

 <b>Brent</b>	<b>Cabinet</b> 9 February 2026
	<b>Report from the Corporate Director, Finance and Resources</b>
	<b>Lead Member - Deputy Leader &amp; Cabinet Member for Finance and Resources (Councillor Mili Patel)</b>

<b>Budget and Council Tax 2026/27</b>	
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<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Key
<b>Open or Part/Fully Exempt:</b> (If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)	Open
<b>List of Appendices:</b>	22 – See list attached
<b>Background Papers:</b>	None
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## 1.0 Executive Summary

- 1.1 This report sets out the Council's budget proposals for 2026/27. It also sets out the results of the statutory processes of consultation, scrutiny and equalities analyses. These proposals will form the basis of the budget to be agreed by Full Council on 23 February 2026. The report also sets out the overall financial position facing the Council for the medium-term and highlights the significant risks, issues and uncertainties.

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

- A Council Tax rise of 4.99% for the Brent element, making a Band D Council Tax of £1,724.76. Additionally, the Council will levy a Council Tax precept currently expected to be £510.51 at Band D on behalf of the Greater London Authority (GLA). Therefore, the total Council Tax at Band D is expected to be £2,235.27, which is an overall increase of 4.8%.
- New budget savings proposals with an aggregate value of £10.4m to be delivered in 2026/27, as set out in Appendix C (i).

1.3 This report is structured as follows:

- Foreword from the lead Cabinet member
- Strategic overview of the financial and macro-economic climate;
- Summary of the processes taken to develop the budget;
- Update on the 2025/26 revenue budget and review of the key budget assumptions;
- The results of consultation, scrutiny and equalities impact assessments;
- Updates from the Council's ring fenced budgets, specifically the Housing Revenue Account (HRA) and the Dedicated Schools Grant (DSG);
- The capital programme is set out, along with the associated capital strategy, investment strategy and treasury management strategy.

## **2.0 Recommendation(s)**

### **Cabinet**

2.1 Agree to recommend to Full Council an overall 4.99% increase in the Council's element of Council Tax for 2026/27, with 2% as a precept for Adult Social Care and a 2.99% general increase.

2.2 Agree to recommend to Full Council the General Fund revenue budget for 2026/27, as summarised in Appendices A and B.

2.3 Agree to recommend to Full Council the savings proposals for 2026/27 as set out in Appendix C (i).

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

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

2.6 Agree to recommend to Full Council the HRA budget and business plan for 2026/27, as set out in section 12 and appendix P of this report.

2.7 Agree the HRA rents for council dwellings, tenant service charges and garages as set out in section 12 of this report.

2.8 Agree the rents set under the Housing General Fund for Brent Housing PFI and traveller's site pitches and to note the rents for Hillside dwellings as set out in section 12 of this report.

2.9 Note the Dedicated Schools Grant, as set out in section 13 of this report.

- 2.10 Agree to recommend to Full Council the changes to the existing Capital Programme in relation to additions of new schemes and reprofiling, as set out in section 14 of this report and Appendix E, and note the Capital Pipeline Schemes in Appendix F.
- 2.11 Agree to recommend to Full Council to approve the use of £2.9m of unrestricted right to buy receipts for capital works to improve HRA housing and enfranchisement (renewal of leaseholds approaching expiry).
- 2.12 Agree to recommend to Full Council the Capital Strategy, the Investment Strategy, the Treasury Management Strategy and the Minimum Revenue Provision Statement as set out in Appendices G, H, I and J.
- 2.13 Agree to recommend to Full Council the Reserves Strategy and schedule of reserves, as set out in Appendices K (i) and K (ii).
- 2.14 Agree, and where relevant agree to recommend to Full Council the Fees and Charges Policy and Schedule of Fees and Charges, as set out in Appendices L (i) and L (ii).
- 2.15 Note the results of the budget consultation, as set out in section 11 and detailed in Appendix M.
- 2.16 Note the legal advice from the Director of Law, as set out in Appendix N.
- 2.17 Approve new Strategic Community Infrastructure Levy (SCIL) allocations as set out in section 14, which include an uplift of up to £4.7m to £11.2m for the College of North West London, £0.2m for a new pedestrian crossing at the junction of Willesden Lane, Cavendish Road and The Avenue and £1.8m for Carlton Vale Boulevard in South Kilburn.

### **Full Council**

- 2.18 Agree an overall 4.99% increase in the Council's element of Council Tax for 2026/27, with 2% as a precept for Adult Social Care and a 2.99% general increase.
- 2.19 Agree the General Fund revenue budget for 2026/27, as summarised in Appendices A and B.
- 2.20 Agree the savings proposals for 2026/27, as set out in Appendix C (i).
- 2.21 Note the Equalities Impact Assessments on the budget proposals, as set out in Appendices C (ii) and C (iii).
- 2.22 Note the report from the Budget Scrutiny Task Group in Appendix D.
- 2.23 Agree the HRA budget and business plan for 2026/27 as set out in section 12 and Appendix P of this report.
- 2.24 Agree the Dedicated Schools Grant, as set out in section 13 of this report.
- 2.25 Agree the changes to the existing Capital Programme in relation to additions of new schemes and reprofiling, as set out in section 14 of this report and Appendix E, and note the Capital Pipeline Schemes in Appendix F.
- 2.26 Agree the use of £2.9m of unrestricted right to buy receipts for capital works to improve HRA housing and enfranchisement (renewal of leaseholds approaching expiry).

- 2.27 Agree the Capital Strategy, the Investment Strategy, the Treasury Management Strategy and the Minimum Revenue Provision Statement as set out in Appendices G, H, I and J.
- 2.28 Agree the Reserves Strategy and schedule of reserves, as set out in Appendices K (i) and K (ii).
- 2.29 Agree the Fees and Charges Policy and Schedule of Fees and Charges, as set out in Appendices L (i) and L (ii).
- 2.30 Note the results of the budget consultation, as set out in section 11 and detailed in Appendix M.
- 2.31 Note the legal advice from the Director of Law, as set out in Appendix N.
- 2.32 Agree the Pay Policy Statement for 2026/27, as set out in Appendix O.

### **Council Tax recommendations**

- 2.33 That the Council notes that, at the time of despatch of this report, the GLA has not issued its precept for 2026/27. The GLA is scheduled to agree its precept on 26 February 2026.
- 2.34 That the Council refer to the Council Tax Setting Committee, the setting of the Council Tax for the year 2026/27, in accordance with section 67(3) of the Local Government Finance Act 1992.
- 2.35 That the Council Tax Setting Committee meet on 27 February 2026 to allow Council Tax notices to be issued in line with the normal statutory timetable.
- 2.36 That the Council notes the Terms of Reference of the Council Tax Setting Committee for 2026/27 in Appendix Q (i).
- 2.37 That the Council notes the composition of the Council Tax Setting Committee as appointed at the Annual Council Meeting on 14 May 2025.
- 2.38 That the Council recommends the formal resolution set out in Appendix Q (ii), to the meeting of the Council Tax Setting Committee, to formally set the Council Tax for 2026/27.

## **3.0 Cabinet Member Foreword**

### **Where we are today**

- 3.1 Brent enters the 2026/2027 Financial Year at a moment of greater stability, but with continuing pressure on the services our residents rely upon the most. Over the past fifteen years, Brent Council has delivered almost a quarter of a billion pounds in cumulative cuts, efficiencies and savings, while continuing to protect frontline services and invest in our borough. This has required difficult decisions, strong fiscal discipline and a relentless focus on value for money. It has also required enormous commitment from our partners, the voluntary sector and our own officers – and I want to acknowledge the scale of that herculean effort.
- 3.2 This year's Budget is shaped by the most significant reform of local government funding this century. In December 2025, the government delivered the Fair Funding Review 2.0, with a clear intention of directing more resources to

councils with the highest levels of need, simplifying the funding system and resetting business rates for the first time since 2013. Nationally, this reform has provided £3.4 billion of additional funding over the next three years. This represents a clear signal that this government recognises the pressures facing local councils - including places like Brent where housing costs, deprivation and inequality are inextricably linked – and wants to tackle these issues.

- 3.3 For Brent, this has resulted in a £67.9 million increase in core funding between 2025/26 and 2026/27. Of this, £18.4 million was baked into the draft Budget. The remaining £49.5 million reflects changes between the draft and the final Budget. Within this, £26.6 million relates to simplification of funding streams previously held outside the settlement into Revenue Support Grant and new ringfenced grants. **After these adjustments, the net additional funding for Brent as a direct result of Fair Funding Review 2.0 is £22.9 million.**
- 3.4 As you have come to expect from this administration, this very welcome additional funding is being directed in a responsible and balanced way, namely, to address immediate service pressures, to support vulnerable residents and to strengthen the Council's long-term financial resilience. Some of this funding will be ringfenced, with £5.8 million used for specific reasons, including £4.5 million for children's social care prevention through the Families First Partnership and £1.3 million to support residents facing housing cost pressures through the Crisis and Resilience Fund. Alongside this, we are also allocating £10 million to meet ongoing social care pressures identified since the draft Budget, including £8 million for adult social care and £2 million for children's social care, ensuring that our frontline services remain sustainable and deliver for those in greatest need.
- 3.5 The settlement also confirms that councils can increase Council Tax by up to 2.99%, alongside a 2% Adult Social Care precept. In the context of unprecedented social care pressures and ongoing demand for our housing needs services, the budget is built upon a 4.99% Council Tax increase, recognising that even this does not cover the growth in costs. Taken together, this provides recurring funding of £12.2 million, of which £3.1 million comes from growth in the tax base and £9.1 million from the increase itself.
- 3.6 At a time when public services remain under real pressure, our priorities are clear: we are **protecting** the services that matter most, **investing** in Brent's future, and **supporting** people in need.

### **The challenges we face**

- 3.7 Despite this improved settlement, the challenges facing local government remain serious and structural. Brent Council delivers services to more than 110,000 households, an extraordinary responsibility that this Council has carried against the backdrop of austerity, rising demand and repeated national and international crises. Throughout that period, we have continued to balance our budget, protect frontline services and invest in the borough, even as pressures have intensified year after year.

- 3.8 Adult social care and children's services continue to experience sustained growth in demand. More residents are living longer with complex needs, and more children and families require support. Inflation in care markets, workforce shortages and rising provider costs have significantly increased the price of delivering these services, and these pressures are expected to continue.
- 3.9 Housing remains one of the most urgent challenges we face. The Housing Needs Service has seen a 21% increase in homelessness presentations, with cases expected to reach 8,840 by the end of 2025/26. The number of households in temporary accommodation has risen to 2,054, and the number of families in emergency accommodation has increased by 36%. Across London, the scale of this crisis is stark. In March 2025 alone, councils spent £196 million in a single month on temporary accommodation, an increase of 86% compared with the previous year. These costs represent both families in crisis and an unsustainable strain on public finances.
- 3.10 Critically though, Brent is not seeking Exceptional Financial Support. Thirty councils nationally have required Exceptional Financial Support totalling £1.5 billion, including seven London boroughs. Brent's improved funding position and our ability to deliver savings and efficiencies mean we have not had to take this step. This reflects the strength of our financial management and the difficult but responsible decisions taken over many years.
- 3.11 Looking ahead, uncertainty does remain. While the Fair Funding Review 2.0 has brought welcome stability in the short term, local government remains an unprotected department nationally, and future settlements will impact Brent greatly. In this context, fiscal discipline is essential. As you would expect from this administration, we have set a minimum level of reserves at 5% of net expenditure, equivalent to £22.5 million in 2026/27, to ensure we can manage risk and protect services in the face of unexpected shocks.
- 3.12 To remain strong and sustainable into the future, Brent will continue to deliver £10 million of savings each year, as set out in the Medium-Term Financial Strategy in the following pages.
- 3.13 We will continue to evolve and adapt to the challenges of the future following our core values and principles – fairness, discipline, delivering for the most vulnerable, being ambitious for Brent and our residents. We look forward to delivering a new Council plan as part of the next Budget.

### **Our opportunities to invest in tomorrow**

- 3.14 This Budget shows that Brent Council is not standing still. It responds directly to residents' call for us to move faster and fix more of the things that matter, while continuing to invest in the future of our borough. Even at a time of intense financial pressure, we have chosen progress over retreat and action over delay. We are protecting the frontline services people rely on, while making visible improvements to cleaner streets, safer neighbourhoods, better public spaces and more new council homes. This is a Budget that looks after people today and builds opportunity for tomorrow.

3.15 The programme of investment that follows shows clearly what this council will be delivering in the years ahead:

- We are investing **£3 million in the Public Realm and Street Cleansing** to deliver clearer and more visible improvements in cleanliness across the borough.
- We are investing **£10.5 million in shared public spaces** to modernise libraries, leisure centres and family wellbeing centres, ensuring public buildings are safe, welcoming and fit for the next generation.
- We are investing **£3 million in the Willesden Health and Wellbeing Hub** to bring NHS and community services together in one modern facility at Gladstone Park.
- We are investing **£16.3 million in Digital and Technology Transformation** to improve how residents access services, strengthen cyber security and enable smarter and more efficient ways of working.
- We are investing more than **£4.3 million a year in Highways and Transport Infrastructure** to resurface roads, repair pavements and upgrade street lighting across the borough.
- We are investing over **£1.5 million in 'Green Corridors'** to create safer streets and healthier neighbourhoods in Church End and Roundwood.
- We are investing **£2.6 million in CCTV and Public Safety** to expand coverage and protect communities.
- We are investing **£5.1 million in Neighbourhood CIL projects** and **£1.5 million through Pride in Place** to improve parks, high streets and public spaces.
- We are investing **£9.2 million in our capital pipeline** to prepare future projects, including **£2.1 million for energy efficiency upgrades across council buildings, £1.5 million for improvements to Vale Farm Sports Centre and £1.8 million for investment in parks and outdoor sports facilities.**
- We are investing **£23.1 million in Wembley Housing Zone** to deliver 291 new homes, nearly half of them affordable.
- We are investing **£45.6 million in Bridge Park Regeneration** to deliver a new leisure centre and drive wider regeneration.
- We are investing **£10.5 million in Neasden Civic Partnership, £6.9 million in the Grand Union Canal Footbridge, and £2.7 million in the Staples Corner Masterplan** to transform key town centres.
- We are investing **£600,000 in the West London Orbital** to progress a new rail link to Old Oak Common and HS2.

- We are investing **£11.2 million in the College of North West London Regeneration** to unlock a £150 million redevelopment delivering education facilities and nearly 2,000 new homes.
- We are investing **over £81.3 million in South Kilburn Regeneration and Public Realm**, including new school, public realm improvements and a district heat network for over 2,600 homes.
- We are investing over **£4 million in SEND and Schools** to create more than 200 new SEND places and a new Post-16 Skills Centre.
- We are investing **£4 million in Youth Facilities** to modernise youth centres across the borough.
- We are investing nearly **£60 million in Housing Supply and Temporary Accommodation** to reduce reliance on costly temporary accommodation and provide more stable homes for families.
- We are investing **£18.3 million in Major Repairs and Fire Safety** to improve council homes and protect residents.
- We are investing **£2.9 million in Energy Efficient Heating** to cut emissions and lower energy bills.
- We are investing in **Aids and Adaptations** and **£500,000 in Lynton Close improvements** to support independence and dignity for all residents.

3.16 None of these investments would have been possible had this administration not taken the many tough decisions over the past fifteen years to ensure our finances remained on a strong and stable footing. None of these investments would have been possible if we had splurged our reserves. None of these investments have been possible if we had not taken a positive approach to development in our borough and secured the wider community investment that comes with building new homes.

## 4.0 Strategic Overview

### MTFS Update

4.1 In February 2025, Council agreed the budget for 2025/26, which included a total of £20.4m of budget reductions.

4.2 In the Medium Term Financial Outlook presented to Cabinet in July 2025, the MTFS model was extended to 2028/29 to cover the anticipated three-year settlement from 2026/27. Budget assumptions on income and expenditure were reviewed and updated and it was estimated that a further £30m of savings would be required across the MTFS period. Table 1 shows how this budget gap is distributed across the MTFS period.

Table 1: Budget gap 2026/27-2028/29 per July 2025 Medium Term Financial Outlook

	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
In year budget gap	10.0	10.0	10.0
Cumulative budget gap	10.0	20.0	30.0

4.3 Reports are brought to Cabinet quarterly on the budget position with the most recent update in January 2026 detailing the quarter 3 position setting out the forecast overspends of £12.5m on the General Fund revenue budget, £4.8m against the Dedicated Schools Grant (DSG) and £2.3m on the Housing Revenue Account (HRA), for a total forecast overspend of £19.6m. The forecast overspend on the General Fund revenue budget is primarily within Adult Social Care due to increases in the cost of placements and significant challenges with the delivery of savings and Housing, which has been experiencing high levels of demand since 2023 due to a rise in homelessness and a reduction in the supply of suitable temporary accommodation. Additionally, new pressures have arisen on the residential and secure placement budgets within the Children, Young People and Community Development directorate. The forecast overspend on the DSG is within the High Needs Block, with the main contribution (£3.5m) from the cost of placing Brent children in out-of-borough schools. The forecast overspend on the HRA is a result of increased capital financing and repairs and maintenance costs, offset partially by increased rental income.

4.4 At the Draft Budget in November 2025, £10.4m of savings were proposed to close the budget gap in 2026/27. In contrast to previous years, a new collaborative approach has been developed to address the Council's medium-term financial challenge and identify sustainable savings. This approach focuses on identifying high-impact opportunities, including cross-directorate working, improving productivity, better use of digital solutions, and increasing income generation. This approach to delivering savings enables the Council to meet its obligation to balance the budget in a way that supports transformative change, but it must be acknowledged that delivering these savings will be challenging and non-delivery of savings is a key risk to the 2026/27 budget and the MTFS.

4.5 The new savings proposals to be approved by Full Council in February 2026 are summarised in Appendix C (i), with their associated equalities impact assessments in Appendices C (ii) and C (iii).

4.6 Brent has delivered total cumulative savings of £238m between 2010 and 2026. The proposed savings for 2026/27 (Appendix C (i)), will take this total to £248m (50% of the net revenue budget for 2026/27).

4.7 During 2025/26 the government has delivered the most significant reform of local government funding (Fair Funding Review 2.0) in more than a decade,

with particular focus on diverting resources to authorities that need them most, simplifying funding through the consolidation of grants and delivering the first reset of the business rates retention system since it was created in 2013. A consultation exercise was carried out in the summer of 2025 on the draft proposals, to which Brent provided a comprehensive response. Following the results of the consultation, the proposals were revised, with the outcome being positive for Brent Council, most notably due to the revision of the Indices of Multiple Deprivation (IMD) to include Housing costs. Further details of the funding reforms are outlined in section six.

- 4.8 The estimated savings requirement was calculated before the outcome of Fair Funding Review 2.0 to ensure that the Council could set a balanced budget in 2026/27, within the MTFS assumptions, including significant ongoing service pressures in social care and homelessness prevention.
- 4.9 The provisional local government finance settlement for 2026/27 was the first multi-year settlement in a decade, covering the three-year period from 2026/27 to 2028/29. This development is a welcome one for Brent Council, providing much needed clarity on what funding will be available to support the budget over the MTFS period.
- 4.10 The provisional settlement increased Core Spending Power for Brent by 9.9% in 2026/27, compared to the revised 2025/26 baseline, inclusive of a 'referendum limit' for Council Tax of 4.99% (where 2% is ring fenced for Adult Social Care). Like last year, the Government's financing assumption is that all Councils would act on this. The decision on Council Tax will be taken by Full Council, but the budget has been constructed based on a 4.99% rise in the Brent element of Council Tax. In addition, this is based on considering the rising inflationary pressures that the Council is subject to, the financial position in the round, the need to protect frontline services such as social care and homelessness prevention and the results of consultation through specific budget briefings, drop-in sessions and other meetings held by the date of despatch of this report. Further details regarding decisions on Council Tax, including support for residents that are financially vulnerable, are set out in section six of this report.
- 4.11 The Mayor of London has announced plans for an increase in his precept of 4.1% (slightly different rules on the limits for the GLA apply due to its role as the police authority) making the overall increase in Council Tax 4.8%. This equates to £2,235.27 at Band D, or the equivalent of £42.99 per week, and the overall increase equates to £1.96 per week.
- 4.12 The provisional settlement for Brent also delivers increases in Core Spending Power in 2027/28 (7.7%) and 2028/29 (7.3%), inclusive of 4.99% increases in Council Tax in both years. The increases in Core Spending Power in the second and third year of the settlement are lower due to the increases in overall funding for local government at the national level being front-loaded in the early years of the Spending Review, which was delivered in Summer 2025. This reflects the revised assessment of Brent's relative funding need and is an indicator that Brent was previously not receiving the funding it required, exacerbating the significant challenges created by the financial environment the Council has operated within in recent years.

