	Cabinet 13 October 2025
	Report from the Corporate Director, Finance and Resources
	Lead Member - Deputy Leader & Cabinet Member for Finance and Resources (Councillor Mili Patel)

Quarter 2 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:	None
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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 2 2025/26.

1.2 The Council's revised General Fund revenue budget for 2025/26 is £431.4m. The forecast at Quarter 2 is an overall overspend of £9.2m against the revenue budget, £2.7m overspend against the Dedicated Schools Grant and £2.6m overspend on the Housing Revenue Account. 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 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 2 forecast for the General Fund

	Budget	Forecast	Overspend / (Underspend)
	£m	**£m**	**£m**
Service Reform and Strategy	181.5	183.6	2.1
Children, Young People and Community Development	96.0	98.2	2.2
Neighbourhoods and Regeneration	35.4	35.3	(0.1)
Finance and Resources	31.7	31.7	0.0
Residents and Housing Services	31.1	36.1	5.0
Subtotal Service Area Budgets	**375.7**	**384.9**	**9.2**
Central Budgets	**55.7**	**55.7**	**0.0**
Total Budget Requirement	**431.4**	**440.6**	**9.2**
Funding	**(431.4)**	**(431.4)**	**0.0**
Grand Total General Fund Budgets	**0.0**	**9.2**	**9.2**
DSG Funded Activity	0.0	2.7	2.7
Housing Revenue Account (HRA)	0.0	2.6	2.6
Net Total*	**0.0**	**14.5**	**14.5**

*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 2 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	254.5	2.7
Total	**0.0**	**2.7**	**2.7**

Table 3: 2025/26 Quarter 2 forecast for the Housing Revenue Account

HRA gross income and expenditure			
	Budget	**Forecast**	**Overspend/ (Underspend)**
	£m	**£m**	**£m**
HRA			
Income	(69.9)	(72.9)	(3.0)
Expenditure	69.9	75.5	5.6
Total	**0.0**	**2.6**	**2.6**

Table 4: 2025/26 Quarter 2 forecast for the Capital Programme

Portfolio / Programme	**Original Budget 2025/26**	**Revised Budget 2025/26**	**Current Forecast**	**FY Variance**	
				(Underspend)/ Overspend	**(Slippage)/ Brought Forward**
	£m	£m	£m	£m	£m
Corporate Landlord	9.7	11.9	11.0	(0)	(0.9)
Housing - GF	114.1	103.5	99.4	(4.1)	0.0
Housing - HRA	50.4	30.1	33.7	3.3	0.3
Public Realm	17.8	36.0	34.9	(0.1)	(1.0)
Regeneration	106.5	111.0	102.3	0.0	(8.7)
CYP & Community Development	17.1	26.1	23.1	0.0	(3.0)
South Kilburn	28.0	31.0	31.0	(0.9)	0.9
St Raphael's	3.2	3.5	0.4	0.0	(3.1)
Grand Total	**346.8**	**353.1**	**335.8**	**(1.9)**	**(15.5)**

Current Economic Environment

1.4 In the current and medium term, the economic environment is weak. Although uncertainty due to global trade restrictions has reduced since the Q1 report, domestic and geopolitical risks around economic activity remain, which will continue to weigh down on GDP growth.

1.5 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. In the August 2025 Monetary Policy Report, the Bank forecast that inflation will peak at 4.0% in September 2025 partly because of higher energy prices, before falling back to the 2% target by 2027. Since the Q1 report, the Bank has cut the interest rate by a further 0.25 percentage points to 4.0%, However, the Monetary Policy Committee acknowledged in the report that the temporary increase in inflation could put additional upward pressure on wages and price-setting, leading to a higher risk of inflation becoming sustained. If inflation remains high, the Bank may keep interest rates higher for longer than previously forecasted.

1.6 The residents of Brent face an equally challenging economic environment with the ongoing effects of the cost-of-living crisis exacerbated by levels of unemployment above national and London averages. After the 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 soon.

Local Government Funding

1.7 During 2025/26, the government has committed to fundamental reform of local government financing from 2026/27, with particular focus on diverting resources to authorities that need them most. 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.

1.8 To support long-term financial sustainability, a consultation on proposals to update and reform the funding system was carried out during the summer. Initial modelling of the proposed reforms was carried out with support from London Councils and LG Futures and a response to the consultation was submitted by Brent Council to central government in August.

1.9 The government will provide their response to the consultation in the autumn, followed by a local government finance policy statement and the first multi-year settlement, expected to be delivered in December 2025. A further update on the impact of the proposed funding reforms on Brent Council's budget and MTFS will be provided to Cabinet alongside the 2026/27 Draft Budget report in November 2025.

Maintaining Financial Control

1.10 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 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. However, in 2024/25 the Council overspent its revenue budget by £14.9m and is forecast to overspend again in 2025/26.

1.11 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.

1.12 Since the Quarter 1 forecast report was presented to Cabinet in July 2025, the financial position has worsened. There is a forecast overspend of £5m in the Housing service, which continues to experience high levels of demand due to a rise in homelessness and a reduction in the supply of suitable temporary accommodation. Additionally, there are growing pressures in Children's and Adult social care due to increasing client numbers and the cost of care packages currently trending above that which was initially budgeted for. The sections below set out the Council's strategy and actions to deal with these pressures for the remainder of the year.

1.13 The introduction of spending controls and the Budget Assurance Panel in 2023 helped to facilitate a better grip of the Council's financial position and stabilise in year overspends. This introduced a range of measures including proactive vacancy management, directorate led targeted non-essential spending control including agency and interim spend, alongside department led management action plans reflecting other actions being undertaken. These sensible, proactive and prudent measures are estimated to have led to cost avoidance of over £8m in 2024/25 and are providing more assurance over the Council's spending decisions.

1.14 While Brent is not currently in the financial situation of those Councils that have recently issued, or threatened to issue, a Section 114 notice (legally required when the council cannot balance its budget, unlike the NHS and other parts of the public sector, councils are not allowed to carry a deficit) all efforts must be focused on positively changing the financial position.

1.15 Given the current forecast overspend, these spending controls will continue throughout 2025/26. However, it is clear that further actions are now necessary. With the exception of maintaining health and safety, meeting a statutory requirement and fulfilling a contractual obligation, all other spending will be halted until further notice. In addition, controls on staff payments, recruitment and use of agency workers will be significantly enhanced. This change is to ensure decisions are made at the appropriate level with clear accountability.

1.16 Delivering these actions will be a significant challenge for the Council's services during the coming months, but this is considered to be a necessary step to ensure that the Council's budget can be returned to a sustainable position. Council officers and members will continue to work hard to minimise the impact on residents and provide the highest possible quality of service within the current resource constraints.

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 9.21 of this report.

2.5 That Cabinet notes the discretionary Business Rates reliefs to be awarded as set out in Section 9.18 of this report.

2.6 Approve the amendments to the capital budget as set out in paragraph 12.2.

2.7 Delegate authority to the Corporate Director for Finance and Resources to agree the terms of the £40m loan facility to I4B as set out in paragraph 12.2.

