be delivered across several services within the department including staffing reductions, income generation, technology enabled care and managing demand. There is a risk of slippage as mentioned above of c£1.3m and the department will work to manage any risk as stated earlier.

Summary of Key Assumptions

- 4.19 Table 6 summarises the main assumptions made in the forecast which could have a significant impact if there are changes.

Table 6: Summary of key assumptions in forecast for Service Reform and Strategy

Key Assumption	Downside if worse	Upside if better	Mitigations
Increases to the cost of social care packages above what has been modelled, with client numbers remaining in line with what was modelled	A 1% increase over and above the modelled cost of care packages could result in a £0.7m pressure	A 1% decrease below the modelled cost of care packages will result in costs of £0.7m less than what was anticipated	The Council is working closely with the service providers and provides robust challenge of individual package costs based on evidence as part of placement reviews.
Increases to social care client numbers above what has been modelled, with package costs remaining in line with what was modelled	Additional budget pressures should there be clients beyond those modelled as part of the MTFS.	Client numbers falling below those modelled would reduce the cost to the Council.	The Council is working on developing PowerBI tools to allow for better monitoring of placements. Consistent monitoring and reporting will be

			made to facilitate early identification of pressures so mitigating actions can be taken.
Leisure - Utility costs to stay within the expected forecast	Additional pressure on the leisure reserves	Reduced pressure on the reserves	Service is monitoring activity and pricing to ensure are updated and reflected in a timely and accurate way.

5.0 Children, Young People and Community Development (CYPCD) (General Fund)

Table 7: 2025/26 Quarter 1 forecast for Children, Young People and Community Development

CYP Department	Budget (£m)	Forecast (£m)	Overspend (Underspend) (£m)
Forward Planning, Performance & Partnerships	48.3	48.3	0.0
Inclusion	3.2	3.2	0.0
Setting and School Effectiveness	0.0	0.0	0.0
Virtual School	0.5	0.5	0.0
Early Help	5.2	5.2	0.0
Localities	13.4	13.4	0.0
LAC and Permanency	7.2	7.2	0.0
Children with Disabilities	11.3	11.3	0.0
Safeguarding and Quality Assurance	2.2	2.2	0.0
Community Development	1.4	1.4	0.0
Central Management	2.9	2.9	0.0
TOTAL	95.6	95.6	0.0

Summary

- 5.1 At this early point in the financial year, the Q1 forecast is currently projecting a break-even position. However, as the year progresses, emerging pressures may arise within the CYPCD General Fund budget, primarily due to rising costs in placement services for children in care. This budget falls within the Forward Planning, Performance & Partnerships (FPPP) service.

Detailed Narrative

- 5.2 The pressures within FPPP service are primarily driven by rising costs associate with residential and secure placements:

- While the number of Looked After Children (LAC) has declined overall, there has been a sharp rise in those entering care with complex needs, particularly since late 2024/25. By May 2025, 44 children were in residential care—nine more than the previous year’s average. Youth Justice data also indicates a higher-than-usual number of remand cases, with six young people in care at the start of 2025/26. The length of time of these placements is dependent on the speed of moving cases through the criminal justice system. Suitable accommodation for LAC has been in short supply, particularly in London, although benchmarked figures indicate Brent has relatively lower LAC numbers on average (307) compared to neighbouring boroughs averaging 339 in 2024.
- Residential and secure placements are experiencing significant pressures. However, these are being partially offset by projected underspends in other areas, including foster care and adoption due to reduced demand, along with reduced costs in supported accommodation, and additional income and contributions.
- Close scrutiny of children’s care plans takes place at Director level to ensure children remain in the most suitable setting relative to their assessed needs. Work continues with other West London authorities to improve local authority run residential home sufficiency, with Brent supporting the development of new provision across the sub-region which would be available for spot-purchase.
- A review of all residential placements is currently underway to confirm step-down plans for individual children, with an initial focus on the 16-17 cohort . A residential panel, chaired by the Director, meets monthly with front line practitioners to systematically review step down plans for children in residential placements, including scrutiny and time limits placed on any additional support that is in place such as ration of staff to child.
- The directorate continues to scrutinise all non-essential spend, holding vacancies where sustainable and ensuring continued progress is made on reducing agency staff costs.

Risks and Uncertainties

- 5.3 The persistent overspend in high-cost residential and secure placements poses a major financial risk. While underspends may be identified later in the year through robust budget monitoring and achievement of further in-year savings, they cannot be guaranteed as an individual high cost residential or secure placement can cost over £0.5m per annum.
- 5.4 The in-house residential children's home that was originally planned to be operational from May 2025 and expected to contribute to the management of costs and placement sufficiency has been delayed to the second half of the calendar year due to processing delays from Ofsted as the regulator, which is being escalated within Ofsted to see if this can be expedited.
- 5.5 A Strategic Commissioning Group, chaired by the Corporate Director of CYP CD, aims to reduce costs through two primary initiatives: the expansion of in-house foster care provision and the enhancement of support for care leavers to promote independent living. The second initiative realised financial savings within the supported accommodation budgets. Risks are that care leavers are not able to access permanent accommodation in line with their independence plans as a result of an overall shortage of housing in the borough. Should this risk grow, progress made in reducing the cost of semi-independent accommodation will slow. The recruitment of foster carers did not significantly change during the 2024/25 financial year. Actions taken to improve outputs include increasing allowance rates to the West London average, providing a new support offer funded by the DfE and working collaboratively with West London boroughs on a fostering hub to streamline fostering enquiries and enhance marketing activity.
- 5.6 From April 2025, the Community Development department moved to the CYP directorate. Funding uncertainties exist within the Employment Skills and Enterprise service area due to confirmed reduction in GLA grants from September 2025 to fund staff. The service is undertaking a review of the available budget to identify measures to mitigate these potential pressures. A progress update and any potential in-year pressures will be provided in future reports.
- 5.7 Other risks exist within specific service areas such as the Setting and School Effectiveness (risk of not achieving historic income targets) and the Inclusion service (staff pressures to maintain Special Educational Needs assessment statutory deadlines).
- 5.8 The continued growth of children and young people with an Education, Health and Care Plans (EHCPs) may increase the pressure on some general fund services such as SEN Transport. Increase in demand exacerbated by rising prices on taxi routes and other pressures such as the effect of the London Living Wage and National Insurance increases, retender of the taxi routes, and an ageing fleet will place financial pressures on the budget. The Travel Assistance

Policy Implementation Plan (TAPIP) will be essential to manage transport costs in 2025/26. A set of Key Performance Indicators have been developed to monitor the success of the plan. The Children with Disabilities budget within the Localities service will also be impacted by an increase in EHCPs.

- 5.9 Disputes and delays in cost-sharing agreements with the Integrated Care Board (ICB) for complex care packages continue to pose a high risk, particularly when ICB engagement has not resulted in effective resolution in a number of cases.