4.13 The government chose to implement the funding reforms across the multi-year settlement, with the transitional arrangements resulting in a steady increase to Brent's funding up to 2028/29 when the funding reflects the government's revised assessment of Brent's funding needs in full. In the consultation, Brent supported the transitional arrangements, as they protect Councils who are losing funding, providing them with time to adjust their budget plans. At the time of the consultation, all available information indicated that Brent Council would be in this position, in which case the transitional arrangements would have been essential to Brent being able to continue to deliver a balanced budget across the MTFS period.

4.14 The settlement provided additional funding of £3.4bn nationally across the three years, with approximately half of this funding being used to provide the transitional and funding floor protections. The other half of the funding is providing additional funding for Adults and Children's social care. There remains considerable uncertainty about what happens beyond 2028/29, following the next Spending Review, when government may be faced with increasingly difficult decisions on how to allocate departmental spending, with local government being an unprotected department.

4.15 The Draft Budget was prepared in advance of the provisional settlement, using prudent funding assumptions. Therefore, the provisional settlement results in an improved funding position across the settlement. However, the pressures arising in 2025/26 outlined earlier in this section, many of which are likely to continue into 2026/27, have resulted in increased growth requirements. Therefore, to enable Brent to return to a sustainable budget position over the medium-term, the savings requirement remains the same as proposed in the Draft Budget in November 2025 (£10m per year).

4.16 Development of the 2027/28 budget will be undertaken from summer 2026, following the Council elections in May 2026. The new Council administration will set its priorities for the years ahead, at which time the MTFS will be revised taking into consideration all information available at that time. Further details will be presented in the Medium Term Financial Outlook in July 2026.

4.17 Given the significant financial uncertainties that have been highlighted throughout this process, this is a balanced and proportionate approach to the demanding choices that must be confronted in budget setting. It should be recognised, however, that forecasting over the medium term has been, and continues to be, extremely difficult. There is a high level of uncertainty due to multiple military conflicts, stubbornly high inflation, continued high interest rates, low growth in the economy, the effects of the cost-of-living crisis on residents and businesses in the borough and demographic changes. Whilst the provisional settlement for 2026/27 provides an improved funding position, the significance of the financial challenge cannot be underestimated. However, the measures outlined in this report aim to ensure that the Council continues to operate in a financially sustainable and resilient way.

4.18 The budget gap identified in Table 1 includes items known at the time of despatch of this report. Throughout 2026/27 new pressures may arise, or additional in-year savings may be achieved, which will either increase or decrease the forecast budget gap. It is important to note that these figures include several assumptions around future budget growth requirements,

interest rates and inflation, which could get worse as well as better. For example, if interest rates remain high and inflation rises again, this would increase the budget gap further. It is also important to note that the financial assumptions could improve, for example if demand led pressures are less than anticipated, this would reduce the forecasted budget gap.

- 4.19 During spring 2026, these estimates will be refined and a Medium Term Financial Outlook report will be presented to Cabinet in July 2026, at which point the savings target for 2027/28 will be revised. The process of identifying these savings will be a major factor in the construction of the 2027/28 budget, enabling the Council to set a balanced budget for 2027/28, with the Draft Budget presented to Cabinet in autumn 2026.
- 4.20 Following the final local government finance settlement for 2026/27 to 2028/29 in January 2026 and the Council elections in May 2026, it will be possible for Brent to plan more effectively across the remaining years of the settlement. In this scenario, the Council may decide to allocate funding to priorities and set savings targets for both 2027/28 and 2028/29 in February 2027, to provide greater certainty to services and residents on what the required changes will be over the following two years.

### **Economic Environment**

- 4.21 Growth in Gross Domestic Product (GDP) for the UK in 2026 is expected to ease from 1.4% before improving again later, reflecting the delayed effects of lower interest rates, looser monetary conditions, stronger global activity, and higher consumer spending. This is similar to the forecast for 2025 (forecast growth 1.3%), which may not be sufficient to significantly help many of those people still suffering from the cost-of-living crisis. Low growth in the economy reduces the opportunity for the Government to invest in public services, with unprotected departments like local government susceptible to reductions in funding. Where this occurs, this limits the ability of local authorities like Brent to provide services and support to residents, particularly outside of statutory services including social care and homelessness prevention.
- 4.22 CPI inflation in 2026 is expected to average 2.5%, which is lower than the 2025 average of 3.5%, but remains above the Bank of England's target of 2.0%, with the rate projected to not return to this level until 2027. The high rate of inflation is driven by rising energy and food prices, which are prolonging the cost-of-living crisis for Brent's residents. For Brent's services, high inflation also means that the cost of providing existing services increases and the ability to invest in service improvements is limited. Some services are also experiencing cost increases that outpace the rate of inflation, resulting in a need for savings to be made for the Council to balance its budget overall.
- 4.23 In December 2025, the Bank of England's Monetary Policy Committee (MPC) voted to reduce the base rate to 3.75% from 4.00%. This was influenced by falling inflation, weaker labour market, and reduced fiscal uncertainty. The 2026 interest rate outlook is for a gradual easing towards a stabilisation at 3.25%. The Council's borrowing rates are not directly impacted by this movement which are linked to Government Gilts.

## **Exceptional Financial Support (EFS)**

4.24 Local authorities across the country continue to face growing financial pressures caused by decades of underfunding by central government and increasing demand for services such as social care and temporary accommodation. These pressures are further exacerbated by rising costs driven by higher inflation and interest rates.

4.25 The financial challenge faced by all local authorities has resulted in some turning to the government for Exceptional Financial Support (EFS). EFS is a form of temporary financial assistance provided by the government to local authorities facing severe financial distress. It is designed to help councils avoid insolvency; meet immediate financial obligations, set legally balanced budgets, and continue the delivery of its statutory functions.

4.26 Thirty local authorities have had to request EFS totalling £1.5bn in 2025/26, of which seven are London councils. It should be noted that EFS is not additional funding from the government in the form of grants. The main mechanism for EFS is through a Capitalisation Direction, which allows councils to:

- Treat revenue costs as capital costs
- Fund these costs via borrowing or capital receipts (e.g. asset sales)
- Spread the financial burden over several years instead of one budget cycle

4.27 This flexibility helps councils to manage extraordinary pressures without breaching their statutory duty to balance budgets.

4.28 As part of measures to deal with the funding concerns, six of the thirty councils receiving EFS in 2025/26 were granted specific government permission to raise council tax above the current 4.99% cap, with the increased rates ranging from 7.5% to 10%. There is the likelihood in 2026/27 that more councils will have to request permission to raise council tax above the 4.99% threshold.

4.29 For the avoidance of doubt, Brent is not in the position to seek EFS due to the improved funding position over the medium-term and the prudent measures set out in this and previous budget reports to balance the overall budget.

## **Administration Priorities**

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

4.31 The Borough Plan 2023-27 sets out the Council's vision for the four-year period covered by the plan. There is an emphasis on how the Council will work with others to support people through the cost-of-living crisis and harness the diverse range of communities in Brent. Central to these ambitions is making Brent the best it can be for everyone who lives and works in the borough.

4.32 The overarching theme of the plan is 'Moving Brent Forward Together'. The plan focuses on how the Council will take forward delivery through five priority areas being of fundamental importance to Brent and its people. Each priority area has set outcomes the Council will work towards, tackling cross-cutting issues such as homelessness and health inequalities. The five priorities are:

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

4.33 During 2025/26, the Council delivered the following in line with the Borough Plan priorities:

#### Prosperity and Stability in Brent

- Helped over 3,500 residents gain new skills through 435 courses
- Delivered 418 affordable homes

#### A Cleaner, Greener Future

- Cleared over 17,000 fly tips
- Cut our carbon emissions by 71.6% since 2010
- Collected 68,000 tonnes of rubbish and recycling from over 130,000 homes & kept streets clean
- £9.3m looking after 315 miles of road and 529 miles of pavement
- £75k for community-led climate projects

#### Thriving Communities

- Our libraries welcomed 710,000 visitors
- £8.4m for community projects
- £60k on cultural activities like Race Equality Week

#### The Best Start in Life

- Created over 400 new school places for children with special educational needs
- Delivered over 4,500 school holiday activity places for children, including over 770 for children with special educational needs and disabilities
- 97% of Brent schools are good or outstanding
- Took care of 305 children in care
- Supported over 5,600 new children, young people and adults through our Family Wellbeing Centres

#### A Healthier Brent

- Provided vital social care support to 5,922 adults with care and support needs, including older people
- Our sports centres welcomed 1.2 million visitors
- 3,500 free exercises classes

4.34 As is customary during the budget setting process, the MTFS will need to ensure it provides a framework to enable and support the delivery of these programmes.

4.35 Following the Council elections in May 2026, the new Council will identify the priorities for the next four years from 2027 to 2031. These priorities will be developed into a new Council Plan covering this four-year period and the 2027/28 budget will be developed in strategic alignment with the new Council Plan. It is possible that this will result in different budget requirements for 2027/28 and 2028/29 than the assumptions in the MTFS, which are based on the current Borough Plan. As this is developed, the MTFS will be updated and progress on the development of the 2027/28 and 2028/29 budgets will be reported as usual through the Medium Term Financial Outlook (July Cabinet), Draft Budget (November Cabinet) and Budget and Council Tax (February Cabinet and Full Council).

### **Strategic Change Programme**

4.36 To respond to the significant financial and service delivery challenges facing local government, the Council's Strategic Change Programme from 2024/25 has evolved into the Embrace Change Portfolio. This portfolio represents the Council's roadmap for driving transformation, improving outcomes for residents, and supporting long-term financial sustainability.

4.37 The Embrace Change Portfolio brings together a series of cross-cutting change programmes, projects and enablers that focus on transforming how the Council works with residents, communities, and partners. It is underpinned by a clear set of principles: values-based delivery, collaborative working, community power, and a prevention-first approach. Together, these principles ensure that transformation activity is resident-focused, outcome-driven and designed to make the greatest possible impact with every pound spent.

4.38 The portfolio plays a critical role in supporting the delivery of required savings and service transformation. It provides the framework through which services are challenged to work differently, prevent demand, redesign services around residents and strengthen partnerships, rather than relying solely on incremental efficiencies.

4.39 For 2026/27, the objectives of the Embrace Change Portfolio are to:

- Support the delivery and assurance of approved savings proposals, ensuring benefits are clearly defined, tracked, and realised.
- Align transformation activity directly to the new Council Plan, enabling delivery of Council priorities while improving outcomes for residents.
- Strengthen prevention-led approaches in areas of highest demand and spend, including Adult Social Care, Children's Services, and homelessness prevention.
- Embed community-powered approaches, ensuring residents and communities are actively involved in shaping services and solutions.
- Build a culture and workforce fit for the future, supported by the right skills, governance, and ways of working.

## **5.0 Budget Development Process 2026/27**

5.1 The budget development process for the Council to set its budget and Council Tax for 2026/27 was as follows:

- A collaborative approach has been adopted for the budget development process with regards to the identification of savings. This approach promotes a shift from centralised budget control to a more service-led approach to identifying savings and efficiencies. This approach of distributing savings responsibility across services is intended to increase organisational ownership of financial challenges, enhance resilience for future budget planning, and support the identification of sustainable, service-specific efficiencies.
- Meetings involving Cabinet and Corporate Management Team members to consider the key service and budget issues likely to affect the Council in future years.
- Development of budget proposals by officers and relevant Lead Members for individual services within the context of the Borough Plan and the overall resources available.
- Development of the budget approach, based on the updated medium term financial outlook, which was considered by the Cabinet on 17 November 2025.
- The publication of a schedule of savings proposals at Cabinet in November 2025 for the purposes of consultation, scrutiny and equality analyses.
- Debates through the Budget Scrutiny Task Group of the Resources and Public Realm Scrutiny Committee.
- Approval of the taxbase for the 2026/27 budget at General Purposes Committee on 8 December 2025.
- Public consultation via specific budget briefings, drop-in sessions and other meetings.
- Review of the schools' budgets by the Schools Forum.
- Considering feedback from residents, businesses and other key stakeholders, whether received from the online consultation portal or other direct representations.
- Conducting individual equality impact assessments (Appendix C (ii)) on the budget proposals and a cumulative equality impact assessment (Appendix C (iii)) on the overall budget to ensure that the consequences of the budget proposals were properly understood.
- Implementation of the External Auditor's Value for Money recommendations on financial sustainability.

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

## 6.0 Update and Review of Key Budget Assumptions – Core Funding

### **Overview**

- 6.1 The 2026/27 Local Government Finance Settlement provided confirmed core funding allocations for local authorities covering the three-year period from 2026/27 to 2028/29. The settlement followed the conclusion of Fair Funding Review 2.0, which introduced the most substantial reforms to local government finance for more than ten years, significantly improving certainty for Brent's medium-term financial planning.
- 6.2 As a result of these reforms, Brent's Core Funding has increased between 2025/26 and 2026/27. A detailed breakdown of these changes by funding stream is provided in Appendix A.

### ***Changes from 2025/26 to 2026/27***

- 6.3 Between 2025/26 and 2026/27, Brent's Core Funding increased by £67.9m, representing a 16% increase in overall resources. This compares the approved 2025/26 budget with the proposed 2026/27 budget and includes both Core Spending Power and grant funding that sits outside of Core Spending Power.
- 6.4 The increase comprises two main elements. First, Core Spending Power increased by 9.9%, reflecting changes in assessed relative need, growth in Council Tax income and additional support for social care pressures. Second, there was a 6% increase attributable to the rolling-in of existing grants that were previously outside of the settlement into the multi-year settlement framework, amounting to £26.6m.
- 6.5 There were significant shifts within individual funding streams. Revenue Support Grant increased substantially, largely due to the consolidation of funding and the outcomes of Fair Funding Review 2.0. Business Rates income increased following the reset of the Business Rates retention system and an uplift to the Baseline Funding Level based on updated assessments of need. Council Tax income increased in line with the assumed 4.99% increase included in the Draft Budget and growth in the tax base.
- 6.6 These increases were partially offset by a reduction in specific grants, reflecting the consolidation of funding into RSG and new ringfenced grants. Most of the existing grants have been consolidated into four new ringfenced grant streams: the Children, Families and Youth Grant; the Homelessness, Rough Sleeping and Domestic Abuse Grant; the Crisis and Resilience Fund; and the Public Health Grant.
- 6.7 In addition to consolidation, further grant funding has been received from the £3.4bn national allocation to local government announced at Spending Review 2025 for the period 2026/27 to 2028/29. For Brent, this funding supports both Children's Social Care (through the Children, Families and Youth Grant) and Adult Social Care (within RSG).
- 6.8 Full details of the changes to Core Funding from 2025/26 to 2026/27 are set out in Appendices A and B.

### ***Changes from Draft Budget to Final Budget***

- 6.9 Of the total £67.9m increase between 2025/26 and 2026/27, £18.4m (27%) had already been assumed in the Draft Budget. This included £12.0m from the proposed increase in Council Tax and £5.0m resulting from the application of CPI inflation of 3.8% to the 2025/26 Business Rates baseline.
- 6.10 The remaining £49.5m represents changes between the Draft and proposed Final Budget positions. Of this, £26.6m reflects the consolidation of funding that was previously held outside the settlement into Revenue Support Grant and the new ringfenced grants. As this consolidation is largely technical in nature, the net additional funding available in 2026/27 as a direct result of Fair Funding Review 2.0 is £22.9m. The additional funding is proposed to be allocated in a way that addresses immediate service pressures, supports residents, and strengthens the Council's financial resilience.
- 6.11 £5.8m of this funding is ringfenced. This includes £4.5m within the Children, Families and Youth Grant to invest in additional Children's Social Care prevention activity through the Families First Partnership, and £1.3m within the Crisis and Resilience Fund to provide further support to vulnerable residents facing housing cost pressures.
- 6.12 £10m is allocated to meet ongoing social care pressures identified since the Draft Budget. This includes £8m to address Adult Social Care overspends reported in the Q3 Financial Forecast to Cabinet in January 2026, and £2m to address continuing pressures in Children's Social Care that are expected to carry forward into 2026/27.
- 6.13 Up to a further £3m will be invested in the public realm, with a focus on strengthening street cleansing operations. This investment will increase proactive cleansing frequencies, enhance operational coverage later in the day and at weekends, and improve the management of rubbish on marginal land. These actions are expected to deliver a clearer and more visible improvement in cleanliness across the borough.
- 6.14 A minimum of £4.1m is proposed to be allocated to a combination of contingency provision for 2026/27 and the replenishment of earmarked reserves. Reserves have been significantly depleted in recent years due to sustained funding pressures, demographic growth and cost inflation across the sector. Rebuilding reserves will improve the Council's ability to manage in-year risks and support more robust medium-term financial planning.
- 6.15 The contingency will also help mitigate risks associated with the delivery of planned savings. While a new collaborative and cross-cutting approach to identifying savings has been developed, delivering these savings remains challenging and represents a key risk to the 2026/27 budget and the MTFS.
- 6.16 Extended Producer Responsibility funding for 2026/27 is expected to total £5.3m, an increase from £5.2m in 2025/26 in line with inflation. This funding is not included in Core Funding but will be built into the Neighbourhoods and Regeneration base budget to support the Waste Service by covering the net costs of managing household packaging waste and supporting improvements to recycling infrastructure and resident engagement.

- 6.17 This approach to budget setting is prudent and proportionate. The additional funding provided through Fair Funding Review 2.0 has been used to recognise and address emerging service pressures since the Draft Budget, begin the process of rebuilding depleted reserves to strengthen financial resilience, and create capacity for future investment in transformation and new priorities.
- 6.18 This positions the Council more strongly to manage ongoing risks, respond to in-year pressures, and support the development of a new Council Plan and longer-term financial sustainability.
- 6.19 The following sections set out further details on the changes to funding from Council Tax and Business Rates included in the 2026/27 budget presented in this report.

#### ***Council Tax***

- 6.20 The settlement confirmed that Local Authorities will be able to increase Council Tax in 2026/27 by up to 2.99% without a local referendum. In addition, local authorities will be able to levy a 2% adult social care precept. This will provide total recurring funding of £12.2m, of which £3.1m relates to the increase in the tax base and £9.1m relates to the increase in council tax including the adult social care precept.
- 6.21 Like last year, the Government's financing assumption is that all councils will act on this and increase Council Tax by the maximum amount possible. It should be noted that the additional income generated through the Adult Social Care precept alone (£3.6m) does not cover the total growth requirement for Adult Social Care pressures. However, the increase would permanently increase the Council Tax income and it would also help to reduce the significant funding pressures in 2026/27 and beyond. Taking into account the unprecedented pressures within social care, the financial position in the round and the Government's financing assumptions, the recommendation of this report is that the budget should be constructed on the basis of a Council Tax increase of 4.99% in 2026/27.
- 6.22 Following the changes to the Council's Council Tax Support Scheme in April 2025, which resulted in a fully delivered saving of £5m in the Council's 2025/26 budget, the Council invested £1.1m in 2025/26 in a Council Tax Support Hardship Fund. The GLA also invested £0.4m of its own funding to support Brent with the objectives of the fund, taking the total available funding to £1.5m. This partnership with the GLA has allowed the Council to provide further support to an estimated 14,500 residents during 2025/26, using the Council's existing powers to provide discretionary Council Tax discounts under Section 13A of the Local Government Finance Act 1992.
- 6.23 The Council Tax Support Hardship Fund will continue into 2026/27, in partnership with the GLA, ensuring that when residents need support with their Council Tax bills, they are able to access it.
- 6.24 Since the Draft Budget was presented to Cabinet in November 2025, a review of the calculation of the Council Tax Base for 2026/27 was approved by General Purposes Committee on 8 December 2025. The report acknowledged that several actions are currently being undertaken to strengthen debt management capacity and improve the collection rate, with the long-term collection rate held at 97.0%. The growth in the tax base was assumed to be 1.7%, which is slightly

lower than the government's assumption used in the provisional settlement. The government used a 5-year average which includes the effects of the one-off change to the Council Tax Support scheme in 2025. The result is a tax base for budget setting purposes of 110,475 for 2026/27.

- 6.25 The long-term collection rate target and the tax base growth assumptions in the MTFS will be kept under review throughout 2026/27, with a view to updating the assumptions again if necessary for the 2027/28 budget setting cycle.
- 6.26 Each financial year, the Mayor and London Assembly must prepare and approve a budget for each of the constituent bodies and a consolidated budget for the authority as a whole. At the date of despatch of this report, the Mayor has proposed to increase the GLA precept by 4.1% to £510.51 per Band D property in the 32 London Boroughs. This would mean that the overall Council Tax would increase by 4.8%. These figures are subject to change following the consultation process and confirmation of London Boroughs' tax bases. The final GLA budget will be considered by the London Assembly on 26 February 2026.
- 6.27 As the London Assembly meeting takes place after the meeting of Full Council to receive this report, Full Council will only be able to calculate the Brent share of the Council Tax precept and will not be able to formally approve the Council Tax precept for 2026/27 at the meeting. Instead the recommendations are for the Council to refer to the Council Tax setting committee, the setting of the Council Tax for the year 2026/27, in accordance with section 67(3) of the Local Government Finance Act 1992. The proposed terms of reference for the committee and the formal resolution to be approved by the committee, including the calculation of the Brent precept, are set out in Appendices Q (i) and Q (ii). Tables 2 to 4 show the proposed Council Tax for 2026/27 as per the formal resolution.