3.0 Cabinet Member Foreword

3.1 Brent Council continues to navigate a landscape of profound economic and social challenges as we set out the financial forecast for the Council's budget. Despite careful financial prudency from officers and Members alike, spending controls, and in-year savings targets, the strains of budgetary pressures on local authorities now mean a forecasted overall overspend of £14.5m for Brent across the next financial year. This is a sobering reminder of the pressures we face, but it is also an opportunity to reflect on further cost avoidance measures as we fulfil 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% reduction from the previous year, the demand remains high, and the cost of temporary accommodation continues to rise.

3.3 The Council continues to take a number of proactive interventions to alleviate these pressures on Housing, increasing supply through our wholly owned housing company, i4B, and increasing the Housing Needs and Support budget by £14 million this year. We are also implementing a new model of resident support, backed by £1 million in recurring funding, to help households build long-term resilience; and expect for 899 new properties to be added to our portfolio during the next two financial years as part of our capital programme.

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. And we are taking immediate steps to implement sensible, proactive and prudent measures across the Council, with an end to all expenditure on non-essential items alongside wider spending controls.

3.5 While Brent does not currently find itself in the position of its peers who have recently issued, or threatened to issue, an effective bankruptcy notice, we must be honest about the risks. The cost of social care packages continues to rise, with a 3.5% increase in service users and a 7% increase in average weekly costs in 2024 to 2025. The pressures in children's placements, particularly in residential and secure settings, as well as on our Dedicated Schools Grant, remain acute.

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.

4.0 Revenue Detail

Service Reform and Strategy

Table 5: 2025/26 Quarter 2 forecast for Service Reform and Strategy

Service Reform and Strategy	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Adult Social Care	123.9	125.1	1.2
Strategic Commissioning & Capacity Building	16.6	17.3	0.7
Public Health	26.2	26.2	0.0
Leisure	1.8	2.0	0.2
Integrated Care Partnerships	0.1	0.1	0.0
Communications Insight and Innovation	12.9	12.9	0.0
Total	**181.5**	**183.6**	**2.1**

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 £10.9m to account for assumptions around demographic and inflationary trends.

4.2 The Directorate is forecast to overspend by £2.1m at Quarter 2. A number of financial pressures have arisen since the reported break-even position at the end of the first quarter.

4.3 Demand for social care services continues to see an increase. Growth for both demand for services and inflation was factored in as part of the budget setting process for 2025/26. Increases in excess of what was previously modelled is leading to budget pressures in the service. Since the beginning of the financial year, the number of service users has increased by 1.6%. This increase is broadly in line with the growth assumptions. The average costs of a placement is increasing above what was expected when the budget was set, with costs of new placements also being higher than existing placements. In addition to financial pressures arising from cost and demand increases, an increasing number of complex cases being presented is also leading to financial pressures. Pressures arising from care packages are forecast to be £0.5m.

4.4 Current actions to manage these pressures include exploring the option of stepping clients down into suitable accommodation, reviewing CHC/S117 eligibility and bringing an end to B&B temporary accommodation.

4.5 In addition, changes are being made to the front door of services to manage the flow of referrals more effectively. Triage at the front door is being strengthened to ensure that people are signposted to community or voluntary sector options before escalating to statutory services. Additionally, Reablement is being promoted as a first option before considering long-term care. This means that all new referrals will be considered for reablement to reduce the number of people going straight into high-cost packages. Carers assessments are being proactively offered, as well as support upfront to reduce breakdowns in care, which often lead to expensive residential placements.

4.6 Regarding flow and case review, a clear distinction is being made between short-term and long-term support, ensuring that packages are explicitly time-limited where appropriate. We are conducting early reviews to step down support if possible. Additionally, reviews for the top 10% of most expensive cases are being fast-tracked to check whether needs can be met in a different, lower-cost way.

4.7 Other mitigations/plans to reduce pressure on care costs include:

- Emphasis on assessing 1:1/2:1 care costs through timely assessments and intervention.
- Evaluating short-term packages to ensure they are providing the necessary care provision and are not on the system for the longer duration.
- Continuing engagement with Health regarding Section 22 funding, reviewing CHC/S117 funding. Greater clarity/ planning around post discharge of clients.
- Robust commissioning of new packages – ensuring providers are providing value for money and the most appropriate care package for our clients.
- Benchmarking placement costs with partners at NWL. Ensuring we are achieving Value For Money compared to the care market.
- Demand management is being monitored through QAM (Quality Assurance). £2.24m cost avoidance has been estimated to 31st March 2026. This is based on calculations on cases where requests for new/increased service provision were not approved/resubmitted.

4.8 The Council's community equipment provider has declared insolvency. Alternative provisions are being arranged in both the short and medium term in order to maintain service delivery. At the time of this publication, the extent of the financial pressure arising from this are unknown, however it is estimated to be £0.5m. In addition, the delay in implementation of charging for Telecare has caused an estimated pressure of £0.2m.

4.9 Within Strategic Commissioning and Capacity Building there is an estimated pressure of £0.7m. This pressure relates to Housing Related Support budgets, within which there was a planned savings target of £0.5m. At the time of this publication, it is unlikely that the savings will be delivered. Actions aimed at mitigating this pressure are being developed. A review of commissioned HRS services has been undertaken. This provided recommendations on both short-term and longer-term service enhancement and efficiency opportunities. Officers are working with providers to develop and implement short-term actions aimed at mitigating the pressure including looking at what can be done to reduce service use. The impact of this needs to be assessed and fully understood. A working group is in place to commence recommissioning of all services.

Risks and uncertainties

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

4.10 In addition to the risks linked to packages explained above, there remains a number of other risks and uncertainties which could impact on the budgets within the SRS department. These include the following:

4.11 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.

4.12 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.

Public Health

4.13 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.

4.14 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.

4.15 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.

Leisure

4.16 Bridge Park Community Leisure Centre officially closed on 31 July 2025, following an extended period of community consultation. The £0.25m overspend has resulted from part-year running costs.

4.17 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

4.18 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.

4.19 The service aims to manage any vacancies to support delivery of planned activities without disruption and ensure 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

4.20 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. As mentioned above, the estimate pressure resulting from slippages against savings targets are £0.7m. The department will work to manage any risk as stated earlier.

Summary of Key Assumptions

4.21 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 2 forecast for Children, Young People and Community Development

CYP Department	**Budget (£m)**	**Forecast (£m)**	**Overspend (Underspend) (£m)**
Forward Planning, Performance & Partnerships	48.9	50.0	1.1
Inclusion	3.2	3.9	0.7
Setting and School Effectiveness	0.0	0.3	0.3
Virtual School	0.5	0.5	0.0
Early Help	3.3	2.8	(0.5)
Localities	0.4	0.4	0.0
LAC and Permanency	6.6	7.2	0.6
Children with Disabilities	14.8	14.2	(0.6)
Safeguarding and Quality Assurance	2.3	2.2	(0.1)
Family Support and Child Protection	11.3	12.0	0.7
Community Development	1.6	1.6	0.0
Central Management	3.1	3.1	0.0
TOTAL	**96.0**	**98.2**	**2.2**

Summary

5.1 As of July 2025, emerging pressures totalling £2.2m have been identified 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. Additional risks and uncertainties may impact on this position further as the year progresses.

5.2 Key pressures within the FPPP service are primarily driven by rising costs associated with residential, remand secure and welfare secure placements.

Placement pressures

5.3 Residential and secure placements are experiencing significant pressures of £3.1m. However, these are being partially mitigated by projected underspend in other areas, including foster care and adoption due to reduced demand, along with reduced costs of placements in supported accommodation, and additional income and contributions, resulting in a net projected overspend of £1.1m.