Savings and Slippages

- 5.10 The department has £2m of savings to deliver in 2025/26. Comprising: £0.751m from service reductions, £0.540m from increased income/contributions, £0.405m from restructuring, £0.290m from service transformation and £0.013m from Digital Transformation.
- 5.11 The service transformation saving of £0.290m, linked to the opening of the new in-house residential children's home, is currently at risk, as the home is now expected to open in the second half of the year. Additionally, £0.240m of the savings attributed to service reductions, focused on recommissioning services that support school readiness and educational outcomes is at risk. As of Quarter 1, the remaining savings are expected to be delivered as planned, with any potential slippage to be managed by the directorate.

Summary of Key Assumptions

Table 8: Summary of key assumptions in forecast for Children, Young People and Community Development

Key Assumption	Downside if worse	Upside if better	Mitigations
LAC and Care Leaver placements forecast assumes numbers of 822 FTEs and unit costs reflect current trends.	An increase in the number of high cost residential or secure placements would place additional pressure on the budget. e.g., an increase by 4 placements in year could cause an additional pressure of £2m.	Increased step-down arrangements result in falling number of residential placements. A single stepdown from a residential placement to a semi-independent placement could reduce expenditure by c£0.2m in-year.	Ongoing review of packages for best outcomes and focus on stepdown arrangements to support children to transition from residential to foster and/or semi-independent placements. Supporting the transition of care leavers to their own tenancies, to improve outcomes and independence. Innovative support and partnering with Health for CYP Mental Health and Wellbeing, among other preventative measures.

Health contributions for CYP placements and Children with Disabilities (CWD) packages will be lower than the 2024/25 levels.	The spend will not be mitigated by these contributions in proportion to the overall demand.	It will assist in mitigating overall net spend.	Maximising joint funding approaches with health to ensure contributions to placement costs where applicable. Targeted activity across ICS to ensure consistency in Continuing Health Care funding.
Mix of social work staff and caseloads in the Localities and LAC & Permanency service to include the use of agency staff at a similar level than 2024/25.	If increases of 15% during the year, there could be up to £0.4m additional spend on agency social work staff to manage the pressure.	There would be a reduction in the use of agency staff and the reduced caseloads could be attractive to social workers seeking permanent roles.	Continued management action to monitor caseloads across the service and review and manage social work resources and incentives. New/more targeted recruitment campaign
Assume numbers of SEN clients requiring transport do not increase significantly and the take up of Travel Assistance is in line with expectations	An increase in the numbers would place additional pressure on the budget	Reduction of the expected overspend	Tracking and monitoring KPIs through SEN Transport Boards. Continuing contract monitoring

6.0 Neighbourhoods and Regeneration

Table 9: 2025/26 Quarter 1 forecast for Neighbourhoods and Regeneration

Neighbourhoods and Regeneration	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Public Realm	25.0	25.0	0
Inclusive Regeneration & Climate Resilience	2.3	2.3	0.0
Property & Assets	8.4	8.4	0.0
Total	35.7	35.7	0.0

Summary

- 6.1 Neighbourhoods and Regeneration Directorate are currently forecasting a breakeven position at Quarter 1.
- 6.2 The Parking service are forecasting a £1.0m underspend based on PCN issuance and current performance levels. This is underspend is offset by a

£1.0m pressure in Waste leaving a break-even position overall for Public Realm.

Risks and uncertainties

- 6.3 Within Inclusive Regeneration & Climate Resilience there are pressures on income generated by Building Control and Planning.
- 6.4 Building Control have been impacted in their ability to generate fee income by the reduced number of appointments on major developments, in part because of such developments not being progressed due to macro-economic factors. At the same time the service has also been affected by The Health and Safety Executive (HSE) high-rise building regulations that were introduced in October 2023, which meant a switch to a cost recovery basis for charging. In addition, 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 this work on the open market. Staff shortages are also impacting on the service's ability to compete for additional work. The department is working to mitigate the effect of these factors by reviewing recruitment practices, career pathways, increasing agency rates, and exploring a commissioning model.
- 6.5 Planning and Development services have been similarly affected as Building Control by the recent financial climate, with application and pre-application fee income has seen a decline in recent years. The current fees for 2025/26 are expected to be sufficient to prevent any pressures within the service in 2025/26.
- 6.6 Within Public Realm, Service Development and contracts performance are due to overspend by £1.0m in 2025/26. High inflation has led to higher than budgeted contract inflation in both the Veolia and Grounds Maintenance contracts, this combined with increased waste disposal costs with West London Waste Authority has contributed to this projected overspend. Close monitoring of recycling tonnage and market prices to ensure they align with the predicted figures for the contract continue for 2025/26. Targeted initiatives to reduce contamination levels in recycling collections to lower processing costs are underway. Education and campaigns around food recycling, promoting repair, reduce and reuse messages to help with reduction of general household waste is ongoing. Early indicators suggest these measures are having a positive impact, with cost improvements already evident in April and May 2025. The receipt of EPR (Extended Producer Responsibility) funding from the government in the autumn will further help to drive down costs from waste and deliver initiatives to improve our recycling efforts.
- 6.7 It was anticipated the new waste contract would face some pressure in the first few years, and as such an earmarked reserve was created to smooth any financial impacts between years. This reserve will be utilised in 2025/26

whilst the anticipated service improvements mentioned above become embedded.

- 6.8 Property and Assets are required to find new tenants to replace expired leases and vacant property to meet their income targets. The service is working to mitigate this risk by actively marketing these properties and working with agents where appropriate. There are also continuing pressures within Facilities Management due to the cost of overtime required on both Cleaning and Security services. The service is working to mitigate this and any underspends within Property and Assets will help reduce the pressure.
- 6.9 Based on the current forecasts of energy prices from the Council's energy supplier, which is based on the contracts they have already bought for future energy supply, Property & Assets are expecting energy costs to the Council to fall in 2025/26. The current estimate is an underspend of £0.4m, which will help reduce the anticipated overspend in Facilities Management.

Savings and Slippages

- 6.10 Savings of £0.5m are expected for 2025/26 for Neighbourhoods and Regeneration. This main savings are expected from restructures across the department and increases in fees and charges within Waste.
- 6.11 At Quarter 1 the department is currently expecting that all savings will be delivered in-year.
- 6.12 The table below summaries the main assumptions made in the N&R forecast.

Summary of Key Assumptions

Table 10: Summary of key assumptions in forecast for Neighbourhoods and Regeneration

Key Assumption	Downside if worse	Upside if better	Mitigations
That newly implemented in-year savings can be achieved. This also assumes that the service would otherwise have broken even.	If the savings are not achieved, it will put pressure on the Council's overall budget.	There are significant pressures on the Council's overall budget, so if further savings are achieved to will go towards alleviating this.	Work has already begun to achieve the savings. Some are straightforward, such as holding vacancies and therefore already achieved.