Table 2: Proposed Council Tax Valuation Bands: Brent

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
1,149.84	1,341.48	1,533.12	1,724.76	2,108.04	2,491.32	2,874.60	3,449.52

Table 3: Proposed Council Tax Valuation Bands: GLA

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
340.34	397.06	453.79	510.51	623.96	737.40	850.85	1,021.02

Table 4: Proposed Council Tax Valuation Bands: Total Charge

A	B	C	D	E	F	G	H
£	£	£	£	£	£	£	£
<b>1,490.18</b>	<b>1,738.54</b>	<b>1,986.91</b>	<b>2,235.27</b>	<b>2,732.00</b>	<b>3,228.72</b>	<b>3,725.45</b>	<b>4,470.54</b>

6.28 The Council Tax Setting Committee will meet on 27 February 2026 to formally approve the Council Tax for 2026/27 and allow Council Tax notices to be issued in line with the normal statutory timetable.

### ***Business Rates***

#### *Reset of the Business Rates Retention system*

6.29 Alongside the Fair Funding Review, the government committed to a reset in 2026/27 of the Business Rates Retention System (BRRS) for the first time since it was created in 2013. The reset of the BRRS has resulted in the following changes:

- Historic growth in business rates above the Business Rates Baseline for each authority rolled into the national total of Business Rates funding for redistribution by relative need.
- New growth in business rates above the Business Rates Baseline for each local authority to be retained in full by the local authority, until the next reset.
- However, a levy will be payable on all growth, by all authorities whether a top-up or tariff authority, with a higher levy payable as growth increases in bands, with the rates the same for all authorities. Previously only tariff authorities paid a levy, at a bespoke rate for that authority. As such Brent did not pay a levy on any growth.
- New Business Rates Baselines for all authorities calculated based on the 2025/26 Business Rates income, uplifted by September 2025 CPI (3.8%).
- The new BRRS is based on a Gross Rates Payable system, rather than a Net Rates Payable system. This means that Section 31 grant compensation for mandatory discounts will be included in the definition of NNDR income and paid to the Collection Fund. As a result of this, the Business Rates Baselines will be higher and top-up grants lower/tariffs higher than under the previous system.
- Baseline Funding Levels adjusted to reflect the new relative needs assessment in the Fair Funding Review 2.0. As 2026/27 is the first year of the new BRRS, the business rates income the government assumes the local authority will receive in 2026/27 is equal to the Baseline Funding Level. The actual amount included in the authority's budget may be higher because of forecast growth included in the NNDR1 form and the actual income received per the year end NNDR3 form may also be higher.
- In 2026/27, the Safety Net level, by which an authority's total income from Business Rates cannot fall below that proportion of their Baseline Funding

Level, is set at 100%. This is a transitional mechanism designed to protect authorities against any short-term reductions in funding because of the reset. This means that every authority is guaranteed to receive at least their Baseline Funding Level in 2026/27. Safety Net payments are paid from the Levies collected on growth. Initially under the new BRRS the higher safety net payments will come from the surplus on the Levy/Safety Net account, which has arisen due to the build-up of growth in the system and has been partially distributed to authorities in recent years.

- In 2027/28, the Safety Net will be set at 97% of the Baseline Funding Level, before returning to the pre-reset level of 92.5% in 2028/29.
- Historic compensation for under-indexation of the Business Rates multipliers, which was previously included as a separate grant within Core Spending Power and included as part of Business Rates income within Brent's Core Funding, is rolled into RSG from 2026/27.

#### *Baseline Funding Level*

6.30 The share of the total national business rates that Brent receives is called the Baseline Funding Level (BFL). This represents Brent's assessed relative need for funding from the BRRS.

6.31 Under the BRRS, each local authority also has a Business Rates Baseline, which is the amount of Business Rates that the authority is expected to collect based on the local tax base for Business Rates. Where the Business Rates Baseline exceeds the Baseline Funding Level for an authority, that authority must pay a tariff equal to the difference, which reduces the authority's funding back to its relative need. Where the Business Rates Baseline is lower than the Baseline Funding Level for an authority, the authority receives a top-up grant equal to the difference, which is funded for from the tariffs collected from tariff authorities.

6.32 Brent is a top-up authority. Therefore, it is allowed to keep its share of the business rates that it collects and in addition receives a top-up from the national business rates pool to bring funding back up to the BFL level. In the Local Government Finance Settlement, the new Baseline Funding Level for Brent following the reset of the BRRS is £132.4m, a £7.3m increase from 2025/26, of which £5m was assumed in the Draft Budget as a CPI increase (3.8%) on the 2025/26 Baseline Funding Level.

#### *Pooling*

6.33 Until 2025/26, Brent has been part of the Eight Authority Business Rates Pool. In forming a pool, the group of authorities were seen as a single entity from a business rates perspective and as a result have previously benefitted from retaining and sharing the levies some members would otherwise have to pay on their growth. The budgeted gain from this arrangement for Brent was £2.3m in 2025/26.

6.34 The changes to the levy system in 2026/27 mean that all of the eight authorities will now pay a levy on any growth. At best, this would reduce the benefit of such an arrangement, but at worst it would result in the authorities within the pool being worse off than they would have been if they had either formed a different pool or operated as single authorities.

- 6.35 As a result, the decision was taken to end the Eight Authority Pool arrangement at the end of 2025/26, which results in a reduction in income for Brent of £2.3m. This reduction in income was assumed in the Draft Budget presented to Cabinet in November 2025.
- 6.36 Whilst pooling may not have been considered appropriate for 2026/27, Brent will continue to consider the options ahead of the 2027/28 budget, with those options including reforming the Eight Authority pool (subject to agreement with the other authorities), forming a new pool with a different set of authorities and not joining a pool if it continues to be financially unviable.

*Revaluation*

- 6.37 From 1 April 2026, liabilities for business rates are based on the rateable value (RV) of properties on 1 April 2024, the first revaluation to take place following the introduction of the Non-Domestic Rating Act 2023, which made three-yearly revaluations a statutory requirement. Revaluations are carried out by Government, with Brent Council not having any responsibility for the setting of business rates.
- 6.38 This revaluation will result in a change to the business rates bills for individual businesses in line with the change in the open market annual rental value of the property between 2021 and 2024. Overall, Brent's RV increased to £452.6m, an increase of 21% on 2023.
- 6.39 The sector with the largest absolute increase in RV in Brent was the industrial sector, with smaller increases for the retail, office and other sectors. However, in percentage terms, it is the offices sector which sees the most significant increase, followed by the industrial sector. Within each sector, some RVs will have increased, while others decreased. In 2026/27, some businesses will receive transitional relief to partially offset large increases in their bills, which will then unwind over the revaluation period to 2029. Businesses not eligible for transitional relief or the Supporting Small Business Scheme will pay a transitional relief supplement of 1p on top of their normal multiplier. Bills will also take into account any other reliefs that a property is eligible for, such as small business rates relief, ensuring that individual businesses are not disproportionately affected by changes to their RV.
- 6.40 Under the BRRS, revaluations have a nil impact on the funding received by the Council as the government adjusts the amount receivable by the Council to its Baseline Funding Level.

*Business Rates Multipliers*

- 6.41 In 2026/27, the Government has increased the number of multipliers to five, by introducing new small business and standard multipliers for Retail, Hospitality and Leisure (RHL) hereditaments at 5p below the National small business and standard multipliers and a High-value multiplier set 2.8p above the National standard multiplier, applicable to all hereditaments with an RV of £500k or above. The RHL multipliers permanently replace the Retail, Hospitality and Leisure relief for which a Section 31 grant was previously paid by government.
- 6.42 The Government's changes to the RHL multipliers mean that Retail, Hospitality and Leisure businesses will permanently pay lower rates than businesses in other sectors occupying properties with similar rateable values, recognising the

significant impact that higher rates can have on the ability of that sector to operate. However, the new RHL multipliers represent a significantly lower reduction than the relief they replace, which coupled with the revaluation has resulted in some very large increases in business rates bills for some of the businesses in the sector.

6.43 On 27 January 2026, the Government confirmed details of a new additional relief for pubs and live music venues for the next three financial years. This relief will provide an additional discount of 15% to the business rates bills of pubs and live music venues from April 2026, once the Retail Hospitality and Leisure multiplier and eligibility for other reliefs have been applied. Additionally the bills for eligible businesses will be frozen in real terms in 2027/28 and 2028/29, meaning that they will only rise in line with inflation for the rest of the revaluation period. Local authorities will be fully compensated for the reduction in income through Section 31 grants.

6.44 The announcement also confirmed other measures and funding to support high streets, but at the time of despatch of this report, no further support for any other sector with business rates bills is expected before the new rates come into effect in April 2026.

6.45 Under the new system, government will compensate local authorities through Section 31 grants for the income lost because of the application of the lower RHL multipliers and will collect from them the supplementary income because of the application of the High Value multiplier.

6.46 In accordance with the regulations, the business rates multipliers should increase by CPI each year, which was 3.8% in September 2025. The government can however choose to freeze the multipliers. When it does this, it compensates local authorities for the income foregone. However, at a revaluation, the exercise is revenue neutral, meaning that the Government calculates what the multipliers must be to ensure that local authorities are fully compensated for the expected inflationary increase on their Business Rates income. This means that increases to the tax base between revaluations result in a reduction in the multipliers. Table 5 shows the multipliers for 2026/27.

Table 5: 2026/27 Business Rates multipliers

Multiplier	2025/26	2026/27	Scope
Small Business RHL multiplier		38.2p	RHL hereditaments with Rateable Values (RVs) below £51k
Standard RHL multiplier		43.0p	RHL hereditaments with Rateable Values (RVs) between £51k and £499,999

National small business multiplier	49.9p	43.2p	Non-RHL hereditaments with Rateable Values (RVs) below £51k
National standard multiplier	55.5p	48.0p	Non-RHL hereditaments with Rateable Values (RVs) between £51k and £499,999
High-value multiplier		50.8p	All hereditaments with RVs of £500k or above

#### *Brent Liabilities*

6.47 Brent Council is liable to pay the Collection Fund for the business rates on its commercial properties, where Brent is also the tenant, or the property is unoccupied. The largest of these liabilities is for the Brent Civic Centre, which will be subject to the High-value multiplier in 2026/27. The estimated increase in overall rateable value for Brent is 3%, while the reduction in the multiplier is approximately 8%. This results in a small reduction to the business rates bill for Brent.

#### *Overall Funding from Business Rates*

6.48 In 2026/27 the additional Section 31 grant to compensate for the income lost due to the under-indexation of the multipliers in 2025/26 and for previous years is rolled into RSG. Following this and the full reset of the BRRS, the total funding received by Brent under the business rates retention system in 2026/27 is £132.4m, a 6% increase on 2025/26.

### **7.0 Update and Review of Key Budget Assumptions – Departmental Pressures**

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

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

7.3 There are also considerable pressures in other areas. The unprecedented demand for temporary accommodation is putting considerable pressure on the budget for Residents and Housing Services. In addition, the rise in interest rates since the inflation crisis began in 2021 has also led to an increase in the cost of borrowing required for the Capital Programme.

7.4 A summary of these growth and cost pressures and a comparison to the Draft Budget are shown in Table 6.

Table 6: Growth / Cost Pressures

GROWTH			
	2026/27 Draft Budget	2026/27 Final Budget	Difference
Categories	£m	£m	£m
Demographics – Adult Social Care	4.2	8.2	4.0
Demographics – Children's Social Care	2.7	4.6	1.9
Demographics – Temporary Accommodation	4.0	4.0	0.0
Demographics - Other	0.2	0.2	0.0
	<b>11.1</b>	<b>17.0</b>	<b>5.9</b>
Inflation – Adult Social Care	8.3	12.3	4.0
Inflation – Children's Social Care	2.0	2.1	0.1
Inflation – Temporary Accommodation	4.0	4.0	0.0
Inflation – Other	2.8	4.6	1.8
	<b>17.1</b>	<b>23.0</b>	<b>5.9</b>
Capital Programme Financing	0.5	0.5	0.0
Service Changes - Other	0.0	11.2	11.2
<b>Grand Total</b>	<b>28.7</b>	<b>51.7</b>	<b>23.0</b>

7.5 The Service Changes - Other heading includes increases for the allocation of ringfenced grants, one-off investment in Public Realm, concessionary fares, amounts set aside as contingency and replenishing reserves.

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

7.7 The following sections set out the pressures, mitigations and risks expected in 2026/27, as well as medium to long-term pressures and mitigations, for each service area.

## **Summary of Service Area Pressures**

### **Residents and Housing Services**

#### *Homelessness Prevention*

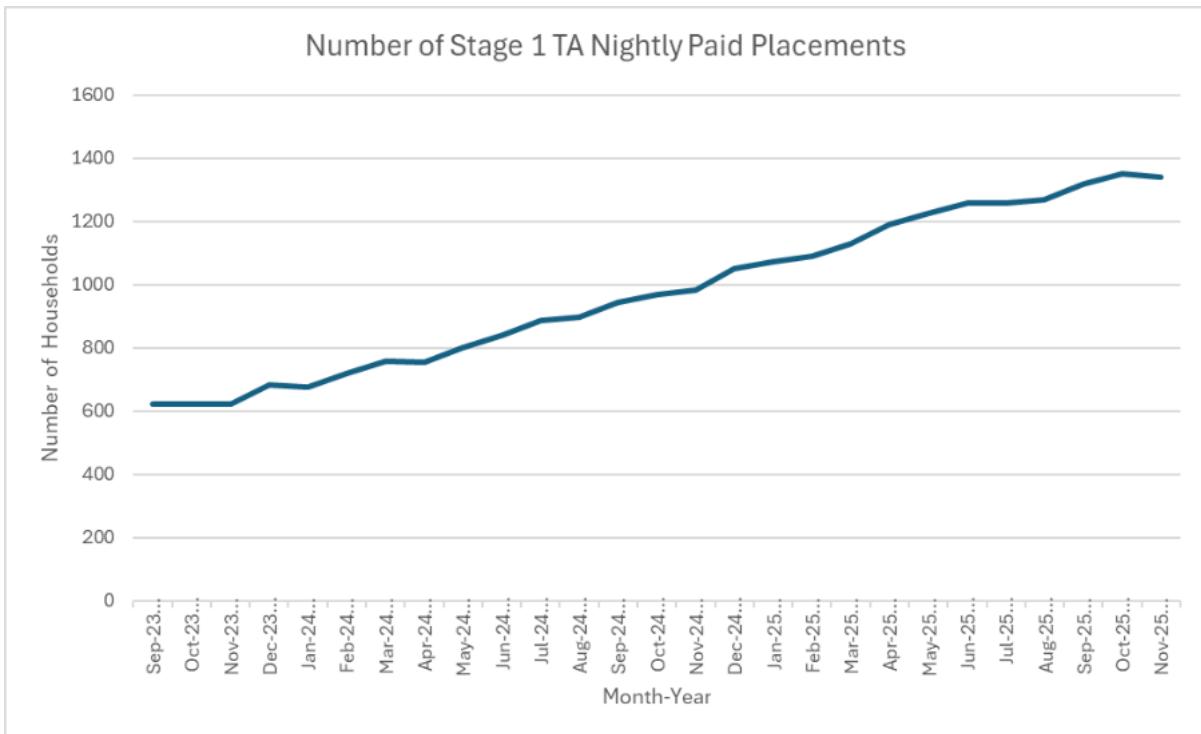
7.8 Housing Needs and Support continues to be the most significant area of risk and pressure for the Residents and Housing Services department. It is forecast to result in a £5m budgetary pressure in 2025/26, after £15m has been added to the service budget in comparison to the previous financial year. 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. The Housing Needs Service in Brent has seen a 21% increase in the number of homelessness presentations received in 2025/26 compared to 2024/25. By the end of 2025/26, this number of presentations is expected to reach 8,840. The total number of households in temporary accommodation in Brent has increased to 2,054 (by 8%) over the same period, and the number of families in emergency temporary accommodation has increased by 36%. As at the end of November 2025, the total number of homeless households living in emergency type accommodation had risen to 1,204, with the service placing an average of 30 households every week. This is a 121% rise in comparison to November 2023 that had 545 households in stage 1 temporary accommodation and a 10% increase when compared to November 2024.

7.9 For 2026/27, based on assumptions around current demand trends, exit rates remaining broadly stable, the current average cost of temporary accommodation, and known new supply of social housing, the average number of homeless households in emergency accommodation is forecast to rise to 1,575, creating an estimated £6.7m additional pressure on the Housing Needs and Support budget. Despite ongoing efforts to manage demand through a range of prevention and early intervention strategies, demand remains difficult to control, and the service is heavily dependent on the availability of suitable and affordable accommodation within the private rented sector. Under a worsening scenario, reflecting higher demand growth and reduced exits, household numbers could increase to 1,654, resulting in a budget pressure of approximately £7.5m. In a best-case scenario, assuming improved exits and moderated demand, household numbers are projected at 1,497, generating an estimated £5.5m pressure on the 2026/27 budget.

7.10 In addition, inflationary pressures arising from an increase in provider costs are expected to result in a further £1.4m cost to the 2026/27 budget.

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

7.12 Chart 1 illustrates the current trend in Stage 1 TA numbers:



7.13 As part of the provisional local government finance settlement, a number of housing grants are being brought together. The Homelessness, Rough Sleeping and Domestic Abuse Grant brings together existing resources: Domestic Abuse Safe Accommodation (£0.04m in 2025/26), part of Homelessness Prevention Grant (£7.1m in 2025/26), Rough Sleeping Prevention, Recovery and Accommodation Grant (£1.6m in 2025/26). Including the TA element of the grant (£6.6m in 2025/26), total funding in 2025/26 was £15.34m.

7.14 The ring-fenced allocation for Brent in 2026/27 is £7.7m. Together with the TA element that is now within RSG (£6.6m), total funding for 2026/27 is £14.4m. This represents a decrease in overall funding of £1m as compared to 2025/26. Growth in the budget for homelessness prevention and temporary accommodation was included in the draft budget at the level required, but excluding any expectation of a change in grant funding. Additional growth is now included in the final budget to offset the reduction in grant.

7.15 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 prevention 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%. New research estimates a £740m temporary accommodation shortfall across London, equivalent to £202 per household. The equivalent of 11% of the average household's council tax bill is now spent

on temporary accommodation - equal to one in every nine council tax pounds spent. Further analysis shows boroughs now spending £5.5 million a day on homelessness prevention.

- 7.16 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.
- 7.17 The supply of settled TA properties, leased from private owners and used to move families out of B&B and Annexe accommodation has also contracted. This is due to fewer new properties being available under Private Sector Leasing (PSL) schemes, as owners are not renewing the lease for existing stock when the lease ends and there is less appetite from landlords on any new approaches. London's Private Rented Sector (PRS) is affected by multiple factors driving a reduction in the availability of properties for rent. The demand for housing is continuing to increase while supply is reducing across the whole market. Greater reliance on the PRS to house lower income households and increasingly limited housing benefits are making accommodation less affordable and available. Factors such as taxation, interest rate changes and uncertainties about future regulation are reducing availability at the lower end of the PRS.
- 7.18 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.

#### *The Renters' Rights Act 2025*

- 7.19 The Renters' Rights Act 2025 has now become law and whilst it is anticipated that some landlords will exit the private rented sector market, resulting in a possible increase of homeless applications, it is anticipated the new legislation will have an overall positive impact on homelessness demand. This is because the ban of Section 21 'no fault' evictions in the private rented sector, which is due to be implemented on 1 May 2026 means that all new possession claims will have to proceed under Section 8 instead. Landlords will be able to serve a Section 8 notice for reasons such as rent arrears, anti-social behaviour, selling the property or where a close family member needs to move back in. However, there will need to be clear evidence to support the grounds, and the claim can still be contested by the tenant. Recent analysis of 100 temporary accommodation cases showed that a notable proportion of PRS placements were triggered by Section 21 notices, meaning many of these avoidable evictions should no longer occur once the ban is in force. In addition, wider measures in the Act such as longer Section 8 notice periods, higher arrears

thresholds and limits on unfair rental practices are expected to help reduce preventable homelessness pressures. According to the Office for National Statistics average private rents across the UK increased by 5% in the 12 months to November 2025. In London, rent inflation rose by 4.3%, with the average monthly rent in Brent reaching £1.9k.