5.4 The number of Looked After Children (LAC) at quarter 4 of 2024/25 was 298, compared to the London average of 292, although Brent has a significantly lower than average LAC rate of 40 per 10,000 children compared to the

London average of 50 per 10,000 children. While the number of LAC has declined in the last year, there has been a sharp rise in children and young people entering care with complex needs, particularly since late 2024/25. This is reflected in the increase in residential placements with 41 children in residential care in mid-September 2025 – 11 more than the previous year. In addition, the average cost of residential placements has increased. Identifying residential children's home placements can be very challenging despite comprehensive nationwide searches using both the Commissioning Alliance direct Purchasing Vehicle framework and also spot purchase providers. This means the local authority has limited negotiating power in relation to initial costs. The FPPP Service has systems in place to renegotiate costs as much as possible and has close monitoring of additional residential placement spend, for example reviewing the need for additional support worker hours.

5.5 Youth Justice data also indicates a higher-than-usual number of secure remand cases, with six young people in care at the start of 2025/26 and this has increased to 7 as of mid-September. The length of time of these placements is dependent on the speed of moving cases through the criminal justice system and beyond the local authority's control.

5.6 A number of measures are in place to manage down placement costs. Service areas across the CYPCD directorate are working collaboratively to plan successful step-downs from residential placements for young people when they are ready and there is a focus on reunification back home for looked after children where safe and appropriate. The Director of Education, Partnerships and Strategy is leading a review of all residential placements to ensure there is timely progress and active management of actions to move children to the most appropriate setting, where appropriate and in line with their care plan.

5.7 A Strategic Commissioning Group, chaired by the Corporate Director of CYPCD, 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 number of care leavers has increased significantly in recent years (currently 500 are eligible for support). The second initiative has realised some financial savings within the supported accommodation budgets (through housing benefit income). The shortage of housing in the borough means, however, that care leavers are not able to access permanent accommodation in line with their independence plans which is impacting on progress to reduce the cost of semi-independent accommodation. The recruitment of foster carers did not significantly change during the 2024/25 financial year, though six new foster carers were recruited against a target of 10. Actions taken to improve outputs include increasing allowance rates to the West London average, development of the Mockingbird programme that uses an extended family model to provide a range of support and working collaboratively with West London boroughs on a fostering hub to streamline fostering enquiries and enhance marketing activity.

5.8 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. Places will be made available to local authorities on a spot-purchasing basis.

Other service pressures

5.9 The Family Support and Child protection is forecasting an overspend of £0.7m. Mainly due to an increase in spend against the budget held for clients with no recourse to public funds. There are also staffing pressures within the Multi Agency Safeguarding Hub team and the Family Support and Child Protection teams. It has been agreed that the No Recourse to Public Fund and Homelessness CYPCD budgets and team will transfer to the Housing directorate to create some synergies by sharing knowledge, staff, and resources to achieve greater efficiencies and impact.

5.10 There is also a forecasted overspend of £0.7m within the Inclusion service area. Staffing budget pressures in the Educational Psychology and Special Needs team are driving this, as meeting statutory deadlines for Special Educational Needs assessments has required reliance on locum staff, who are more costly than permanent employees due to recruitment challenges.

5.11 LAC and Permanency is reporting a £0.6m overspend, mainly driven by legal costs (£0.3m), which are largely unavoidable, are influenced by the number of court proceedings and are challenging to predict. The pressure this year relates to a small number of legal challenges and high-cost legal disbursements linked to age assessments of Unaccompanied Asylum-Seeking Children (UASC). There are also pressures in the contact team relating to payments to external agencies for out-of-borough cases. The service is reviewing the staffing structure to reduce reliance on agency staff and external contact centres within the borough, to mitigate staffing pressures against this budget.

5.12 The Setting and School Effectiveness service is reporting an overspend of £0.3m due to a shortfall of income against historic income targets applied to the Gordon Brown Short Break Centre. The service is assessing ways to reduce the impact of this pressure, including potential increases to fees and charges aligned with benchmarked rates.

5.13 Children with Disabilities (CWD) are reporting an underspend of £0.6m This is primarily due to lower projected costs for CWD placements and adjustments for prior year placement costs. The forecast assumes that all the income due from the ICB for 2024/25 and the estimated income for 2025/26 will be received.

5.14 The forecast against the Early Help budgets is an underspend of £0.5m, mainly derived from the Brent Family Solutions service and the efficiencies against the Barnardo’s contract which supports the Brent Family Well Being Centres.

5.15 The directorate remains focused on closely monitoring non-essential expenditures, strategically holding vacancies where sustainable and ensuring continued progress is made on reducing agency staff costs.

Risks and Uncertainties

5.16 The persistent overspend on 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.

5.17 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 further. This was initially due to a delay from Ofsted commencing the regulation process. However, a recent, unexpected incident which resulted in damage to the front of the property has added to the delayed opening as remedial capital works are required.

5.18 Significant risks exist in the No Recourse for Public Funds (NRPF) and budgets held for overstayers. This is a continuation of the pressures that the area experienced in 2024/25 due to the volume of clients and increased costs, specifically related to housing. This budget currently sits within the Family Support and Child Protection service area and is expected to move to Housing services later in this calendar year.

5.19 Other risks exist within specific service areas such as the Setting and School Effectiveness (that reflect an unachievable historic income target at the Gordon Brown Centre) and the Inclusion service (staff pressures to maintain Special Educational Needs assessment statutory deadlines).

5.20 The continued growth in the number of children and young people with 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. Delivery of the Travel Assistance Policy Implementation Plan (TAPIP) is essential to manage transport costs in 2025/26. A set of Key Performance Indicators has been developed to monitor the success of the plan. The Children with Disabilities budget within the Localities service could also be impacted by an increase in EHCPs.

5.21 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. However there had been some positive engagement with the ICB during the last quarter. About half of the cases related to the accrued income for complex care cases during the 2024/25 financial year have been agreed with further discussions required to reach an agreement on outstanding cases, as well as the contributions for 2025/26.

Savings and Slippages

5.22 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.

5.23 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 latter part of the financial year. The remaining savings are expected to be delivered as planned.

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 with both Harrow and internally as well as continuous contract monitoring

6.0 Neighbourhoods and Regeneration

Table 9: 2025/26 Quarter 2 forecast for Neighbourhoods and Regeneration

Neighbourhoods and Regeneration	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Public Realm	25.0	24.5	(0.5)
Inclusive Regeneration & Climate Action	2.2	2.2	0.0
Property & Assets	8.2	8.6	0.4
Total	**35.4**	**35.3**	**(0.1)**

Summary

6.1 Neighbourhoods and Regeneration Directorate are currently forecasting a £0.1m underspend at Quarter 2.

6.2 Within Public Realm, the Parking service are forecasting a £1.7m underspend based on PCN issuance and current performance levels. This underspend is partially offset mainly by a £0.7m pressure in Waste, and other smaller pressures across the department leaving a £0.5m underspend position overall for Public Realm.

6.3 Property & Assets are forecasting a £0.4m which largely comes from Commercial Property who are facing a pressure on their income generation due to expired leases and vacant properties.

Risks and uncertainties

6.4 Within Inclusive Regeneration & Climate Action there are pressures on income generated by Building Control and Planning.

6.5 Building Control's ability to generate fee income has been constrained by a decline in appointments for major developments, largely due to delays or cancellations driven by broader macro-economic conditions. Additionally, the introduction of high-rise building regulations by the Health and Safety Executive (HSE) in October 2023 has shifted the service's charging model to cost recovery, further impacting revenue. The department's capacity to secure major project work has also been reduced, as the Building Safety Regulator (BSR) now assigns nearly all such projects directly to Local Authorities, removing the opportunity to compete in the open market. Ongoing staff shortages are compounding these challenges, limiting the service's ability to pursue additional work. In response, the department is actively exploring mitigation strategies, including reviewing recruitment processes, enhancing career development pathways, increasing agency pay rates, and considering a commissioning-based model.

6.6 Planning and Development services have experienced similar challenges to Building Control, with fee income from applications and pre-applications declining in recent years due to the broader financial climate. However, the fee levels set for 2025/26 are expected to be sufficient to avoid any financial pressures within the service during the year.

6.7 Within Public Realm, Service Development & Contracts Performance are due to overspend by £700k in 2025/26. High inflation has led to higher contract inflation than was budgeted for in both the Veolia and Grounds Maintenance contracts. Property growth and increased waste disposal tonnage costs with West London Waste Authority adds to the overspend. Targeted initiatives to reduce contamination levels in recycling collections to lower processing costs are underway. Education and campaigns around food recycling, further roll out of food waste collection to flats and communal properties have seen an increase in food waste tonnages. Messaging around recycling and reduction in household general waste is ongoing and we anticipate disposal cost reductions in quarter 2 as well. Early indicators suggest these measures are having a positive impact. 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. The service is working with the contractor to draw up a plan on EPR spend and how the funds could be utilised to boost our recycling rates and reduce our spend.

6.8 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.

6.9 Property and Assets must secure new tenants to replace those with expired leases and fill vacant properties in order to meet income targets. The current overspend stands at £0.6m. To mitigate this risk, the service is actively marketing available properties and working with agents where appropriate. Facilities Management continues to experience cost pressures, particularly due to overtime requirements in Cleaning and Security services, resulting in a forecasted overspend of £0.3m. Measures are being taken to manage these pressures, and any underspends within Property and Assets will be used to help offset the impact.

6.10 Based on current forecasts from the Council’s energy supplier, reflecting contracts already secured for future energy supply, energy costs are expected to decrease in 2025/26. The latest estimate indicates an underspend of £0.5m within the Energy budget. This underspend will contribute to reducing the anticipated overspend within Facilities Management and Commercial Services.

6.11 As of the beginning of the 2025/26 financial year, the Strategic CIL fund held an opening balance of £156.9m. This entire amount has been allocated to planned infrastructure projects, with commitments categorised as follows:

- £80.0m: Formally commissioned by Cabinet; expenditure pending.

- £18.4m: Approved at sub-board level; awaiting Cabinet agreement.
- £58.5m: Provisionally allocated to prospective projects; subject to formal Cabinet approval.

All funds have been earmarked, and no uncommitted balance remains available for new initiatives at this time.

Savings and Slippages

6.12 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.

6.13 At Quarter 2 the department is currently expecting that all savings will be delivered in-year.

6.14 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
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	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	The monthly data around tonnage, rejections and market prices for recycling are closely monitored. With ongoing work to improve recycling performance.

	when modelling the cost of the recyclate reprocessing budget.	used and is available to repurpose and utilise for other pressures.	
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 2 forecast for Finance and Resources

Finance and Resources	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Finance Services	**11.4**	**11.4**	**0.0**
Organisational Assurance & Resilience	**4.7**	**4.7**	**0.0**
Shared Technology Services	0.0	0.0	0.0
Human Resources & Organisational Development	4.2	4.2	0.0
Legal Services	5.1	5.1	0.0
Democratic Services	6.3	6.3	0.0
Total	**31.7**	**31.7**	**0.0**

Summary

7.1 The Finance & Resources directorate is reporting a breakeven position at Q2, unchanged from Q1 forecast.

7.2 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.

The service is now also exploring ways to get schools back onto the Council's scheme. The effects of this may be seen this year or next.

7.3 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.

7.4 Finance, Human Resources & Organisational Development, Legal Service and Democratic Services are all forecasting to breakeven as at Q2.

Savings and Slippages

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

7.6 At Q2 all saving are expected to be achieved in 2025/26.

Risks & Uncertainties

7.7 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.

7.8 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 2 forecast for Residents and Housing Services

Residents and Housing Services	**Budget (£m)**	**Forecast (£m)**	**Overspend /(Underspend) (£m)**
Housing Needs and Support	13.0	18.0	5.0
Housing Partnership and Tenant Engagement	2.3	2.3	0.0
Private Housing Services	0.2	0.2	0.0
Residents Services	15.2	15.2	0.0
Housing and Resident Services Corporate Director	0.4	0.4	0.0
Total	**31.1**	**36.1**	**5.0**

Summary

8.1 The Residents and Housing Service department is currently forecasting a possible £5m overspend for the financial year 2025/26 as 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 funding allocated through the main Homelessness Prevention Grant and £12.6m of growth built into the base budget, there is an increase of £15m in the service budget in comparison to the previous financial year to deal with continuous pressures and demand. However, the demand continues to grow and the associated costs are high. Assuming the current monthly net expenditure continues at the same rate until the end of the year, total costs for the financial year could reach £18m, resulting in a £5m overspend.

8.3 The current average net cost of a household is £15k in Stage 1 accommodation. If 100 households were placed in social housing units or a homelessness duty was relieved through the PRS, with a total cost avoidance of £15k per household over a 12-month period, the overall cost avoidance would be approximately £1.5m, reinforcing the importance of new and alternative supply as a key mitigation.

8.4 If a household is moving out of a leased TA unit into the new council accommodation, then the void will be used to decant a family from Stage 1. However, if there is less than six months left on the lease, and the owner does not renew, which has been the case as more landlords are leaving the PRS market, a hand back will be required. Therefore, there is no void to use for a decant resulting in no cost avoidance.

8.5 The service is undertaking several proactive interventions and projects focusing on increasing the supply and finding alternative arrangements for clients in the most expensive placements in order to mitigate the pressures. Although it is important to note that the overarching budgetary pressure from homelessness may not be significantly alleviated by these potential savings, as they are not immediately cashable against the backdrop of ongoing pressures and ongoing demand for the service.

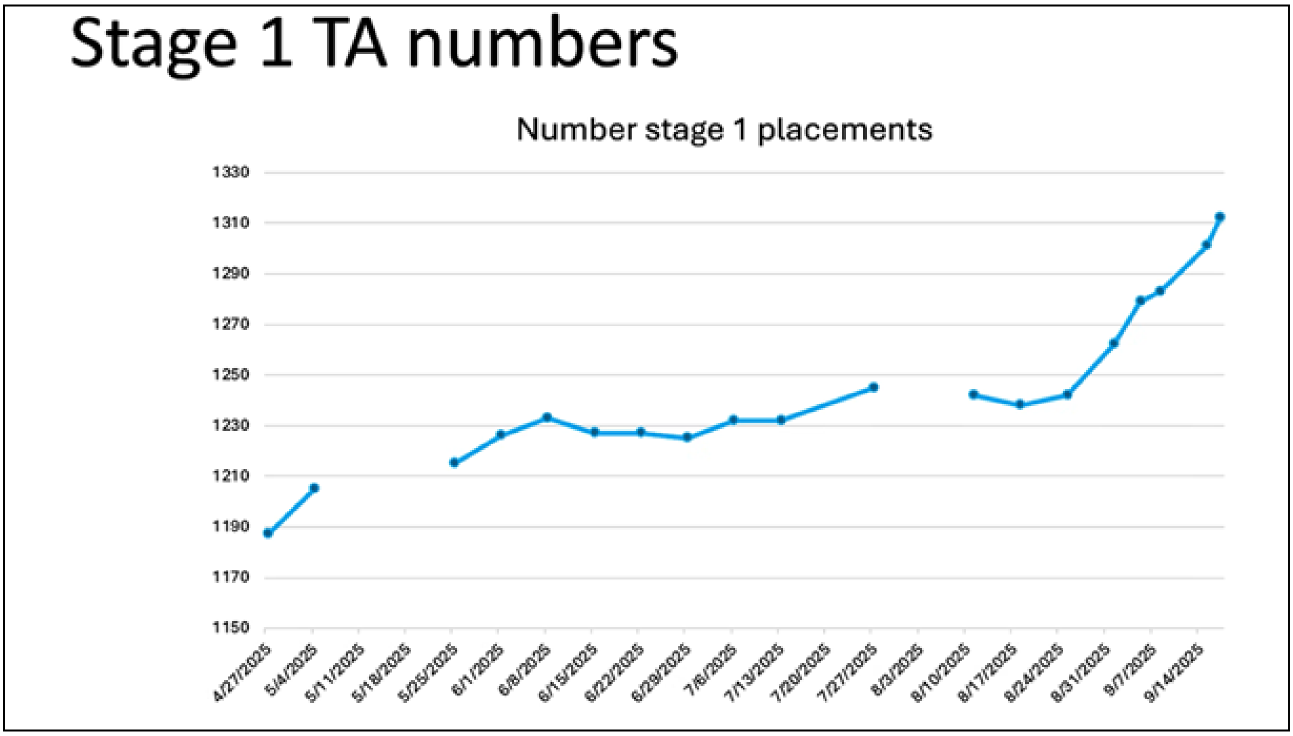
Demand

Cost per Night (£)*	Number of Households as @08/07/2025	Number of Households as @03/09/2025	% change
300	0	0	n/a
250	0	0	n/a
225	0	0	n/a
180 - 200	0	0	n/a
150 - 175	63	52	-17%
100 - 149	189	206	+9%
70-99	262	304	+16%
50-69	397	417	+5%
35-49	246	228	-7%
<35	72	73	+1%
Total	**1,229**	**1,280**	**+4%**

**To note that the table above illustrates the total cost per night for a household rather than the cost per room. The cheaper rooms are smaller rooms, normally only suitable for one or two people. Therefore, it is only smaller households that can be accommodated in one room, whereas the larger families, where a large proportion of the demand is, need to be provided with multiple rooms, leading to a higher nightly cost overall.*

8.6 As illustrated above, the total number of households in B&B accommodation in the first week of September was 1,280, a 4% increase in comparison to the beginning of July. Officers have ensured all households have been decanted from the most expensive £180 to £300 per night rooms and there has been a 17% decrease in the £150 - £175 per night group. However, there has been an increase in the use of rooms costing between £50 and £149 per night. In addition, the service is focusing on maximising spare capacity in the lower £35-£49 per night B&Bs when the opportunity presents itself. Officers negotiate the price of individual rooms to get the best price possible and are maximising the use of the lower priced B&B's, wherever possible.

8.7 There has been an overall increase of 8% (98 Households) in the use of B&B accommodation since the beginning of the financial year. While this represents a slower rate of growth compared to previous periods, the substantial increases seen in the previous financial years have resulted in a significantly high baseline of households in Stage 1 accommodation, along with increases in the nightly rate from current B&B providers, which remains a concern. The slower rate of growth is a direct result of the recent influx of new build social housing during the summer months that has been available to allocate to homeless households. In the first few weeks of September, the number of households has increased further by 3%.



8.8 The Council is expecting 899 new properties to be added to its portfolio during 2025/26 and 2026/27 as part of the capital programme. These are mostly HRA properties, some of which may house people in temporary accommodation, depending on allocations, therefore alleviating pressures on this service. Most recently, of the 66 social housing allocations made to homeless households from the Clearwater properties, 26 were direct offers targeting individuals in the most expensive forms of temporary accommodation. These households were prioritised based on their placement in higher priority bands (A and B), with the aim of reducing overall accommodation costs. The remaining 40 properties were allocated through Locata via the Choice-Based Lettings (CBL) system. These were offered to households who submitted bids and are in the highest priority banding, with allocations made in order of longest waiting time. The absence of mandatory auto-allocations for households in the highest priority bands within the Locata system continues to be a limiting factor in managing housing demand effectively. The options for implementing this approach are being explored. An annual cost saving of approximately £1m can be achieved on stage 1 accommodation as a result, a £0.6m part-year saving for 2025/26.

8.9 If the remaining social housing homes within the current pipeline are made available with an average occupancy of 3 months during the financial year and used to target the households in the most expensive forms of temporary accommodation, this could result in a cost avoidance of circa £2.3m in 2025/26. However, due to the increasing level of demand, the number of households in TA and the associated costs, there is a risk that this benefit could be counterbalanced.

New Supply of Temporary Accommodation & PRS

8.10 The increase in supply for new temporary accommodation is achieved by seeking new accommodation via acquisition or leasing.

Acquisitions

8.11 Two grant-funded programmes are currently supporting the delivery of temporary accommodation: the Local Authority Housing Fund (LAHF), which aims to deliver 35 units for temporary accommodation alongside resettlement homes, and the Council Homes Acquisition Programme (CHAP). Acquisitions under the LAHF programme have been more viable, with an average grant offer of £226k per unit, compared to £95k under CHAP.

8.12 While 22 properties have been successfully acquired under the LAHF programme, the transition to bringing these homes into active use has progressed more slowly than anticipated. Following acquisition, some properties have remained vacant due to a combination of process-related delays and timing constraints associated with the utilisation of grant funding. This has led to further pressures on temporary accommodation provision into 2025/26, as households remain in B&B accommodation awaiting move-on opportunities. To mitigate this going forward, the team are implementing strengthened reporting and monitoring arrangements and are reviewing end-to-end processes to support a timelier progression from acquisition to occupancy.

Leasing

8.13 While various leasing options continue to be assessed to secure cost-effective nightly paid placements, progress in delivering new supply through this route has been limited. Since the completion of the 45 unit lease at Manor Park in March 2023, few opportunities have met the Council's affordability criteria. Negotiations for the Igar Hotel to provide 40 units (an increase of 5 units plus securing preferential cost) have experienced significant delays due to issues with the counterparty's solicitors, though the arrangement is now in its final stages. A new lease has recently been completed for the Best Western, which is expected to deliver 192 units from April 2026. For 25/26 the additional supply of 5 units provides minimal cost avoidance. To help accelerate progress and strengthen commercial negotiations, Greenlight Commercial & Consulting have been engaged to support this workstream.

PRS - I4B Holdings Ltd Acquisitions

8.14 I4B continue with an acquisitions programme and are on track to deliver 15 street property acquisitions to allow for discharge of duty to households from the housing waiting list into PRS. They regularly review the viability of S106 acquisition opportunities and new build/block purchases which could provide significant numbers of accommodation for the company. This route continues to provide steady investment in cost avoidance measures to mitigate our housing waiting list which currently saves the Council circa £4m per annum.

Risks and uncertainties

8.15 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.

8.16 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%.

8.17 Given that these challenges are experienced across London, the availability of Bed and Breakfast (B&B) and annex 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.

8.18 The supply of settled TA properties, leased from private landlords and intended to transition families out of Bed and Breakfast (B&B) and annex 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.

8.19 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%.

8.20 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.

8.21 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.

8.22 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. Based on the most recent data available up to week 17, the forecast overspend for 2025/26 is £1.8m.

8.23 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

8.24 A total of £0.9m 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 August 2025 is £241.3m. As at the end of August 2025, the amount collected was 43.2%, which is 0.1% lower than the amount collected in the same period in 2024/25, and 0.1% 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 With this in mind and for the need for significant improvement, an external review of Council Tax collection has been completed. The review has identified areas within the service where changes can be delivered to achieve potential savings and benefits. The Council is currently developing internal improvement plans on the back of the review. Additional capacity has been provided within the service, meaning that the numbers of reminder notices and summons have been sent out in higher numbers in order to maximise collection.

9.4 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.

9.5 The collection rate at 31 August 2025 for those on CTS of working age is 36.54%, with 75% having made a payment toward the 2025/26 council tax. The numbers making payment have increased month on month following the dispatch of soft reminders in May and 7,134 formal reminders sent out in June 2025. Of these, 3,671 with a value exceeding £2m have been issued with a summons as no payment has been received following the formal reminder. At the summons hearing on 14 August the Council obtained 3,564 liability orders. For cases where deductions from benefits (AOB) have been set up to reduce the balances, the collection will be very slow and likely means that these individuals will carry forward significant arrears into 2026/27.

9.6 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 Aug 2025, 1,277 applications have been received for support from this fund, but only 67 (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. The dispatch of recovery notices have generated more applications in this area. It should also be noted that assessments have been done in an average of 8 days from receipt, so decisions are made in a timely manner.

9.7 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.

9.8 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.

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 August 2025 is £146.5m, a reduction of £3.3m 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 of 31 August 2025, the amount collected for NNDR was 43.7%, which is in line with the amount collected in the same period in 2024/25 (43.7%).

Collection in 2024/25 was 93.4%, which remains lower than before the COVID-19 pandemic, but the service is targeting a return to 94.5% in-year collection in 2025/26. As of 31 August 2025, the collection is 0.8% down on the profiled target.

9.14 Collection performance is affected by large scale business rates assumed avoidance schemes amounting to £1.1m. The Home Office's recent decision to reject an application for change of use to a "place of religious worship" is a positive outcome in regards of recovery action options available to the Council. The decisions of other recent cases heard by the courts will also assist the Council in promptly identifying further attempts by agents in avoiding NNDR liability.

9.15 Based on historical 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.

9.16 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.

9.17 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.

Collection Fund – Business Rates Discretionary Rate Reliefs

9.18 The Council has the discretion to award rate relief to charities or non-profitmaking bodies. It also has the discretion to remit an individual National Non-Domestic Rate (NNDR) liability in whole or in part on the grounds of hardship.

9.19 Under the Business Rates Retention System, a percentage of the income from business rates is retained by Brent Council and the GLA. For 2025/26, the retained share in London is 67%, of which Brent Council's share is 30%. The total cost of awarding discretionary relief to the 6 organisations detailed in Table 14 is £7,209.53 for 2025/26.

Table 14: Discretionary business rates relief to be awarded

Name of person / business	Type	Level of award	Liability 2025/26	Cost to Brent at 30%
Punchdrunk Enrichment Ltd	Charity	20%	£7,714.50	£2,314.35
Jesus is the Lord Deliverance Ministry	Charity	20%	£5,364.25	£1,609.27
Markaz us-Sunnah CIO	Charity	20%	£2,644.70	£793.41
Islamia Primary School	Voluntary Aided	20%	£5,039.90	£1,511.97
Church of God (Seventh Day) West Hendon Ltd	Charity	20%	£1,746.50	£523.95
IQRAA Foundation	Charity	20%	£1,521.95	£456.58
			£24,031.80	**£7,209.53**

Savings

9.20 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 2, 81% of these are on track to be fully delivered (87% at quarter 1), which equates to delivering £7.2m of the £8.9m budgeted savings required. Since quarter 1, the number of savings which are not on target to be fully delivered has increased to 4 (up 1), with an increase in the potential budget gap of £0.5m. For all of these savings, mitigation plans are currently being developed.

Virements

9.21 Table 15 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 15: Virements and adjustments in 2025/26 budget between 30.04.2025 and 31.07.2025

	2025/26 In-Year Budget at 30.04.2025	In-year growth	Transfer of functions between services	Technical Adjustments	2025/26 In-Year Budget at 31.07.2025
	£m	**£m**	**£m**	**£m**	**£m**
Service Reform and Strategy	180.5	1.1	(0.2)	0.1	181.5
Children, Young People and Community Development	95.6	0.2	0.2	0.0	96.0
Neighbourhoods and Regeneration	35.7	0.0	(0.3)	0.0	35.4
Finance and Resources	30.3	0.1	0.6	0.7	31.7
Residents and Housing Services	30.9	0.0	(0.4)	0.6	31.1
Central Items	(373.0)	(1.4)	0.1	(1.4)	(375.7)
Total Budget	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

9.22 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 from May to July 2025:

- Permanent funding for Microsoft Unified support in the Service Reform and Strategy directorate (£39k)
- Permanent funding for a new post in the Finance and Resources directorate (£0.1m)
- Temporary funding for the Communications team in the Service Reform and Strategy directorate to deliver Borough Plan initiatives (£0.6m)
- Temporary funding for the implementation of the Triple Value Impact programme in the Service Reform and Strategy directorate (£0.3m)
- Temporary funding for Vale Farm due to reduction in management fee in the Service Reform and Strategy directorate (£0.2m)
- Temporary funding for Home to School transport service improvements following approval of a business case in Children, Young People and Community Development directorate (£0.1m)
- Temporary funding for a fixed-term post in the Finance and Resources directorate (£0.1m)

9.23 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 from May to July 2025:

- Transfer of Strategic Support budget from the Service Reform and Strategy directorate to the Finance and Resources directorate (£0.3m)
- Transfer of staffing budget in respect of the Council's housing companies (I4B and First Wave Housing) from the Residents and Housing Services directorate to the Service Reform and Strategy directorate (£0.2m)
- Transfer of budgets between directorates following a restructure in the Neighbourhoods and Regeneration directorate (£0.3m). £0.2m to the Children, Young People and Community Development directorate and £0.1m to Central budgets
- Transfer of staff budgets from Housing in the Residents and Housing Services directorate to Legal in the Finance and Resources directorate (£0.2m)

9.24 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 from May to July 2025:

- Permanent adjustments to service budgets following review of budgets subsequent to the budget load (£0.1m to Service Reform and Strategy, £0.2m to Residents and Housing Services and £0.7m to Finance and Resources, funded from Central Budgets (£1.0m)
- Temporary adjustment to the budget for Residents and Housing Services directorate for the expenditure budget in respect of the Greater London Authority's agreed £0.4m contribution to the 2025/26 Council Tax Hardship Fund, introduced to provide additional support with Council Tax bills following the changes to the Council Tax Support Scheme implemented on 1 April 2025. This increase confirms a total budget for the 2025/26 Council Tax Support Hardship fund of £1.5m.

10.0 Dedicated Schools Grant (DSG)

Table 16: 2025/26 Quarter 2 forecast for Dedicated Schools Grant by block

Funding Blocks	**Overall DSG Funding 2025/26**	**Forecast Expenditure**	**Overspend/ (Underspend)**
	£m	**£m**	**£m**
Schools Block	125.9	125.9	0.0
High Needs Block	82.1	84.8	2.7
Early Years Block	41.4	41.4	0.0
Central Block	2.4	2.4	0.0
Total DSG	**252.0**	**254.5**	**2.7**

Summary

10.1 At the end of July 2025, the DSG is projecting a £2.7m pressure increasing the current accumulative deficit to £16.3m by the end of this financial year. This includes a projected pressure of £1.3m against the budgets held for educating children in independent day schools and £2.1m against out-of-borough mainstream and special schools' budgets. These pressures are partially offset by a £0.4m underspend in mainstream top-up funding, additional recoupment income of £0.2m and an underspend against the SEN support services of £0.1m. These potential pressures are being closely monitored and, where necessary, will be mitigated against any underspend identified in other funding blocks.

10.2 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. 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.

Risk and Uncertainties

10.3 The number of children and young people with EHCPs continues to grow above forecast levels (in July 2025 the number reached 4000 for the first time). Over the years, this has created financial pressures with many authorities holding deficit balances. In addition, the increase in wages due to changes in the employer's national insurance contributions could see independent providers continuing to request high inflationary price increases.

10.4 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.

10.5 To mitigate this risk, the Council has a robust DSG deficit management plan, with a strong focus on managing demand, improving the sustainability of provision, and strengthening financial management to reduce the deficit. Alongside this, the outcome of the government's reforms to the SEND system is expected, which is expected to address the level of deficits held by local authorities, as this is a national issue and not unique to Brent.

10.6 Depending on the outcomes of the SEND reform, and in the wider context of the Fair Funding review, the Council will continue to develop and, where necessary, strengthen its deficit recovery plan to ensure it remains fit for purpose and responsive to changing circumstances.

11.0 Housing Revenue Account (HRA)

Table 17: 2025/26 Quarter 2 forecast for Housing Revenue Account

HRA gross income and expenditure			
	Budget	**Forecast**	**Overspend/ (Underspend)**
	£m	**£m**	**£m**
HRA			
Income	(69.9)	(72.9)	**(3.0)**
Expenditure	69.9	75.5	**5.6**
Total	**0.0**	**2.6**	**2.6**

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 £2.6m pressure for 2024/25 financial year, before utilising reserves. Mitigation measures are being implemented to address this shortfall, and reserves have been earmarked to cover the potential deficit at year-end if required. The fund continues to face significant risks and financial challenges in the prevailing fiscal environment.

Risks and uncertainties

11.3 The ongoing high inflationary environment and high interest rates are exerting 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. The interest charge for the year is forecast to be £1m higher than initially projected.

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, leading to cost pressures beyond original estimates. 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. It is currently projected that repair and maintenance budgets could be overspent by £5m in 2025/26.

11.5 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.

11.6 In addition, the financial and operational risks associated with adding 428 properties to the housing portfolio within the financial year must be acknowledged. Growth in the portfolio 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. A £0.5m pressure on staffing budgets is projected for 2025/26 due to additional resources required to deal with lettings, maintenance and other administrative tasks.

11.7 Effective management of rent debt levels is also crucial to maintaining the HRA’s overall financial health. Rising rent arrears 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 strains 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. It is currently anticipated that the allowance for impairment will need to increase by £1m more than initially projected. The service are exploring various options to mitigate this pressure, including deploying debt collection agencies and software to increase collection rates.

11.8 As a result of the Council’s self-referral, the required remediation programme represents a significant risk to the HRA and results in 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 it is projected that £1m will be spent on the remediation programme in 2025/26.

11.9 Other additional pressures on various budgets across the fund, such as decants, council tax charges, insurance and pest control are projected to result in a further £1.1m pressure in 2025/26.

11.10 An additional £3m in rental income beyond budgetary expectations is expected to be achieved in 2025/26, partially offsetting the budgetary pressures outlined above. As part of the Council's capital programme, 899 properties are coming on stream during 2025/26 and 2026/27, most of which are HRA properties. 428 new units have already been added to the HRA portfolio, generating additional rental income.

11.11 The 2025/26 budget had anticipated a £4m revenue contribution towards capital expenditure. However, due to the current financial pressures on the fund, this contribution is no longer projected to be made. While this may result in increased borrowing costs, it frees up £4m to help alleviate revenue budget pressures. Consequently, the overall projected deficit for the year is forecast to be £2.6m.

11.12 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.

11.13 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 the end of July, the Capital Programme is reporting a (£17.4m) variance made up of £1.9m underspend and £15.5m slippage against the revised budget of £353.1m. 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 2 forecast for the Capital Programme

Portfolio / Programme	Original Budget 2025/26	Revised Budget 2025/26	Current Forecast	FY Variance	
				(Underspend)/ Overspend	(Slippage)/ Brought Forward
	£m	£m	£m	£m	£m
Corporate Landlord	9.7	11.9	11.0	(0)	(0.9)
Housing - GF	114.1	103.5	99.4	(4.1)	0.0
Housing - HRA	50.4	30.1	33.7	3.3	0.3
Public Realm	17.8	36.0	34.9	(0.1)	(1.0)
Regeneration	106.5	111.0	102.3	0.0	(8.7)
CYP & Community Development	17.1	26.1	23.1	0.0	(3.0)
South Kilburn	28.0	31.0	31.0	(0.9)	0.9
St Raphael's	3.2	3.5	0.4	0.0	(3.1)
Grand Total	**346.8**	**353.1**	**335.8**	**(1.9)**	**(15.5)**

Budget Additions

12.2 The revised budget includes the following additions:

- An uplift of the Housing General Fund capital budget for the £40m loan facility to I4B to support its street property acquisition programme that Full Council approved as part of 2024/25 budget setting.

- Additional budget of £1.0m for the Housing HRA capital budget consisting of £0.5m for the Northgate Upgrade and £0.5m for staff capitalisation, primarily for the major repairs team. This capital budget uplift will be funded from borrowing with the interest costs covered by the revenue savings from capitalising these costs.

- Uplift of the Queen’s Park Gyratory and Queen’s Park and Cullen development budgets to reflect that Brent has entered into an agreement with the GLA to apply £4.4m Housing Infrastructure Funding grant to the project including reimbursement of the costs of the Falcon Pub.

- Following further detailed review of South Kilburn budgets ahead of the SDP procurement, £7.3m has been vired from the Regeneration contingency budget to the Neville, Winterleys, Carlton House and Carlton Hall (£3.9m), Carlton and Granville (£2.4m) and other South Kilburn projects (£0.9m) to bring those budgets in line with contractually agreed costs.

12.3 The revised capital budget of £353.1m includes new projects approved by Cabinet since Q1 including £13.8m for roads, CCTV and parks (£0.7m of the SCIL award is considered revenue). Since Q1, the Infrastructure and Regeneration Board has approved additional SCIL of £0.4m for the fit outs of Picture Palace (£0.2m) and Roy Smith House community centre under the new SCIL governance arrangements. Other changes from the original budget to the revised budget include brought forward balances from prior year slippage or accelerated spend, reprofiling, removal of budget for schemes not progressing and budget corrections for previously approved schemes.

Corporate Landlord

12.4 The Corporate Landlord Board is responsible for overseeing the strategic management and investment in the Civic Centre, Digital Strategy, Libraries and other Council properties. There is a forecast variance of (£0.9m) due to slippage. The largest areas of forecast slippage are £0.5m on Grove Park Pavilion Nursery as officers assess the feasibility of refurbishment options and £0.4m on Digital Strategy due to delays with the commencement of the data lake upgrade programme as further development was required.

Housing

12.5 The Housing General Fund is forecasting a variance of (£4.1m) driven by a £4.0m underspend on the Council's LAHF programme. The LAHF scheme provides funding for Brent to acquire local properties for temporary accommodation and resettlement to reduce pressure on future revenue housing budgets. The programme is on track to meet the target 42 properties by the end of the year (23 have already been purchased and 13 are in conveyancing) but with a lower unit mix than the original target**.** Further underspend has been caused by savings against the price cap. However, refurbishing the properties has taken longer than anticipated meaning that the programme has not had as significant impact on 2025/26 temporary accommodation costs as hoped for.

12.6 2025/26 is a critical year for the Council's new home's programme with 889 new affordable homes expected to complete this year. Most projects remain on budget apart from Clock Cottages, which has a £0.8m overspend over the life of the project. A safeguarding bid for additional grant has been submitted to the GLA with an outcome expected shortly. The budget for Claire Court / Watling Gardens has been re-profiled with £7.2m brought into 2025/26 from 2026/27 reflecting a faster than initially forecast completion timetable. On the other hand, £15.2m of the Edgware Road budget for 2025/26 has been reprofiled to future years following the decision to tender for a new contractor in July.

12.7 Rising interest and build costs, as well as the current HRA budget position, make further new build development very challenging from a viability perspective. Officers continue to explore alternative ways of meeting Brent's housing needs.

12.8 The Housing HRA is forecasting a variance of £3.6m caused by £0.3m accelerated spend and £3.3m overspend on the Kilburn Square refurbishment project. Officers are exploring value engineering opportunities on the Windmill Court refurbishment as a way of mitigating the impact of this overspend.

12.9 The Windmill Court and Granville Homes' budgets have been reprofiled to future years to enable the major repairs team to focus on essential fire safety works following the self-referral to the Regulator for Social Housing. The Council has brought in external consultants to review the major repairs programme and ensure that budget is allocated to the most critical areas. Officers are exploring ways of increasing capital available for major repairs without increasing borrowing, which would put more pressure on HRA reserves.

Regeneration

12.10 Brent's Regeneration programme plays a vital role in delivering new homes, infrastructure, and community assets that support inclusive growth and long-term sustainability. The programme is currently forecasting a variance of (£8.7m) made up largely of slippage. £7.5m of slippage relates to Wembley Housing Zones due to delays in signing the new building contract for Ujima House in December 2024. £1.0m of slippage relates to the Neasden regeneration project, because TfL have requested a longer timeframe for technical modelling than the original bid timeline.

South Kilburn

12.11 The key focus of the South Kilburn regeneration programme at the current time is the procurement of a Single Delivery Partner (SDP). The Council is reviewing the initial bids, and the intention is to invite three bidders to interview. The SDP model is a new way of the Council delivering a major regeneration programme intended to streamline delivery and improve co-ordination, but depending on a single partner and setting a framework for land receipts in advance also carries substantial risks. Officers are working with external development consultants and the GLA to mitigate these risks.

12.12 The programme is currently reporting to budget for 2025/26 but with £0.9m underspend offset by £0.9m accelerated spend. The largest area of accelerated spend is £0.4m for Kilburn Open Space as this project is progressing well following Cabinet's decision to award £4.4m SCIL in December 2024. The underspend is driven by William Dunbar and Saville (£1.4m) and Hereford and Exeter (£0.9m) but as these are SDP sites, there are likely to be significant changes to forecasts as the procurement progresses. Whilst the project is forecasting to budget for 2025/26, there is a forecast overspend of £2.3m in future years for the Carlton and Granville development of affordable homes and community space due to project delays and disputes with the contractor.

12.13 The South Kilburn Energy Network is currently forecasting to budget. However, initial tenders have returned higher than anticipated bids and work is ongoing to review the viability of the scheme and revise capital budgets.

Children, Young People and Community Development

12.14 The Children, Young People and Community Development capital programme has a variance of (£3.1m), consisting solely of slippage. Of this £3.1m, £2.5m relates to the Welsh Harp Post-16 Centre because construction will not start until 2026/27 with only design costs in 2025/26. The budget against the Onside Youth Centre has been removed as this project is not going ahead. Officers are working on proposals for alternative projects to improve youth facilities in the Borough.

12.15 A key challenge for the CYP capital programme has been the discovery of unforeseen issues such as ground or building condition issues during building works. This has increased the costs of works so Capital Programme Board approved a budget increase of £0.7m for the Schools Asset Management Programme funded by unallocated Basic Needs and Asset Management Programme grants. The same issue is affecting the project to develop additionally resourced provision for students with Special Educational Needs and Disabilities (SEND), but these developments are still expected to come within the overall project budget.

Public Realm

12.16 The Public Realm Board area focusses on improvements to community infrastructure in Brent such as roads, parks and CCTV. As at Q2, the area is forecasting a variance of (£1.1m) driven by £1.0m of slippage. The biggest contributors are the sports pitch improvements (£0.4m) due to changes in procurement law delaying tendering and Northwick Park Pavillion upgrade (£0.3m) due to health and safety issues that need to be addressed before the upgrade can progress.

12.17 Accurate forecasting is always particularly challenging in the Public Realm area because of the large number of relatively small projects, project delivery can be impacted by uncontrollable factors such as the weather, and the uncertainty and complexity of grant funding. A particular challenge in 2025/26 will be ramping up spending at speed following the award of £13.8m SCIL funding for capital projects part way through the year. The total revised budget of £36.0m compares to outturn of £18.1m in 2024/25 showing the extent of the delivery challenge.

St Raphael's

12.18 As at Q2, St Raphael’s is forecast to spend £0.4m, primarily on public realm improvements, compared to a budget of £3.5m. The cause of the slippage as officers are waiting for the outcome of a revised planning application.

Treasury Management Prudential Indicators

12.19 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 2 2025/26. Financial implications of agreeing to this report are included within the forecasts provided.

14.2 Under the Business Rates Retention System, a percentage of the income from business rates is retained by Brent Council and the GLA. For 2025/26, the retained share in London is 67%, of which Brent Council's share is 30%. The total cost of awarding discretionary relief to the 6 organisations detailed in Table 14 is £7,209.53 for 2025/26.

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 of 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