Building Control is able to mitigate pressure on its income generation.	In 24/54 the department reported a £530k overspend, without mitigation the same could occur	The department is able to generate more income providing additional revenue to the Council	Cases arriving through the BSR are being closely monitored to ensure accurate forecasting. A reserve was created in 2023/24 to mitigate pressures whilst a longer-term plan is implemented.
Recycling performance will improve and material prices for the recyclates will be in the forecast range.	The full reserve could be utilised and pressures spread into future years. There is a £560k difference between the central and worst case when modelling the cost of the recycle reprocessing budget.	If recycling improves it will reduce the cost of waste disposal, leading to a rebate on forecast charges. Based on prior years this could be up to £500k. The reserve balance is not fully used and is available to repurpose and utilise for other pressures.	The monthly data around tonnage, rejections and market prices for recycling are closely monitored. With ongoing work to improve recycling performance.
The waste contract has some variable elements which are paid for as used, for example winter maintenance. It is assumed that usage will be within the expected range.	This will create a financial pressure for the service, likely leading to an overspend.	The expected budget for this element would not be utilised. This could then be used to cover pressures elsewhere.	The service are aware of the costs of the variable elements. The volume is therefore closely monitored to ensure that the usage is appropriate.

7.0 Finance and Resources

Table 11: 2025/26 Quarter 1 forecast for Finance and Resources

Finance and Resources	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Finance Services	11.1	11.1	0.0
Organisational Assurance & Resilience	4.4	4.4	0.0
Shared Technology Services	0.0	0.0	0.0
Human Resources & Organisational Development	4.2	4.2	0.0
Legal Services	4.7	4.7	0.0
Democratic Services	5.8	5.8	0.0
Total	30.2	30.2	0.0

Summary

- 7.1 The Finance & Resources directorate is reporting a breakeven position at Q1.
- 7.2 Finance & Resources has expanded following the Senior Management restructure was implemented from April 2025. The department now incorporates the Directorates which previously formed Law & Governance - Human Resources & Organisational Development, Legal Services, and Democratic Services.
- 7.3 HR & Organisation Development and Legal Services have both undertaken a realignment of their budget to reflect recent staffing changes. Both services currently forecast a break-even position.
- 7.4 Organisational Assurance & Resilience experienced a pressure in 2024/25 within the Insurance Service. This was due to a change in the insurance offer for schools from the Government, meaning schools were able to utilise that offer rather than that of the Council. The service has been exploring other income sources and expects to be able to mitigate the pressure in 2025/26.
- 7.5 Shared Technology Services (STS) is expected to breakeven, the costs for Shared Technology Services are split between Brent, Southwark and Lewisham, so income is equal to expenditure for STS.

Savings and Slippages

7.6 A total of £0.7m in savings was planned for Finance and Resources through staff reductions, service transformation, and income generation.

7.7 At Q1 all saving are expected to be achieved in 2025/26.

Risks & Uncertainties

7.8 In recent years there has been a pressure in the Insurance service due to the changes to schools' insurance, but also the cost of insurance due to claims for injuries and vehicle damage relating to footways and highways. These types of claims have seen increases, so could lead to cost increases if not addressed.

7.9 Improved recruitment and the realignment of staff in Legal Services is expected to address previous cost pressures around the use of agency and specialist staff. This will be monitored to ensure that is operating as expected and pressures can be managed.

8.0 Residents and Housing Services

Table 12: 2025/26 Quarter 1 forecast for Residents and Housing Services

Residents and Housing Services	Budget (£m)	Forecast (£m)	Overspend /(Underspend) (£m)
Housing Needs and Support	13.1	13.1	0.0
Housing Partnership and Tenant Engagement	2.6	2.6	0.0
Private Housing Services	0.4	0.4	0.0
Residents Services	14.7	14.7	0.0
Housing and Resident Services Corporate Director	0.1	0.1	0.0
Total	30.9	30.9	0.0

Summary

8.1 The Residents and Housing Service department is currently forecasting a break-even position for the financial year 2025/26. However significant pressures continue to be experienced by this directorate, largely in the Housing Needs and Support service.

8.2 The Housing Needs and Support budget overspent by £15.3m in 2024/25 due to an extremely high level of demand for this service and a lack of affordable Private Rented Sector (PRS) offers. In 2025/26, with an additional £3.4m of funding allocated through the main Homelessness Prevention Grant and a £10.6m of growth built into the base budget, there is an increase of £14m in the service budget in comparison to the previous financial year to

deal with continuous pressures and demand. With a number of interventions and projects focusing on increasing the supply, it is anticipated that the service will be able to contain costs within the existing budget envelope. Projections and forecasts for 2025/26 are continuously under review, modelling the current demand and costs in comparison to projected trends and movements.

- 8.3 The department continues to take a number of actions to support Brent residents and businesses and mitigate the impact of the cost-of-living crisis.
- 8.4 The Household Support Fund (HSF) grant has been extended until 31 March 2026 to support residents through the cost-of-living crisis. Brent's allocation for the year is £4.9m, a decrease of £661k in comparison to the year before. It is anticipated that the grant will be fully utilised to continue to support households receiving free school meals, Care Leavers, Disabled households on Housing Benefits, Credit Union, Immigration advice, Debt advice, Employment support and external partners. An amount will also be allocated for reactive support where residents who are in hardship can apply for help and support.
- 8.5 In April 2024, a new model of support for Brent residents was developed for three years through the piloting of Cost-of-Living Outcome Based Review (OBR) projects and guided by a series of design principles. The approach has a single, joined-up model including the Community Wellbeing Programme aligned with the Resident Support Fund (RSF), to support residents to be more resilient in the longer term and aligns closely with strategic priorities and related projects. The RSF supports the Council's approach towards addressing key community needs through strategic funding and partnerships, ensuring impactful and sustainable support for residents. £1m of recurring funding has been allocated in the Medium Term Financial Strategy (MTFS) to support this model.
- 8.6 Other services within the department are also projecting to achieve a break-even position for the year. The 2025/26 budget has been set considering assumptions around future demographic changes, the impacts of the cost-of-living crisis and inflationary trends. It is based on these assumptions and current trends that the Residents and Housing Services department is forecasting to achieve a balanced financial position. However, there are risks and uncertainties that could impact on the year's final financial outturn position.