#### *Managing Pressures*

- 7.20 The Council has designed a programme of works to focus on containing the projected pressures. Several workstreams covering affordability of Temporary Accommodation and new and alternative supply have been set up. Officers are actively looking to renegotiate prices and identify alternative arrangements that would allow the Council to move some of the most expensive households with the aim of reducing costs for the Housing Needs service. Officers also continue to carefully consider and assess the needs of homelessness applications. In 2024/25, 49% of approaches were successfully prevented or relieved. At the end of November 2025, the average percentage of approaches that had successfully been prevented or relieved in 2025/26 reached 51%.
- 7.21 The Council is expecting 892 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. So far in 2025/26, of the 66 social housing allocations made to homeless households from one of the new developments, 26 were direct offers targeting households 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. Every allocation to a homeless household saves approximately £17k in the Housing Needs and Support budget.
- 7.22 The increase in supply for new temporary accommodation is also achieved by seeking new accommodation via acquisition or leasing. Two grant-funded programmes are currently supporting the delivery of temporary accommodation: the Local Authority Housing Fund (LAHF) and the Council Homes Acquisition Programme (CHAP). In 2025/26, it is expected that 17 properties will have been successfully acquired under these programmes and for 2026/27, the number of acquisitions are anticipated to be in the region of 13.
- 7.23 Various leasing options continue to be assessed to secure cost-effective nightly paid placements and the Council has a number of options currently under consideration. Negotiations, assessments and evaluations require time and a sizeable impact is not anticipated to be achieved in 2025/26, however it is forecast to be more prominent in 2026/27.
- 7.24 The Council's wholly owned housing company, i4B, that is set up to acquire, let, and manage a portfolio of affordable, good quality PRS properties, is continuing its street property acquisition programme and had a target to acquire 15 homes in 2025/26. Properties are let to homeless families at Local Housing Allowance (LHA) levels. This enables the Council to either prevent or discharge

its homelessness prevention duty and therefore reduce temporary accommodation costs whilst also ensuring families have a secure and responsible landlord. As LHA rates for 2025/26 were frozen, acquisition price caps went down due to increased cost of borrowing relative to previous favourable rate loans that had been used up. However, as at the end of December 2025, six properties have been acquired and a further nine are in progress. If these are all completed, then i4B will meet their annual target for the financial year. Negotiations are in progress for additional properties in the borough. The company's current portfolio results in an annual saving in excess of £6m in Temporary Accommodation costs.

7.25 Whilst building, leasing and new acquisitions would not solely resolve the homelessness crisis, the Council is doing everything within its powers and the funding available to source new supply. Any new supply would help to avoid additional housing costs and mitigate the risk of further overspends. The assumptions around new supply have been built into the Medium Term Financial Strategy.

#### *Supported Exempt Accommodation*

7.26 The supported exempt accommodation properties are another area leading to pressures on the Council finances and presented a new budgetary risk for 2024/25. This is due to providers not being constrained by the LHA caps like other landlords and are therefore able to charge a higher rent once they justify that they are providing support. The amount of Housing Benefit subsidy is dependent on the Rent Officer decision from the Valuation Office Agency and is awarded based on the claim related rent. This is a national challenge as there is a need for better regulation around the agreed criteria that a provider should meet to be considered as a Supported Exempt Accommodation provider and further clarity on what constitutes as minimal care that would enable a universal approach when considering an individual's support needs. At Brent a detailed review has taken place within the Adult Social Care and Single Homelessness Team to ensure providers can adequately fulfil the care and support duties required for Supported Exempt Accommodation. The main routes of referrals are coming from the Voluntary Sector from services such as Crisis, Thames Reach and Single Homeless Prevention Service (SHPS). Historically, this has not been a significant budget pressure for the Council. However, an overspend of £4m occurred in 2024/25, and a pressure of £2.1m is anticipated in 2025/26. For 2026/27, this pressure is projected to reduce to £1.9m, based on assumptions of improved service efficiencies delivered through the dedicated working group mentioned in the paragraph below, stabilising demand, and the continuation of current mitigation measures that have encouraged landlords to partner with a registered provider so that Housing Benefit can be fully reclaimed.

7.27 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' 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.

7.28 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.

#### *Household Support Fund*

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

7.30 In 2026/27, the Household Support Fund has been merged with the Discretionary Housing Payments into the consolidated Crisis and Resilience Fund (CRF). The primary objective of this fund is to both provide a safety net for those on low incomes who encounter a financial shock and to invest in building local financial resilience to enable individuals and communities to better deal with crises in the long-term, reducing crisis need. Brent's allocation from the Crisis and Resilience Fund is £7.8m, an increase of £1.3m (19%) on the 2025/26 allocation.

7.31 Authorities must allocate the CRF funding across the following CRF components:

- Crisis Payment: Providing support to those in crisis
- Housing Payment: Providing financial support towards housing needs, to those who face a shortfall in meeting their housing costs
- Resilience Services: Funding for services delivered by Authorities or external providers to improve financial resilience
- Community Coordination: Investment in activities that connect and enhance the local support landscape

7.32 At the date of despatch of this report, detailed proposals for how this funding will be allocated across these components are not available. However, these will be brought forward before 2026/27 to ensure that Brent uses the funding to support Brent's residents in the most appropriate way and in accordance with the grant conditions.

## Savings

7.33 The department has a £2.4m savings requirement for 2026/27, supported by a range of proposals developed to deliver this target. The proposals primarily focus on reducing expenditure through more efficient commissioning and procurement practices, the implementation of digital improvements, enhancements to resident experience, and the delivery of wider operational efficiencies. Of the total savings, £0.5m is expected to be delivered through the transition of households from Stage 1 accommodation into more sustainable Stage 2 accommodation under lease arrangements. A further £0.8m saving is forecast through increased uptake of digital self-service and improvements in data quality, while £0.1m is anticipated from a reduction in losses associated with supported exempt accommodation subsidy.

## Children, Young People and Community Development

### *Children, Families and Youth consolidated grant*

7.34 The government has announced a new consolidated Children, Families and Youth Grant.

7.35 The first three grants highlighted in Table 7 (within core spending power) have now been branded as one Families First Partnership grant. It is unclear why MHCLG has chosen to brand these elements as a single grant as each grant is ring fenced. Each of these elements will be subject to its own conditions, effectively making the grant a branding of three separate grants. The forecast allocations are based on the current year's published allocations for the predecessor grants.

Table 7: Brent allocations of Children, Families and Youth Grant and predecessor grants 2024/25 to 2028/29

Brent's Children, Families and Youth Consolidated Grant (all ringfenced)	Included in core spending power	2024/25 (£m)	2025/26 (£m)	2026/27 (£m)	2027/28 (£m)	2028/29 (£m)
Children's social care prevention grant	Yes		1.40	1.40	1.40	1.40
FFPP (previously Supporting Families grant within C&F grant)	Yes	1.84	1.84	1.84	1.84	1.84
Transformation fund - new funding for children's social care	Yes			4.49	4.49	3.37

The Pupil Premium Plus Post-16 Grant	No		0.08	0.08	0.08	0.08
Holiday activities and food programme	No		1.01	1.12	1.08	1.08
<b>Total</b>		<b>1.84</b>	<b>4.33</b>	<b>8.93</b>	<b>8.89</b>	<b>7.77</b>

7.36 The ‘Families First Partnership’ portion of the consolidated Children, Families and Youth Grant comprises of the 2025/26 Children’s Social Care Prevention grant and the Supporting Families (‘Family Help’) element of the 2025/26 Children and Families grant. The total pot is subject to redistribution using purely the children and young people’s services relative needs formula used in the Fair Funding Review. This grant has grown nationally by £330m in 2026/27, staying cash flat in 2027/28 and then reducing by £124m in 2028/29. Local authorities are guaranteed their 2025/26 allocation of the grants as a minimum as reflected in the table above for Brent.

7.37 The ‘Holiday Activity and Food’ (HAF) portion of the grant is a direct replacement for the Holiday Activities and Food grant. The 2026/27 amount is slightly higher due to a temporary introduction of additional administrative funding, with its own distribution method. The HAF grant is within the baseline of the Revenue Support Grant.

7.38 The ‘Pupil Premium Plus Post-16’ element is a direct rolling in of the grant, at existing allocations and amounts.

7.39 The government has confirmed the continuation of the Start for Life services, now branded: “Best Start in Life: Healthy Babies”, into 2026/27. This is a key part of the Giving Every Child the Best Start in Life strategy, which sets out the government’s continued focus on enhancing early years and family services. The objective of the programme is to join up and enhance services delivered through transformed family hubs in local authority areas, ensuring all parents and carers can access the support they need when they need it. Brent’s provisional grant allocation for the programme next year is £1.9m, a £0.3m increase from 2025/26. This grant allocation will be £1.8m in 2027/28 and increasing back to £1.9m in 2028/29 as shown in Table 8.

Table 8: Distribution of Best Start in Life: Healthy Babies funding 2026/27 to 2028/29

Strand	%	2026/27 Allocation (£'000)	2027/28 Allocation (£'000)	2028/29 Allocation (£'000)
Best Start Family Hubs delivery grant - programme	22%	454.5	371.7	381.7
Best Start Family Hubs delivery grant – capital	5%	90.9	92.7	94.5
Parenting support	17%	314.9	318.9	332.9

Home learning environment support	13%	231.4	234.3	244.5
Perinatal mental health and parent-infant relationships	28%	530.2	530.2	530.2
Infant feeding support	14%	259.9	259.9	259.9
Healthy babies offers and parent and carer panels	1%	26.6	26.6	26.6
<b>Total</b>	<b>100%</b>	<b>1,908.4</b>	<b>1,834.3</b>	<b>1,870.3</b>

7.40 The children's social care placement costs that relate to support for LAC and Children with Disabilities are projected to rise by 10.8% in 2026/27, driven by demographic changes and inflationary uplifts aligned with agreed rate increases with providers and the September 2025 CPI. In addition to this, the current quarter 3 forecast has presented a £2.1m placements budget pressure due to increased demand. The anticipated growth to balance the CYP placements budgets for the upcoming year equates to £6.7m and this has been accounted for in the council's MTFS.

7.41 Also included in the MTFS is an allocation of £0.3m against the SEN Transport budget, towards forecast increases against the contract cost, in consideration of the increase in the London Living Wage in the new financial year.

### **Service Reform and Strategy**

#### *Adult Social Care and Strategic Commissioning & Capacity Building*

7.42 The budgets for Adult Social Care and Strategic Commissioning in 2026/27 face significant pressures due to the service being primarily demand-driven, with pressures stemming from both demographic and inflationary factors.

7.43 Brent is experiencing an ageing population, leading to an expected rise in residents aged 65 and over. Longer life expectancies and complex care needs contribute to increased costs. Despite the Council anticipating growth within the budget, there is a risk of demand surpassing planning assumptions, and needs becoming more complex, which could lead to budget pressures. There has been a 4% increase in the number of residents supported in 2025/26. At the same time, the average weekly cost of Supported Living, Residential and Nursing care have increased considerably. Supported Living is up 20% compared to last year, Residential and Nursing have increased by 27%.

7.44 As at Quarter 3, the forecast overspend for 2025/26 has increased to £8.1m. This has worsened over the course of the year, as a result of increases in the cost of care, especially the cost of new packages of care and the non-delivery of some savings. Changes to the employers' contributions for National Insurance has caused significant financial strain for the care sector and this has resulted in the increased care costs for the Council. At the time of the Draft Budget, growth for demographic and inflationary pressures was modelled at £12.5m. Since the publication of the Draft Budget, a review of the financial position underpinning the forecast reported at Quarter 3 has been conducted

and additional growth of £8m has been identified to specifically account for the cost increases seen this year that will carry over into 2026/27.

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

7.46 Within adult social care there is a national challenge with the recruitment and retention of staff, in particular Qualified Social Workers and Occupational Therapists. This has meant that during 2025/26, 15% of the staffing establishment has been filled by agency staff. There has been management action to convert agency staff to permanent staff and there have been 9 conversions in 2025/26 so far. This work will continue to review the agency staff, reducing the number and cost within the department. Without these measures there is a risk of agency staff numbers increasing as well as the associated costs of recruiting agency staff.

7.47 The department also manages the Better Care Fund (BCF), a national programme aimed at developing health and social care integration. It is a pooled budget arrangement between the North West London Integrated Care Board (ICB) and the Council. The overall approved pooled budget for 2026/27 has increased in cash terms by 4.4%. However, assuming pay uplifts of 5% next year, this will be a real-terms reduction. The Discharge Fund which was previously a separate grant has now been consolidated within the improved BCF. DFG (Disabled Facilities Grant) is yet to be announced for 2026/27.

7.48 During the 2025/26 financial year the Council's Community Equipment provider declared insolvency. Alternative provision for the equipment was secured; however this has come at an increased cost. Growth of £0.5m has been included in the budget for 2026/27 to account for this.

#### *Public Health*

7.49 The budget for this department includes the ring-fenced Public Health Grant. From 2026/27, previously separate public health grants have been consolidated into the Public Health Grant, therefore the uplift partly reflects consolidation rather than all new funding. For Brent, the published allocation increases from £26.2m in 2025/26 to £28.5m in 2026/27, rising to £29.1m in 2027/28 and £29.6m in 2028/29, however on a like-for-like basis (adjusting for Drug and Alcohol Treatment Recovery Improvement Grant (DATRIG) and Stop Smoking now included within Public Health Grant) the underlying increase into 2026/27 is around £0.5m (2%). Most expenditure is committed through commissioned arrangements, including NHS-delivered services, and there remains a risk that future grant uplifts may be insufficient to meet pay and wider contract inflation

and demand-led pressures, particularly where Agenda for Change related increases continue to outpace annual funding growth. Some of the Public Health funds will be used do a survey with young people in regard to Vaping, Smoking and chewing tobacco.

#### *Leisure*

7.50 The Leisure service is reliant on income generation to offset running costs and remains sensitive to demand and wider cost pressures. From March 2026, Vale Farm Leisure Centre is expected to transition to a new agency delivery model (subject to contract award), under which the Council will act as principal and retain leisure income and VAT responsibility. The new arrangement is expected to improve the financial position by around £0.5m per annum compared with the current Tri-Borough contract. Willesden Sports Centre continues to face significant pressure from PFI contract indexation and utilities, and the MTFS includes growth provision to meet the Council's contractual obligations on a prudent basis.

### **Neighbourhoods and Regeneration**

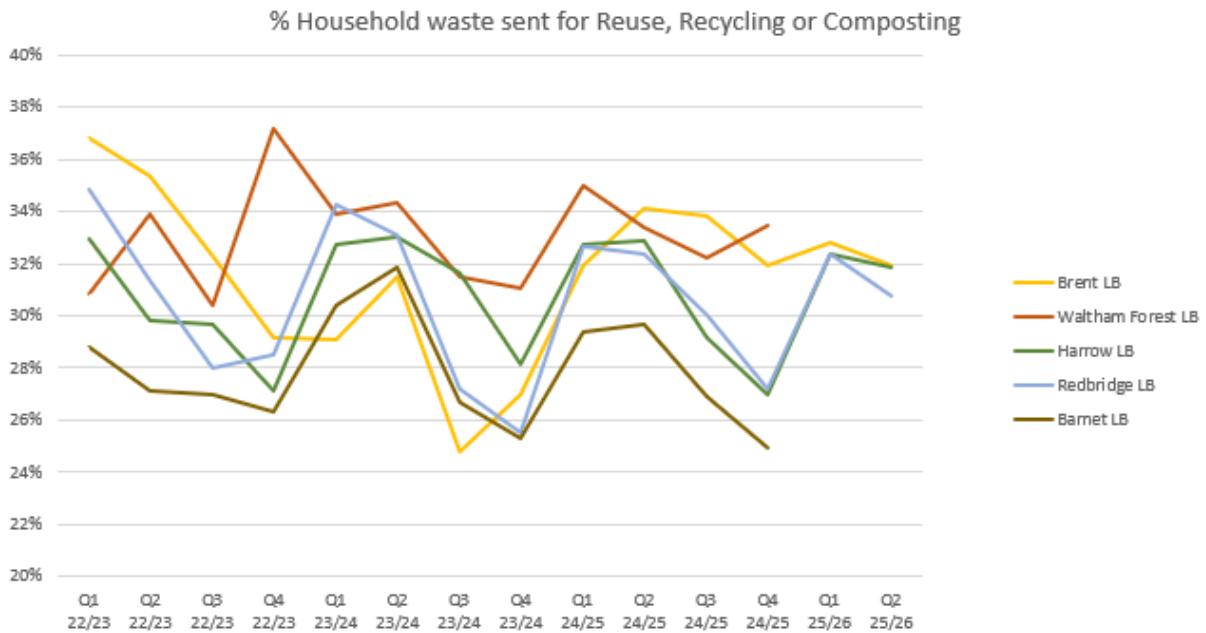
#### *Public Realm*

7.51 New contractual arrangements for several key Public Realm services, including parking and waste management, commenced in 2023/24. The most significant of these is the waste management contract, which is driving a financial pressure. These issues stem from the challenges around reducing residual waste and increasing the amount of waste diverted for recycling.

7.52 The service continues to implement a range of engagement and enforcement activities aimed at reducing residual waste volumes. These measures have contributed to actual tonnages collected between April and October 2025 being at a better, lower level than originally forecast. This reduction is further evidenced by the 'Pay As You Throw' rebates received for Q1 & Q2 2025/26.

7.53 Based on current performance and trajectory, the service anticipates a continued helpful downward trend in residual waste tonnages for the remainder of the financial year. The revised forecast for 2025/26 reflects a 3% reduction compared to the original projection.

7.54 Chart 2 shows the percentage of household waste sent for recycling alongside statistical nearest neighbours, as per ONS data:



7.55 As is shown in Chart 2, Brent shows similar seasonal fluctuations in their data as the other comparator Boroughs. The recycling rates tend to peak in Q1 & 2 with increased garden waste recycling over the summer months, and also the impact of school holidays on recycling tonnages and composition. This tends to slow in Q3 as we head into the winter months.

7.56 The data shows a steady increase in Brent's recycling rate from the end of 23/24, demonstrating the effect of recent service changes, including the introduction of blue recycling sacks within the Borough. The rate has been able to be maintained to an extent, with a smaller decline in the rate over Winter compared to other Boroughs. Targeted engagement remains a priority for Brent to ensure that recycling is maximised going forward.

7.57 An upgrade to the food waste recycling service at communal properties was introduced in 2024/25 which has seen performance improve. The upgrade saw the installation of 140 new communal food units in estates and the distribution of 28,000 indoor caddies and rolls of liners to flat residents. Following this roll-out the amount of food waste collected from communal properties between July and December 2025 was 38% higher than over the same period last year (an increase of 54 tonnes). There is still work to do to improve recycling at flats above shops, such as rolling out food waste at these properties to further improve performance. In addition, the waste education team are running several small projects to combat negative behaviours and reduce rates of contamination.

7.58 A compounding problem is that the price per tonne disposal cost continues to rise significantly. In 2024/25 it was up by 8.5% compared to the previous year and in 2025/26 up by a further 1%. For 2026/27, draft figures suggest the costs will rise by a further 2.7%. These costs are largely beyond the Council's control and reflect high levels of inflation in recent years. This therefore reflects the importance of the management of Brent's recycling rate to reduce the residual tonnage and the associated disposal costs.

7.59 In addition to this, the recyclate reprocessing contract has seen fluctuations in material volumes, rejection rates, and market prices. In the first year of the contract some financial pressures were faced due to challenges around a lower tonnage collected for recycling and more loads were being rejected.

7.60 There has been a significant improvement however in the second year of the contract and processing costs have reduced. In 2023/24, 33% of recyclable material collected was downgraded upon arrival at the processor. Considering the high percentage of rejected loads, specific measures were introduced with a focus on trying to get better quality material to the reprocessing facilities. This can be seen in the reduction of processing costs for 2024/25 due to a lower gate rejection rate of 18%, which has in turn helped the Council to achieve a higher rebate value, through the sale of recyclates. In 2025/26 the gate rejection rate achieved to date has reduced further to 5.9%.

7.61 Table 9 shows the improvement in tonnage and cost reduction from 2023/24 to 2024/25. Co-mingled tonnage refers to the weight of mixed recyclable materials collected together in a single stream, rather than being separated by type.

Table 9: Improvement in tonnage and cost reduction from 2023/24 to 2024/25

Year	Total Tonnage Collected	Co-mingled collected tonnage	% Co-mingled downgraded	Paper & Card collected Tonnage	% Paper & Card Downgraded	Processing costs	Rebate
2023/24	19,822	13,823	23%	5,999	0%	£2,270,173	£493,364
2024/25	20,629	14,611	18%	6,018	0%	£1,555,804	£739,926

7.62 As is shown in table 9, the percentage of the co-mingled recycling that has been downgraded has reduced which shows that more of it is able to be processed. Furthermore, it is positive that the tonnages reported are consistent. This indicates that residents have taken to the new requirements and are actively recycling, with indicators showing Paper and Card recycling participation amongst kerbside properties at 80%.

7.63 There is still work to be done to further improve the contamination in the accepted tonnage and further reduce costs. There has been a downturn in DMR (Dry Mixed Recycling) tonnage across the country, and this is largely due to a change in purchasing habits and manufacturers utilising less packaging.

