

	<p align="center"><b>Resources and Public Realm Scrutiny Committee</b> 24 February 2026</p>
	<p align="center"><b>Report from the Corporate Director, Finance and Resources</b></p>
	<p align="center"><b>Lead Member: Deputy Leader and Cabinet Member for Finance and Resources - Councillor Mili Patel</b></p>
<p><b>Quarter 3 Financial Forecast 2025/26</b></p>	

<b>Wards Affected:</b>	All
<b>Key or Non-Key Decision:</b>	Not applicable
<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>	<p>Three:</p> <p>Appendix A: Savings Delivery Tracker Appendix B: Prudential Indicators Appendix C: Housing Revenue Account (HRA) Update</p>
<b>Background Papers:</b>	N/A
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1.0 **Executive Summary**

- 1.1 This report sets out the financial forecast for the General Fund revenue budget, the Housing Revenue Account, the Dedicated Schools Grant and the Capital Programme, as at Quarter 3 2025/26.
- 1.2 The Council's revised General Fund revenue budget for 2025/26 is £431.4m. The forecast at Quarter 3 is an overall overspend of £12.5m against the revenue budget, £4.8m overspend against the Dedicated Schools Grant and £2.3m overspend on the Housing Revenue Account. The current budget also reflects £20.4m of savings agreed by Full Council in February 2025. Appendix A sets out the status of the Council wide savings.
- 1.3 The tables below show the forecast position against budget for the General Fund, Dedicated Schools Grant, Housing Revenue Account and Capital Programme.

Table 1: 2025/26 Quarter 3 forecast for the General Fund

	<b>Budget £m</b>	<b>Forecast £m</b>	<b>Overspend/ (Underspend) £m</b>
<b>Service Reform and Strategy</b>	182.1	190.2	8.1
<b>Children, Young People and Community Development</b>	97.2	99.3	2.1
<b>Neighbourhoods and Regeneration</b>	31.8	29.8	(2.0)
<b>Finance and Resources</b>	32.7	32.5	(0.2)
<b>Residents and Housing Services</b>	32.9	37.4	4.5
<b>Subtotal Service Area Budgets</b>	<b>376.7</b>	<b>389.2</b>	<b>12.5</b>
<b>Capital Financing</b>	<b>38.6</b>	<b>38.6</b>	<b>0.0</b>
<b>Central Budgets</b>	<b>16.1</b>	<b>16.1</b>	<b>0.0</b>
<b>Total Budget Requirement</b>	<b>431.4</b>	<b>443.9</b>	<b>12.5</b>
<b>Funding</b>	<b>(431.4)</b>	<b>(431.4)</b>	<b>0.0</b>
<b>Grand Total General Fund Budgets</b>	<b>0.0</b>	<b>12.5</b>	<b>12.5</b>
<b>DSG Funded Activity</b>	0.0	4.8	4.8
<b>Housing Revenue Account (HRA)</b>	0.0	2.3	2.3
<b>Net Total*</b>	<b>0.0</b>	<b>19.6</b>	<b>19.6</b>

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

Table 2: 2025/26 Quarter 3 forecast for the Dedicated Schools Grant

	Budget £m	Forecast £m	Overspend / (Underspend) £m
<b>DSG</b>			
<b>Income</b>	(250.6)	(250.6)	0.0
<b>Expenditure</b>	250.6	255.4	4.8
<b>Total</b>	<b>0.0</b>	<b>4.8</b>	<b>4.8</b>

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

HRA gross income and expenditure	Budget £m	Forecast £m	Overspend/ (Underspend) £m
<b>HRA</b>			
<b>Income</b>	(69.9)	(73.5)	<b>(3.6)</b>
<b>Expenditure</b>	69.9	75.8	<b>5.9</b>
<b>Total</b>	<b>0.0</b>	<b>2.3</b>	<b>2.3</b>

Table 4: 2025/26 Quarter 3 forecast for the Capital Programme

Portfolio / Programme	Original Budget 2025/26	Revised Budget 2025/26	Current Forecast	FY Variance	
				(Underspend)/ Overspend	(Slippage)/ Brought Forward
	£m	£m	£m	£m	£m
Corporate Landlord	9.7	13.4	12.5	(0.4)	(0.5)
Housing - GF	114.1	115.9	112.8	(2.1)	(0.9)
Housing - HRA	50.4	27.6	26.7	3.5	(4.4)
Public Realm	17.8	34.9	31.1	(0.3)	(3.5)
Regeneration	106.5	84.2	82.0	0.1	(2.3)
CYP & Community Development	17.1	25.5	21.4	0.0	(4.1)
South Kilburn	28.0	26.9	20.0	0.0	(6.9)
St Raphael's	3.2	0.4	0.4	0.0	0.0
<b>Grand Total</b>	<b>346.8</b>	<b>328.9</b>	<b>307.0</b>	<b>0.8</b>	<b>(22.6)</b>

### Current Economic Environment

- 1.4 In the current and medium term, the economic environment remains weak. Forecasts for growth in GDP for the UK in 2026 is expected to remain modest at 1.5%. 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.
- 1.5 Forecasts for CPI inflation in 2026 is expected to average 2.5% which is lower than the 2025 average of 3.5%. The high rate of inflation is driven by rising energy and food prices. Inflation is projected to return to near 2.0% by 2027.
- 1.6 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 3.25 – 3.50% and for stabilisation at around 2.75 – 3.00% in 2027.
- 1.7 The UK unemployment rate is forecast to rise to near 5% in 2026 and is expected to remain elevated till 2027, up from its 2025 level of 4.5%. This projection is based on factors like decelerating economic growth and subdued hiring, though some recent data suggests the labour market is stabilising and the pace of job cuts may have slowed from earlier estimates.

### **Local Government Funding**

- 1.8 In September 2025, Brent was awarded £1.5m as part of the new Pride in Place programme focused on improving public spaces, community spaces and high street and town centre regeneration.
- 1.9 During 2025/26, the government committed to fundamental reform of local government financing from 2026/27, with particular focus on diverting resources to authorities that need them most. As part of these reforms, the government delivered a multi-year funding settlement to local authorities for 2026/27 in December 2025 and enables greater certainty within which to plan budgets for future years.
- 1.10 To support long-term financial sustainability, a consultation on proposals to update and reform the funding system was carried out during the summer. Initial modelling of the proposed reforms suggested that resources were being diverted away from London and that London's needs were being underrepresented. A response to the consultation was submitted by Brent Council to central government in August.
- 1.11 On 26 November 2025, the Government published the response to the consultation alongside a Local Government Finance Policy Statement, which set out the Government's intended approach to reforming the funding system from 2026/27 and resetting the Business Retention system for the first time

since 2013. This confirmed some changes to the technical details of the reforms as a result of the feedback the government received from respondents to the consultation, which included Brent Council. It also confirmed many of the key details previously announced, including that the 2026/27 settlement will cover the three years to 2028/29 and the Council Tax referendum principles being continued at the 2025/26 rate (2.99% + 2% for adult social care) throughout the settlement period.

- 1.12 The Government also confirmed that the Index of Multiple Deprivation (IMD) and Income Deprivation Affecting Children Index (IDACI) have been updated to include housing costs. These updated indices will be used in the calculation of relative need that will determine the allocation of funding between authorities in the multi-year settlement. As housing costs are a significant factor affecting incomes for people in Brent, it is expected that this change will have a positive impact on the outcome of the Fair Funding Review for Brent Council.
- 1.13 The Ministry of Housing, Communities and Local Government published their provisional Local Government Finance Settlement for 2026/27 – 2028/29 on the 17 December 2025. Brent's core spending power (a measure of the total resources available for local government, including Council Tax increases) will increase by 9.9% in 26/27 with a 7.7% increase in 27/28 and 7.3% in 2028/29. The final budget will be presented to Cabinet in the Budget and Council Tax report in February 2026, which will incorporate the changes to grants set out in the provisional funding settlement as well as the new burdens and additional costs expected next year.

### **Maintaining Financial Control**

- 1.14 Local government has been facing the most challenging financial environment for many decades. Many councils are overspending and depleting their reserves, most are experiencing the adverse effects of a prolonged period of high inflation, high interest rates and significant increases in demand due to demographic changes. In 2025/26, the government agreed to provide 30 Councils with support to manage financial pressures via the Exceptional Financial Support process (up from 19 in 2024/25), including 8 Councils for which support has been agreed for prior years. Many more authorities are in talks, allowing them to use capital resources (such as borrowing or selling assets) to pay for day-to-day spending. Concerns about future levels of government funding are widespread. Against this backdrop, Brent has maintained a strong position in terms of financial resilience and sustainability with a good track record of delivering savings and balancing the overall budget. However, in 2024/25 the Council overspent its revenue budget by £14.9m and is forecast to overspend by a similar level in 2025/26.

- 1.15 Despite the considerable efforts of the Council to manage its position, the operating environment and wider economic context continues to be volatile with small changes in demand disproportionately materialising in large financial pressures. These are particularly in Children's social care and Adult social care packages in terms of volumes and complexities, and temporary accommodation volumes, costs of provision and loss of Housing Benefit subsidies from central government. The Council is also dealing with the impact of rising costs due to the continued high level of provider inflationary pressures, and the impact of the cost-of-living crisis which also affects important income streams of the Council.
- 1.16 Since the Quarter 2 forecast report was presented to Cabinet in October 2025, the financial position in the General Fund has worsened by £3.3m. This is due to a £6m increase in the overspend for Service Reform & Strategy due to challenges in the delivery of savings and pressures arising from the cost of placements; a £0.1m decrease in the overspend for Children, Young People & Community Development and a £1.9m increase in the underspend for Neighbourhoods & Regeneration as a result of a comprehensive review of income by the Healthy Streets and Parking Service. In addition, a £500k Homelessness Prevention Grant Top-Up was unexpectedly announced in December, reducing the projected Residents and Housing Services pressure proportionately. The sections below set out the Council's strategy and actions to deal with these pressures for the remainder of the year.
- 1.17 The introduction of spending controls and the Budget Assurance Panel in 2023 helped to facilitate a better grip of the Council's financial position and stabilise in year overspends. This introduced a range of measures including proactive vacancy management, directorate led targeted non-essential spending control including agency and interim spend, alongside department led management action plans reflecting other actions being undertaken. These sensible, proactive and prudent measures are estimated to have led to cost avoidance of over £8m in 2024/25 and are providing more assurance over the Council's spending decisions.
- 1.18 While Brent is not currently in the financial situation of those Councils that have issued, or threatened to issue, a Section 114 notice (legally required when the council cannot balance its budget, unlike the NHS and other parts of the public sector, councils are not allowed to carry a deficit) all efforts must be focused on positively changing the financial position.
- 1.19 Given the current forecast overspend, these spending controls will continue throughout 2025/26. Since the Q2 forecast, these spending controls were enhanced. With the exception of maintaining health and safety, meeting a statutory requirement and fulfilling a contractual obligation, all other spending will be halted until further notice. In addition, controls on staff payments, recruitment and use of agency workers will be significantly enhanced. This

change is to ensure decisions are made at the appropriate level with clear accountability. Further details of the spending controls being implemented by directorates are set out below.

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

## **2.0 Recommendation(s)**

- 2.1 That the Resources & Public Realm Scrutiny Committee note the overall financial position and the actions being taken to manage the issues arising.
- 2.2 That the Resources & Public Realm Scrutiny Committee note the savings delivery tracker in Appendix A.
- 2.3 That the Resources & Public Realm Scrutiny Committee note the prudential indicators for treasury management in Appendix B.

## **3.0 Contribution to Borough Plan Priorities and Strategic Context**

- 3.1 This Quarter 3 Financial Forecast sets out clearly the scale of the financial challenge facing the Council and the difficult context in which decisions continue to be taken. Like all local authorities across the country, Brent is managing sustained pressure from rising demand, high inflation, elevated interest rates and increasing complexity in statutory services. The General Fund is forecasting an overspend of £12.5 million, with the most significant pressures concentrated in housing and temporary accommodation, Adult Social Care, and Children and Young People's Services, where the Council has limited discretion and must respond to need as it presents.
- 3.2 These pressures are real and material. Temporary accommodation costs continue to rise as demand increases and housing supply remains constrained. Adult Social Care and Children's Services are experiencing higher than anticipated volumes and complexity, alongside sharp increases in placement and care package costs. Small changes in demand are translating into very large financial impacts, and the operating environment remains volatile.
- 3.3 Against this backdrop, it is important to recognise the Council's continued grip, resilience and ability to respond. Spending controls remain firmly in place and have been strengthened further during the year. The introduction of enhanced assurance, vacancy management and tighter controls on non-

essential spend has helped stabilise the in year position and avoid far more severe outcomes, at a time when a growing number of councils nationally are requiring exceptional financial support.