Risks and uncertainties

- 8.7 Housing Needs and Support continues to represent the most significant area of within for the department. This is primarily driven by an exceptionally high and sustained level of demand for housing services and emergency

accommodation, a challenge that is experienced nationally but particularly acute within London. As at the end of 2024/25, the total demand for homeless support services in Brent stood at 6,281 households, comprising of 3,538 single individuals and 2,743 families. On average, this equates to approximately 121 new applications being submitted each week, underscoring the ongoing pressure on local homelessness services. While this level of demand reflects a 14% decrease compared to the 7,300 applications recorded during the 2023/24 period, the need for housing support and associated costs remain elevated. Despite the reduction in overall households, the volume of individuals and families requiring assistance continues to place considerable strain on resources, leading to sustained high costs for the provision of services. The total number of applications in 2025/26 is projected to reach approximately 6,862. This is in line with the amount received in 2024/25. Demand from families has remained stable, showing little to no change from previous levels. This divergence in demand patterns may have implications for resource allocation and budgeting, as family cases often require different levels and types of support compared to single-person applications. The new Renters Reform legislation comes into effect in October 2025 which means more landlords will be exiting the private rented sector market, and serving notices, resulting in a possible increase of homeless applications. Projections will be updated once more data becomes available on the impact of the legislation. In comparison to 2023/24, there was a reduction in applications which was predominantly driven by a decline in applications from single individuals.

- 8.8 London Councils conduct ongoing analysis and benchmarking against peer authorities to provide insight into the housing situation across the capital. Their latest findings indicate that housing pressures are escalating significantly beyond budgeted projections. Specifically, Councils' net deficits on homelessness service expenditures are forecasted to increase by at least £170m (18.9%) in 2025/26 compared to 2024/25. Brent, in particular, has experienced a considerable 15% rise in its deficit between the 2023/24 and 2024/25 financial years. In March 2025, the total monthly expenditure on temporary accommodation (TA) across London reached £196m, marking a significant 86% increase compared to the same month in the previous year. During this period, the number of households placed in temporary accommodation rose by 13%. .
- 8.9 Given that these challenges are experienced across London, the availability of Bed and Breakfast (B&B) and annexe accommodation is severely limited throughout the capital. This shortage of suitable accommodation is driving reliance on higher-cost providers and, in some cases, placements outside of Brent. Such arrangements not only increase financial pressures due to elevated accommodation costs but also impose additional burdens on families, including increased travel expenses for children attending schools in Brent.

- 8.10 The supply of settled TA properties, leased from private landlords and intended to transition families out of Bed and Breakfast (B&B) and annexe accommodation, has also declined. This reduction is primarily driven by a decrease in the procurement of new properties under Private Sector Leasing (PSL) schemes, coupled with landlords opting not to renew leases on existing properties upon expiration.
- 8.11 Findings from London Councils indicate that the PRS in London is being impacted by multiple factors contributing to a decline in the availability of rental properties. While demand for housing continues to rise, the overall supply across the market is contracting. Increased dependence on the PRS to accommodate lower-income households, combined with tightening housing benefit provisions, is further limiting affordability and availability of rental properties. Supply-side pressures such as changes in taxation, rising interest rates, and uncertainties surrounding future regulatory frameworks are notably constraining the supply of lower-end PRS properties. According to the Office for National Statistics covering April 2025 average private rents across the UK increased by 2.7% in the 12 months. Rent inflation was highest in London at 8.4%.
- 8.12 A targeted programme of work has been established to address and contain the projected overspend. Multiple workstreams have been initiated, focusing on improving the affordability of temporary accommodation and exploring new and alternative housing supply options. Council officers are proactively renegotiating contract prices and identifying alternative solutions to relocate some of the highest-cost cases, with the objective of reducing overall expenditure within the Housing Needs service. Officers continue to rigorously assess and manage homelessness applications to prevent or relieve demand where possible. In the 2024/25 financial year, 51% of homelessness approaches were successfully prevented or relieved.
- 8.13 In the 2025/26 financial year, i4B is continuing its street property acquisition programme with an initial target of acquiring 15 homes. i4B, a housing company wholly owned by Brent Council, was established to acquire, let, and manage a portfolio of affordable, high-quality PRS properties. These properties are leased to homeless families at Local Housing Allowance (LHA) rates, enabling the Council to prevent or discharge homelessness duties, thereby reducing reliance on temporary accommodation and associated costs while ensuring families have access to secure and responsible landlords. i4B remains self-financing, with the current portfolio generating annual savings in temporary accommodation costs. This self-financing portfolio generates annual savings exceeding £6m by reducing reliance on temporary accommodation. While new builds and acquisitions alone will not fully resolve the homelessness challenge, the Council is actively utilising its available resources and powers to expand housing

supply. Any additional supply secured through i4B will contribute to mitigating the risk of overspending and help manage future housing costs.

- 8.14 In addition, supported exempt accommodation properties continue to create financial pressures for the Council and represent a budgetary risk for 2025/26. Unlike other landlords, providers of supported exempt accommodation are not bound by Local Housing Allowance (LHA) caps and can charge higher rents once they demonstrate that support services are being provided. Housing Benefit subsidy levels depend on Rent Officer determinations, which are based on the rent claimed by providers. This issue reflects a national challenge, highlighting the need for clearer regulation regarding the criteria that providers must meet to qualify as Supported Exempt Accommodation. Greater clarity on what constitutes minimal care would enable a more consistent approach to assessing individual support needs across the sector. Historically, costs associated with supported exempt accommodation have not posed a significant budgetary pressure for the Council and have been managed within corporate central budgets. However, an overspend of £4m occurred in 2024/25 and this area of spend being carefully monitored.
- 8.15 A dedicated working group has been established within the Council with the objective of minimising opportunities for exploitative landlords to enter the Supported Exempt Accommodation market. The group has developed a clear strategy outlining the Council's processes for reviewing both new landlords seeking to join this market and those already operating within it. Senior managers have met with the providers with the greatest subsidy loss to the council to discuss options to reduce this loss. The reviews process will also assess individuals' support care needs and verify that providers are delivering the appropriate level of care. This strategy and reviews process should bring the cost of SEA under control and, in time, should lead to cost avoidance and/or savings. A consultation on the implementation of the Supported Exempt Accommodation Act was launched in February 2025 seeking views on plans to implement measures set out in the Supported Housing (Regulatory Oversight) Act 2023 and on the government's proposal to introduce a locally led licensing regime for supported housing across England, and new National Supported Housing Standards for the support provided. Brent Council submitted a substantial response to this outlining the Council's broad support for the Act and areas where it could go further. As the Government analyses the responses to the consultation on standards and licensing, the Council is proactively preparing to develop and implement the new licensing team. At the same time, the Council continues to make sure its activities and strategies remain aligned with emerging regulatory requirements.

Savings and Slippages

- 8.16 A total of £0.8m in savings is planned to be delivered from the department's budgets in 2025/26. The main savings are expected from restructures, digital projects and income generation opportunities. The department is currently anticipating that all savings will be achieved in full.