7.64 To reduce contamination rates further, a programme is currently being rolled out to educate residents on placing their recycling loose in the containers rather than in plastic bags. It has been shown that the use of plastic bags can lead to recycling being marked as contaminated and therefore rejected. The next phase will be to target food waste in recycling bins. Food waste makes up approximately 5% of the prohibited items in the recycling bin, so a targeted campaign is being devised with the aim of rolling that out in the spring / summer of 2026.

7.65 Whilst there has been an upturn in recycling more of these materials than previously, rebate values are largely dictated by market material prices, which are not within service control. Table 10 highlights three different material types which have experienced the largest movements in terms of unit price.

Table 10: Material types with the largest movements in unit price (per tonne)

Year	Aluminium Cans		Pot, Tubs and Trays		PET Clear	
	High	Low	High	Low	High	Low
2023/24	£17.22	£6.41	£4.61	-£0.67	£16.21	£6.71
2024/25	£31.34	£13.84	£4.15	-£4.75	£33.75	£11.71

7.66 In 2025, the Extended Producer Responsibility (EPR) policy was introduced which shifts the financial and physical responsibility for managing products, such as packaging, to the producers themselves after they have been used. The goal is to encourage more sustainable practices, by making producers pay the costs of collection and recycling. Brent will receive £5.2m of EPR funding for 2025/26. Local authorities will receive this funding in quarterly payments with funding for Q1&2 received in December 2025, followed by two instalments expected between January and March.

7.67 EPR funding for 2026/27 has been confirmed at £5.3m which reflects a 1.93% uplift to account for the impact of inflation. Going forward payments may be adjusted based on updated data, and while initial funding is Treasury backed, future income may decline as producers reduce packaging costs.

7.68 Additional waste reforms include the introduction of the Emissions Trading Scheme for energy-from-waste facilities from 2028, adding costs to fossil-based emissions to incentivise reductions, and the implementation of a Deposit Return Scheme from October 2027, encouraging container recycling through a refundable deposit scheme. Work alongside the WLWA is ongoing to plan for these future reforms, but currently limited detail is available.

7.69 Parking continues to perform well, however, as it acts as a deterrent, its effectiveness may shift over time alongside behaviour changes. Ongoing monitoring and potential adjustments to enforcement measures, such as camera locations, will be important to maintain performance.

7.70 Since the Draft Budget was presented to Cabinet in November 2025, the 2025/26 financial forecast for Neighbourhoods & Regeneration improved, as is reported in the Quarter 3 Financial Report. N&R are reporting a £2m positive variance which largely comes from additional income generated by the Parking service based on PCN issuance. Improved performance measures implemented by Parking include installing new CCTV cameras to support the expansion of School Streets, relocating cameras from areas where compliance has increased, and introducing CCTV enforcement at yellow box junctions that were not previously monitored.

7.71 It is important to note that any surplus on the parking account is governed by Section 55 of the Road Traffic Regulation Act 1984 which specifies how this surplus may be used. Brent uses this surplus to meet the cost of concessionary fares; providing the London 'Freedom Pass' to residents. The concessionary fares cost has risen by 44% over the past two years, and is budgeted to increase by a further 14% for 2026/27.

*Inclusive Regeneration & Climate Action*

7.72 Economic pressures have led to the scaling back or cancellation of several major developments, significantly impacting Inclusive Regeneration &

Employment. The directorate is highly reliant on commercial planning income and associated streams, such as Building Control fees. This challenge is compounded by regulatory changes under the Building Safety Regulator (BSR), which now allocates most major project work directly to Local Authorities, removing the department's ability to compete for additional projects. Projects offered to the Council from the BSR are declined due to staff shortages and insufficient capacity to deliver the chargeable work. In response, the service is advancing recruitment initiatives to strengthen the Council's market position and build capacity to deliver chargeable work assigned by the BSR, thereby supporting income generation.

- 7.73 Whilst it is hoped that the economy will recover there is uncertainty about when this could reflect in a recovery of planning income. In the short term, an increase in planning fees could help to mitigate some of the impact. In response, the department is actively reviewing its workforce planning to accommodate the shift in demand. This includes reviewing recruitment processes, enhancing career development pathways, increasing agency pay rates, and considering a commissioning-based delivery model to improve resilience and capacity. By increasing staffing levels and improving retention, the team will be better positioned to accept chargeable projects offered by the BSR, thereby maximising income generation. Although income is unlikely to return to pre-regulatory change levels, a strengthened workforce will enable the Council to optimise income from chargeable work where possible.
- 7.74 The three options that are being discussed to support Building Control are 1) all in-house with recruitment and salary review, 2) full commissioning out of the service or 3) a hybrid delivery model. A full options appraisal will be undertaken by the end of Q1 2026/27, to allow the proposed solution to be taken forward.
- 7.75 Community Infrastructure Levy (CIL) income is expected to remain constrained in the coming years, primarily due to a reduction in housing delivery and planning approvals. As CIL income is directly linked to new development, any decrease in construction activity directly impacts income levels. CIL income for 2026/27 is forecast to be in the range of £10–£20 million; however, this is highly dependent on planned developments commencing as anticipated. Any delays or non-delivery of development would result in this income not being realised, which limits the reliability of the forecast.
- 7.76 Furthermore, the implementation of new building safety regulations and ongoing delays within the planning system have contributed to a slower pace of housing development. These factors are contributing towards the challenges to maintaining a robust development pipeline, thereby reducing the potential for future CIL receipts. Governments proposed emergency measures in London to provide some temporary relief from CIL until 2029 would place further downward pressure on CIL receipts.
- 7.77 Under CIL regulations local authorities are permitted to retain up to 5% of CIL receipts to cover administrative costs. This supports staffing costs and other necessary overheads within the Council. Continued lower levels of CIL receipts would place pressure on the services that rely on this element of funding, requiring alternative sources to maintain those services.

## *Property & Assets*

7.78 Within Property & Assets, the Commercial Property team has experienced pressures on income collection in recent years, driven by lease expiries and wider market conditions following the pandemic, including a sustained decline in demand for commercial space. These conditions have required the service to adapt its approach, including the selective use of rent-free incentives to attract and retain tenants. While necessary in a competitive market, such incentives have a direct impact on service revenue and therefore require careful financial oversight to ensure long-term sustainability.

7.79 In response, the service is delivering a focused programme of active asset management to stabilise and grow income. This includes progressing new lettings and future development opportunities, using formal legal routes to secure lease renewals and regularise long-standing informal arrangements, and strengthening returns through rent reviews and the recovery of historic and disputed arrears via structured repayment plans. These measures are complemented by a targeted programme of capital disposals to reduce exposure to under-performing assets, alongside carefully managed, time-limited rent concessions that support community use while protecting long-term income growth.

## **Finance and Resources**

7.80 Continued investment in the council's debt recovery function remains a critical component of the Council's overall financial strategy. The business case approved last year has demonstrated clear and measurable success, with enhanced recovery processes, strengthened case management, and better use of data analytics contributing to improved collection rates across council tax, business rates, housing benefit overpayments, adult social care debt, and sundry debts. This improvement has supported the council's broader financial resilience by reducing arrears, improving cashflow, and limiting the need for more costly interventions later in the cycle. The return on investment achieved to date provides a strong foundation for further targeted enhancements to systems and capacity.

7.81 Building on this positive trajectory, it is proposed to allocate £0.5m of funding for continued investment that focuses on sustaining momentum and embedding long-term efficiencies. Additional resources will enable further automation, improved customer engagement, and the expansion of early intervention approaches that prevent debts from escalating. These measures not only support higher collection levels but also contribute to a more consistent resident experience by ensuring timely communication and support for those in financial difficulty. Continued investment will therefore strengthen the council's financial position while aligning with the Council's commitment to responsible, fair and proactive debt management.

## **Capital Financing**

7.82 The Capital Financing budget covers the Council's revenue expenditure related to prudential borrowing used for capital projects. This budget covers interest payments on past loans taken to finance historical capital expenditure, interest payments on new loans required for the capital programme, loan premiums

from prematurely refinanced loans, and Minimum Revenue Provision (MRP), a prudent charge for the repayment of borrowing. Additionally, the budget receives interest income expected from the Council's treasury cash balances and loans advanced to third parties, including the Council's subsidiary companies.

- 7.83 As the Council becomes increasingly dependent on prudential borrowing to fund the capital programme as internal funding sources such as reserves has been depleted, and the availability of suitable grants has reduced, the Capital Financing budget is anticipated to come under severe pressure. In addition, the annuity method of MRP and high interest rates means an increasing cost of financing historical capital expenditure. For example, the current cost of a 30-year maturity Public Works Loan Board (PWLB) loan is 6.10% compared to 2.29% only four years ago.
- 7.84 Officers are seeking to mitigate the impact of these factors including by prioritising investment to save capital projects, robustly assessing the viability of major capital schemes and seeking alternative ways of financing capital expenditure. As part of the Property Strategy, officers are developing a disposals strategy within the Council's asset management strategy to generate capital receipts to finance capital expenditure. In addition, growth of £0.5m in capital financing has been factored into the budget for 2026/27.
- 7.85 More details about the current challenges facing the Capital Programme and the impact of high capital financing costs are contained in section 14.

## **8.0 Overall summary of the budget position**

- 8.1 The main general fund revenue budget for 2026/27 is set out in detail in Appendices A and B. The budget includes £51.7m of growth items, £10.4m of savings and £26.6m of increases to service area budgets as a result of the consolidation of service area funding into Core Funding in the Fair Funding Review. Provided that the key assumptions set out in this report remain reasonably stable, then expenditure in 2026/27 should be contained within budget. The overall revenue budget for 2026/27 is set out in Table 11:

Table 11: Net Revenue Budget

REVENUE BUDGET	2026/27
	£m
<b>Service Area Budgets</b>	
Service Reform and Strategy	204.5
Children, Young People and Community Development	110.8
Neighbourhoods and Regeneration	35.8
Finance and Resources	32.3
Residents and Housing Services	59.9
<b>Total Service Area Budgets</b>	<b>443.3</b>
Capital Financing	39.4
Central Budgets	16.6
<b>Total Budget Requirement</b>	<b>499.3</b>
<b>Funding</b>	
Revenue Support Grant	(101.0)
Business Rates	(132.4)
Council Tax	(190.6)
Specific Grants	(75.3)
<b>Total Funding</b>	<b>(499.3)</b>

- 8.2 At Quarter 3 the Council was forecasting a net overspend of £12.5m on the general fund budget, arising mainly from pressures within Adult Social Care, Children's Social Care and Housing.
- 8.3 Significant additional growth for temporary accommodation costs of £8.0m has been built into the 2026/27 budget to recognise that the pressures on the homelessness prevention budget are ongoing and are not likely to reduce in the immediate future. However, together with the funding received through the Homelessness, Prevention and Domestic Abuse Grant, it is expected that the revised budget will be sufficient to cover the forecasted expenditure in 2026/27.
- 8.4 Of the total £51.7m of growth included in the proposed 2026/27 budget, growth of £20.5m has been built into the 2026/27 budget for Adult Social Care and £6.7m for Children's Social Care, with £10m of this added since the Draft Budget and following the provisional settlement, which provided additional funding for Brent. The 2% Adult Social Care precept will generate an additional £3.6m of Council Tax income to support this investment in the service. As with Temporary Accommodation, it is expected that the revised budget will be sufficient to cover the forecasted expenditure in 2026/27.
- 8.5 Outcome of the Fair Funding Review has provided additional funding to support Brent in returning to a more sustainable budget position in the medium-term and that is to be welcomed. However, that alone will not be sufficient to avoid requiring additional savings to cover further unexpected increases in costs. If the current overspending continues, then the budget position will continue to be unsustainable and additional savings will be required in future years for Brent to be able to balance the budget in those years.

## **9.0 Other Key Budget Themes**

### **Employee Costs**

- 9.1 The Local Government pay award for 2025/26 had a flat percentage increase of 3.2% on all pay grades. This is a change from recent years, when the pay award included a combination of a fixed absolute increase at lower pay grades and a flat percentage at higher pay grades. The estimated cost to Brent's General Fund revenue budget is £3.8m in 2025/26 and is contained within the growth that was included in the 2025/26 budget in February 2025.
- 9.2 The pay award for 2026/27 has yet to be agreed and the type of pay award is also unknown, which makes budgeting for future pay awards challenging. However, an estimate can be made based on inflation expectations. The MTFS for 2026/27 in respect of pay inflation does not include any growth, because of an expected decrease in the employer's pension contributions following the pension fund valuation in March 2026. From 2027/28 onwards, the MTFS is assuming increases in line with a return to the Bank of England's 2% inflation target.

### **Fees and Charges**

- 9.3 The Council provides a wide range of services and the ability to charge for some of these services has always been a key funding source to support the cost of providing the service.
- 9.4 The Council provides both statutory and discretionary chargeable services. Where fees and charges apply to statutory services these are often set nationally, for example some planning and licensing fees. Discretionary Services are those that an authority has the power to provide but is not obliged to. These cover a wide range of services such as Libraries, Waste, Culture, Sport & Recreation, and Parking etc.
- 9.5 Where the Council has discretion over charges for services provided, detailed advice and guidance will be issued. In setting fees and charges consideration is given to the recovery of both direct costs (staffing, materials, bought in services) and indirect costs (office accommodation, back-office support) of the service.
- 9.6 Setting fees and charges at an optimum and fair level can be challenging due to all variables that need to be considered. Whilst the Council is committed to supporting the borough's residents through the current economic challenges, a freeze on increases in fees and charges is not an affordable option.
- 9.7 A comprehensive review of the Council's fees and charges is currently being undertaken to identify opportunities for the maximisation of income and deliver at least £0.5m of additional recurring income for 2026/27 and beyond. This will be informed by data analysis to ensure full cost recovery, and benchmarking with other Councils. In addition, the Council will consider the likely impact of any increase in fees and charges, and to what extent these will be affordable to the customers it serves. Where relevant, appropriate mitigations will be considered in line with the fees and charges policy.
- 9.8 The opportunities that can be implemented from 2026/27 are captured within Appendix L (ii) while those that require consultation and Cabinet approval will be reported as appropriate during 2026/27 in line with the Council's governance protocols.

## **10.0 Financial Management**

### **Adequacy of reserves**

- 10.1 Section 25 of the Local Government Act 2003 requires the Corporate Director, Finance and Resources to provide Council with an opinion on the adequacy of reserves and the robustness of the estimates underpinning the budget. This report sets out that assessment, supported by an overview of the macroeconomic context (Section four), governance arrangements (Section five), scrutiny processes (Section 11), and an assessment of compliance with relevant codes and standards (this section).
- 10.2 In line with CIPFA's Financial Management Code, the Council has reviewed its approach to reserves and adopted a formal Reserves Strategy (Appendix K(i)). This strategy defines the purpose of reserves and the methodology for determining appropriate levels, ensuring alignment with the Medium-Term Financial Strategy (MTFS).

10.3 Whilst reserves are held for a variety of purposes, they can be grouped under two main headings:

- Planned Reserves: Integral to medium and long-term financial planning, enabling funds to be carried forward for planned expenditure and smoothing demand fluctuations. These include statutory and accounting code requirements.
- Contingency Reserves: Held to mitigate unforeseen events, including maintaining a working balance for cash flow variations. The level of contingency reserves is based on professional judgement, considering risks such as delivery of savings, demand pressures, funding uncertainty, and exceptional events. It is neither practical nor prudent to hold reserves sufficient for catastrophic events (e.g., major natural disasters or pandemics), which would require central government support through mechanisms such as the Bellwin Scheme.

10.4 The Council has determined that a minimum of 5% of net expenditure should be held as generally usable reserves—equivalent to £21.6m for 2025/26 and £22.5m for 2026/27. These increases will be built into the MTFS to meet the requirement to maintain balances at this level. It is the opinion of the Corporate Director, Finance and Resources, as required by Section 25 of Local Government Act 2003, that this level of generally usable reserves constitutes the amount that is sufficiently robust to maintain the Council's financial sustainability.

10.5 The Council undertakes an annual review of all reserves to ensure that the purpose for which they are being held remains valid. Any changes to reserves are reflected in appendix K(ii).

10.6 Appendix K(ii) sets out the Council's schedule of earmarked reserves, their purpose and a forecast for the use of each reserve. In accordance with the Council's financial regulations and scheme of transfers and virements, this report sets out the use and purpose of these reserves. In addition, should an overspend arise, it is determined that it can be set against the General Fund balance or the Future Funding Risks reserve, which are defined as the Council's generally usable reserves for these purposes. Approval of these arrangements is required for compliance with the Council's financial regulations and scheme of transfers and virements. Should the use of reserves become necessary due to overspending which cannot be contained in the overall 2026/27 budget, this will be funded from reserves with the assumption that any ongoing overspending will have to be funded by additional savings in 2027/28.

10.7 Brent has total reserves of £496.7m as at 31 March 2025. On the face of it this would appear to be a high figure, but the following analysis shows that in practice the figure for all practical purposes is substantially lower. £356.8m (72%) of these reserves are for the funding of the Council's capital programme. £43.1m (9%) is legally ring fenced for bodies such as our maintained schools, the Housing Revenue Account and Public Health. £76.8m (15%) of reserves have been earmarked for a specific purpose or future expenditure commitment. This includes reserves managed by departments (for example unspent government grants with ring fenced commitments or funds set aside to meet known expenditure pressures) and reserves used to smooth out expenditure

that by its nature will vary considerably from year to year and avoid uncontrollable under and over spends, for example insurance claims, PFI contracts and redundancy, etc. Finally, £20m (4%) is a general reserve, which is held as a contingency against unforeseen events (for example unexpected in-year overspends, failure to identify sufficient savings to balance the budget in-year or future funding risks) and to ensure that the Council has sufficient funds available to meet its cash flow requirements.

### **Robustness of estimates**

- 10.8 Section 25 of the Local Government Act 2003 requires the Section 151 officer to report to Council on the robustness of estimates made for the purposes of the calculations included in the budget.
- 10.9 This report sets out the key assumptions (Section seven) around growth, inflation and the impact of macroeconomic conditions, as well as assumptions on income from fees and charges, anticipated demand and the impact of pricing. The Council has made various assumptions around grant funding (Section six).
- 10.10 The Council has used a variety of techniques to ensure that the estimates made in setting the budget are robust. These include revised forecasts of the resources available to the Council, which sets the financial envelope in which the Council has to operate, and identification of areas subject to significant demand and cost pressures. In addition MTFS budget workshops have been held where forecasts on income and expenditure are reviewed and challenged. Sensitivity analysis has been used to ascertain the impact of changes to demographics and the level of inflation. A central case scenario has been used, which is the anticipated most likely outcome, to determine any growth requirements in these areas. Departmental bids for growth and corporate provisions for cost pressures, such as the pay award, have been subject to challenge.
- 10.11 The 2026/27 budget uses the key macro-economic metrics to estimate inflation for both pay and non-pay costs. This aligns with forecasts from the Office of Budget Responsibility.
- 10.12 Finally, the impact of the Local Government Finance Settlement has been reviewed to ensure that the estimates made in the budget remain robust and appropriate.
- 10.13 The budget has been constructed on the basis of the most realistic scenarios for the most significant cost drivers (adults and children's social care and temporary accommodation). In the event that the worst case scenario were to transpire during 2026/27, the Council would need to enhance existing spending controls (such as a recruitment freeze and pausing all non-essential spend) and direct departments to identify and deliver further in-year savings. The need for these interventions will be determined as part of the budget monitoring process, however it is important to acknowledge at this stage of the budget process the inherent risks involved in setting the 2026/27 budget and the actions that will be required if the worst-case scenario transpires.

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

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

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

10.17 The Council undertook a Financial Resilience Assessment in light of the Fair Funding Review 2.0 and following the Provisional Financial Settlement in December 2025. The latter assessment found that the Council’s finances were stable and sustainable over the longer term though this should continue to be monitored as part of best practice. Areas for improvement were identified as part of the review especially around forecasting expenditure in areas of high-cost pressure and volatility. The Council used the information in this budget report as part of its Financial Resilience Assessment to ensure that the Council benefits from long-term financial sustainability.

10.18 The outcome of the Fair Funding Review has provided additional funding to support Brent in returning to a more sustainable budget position in the medium-term and that is to be welcomed. The assumptions relied upon in the Draft Budget were conservative but with the Council’s settlement being more positive than expected, there is now the opportunity to rebuild the council’s reserves which have been drawn upon considerably over the last three financial years to absorb the year-end overspends.

10.19 The budget presented in this budget report has been constructed on the basis that the estimates and assumptions made are robust and that if approved, this will ensure Brent has a balanced budget for 2026/27. Furthermore, the update in sections six and seven on the Medium-Term Financial Strategy provides details of how Brent Council has looked beyond the immediate budget cycle to determine the likely actions required over the following three years to ensure the budget remains balanced over the MTFS period.

10.20 The budget will be monitored closely throughout 2026/27, with updates brought to Cabinet on a quarterly basis. In the unlikely scenario that the budget cannot be contained within the resources available to fund it, the Council would bring forward additional in-year savings to pull the budget back to a balanced position.