- 3.4 There are also clear positives in this forecast. The capital programme continues to support delivery of homes, regeneration and infrastructure that will improve outcomes for residents and reduce longer term pressure on revenue budgets. Over £326 million of capital investment is forecast this year, including significant progress on new council homes, regeneration schemes and public realm improvements. Nearly 900 new homes are expected to be added to the Council's housing portfolio over 2025 and 2026, helping to reduce reliance on expensive temporary accommodation over time
- 3.5 The Council has also secured £1.5 million through the Pride in Place Impact Fund, supporting visible improvements to public spaces, parks and high streets. This funding reflects our belief that even in a constrained financial environment, investing in neighbourhood pride, cleaner streets, safer parks and thriving town centres matters to residents and to the long-term health of the borough.
- 3.6 Alongside this, there are emerging positives in the medium-term outlook. The Government has confirmed a multiyear funding settlement from 2026/27, updated deprivation measures that better reflect housing costs, and reforms to local government finance that are expected to improve the alignment between need and funding. While uncertainty remains, this greater clarity provides a stronger foundation for future planning.
- 3.7 We are therefore walking a tightrope. On one side is our ambition to make our vision for Brent real, to invest in homes, places and communities, and to continue making the borough better. On the other hand, it is the unavoidable responsibility to fund statutory services, protect the most vulnerable residents and maintain financial control. This report demonstrates how the Council is holding that balance with discipline, realism and purpose in one of the most challenging periods local councils have ever faced.

#### 4.0 Revenue Detail

##### Service Reform and Strategy

Table 5: 2025/26 Quarter 3 forecast for Service Reform and Strategy

Service Reform and Strategy	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Adult Social Care	123.7	132.4	8.7
Strategic Commissioning & Capacity Building	16.7	16.4	(0.3)

Public Health	26.2	26.2	0.0
Leisure	1.8	2.1	0.3
Integrated Care Partnerships	0.2	0.2	0.0
Communications Insight and Innovation	12.8	12.5	(0.3)
Change Programme	0.7	0.5	(0.3)
<b>Total</b>	<b>182.1</b>	<b>190.3</b>	<b>8.1</b>

## Summary

- 4.1 The Service Reform & Strategy department (SRS) budget for 2025/26 includes previously agreed savings of £4.7m. Growth funding has also been built into the budget of £10.9m to account for assumptions around demographic changes and inflation on contracts and care packages.
- 4.2 The Directorate is forecast to overspend by £8.1m at Quarter 3. A number of financial pressures have arisen since the £2.1m overspend was reported in Quarter 2.
- 4.3 The £2.1m overspend reported at Q2 assumed that savings attributed to placement budgets (£4.3m) would be fully achieved. There have been significant challenges in meeting this target, where £2.5m of savings are at risk (£1.3m unachievable and £1.2m slippage).
- 4.4 Within the Q2 forecast, £0.8m was assumed to be achieved through the deployment of a costing tool intended to aid with open and transparent re-negotiation of placement costs. There was an assumption that the cost of some care packages would reduce as a result of this deployment. As the year has progressed, it has become apparent that the price that the Council has negotiated is already competitive and therefore no further savings can be achieved in this area.
- 4.5 The previous forecast also assumed £0.2m of income will be generated through charging for Telecare services. The full year savings target for this is £0.5m. However, initial analysis has shown that this will not bring in the income that was initially assumed. Whilst charging has not commenced, £0.1m savings have been achieved through the reduction of clients from 3,700 to 2,750.
- 4.6 In addition to challenges in delivering the savings, there have been pressures arising from the cost of placements. Growth of £10.9m was applied to the placements budget for 2025/26, which limited the uplifts that could be provided on existing packages. New placements are being priced at a value that far exceeds the current packages with some feedback from providers that this is to compensate for low uplifts. As the Council spot purchases residential and nursing placements, the providers have more power to

charge at higher rates. In addition, recent increases in National Insurance, London Living Wage and the cost of new placements, have significantly increased the pressure on the social care placements. Care Analytics had estimated a £20m growth pressure when modelling National Insurance, demographics and inflation last year.

- 4.7 Supported Living care packages are showing a significant pressure of £7.8m, as the average cost per week is 20% more than previously modelled for inflation. This is due to clients requiring one to one or two to one care and having greater, complex needs.
- 4.8 Nursing Care Placement Packages show a pressure of £4.6m. There are 15 less clients than what had been anticipated. However, the cost has risen substantially. The average cost across nursing placements is 27% higher than modelled at the time of budget setting. Nursing Dementia is showing a 46% increase on average cost compared to previous assumptions.
- 4.9 Residential Placements contribute £2.6m to the overspend. There are 20 more clients, costing on average 27% more than last year, than had previously been anticipated.
- 4.10 Homecare shows a pressure of £3.7m. Since November 2024, homecare hours have increased by 3.8%.
- 4.11 A number of actions have been taken to manage the current pressures, which are set out below.
- Reviewing short-term placements that do not have a committed end date and ensuring all new short-term placements have an end date and are reviewed within eight weeks. Short term placements are defined as packages that are up to eight weeks and are generally more expensive than long term placements. Reviewing these short-term placements will reduce costs, either by re-purchasing on a long-term basis where appropriate or by ending the package of care where it is no longer needed. Client contributions can also be obtained from clients in long-term care, where financial assessed as needing to contribute to their care, but not from clients receiving short term care.
  - Reviewing the top ten highest cost care packages in each type of care. This will be reviewed to assess whether they are eligible for continuing health care and therefore funding should be received by the NHS. This review also serves as a data quality check to ensure that packages of care are recorded correctly in Mosaic (Adult Social Care's case management system) as focusing on the largest packages of care will bring the highest financial benefit if they are recorded correctly.

- Reviewing cases where clients are receiving a Nursing care placement but there is no recorded contribution from the NHS for Funded Nursing Care. Funded Nursing Care is an agreement with the NHS whereby the Nursing element of a Nursing Care placement is paid for by the NHS, for which the standard rate is £254.06 per week.
  - Analysing Mental Health placements to review whether additional income can be received from the NHS as part of the Section 117 agreement. Section 117 joint funding refers to the duty shared by the NHS and local authorities to jointly fund and provide free aftercare services for individuals who have been receiving care under specific sections of the Mental Health Act 1983 and are leaving hospital.
  - Ensuring any funding allocated via Direct Payment but not being utilised is recouped from accounts to help reduce the overspend position currently forecast.
  - Continue to strengthen the role of the Quality Assurance Management panel, which is a panel set up to review new packages and uplifts to existing packages, that has helped to reduce the number of packages and has generated £2.4m of cost avoidance.
  - More focussed approach on providers where we are seeing disproportionate requests for additional support beyond core offer, to understand the reasons why and ensuring the most cost effective model to support residents are in place.
- 4.12 In light of the significant increase in the forecast overspend, accountability meetings have now been set up to track mitigations and actions so the overspend can be minimised as much as possible. It is anticipated that if the actions above are addressed, the forecast overspend could reduce by £0.5m, to £7.6m.
- 4.13 The Strategic Commissioning and Capacity Building directorate is forecast to underspend by £0.3m. Whilst the department is forecast to underspend, there is an estimated pressure of £0.7m. This pressure relates to Housing Related Support budgets, within which there was a planned savings target of £0.5m. It is very unlikely that any savings will materialise this year. A review of commissioned HRS services has been undertaken. This provided recommendations on both short-term and longer-term service enhancement and efficiency opportunities. Officers are working with providers to develop and implement short-term actions aimed at mitigating the pressure including looking at what can be done to reduce service use. The impact of this needs to be assessed and fully understood. A working group is in place to commence recommissioning of all services. It is anticipated that £0.5m will

be made in 2026/7 by working closely with Housing on alternative delivery models and recommissioning of contracts.

## **Risks and uncertainties**

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

- 4.14 In addition to the risks linked to packages explained above, there remains a number of other risks and uncertainties which could impact on the budgets within the SRS department.
- 4.15 Recruitment and retention of staff remain one of the most significant risks nationally within the social care sector. High turnover and vacancy rates continue to impact service delivery, placing additional strain on existing teams and creating challenges in maintaining continuity of care for vulnerable adults. Locally, the quality of applicants for adult social care roles has been a persistent issue. To address this, we have adopted a targeted recruitment approach. Over the past eight months, this strategy has delivered tangible results:
- 17 agency staff successfully converted to permanent roles, with three currently completing onboarding.
  - A focused campaign through a recruitment agency to recruit 25 social workers, we have recruited twenty-five social workers through this process, and the contract has now ended.
- 4.16 Despite these successes, recruitment remains challenging. This reflects the wider national shortage of qualified care workers, which has fundamentally altered the workforce model across social care. As a result, there is an increased reliance on agency staff, which is significantly more costly than permanent appointments. While management is prioritising agency-to-permanent conversions to stabilise the workforce and reduce costs, some posts cannot be made permanent due to their funding source. A significant proportion of agency roles are funded by the Better Care Fund, and others by the Market Sustainability and Improvement Fund (MSIF) – both of which are temporary funding streams. Consequently, these posts cannot be converted to permanent positions at present.
- 4.17 As part of the long-term strategy, investment in developing talent internally is a priority. This year, the service have recruited 10 apprentices, who are currently progressing through their training. In addition, there are 8 Assessed and Supported Year in Employment (ASYE) social workers, and a significant number are already embedded within the service. Once qualified, these individuals will transition into permanent social work posts, strengthening the workforce and reducing reliance on external recruitment. Overarching strategy remains clear:

- Target permanent recruitment for all posts where possible.
  - Retain high-performing agency staff to safeguard service quality.
  - Continue agency-to-permanent conversions as a priority, alongside proactive recruitment campaigns.
  - Grow our own talent pipeline through apprenticeships and ASYE placements.
- 4.18 Partnership working with the NHS is a key factor in management of finances within the social care sector, with linkages between the Council and NHS for Section 117 and Continuing Healthcare (CHC) clients. This relationship has seen significant improvement during the last year, and the continuation of this progress will be important to ensure that any financial pressures can be mitigated early on.

### **Public Health**

- 4.19 As of Q3, the Public Health grant is forecast to break even, unchanged from the Q2 forecast, despite sustained inflationary pressures and rising costs in NHS-commissioned contracts under the national Agenda for Change framework. These financial pressures have been compounded year on year, as NHS pay awards have consistently exceeded the annual uplifts to the Public Health grant.
- 4.20 The public health grant amounts for the next three years were published on 17 December 2025, as part of the Provisional Local Government Financial Settlement. There is an increase in the grant from £26,219,135 in 25/26 to £28,541,794 for Brent. In addition, the Drug and Alcohol Treatment and Recovery Improvement Grant, Individual Placement and Support Grant, the Local Stop Smoking Services and Support Grant, and the Swap to Stop scheme are continuing but as part of the core Public Health Grant. The public health grant remains ring-fenced with clear criteria determining its use.
- 4.21 Spend against ring-fenced Public Health grants, including the Drug and Alcohol Treatment Recovery and Improvement Grant (DATRIG), the Stop Smoking Grant and the Start for Life programme, remains on track and in line with national requirements. These grants continue to underpin targeted interventions and local population health initiatives. The position will be monitored closely given ongoing contractual inflation and demand pressures across commissioned services.

### **Leisure**

- 4.22 Bridge Park Community Leisure Centre officially closed on 31 July 2025, following an extended period of community consultation. A £0.3m overspend has resulted from part-year running costs, unchanged from the Q2 forecast.

## Communications, Insight and Innovation

- 4.23 The Communications, Insight and Innovation service, which includes Change and Customer Insight, Communications, Digital Strategy and ICT, is forecasting an underspend of £0.3m at Q3, representing an improvement from the breakeven position reported at Q2. The favorable movement reflects staffing underspends, proactive budget management and income overperformance.
- 4.24 The Change Programme is also forecasting an underspend of £0.3m, driven by reduced expenditure on corporate training and development.

## Savings

- 4.25 The directorate has £4.7m of savings to deliver in 2025/26, of which £1.583m has been flagged as at risk. Savings at risk include Technology Enabled Care (£0.35m), a review of housing related support contracts (£0.5m), implementation of Telecare Service Charging (£0.5m) and managing demand at the front door, prevention and early intervention (£0.23).
- 4.26 As a result of the enhanced spending controls, the directorate has focused on holding vacancies where possible and continuing to reduce reliance on agency staff. In the last eight months, there have been seventeen staff conversions from agency to permanent, equating to approximately £0.2m of full year cost avoidance.