Summary of Key Assumptions

Table 13: Summary of key assumptions in forecast for Residents and Housing Services

Key Assumption	Downside if worse	Upside if better	Mitigations
The additional number of homeless people can be managed within the existing forecast.	Each person costs on average £397 per week to accommodate, therefore any further increases in demand would result in a circa £0.1m per quarter for every 20 people.	Faster progress on homeless pathways or any decrease in demand will reduce expenditure by £397 per week per person.	The service is focusing on moving homeless clients along the various pathways. Various project workstreams are focusing on sourcing additional housing supply to alleviate some of the pressures.
Rent collection rates for the Housing Needs service will not fall below the anticipated level.	A 5% worsening in the collection rate will cost £1m per quarter	A 5% improvement in the collection rate will recover £1m.per quarter	Collection rates are being closely monitored and investigations into the drivers for the movements in the collection rates are ongoing.
Other inflation-linked costs can be contained within existing budgets.	A 3% increase in costs above budgetary assumptions could cost an additional £0.8m per annum	A 3% cost reduction in costs would result in a circa £0.8m saving for the year.	The department continues looking for best way to achieve value for money, utilising the most efficient procurement and service delivery options and negotiations.

9.0 Central items

Collection Fund – Council Tax

- 9.1 The net collectible amount for Council Tax for 2025/26 (after exemptions, discounts and Council Tax Support) as at 31 May 2025 is £239.4m. As at the end of May 2025, the amount collected was 19.3%, which is 0.1% higher than the amount collected in the same period in 2024/25, but 0.3% lower than the amount collected in the same period in 2023/24.
- 9.2 The service have set an in-year target for 2025/26 of 92.5% collection of Council Tax, which is an increase of 1.3% on the 91.2% achieved in 2024/25. Based on the collection in the year to date, a similar or lower level of collection on the current year liabilities can be expected at the end of 2025/26, compared to previous years, meaning that improvements are required to collection across the remainder of this financial year in order to meet this target.
- 9.3 Collection continues beyond the end of the financial year, but a lower in-year collection target increases the pressure on the debt recovery team to collect more of that debt and achieve the 97% long-term collection that has been assumed as a part of Brent's revenue budget. Evidence suggests that debt becomes much harder to collect after two years have passed, so the continued low in-year collection of Council Tax is a key risk to the Council's financial resilience in the medium term.
- 9.4 Any budget gap arising from reduced expectations for collection will have to be met either from reserves in the short term or from additional budget savings. The Council has already committed to a challenging programme of savings across 2025/26, with further savings of £30m to be delivered between 2026/27 and 2028/29 and the reserves have been depleted in recent years due to high inflation and demographic pressures. The Budget for 2025/26 approved by Full Council in February 2025, included a reduction in the assumed collection of Council Tax from 97.5% to 97%, but did not include any reductions in the growth in the taxbase. Ongoing low collection of Council Tax may result in a permanent reduction in resources for the Council through a further reduction in the taxbase used for budgeting purposes.
- 9.5 With this in mind and for the need for significant improvement, an external review of Council Tax collection was commissioned. The review was carried out by Liberata aiming to identify what is possible within the service and to assess how much effort/cost is required to deliver change compared to potential savings and service benefits. This is currently being reviewed internally. Additional capacity has been provided within the service, meaning

that the numbers of reminder notices and summons will go out in higher numbers in order to maximise collection.

- 9.6 At the meeting of Full Council on 27 February 2025, alongside the budget for 2025/26, an amended Council Tax Support (CTS) Scheme from 1 April 2025 was approved. This introduced a standard 35% minimum payment for working age households and applied a percentage reduction to each of the income bands.
- 9.7 The collection rate at 31 May 2025 for those on CTS of working age (17.26%) represents a good start, with 60% having made a payment toward the 2025/26 council tax. Until the end of May only soft reminders were issued, it is expected that those making a payment will increase with 6,000 formal reminders going out in June 2025.
- 9.8 To offset the impact of the changes on the recipients of CTS, a Hardship Fund was agreed as part of the 2025/26 budget, providing £1.5m of support, £0.4m of which was funded by the Greater London Authority (GLA). As of 31 May 2025, 739 applications have been received for support from this fund, but only 39 (5%) have been approved. This is mainly because through open banking and credit checks it can be seen that the level of council tax should be affordable. It is expected that the reminders in June will generate more applications in this area. It should also be noted that assessments have been done in an average of 9 days from receipt, so decisions are made in a timely manner.

Collection Fund – Business Rates

- 9.9 The budgeted net collectable amount for Business Rates (NNDR) for 2025/26 is £149.8m (after exemptions, reliefs and discounts). This was based on the forecast used for the NNDR1 form in January 2025 and has increased by 6.9% from £140.1m in 2024/25. This increase is largely driven by the reduction in Retail, Hospitality and Leisure Relief from 75% to 40% from 1 April 2025.
- 9.10 The actual net collectible amount for NNDR as at 31 May 2025 is £147.5m, a reduction of £2.3m from the budget in January 2025. This is driven by additional empty properties and reductions in the gross rates payable by businesses. Further adjustments to this may occur during the year due to increases or reductions in the number of non-domestic properties and successful appeals against rateable values.
- 9.11 Any movement in the net collectible amount for NNDR does not directly affect the General Fund in the current financial year as the overall resources that the Council receives from the Business Rates retention system are determined in the Local Government Finance Settlement. However, where

the actual income to the Collection Fund is different to the budgeted amount, Brent's share of the resulting surplus or deficit estimated in January is distributed to or from the General Fund in the following financial year.

- 9.12 The reduction in business rates income resulting from the additional empty property relief is an unfunded relief, meaning that this will result in a deficit that will affect the 2026/27 budget. However, the Council holds a Collection Fund reserve for the purpose of smoothing out any surpluses/deficits on the Collection Fund. It is expected that this deficit will be contained within the available reserve.
- 9.13 As at 31 May 2025, the amount collected for NNDR was 17.8%, which is 0.5% higher than the amount collected in the same period in 2024/25 (0.5%) and 1% higher than the equivalent collection in 2023/24. This is an indication that collection of NNDR is continuing to recover from the effects of the Covid-19 pandemic, which had a significant impact on businesses in Brent. Collection in 2024/25 was 93.4%, which remains lower than before the pandemic, but the service is targeting a return to 94% in-year collection in 2025/26.
- 9.14 Based on historic data, the long term collection target for NNDR is 98%. Historically, collection of arrears becomes significantly more difficult with each year that passes after the debt has been raised. Therefore, to achieve the long-term collection target, a marked improvement in the Council's collection of arrears must be seen quickly to make up for the lower expectations for in-year collection. It is also important for the Council to continue to make improvements to in-year collection, as this remains the best way of achieving the long-term target.
- 9.15 Furthermore, there remain a number of factors present in the economy which could have a negative impact on the ability of businesses to pay their Business Rates, such as high interest rates, the increase to employer's national insurance contributions and the reduction in consumer spending power as a result of the ongoing cost-of-living crisis.
- 9.16 One key area of potential concern is the Retail, Hospitality and Leisure (RHL) industry, which was particularly affected by the Covid-19 pandemic. During the pandemic relief was provided to RHL businesses at 75% of the liability. In 2025/26, this relief has been reduced to 40% of the liability, more than doubling the amount of business rates these businesses must pay. The government has stated its intention to introduce two new multipliers from 2026/27, which will formalise the lower 40% relief as part of the business rates system. The impact of this change on the affected businesses is being monitored closely and further updates will be provided in future reports.