### **Value For Money**

10.21 The Council’s external auditors, Grant Thornton, are required to report in more detail on whether the Council has put in place proper arrangements to secure Value for Money (VfM) in respect of economy, efficiency and effectiveness in

its use of resources. This includes taking properly informed decisions and managing key operational and financial risks so that the Council can deliver its objectives and safeguard public money. This is assessed under the following areas: Financial Sustainability; Governance; and Improving economy, efficiency and effectiveness.

10.22 As is customary, their report is to be presented to Full Council on 23 February 2026 to be considered at the same time as setting the 2025/26 budget. The annual report put forward a key recommendation, highlighting the use of reserves in recent years to fund in-year overspends arising from pressures in homelessness prevention and social care. This has been acknowledged as a key risk to the Council's financial sustainability and resilience. The continued use of reserves to manage these pressures is unsustainable and in order to stabilise the financial position of the council, additional growth has been factored into the MTFS to stabilise these demand led budgets and replenish reserves over the medium term.

## **11.0 Statutory process of consultation, scrutiny and equalities analyses**

### **Equalities**

11.1 The Council has a duty to pay due regard to the need to eliminate unlawful discrimination and advance equality of opportunity and foster good relations between those who have a protected characteristic and those who don't when making decisions. The Council also recently adopted the Socio-Economic Duty which ensures that it actively considers how decisions affect people experiencing socio-economic disadvantage. The budget proposals set out in Appendix C (i) have been subject to an initial equality impact assessment (EIA) to assess their potential or likely impact on service users and employees with protected characteristics. Where the EIA process identified a disproportionate impact, the proposals were subject to a full EIA.

11.2 Some of the proposals are in their formative stages and are still to be developed or are subject to consultations. In particular, cross-cutting proposals have not been assessed at this point because they span multiple services and business cases for individual initiatives within them are still being developed. Consequently, as the proposals are developed, EIA screening will be undertaken for each initiative to assess whether there any equality impacts.

11.3 In addition to individual EIAs, a cumulative (or overall) EIA has been produced to assess and understand the potential cumulative and compounding impact on groups with a protected characteristic that arise from either changes across a range of services or a group of savings proposals. These EIA reports are set out in Appendices C(ii) and C(iii), alongside the actual proposals. It has been concluded that the proposals that have so far been assessed are considered reasonable and have shown due regard to the Public Sector Equality Duty.

### **Scrutiny**

11.4 In line with the Council's statutory scrutiny responsibilities, a Budget Scrutiny Task Group was established on 2 September 2025 to review the Draft Budget 2026/27. The group, comprising of members from both scrutiny committees (Resources and Public Realm, and Community and Wellbeing) and the Audit

and Standards Advisory Committee, held a series of meetings with the Cabinet and senior officers between November and December 2025 to help inform its findings. These discussions formed part of a wider evidence-gathering process, supported by written stakeholder submissions, reports, and briefings, including detailed financial data, forecasts, benchmarking, narrative explanations, and risk information relevant to the Draft Budget 2026/27. A report summarising the outcomes of the scrutiny process and setting out the Task Group's recommendations was agreed by the Resources and Public Realm Scrutiny Committee on 21 January 2026 for Cabinet to consider as part of their decision making.

## **Consultation**

- 11.5 The Council recognises consultation as a key part of policy formulation and makes considerable effort to ensure that the views of residents, businesses and other key stakeholders are taken into account. The Council has consulted on the budget options in a variety of ways. Legally, the results of consultation are something that Members must have due regard to in making budget decisions. However, consultation need not legally be the single or even most significant determining factor in choosing between difficult options, although at Brent considerable emphasis is usually placed on the results of consultation.
- 11.6 The Council conducted a broad consultation between November 2025 and January 2026 to present the 2026/27 budget proposals. These were published on Brent's Have Your Say portal and supported by targeted promotion to previous Brent Connect attendees, as well as direct email communications to key community stakeholders and partners. To maximise awareness and participation, engagement activities included two in-person drop-in sessions at Kingsbury and Harlesden libraries and an online Budget briefing, designed to explain the proposals and actively encourage feedback from a wide range of stakeholders and residents.
- 11.7 The detailed budget proposals were published on the Council's website, inviting comments and feedback through the online consultation portal. A number of people accessed the online consultation and provided responses. Appendix M contains further information about the results of consultation and sets out a summary of emerging themes and other key findings.
- 11.8 There are various business forums and associations that the Council regularly engages with that include a wide range of both small and large local businesses. These include West London Business (a non-profit business membership organisation), the Federation of Small Businesses, the Chamber of Commerce, and town centre business associations. The consultation on the budget was published in a newsletter that is sent to a large number of Brent businesses, explaining why the views of local businesses were important and how they could have their say.
- 11.9 The local voluntary sector is closely engaged with Brent's communities and has considerable experience of the impact of the Council's difficult choices against a background of funding reductions. Engagement with the local voluntary sector has therefore been an important part of the consultation process. Invitations to participate in the consultation were sent to all Brent voluntary and

community sector organisations. In addition, the consultation was publicised in the CVS Brent newsletter, inviting responses through the online portal.

- 11.10 Overall, the most commented theme was the proposed increase in Council Tax. It is acknowledged that increasing Council Tax will be difficult for some households to manage in the current circumstances and section seven of this report sets out the rationale the Council considered as part of its decision making. In summary, the additional income (£12.2m) will provide much needed funding to limit the impact of the significant pressures expected in 2026/27, in particular for the provision of social care and homelessness prevention services, as well as preventing the wholesale cuts to the key services the Council provides that many other Councils are having to consider.
- 11.11 One of the main aims of the consultation and communications strategy was to raise awareness of the Council's financial position, inform residents on how the Council spends its budget and ensure residents and other key stakeholders were fully aware of the opportunities to have their say, by knowing how to respond and when the consultation events were taking place. This was delivered through a variety of communication channels, including publicity on the Council's website, on screens in Council buildings, and via its magazine, e-newsletter, Facebook and WhatsApp accounts, as well as press release to local media.

## **12.0 Housing Revenue Account (HRA) Budget**

- 12.1 The proposed HRA annual budget for 2026/27 sets out proposed expenditure for housing management services, stock investment, maintenance work and new council housing development programmes, as well as rent and service charge setting proposals for 2026/27.
- 12.2 The HRA budget is set each year in the context of the 30-year business plan (included in Appendix P). The business plan is reviewed annually allowing for horizon scanning and the identification and mitigation of risks in the short, medium and long term. Early identification of risks enables planning and implementation of mitigations to ensure the HRA can continue to remain financially secure and deliver on its priorities to provide a safe, suitable and secure place to call home.
- 12.3 After four consecutive years of rent reductions, between 2016/17 to 2019/20, the Government set out its rent policy, which originally allowed rent levels to be increased by CPI plus 1% for the next five years starting from April 2020. However, in the light of exceptional inflation levels, the Government amended its rent setting policy for 2023/24 to introduce a 7% rent rise limitation, compared to 11.1% if CPI plus 1% was applied. This was estimated to equate to a circa £2m reduction in income in that year. The loss of rental income for Brent over the four years of rent reductions was already £23m when compared to the income that would have been due to the Council if this was not imposed. Rent increases in those years did not only affect those financial years, but also had an impact on future rent levels. Therefore, rent reductions between 2016/17 and 2019/20 and a lower rent increase in 2023/24 meant that the base for a rent increase in future years was also lower and so on for future years. There was then a reversion to the standard rent setting arrangements in 2024/25, and the Government originally extended the current CPI plus 1% rent settlement by

one year to cover 2025/26. Following a consultation, from April 2026, the Government has, for the first time, provided a 10-year settlement on social housing rent policy. From 1 April 2026, social housing rents will be allowed to increase by CPI plus 1% each year for 2026 - 2036. For 2026/27, rents are being increased by CPI plus 1%, which equates to a 4.8% rent uplift.

12.4 In addition, the Government confirmed at the Spending Review that it will implement a rent convergence mechanism as part of the new rent settlement. Convergence would allow rents for Social Rent properties that are currently below 'formula rent' to increase by an additional amount each year, over and above the CPI plus 1% limit, until they 'converge' with formula rent. Formula rent refers to the formula that is used to calculate the rent that may be charged for a given property when it is let to a new tenant. The government has now provided an update and the increase will be implemented from 2027/28 at £1 per week above CPI + 1% and increasing to £2 per week from 2028/29 until formula rent is reached. This helps to increase the sustainability of the HRA and adds £18.6m of income over the first ten years of the Business Plan starting from 2027/28, net of voids and bad debt provision, or £1.86m per annum.

12.5 Table 12 shows a snapshot of current average rent levels from occupied properties and the proposed increase of 4.8% for 2026/27. All new re-lets are charged at Formula Rent and new builds are charged at Formula or Affordable Rent that are in line with Greater London Authority (GLA) benchmarks and are adjusted annually in line with rent standards. Updated rent levels are reflected in the current average rent for 2025/26; average rent can change depending on the time of reporting. The average proposed rent rate for 2026/27 is £6.97 per week (4.8%) higher than the current financial year.

### **Tenant Rents for 2026/27**

Table 12: Rents

<b>Bed Size</b>	<b>Current average rent 2025/26</b>	<b>Proposed average rent 2026/27 (4.8%)</b>	<b>Rent uplift</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Bedsits	109.08	114.32	5.24
1	128.41	134.57	6.16
2	146.52	153.55	7.03
3	161.54	169.29	7.75
4	177.19	185.70	8.51
5	188.66	197.72	9.06
6	206.59	216.51	9.92
7	248.72	260.66	11.94
<b>Average rent</b>	<b>145.28</b>	<b>152.25</b>	<b>6.97</b>

12.6 A rent increase of 4.8% is estimated to result in an additional £2.91m of income when compared to current levels of income. This is due to national inflation

increasing by 3.8% compared to the previous year, which reflects the current economic climate.

- 12.7 For tenants in receipt of housing support to help pay their rent, the cost of the rent increase will be met by their housing benefit or the housing element of universal credit, unless the level of support is reduced by factors that may apply to individual circumstances such as the benefit cap. Brent Housing Management provide support to tenants who are struggling to pay their rent. The primary objective is to ensure that tenants have all the support that they are entitled to, rather than pursuing an eviction. Support options include assessing whether the tenant is claiming all the welfare benefits that they are entitled to, assisting them to claim from the Council's resident support fund and arranging a suitable payment plan. Brent Housing Management endeavour to identify vulnerable tenants and maintain contact with tenants to ensure that they continue to get the required support to sustain their tenancy.
- 12.8 The net rent amounts exclude service charges. Service charges are recharged to tenants and leaseholders, which are based on the actual costs incurred for providing specific services, such as estate cleaning.

### ***Tenants Service Charges 2026/27***

- 12.9 Individual service charge elements are adjusted to bring them in line with the estimated contract costs of providing these services to tenants in 2026/27. The tables below show a snapshot of the current average service charges for occupied properties, compared to proposed rates, this is analysed below for services provided to tenants. The current average can change depending on the time of reporting, to reflect re-lets and stock movements such as new additions and right to buy sales. With the recent changes to right to buy which has led to a significant increase in right to buy applications, tenant service charges income could potentially reduce in future due to the reduction in properties available to tenants. However, there would be a compensating effect from service charges to leaseholders due to the transfer of the stock.

### ***Service charges for 2026/27***

- 12.10 Grounds maintenance service is included within the Council's wider corporate contract. The annual contribution from the HRA is estimated to offset against the HRA's proportion of the contract cost through existing charges.
- 12.11 The cost of maintenance and servicing for the laundry room is forecasted in line with CPI+1%.
- 12.12 The estate cleaning/caretaking service was in-sourced in 2019/20, with a commitment to pay staff at the London Living Wage before being integrated into Local Government pay scales. The proposed increase of 3% reflects the salary uplift for 2026/27.
- 12.13 The proposed 2026/27 increase for concierge charges is 3%, in line with the salary uplift. There are currently 92 additional new build properties receiving concierge services in Assembly and Braunston House. Proposed service charges on this block are estimated at £13.76 per week.

12.14 The average helpline monitoring service charge is currently £2.14 per week. An increase of CPI+1%, being 4.8%, is proposed for 2026/27, providing an average charge of £2.24.

12.15 Electrical heating & communal lighting charges and Gas heating & hot water charges are market-driven and therefore subject to change in line with energy market performance. These costs are adjusted based on forecast energy supplier inflation and prevailing market conditions, ensuring that charges reflect fluctuations in energy prices as accurately as possible. As energy costs have decreased, this reduction has been reflected in the service charges, resulting in a corresponding decrease to ensure residents are charged fairly and in line with market rates.

12.16 The communal TV aerial repairs and maintenance service charge is currently £0.80 per week on average. An increase of £0.04 per week on average is proposed, at CPI+1%, being 4.8%.

Table 13: Service Charges

Service	No. of Properties	Current Average Charge 2025/26	Estimated Average Charge 2026/27	Increase / (Decrease)
		(£/Week)	(£/Week)	%
Grounds Maintenance	5,406	1.53	1.58	3.00%
Laundry	25	2.59	2.71	4.80%
Estate Caretaking	5,209	10.17	10.47	3.00%
Concierge	673	7.37	7.59	3.00%
Helpline Monitoring	15	2.14	2.24	4.80%
Electrical Heating & Communal Lighting	6,024	3.59	3.17	-11.96%
Gas Heating & hot water	380	21.67	17.49	-19.26%
TV Aerial	3,511	0.80	0.84	4.80%

#### *District Heat Network*

12.17 Heat networks provide heating, cooling and hot water to multiple properties in a building or to multiple buildings from a single source. From January 2026, Ofgem will begin regulating heat networks. Work is ongoing to review the meters and associated properties to ensure the correct variable and standing charge elements of the heat tariff are attributed to each property. In the meantime, the heating charges are being decreased in line with the latest energy prices, as per Table 13 and in line with leaseholder charges.

#### ***Brent Supported Living***

12.18 There are currently 28 Extra Care and Supported living properties with 418 units of accommodation. These homes are all one-bedroom, self-contained residential flats developed as part of previous New Accommodation for Independent Living (NAIL) programme and are held within the HRA. The properties are fully adapted, and the homes benefit from communal facilities, including a garden area. There is access to 24-hour care, allowing residents to contact care staff from anywhere in the building.

12.19 Table 14 compares the current gross rent levels (including service charges) for these homes against the proposed increase of 4.8% for 2026/27. This equates to an increase of £17.64 per week when compared to the current financial year.

Table 14: Gross Rent

Current Gross Rent 2025/26	Proposed Gross Rent 2026/27 (4.8%)	Proposed vs Current Rent
(£/Week)	(£/Week)	(£/Week)
367.45	385.09	17.64

#### ***Garage Rent for 2026/27***

12.20 HRA currently has 197 occupied garages with an estimated annual income of £225k for 2026/27.

12.21 Table 15 shows the current rate and the proposed uplift of CPI + 1% (4.8%) for garage rents.

Table 15: Garage Rents

Garage Charge (net)	Current Rate (2025/26)	Proposed Rate (2026/27) (4.8%)
	(£/Week)	(£/Week)
LBB Tenants & Leaseholder	19.19	20.11
LBB Resident	25.58	26.81
Non - Resident	31.98	33.52

#### ***HRA Budget 2026/27***

12.22 The detailed proposed budget for 2026/27 is set out in Table 16.

Table 16: HRA budget 2026/27

Technical Adjustments	£m
Gross tenant rent uplift (4.8% increase)	(10.2)
Additional rent from new builds	(4.8)
Leaseholder service charge uplift to reflect cost incurred	(0.2)
Increase in service charges for major works in line with profiled works and other contributions	(0.9)
<b>Growth</b>	

Repairs and Major works inflation, additional units and increased demand	6.8
Bad Debt Provision increase	0.7
Void losses	1.2
Increase in debt and other financing costs	3.6
Increase in depreciation charges	0.4
Pay Award and other supervision and management costs	1.9
Increases in insurance costs, council tax, decent costs and other charges	1.5
<b>Total Net Movement</b>	<b>0.0</b>

12.23 The proposed 2026/27 HRA budget summarised in Table 16 ensures a break-even balance at year end. The opening reserve balance is currently £4.5m, which represents 7% of gross rent.

Table 17: HRA Budget 2025/26 v Draft Budgets for 2026/27

<b>HRA Budget 2025/26 v Draft Budgets 2026/27</b>	<b>(1) Budgets 2025/26</b>	<b>(2) Proposed Budgets 2026/27</b>	<b>(2-1) Variance</b>	<b>Variance Explanation (2-1)</b>
<b>Description</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	
Rents and Service Charge	(64.1)	(78.0)	(13.9)	Tenant rents and service charges offset by rent loss through voids and RTB sales
Non-Dwelling Rents	(0.3)	(0.3)	(0.0)	Garage rents
Leaseholders' Charge for Services and Facilities	(4.7)	(4.9)	(0.2)	Uplift to reflect increased cost of rechargeable services
Major Works and Other Contribution Towards Expenditure	(0.8)	(1.7)	(0.9)	The charge increase based on additional profiled major works
<b>Total Income</b>	<b>69.9</b>	<b>(84.9)</b>	<b>(15.0)</b>	
Repairs and Maintenance	17.4	24.2	6.8	Repairs contract uplifts, additional units, repairs delivery model and provision for disrepairs and voids
Supervision and Management	17.3	19.2	1.9	Operational cost inflation
Rent and Rates and Other Charges	5.7	7.2	1.5	Council tax, insurance contract and other costs inflation
Depreciation of Fixed Assets	16.1	16.5	0.4	Increase in depreciation costs

Bad or Doubtful Debts	1.4	2.1	0.7	Provision for non-payments
Capital Financing and Debt Management	12.0	15.6	3.6	Increase in interest costs and other financing costs
<b>Total Expenditure</b>	<b>(69.9)</b>	<b>84.8</b>	<b>14.9</b>	
<b>(Surplus)/or Deficit for the Year on HRA</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	
<b>Housing Revenue Account brought forward</b>	(4.5)	(4.5)	0.0	Operating reserve brought forward
(Surplus)/or Deficit on HRA	0.0	0.0	0.0	
<b>Closing balance</b>	<b>(4.5)</b>	<b>(4.5)</b>	<b>0.0</b>	Operating reserve closing balance

### ***HRA Stock Improvement and Major Works Budget 2026/27***

12.24 The Council is investing £18.3m capital funded in 2026/27 in major repairs and other improvements in existing housing stock. This investment is funded by the major repairs reserve, HRA depreciation and unrestricted right-to-buy receipts meaning HRA revenue budgets avoid any additional interest costs from borrowing. This investment carries significant revenue benefits as it will reduce ongoing maintenance costs, whilst £0.5m budget for voids works will enable currently empty housing to generate rental income. More details about the Council's capital investment in housing are contained in Section 14.

### ***Affordable Housing Supply***

12.25 The development and management of new council homes and affordable housing remains a key priority in the Council's Housing Strategy and the HRA Asset Management Strategy. The Council has invested heavily in the development of new affordable housing. Brent has delivered substantial new affordable housing with 721 new homes (663 within the HRA and 58 supported living) expected in 2025/26 and this will continue with 312 new affordable homes in 2026/27.

12.26 These new homes will mean estimated additional rental income but also additional interest, maintenance and management costs. As reported to Cabinet in July 2025, significant viability gaps in some schemes will have a major impact on HRA revenue budgets. Forecasting and calculating future HRA interest costs of such a large housing programme, including several housing sites appropriating between the general fund and HRA, is extremely challenging so an external review will be commissioned and factored into future budgets. Growth of £1.8m has been assumed to cover additional interest costs.

12.27 The Alperton Bus garage development which will deliver 155 social rented homes is set to complete during 2025/26. To finance the purchase, the Council

has taken a 50-year lease with annual lease payments set at a proportion of current social rent levels and indexed at CPI + 1% annually. After the 50-year lease ends, a reversionary 949-year lease will be granted at a nominal rate. The Council has established a reserve within the financing structure to address the ongoing repayments required under the lease. This reserve is particularly important in mitigating potential risks, particularly in scenarios where social rent policies may deviate from the current CPI + 1% increase.

### **Housing General Fund**

#### *Temporary Accommodation*

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

12.29 The proposal is to continue to hold rents at Local Housing Allowance (LHA) levels. LHA rates for 2026/27 will be frozen at the 2024/25 levels, following their increase in April 2024.

Table 18: Temporary Accommodation rents

<b>Bed Size</b>	<b>Number of Units</b>	<b>LHA 2024 rate</b>
<b>Bedsits</b>	57	331.39
1	69	331.39
2	23	412.86
<b>Average Rent</b>		<b>372.12</b>

12.30 In 2024/25 it was proposed to add additional charges to meet all outgoings applying to the Premises including both communal and personal utility water charges, heating charges and Wi-Fi charges. In 2026/27, a 5% increase to Utilities and a 3.8% increase to Water is proposed to meet the outgoing costs. The below uplifts are proposed for 2026/27:

Table 19: Temporary Accommodation weekly charges

<b>Service</b>	<b>No. of Units</b>	<b>Current Weekly Charge for 24/25</b>	<b>Estimated Weekly Charge for 25/26</b>	<b>Increase / (Decrease)</b>
<b>%</b>				
Utility	149	£14.26	£14.90	5.0%
Water	149	£27.56	£28.61	3.8%
WiFi	149	£3.48	£3.61	3.8%

12.31 Once the main housing duty is accepted, a further charge for council tax is proposed. There are 126 units that are band C properties, which has a proposed Council Tax charge of £1,986.91 for 2026/27. There are 23 units that are band D properties, which has a proposed Council Tax charge of £2,235.27

for 2026/27. In addition, once the main housing duty is accepted tenants will be expected to meet all outgoings applying to the Premises including water charges and electric and other costs whether metered or billed, directly, in line with the licensee's obligations.

#### Hillside Rent Setting

12.32 In addition to the dwellings contained within the HRA, the Council also continues to hold general needs and older persons dwellings in the General Fund (GF). These dwellings were formerly held by the Stonebridge Housing Action Trust (HAT) and were transferred to Brent Council in August 2007 when the HAT was dissolved. The Council currently owns 346 properties under this scheme and Hillside Housing Trust (wholly owned subsidiary of Hyde Housing Group) manages these properties on the Council's behalf.

12.33 Table 20 sets out the rent levels for 2025/26, with an average increase of £7.15 per week for 2026/27.

Table 20: Average Rent Increase

	<b>Weekly Rent 2025/26 (£)</b>	<b>Weekly Rent 2026/27 (£)</b>	<b>Increase  (£)</b>	<b>Increase  (%)</b>
1 Bed Flat	£122.65	£128.54	£5.89	4.8%
2 Bed Flat	£143.67	£150.57	£6.90	4.8%
1 Bed S/croft Elders	£122.56	£128.44	£5.88	4.8%
2 Bed S/croft Elders	£143.67	£150.57	£6.90	4.8%
2 Bed House	£156.05	£163.54	£7.49	4.8%
3 Bed House	£172.72	£181.01	£8.29	4.8%
4+ Bed House	£181.82	£190.54	£8.73	4.8%

12.34 Hillside are also responsible for setting service charges across the stock, including those retained by the Council. The average service charge per week for 2026/27 are yet to be confirmed.

#### Housing Private Finance Initiative (PFI)

12.35 The Housing PFI refers to 364 units of rented accommodation managed by Hyde under a PFI contract. The stock is made up of a mixture of Temporary Accommodation which we let at LHA rates; Discounted Market Rent and Affordable Rent properties, both of which are set at a percentage of the market rent, with Affordable rents capped at LHA. Given the current housing emergency in Brent and the number of households living in emergency accommodation all new voids are generally filled by way of a direct offer to a suitable household.

12.36 The Council reviews and sets annual rents based on the property's tenure type. When properties become vacant, rents are adjusted in accordance with the tenancy agreement. For 2026/27, all rents have been increased by CPI + 1% where applicable.

12.37 This is after an increase in 2024/25 where the rates were raised to the 30th percentile of local market rents from April 2024 after being frozen since April 2020.

#### *Travellers' Site Pitch Rent*

12.38 Following benchmarking against other London boroughs, in September 2025, Cabinet approved to decrease the weekly rent by 25% to £138.96 for 2026/27. It is not being proposed to change this as part of this paper. Travellers' site pitch rent is estimated to generate an annual income of £0.2m.

### **13.0 Schools and Dedicated Schools Grant (DSG)**

13.1 The Department for Education (DfE) has confirmed school funding increases for 2026/27 based on updated pupil data and formulae assumptions and integrating existing additional grants received within the current financial year such as the Schools Budget Support and National Insurance grants into the National Funding Formula (NFF). Brent's confirmed allocation is £452.2m, an increase of 4.7% compared to last year.

13.2 Table 21 sets out next year's budget allocations for Brent compared to the current financial year.

Table 21: DSG allocations, before recoupment and deductions for national non-domestic rates, and for direct funding of high needs places by DfE

	2025/26	2026/27		
	Updated Nov 2025 (£m)	Dec 2025 (£m)	Increase (£m)	Increase %
Schools block	298.2	309.0	10.8	3.6%
Central school services block allocation	2.4	2.5	0.1	1.4%
High needs block allocation	91.0	95.2	4.2	4.7%
Early years block	40.3	45.5	5.2	12.9%
<b>Total DSG allocation</b>	<b>431.9</b>	<b>452.2</b>	<b>20.3</b>	<b>4.7%</b>

#### Schools Block

13.3 Brent's Schools Block allocation for 2026/27 reflects updated pupil counts from the October 2025 census and the NFF factor values. The national increase in per-pupil funding is expected to provide funding uplift to support teacher's pay, inflation, and core school costs.

13.4 All primary schools will attract at least £5,115 per pupil, and all secondary schools at least £6,640 per pupil. The minimum per pupil funding levels incorporate the rolled in Core Schools Budget Grant (CSBG) and NICs grant funding, but no further percentage uplift has been applied to the minimum per pupil funding levels for 2026/27.

13.5 In 2026/27, the Council will continue to implement a locally determined funding formula (LFF) for mainstream schools. However, the total funding envelope will be set by the NFF. In accordance with national policy direction, local authorities are required to progressively align their LFF with the structure and factors of the NFF, as part of the transition towards a fully centralised direct NFF model. The LFF will determine the exact budget shares distributed to individual Brent maintained schools and academies.

13.6 In June 2025, the government announced that from September 2026, Free School Meals (FSM) will be extended to all children in households receiving Universal Credit. For 2026/27, there will be no changes to FSM allocations within the schools NFF through the DSG. Instead, the additional funding required for this expansion will be provided through a separate grant, with details on its calculation to be published in 2026.

#### High Needs Block (HNB)

13.7 The government has suspended the high needs NFF, which was previously used to determine local authorities' high needs allocations. In the interim, allocations will be based on 2025/26 funding levels, pending a review of the high needs funding methodology to ensure alignment with the wider SEND reforms. Brent's £95m high needs allocation for 2026/27 is therefore based on its 2025/26 funding, with adjustment mechanisms applied rather than a full NFF calculation.

13.8 The £4.2m year-on-year increase in funding largely reflects the consolidation of the annualised 2025/26 Core Schools Budget Grant (CSBG), National Insurance Contributions (NICs) Grant and Schools Budget Support Grant (SBSG) relating to special units and resourced provision. Consequently, this increase does not provide sufficient capacity to meet new demand pressures or inflationary cost increases in 2026/27.

13.9 Brent's High Needs Block remains under significant pressure due to rising demand for statutory SEND support. The cumulative DSG deficit is forecast to rise to £18.3m by the end of 2025/26, following an in-year forecast overspend of £4.7m in 2025/26. As of January 2025, the number of Education, Health and Care Plans (EHCPs) had increased by 8% compared to January 2024, with demand continuing to grow.

13.10 Table 22 shows the year-on-year increase in EHCPs over the past 5 years compared to the national average. Between January 2021 and January 2025, the number of children with EHCPs increased by 1,011 (36%). In July 2025 the number reached 4,000 for the first time and currently 4,073 as of end of December 2025.

Table 22: Growth in EHCPs (SEN2 annual return to the DfE)

	January	January	January	January	January
Financial year	2021	2022	2023	2024	2025
Number of EHCP	2,784	2,938	3,251	3,500	3,791
Brent Year on Year % increase	15%	6%	11%	8%	8%

National Year on Year % increase	10%	10%	9%	11.4%	11.5%
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13.11 The growth in EHCPs is a national and London wide trend whereby the number of children assessed as meeting the threshold for support continues to increase. Over the years, this has created financial pressures with many authorities holding deficit balances as funding has not increased at the same pace as the increase in EHCPs. 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 in the new year.

13.12 Since 2020, a statutory override has been in place that allows local authorities to hold deficit balances against their DSG budgets, separating this from their general revenue budgets. This override has been extended to 2028 under the current government, pending wider reform of the system. In the recent budget announcement, the government confirmed that future funding implications for SEND will be managed within the overall government Departmental Expenditure Limits (DEL), meaning local authorities will not be expected to fund future SEND costs from general funds once the statutory override ends in 2028. The government will also set out details on how it will provide limited support to local authorities with historic and accruing SEND deficits, including conditions for accessing support, in Spring 2026. Importantly, the government provided clarification that this approach does not involve reallocating money from the core schools budget, therefore mainstream school funding remains protected.

13.13 The government has announced that it will invest at least £3bn over the next four years to create tens of thousands of new specialist places for children with SEND in mainstream schools. This funding will support the development of "calm learning spaces", such as breakout rooms tailored for students with autism, ADHD, and other SEND needs, enabling them to access mainstream education alongside their peers.

13.14 Also announced, was a £38bn capital investment in the education estate between 2025/26 and 2029/30, to deliver on all the new places planned through special free schools, either by building the schools or by providing local authorities with funding to create equivalent specialist places. This initiative forms part of a wider SEND system reform, with further details to be set out in the upcoming Schools White Paper. The aim is to make specialist places in mainstream schools a core part of the local school offer across the country. The £38bn allocation includes an expansion of the existing School Rebuilding Programme. Three Brent schools are currently included, and applications for a further 250 nationwide school rebuilding projects are expected to open in the new year.

### Early Years Block

13.15 The 2026/27 funding allocation for Early Years Block was announced on 17th December 2025, with Brent's indicative allocation set at £45.4m, representing a 12.9% increase compared to the previous year. This rise reflects two major changes introduced by the DfE. Firstly, the Early Years NICs and Teachers' Pay Grant (EYNTPG), previously provided as a separate grant in 2025/26, has now been rolled into the national average funding rates for all age groups, increasing the baseline rates. Secondly, from April 2026, the DfE will implement

a termly funding system for all early years entitlements, based on termly census headcounts rather than annual data. To manage the increased volatility introduced by the new termly funding system and higher pass-through requirement, Brent is proposing to set up a contingency budget for 2026/27. This is primarily to cover the cost of late joiners who are not captured on census day but still require funded places. Under the termly model, allocations are based strictly on headcount at census point, so any increase in numbers after the census will not attract additional funding. A contingency budget will help absorb these pressures and maintain service stability.

13.16 The approach to setting the Early Years budget for 2026/27 is set to change. In previous years, Brent allocated the full indicative funding announced by the DfE and set provider rates based on that allocation. For 2026/27, the budgets will be based on estimated hours rather than the hours funded by the DfE. This change reflects the introduction of termly census based funding and aims to reduce the risk of overcommitting if participation is lower than funded hours. As the early years block will now be based on termly data, final local authority allocations from the DfE for 2026/27 will be announced in July 2027.

#### Central School Services Block (CSSB)

13.17 The CSSB allocations to support ongoing LA statutory duties and some historic commitments is set to see a small increase of £34k. Brent's confirmed allocation is £2.5m.

### **14.0 Capital Programme Budget 2026/27– 2030/31**

14.1 The Capital Programme represents the Council's strategic investment initiative designed to address key Council priorities and improve public services. This programme enables the Council to fulfil its statutory responsibilities concerning housing residents and providing educational facilities to fulfil local needs, while also prioritising the enhancement of town centres, public roads, public buildings, and community spaces.

14.2 The programme utilises various funding sources, including capital receipts, grants, Section 106 (S106) and Community Infrastructure Levy (CIL), revenue reserves and prudential borrowing. As internal funding sources such as CIL and revenue reserves have been depleted, and the availability of suitable external grants has reduced, the Council is becoming increasingly dependent on prudential borrowing to fund the capital programme. Officers are seeking to explore alternative funding sources including identifying suitable properties to dispose of to generate capital receipts to fund capital projects in line with the Council's property strategy.

14.3 The Capital Programme plays a critical role in supporting the Council's Medium Term Financial Strategy (MTFS) by enabling invest-to-save initiatives. For example, investment in digital solutions can deliver process efficiencies, while new social housing can help avoid costs associated with temporary accommodation. Further details of the Council's approach to capital investment to support the Council's objectives can be found in the Capital and Non-Treasury Investment Strategies in appendices G & H.

14.4 However, due to the increasing dependence on prudential borrowing, high longer-term interest costs and viability gaps in housing and regeneration

schemes, the capital programme is placing significant pressure on both General Fund and Housing Revenue Account (HRA) budgets. More details about the impact on revenue budgets are contained in Section seven.

- 14.5 Despite the current financial challenges, the Council's Capital Programme remains ambitious, reflecting its importance to achieving the objectives in the Brent Borough Plan. The Council plans to invest £813.3m over the next five years. The budget for 2026/27 is £293.8m compared to £328.9m for 2025/26, with the reduction reflecting the financial pressures and diminishing funding sources, as well as the completion of several major housing projects in 2025/26. This budget is subject to modifications as new projects receive approval before Full Council in February 2026. The Council also has a Capital Pipeline for potential future schemes whilst feasibility and funding sources are reviewed. This currently holds 16 projects with a provisional value of £472.2m.
- 14.6 Officers carried out a review of the governance of the capital programme in 2025/26 with the objectives of strengthening risk and project management and streamlining processes. Following this review, changes to the Board structure include the merger of the Public Realm Board with the Corporate Landlord Board to create a new Corporate Assets Board responsible for overseeing the management of council owned assets. The remit of the housing boards have been clarified so that the Affordable Housing Supply Board will cover the capital programme to deliver new housing whilst the HRA and Housing Management Board will cover capital investment in Brent's existing housing stock. There are no changes to the remit of the Infrastructure and Regeneration Board. This report follows this revised board structure.
- 14.7 A comprehensive overview of the Capital Programme, categorised by portfolio and board for the five-year period from 2025/26 to 2030/31, is provided in Table 23. Detailed information about the Capital Programme and its financing can be found in Appendix E.

Table 23: Summary of the Capital Programme 2025/26 to 2030/31

Portfolio	Board (Programme)	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m	2030/31 Budget £m	Total 2025/26 to 2030/31 £m
Resources: Cllr Mili Patel	Corporate Assets	13.26	23.34	14.40	5.71	5.56	-	<b>62.27</b>
Climate Action & Community Power: Cllr Jake Rubin	Corporate Assets	0.15	2.63	1.70	2.07	-	-	<b>6.55</b>
Regeneration, Property & Planning: Cllr Teo Benea	South Kilburn	19.48	34.02	27.90	15.55	8.20	3.06	<b>108.21</b>
Regeneration, Property & Planning: Cllr Teo Benea	Infrastructure & Regeneration	84.22	68.22	21.25	29.87	25.41	-	<b>228.98</b>
Climate Action & Community Power: Cllr Jake Rubin	South Kilburn	7.46	11.00	3.80	3.80	3.80	3.80	<b>33.66</b>
Community Safety and Cohesion: Cllr Ishma Moeen	Corporate Assets	0.50	2.62	-	-	-	-	<b>3.12</b>
Regeneration, Property & Planning: Cllr Teo Benea	Corporate Assets	26.11	11.92	6.76	4.72	3.71	3.50	<b>56.72</b>
Public Health: Cllr Neil Nerva	Corporate Assets	0.17	0.50	0.60	-	-	-	<b>1.27</b>
Public Realm: Cllr Krupa Sheth	Corporate Assets	8.13	9.05	8.13	10.99	5.00	-	<b>41.30</b>
Children's Services, Education & Employment: Cllr Gwen Grahil	Children, Young People & Schools	25.51	34.28	26.98	18.60	5.00	-	<b>110.36</b>
Housing: Cllr Fleur Donnelly-Jackson	Affordable Housing Supply	115.35	51.31	67.02	63.20	32.79	-	<b>329.67</b>
Housing: Cllr Fleur Donnelly-Jackson	Housing HRA & Management	27.61	44.91	35.45	23.40	23.00	5.00	<b>159.37</b>
Adult Social Care: Cllr Neil Nerva	Affordable Housing Supply	0.92	-	-	-	-	-	<b>0.92</b>
<b>Total</b>		<b>328.87</b>	<b>293.79</b>	<b>213.99</b>	<b>177.91</b>	<b>112.48</b>	<b>15.36</b>	<b>1,142.40</b>

## **Corporate Assets**

14.8 Brent's Corporate Assets programme is about maintaining and improving the Council's non-housing assets, improving the environment for residents and addressing the climate emergency. There are key programmes for the upkeep of the Council's popular buildings, as well as parks and the very busy highways, footways, carriageways and local transport network in this area of northwest London.

### *Retained Estate*

14.9 £10.5m is being invested over the next five years to fund necessary building improvements works across the Council's retained buildings including libraries, family wellbeing centres and leisure centres. This investment will enable the Property & Assets Team to carry out condition surveys, replace ageing equipment, upgrade essential building components, and enhance spaces to meet current standards and reduce disruptions. These upgrades will also support the proactive corporate landlord strategy, ensuring that the Council's buildings remain fit for purpose.

### *Willesden Health & Wellbeing Hub (Gladstone Park)*

14.10 Brent Council will invest £3.0m SCIL into the redevelopment of the Gladstone Park Youth and Community Centre site to deliver a new Health and Wellbeing Integrated Hub. The Hub will provide modern health services, community amenities, and wellbeing spaces for some of Brent's most disadvantaged communities, while supporting growth in nearby regeneration areas. Approximately 60% of the scheme costs will be funded by the NHS and Willesden Green Surgery.

### *Digital Strategy*

14.11 £9.6m is being invested into a two-year Digital Strategy Roadmap to transform ways of working and enable revenue savings. The Roadmap is based around three core ambitions to transform the resident experience, use digital to empower the organisation and harness the power of our data to support new, more preventative ways of working. The investment will fund a digital team including additional business analysis, service design, user experience design and data specialists as well as project managers and developers. It will also cover systems costs and external development expertise.

### *Technology Roadmap and Oracle*

14.12 The Council is investing £6.7m over the next two years into the Technology Roadmap to improve the Shared Technology Service (STS) infrastructure. STS is an IT shared service for Brent, Lewisham, and Southwark Councils hosted by Brent. Under the agreement, each Council only pays for their own IT and their share of joint systems. This investment will ensure that Brent's IT systems and infrastructure are up to date, reliable, resilient and robust, enabling officers to carry out their duties as well as protecting Council systems against growing cyber threats.

14.13 An annual budget of £0.9m has been earmarked for essential IT licenses. There are also investments in Oracle of £0.5m, as well as smaller investments totalling £0.1m a year in project management and contract register systems to improve

risk, contract and financial management as well as increasing automation and reducing manual processing.

#### *Highways Management*

14.14 Highway infrastructure is the most visible, well used and valuable physical asset owned by the Council. The latest value of Brent's asset is estimated at around £4.7bn and includes 505 km of roads; 847 km of pavements; 20,700 road gullies, and 90 bridges and structures. In the last three years there has been significant additional investment in the highways budget including additional SCIL funding for infrastructure investment aligned with growth areas for highways maintenance and street lighting of £10.0m in 2025/26. This investment enables the Council to return to the £3.5m base Brent capital funding each year, topped up by funding received from the Department for Transport which has been estimated at £0.8m a year. This funding enables works including carriageways and highways replacement, drainage, and road condition surveys.

#### *Environmental Health & Green Corridors*

14.15 The Integrated Street Cleansing & Waste Vehicle acquisition programme continues, with £1.0m of the £21m to be spent in 2026/27. The borrowing costs to fund the purchase of the fleet over eight years are funded by revenue contributions. The expansion of the Northwick Park Hospital Mortuary (£2.5m) has been delayed due to NHS not coming forward with survey information so it is now expected to complete in 2027/28. This is a tri-borough project, funded equally by neighbouring Harrow and Barnet, with the Brent contribution funded by SCIL. 2026/27 will be the second year of the 'Green Corridors' scheme with £1.5m SCIL funding for the Church End and Roundwood Green wards in Willesden. The Green Corridors strategy is integral to supporting sustainable growth, addressing the climate and ecological emergency while contributing to a healthier, greener, and more cohesive community in Brent via a range of traffic management, active travel and inclusive green infrastructure improvements.

#### *Healthy Streets & Parking*

14.16 TfL are expected to continue to fund a number of ongoing Healthy Streets schemes (£2.3m), including Local Safety, Bus Priority, School Travel Plan, School Streets Development, Cycle Parking Scheme and Bike Networks. There are many risks within the programme due to the lack of certainty regarding TfL funding. Announcements often provide very little notice for planning as well as a lack of certainty on value and Brent having to compete against other London boroughs to win new funding for new schemes.

14.17 Some Healthy Streets schemes have seen tangible successes in traffic reduction, inclusivity and good levels of resident satisfaction. The Council is investing £0.2m SCIL in a new pedestrian crossing at the junction of Willesden Lane, Cavendish Road and The Avenue. The Beresford Avenue/Mount Pleasant Controlled Parking Zone (CPZ) scheme (£0.7m) is to be funded by s106. The budget also includes an additional £0.3m a year for the next three years from s106 for additional CPZ schemes.

## *CCTV & Public Safety*

14.18 The Council is investing £2.6m in 2026/27 funded by SCIL into replacing analogue CCTV cameras with ultra-high definition digital CCTV cameras, as well as increasing the overall number of cameras in the Borough. This includes new cameras in Sudbury, Alperton and Queensbury where there is a known absence of CCTV. This will improve the safety and security of these areas by ensuring that these areas are regularly monitored and any incidents of crime are reported to the police either as they happen or passed on as evidence.

## *NCIL Projects*

14.19 Cabinet approved a capital budget of £5.1m for mostly public realm projects from the 2025/26 Neighbourhood Community Infrastructure Levy (NCIL) funding award. The majority of these projects are expected to conclude in 2025/26 but the Trees for Brent (£0.2m) and School Streets (£0.3m) are multi-year schemes with budgets in 2026/27.

## *Pride in Place*

14.20 The Council has been awarded £1.5m of Pride in Place Impact Fund Grant from central government for 2025/26 and 2026/27 to fund improvements in public spaces, community spaces and high street and town centre revitalization. The £1.0m budget for 2026/27 covers £0.3m from the first tranche of projects awarded funding in 2025/26 and £0.7m for new projects. Priority thematic areas will be “Pride in Parks”, “Pride in High Streets” and “Don’t mess with Brent”.

## *Pipeline Schemes*

14.21 £9.2m has been factored into the budget for the next two years for pipeline schemes across the corporate assets area. This includes £2.1m for energy efficiency measures across the retained estate, £1.5m for Vale Farm Sports Centre capital improvements and £1.8m for various parks and outdoor sports investments. These projects depend on the identification of suitable funding with significant uncertainty over available grants and will be subject to approval by Cabinet before they are formally added to the programme.

## **Infrastructure & Regeneration**

### *Wembley Housing Zone*

14.22 Wembley Housing Zone is a major capital project costing a total of £130.9m funded by a broad mix of SCIL, capital receipts from the private housing, GLA grants, S106 and borrowing. The scheme will deliver 291 new homes (of which 141 will be affordable and owned by Brent), new commercial spaces, community centre and a new publicly accessible courtyard garden. Work has been well underway since May 2024, and the scheme is expected to complete in September 2026. The 2026/27 capital budget is £23.1m in respect of the delivery of the Wembley Housing Zone programme.

### *Bridge Park Regeneration*

14.23 The Bridge Park Regeneration project to deliver a new state-of-the art leisure centre including a 6-lane swimming pool and substantially larger fitness provision has a capital budget of £45.6m from 2026/27 – 2028/29. This budget is funded by SCIL, capital receipts from conditional land sale agreements and prudential borrowing though officers will seek suitable grants to reduce the

borrowing need. Following the decision of the Department for Culture, Media and Sport not to list the building, designs can proceed and a planning application is expected to be submitted in 2026/27. The scheme is part of the wider regeneration of the area in partnership with Stonebridge Real Estate Development Limited (SRED) that intends to deliver an improved adult education centre, a hotel, fully accessible public spaces, gardens and 100s of new affordable homes.

#### *Staples Corner Masterplan*

14.24 The Staples Corner Growth Area Masterplan is centred around accessibility between the Staples Corner industrial business park and the new Brent Cross Village. The proposed scheme is expected to cost £2.7m over the next 5 years funded by SCIL. The A5 Toucan Crossing will provide a direct pedestrian / cycle link from Staples Corner Growth Area to Brent Cross West Thameslink Station.

#### *Neasden Civic Partnership*

14.25 The Neasden Civic Partnership Programme, regenerating Neasden town centre, is to cost £10.5m, and to be delivered over three years to 2028/29. The programme will deliver public realm improvements, a new community space and proposes reconfiguration of the gyratory at the gateway to the town centre. The scheme has secured £7.4m SCIL funding and £3.1m regeneration grant from the GLA.

#### *Grand Union Canal Footbridge*

14.26 The Council is progressing a new pedestrian and cycle footbridge over the Grand Union Canal as part of the wider regeneration of the area including recently delivered new affordable housing. This £6.9m scheme funded by SCIL is expected to move into the construction phase in 2026/27.

#### *West London Orbital*

14.27 Following commitments made by TFL and the GLA to progress the West London Orbital overground service, the Council has committed £0.6m funded by SCIL towards developing detailed route options and funding strategy .

#### *College of North West London (CNWL) Regeneration*

14.28 Up to £11.2m of SCIL funding over the next two years has been allocated towards United Colleges Group's (UCG's) programme to consolidate the CNWL into a new, modern, purpose-built Further Education College Campus in Wembley Park. The Council's £11.2m funding is a relatively small part of the over £150m scheme costs, which is set to unlock substantial benefits for the Council including SCIL income, Council Tax receipts and 1,934 new homes (20% affordable) on existing campus sites. The £11.2m is subject to other funding partners, such as the GLA and the Department for Education, also contributing. Following discussions with UCG, the £50m bridging loan included in previous budgets has been removed as changes in legislation mean the Council cannot be the lender of the loan to the College who have had to seek this from the Department for Education instead.

#### *Section 106 projects*

14.29 The Council enters into Section 106 obligations with developers - a mechanism which makes a development proposal acceptable in planning terms. The

developer pays the Section 106 levies to the Council (as opposed to carrying out the mitigations themselves) for site-specific mitigation of the impact of development such as affordable workspace, carbon offset or requiring improvements to an access road. A budget of £8m for 2026/27 has been assumed for Brent capital projects funded by Section 106. All projects will be subject to a robust commissioning process which ensures compliance with the Section 106 requirements.

### **South Kilburn**

#### *Single Delivery Partner*

14.30 2026/27 is an important year for the South Kilburn regeneration programme as Brent intends to appoint a Single Delivery Partner (SDP). Capital budget of £26.1m over the next five years for the seven sites is focussed on buying out the remaining 30 leaseholders to obtain vacant possession of the sites, rehousing tenants and clearing the sites in preparation for the SDP. The SDP model is a new way of the Council delivering a major regeneration programme intended to streamline delivery and improve co-ordination. However, until the partner is appointed and their plans are clear, the budget is subject to significant uncertainty and £2.6m contingency has been built into the budget. The budget also included £1m a year for staff costs and £1.6m for 2026/27 to cover service charges and council tax from vacant properties. The costs of this budget will be initially met by borrowing but the intention is to recover as much as possible through land receipts received by the developer for private housing.

#### *South Kilburn Public Realm Improvements (New)*

14.31 £6.4m SCIL and £0.3m S106 has been allocated to the projects to improve Kilburn Open Space and Carlton Vale Boulevard that will be delivered by the single delivery partner. These schemes are crucial to achieving the placemaking objectives of the South Kilburn regeneration and maximising the land receipts from the developer because they improve the attractiveness of private housing. The pipeline includes proposed additional budget for Carlton Vale Boulevard, subject to identifying a suitable funding source, recognising its importance to the South Kilburn regeneration. The budget for the next 5 years also includes £4.4m for the Queen's Park Gyratory funded by Housing Infrastructure Grant from the GLA.

#### *On site developments*

14.32 Budget of £11.7m over the next three years has been set to bring the two major on-site schemes to completion. The Neville, Winterleys, Carlton House and Carlton Hall (£2.4m remaining budget) scheme to deliver 95 new affordable homes is progressing well with the first homes expected in early 2026/27. The contract dispute on the Carlton and Granville development (£9.3m remaining budget) has been resolved and the scheme to deliver new community spaces and 18 affordable homes is set to complete in 2027/28. This remaining budget is funded by £2.5m SCIL, £1.4m grant from the GLA from a recent successful Safeguarding Bid and a mix of capital receipts and borrowing.

#### *South Kilburn Schools*

14.33 Brent will invest £12.8m of SCIL and s106 funding over the next four years into the construction of a new South Kilburn Primary School on the site of Carlton

Vale Infant School. The School will have improved facilities to support children with Special Educational Needs (SEND) and a new Multi-Use Games Area.

#### *South Kilburn Energy Network*

14.34 £36.0m of capital funding over the next ten years will go towards the development of a District Heat Network in South Kilburn to supply heat to over 2,600 homes, two schools and multiple commercial units. The investment will include two sets of Air Source Heat Pumps connected to the same energy centre's controls, peak gas boilers, and thermal storage, maintaining the project running with a high proportion of heat generated from renewables. The project has a variety of funding sources including Warm Heat Networks Fund Grant, SCIL, s106 generated from the regeneration, income generated from the tariffs, Carbon Offset Fund and prudential borrowing from the Green Finance Facility. The costs of this borrowing and the maintenance of the network will be financed by the income generated by Brent operating the network.

#### **Children & Young People & Schools**

##### *SEND Expansion*

14.35 Phase 1 of the Special Educational Needs (SEND) programme continues with £4.0m capital budget allocated in 2026/27 (funded by the DfE's Basic Needs grant). The new SEND school at London Road completed in 2025/26 and the remaining budget is for Additionally Resourced Provisions (ARPs). An ARP is a provision, within a school, designed to provide specialist and targeted support for children with long term special educational needs. Phase 2 of the Send programme starts in 2026/27 with a budget of £10.6m (funded by the DfE's High Needs Capital Grant) over the next three years to deliver a further 212 SEND places at 5 sites. These projects are forecast to reduce the cost of SEND provision by £4.1m a year.

##### *Schools Asset Management Plan & Devolved Formula Capital (New)*

14.36 The Schools Asset Management Plan (AMP) budget is £2.5m a year for the next three years fully funded by the DfE's School Condition Funding Allocation. The School Condition Funding is used to improve the condition of school buildings, ensuring the buildings are weathertight and provide a safe environment for education. The Devolved Formula Capital funding, at £0.6m a year funded by the DfE, covers the capital funding devolved to schools to use at their school site.

##### *Post-16 Skills Centre*

14.37 The budget for the Post-16 Skills Centre in 2026/27 is £2.8m as build work is expected to start. The Centres will support young people aged 16– 25 with SEND and will include facilities for students to get horticultural work experience. This budget is funded by the DfE High Needs Capital grant.

##### *Consolidation of Leopold School*

14.38 Following Cabinet's decision to relocate Islamia School to the Gwenneth Rickus site, £1m of DfE Basic Needs Grant will be invested in 2026/27 in consolidating the Leopold School on to a single site on Hawkshead Road.

### *Youth Facilities*

14.39 The Council will invest £4.0m of SCIL funding over the next two years in the youth facilities capital programme to improve facilities at premises used by five youth organisations in the borough. The five projects have been selected following a robust competitive bidding process. This capital investment is a key pillar of the refreshed Brent Youth Strategy 2025-2028, approved by Cabinet in March 2025.

### **Housing Programme**

14.40 The development and management of housing remain central to the Council's strategy, with significant investment across various programmes to address housing needs and enhance living standards. Brent has delivered substantial new affordable housing with 721 new homes expected in 2025/26 and this will continue with 312 new affordable homes in 2026/27. However, high build costs, rising interest costs and changes in grants are having a significant impact on viability across schemes. These factors, and the current financial position of the HRA, make it extremely challenging to make delivery or acquisition of new housing viable. As a result, the focus of the capital programme over the next five years is therefore likely to be investing in condition improvements and fire safety in Brent's existing housing with a £5.1m increase in the major repairs budget for 2026/27 compared to 2025/26. Officers will however continue to explore ways to increase the supply of housing, particularly temporary accommodation, to address the housing emergency and alleviate revenue pressures.

### **Affordable Housing Supply**

#### *Local Authority Housing Fund*

14.41 The Council has been initially allocated £19.9m of grant funding from MHCLG's Local Authority Housing Fund to purchase 80 units over the next four years for use as temporary accommodation and resettlement. The grant level is equivalent to 40% of the median property price in the area (plus £21k to cover refurbishment and other costs). The Council intends to supplement the grant with £28.6m of general fund borrowing. The homes attract Local Housing Allowance rents and price caps have been calculated to ensure the scheme is financially viable for the Council. The priority will be larger properties as these better address local housing needs and generate higher temporary accommodation savings but the Council's ability to purchase them is limited by the supply of suitable properties.

#### *Edgware Road*

14.42 The Edgware Road project is intended to provide 120 affordable homes for temporary accommodation along with ground floor commercial space. A revised planning application was submitted in November 2024 and approved in April 2025. The scheme has a total remaining budget of £39.9m funded from borrowing and is expected to complete in 2029/2030. The viability on the scheme is challenging despite the substantial cost avoidance benefits from Brent providing the units rather than paying for private provision.

## *i4B*

14.43 i4B is actively involved in acquiring properties throughout the borough and purchasing street properties, which are then offered as affordable rented homes. This initiative aims to alleviate the housing pressures in our community, reduce temporary accommodation costs for the Council, and decrease the number of families in temporary accommodation. The Council issued a new loan and equity facility of £40m in 2025/26 to fund i4B's capital programme and we expect a significant portion of that will be utilised in 2026/27.

### *New Council Homes Programme*

14.44 A significant number of schemes completed in 2025/26 but the Church End Regeneration remains on site with a budget for 2026/27 of £6.9m funded by GLA grant and prudential borrowing. 99 new affordable homes are expected to be delivered in the first part of 2026/27. Church End is one of the Council's flagship projects and a key priority, aligning with Brent's Local Plan. The Council's objective is to rejuvenate the local centre, stimulate the local economy, and offer new housing, workspace, and other amenities to support the local community.

14.45 High build and interest costs have made it extremely difficult and put pressure on the viability of existing schemes. The Council has been able to address some of the viability gaps through over £8m worth of successful safeguarding grant bids to the GLA. This grant programme recognises the shift in market environments since the New Council Homes programme grant was agreed and is designed to ensure existing housing projects are seen through to completion.

14.46 Despite the increase in the quantum of the available grant under the GLA's new £11.7bn Social and Affordable Homes Programme, the terms of the grant prospectus with requirements for 50% match funding and the prioritisation of social rent, do not support viable housing schemes. As a result, budgets have been removed from schemes that have been assessed as not viable such as Comber Close and Longley Avenue. Officers continue to explore alternative ways of funding housing developments such as using capital receipts from disposing surplus sites and taking advantage of new Government rules that allow Right-to-Buy receipts to be combined with grant. A provisional budget of £25m a year has been included for pipeline schemes.

## **Housing HRA & Management**

### *Major Repairs & Fire Safety*

14.47 The budget for major repairs for HRA housing for 2026/27 has been set at £18.3m. This is an increase of £5.1m compared to 2025/26 reflecting the importance of investing in improvements following the self-referral to the Regulator of Social Housing in April 2025. Of this £18.3m budget, £2.1m will be dedicated to fire safety works and £0.6m for stock condition surveys. The stock condition survey budget is over double that of previous years, enabling the Council to conduct a full survey of its housing stock and take a more proactive approach to asset maintenance. The major repairs budget also includes £5.6m for essential remediation works on Granville New Homes and £3m for each of the next two years for improvement works at Windmill Court. In addition to the usual funding, the additional £5.1m funding does not involve external borrowing, avoiding additional pressure on HRA budgets. The funding consists

of £3.0m brought forward major repairs reserve and £0.4m of unrestricted Right-to-Buy receipts as well as £1.14m for I4B's contribution to Granville New Homes for the houses it owns and £0.6m of central government cladding remediation grant.

#### *Enfranchisements*

14.48 £2.5m funded by unrestricted Right-to-Buy receipts will be invested in renewing long-term leases that are reaching the end of their lives. The enfranchisement programme enables the Council to maintain housing stock numbers in a cost-efficient manner and avoid unnecessary rehousing of residents. The £2.5m budget is a £1.8m increase on 2025/26 enabling a more proactive approach whereby the Council renews leases when they have more time to run securing better value for money.

#### *Energy Efficient Heating for Oaks and Pharamond*

14.49 £2.9m over the next three years will be invested in a project to install energy efficient heating to replace the existing outdated and inefficient oil, gas and electric heating in the Council owned blocks of flats known as The Oaks and Pharamond. The preferred heat source of ground source heat pumps will be complemented by cavity wall insulation to reduce the heat demand. The project is funded by £1.1m of Warm Homes Social Fund with the remainder coming from the Brent Carbon Offset Fund.

#### *Aids & Adaptations*

14.50 The Council receives Disabled Facilities Grant funding each year to cover the expenses associated with adapting the homes of vulnerable Brent residents. This initiative aims to help individuals maintain their independence and quality of life by supporting home adaptations, allowing them to stay in their homes, reducing the need for more intensive care. The budget is based on the estimated grant level but is subject to change as the Government is consulting on changes to the formula for Disabled Facilities Grant which could severely reduce Brent's funding.

#### *Lynton Close*

14.51 As part of the new Brent Gypsy, Roma and Traveller Strategy, Cabinet approved a budget of £0.5m funded by General Fund borrowing for site improvements at Lynton Close as part of our improved approach to site management.

#### **Statutory Capital & Treasury Reports**

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

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

14.54 The various statutory reports are as follows:

- Capital Strategy (Appendix G): High-level report covering the basics of capital programme, treasury management and investments for service commercial reasons.
- Non-Treasury Investment Strategy (Appendix H): Disclose the contribution that investments make “towards the service delivery objectives and / or place making role of the local authority.
- Treasury Management Strategy (the Chartered Institute of Public Finance and Accountancy’s Treasury Management in the Public Services: Code of Practice 2021 Edition (the CIPFA Code) (Appendix I): Requires the Council to approve a treasury management strategy before the start of each financial year. The strategy outlines a framework within which the Council manages its cash flows, borrowing and investments, and the associated risks.
- Minimum Revenue Provision Statement (Appendix J): The process for calculating the annual charge to the revenue account of provision to repay debt incurred in respect of capital expenditure financed by borrowing or other long term credit arrangements (such as PFI).

14.55 The statutory capital and treasury reports have been included here for noting in Appendices G – J.

## **15.0 Pay Policy Statement 2026/27**

15.1 Section 38 of the Localism Act 2011 requires local authorities to publish an annual ‘Pay Policy Statement’, setting out their policies in respect of chief officer remuneration and other specified matters. Regard must be had to guidance to be published by the Secretary of State in preparing the statement, which must be approved by Full Council. The Council is then constrained by its pay policy statement when making determinations on chief officer pay, although the statement may be amended at any time by a further resolution of the Full Council. No new guidance has been published since the statement was adopted for 2025/26 and so there are no proposed changes to the statement related to the guidance. The Draft Pay Policy Statement, attached as Appendix O, contains minor updating and cosmetic changes from the Statement adopted by full Council for the last financial year.

## **16.0 Stakeholder and ward member consultation and engagement**

16.1 Section 11 of this report provides more details of the statutory consultation process with regards to setting the 2026/27 budget.

## **17.0 Financial Considerations**

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

- 17.2 The budget report sets out a comprehensive picture of the council's finances over the short, medium and long term to assist in the decision making process in setting the 2026/27 budget.
- 17.3 In considering the budget report, a key consideration should be the delivery of the savings programme as it presents substantial management challenges. Again, considerable management attention has been, and is being, devoted to ensuring that these can be delivered, but it is important to stress again the inherent risks in delivering such a complex programme. The cross-cutting approach to developing savings makes this a particularly acute risk for the 2026/27 budget and the Council will need to manage this through effective budget monitoring throughout the financial year.
- 17.4 The budget now proposed is realistic and affordable, albeit challenging. The increases in Council Tax set out, if agreed, will generate significant additional revenue over time, minimising the number of difficult new decisions about funding for specific services to be proposed. If agreed, this budget would provide for affordable services in 2026/27.
- 17.5 Formally, this section of the report is the report of the Section 151 officer to which the Council is required by Section 25 of the Local Government Act 2003 to have regard, confirming that, if the budget as proposed were to be agreed, the estimates made for the purposes of the calculations are robust and the proposed financial reserves are adequate. The Section 151 officer concludes that the proposed level of reserves are adequate and the estimates underpinning the proposed budget are robust.

## **18.0 Legal Considerations**

- 18.1 These are set out in Appendix N.

## **19.0 Equity, Diversity & Inclusion (EDI) Considerations**

- 19.1 Section 11 of this report provides more details of the approach to complying with the Equalities Act 2010 and the outcome of equalities impact assessments.

## **20.0 Climate Change and Environmental Considerations**

- 20.1 Climate change and environmental considerations are taken into account as part of the budget development process. Each of the savings proposals set out in Appendix C will have had regard to these considerations as they were developed. Where detailed proposals are yet to be developed for the cross-cutting savings, climate change and environmental considerations will be taken into account as the detailed proposals are developed.

## **21.0 Human Resources Considerations**

- 21.1 Of the proposals set out in Appendix C, there are some where there is an impact on staffing and could be subject to redundancy.
- 21.2 The Council will apply its Managing Change Policy and Procedure in the application of all restructuring arrangements which have an impact on staff, consulting with staff and trade union representatives accordingly.

## **22.0 Communication Considerations**

22.1 Section 11 of this report provides more details of how the budget proposals have been communicated with residents, businesses and other key stakeholders.

Related document(s) for reference:

Draft Budget 2026/27 - [Agenda for Cabinet on Monday 17 November 2025, 10.00 am](#)

**Report sign off:**

***Minesh Patel***

Corporate Director, Finance and Resources