## Summary of Key Assumptions

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

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

Key Assumption	Downside if worse	Upside if better	Mitigations
Increases to the cost of social care packages above what has been modelled, with client numbers remaining in line	A 1% increase over and above the modelled cost of care packages could result in a £0.7m pressure	A 1% decrease below the modelled cost of care packages will result in costs of £0.7m less	The Council is working closely with the service providers and provides robust challenge of individual package costs based on

with what was modelled		than what was anticipated	evidence as part of placement reviews.
Increases to social care client numbers above what has been modelled, with package costs remaining in line with what was modelled	Additional budget pressures should there be clients beyond those modelled as part of the MTFS.	Client numbers falling below those modelled would reduce the cost to the Council.	The Council is working on developing PowerBI tools to allow for better monitoring of placements. Consistent monitoring and reporting will be made to facilitate early identification of pressures so mitigating actions can be taken.
Leisure - Utility costs to stay within the expected forecast	Additional pressure on the leisure reserves	Reduced pressure on the reserves	Service is monitoring activity and pricing to ensure are updated and reflected in a timely and accurate way.

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

Table 7: 2025/26 Quarter 3 forecast for Children, Young People and Community Development

<b>CYPCD - General Fund</b>	<b>Budget</b>	<b>Forecast</b>	<b>Overspend / (Underspend)</b>
	<b>(£m)</b>	<b>(£m)</b>	<b>(£m)</b>
Central Management	4.1	2.1	(2.0)
Community Safety and Prevent	1.8	1.9	0.1
Communities and Partnerships	0.2	0.3	0.1
Employment Skills and Enterprise	(0.4)	(0.1)	0.3
Early Help	4.7	4.7	0
Looked After Children (LAC) and Permanency	6.6	6.7	0.1
Children With Disabilities	14.8	14.6	(0.2)

Safeguarding & Quality Assurance	2.2	2.1	(0.1)
Family Support & Child Protection	9.5	9.9	0.4
Forward Planning Performance and Partnerships	50	52.3	2.3
Inclusion	3.2	4.0	0.8
Setting and School Effectiveness	0	0.3	0.3
Virtual School	0.5	0.5	0.0
<b>TOTAL</b>	<b>97.2</b>	<b>99.3</b>	<b>2.1</b>

### Summary

- 5.1 The CYPCD directorate is reporting on a Q3 financial forecast position of £2.1m. This represents a £0.1m decrease from the Q2 reported position of £2.2m. The overall pressure is largely due to the cost of placing children in residential care with a significant increase seen in the past few months.

### Placement pressures

- 5.2 The residential and secure placement budgets held within the FPPP service area continue to experience significant pressures totaling £3.9m. This projected overspend is being partially mitigated by projected underspend in other areas, including foster care and adoption, along with reduced costs of placements in supported accommodation, and additional income and contributions, resulting in a net projected overspend of £2.1m.
- 5.3 Youth Justice data also indicates a higher-than-usual number of secure remand cases, with six young people in care at the start of 2025/26 and this increased to seven as of mid-September as reported in Quarter 2. These were not anticipated at the time of the budget setting. The length of time of these placements is dependent on the speed of moving cases through the criminal justice system and beyond the local authority's control. The estimated cost of the secure placements is £1.3m.
- 5.4 While the number of LAC declined in the last year, there has been a sharp rise in children and young people entering care with complex needs, particularly since the end of spring 2025. This is reflected in the increase in residential placements with an average of 45 children in residential care in October 2025 – 15 more than the previous year. In addition, the average cost

of residential placements has increased. Despite this, Brent has a significantly lower than average LAC rate of 40 per 10,000 children compared to the London average of 50 per 10,000 children. As of October, there were 307 LAC children in Brent. Identifying residential children's home placements can be very challenging despite comprehensive nationwide searches using both the Commissioning Alliance's direct purchasing vehicle framework as well as spot purchase providers. This means the local authority has limited negotiating power in relation to initial costs.

- 5.5 The FPPP Service has implemented measures to manage down placement costs including renegotiating costs as much as possible. The Director of Education, Partnerships and Strategy is leading a review of all residential placements to ensure there is timely progress and active management of actions to move children to the most appropriate setting, where appropriate and in line with their care plan.
- 5.6 Service areas across the CYPCD directorate are working collaboratively to plan successful step-downs from residential placements for young people when they are ready and there is a focus on reunification back home for looked after children where safe and appropriate.
- 5.7 In addition to the above, a Strategic Commissioning Group, chaired by the Corporate Director of CYPCD, aims to reduce costs through two primary initiatives: the expansion of in-house foster care provision and the enhancement of support for care leavers to promote independent living. The shortage of housing in the borough means, however, that care leavers cannot access permanent accommodation in line with their independence plans which is impacting on progress to reduce the cost of semi-independent accommodation.
- 5.8 Actions taken to increase foster care provision include increasing allowance rates to the West London average, development of the Mockingbird programme, the use of an extended family model to provide a range of support and working collaboratively with West London boroughs on a fostering hub to streamline fostering enquiries and enhance marketing activity.
- 5.9 Lastly, work continues with other West London authorities to improve sufficiency of a residential home run by local authorities, with Brent supporting the development of new provision across the sub-region. Places will be made available to local authorities on a spot-purchasing basis.

## **Other service pressures**

- 5.10 The Community Development area is forecasting an overall overspend of £0.5m, which includes a reported pressure of £0.3m against the budgets held for Employment Skills and Enterprise. This pressure has mainly arisen from a reduction in the Adults Skills Fund (ASF) grant funding from the Department for Education. There is an ongoing review to identify mitigations, including seeking additional external grant funding and managing spend.
- 5.11 LAC and Permanency's latest forecast is an overspend of £0.1m from legal fees and costs linked to the Contact team. There is no dedicated budget for legal costs and pressures in the Contact team have been partially mitigated by underspends in the client subsistence budgets and other miscellaneous budgets.
- 5.12 The CWD area is forecasting a net overspend of £0.2m. There are pressures of £0.4m mainly due to new clients requiring residential support and increased placement costs partially mitigated by a £0.2m underspend in salaries (vacant positions held in year) and reduced spending on client subsistence.
- 5.13 The Family Support and Child Protection service is currently reporting an overspend of £0.4m primarily stemming from the Multi Agency Safeguarding Hub (MASH) budget which reports an overspend of £0.3m, mainly attributable to staffing pressures including recruitment and retention costs. This pressure is expected to be mitigated by underspends against the wider social care budgets.
- 5.14 Inclusion is set to overspend by £0.8m. Staffing budget pressures in the Educational Psychology and 0-25 SENAS teams are driving an overspend of £0.6m as meeting statutory deadlines for Special Educational Needs assessments has required reliance on agency staff, who are more costly than permanent employees due to recruitment challenges. The forecast pressure for this area also includes £0.2m of undelivered savings against the reduction in contract for targeted services. The pressure in the area will be mitigated by forecast underspends within the central budgets held by the directorate.
- 5.15 The Setting and School Effectiveness service is reporting an overspend of £0.3m due to a shortfall of income against historic income targets applied to the Gordon Brown Short Break Centre. The service is assessing ways to reduce the impact of this pressure, including potential increases to fees and charges aligned with benchmarked rates.

5.16 The directorate remains focused on closely monitoring non-essential expenditures, strategically holding vacancies where sustainable and ensuring continued progress is made on reducing agency staff costs. Examples of additional management actions by the directorate that have led to spend controls or cost avoidance in the last three months are:

- Agency worker spend continues to be scrutinised including ensuring that annual leave is taken before any extension is approved. Agency to permanent conversions continue to be progressed. There is an ongoing recruitment drive for permanent social workers and alongside that a recruitment programme for newly qualified social workers, that attract external funding.
- All requests for residential placements are approved by the Director Early Help and Social Care as a new control that has been introduced to ensure that all other options have been considered. In addition, the Residential Panel is now co-chaired by the Director of Education, Partnerships and Strategy and the Director of Early Help and Social Care to ensure focus on appropriate and timely step-down arrangements.
- Scrutiny of School Transport expenditure has increased through greater controls on decision-making through management tiers. The aim is to undertake targeted work in the new financial year in relation to eligibility for SEND transport for the 16-25 cohort.
- The directorate is also taking stock of licences and related contracts to understand whether cheaper alternatives can be procured.

### **Risks and Uncertainties**

5.17 The persistent overspend on high-cost residential and secure placements poses a major financial risk. While mitigations may be identified later in the year through robust budget monitoring and achievement of further in-year savings, they cannot be guaranteed as an individual high cost residential or secure placement can cost over £0.5m per annum.

5.18 The in-house residential children's home that was originally planned to be operational from May 2025 and expected to contribute to the management of costs and placement sufficiency has been delayed further. This was initially due to a delay from Ofsted commencing the regulation process. However, a recent, unexpected incident which resulted in damage to the front of the property has added to the delayed opening as remedial capital works are required.

5.19 A recent restructuring has not fully mitigated the impact of the staffing pressures within the Employment and Skills service area. The 2024/25 academic year is the final year in which the GLA will fund delivery that

exceeds 100% of the contracted allocation. From the 2025/26 academic year onward, any over-delivery of learning hours or outcomes will not be reimbursed, potentially resulting in unfunded delivery costs for the service.

- 5.20 Expenditure relating to ongoing judicial review cases and significant legal disbursements associated with age assessments for UASC. This remains a key risk, particularly with the arrival of eight new UASC in September 2025.
- 5.21 The continued growth in the number of children and young people with Education, Health and Care Plans (EHCPs) may increase the pressure on some general fund services, such as SEN Transport. Increase in demand is exacerbated by rising prices on taxi routes and other pressures such as the effect of the London Living Wage and National Insurance increases, retender of the taxi routes, and an ageing fleet will place financial pressures on the budget. Delivery of the Travel Assistance Policy Implementation Plan (TAPIP) is essential to manage transport costs in 2025/26. A set of Key Performance Indicators has been developed to monitor the success of the plan. The Children with Disabilities budget within the Localities service could also be impacted by an increase in EHCPs.
- 5.22 Disputes and delays in cost-sharing agreements with the Integrated Care Board (ICB) for complex care packages continue to pose a high risk, particularly when ICB engagement has not resulted in effective resolution in a number of cases. However, there was some positive engagement with the ICB during the last quarter. About half of the cases related to the accrued income for complex care cases during the 2024/25 financial year have been agreed with further discussions required to reach an agreement on outstanding cases, as well as the contributions for 2025/26.

### **Savings**

- 5.23 The directorate has £2m in savings to deliver in 2025/26. Comprising: £0.751m from service reductions, £0.540m from increased income/contributions, £0.405m from restructuring, £0.290m from service transformation and £0.013m from Digital Transformation.
- 5.24 The service transformation saving of £0.290m, linked to the opening of the new in-house residential children's home, is currently at risk, as the home is now expected to open in the latter part of the financial year. The remaining MTFs savings are expected to be delivered as planned.

## Summary of Key Assumptions

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

Key Assumption	Downside if worse	Upside if better	Mitigations
LAC and Care Leaver placements forecast assumes numbers of 812 FTEs and unit costs reflect current trends.	An increase in the number of high cost residential or secure placements would place additional pressure on the budget. e.g., an increase by 4 placements in year could cause an additional pressure of £2m.	Increased step-down arrangements result in falling number of residential placements. A single stepdown from a residential placement to a semi-independent placement could reduce expenditure by c£0.2m in-year.	<p>Ongoing review of packages for best outcomes and focus on stepdown arrangements to support children to transition from residential to foster and/or semi-independent placements.</p> <p>Supporting the transition of care leavers to their own tenancies, to improve outcomes and independence.</p> <p>Innovative support and partnering with Health for CYP Mental Health and Wellbeing, among other preventative measures.</p>
Health contributions for CYP placements and Children with Disabilities (CWD) packages will be lower than the 2024/25 levels.	The spend will not be mitigated by these contributions in proportion to the overall demand.	It will assist in mitigating overall net spend.	Maximising joint funding approaches with health to ensure contributions to placement costs where applicable. Targeted activity across ICS to ensure consistency in Continuing Health Care funding.
Mix of social work staff and caseloads	If increases of 15% during	There would be a reduction in	Continued management action to

in the Localities and LAC & Permanency service to include the use of agency staff at a similar level than 2024/25.	the year, there could be up to £0.4m additional spend on agency social work staff to manage the pressure.	the use of agency staff and the reduced caseloads could be attractive to social workers seeking permanent roles.	monitor caseloads across the service and review and manage social work resources and incentives. New/more targeted recruitment campaign
Assume numbers of SEN clients requiring transport do not increase significantly and the take up of Travel Assistance is in line with expectations	An increase in the numbers would place additional pressure on the budget	Reduction of the expected overspend	Tracking and monitoring KPIs with both Harrow and internally as well as continuous contract monitoring

## 6.0 Neighbourhoods and Regeneration

Table 9: 2025/26 Quarter 3 forecast for Neighbourhoods and Regeneration

Neighbourhoods and Regeneration	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
<b>Public Realm</b>	21.2	19.4	(1.8)
<b>Inclusive Regeneration &amp; Climate Action</b>	2.3	2.3	0.0
<b>Property &amp; Assets</b>	8.3	8.1	(0.2)
<b>Total</b>	<b>31.8</b>	<b>29.8</b>	<b>(2.0)</b>

### Summary

- 6.1 Neighbourhoods and Regeneration Directorate are currently forecasting a £2.0m underspend at Quarter 3. The breakdown of this underspend is noted below, with the impact of the spending controls noted in section 6.19.
- 6.2 Within Public Realm, the Parking service are forecasting a £2.5m overachievement of income based on PCN issuance and current performance levels. This position is partially offset within the Directorate,

mainly by a £0.7m pressure in Waste, and other smaller pressures across the department. This leaves a £1.8m underspend position overall for Public Realm.