Savings

- 9.17 The 2025/26 budget, agreed at Full Council on 27 February 2025, included an £8.9m savings target, of which £4.4m had been agreed in February 2024. Appendix A sets out the progress in delivery against this savings target and any mitigating actions. Of the savings for 2025/26, at quarter 1, 87% of these are on track to be fully delivered, which equates to delivering £7.7m of the £8.9m budgeted savings required.

Virements

- 9.18 Table 14 shows the virements and adjustments which have been entered to adjust the budgets at Corporate Directorate level between the budget approved at Full Council in February 2025 and 30 April 2025. Cabinet are recommended to approve these virements.

Table 14: Virements and adjustments in 2025/26 budget between Full Council February 2025 and 30.04.2025

	2025/26 Budget agreed at Full Council 27 February 2025	In-year growth	Transfer of functions between services	Technical Adjustments	2025/26 In- Year Budget at 30.04.2025
	£m	£m	£m	£m	£m
Service Reform and Strategy	179.2	0.1	0.0	1.2	180.5
Children, Young People and Community Development	97.4	0.0	0.0	(1.8)	95.6
Neighbourhoods and Regeneration	34.0	0.4	0.0	1.3	35.7
Finance and Resources	29.2	0.0	0.4	0.7	30.3
Residents and Housing Services	30.4	0.0	(0.4)	0.9	30.9
Central Items	(370.2)	(0.5)	0.0	(2.3)	(373.0)
Total Budget	0.0	0.0	0.0	0.0	0.0

- 9.19 In-year growth items are budget movements from the Central Items budget to Departmental budgets which were not actioned at the start of the financial year. The table above includes the following in-year growth items added in April 2025:

- Allocation of £0.1m to Service Reform and Strategy from the Borough Plan budget for the creation of a Head of Place Leadership position.

- Allocation of £0.4m to Neighbourhoods and Regeneration from the Borough Plan budget for initiatives led by the Climate Team.

9.20 Transfers of functions between services are budget movements between Corporate Directorates, which occur when a department is moved from one service to the other. The virement ensures that the department and the related budget remain together. The table above includes the following transfer of functions between services items added in April 2025:

- Realignment of the budget for the Revenue and Debt service for the transfer of the Debt Recovery team to Finance and Resources (£0.4m from Residents and Housing Services to Finance and Resources)

9.21 Technical adjustments are budget movements resulting from events which are provided for in the MTFS, but only confirmed during the year (e.g. pay award), budget movements resulting from changes to processes (e.g. centralisation of budgets) or other budget movements between directorates resulting from changes to the Council's structure. The table above includes the following technical adjustment items added between Full Council on 27 February 2025 and 30 April 2025:

- Adjustments within the budget load due to the Council restructure and allocation of growth previously allocated centrally, which were not included in the February Full Council budget (£0.4m to Service Reform and Strategy, £0.3m to Children, Young People and Community Development, £0.2m to Neighbourhoods and Regeneration, £0.9m to Residents and Housing Services, £0.4m to Finance and Resources, £2.2m from Central Items).
- Movements of cost centres between directorates between the February Full Council budget and 30 April 2025 (£0.7m to Service Reform and Strategy, £1.1m to Neighbourhoods and Regeneration, £0.3m to Finance and Resources and £2.2m from Children, Young People and Community Development)

Aged debt write off summary

9.22 As part of the Council's routine financial management processes the Council routinely reviews outstanding debts to determine whether they remain recoverable. The debt balances relate to Council Tax, Business Rates (National Non-Domestic Rates), Housing Benefit Overpayments, and Sundry Debts. The write-off of uncollectable debts is a standard accounting practice that ensures the Council's financial records remain accurate and reflect realistic expectations of income recovery.

9.23 The aggregate total value of the debts subject to write off between 1 April 2024 and 31 March 2025 is £4.7m as set out in table 15:

Table 15: Write-offs by type of debt 1 April 2024 – 31 March 2025

1 April 2024 - 31 March 2025	
Debt Type	Write off Value
Business Rates (incl costs)	£0.482m
Council Tax (incl costs)	£3,470m
Housing Benefit Overpayments	£0.406m
Sundry Debt	£0.342m
Total:	
£4.700m	

- 9.24 All debts selected for write-off have been pursued for collection in line with the Council's Ethical Debt Recovery Policy. This means that all avenues have been pursued and exhausted before a debt is proposed for write-off. The subsequent write-off is then carried out in accordance with the Council's Write-Off Procedure.
- 9.25 The Council is committed to taking all appropriate and ethical recovery action necessary before considering a debt for write off. This includes issue of dunning notices at the start of the recovery process, telephone and email engagement, senior management dialogue with counterparts and, where necessary, legal service, court and enforcement agent action.
- 9.26 Despite our best endeavours, it is inevitable that a small percentage of debt will not be collected and will ultimately have to be written off. Writing off debt is standard practice and recommended as part of good budget management.
- 9.27 The impairment for doubtful debt is reviewed annually to ensure it accurately reflects the level of debt considered uncollectable. Amounts identified for write-off are accounted for within the bad debt provision held by the Revenue and Debt service. If debts that are no longer recoverable are not written off, they would continue to appear as outstanding, leading to an overstated accounts receivable balance and a misrepresentation of the impairment required. To maintain accurate financial reporting, once a debt is deemed irrecoverable, it should be formally written off and the impairment adjusted accordingly.

10.0 Dedicated Schools Grant (DSG)

Table 16: 2025/26 Quarter 1 forecast for Dedicated Schools Grant by block

Funding Blocks	Overall DSG Funding 2025/26	Forecast Expenditure	Overspend/ (Underspend)
	£m	£m	£m
Schools Block	127.5	127.5	0.0
High Needs Block	80.7	80.7	0.0
Early Years Block	41.4	41.4	0.0
Central Block	2.4	2.4	0.0
Total DSG	252.0	252.0	0.0

Summary

- 10.1 There have been increases in the DSG funding blocks for 2025/26 and the overall DSG allocation for Brent is £432.4m. The Department for Education (DfE) has recovered £168.0m from the Schools Block and £9.7m from the High Needs Block. These are proportions of the funding to be transferred directly to academies by the DfE. In addition, £2.7m was recouped from the Schools Block for National Non-Domestic Rates (NNDR) to be paid directly to billing authorities on behalf of schools. This leaves a total allocation of £252.0m as reflected in the table above. The Schools Block also made a 0.5% contribution to the High Needs Block of £1.48m to support the pressures in this Block. At this stage, the DSG is currently reflecting a balanced in-year budget.
- 10.2 The cumulative DSG deficit brought forward from 2024/25 is £13.6m. This includes an in-year deficit of £0.4m achieved in 2024/25. The deficit has been disclosed as an earmarked unusable reserve in line with the School and Early Years Finance (England) Regulations 2024.
- 10.3 The Council continues to monitor its High Needs Block Deficit Recovery Management Plan, which outlines a series of long-term actions aimed at reducing the cumulative deficit. The plan is overseen by the Corporate Director of CYPCD and the Corporate Director of Finance who coordinates and monitor actions set against the Plan. The Plan is grouped into three themes: a) managing demand, b) increasing the sufficiency of local places and c) financial management adjustments. As at the end of quarter 4, 2024/25, cost avoidance against the three themes equated to £2.1m. A combination of these longer-term recovery actions and anticipated funding increases is expected to achieve a continued reduction in the deficit and new Key Performance Indicators will be agreed to continue to monitor progress in 2025/26.
- 10.4 Between 2022 and 2025, Brent took part in the DfE's Delivering Better Value in SEND (DBV) programme. The primary aim of this initiative was to identify both local and national opportunities to enhance outcomes for children and young people with special educational needs and disabilities (SEND) within existing budget constraints. Brent received a £1m grant to support reforms in the high needs system while improving efficiency. As part of the programme, four key workstreams were established, with quarterly progress reports submitted to the DfE. To date, these workstreams have resulted in cost avoidance amounting to £0.264m. Although the DBV programme officially concluded in March 2025,

some of its successful pilot projects, scheduled to run until September 2025, will be incorporated as business-as-usual practice.

Risk and Uncertainties

- 10.5 There remains a risk that the number of children and young people with EHCPs will continue to grow without the HNB funding increasing in line with this growth. Over the years, this has created financial pressures with many authorities holding deficit balances. In addition, the continued impact of the cost-of-living crisis could see providers continuing to request high inflationary price increases.
- 10.6 The current Management Plan including the DBV benefits will not recover the deficit by 2026/27, and the mitigated deficit is at risk of increasing from £13.6m carried forward from 2024/25 to £20.3m by 2027/28. Mitigating actions totalling £4.925m in cost avoidance, including from the provision of additional in-borough SEND places, are planned for the current financial year 2025/26, aiming to deliver a break-even outturn for the period.
- 10.7 The statutory override set out in the School and Early Years Finance Regulations 2021, which allows local authority to exclude DSG deficits from their broader financial accounts, preventing them from impacting Council's General Fund reserves, was initially scheduled to conclude at the end of 2022/23 financial year. However, recognising the financial challenges faced by local authorities in managing DSG deficits, the government extended the arrangement for an additional three financial years, ending in March 2026. The government has confirmed a further extension of the statutory override to end of March 2028. This protection ensures that overspending in the high needs block does not create immediate financial pressure on local budgets, allowing authorities more time to address structural funding challenges.

11.0 Housing Revenue Account (HRA)

Table 17: 2025/26 Quarter 1 forecast for Housing Revenue Account

HRA gross income and expenditure			
	Budget	Forecast	Overspend/ (Underspend)
	£m	£m	£m
HRA			
Income	(69.9)	(69.9)	0.0
Expenditure	69.9	69.9	0.0
Total	0.0	0.0	0.0

Summary

- 11.1 Budgets for the Housing Management function are contained within the ring-fenced Housing Revenue Account (HRA), which has a balanced budget for 2025/26 made up of £69.9m of income matched by expenditure.
- 11.2 The HRA is currently forecasting a break-even position. However, it continues to face significant risks and financial pressures in the current fiscal environment.

Risks and uncertainties

- 11.3 The ongoing high inflationary environment and high interest rates are exerting a pressure on both operational and capital costs. Inflation is driving up the price of materials and labour associated with repairs and maintenance, while higher borrowing costs increase the expense of financing new build and improvement programmes.
- 11.4 The HRA is also contending with elevated demand for repairs and maintenance services. A large volume of complex repairs, as well as increased instances of issues such as damp and mould, are placing substantial strain on budgeted resources. This heightened requirement for responsive maintenance is expected to continue throughout the year, potentially leading to cost pressures beyond original estimates.
- 11.5 Further adding to budgetary uncertainty is the recent implementation of new contracts for repairs and maintenance services. As these contracts are still in the early stages of embedding, there remains a level of unpredictability around actual costs and service delivery efficiencies, which could impact expenditure forecasts.
- 11.6 Further pressures stem from the capital programme, where insufficient government funding has been allocated to meet key environmental priorities and statutory requirements, including carbon reduction initiatives and fire safety requirements for housing stock. The lack of adequate financial support to address these priorities places additional strain on the HRA's capital resources, complicating efforts to invest in sustainable and energy-efficient improvements while balancing other essential investment needs.
- 11.7 In addition, the financial and operational risks associated with adding 428 properties to the housing portfolio within the financial year must be acknowledged. A portfolio growth can strain existing management and maintenance resources, potentially leading to increased operational costs and challenges in delivering consistent service quality. Effective planning and resource allocation are critical to mitigating these risks and ensuring that portfolio expansion supports long-term financial sustainability.

- 11.8 Effective management of rent debt levels is also crucial to maintaining the HRA's overall financial health. Rising rent arrears could increase the risk of bad debt provisions, which directly impact revenue streams and the Council's ability to fund essential services and maintenance. Persistent or growing rent debt can strain financial planning and necessitate higher bad debt write-offs, thereby affecting the HRA's budgetary position. Consequently, robust ethical debt recovery processes and proactive tenant engagement are essential to minimising rent arrears and safeguarding the financial stability of the housing service.
- 11.9 In April 2025, the Council has also self-referred to the Regulator of Social Housing due to breaches in building safety compliance. Investigations revealed that a number of fire safety actions were incorrectly marked as completed and there were inconsistencies in asbestos management, water safety, and smoke and carbon monoxide detector data. This led the Regulator to request additional performance information, culminating in a regulatory judgement of C3 issued on 28 May 2025. This represents a significant risk to the HRA and financial pressures associated with addressing the identified compliance issues. Specialists are currently assessing the situation and developing a recovery plan, with anticipated costs yet to be detailed, however comparable local authorities have incurred costs of around £2.3m in similar circumstances. Additionally, the Council faces financial risks from potential reductions or cessation of grant funding for housing developments while operating under regulatory notice, until full compliance is demonstrated.
- 11.10 While the authority's reserves currently stand at the target level of 5% of total turnover, this figure remains relatively low compared to the Council's peers. This comparatively smaller reserve base presents a financial risk, limiting the Council's capacity to respond effectively to unforeseen financial pressures or emergencies. Strengthening reserve levels will be important to enhance financial resilience and ensure greater flexibility in managing future budgetary challenges.
- 11.11 These risks are being continuously monitored and reflected in the HRA Business Plan and the Council's Medium Term Financial Strategy (MTFS).