- 6.3 Property & Assets are forecasting a £0.2m underspend which comes from a £0.5m underspend within the Energy team, partially offset by a £0.4m pressure within Commercial Property.

### **Risks and uncertainties**

- 6.4 Inclusive Regeneration & Climate Action continues to face income challenges within Building Control and Planning services.
- 6.5 Building Control's revenue generation has been impacted by a slowdown in major development appointments, largely driven by delays and cancellations linked to wider economic conditions. The introduction of new high-rise building regulations by the Health and Safety Executive (HSE) in October 2023 has also shifted the charging structure to a cost-recovery basis, reducing potential fee income. Furthermore, the Building Safety Regulator (BSR) now allocates most large-scale projects directly to Local Authorities, limiting opportunities for competitive bidding. Persistent staffing shortages add further pressure, restricting the team's ability to secure additional work.
- 6.6 The department is exploring mitigation strategies, and engagement sessions have been held with the Building Control team. In addition, a meeting with the Recruitment Team has taken place to progress a targeted campaign aimed at filling vacant posts and strengthening market position.
- 6.7 Planning and Development services are experiencing similar trends, with application and pre-application fee income declining in recent years due to the challenging financial climate. However, the revised fee structure for 2025/26 is expected to provide sufficient resilience to prevent financial pressures within the service during the year. In the future years, a fee increase is anticipated, and income generated by the Land Charges team is projected to provide sustainable financial support to the Planning and Development service.
- 6.8 Within Public Realm, Service Development & Contracts Performance Team are due to overspend by £0.7m in 2025/26. High inflation has led to higher contract inflation than was budgeted for in both the Veolia and Grounds Maintenance contracts. Property growth and increased waste disposal tonnage costs with West London Waste Authority adds to the overspend. Targeted initiatives to reduce contamination levels in recycling collections to lower processing costs are underway. Education and campaigns around food recycling continue, including a promotional piece in the Brent magazine, and further roll out of food waste collection to flats and communal properties hope to continue the trend of increased food waste tonnages.

- 6.9 A programme to retrofit recycling bins at communal blocks of flats is now also underway, and that focus through this will be to further improve recycling rates at these difficult to serve properties. Work is also ongoing in terms of managing behaviours and participation with respect to the blue sack service. This past quarter has seen the highest volume return of materials collected through this system, with an increase of approximate 60 tonnes of paper and card collected compared to previous quarter but the most important point to note is that contamination of blue sack tonnage is minimal at 9.2 tonnes compared to last year being 25 tonnes. By way of example, every tonne of food waste recycled saves £133 per tonne, every tonne of paper and card saves £85 per tonne, and every tonne of Mixed Recycling diverted saves £81 per tonne. This means the 1,345 tonne increase in paper and card recycling over the last 12 months has saved approximately £115k.
- 6.10 Messaging around recycling and reducing household general waste is ongoing. Across Q1&2 disposal costs have been over £350k less than was estimated ahead of the start of the year, and it is hoped this trend will continue. The receipt of EPR (Extended Producer Responsibility) funding from the government in the autumn will further help to drive down costs from waste and deliver initiatives to improve our recycling efforts. Work is ongoing to draw up a plan on how the funds could be utilised to boost our recycling rates and reduce our spend.
- 6.11 It was anticipated the new waste contract would face some pressure in the first few years, and as such an earmarked reserve was created to smooth any financial impacts between years. This reserve will be utilised in 2025/26, and this usage is reflected in the above forecast.
- 6.12 The improved position forecast reported by Healthy Streets and Parking Service is a result of a comprehensive review of income collected. The service regularly review the enforcement plan to ensure that locations and resources are optimally aligned for effective deployment. This includes the installation of new CCTV cameras as part of the School Streets expansion, the relocation of cameras from areas where compliance has improved, and the introduction of CCTV enforcement at yellow box junctions where it was not previously in place. There has also been an increase in parking contraventions during major events, prompting an enhanced event-day deployment strategy alongside a higher number of events this year. Additionally, late-night deployments in hotspot areas, particularly around Kingsbury, and improved deployment plans in areas with low compliance have further contributed to the uplift.
- 6.13 An underspend of £0.3m is forecast from Regulatory Services which has been generated from additional license fees and Pest Control income. An expansion of the pest control service with new contracts in place has allowed the service to generate additional income in 2025/26.
- 6.14 To achieve income targets, Commercial Property must continue attracting tenants to replace expired leases and fill vacant spaces. At present, the

service is reporting an overspend of £0.4m. This decrease from Q2 is primarily driven by anticipated additional rental income and the expiry of rent-free periods. To continue to mitigate this, active marketing of available properties is underway, supported by collaboration with agents where necessary. Facilities Management remains under cost pressure, particularly from overtime in Cleaning and Security services, leading to a forecast overspend of £0.1m. Actions are being taken to manage these pressures, and any savings within Property & Assets will help offset the impact.

- 6.15 Current forecasts from the Council's energy supplier, based on secured contracts for future supply, indicate energy costs will fall in 2025/26. The latest estimate suggests an underspend of £0.5m within the Energy budget, which will help reduce the anticipated overspend in Facilities Management and Commercial Services. LASER purchases energy in advance through annual tranches starting each October, with monthly updates on procurement progress and price forecasts. Approximately 50% of next year's electricity and gas has already been secured, and current projections indicate a slight reduction in prices compared to this year. Therefore, a similar position is expected for the next financial year.

### **Savings**

- 6.16 Savings of £0.5m are expected for 2025/26 for Neighbourhoods and Regeneration. This main savings are expected from restructures across the department and increases in fees and charges within Waste.
- 6.17 At Quarter 3 the department is currently expecting that all savings will be delivered in-year.
- 6.18 In light of the serious financial challenge that the Council is facing, the Directorate has been monitoring the impact of spending controls that have been implemented.
- Public Realm are holding vacancies in Regulatory Services and Neighbourhood Management, overtime is being restricted to only those areas that support income generation particularly parking enforcement income processing and pest control, and also events where the costs are recharged. Spend is being scrutinised more generally to ensure contractual spend is being challenged and non-essential spend is stopped. In order to offset some of these continued pressures, the Public Realm NCIL programme has been a focus. This involves a number of well-resourced projects thus relieving pressures on revenue budgets.
  - Within Property & Assets, there are no agency staff employed in the service as at the end of November 2025. The Property & Assets has also continued to look for all opportunities to claim external grants and has recently secured up to £7.3m of GLA safeguarding funding for the

Clock Cottage and Watling Gardens new-build affordable housing schemes to reduce the demand on the Council’s capital borrowing.

- Inclusive Regeneration and Climate Action have continued to hold a number of posts vacant to maintain revenue savings. Other measures include reviewing subscriptions and contracts as they come up for renewal which have also resulted in some small savings.

### Summary of Key Assumptions

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

Key Assumption	Downside if worse	Upside if better	Mitigations
Building Control is able to mitigate pressure on its income generation.	In 24/25 the department reported a £530k overspend, without mitigation the same could occur	The department is able to generate more income, providing additional revenue to the Council	Cases arriving through the BSR are being closely monitored to ensure accurate forecasting. A reserve was created in 2023/24 to mitigate pressures whilst a longer-term plan is implemented. A targeted recruitment plan is due to commence aimed at filling vacant posts and strengthening the market position.
Recycling performance will improve and material prices for the recyclates will be in the forecast range.	The full reserve could be utilised and pressures spread into future years. There is a £560k difference between the central and worst case when	If recycling improves it will reduce the cost of waste disposal, leading to a rebate on forecast charges. Based on prior years this could be up to £500k. The reserve balance is not fully used and is	The monthly data around tonnage, rejections and market prices for recycling are closely monitored. With ongoing work to improve recycling performance with targeted initiatives to reduce contamination levels in recycling

	modelling the cost of the recycle reprocessing budget.	available to repurpose and utilise for other pressures.	collection. In addition, there are education and campaigns around food recycling.
The waste contract has some variable elements which are paid for as used, for example winter maintenance. It is assumed that usage will be within the expected range.	This will create a financial pressure for the service, likely leading to an overspend.	The expected budget for this element would not be utilised. This could then be used to cover pressures elsewhere.	The service are aware of the costs of the variable elements. The volume is therefore closely monitored to ensure that the usage is appropriate.

## 7.0 Finance and Resources

Table 11: 2025/26 Quarter 3 forecast for Finance and Resources

<b>Finance and Resources</b>	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Overspend / (Underspend) (£m)</b>
<b>Finance Services</b>	11.8	11.8	0.0
<b>Organisational Assurance &amp; Resilience</b>	4.7	4.7	0.0
<b>Shared Technology Services</b>	0.0	0.0	0.0
<b>Human Resources &amp; Organisational Development</b>	4.3	4.2	(0.1)
<b>Legal Services</b>	5.6	5.5	(0.1)
<b>Democratic Services</b>	6.3	6.3	0.0
<b>Total</b>	<b>32.7</b>	<b>32.5</b>	<b>(0.2)</b>

### Summary

- 7.1 The Finance & Resources directorate is reporting a £0.2m underspend at Q3. This is an improved position from the Q2 breakeven forecast.
- 7.2 Shared Technology Services (STS) is expected to breakeven, the costs for Shared Technology Services are split between Brent, Southwark and Lewisham, so income is equal to expenditure for STS.
- 7.3 Legal Services is reporting an underspend of £0.1m, primarily due to a reduction in the number of complex children's cases, leading to a reduction in expenditure on legal fees. The service has also benefited from the receipt of a settlement from an historical criminal case.

- 7.4 As part of the spending controls implemented by the department, the Legal team has successfully recruited to several positions previously covered by agency staff, and where possible, has also held a number of vacancies.
- 7.5 As a result of changes to the Legal structure, Chief Lawyers are closely reviewing and monitoring all income and expenditure within their individual teams. Any external legal work assigned to third parties is subject to scrutiny to ensure that internal expertise is not overlooked and that value for money is achieved. These measures have helped reduce overall costs within the Legal service.
- 7.6 The Human Resources & Organisational Development service is reporting an underspend of £0.1m. This is largely due to a review of the service structure, and the implementation of spending controls to scrutinise spend in the service.
- 7.7 Democratic Services is reporting a breakeven position at Q3. The Chief Executive's Office is reporting an underspend following a review of postage arrangements. However, this is offset by a forecast overspend in the Complaints Service due to an increase in the number of complaints, which has required additional staffing support.

### **Savings**

- 7.8 A total of £0.7m in savings was planned for Finance and Resources through staff reductions, service transformation, and income generation.
- 7.9 At Q3 all saving are expected to be achieved in 2025/26.

### **Risks & Uncertainties**

- 7.10 In recent years there has been a pressure in the Insurance service due to the changes to schools' insurance, but also the cost of insurance due to claims for injuries and vehicle damage relating to footways and highways. These types of claims have seen increases, so could lead to cost increases if not addressed.
- 7.11 Improved recruitment and the realignment of staff in Legal Services is expected to address previous cost pressures around the use of agency and specialist staff. This will be monitored to ensure that is operating as expected and pressures can be managed.

## 8.0 Residents and Housing Services

Table 12: 2025/26 Quarter 3 forecast for Residents and Housing Services

<b>Residents and Housing Services</b>	<b>Budget (£m)</b>	<b>Forecast (£m)</b>	<b>Overspend / (Underspend) (£m)</b>
Housing Needs and Support	14.0	18.5	4.5
Quality Assurance and Resident Experience Service	2.6	2.6	0.0
Private Housing Services	0.2	0.2	0.0
Residents Services	15.8	15.8	0.0
Housing and Resident Services Corporate Director	0.3	0.3	0.0
<b>Total</b>	<b>32.9</b>	<b>37.4</b>	<b>4.5</b>

### Summary

- 8.1 The Residents and Housing Service department is currently forecasting a possible £4.5m overspend for the financial year 2025/26 as significant pressures continue to be experienced by this directorate, largely in the Housing Needs and Support service. This forecast represents a £500k improvement compared to the previous quarter, fully attributable to a top up of the Homelessness Prevention Grant that was unexpectedly announced in December 2025.
- 8.2 The Housing Needs and Support budget overspent by £15.3m in 2024/25 due to an extremely high level of demand for this service and a lack of affordable Private Rented Sector (PRS) offers. In 2025/26, with an additional £3.4m funding allocated through the main Homelessness Prevention Grant and £12.6m of growth built into the base budget, there is an increase of £15m in the service budget in comparison to the previous financial year to deal with continuous pressures and demand. However, the demand continues to grow and the associated costs are high. Assuming the current monthly net expenditure continues at the same rate until the end of the year, total costs for the financial year could reach £18m, resulting in a £4.5m overspend. Whilst there are improvements, the costs continue to grow, the average net cost of a household in Stage 1 accommodation has increased further from £15k to £17k in comparison to Quarter 2 and the total number of people in temporary accommodation continues to increase.
- 8.3 The service is implementing several proactive interventions and projects aimed at increasing supply and identifying alternative arrangements for clients currently in the most expensive placements, in order to help mitigate financial pressures. However, it is important to note that the overall

budgetary pressure from homelessness may not be significantly reduced by these potential savings, as they are not immediately cashable and must be considered against the backdrop of ongoing pressures and sustained demand for the service.

## Demand

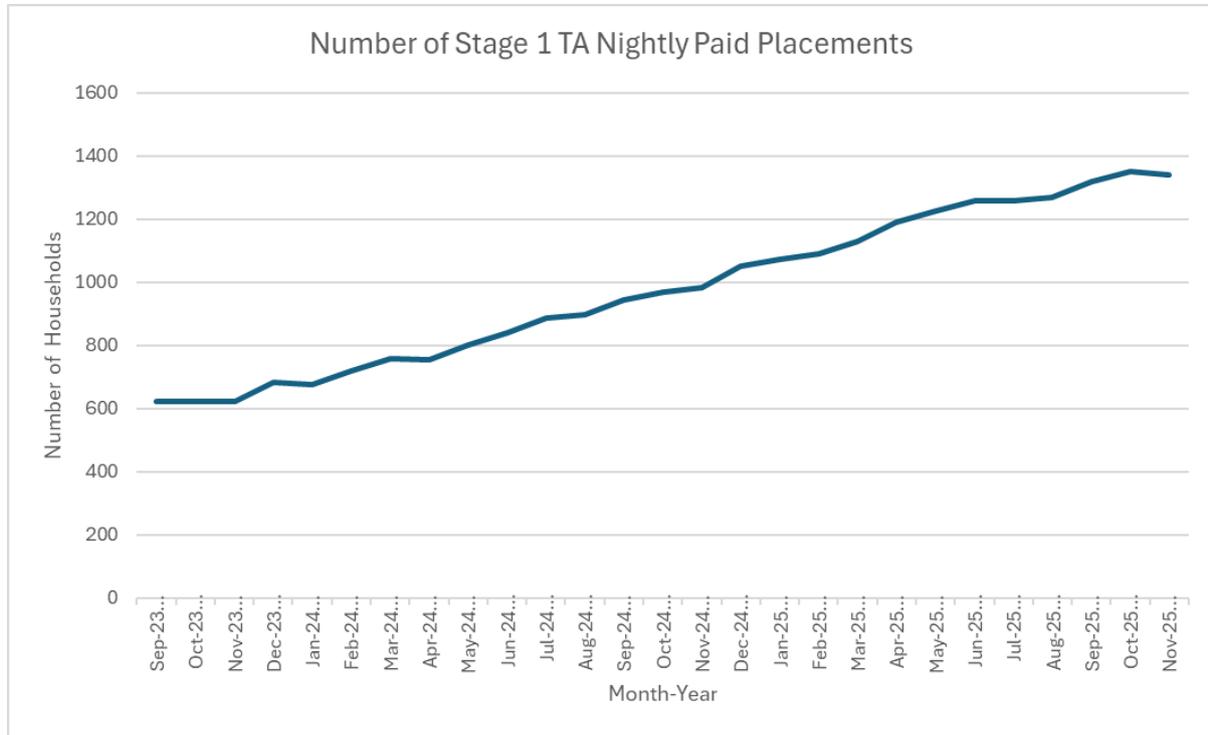
Cost per Night (£)*	Number of Households as @13/04/2025	Number of Households as @03/09/2025	Number of Households as @28/11/2025	% change (Apr-Nov)	% change (Sep-Nov)
300	0	0	0	n/a	n/a
250	0	0	0	n/a	n/a
225	0	0	0	n/a	n/a
180 - 200	0	0	0	n/a	n/a
150 - 175	64	52	28	-56%	-46%
100 - 149	168	206	184	+10%	-11%
70-99	205	304	411	+100%	+35%
50-69	403	417	431	+7%	+3%
35-49	265	228	204	-23%	-11%
<35	77	73	59	-23%	-19%
<b>Total</b>	<b>1,182</b>	<b>1,280</b>	<b>1,317</b>	<b>+11%</b>	<b>+3%</b>

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

8.4 As illustrated above, the total number of households in nightly paid accommodation in the last week of November was 1,317, a 3% increase in comparison to the beginning of September and an 11% increase from April. Officers have ensured all households have been decanted from the most expensive £180 to £300 per night rooms and there has been a 46% decrease in the £150 - £175 per night group. However, there has been an increase in the use of rooms costing between £50 and £149 per night. In addition, the service is focusing on maximising spare capacity in the lower £35-£49 per night when the opportunity presents itself. Officers negotiate the price of individual rooms to get the best price possible and are maximising the use of the lower priced nightly paid accommodation, wherever possible.

8.5 There has been an overall increase of 11% (135 Households) in the use of nightly paid accommodation since the beginning of the financial year. While this represents a slower rate of growth compared to previous periods, the substantial increases seen in the previous financial years have resulted in a significantly high baseline of households in Stage 1 accommodation, along

with increases in the nightly rate from current providers, which remains a concern. The slower rate of growth is a direct result of the recent influx of new build social housing during the summer months that has been available to allocate to homeless households.



8.6 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 this year, of the 265 social housing allocations made to homeless households from the properties at Clearwater, Aneurin Bevan Court, and Fulton Road, 162 were direct offers targeting individuals in the most expensive forms of temporary accommodation. These households were prioritised based on their placement in higher priority bands (A and B), with the aim of reducing overall accommodation costs. The remaining 103 properties were allocated through Locata via the Choice-Based Lettings (CBL) system. These were offered to households who submitted bids and are in the highest priority banding, with allocations made in order of longest waiting time. The absence of mandatory auto-allocations for households in the highest priority bands within the Locata system continues to be a limiting factor in managing housing demand effectively. The options for implementing this approach are being explored. An annual cost saving of approximately £4.8m could be achieved on stage 1 accommodation as a result, a £1.5m part-year saving for 2025/26.

8.7 If the remaining social housing homes within the current pipeline are made available with an average occupancy of 3 months during the financial year

and used to target the households in the most expensive forms of temporary accommodation, this could result in a cost avoidance of circa £1.9m in 2025/26. However, due to the increasing level of demand, the number of households in TA and the associated costs, there is a risk that this benefit could be counterbalanced.

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

### **New Supply of Temporary Accommodation & PRS**

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

#### Acquisitions

- 8.10 Two grant-funded programmes are currently supporting the delivery of temporary accommodation: the Local Authority Housing Fund (LAHF), which aims to deliver 35 units for temporary accommodation alongside 7 resettlement homes, and the Council Homes Acquisition Programme (CHAP). Acquisitions under the LAHF programme have been more viable, with an average grant offer of £226k per unit, compared to £95k under CHAP.
- 8.11 While 29 properties have been successfully acquired under the LAHF programme, the transition to bringing these homes into active use has progressed more slowly than anticipated. Following acquisition, some properties have remained vacant due to a combination of process-related delays and timing constraints associated with the utilisation of grant funding. This has led to further pressures on temporary accommodation provision into 2025/26, as households remain in nightly paid accommodation awaiting move-on opportunities. To mitigate this going forward, the team are implementing strengthened reporting and monitoring arrangements and are reviewing end-to-end processes to support a timelier progression from acquisition to occupancy.

#### Leasing

- 8.12 Various leasing options continue to be assessed to secure cost-effective nightly paid placements. However, negotiations, assessments and evaluations require time. There are a number of options currently under consideration, however a sizeable impact is not anticipated to be achieved in the current financial year and is forecast to be more prominent in 2026/27.

A lease deal with the Igar Hotel to provide 40 units (an increase of 5 units plus securing preferential cost) has now been completed. A number of other lease proposals are currently being considered. To help accelerate progress and strengthen commercial negotiations, Greenlight Commercial & Consulting have been engaged to support this workstream with a number of lease proposals in review. Greenlight also work to decant the top 100 most expensive nightly paid placements to cheaper accommodation. To date 33 moves have been achieved, achieving a cost reduction of circa £1,413 per night.

#### Private Rented Sector Acquisitions - I4B Holdings Ltd

- 8.13 I4B Holdings Ltd continue with an acquisitions programme and are on track to deliver 15 street property acquisitions to allow for discharge of duty to households from the housing waiting list into PRS. They regularly review the viability of new build/block purchases which could provide significant numbers of accommodation for the company. This route continues to provide steady investment in cost avoidance measures to mitigate our housing waiting list which currently saves the Council circa £6m per annum on stage 1 accommodation costs.

#### **Risks and uncertainties**

- 8.14 Housing Needs and Support continues to represent the most significant area of within for the department. This is primarily driven by an exceptionally high and sustained level of demand for housing services and emergency accommodation, a challenge that is experienced nationally but particularly acute within London. In 2024/25, the demand for homeless support services in Brent was for 7,285 households, comprising of 4,178 single individuals and 3,107 families. In 2025/26 the demand in Brent is currently for 6464 households, 3,937 single and 2,527 families. On average, this equates to approximately 170 new applications being submitted each week, underscoring the ongoing pressure on local homelessness services. This level of demand reflects a 21% increase compared to the 140 weekly applications recorded during the 2024/25 period, highlighting the need for housing support as associated costs remain elevated. The total number of applications in 2025/26 is projected to reach approximately 8,840. This divergence in demand patterns may have implications for resource allocation and budgeting, as family cases often require different levels and types of support compared to single-person applications. The 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 on Section 21 'no fault' evictions in the private rented sector, scheduled 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.

- 8.15 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 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.
- 8.16 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.
- 8.17 The supply of settled TA properties, leased from private landlords and intended to transition families out of Bed and Breakfast (B&B) and annex accommodation, has also declined. This reduction is primarily driven by a decrease in the procurement of new properties under Private Sector Leasing (PSL) schemes, coupled with landlords opting not to renew leases on existing properties upon expiration.
- 8.18 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. According to the Office for National Statistics covering November 2025 average private rents across the UK increased by 5% in the 12 months. In London, rent inflation rose by 4.3%, with the average monthly rent in Brent reaching £1.9k.

- 8.19 A targeted programme of work has been established to address and contain the projected overspend. Multiple workstreams have been initiated, focusing on improving the affordability of temporary accommodation and exploring new and alternative housing supply options. Council officers are proactively renegotiating contract prices and identifying alternative solutions to relocate some of the highest-cost cases, with the objective of reducing overall expenditure within the Housing Needs service. Officers continue to rigorously assess and manage homelessness applications to prevent or relieve demand where possible.
- 8.20 In the 2025/26 financial year, i4B is continuing its street property acquisition programme with an initial target of acquiring 15 homes. i4B, a housing company wholly owned by Brent Council, was established to acquire, let, and manage a portfolio of affordable, high-quality PRS properties. These properties are leased to homeless families at Local Housing Allowance (LHA) rates, enabling the Council to prevent or discharge homelessness duties, thereby reducing reliance on temporary accommodation and associated costs while ensuring families have access to secure and responsible landlords. i4B remains self-financing, with the current portfolio generating annual savings in temporary accommodation costs. This self-financing portfolio generates annual savings exceeding £6m by reducing reliance on temporary accommodation. While new builds and acquisitions alone will not fully resolve the homelessness challenge, the Council is actively utilising its available resources and powers to expand housing supply. Any additional supply secured through i4B will contribute to mitigating the risk of overspending and help manage future housing costs.
- 8.21 In addition, supported exempt accommodation properties continue to create financial pressures for the Council and represent a budgetary risk for 2025/26. Unlike other landlords, providers of supported exempt accommodation are not bound by Local Housing Allowance (LHA) caps and can charge higher rents once they demonstrate that support services are being provided. Housing Benefit subsidy levels depend on Rent Officer determinations, which are based on the rent claimed by providers. This issue reflects a national challenge, highlighting the need for clearer regulation regarding the criteria that providers must meet to qualify as Supported Exempt Accommodation. Greater clarity on what constitutes minimal care would enable a more consistent approach to assessing individual support needs across the sector. Historically, costs associated with supported

exempt accommodation have not posed a significant budgetary pressure for the Council and have been managed within corporate central budgets. However, an overspend of £4m occurred in 2024/25 and this area of spend being carefully monitored. Based on the most recent data available, the forecast overspend for 2025/26 is £2.1m.

- 8.22 A dedicated working group has been established within the Council with the objective of minimising opportunities for exploitative landlords to enter the Supported Exempt Accommodation market. The group has developed a clear strategy outlining the Council's processes for reviewing both new landlords seeking to join this market and those already operating within it. Senior managers have met with the providers with the greatest subsidy loss to the council to discuss options to reduce this loss. The reviews process will also assess individuals' support care needs and verify that providers are delivering the appropriate level of care. This strategy and reviews process should bring the cost of SEA under control and, in time, should lead to cost avoidance and/or savings. A consultation on the implementation of the Supported Exempt Accommodation Act was launched in February 2025 seeking views on plans to implement measures set out in the Supported Housing (Regulatory Oversight) Act 2023 and on the government's proposal to introduce a locally led licensing regime for supported housing across England, and new National Supported Housing Standards for the support provided. Brent Council submitted a substantial response to this outlining the Council's broad support for the Act and areas where it could go further. As the Government analyses the responses to the consultation on standards and licensing, the Council is proactively preparing to develop and implement the new licensing team. At the same time, the Council continues to make sure its activities and strategies remain aligned with emerging regulatory requirements.

### **Savings**

- 8.23 A total of £0.9m in savings is planned to be delivered from the department's budgets in 2025/26. The main savings are expected from restructures, digital projects and income generation opportunities. The department is currently anticipating that all savings will be achieved in full.
- 8.24 In September 2025, the Council implemented enhanced spend controls to meet the financial challenges. Since then, 3 members of the Homelessness Services team have been replaced with permanent employees. Resident Services are in the process of converting 5 agency staff within the contact centre to permanent appointments. A number of vacancies are also being held across all services except where the role has a significant impact on statutory services or contributes to income collection, debt reduction or income generation. In addition, services are stopping all overtime and scrutinising any overtime requests. Overtime is only being used where there

is a clear and compelling business case. Registration and Cemeteries have cancelled staff where possible working extra days as part time additional hours or weekend overwork where services not taken up by public.

8.25 Resident Services also postponed investment in the next stage of the culture strategy whilst the scope, costs and likely outputs are being reviewed. Registration Brochure renewal stopped saving circa £8k. Museum and culture teams routinely seek external funding to support additional activity in Brent. In October, Brent Museum and Archives was awarded a grant of £122k from Department for Culture, Media and Sport through Arts Council England’s Museum Renewal Fund to improve museum collections. The team, working with Public Health, have also secured a £750k Arts Council England grant for a three-year programme aiming to increase arts engagement and improve health outcomes in Brent, with a particular focus on Black and Asian communities, people with SEND, and those experiencing health inequalities. Registration have offered the blossom suite an additional day per week through October and November to generate additional income. As a result of Central Middlesex Hospital closing their onsite mortuary, the Funeral Service has been able to generate a modest income through transfers to Ealing or Northwick Park.

8.26 Furthermore, Accommodation Services introduced a firmer approach to allocating compensations following complaints, including the option to direct all or part of compensation payments toward rent arrears where appropriate. The service are introducing new appraisal tools to strengthen accountability and maximise cost avoidance opportunities.

### Summary of Key Assumptions

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

Key Assumption	Downside if worse	Upside if better	Mitigations
The additional number of homeless people can be managed within the existing forecast.	Each person costs on average £326 per week to accommodate, therefore any further increases in demand would result in a circa £0.1m per quarter for every 20 people.	Faster progress on homeless pathways or any decrease in demand will reduce expenditure by £326 per week per person.	The service is focusing on moving homeless clients along the various pathways.  Various project workstreams are focusing on sourcing additional housing supply to

			alleviate some of the pressures.
Rent collection rates for the Housing Needs service will not fall below the anticipated level.	A 5% worsening in the collection rate will cost £0.3m per quarter	A 5% improvement in the collection rate will recover £0.3m per quarter	Collection rates are being closely monitored and investigations into the drivers for the movements in the collection rates are ongoing.
Other inflation-linked costs can be contained within existing budgets.	A 3% increase in costs above budgetary assumptions could cost an additional £1.2m per annum	A 3% cost reduction in costs would result in a circa £1.2m saving for the year.	The department continues looking for best way to achieve value for money, utilising the most efficient procurement and service delivery options and negotiations.

## 9.0 Central items

### Collection Fund – Council Tax

- 9.1 The net collectible amount for Council Tax for 2025/26 (after exemptions, discounts and Council Tax Support) as at 30 November 2025 is £240.9m. As at the end of November 2025, the amount collected was 67.4%, which is 0.2% higher than the amount collected in the same period in 2024/25, and 1% lower than the amount collected in the same period in 2023/24.
- 9.2 The service have set an in-year target for 2025/26 of 92.5% collection of Council Tax, which is an increase of 1.3% on the 91.2% achieved in 2024/25. Based on the collection in the year to date, a similar or lower level of collection on the current year liabilities can be expected at the end of 2025/26, compared to previous years, meaning that improvements are required to collection across the remainder of this financial year in order to meet this target.
- 9.3 With this in mind and for the need for significant improvement, an external review of Council Tax collection has been completed. The review has identified areas within the service where changes can be delivered to achieve potential savings and benefits. The Council is currently developing internal improvement plans on the back of the review. Additional capacity has been provided within the service, meaning that the numbers of reminder

notices and summons have been sent out in higher numbers in order to maximise collection.

- 9.4 At the meeting of Full Council on 27 February 2025, alongside the budget for 2025/26, an amended Council Tax Support (CTS) Scheme from 1 April 2025 was approved. This introduced a standard 35% minimum payment for working age households and applied a percentage reduction to each of the income bands.
- 9.5 The collection rate as at 30 Nov 2025 for those on CTS of working age is 55.1%, with 76% having made a payment towards their 2025/26 council tax bill. The numbers making payment have increased month on month following the dispatch of soft reminders in May and 7,134 formal reminders sent out in June 2025. Of these, 3,671 with a value exceeding £2m have been issued with a summons as no payment has been received following the formal reminder. At the summons hearing on 14 August the Council obtained 3,564 liability orders. For cases where deductions from benefits (AOB) have been set up to reduce the balances, the collection will be very slow and likely means that these individuals will carry forward significant arrears into 2026/27.
- 9.6 To offset the impact of the changes on the recipients of CTS, a Hardship Fund was agreed as part of the 2025/26 budget, providing £1.5m of support, £0.4m of which was funded by the Greater London Authority (GLA). As of 30 Nov 2025, 1,659 applications have been received for support from this fund and 202 (12%) have been approved. The dispatch of recovery notices have generated more applications in this area. It should also be noted that assessments have been completed in an average of 9 days from receipt, so decisions are made in a timely manner.
- 9.7 Collection continues beyond the end of the financial year, but a lower in-year collection target increases the pressure on the debt recovery team to collect more of that debt and achieve the 97% long-term collection that has been assumed as a part of Brent's revenue budget. Evidence suggests that debt becomes much harder to collect after two years have passed, so the continued low in-year collection of Council Tax is a key risk to the Council's financial resilience in the medium term.
- 9.8 Any budget gap arising from reduced expectations for collection will have to be met either from reserves in the short term or from additional budget savings. The Council has already committed to a challenging programme of savings across 2025/26, with further savings of £30m to be delivered between 2026/27 and 2028/29 and the reserves have been depleted in recent years due to high inflation and demographic pressures. The Budget for 2025/26 approved by Full Council in February 2025, included a reduction in the assumed collection of Council Tax from 97.5% to 97%, but did not

include any reductions in the growth in the taxbase. Ongoing low collection of Council Tax may result in a permanent reduction in resources for the Council through a further reduction in the taxbase used for budgeting purposes.

### **Collection Fund – Business Rates**

- 9.9 The budgeted net collectable amount for Business Rates (NNDR) for 2025/26 is £149.8m (after exemptions, reliefs and discounts). This was based on the forecast used for the NNDR1 form in January 2025 and has increased by 6.9% from £140.1m in 2024/25. This increase is largely driven by the reduction in Retail, Hospitality and Leisure Relief from 75% to 40% from 1 April 2025.
- 9.10 The actual net collectible amount for NNDR as at 30 November 2025 is £148.2m, an increase of £1.7m from the reported in Quarter 2. This is driven by additional empty properties and reductions in the gross rates payable by businesses. Further adjustments to this may occur during the year due to increases or reductions in the number of non-domestic properties and successful appeals against rateable values.
- 9.11 Any movement in the net collectible amount for NNDR does not directly affect the General Fund in the current financial year as the overall resources that the Council receives from the Business Rates retention system are determined in the Local Government Finance Settlement. However, where the actual income to the Collection Fund is different to the budgeted amount, Brent's share of the resulting surplus or deficit estimated in January is distributed to or from the General Fund in the following financial year.
- 9.12 The reduction in business rates income resulting from the additional empty property relief is an unfunded relief, meaning that this will result in a deficit that will affect the 2026/27 budget. However, the Council holds a Collection Fund reserve for the purpose of smoothing out any surpluses/deficits on the Collection Fund. It is expected that this deficit will be contained within the available reserve.
- 9.13 As of 30 November 2025, the amount collected for NNDR was 69.43%, which is an increase by 1.64% with the amount collected in the same period in 2024/25 (67.79%). Collection in 2024/25 was 93.4%, which remains lower than before the COVID-19 pandemic, but the service is targeting a return to 94.5% in-year collection in 2025/26. As of 30 November 2025, the collection is 0.73% up against the profiled target.
- 9.14 Collection performance is affected by large scale business rates assumed avoidance schemes amounting to £1.1m. The Home Office's recent decision to reject an application for change of use to a "place of religious worship" is

a positive outcome in regards of recovery action options available to the Council. The decisions of other recent cases heard by the courts will also assist the Council in promptly identifying further attempts by agents in avoiding NNDR liability.

- 9.15 Based on historical data, the long-term collection target for NNDR is 98%. Historically, collection of arrears becomes significantly more difficult with each year that passes after the debt has been raised. Therefore, to achieve the long-term collection target, a marked improvement in the Council's collection of arrears must be seen quickly to make up for the lower expectations for in-year collection. It is also important for the Council to continue to make improvements to in-year collection, as this remains the best way of achieving the long-term target.
- 9.16 Furthermore, there remain a number of factors present in the economy which could have a negative impact on the ability of businesses to pay their Business Rates, such as high interest rates, the increase to employer's national insurance contributions and the reduction in consumer spending power as a result of the ongoing cost-of-living crisis.
- 9.17 One key area of potential concern is the Retail, Hospitality and Leisure (RHL) industry, which was particularly affected by the Covid-19 pandemic. During the pandemic relief was provided to RHL businesses at 75% of the liability. In 2025/26, this relief has been reduced to 40% of the liability, more than doubling the amount of business rates these businesses must pay. The government has stated its intention to introduce two new multipliers from 2026/27, which will formalise the lower 40% relief as part of the business rates system. The impact of this change on the affected businesses is being monitored closely and further updates will be provided in future reports.

### **Savings**

- 9.18 The 2025/26 budget, agreed at Full Council on 27 February 2025, included an £8.9m savings target, of which £4.4m had been agreed in February 2024. Appendix A sets out the progress in delivery against this savings target and any mitigating actions. Of the savings for 2025/26, at quarter 3, 81% of these are on track to be fully delivered (81% at quarter 2), which equates to delivering £7.2m of the £8.9m budgeted savings required. Since quarter 2, the number of savings which are not on target to be fully delivered has increased to 4, up 1 since Q2.

### **Virements**

- 9.19 Table 14 shows the virements and adjustments which have been entered to adjust the budgets at Corporate Directorate level between 31 July 2025 and 31 October 2025.

Table 14: Virements and adjustments in 2025/26 budget between 31.07.2025 and 31.10.2025

	2025/26 In-Year Budget at 31.07.2025	In-year growth	Transfer of functions between services	Technical Adjustments	2025/26 In-Year Budget at 31.10.2025
	£m	£m	£m	£m	£m
<b>Service Reform and Strategy</b>	181.5	0.1	(0.4)	0.9	182.1
<b>Children, Young People and Community Development</b>	96.0	1.1	0.0	0.1	97.2
<b>Neighbourhoods and Regeneration</b>	35.4	0.0	0.0	(3.6)	31.8
<b>Finance and Resources</b>	31.7	0.4	0.1	0.6	32.7
<b>Residents and Housing Services</b>	31.1	0.3	0.3	1.2	32.9
<b>Capital Financing</b>	38.4	0.0	0.0	0.2	38.6
<b>Central Budgets</b>	17.3	(1.9)	0.0	0.7	16.1
<b>Core Funding</b>	(431.4)	0.0	0.0	0.0	(431.4)
<b>Total Budget</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

9.20 Since the Q2 report, Central Items (£375.7m at 31.07.2025) has been split into three sections for increased transparency of the budgets in Central Items:

- Capital Financing (£38.4m at 31.07.2025) is the budget for the costs of financing the Capital Programme.
- Core Funding (£431.4m) is the income budget representing the funding for the net revenue budget per Appendix A to the Budget and Council Tax report approved by Full Council in February 2025. This includes Council Tax, Business Rates, Revenue Support Grant and specific Government grants.
- Central Budgets (£17.3m at 31.07.2025) is the remaining income and expenditure budgets not attributable to specific service directorates.

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

- Permanent funding to reduce an income budget in the Service Reform and Strategy directorate (£0.1m)
- Permanent funding for historic pressures (£0.8m) and business case investment (£0.3m) on SEND transport in the Children, Young People and Community Development directorate
- Permanent and temporary funding for salaries in the Finance and Resources and Residents and Housing Services directorates (£0.5m)
- Temporary funding for the NEC resilience contract in the Residents and Housing Services directorate (£0.2m)

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

- Transfer of Resident Data Team salary budget from the Service Reform and Strategy directorate to Residents and Housing Services directorate (£0.4m)
- Transfer of staff budgets from Housing in the Residents and Housing Services directorate to Legal in the Finance and Resources directorate (£0.1m)

9.23 Technical adjustments are budget movements resulting from events which are provided for in the MTFs but only confirmed during the year (e.g. pay award), budget movements resulting from changes to processes (e.g. centralisation of budgets) or other budget movements between directorates resulting from changes to the Council's structure. The table above includes the following technical adjustment items added from August to October 2025:

- Permanent increase to salary budgets to reflect the 2025/26 Local Government pay award, net of the reduction in employer pension contributions (£1.0m to Service Reform and Strategy, £1.0m to Children, Young People and Community Development, £0.5m to Neighbourhoods and Regeneration, £0.6m to Residents and Housing Services, £0.6m to Finance and Resources)
- Transfer of three cost centres from the Children, Young People and Community Development directorate to the Residents and Housing Services directorate and realignment of salaries budgets (£0.9m)
- Permanent increase to PCN income budget in the Neighbourhoods and Regeneration directorate (£3.9m)
- Permanent transfer of budget from the Neighbourhoods and Regeneration directorate to fund capital financing (£0.2m)
- Temporary reductions to the Service Reform and Strategy directorate budget to adjust profile of funding for Triple Value Impact project (£0.1m)

- Reversal of temporary adjustment to the budget for Residents and Housing Services directorate (as per the Q2 report) for the expenditure budget in respect of the Greater London Authority's agreed £0.4m contribution to the 2025/26 Council Tax Hardship Fund, introduced to provide additional support with Council Tax bills following the changes to the Council Tax Support Scheme implemented on 1 April 2025. This is a technical adjustment to remove the increase to the service expenditure budget from Central Budgets as the income will be received by the service directly. The total budget for the 2025/26 Council Tax Support Hardship fund remains at £1.5m, including the GLA contribution.
- Temporary increase to salary budgets in Residents and Housing Services (£0.1m).

## 10.0 Dedicated Schools Grant (DSG)

Table 15: 2025/26 Quarter 3 forecast for Dedicated Schools Grant by block

Funding Blocks	Overall DSG Funding 2025/26	Forecast Expenditure	Overspend/ (Underspend)
	£m	£m	£m
Schools Block	126.0	126.0	0.0
High Needs Block	82.5	87.3	4.8
Early Years Block	39.7	39.7	0.0
Central Block	2.4	2.4	0.0
<b>Total DSG</b>	<b>250.6</b>	<b>255.4</b>	<b>4.8</b>

### Summary

- 10.1 The DSG forecast for 2025/26 indicates a deficit of £4.8m against grant funds of £250.6m, a £2.1m increase compared to the Q2 forecast, primarily driven by pressures within the High Needs (HN) Block. The forecast assumes that the other Blocks will achieve a balanced budget by year end.
- 10.2 At the end of 2024/25 financial year, the cumulative deficit stood at £13.6m, driven by increasing demand for High Needs provision and pressures on top-up funding allocations. For 2025/26, the DSG budget is projected to close with a rise in the cumulative deficit, now forecast at £18.4m.
- 10.3 The overall DSG allocation reduced by £1.2m following an in-year adjustment by the DfE in July 2025. This adjustment includes a £0.5m increase in the HN Block funding, mainly to fund additional special free

school places, and £1.7m reduction in the Early Years Block after the January 2025 census confirmed a decline in childcare hours compared to the January 2024 census data. The reduction in the Early Years Block funding was anticipated and accounted for in the budgets for this financial year. In response to the low take up of free childcare entitlements in Brent, the Local Authority is prioritising its Best Start in Life planning and the new Early Years strategy to boost and maximise uptake of the local offer.

- 10.4 Although the HN Block allocation increased by £5m in 2025/26 (£2.5m in 2024/25), the growth in EHCPs has continued at a similar pace to previous years. Between January 2025 and September 2025, there was a 7% (8% between January 2024 and January 2025) increase in children and young people with an EHCP, with number increasing from 3791 to 4050 over this period. This sustained demand continues to place significant pressure on the HN Block, driven by rising costs for independent, residential, out of borough placements and post 16 education, as well as the overall increase in EHCP related costs outstripping the growth in funding.

### Forecast

- 10.5 The main elements of the forecast position are further detailed below:

<b>DSG High Needs Block forecast</b>	<b>2025/26 Budget</b>	<b>2025/26 Forecast</b>	<b>2025/26 Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Place funding in Brent Special Schools and ARPS	2.7	2.7	0.0
Top up funding in Brent Mainstream, Special schools, and ARPs	47.2	45.3	(1.9)
Recoupment Income	(3.7)	(3.3)	0.4
Residential and Independent settings	11.4	12.3	0.9
Out of borough Top ups	7.6	11.1	3.5
Post 16 Top ups	5.0	6.3	1.3
Early Years Inclusion Fund	1.1	1.1	0.0
SEN Support Services including Education Otherwise/ Awaiting Placement	10.7	11.4	0.7
SEN Support	0.5	0.3	(0.2)
<b>Total Expenditure: High Needs Block</b>	<b>82.5</b>	<b>87.3</b>	<b>4.8</b>

- 10.6 The £4.8m in year deficit against the HN Block is due to several factors. The forecast position is further detailed below:

- i. A pressure of £0.4m is reported due to a reduced forecast for recoupment income from other boroughs for children attending Brent school places. An additional £0.9m pressure relates to education costs for children placed in independent and residential settings.
- ii. There is a £3.5m pressure against the cost of placing Brent children in out-of-borough schools and a further £1.3m pressure against the budgets held for post-16 top up funding.
- iii. The pressure includes £121k from the introduction of a new ARP top up funding rate of £12,500 with effect from September 2025 as agreed by Schools forum in June 2025. The adjustments apply to payments from September 2025.
- iv. SEN support services are forecasting a combined pressure of £0.5m, mainly driven by an increase in high-cost mental health placements in hospitals. These placements are outside the local authority's control, as commissioning powers rest with NHS. Additional pressure is also arising from the growing cost of educating pupils who have been permanently excluded from mainstream schools.

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

10.8 Local authorities have been allowed to hold high-needs deficits off their balance sheets under a statutory override, which ends on 31 March 2028. As part of the budget announced in November 2025, from 2028/29, the full cost of SEND provision will be funded centrally by government, rather than through local authority budgets and the Dedicated Schools Grant high-needs block. This aims to stop councils from accumulating further SEND debt. However, historic DSG deficits remain unresolved and the government has not committed to writing them off. The Council awaits the Government's Schools White Paper, which will include SEND reform and is expected in 2026.

## Risk and Uncertainties

- 10.9 The number of children and young people with EHCPs continues to grow above forecast levels (in July 2025 the number reached 4000 for the first time) and currently 4050 as of end of September. The growth in ECHPs 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. In addition, the increase in wages due to changes in the employer's national insurance contributions could see independent providers continuing to request high inflationary price increases.
- 10.10 The statutory override set out in the School and Early Years Finance Regulations 2021, which allows local authorities to exclude DSG deficits from their wider financial accounts, thereby preventing them from impacting the Council's General Fund reserves, was initially scheduled to conclude at the end of the 2022/23 financial year. However, recognising the financial challenges faced by local authorities in managing DSG deficits, the government extended the arrangement for a further three financial years, to March 2026, and has since confirmed an additional extension to March 2028. The latest budget announcement has also clarified that local authorities will not be required to recover DSG deficits from their General Fund budgets. This continued protection ensures that overspending in the High Needs Block does not create immediate financial pressure on local budgets, allowing authorities additional time to address underlying structural funding challenges.
- 10.11 Depending on the outcomes of the SEND reform, and in the wider context of the Fair Funding review, the Council will continue to develop and, where necessary, strengthen its deficit recovery plan to ensure it remains fit for purpose and responsive to changing circumstances.

## 11.0 Housing Revenue Account (HRA)

Table 16: 2025/26 Quarter 3 forecast for Housing Revenue Account

<b>HRA gross income and expenditure</b>			
	<b>Budget</b>	<b>Forecast</b>	<b>Overspend/ (Underspend)</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>HRA</b>			
<b>Income</b>	(69.9)	(73.5)	<b>(3.6)</b>
<b>Expenditure</b>	69.9	75.8	<b>5.9</b>
<b>Total</b>	<b>0.0</b>	<b>2.3</b>	<b>2.3</b>

## **Summary**

- 11.1 Budgets for the Housing Management function are contained within the ring-fenced Housing Revenue Account (HRA), which has a balanced budget for 2025/26 made up of £69.9m of income matched by expenditure.
- 11.2 The HRA is currently forecasting a £2.3m pressure for the 2024/25 financial year, before utilising reserves. This forecast represents a £0.3m reduction in the projected deficit when compared to the previous quarter. This is due to updating forecasts with the latest income trends, as well as expenditure commitments and projections. Mitigation measures are being implemented to address the shortfall, and reserves have been earmarked to cover the potential deficit at year-end if required. The fund continues to face significant risks and financial challenges in the prevailing fiscal environment.

## **Risks and uncertainties**

- 11.3 The ongoing high inflationary environment and high interest rates are exerting pressure on both operational and capital costs. Inflation is driving up the price of materials and labour associated with repairs and maintenance, while higher borrowing costs increase the expense of financing new build and improvement programmes. The interest charge for the year is forecast to be £1m higher than initially projected.
- 11.4 The HRA is also contending with elevated demand for repairs and maintenance services. A large volume of complex repairs, as well as increased instances of issues such as damp and mould, are placing substantial strain on budgeted resources. This heightened requirement for responsive maintenance is expected to continue throughout the year, leading to cost pressures beyond original estimates. Adding to budgetary uncertainty is the recent implementation of new contracts for repairs and maintenance services. As these contracts are still in the early stages of embedding, there remains a level of unpredictability around actual costs and service delivery efficiencies, which could impact expenditure forecasts. The 2025/26 projected net overspend for the HRA is £2.3m. The repair and maintenance budget is forecast to be overspent by £5.6m due to elevated demand, plus a net £300k on other related housing expenditure. This is partly offset against higher than budgeted income of £3.6m due to new units coming on board. The costs of existing and new contracts are being scrutinised to ensure they are at competitive rates, with particular focus on exclusion works, so future expenditure can be managed within budget.
- 11.5 Further pressures stem from the capital programme, where insufficient government funding has been allocated to meet key environmental priorities and statutory requirements, including carbon reduction initiatives and fire safety requirements for housing stock. The lack of adequate financial support

to address these priorities places additional strain on the HRA's capital resources, complicating efforts to invest in sustainable and energy-efficient improvements while balancing other essential investment needs.

- 11.6 In addition, the financial and operational risks associated with adding 428 properties to the housing portfolio within the financial year must be acknowledged. Growth in the portfolio can strain existing management and maintenance resources, potentially leading to increased operational costs and challenges in delivering consistent service quality. Effective planning and resource allocation are critical to mitigating these risks and ensuring that portfolio expansion supports long-term financial sustainability. A £0.4m pressure on staffing budgets is projected for 2025/26 due to additional resources required to deal with lettings, maintenance and other administrative tasks, as well as additional project specific resources focusing on service improvements and efficiencies.
- 11.7 Effective management of rent debt levels is also crucial to maintaining the HRA's overall financial health. Rising rent arrears increase the risk of bad debt provisions, which directly impact revenue streams and the Council's ability to fund essential services and maintenance. Persistent or growing rent debt strains financial planning and necessitate higher bad debt write-offs, thereby affecting the HRA's budgetary position. Consequently, debt recovery processes and proactive tenant engagement are essential to minimising rent arrears and safeguarding the financial stability of the housing service. It is currently anticipated that the allowance for non-recovery of bad debt will need to increase by £0.9m more than initially projected. The service is exploring various options to mitigate this pressure, including deploying debt collection agencies and software to increase collection rates.
- 11.8 As a result of the Council's self-referral, the required remediation programme represents a significant risk to the HRA and results in financial pressures associated with addressing the identified compliance issues. Specialists have assessed the situation and developed a recovery plan, with anticipated costs yet to be detailed. However, it is projected that £1m will be spent on the remediation programme in 2025/26.
- 11.9 Other additional pressures on various budgets across the fund, such as decants, council tax charges, insurance and pest control are projected to result in a further £1.2m pressure in 2025/26.
- 11.10 An additional £3.6m in rental income beyond budgetary expectations is expected to be achieved in 2025/26, partially offsetting the budgetary pressures outlined above. As part of the Council's capital programme, 899 properties are coming on stream during 2025/26 and 2026/27, most of which are HRA properties. 428 new units have already been added to the HRA portfolio, generating additional rental income.

- 11.11 The 2025/26 budget had anticipated a £4m revenue contribution towards capital expenditure. However, due to the current financial pressures on the fund, this contribution is no longer projected to be made. While this may result in increased borrowing costs, it frees up £4m to help alleviate revenue budget pressures. Consequently, the overall projected deficit for the year is forecast to be £2.3m.
- 11.12 While the authority's reserves currently stand at the target level of 5% of total turnover, this figure remains relatively low compared to the Council's peers. This comparatively smaller reserve base presents a financial risk, limiting the Council's capacity to respond effectively to unforeseen financial pressures or emergencies. Strengthening reserve levels will be important to enhance financial resilience and ensure greater flexibility in managing future budgetary challenges.
- 11.13 These risks are being continuously monitored and reflected in the HRA Business Plan and the Council's Medium Term Financial Strategy (MTFS).

## 12.0 Capital Programme

- 12.1 As at the end of November, the Capital Programme is reporting a net slippage of £22.6m and a net overspend of £0.8m against the revised budget of £328.9m. The forecast position across the programme is still being refined as part of ongoing programme monitoring and review. Each Board continues to assess its portfolio, with key risks including delivery timelines, market conditions, and funding dependencies. These are being actively managed through regular oversight and adjustments to ensure the programme remains aligned with strategic priorities and delivery expectations.

Table 17: 2025/26 Quarter 3 forecast for the Capital Programme

Portfolio / Programme	Original Budget 2025/26	Revised Budget 2025/26	Current Forecast	FY Variance	
				(Underspend)/ Overspend	(Slippage)/ Brought Forward
	£m	£m	£m	£m	£m
Corporate Landlord	9.7	13.4	12.5	(0.4)	(0.5)
Housing - GF	114.1	115.9	112.8	(2.1)	(0.9)
Housing - HRA	50.4	27.6	26.7	3.5	(4.4)
Public Realm	17.8	34.9	31.1	(0.3)	(3.5)
Regeneration	106.5	84.2	82.0	0.1	(2.3)
CYP & Community Development	17.1	25.5	21.4	0.0	(4.1)
South Kilburn	28.0	26.9	20.0	0.0	(6.9)

St Raphael's	3.2	0.4	0.4	0.0	0.0
<b>Grand Total</b>	<b>346.8</b>	<b>328.9</b>	<b>307.0</b>	<b>0.8</b>	<b>(22.6)</b>

### **Budget Additions**

- 12.2 The revised capital budget for 2025/26 of £328.9m includes new projects approved by Cabinet since Q2, including:
- £4.1m for a variety of NCIL funded capital schemes across multiple programmes, mostly in the Public Realm area.
  - £3.2m for energy efficiency improvements at Oaks and Pharamond social housing properties funded by grant and Carbon Offset Fund.
  - £11.7m for the Council Homes Acquisition Programme to acquire properties for temporary accommodation part-funded by GLA grant under the Housing General Fund.
  - £0.9m for an alternative heating source at Willesden Green Library funded by grant and Carbon Offset Fund.
- 12.3 The Council has also been awarded £1.5m of Pride in Place Impact Fund Grant to fund improvements in public spaces, community spaces and high street and town centre revitalization. As a result, £0.5m has been added to the 2025/26 budget and £1.0m has been added to the 2026/27 budget. Following consultation with Cabinet members, priority thematic areas will include “Pride in Parks”, “Pride in High Streets” and “Don’t mess with Brent”.
- 12.4 The revised 2025/26 budget also includes the following changes:
- £0.3m increase in Corporate Landlord budget for new legal software funded by revenue reserves.
  - £2m virement from the Regeneration contingency to the South Kilburn budgets to cover both current and historic unpaid Council Tax and Service Charges from vacant properties that have been decanted awaiting demolition.
  - A further £2.8m virement from the Regeneration contingency to the South Kilburn budget over the next three years to enable a budget increase for the Carlton and Granville project to deliver community spaces and social homes following additional costs from project delays and disputes with the supplier.
- 12.5 Since Q2, £45.3m has been reprofiled from 2025/26 into future years’ budgets, £2.7m has been removed as budget corrections to previously approved schemes and £0.8m has been removed for schemes not progressing.

- 12.6 As of the beginning of the 2025/26 financial year, the Strategic CIL fund held an opening balance of £156.9m. This entire amount has been allocated to planned infrastructure projects, with commitments categorised as follows. All funds have been earmarked, and no uncommitted balance remains available for new initiatives at this time.
- £94.1m: Formally commissioned by Cabinet; expenditure pending.
  - £8.1m: Approved at sub-board level; awaiting Cabinet agreement.
  - £54.7m: Provisionally allocated to prospective projects; subject to formal Cabinet approval.

### **Corporate Landlord**

- 12.7 The Corporate Landlord Board is responsible for overseeing the strategic management and investment in the Civic Centre, Digital Strategy, Libraries and other Council properties. There is a forecast variance of (£0.9m), largely driven by forecast underspend of £0.5m on Grove Park Pavilion Nursery as the project is unlikely to proceed. The forecast also includes slippage of £0.3m on Roy Smith House refurbishments, which are on hold due to a recent water supply issue.

### **Housing**

- 12.8 The Housing General Fund is forecasting a variance of £3.0m driven by an underspend of £2.8m on the Local Authority Housing Fund (LAHF) programme. The LAHF scheme is grant funding for the acquisition of local properties for temporary accommodation and resettlement. Despite the underspend, the project is on track to meet the 42-property target, with 29 properties purchased to date, and 13 in conveyancing. The forecast underspend has reduced significantly since Q2 (by £1.3m), as officers have changed strategy toward acquiring larger properties to provide temporary accommodation for higher need families. However, refurbishing the properties has taken longer than anticipated, meaning that the programme has not had as significant impact on 2025/26 temporary accommodation costs as expected. It is now anticipated that at least 14 properties will be ready to let before Christmas.
- 12.9 Brent's New Council Homes Programme is progressing well, with 418 affordable homes delivered so far in 2025/26. This financial year, 303 more units are expected: Clock Cottages, Pharamond, Watling Gardens and Alperton Bus Garages. As previously reported, most projects remain on budget apart from Clock Cottages, which is forecasting an overspend of £0.9m. The safeguarding bid for additional grant funding from the GLA was approved in November, so the overspend will not be financed by additional borrowing.

- 12.10 The programme slippage of £0.9m relates to Disabled Facilities and Empty Properties Grants. It is possible that the full budget will be spent this financial year as works tend to complete and closer to year end, but based on the current level of expenditure, officers are anticipating some slippage into 2026/27.
- 12.11 The Housing HRA programme is forecasting a variance of (£0.9m) caused by slippage of £4.4m on the Tower Blocks refurbishment programme related to Windmill Court, as the Major Repairs team are reviewing ways to increase the affordability of the project. The Kilburn Square Tower Block refurbishment project is forecasting an overspend of £3.8m. Officers are exploring value-engineering opportunities on the Windmill Court refurbishment as a way of mitigating the impact of this overspend.
- 12.12 As Brent's New Homes Programme reaches completion in 2026/27, officers are facing challenges in planning new development projects. The rising interest and construction costs combined with the current HRA budget position and slippage on housing schemes delaying anticipated rental income make further new build developments challenging from a viability perspective.

### **Regeneration**

- 12.13 The Regeneration programme is delivering new homes, infrastructure and community assets designed to support inclusive growth and sustainability. Since Q2, budgets for Staples Corner Growth Area Infrastructure (£0.3m), Neasden Civic Partnerships Programme (£0.9m) and Wembley Housing Zones (£10.6m) have been reprofiled to future years in line with delivery plans resulting in a total revised budget of £84.2m for 2025/26. Wembley Housing Zones is still forecast to complete on time in September 2026.
- 12.14 The programme is currently forecasting slippage of £2.3m. This is made up of £0.6m on Mahogany Arts Capital Improvement works, £0.7m on Bridge Park Regeneration as planned demolition was on hold until a listing decision was made and £0.6m on Alperton Medical Centre because of ongoing discussions between the developer and the NHS.
- 12.15 A key risk facing the Regeneration programme is delays on grant funded projects where grant conditions require completion by 31<sup>st</sup> March 2026. Officers are working to reduce delays and are in discussions with funding partners, but reductions in funding sources may lead to projects not being delivered to initial specifications or additional borrowing being incurred.

## **South Kilburn**

- 12.16 The procurement process for the Single Delivery Partner (SDP) is progressing well, with three bidders shortlisted. A key element of this process is the incorporation of comprehensive contractual mitigations to address critical risks, including financial exposure, to ensure robust and secure delivery for Brent. The SDP model is intended to streamline delivery and improve co-ordination of the major regeneration programme. The move to a single delivery partner model has delayed some schemes in the programme, so officers have processed budget reprofiles totaling £5.8m to future years in line with anticipated delivery.
- 12.17 The South Kilburn programme is currently forecasting slippage of £6.9m. The majority of the slippage of £6.7m is projected against the South Kilburn Energy Network. Following the tender process, officers are reviewing the scheme to ensure affordability and working towards revising capital budgets.
- 12.18 The main risk to the South Kilburn programme is the adoption of the Single Delivery Partner model and the ongoing procurement. Officers have appointed external commercial advisers and are in ongoing discussions with the GLA to identify and mitigate risks arising from the new model.

## **Children, Young People and Community Development**

- 12.19 The Children, Young People and Community Development programme is forecasting slippage of £4.1m. £2.5m relates to the Welsh Harp Post-16 Centre because construction will not start until 2026/27 with only design costs in 2025/26. There is slippage of £1.4m on the SEND Capital programme as one project has now become part of the DfE School Rebuilding Programme, which will involve a complete rebuild of the site.
- 12.20 The budget for Islamia Primary School has been removed for 2025/26 and future years as the project is not going ahead in its original form as Cabinet have agreed to relocate the school to the Gwenneth Rickus site.
- 12.21 A challenge for the CYP programme has been the identification of unforeseen ground and building conditions issues which were not factored into initial budgets, as reported at Q2. Officers continue to monitor the situation, and the SEND expansion projects are still forecast to remain within their overall budget allocations.

## **Public Realm**

- 12.22 The Public Realm Board is designed to deliver improvements to community infrastructure in Brent, including roads, parks and CCTV. The budget for 2025/26 has reduced by £4.9m compared to Q2 because of the removal of

the budget for the waste bins project not going ahead, and reprofiling for the Beresford Avenue / Mount Pleasant CPZ and Northwick Park Mortuary Schemes. This has been offset by an increase of £3.7m for new NCIL schemes approved by Cabinet in September.

- 12.23 The (£3.8m) variance in Public Realm is driven by £2.1m slippage on Safer Streets and Parking due to delays in obtaining TFL approvals. There is further £1.2m slippage on parks caused by changes in procurement law delaying the sports pitch improvement project tendering process, and health and safety issues delaying the Northwick Park Pavillion upgrade.
- 12.24 Most NCIL projects are currently forecasting to be delivered on time and to budget, but the habitat bank project is reporting £0.1m of slippage.
- 12.25 Public Realm continues to face the challenge of increasing expenditure during the latter part of the financial year following the in-year approval of NCIL and SCIL-funded projects. The large number of small projects within the programme can be difficult to forecast, especially as uncontrollable circumstances can impact delivery, such as poor weather conditions.

### **Treasury Management Prudential Indicators**

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

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

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

### **14.0 Financial Considerations**

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

### **15.0 Legal Considerations**

- 15.1 The law requires that the council must plan to balance its spending plans against resources to avoid a deficit occurring in any year. Members need to be reasonably satisfied that expenditure is being contained within budget and

that the savings for the financial year will be achieved, to ensure that income and expenditure balance (Section 28 Local Government Act 2003: the council's Financial Regulation 2.3 Revenue Budget Monitoring, Forecasting and Overspends).

**16.0 Equity, Diversity & Inclusion (EDI) Considerations**

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

**17.0 Climate Change and Environmental Considerations**

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

**18.0 Human Resources/Property Considerations (if appropriate)**

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

**19.0 Communication Considerations**

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

**Report sign off:**

***Minesh Patel***

Corporate Director, Finance and Resources