12.0 Capital Programme

- 12.1 As at Quarter 1, the Capital Programme is reporting a nil variance against the revised budget of £346.6m. It is recognised the forecast position across the programme is still being refined as part of ongoing programme monitoring and review. Each Board continues to assess its portfolio, with key risks including delivery timelines, market conditions, and funding dependencies. These are being actively managed through regular oversight and

adjustments to ensure the programme remains aligned with strategic priorities and delivery expectations.

Table 18: 2025/26 Quarter 1 forecast for the Capital Programme

Portfolio / Programme	Revised Budget 2025/26	Current Forecast	FY Variance	
			(Underspend)/ Overspend	(Slippage)/ Brought Forward
	£m	£m	£m	£m
Corporate Landlord	12.9	12.9	0.0	0.0
HCIB - GF	97.9	97.9	0.0	0.0
HCIB - HRA	39.7	39.7	0.0	0.0
Public Realm	25.0	25.0	0.0	0.0
Regeneration	119.5	119.5	0.0	0.0
CYP & Community Development	23.1	23.1	0.0	0.0
South Kilburn	25.0	25.0	0.0	0.0
St Raphael's	3.5	3.5	0.0	0.0
Grand Total	346.6	346.6	0.0	0.0

Budget Additions

- 12.2 The Council has secured £851k in capital funding through the one-year extension to the UK Shared Prosperity Fund (UKSPF) following a successful grant application. The funding will support a range of community and place-based infrastructure projects to be delivered by March 2026, as well as proposals to support local businesses and people and skills. A budget uplift to the existing project of £851k is required.

Risks and Uncertainties – Housing

- 12.3 The Council's Affordable Housing Programme continues to face significant risks and uncertainties across both General Fund and Housing Revenue Account schemes. The most pressing challenge is the financial viability of new-build schemes, driven by rising construction costs, high interest rates, and changes to grant funding conditions. The viability of future schemes is further constrained by the requirement to deliver homes at Social Rent levels, which generates significantly lower income than London Affordable Rent, and by the limited availability of additional GLA grant funding. While the June 2025 Spending Review announced a £39bn national package for affordable housing, delivery in London will be managed through the GLA, and no specific allocations or criteria have yet been confirmed.

Risks and Uncertainties – Corporate Landlord

- 12.4 The Corporate Landlord Board is responsible for overseeing the strategic management and investment in the council's operational property portfolio,

ensuring that buildings are safe, compliant, and fit for purpose. It supports service delivery by maintaining and improving the council's estate, aligning capital projects with priorities such as health and safety, energy efficiency, accessibility, and long-term sustainability. The Board operates in a challenging environment shaped by inflationary pressures in the construction sector, increased demand for energy-efficient upgrades, and the need to modernise ageing assets. Dependencies on external funding, planning approvals, and stakeholder engagement including with tenants and leaseholders introduce further uncertainty for future schemes.

Risks and Uncertainties – Regeneration

- 12.5 The Regeneration programme plays a vital role in delivering new homes, infrastructure, and community assets that support inclusive growth and long-term sustainability. This does however present a number of challenges. Several projects are navigating complex planning, legal, and funding landscapes. The council is actively working with partners to review delivery options and ensure that schemes remain aligned with community needs and financial sustainability for all planned projects. Land acquisition and infrastructure dependencies also present delivery risks, particularly in projects involving third-party landowners or statutory undertakers. The council is engaging early and constructively with stakeholders to secure the necessary agreements and maintain momentum.

Risks and Uncertainties – South Kilburn

- 12.6 The South Kilburn regeneration programme continues to deliver significant investment in new homes, infrastructure, and community facilities. However, the scale and complexity of the programme mean that a number of risks and uncertainties remain. A key area of focus is the transition to a Single Delivery Partner (SDP) model, which is intended to streamline delivery and improve coordination across future phases. As the procurement process progresses throughout 25/26 there will be significant budget adjustments to align with the updated programme.

Risks and Uncertainties – Children, Young People and Community Development

- 12.7 The Schools Board oversees the planning, delivery, and monitoring of capital investment in Brent's school estate, including projects that support the expansion of school places, improvements to existing facilities, and the development of specialist provision such as SEND (Special Educational Needs and Disabilities) infrastructure. Its work ensures that educational environments across the borough are safe, inclusive, and fit for future learning needs. In the Special Educational Needs and Disabilities (SEND) programme, the London Road scheme is progressing well but is dependent on timely completion of utility works. The council is actively engaging with suppliers to minimise any risk of delay. Other SEND expansion projects are being reviewed to ensure they align with the borough's long-term strategy for

specialist provision, with alternative options being explored where necessary.

Risks and Uncertainties – Public Realm

- 12.8 The Public Realm programme continues to deliver improvements to Brent's parks, green spaces, and community infrastructure, supporting the council's wider goals for health, wellbeing, and environmental sustainability. The programme also faces broader risks associated with inflation, supply chain pressures, and the availability of specialist contractors, which may impact on project costs and timelines. The council is mitigating these risks through early procurement planning, value engineering, and contingency management. As the council continues to invest in inclusive and climate-resilient public spaces, the need to balance community expectations, funding constraints, and long-term maintenance requirements remains a key consideration. Ensuring that projects deliver lasting value and align with Brent's environmental and social priorities will be central to the programme's success.

Treasury Management Prudential Indicators

- 12.9 In line with changes to the Prudential Code in 2021, the performance of the Council's treasury and capital activities against the approved prudential indicator for the year are now reported quarterly within these financial reports to members. Details of the performance against the indicators in the first quarter of the financial year and compliance with the limits are provided in Appendix B.

13.0 Stakeholder and ward member consultation and engagement

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

14.0 Financial Considerations

- 14.1 This report sets out the financial forecast for the General Fund revenue budget, the Housing Revenue Account, the Dedicated Schools Grant and the Capital Programme, as at Quarter 1 2025/26. Financial implications of agreeing to this report are included within the forecasts provided.

15.0 Legal Considerations

- 15.1 The law requires that the council must plan to balance its spending plans against resources to avoid a deficit occurring in any year. Members need to be reasonably satisfied that expenditure is being contained within budget and that the savings for the financial year will be achieved, to ensure that income and expenditure balance (Section 28 Local Government Act 2003: the

council's Financial Regulation 2.3 Revenue Budget Monitoring, Forecasting and Overspends).

16.0 Equity, Diversity & Inclusion (EDI) Considerations

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

17.0 Climate Change and Environmental Considerations

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

18.0 Human Resources/Property Considerations (if appropriate)

18.1 There are no HR or property considerations arising out this report.

19.0 Communication Considerations

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

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources