	Cabinet 27 July 2026
	Report from the Corporate Director, Finance and Resources
	Lead Member - Deputy Leader, Cabinet Member for Finance and Resources (Councillor Gwen Grahl)

Quarter 1 Financial Forecast 2026-27

Wards Affected:	All
Key or Non-Key Decision:	Key
Open or Part/Fully Exempt: **(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)**	Open
List of Appendices:	One: Appendix A: Prudential Indicators
Background Papers:	None
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1.0 Executive Summary

1.1 This report sets out the financial forecast for the General Fund revenue budget, the Housing Revenue Account, the Dedicated Schools Grant and the Capital Programme, as at Quarter 1 2026/27.

1.2 The Council’s revised General Fund revenue budget for 2026/27 is £501.8m. There is a forecast overspend of £9.5m against the revenue budget at Quarter 1. If sustained until the year end, this would require a transfer from unallocated reserves. Equally, any overspend not dealt with in 2026/27 could potentially carry over into the following year, therefore increasing the requirement for further savings whilst at the same time depleting the Council's reserves. The Council is taking a number of mitigating actions, including continuing to implement spending controls. If the overspend increases, further in-year savings may be required in order to contain identified pressures as much as possible.

1.3 The current budget also reflects £10.4m of savings agreed by Full Council in February 2026. In contrast to previous years, a new collaborative approach has been developed to address the Council's medium term financial challenge and identify sustainable savings. This approach focuses on identifying high-impact opportunities, including cross-directorate working, improving productivity, better use of digital solutions, and increasing income generation. An update on the progress towards delivery of the savings, including timelines, key risks and mitigating actions is included in the service area updates in Section four.

1.4 Budget pressures continue to be reported within the Housing Revenue Account (HRA). Although the new ten-year social rent settlement provides greater income certainty from 2026/27, increased demand and the rising cost of repairs and maintenance, now sharpened by new statutory obligations under Awaab's Law, together with the cost of addressing building-safety compliance following the Regulator's C3 judgement, mean that considerable savings and careful financial management remain necessary to maintain a balanced budget. Further details are set out in section 11. The Dedicated Schools Grant is forecasting an in year overspend of £18.2m, which would increase the cumulative deficit to £38.4m by the end of the financial year. Further details are set out in section 10. The Capital Programme is forecasting an outturn of £326.6m compared to a revised budget of £348.0m. Further details are set out in section 12.

1.5 The tables below show the forecast position against budget for the General Fund, Dedicated Schools Grant and Housing Revenue Account.

Table 1: 2026/27 Quarter 1 forecast for the General Fund

	Budget	Forecast	Overspend / (Underspend)
	£m	£m	£m
Service Reform and Strategy	205.7	205.7	0.0
Children, Young People and Community Development	111.0	111.0	0.0
Neighbourhoods and Regeneration	36.5	36.5	0.0
Finance and Resources	32.7	32.7	0.0

Residents and Housing Services	62.3	71.8	9.5
Subtotal Service Area Budgets	**448.2**	**457.7**	**9.5**
Capital Financing	**41.9**	**41.9**	**0.0**
Central Budgets	**11.7**	**11.7**	**0.0**
Total Budget Requirement	**501.8**	**511.3**	**9.5**
Funding	**(501.8)**	**(501.8)**	**0.0**
Grand Total General Fund Budgets	**0.0**	**9.5**	**9.5**
Dedicated Schools Grant (DSG) Funded Activity	0.0	18.2	18.2
Housing Revenue Account (HRA)	0.0	0.0	0.0
Net Total*	**0.0**	**27.7**	**27.7**

*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: 2026/27 Quarter 1 forecast for the Dedicated Schools Grant

DSG gross income and expenditure			
	Budget	**Forecast**	**Overspend / (Underspend)**
	£m	**£m**	**£m**
DSG			
Income	(262.2)	(262.2)	0.0
Expenditure	262.2	280.4	18.2
Total	**0.0**	**18.2**	**18.2**

Table 3: 2026/27 Quarter 1 forecast for the Housing Revenue Account

HRA gross income and expenditure			
	Budget	**Forecast**	**Overspend/ (Underspend)**
	£m	**£m**	**£m**
HRA			
Income	(84.4)	(84.4)	0.0
Expenditure	84.4	84.0	0.0
Total	**0.0**	**0.0**	**0.0**

Table 4: 2026/27 Quarter 1 forecast for the Capital Programme

Portfolio/ Programme	Original Budget 2026/27	Revised Budget 2026/27	Current Forecast	FY Variance	
				(Underspend)/ Overspend	(Slippage)/Brought Forward
	£m	£m	£m	£m	£m
Corporate Assets	50.1	61.5	56.8	(0.2)	(4.5)
Affordable Housing Supply	51.3	67.3	66.9	(0.4)	-
Housing HRA & Management	44.9	49.5	49.5	(0.0)	0.0
Regeneration	68.2	79.0	72.9	1.1	(7.2)
Child and Young People	34.3	30.2	30.2	0.0	-
South Kilburn	45.0	60.5	50.4	(2.8)	(7.3)
Grand Total	**293.8**	**348.0**	**326.6**	**(2.3)**	**(19.1)**

Current Economic Environment

1.6 Since the 2026/27 budget was agreed by Full Council on 23 February 2026, the wider economic situation has become more uncertain. Ongoing conflict in the Middle East has created volatility in global markets, particularly in energy prices. The full impact will depend on how the situation develops, but the immediate effect has been a rise in fuel costs and higher inflation.

1.7 CPI inflation increased to just over 3% in March before easing slightly to 2.8% in April. The Bank of England now expects inflation to remain higher for the rest of 2026 than previously forecast, compared with the February assumption of an average rate of 2.5%. Higher inflation increases the cost of delivering council services and creates a risk of overspending in 2026/27 compared with the budget agreed earlier in the year.

1.8 Interest rates also remain elevated at 3.75%, following the most recent cut in December 2025. In February, a gradual fall towards 3.25% was expected. However, with inflation now likely to stay higher for longer, interest rates may remain at current levels or even rise. This would increase the cost of borrowing to fund the Council's Capital Programme beyond the assumptions built into the February budget.

1.9 Residents in Brent continue to face significant financial pressures. The cost-of-living crisis triggered by the 2022 energy price shock has not fully eased, and the latest rise in energy costs is adding further strain on household budgets. If the economy slows, more residents may require support from the Council. Any increase in demand for support services would place additional pressure on the Council’s finances and reduce the resources available for investment in local services.

Maintaining Financial Control

1.10 The £10.4 million savings identified for 2026/27, developed in partnership with the Embrace Change Portfolio, were sufficient to balance the budget based on the forecasts available at the time the budget was set. However, as outlined in this report, the economic environment has become increasingly challenging, and is expected to place additional pressure on services during 2026/27.

1.11 Despite the considerable efforts of the Council to manage its financial position, the operating environment remains volatile, with relatively small changes in demand often resulting in significant financial pressures. This is particularly the case in Children's Social Care, Adult Social Care and Housing Needs, where increases in demand, complexity and the cost of provision continue to place pressure on budgets. The Council is also managing the impact of sustained provider inflation, alongside the continuing effects of the cost-of-living crisis on both expenditure and income streams.

1.12 The most significant forecast pressure is within the Housing Needs and Support service, where rising levels of homelessness and a shortage of suitable temporary accommodation are forecast to result in an overspend of more than £9.5m. Section 8 of this report sets out the Council's strategy for addressing these pressures.

1.13 In response to budget pressures experienced in recent years, the Council introduced a range of spending controls which successfully reduced expenditure and helped mitigate overspending. These measures included proactive vacancy management, tighter controls over agency expenditure and staff payments, and increased scrutiny of spending decisions across all directorates. These controls are now considered business as usual and have been embedded within the Council's day-to-day financial management arrangements to support effective budget control, financial resilience and sound decision-making.

1.14 However, spending controls alone are unlikely to be sufficient to mitigate the scale of the challenge. Therefore, with the exception of expenditure required to maintain health and safety, meet statutory obligations or fulfil contractual commitments, all other spending decisions will be subject to enhanced challenge and may be deferred where possible. Directorates will also be required to identify additional in-year savings, cost avoidance measures and opportunities to reduce expenditure wherever possible.

1.15 Progress against these actions, together with the financial impact achieved, will be reported regularly to Cabinet throughout the year. Delivering these actions will be challenging. However, they are considered necessary to restore the budget to a sustainable position and protect the Council's overall financial resilience. Officers and Members will continue to work collectively to minimise the impact on residents while maintaining essential services within the resources available.

2.0 Recommendation(s)

2.1 That Cabinet note the overall financial position and the actions being taken to mitigate the issues arising.

2.2 That Cabinet note the prudential indicators for treasury management in Appendix A.

2.3 That Cabinet approve the virements set out in section 5.13 of this report.

3.0 Cabinet Member Foreword

3.1 This report provides the first assessment of the Council’s financial position for 2026/27. Regrettably, the General Fund is currently forecast to overspend by £9.5 million, while the Dedicated Schools Grant is forecasting an in-year deficit of £18.2 million. These figures are concerning at this early stage and underscore the need for close monitoring, strong financial control and further action. It is, however, important that all other service areas besides Residents and Housing Services are currently forecasting a balanced position. This reflects the additional investment made when the budget was set last year and the efforts of services to manage demand within the resources available.

3.2 The General Fund pressure is concentrated primarily in homelessness and temporary accommodation. Demand has continued to rise, alongside provider costs and private rents, despite an additional £8 million being added to the Housing Needs budget for 2026/27. This is not a picture of widespread overspending across the Council, but it is the consequence of a housing market in which suitable and affordable homes remain out of reach for too many residents. The Council cannot resolve those pressures alone, but it is taking practical action to reduce costs and improve outcomes.

3.3 During the year, 406 new social homes are expected to become available, helping more households move out of expensive temporary accommodation. We are not standing still, with the Council working at pace to reduce our exposure to high temporary accommodation costs, with 89 such households moved out of some of the most expensive accommodation. We also continue to make direct allocations of new council homes to those with the highest housing priority, which in turn has also unlocked significant savings. Adult Social Care and Children’s Services are also currently forecasting balanced positions, and the opening of The Gardens children’s home will help reduce reliance on costly external placements. Alongside this, the Council expects to continue delivering £324.6 million of capital investment in housing, regeneration, schools, SEND provision and neighbourhood infrastructure.

3.4 The most serious medium-term risk remains the Dedicated Schools Grant, with a further in-year deficit of £18.2 million currently forecast. The

Government’s decision to provide grant support for 90 per cent of eligible high-needs deficits accrued up to March 2026 is a welcome and significant intervention, subject to approval of Brent’s Local SEND Reform Plan. However, it does not remove the continuing pressure created by rising demand and the increasing cost of specialist provision. The Government’s fairer funding settlement has strengthened Brent’s position, yet homelessness and SEND continue to place considerable pressure on local budgets. Brent remains financially resilient and focused on delivery, but further national action is essential if councils are to protect statutory services while continuing to invest across the borough.

4.0 Revenue Detail

Service Reform and Strategy

Table 5: 2026/27 Quarter 1 forecast for Service Reform and Strategy

Service Reform and Strategy	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Adult Social Care	144.6	144.6	0.0
Change Programme	0.7	0.7	0.0
Communications Insight and Innovation	12.3	12.3	0.0
Integrated Care Partnerships	0.2	0.2	0.0
Leisure	1.8	1.8	0.0
Public Health	28.5	28.5	0.0
Strategic Commissioning & Capacity Building	16.1	16.1	0.0
Strategy and Partnership (Reform)	1.5	1.5	0.0
Total	**205.7**	**205.7**	**0.0**

Summary

4.1 The Service Reform & Strategy (SRS) directorate’s budget for 2026/27 includes £2.3m of savings and £25.3m of growth. Of the growth allocation, £12.3m relates to inflationary pressures, while £8.2m reflects demand-led growth across Adult Social Care and Strategic Commissioning, driven by demographic change and rising market costs.

4.2 At this early stage of the financial year, the directorate is forecasting a breakeven position by year-end. However, a significant proportion of the budget funds demand-led care packages, where activity levels and unit costs can fluctuate throughout the year. As such, the forecast remains subject to a number of risks and uncertainties, which are outlined in the following sections and may impact the financial position as the year progresses.

Risks and uncertainties

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

4.3 There remains a number of risks and uncertainties which could impact on the budgets within the SRS department. These include the following:

4.4 Demand for social care services has been increasing as people live longer, complexity of needs increases and as children transition into adult social care services. In the 2025/26 financial year, the number of service users increased by 6% from the previous year. Although the increase in client numbers has reduced to 1% by the end of May, there has been an increase in the average costs as new packages are around 14-16% more expensive than those ending due to complexity of need and rising market prices, meaning that even with stable or declining placement numbers, overall expenditure continues to rise. When setting the budgets for 2026/27, growth for both demography and inflation were factored in. Any increases above the modelled growth could cause budget pressures and as such, the trends for both are being carefully monitored with focused attention on higher cost packages.

4.5 In comparison to the 2026/27 modelling for Adults Placements that informed budget setting, at Q1 the trend indicates that homecare demand has been reduced but the demand for supported living and residential care have increased as with clients with more complex needs being placed, indicating a potential risk of £3.5m overspend if this is not mitigated. The service is taking a number of proactive steps to strengthen oversight of demand and manage market pressures more effectively. This includes strengthening the decision-making process with a multi-disciplinary panel and reviewing high-cost packages of care to ensure that the level of care is appropriate for the clients, with exploration into alternative solutions also being made, whilst prioritising the well-being of the client.

4.6 Recruitment and retention of staff remains a risk nationally in the social care sector. The sector continues to be faced with high staff turnover and vacancy rates. The shortage of qualified staff can have detrimental effects on the care provided to adult service users and added stress on existing staff. The national shortage of care workers has changed the workforce model across social care leading to a reliance on agency staff that are more costly compared to permanent staff. Management continues to focus on agency to permanent conversions as part of its workforce planning strategy and to maintain stability for the clients, with over 20 conversions over the last year. An internal realignment of staffing was also undertaken to better align the structure to Brent’s priorities.

4.7 Partnership working with the NHS is a key factor in management of finances within the social care sector, with linkages between the Council and NHS for Section 117 and Continuing Healthcare (CHC) clients. This relationship has seen significant improvement during the last year, and the continuation of this progress will be important to ensure that any financial pressures can be mitigated early on.

Public Health

4.8 Public Health is forecast to break even against the 2026/27 budget of £28.5m. The budget reflects the ring-fenced Public Health Grant allocation, including funding now consolidated within the grant for drug and alcohol services and smoking cessation.

4.9 Although reported within the main Public Health Grant, these funding streams remain subject to separate monitoring and reporting requirements. Finance and the service will need to track spend against the relevant grant categories, including Drug and Alcohol Treatment and Recovery Improvement Grant (DATRIG) and Stop Smoking activity.

4.10 There is an emerging risk from the new sexual health contract, where costs may increase depending on the final contract and demand assumptions. This will be monitored closely and the budget pressure will be managed within the allocated grant funding.

4.11 The Public Health reserve balance carried forward into 2026/27 was £10.4m, with £3.6m planned to be drawn down this financial year to various projects including support to the community health and wellbeing strategy, place leadership, family wellbeing centres and knife crime prevention. This will continue to be managed in line with the ring-fenced grant conditions and the reserve plan has been updated to support agreed priorities.

Leisure

4.12 Leisure is currently forecast to break even at Quarter 1. The position remains financially sensitive due to reliance on income generation, contract performance and inflation-linked costs. Bridge Park remains closed for 2026/27, reducing the overall leisure offer and placing greater reliance on maintaining income and participation levels across the remaining sites.

4.13 Willesden Sports Centre remains the principal financial risk within the Leisure Services forecast for 2026/27. The budget for the year includes provision for the underlying PFI pressure, following the full utilisation of the historic smoothing reserve. Despite this provision, the service continues to manage a number of ongoing risks associated with the PFI arrangement. A formal review of the contract and financial position has now been completed, and work is underway to implement actions aimed at mitigating the budget pressures identified. This includes strengthened contract management, improved financial oversight and closer monitoring of operational performance. Given the scale and complexity of the PFI arrangement, the financial position will be closely monitored throughout the year, with updates provided as part of the Council’s regular budget reporting cycle.

4.14 Vale Farm is now operating under a new agency contract arrangement. The Quarter 1 forecast assumes the contract operates within the agreed financial parameters, with performance monitored against the guaranteed minimum return and monthly income and expenditure statements.

Communications, Insight and Innovation

4.15 Communications, Insight and Innovation is currently forecast to break even at Quarter 1. The service includes Change and Customer Insight, Communications, Digital Strategy and ICT Solutions, including Brent’s funding for the Shared Technology Service.

4.16 Key risks for 2026/27 include the delivery of savings and securing income opportunities within the conference and events team.

2026/27 Savings

4.17 The SRS budget includes savings of £2.3m for 2026/27, to be delivered through a combination of income maximisation, workforce efficiencies, commissioning and procurement savings, digital initiatives and wider service efficiencies. At Quarter 1, delivery is broadly on track, although a number of key dependencies and risks have been identified and continue to be actively monitored. Management focus will remain on confirming delivery timelines, achieving income targets, evidencing reductions in contract expenditure, validating workforce-related savings and implementing mitigating actions where there is a risk of under delivery.

Summary of Key Assumptions

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

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

Key Assumption	Downside if worse	Upside if better	Mitigations
Increases to the cost of social care packages above what has been modelled, with client numbers remaining in line with what was modelled	Due to increasing demand for supported living and residential placements rather than homecare placements there is a risk of £3.5m over the modelled forecast	If high cost packages can be reviewed to decrease costs to below the modelled cost of care packages this will result in costs less than what was anticipated	The Council is working closely with the service providers and provides robust challenge of individual package costs based on evidence as part of placement reviews.

Increases to social care client numbers above what has been modelled, with package costs remaining in line with what was modelled	Additional budget pressures should there be clients beyond those modelled as part of the MTFS.	Client numbers falling below those modelled would reduce the cost to the Council.	The Council is working on developing PowerBI tools to allow for better monitoring of placements. Consistent monitoring and reporting will be made to facilitate early identification of pressures so mitigating actions can be taken.

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

Table 7: 2026/27 Quarter 1 forecast for Children, Young People and Community Development

CYP Department	Budget (£m)	Forecast (£m)	Overspend (Underspend) (£m)
Forward Planning, Performance & Partnerships	58.3	58.3	0.0
Inclusion	3.0	3.0	0.0
Setting and School Effectiveness	0.2	0.2	0.0
Virtual School	0.7	0.7	0.0
Early Help	6.7	6.7	0.0
LAC and Permanency	7.1	7.1	0.0
Children with Disabilities	14.9	14.9	0.0
Safeguarding and Quality Assurance	2.3	2.3	0.0
Community Development	1.4	1.4	0.0
Family Support and Child Protection	9.6	9.6	0.0
Community Safety & Prevention	1.9	1.9	0.0

Employment Enterprise and Migration	0.3	0.3	0.0
Central Management & Grants	6.0	6.0	0.0
TOTAL	**111.0**	**111.0**	**0.0**

Summary

4.19 The Children, Young People and Community Development (CYPCD) directorate's budget for 2026/27 includes £1.6m of savings and £6.7m of growth. Of the growth allocation, £2.1m relates to inflationary pressures, while £4.6m reflects demand-led growth for children's placements. The budget also includes £4.49m of new Social Care grant funding. (See paragraph 5.12).

4.20 At this early stage in the financial year, the Quarter 1 forecast indicates a break-even position for the CYPCD General Fund. However, as the year progresses, financial pressures may emerge, particularly within children's placement services.

Detailed Narrative

4.21 The main financial risk within the Forward Planning, Performance & Partnerships (FPPP) service relates to the cost of children's placements, particularly residential care and secure placements for young people.

4.22 In recent years, the Council has seen an increase in high-cost residential placements during the second half of the year, creating additional financial pressures. The 2026/27 budget includes growth funding of £6.4m to reflect expected demographic and inflationary pressures and allows for some increase in placements later in the year. The most significant financial impact is likely to arise from new residential placements and secure placements for young people who are remanded. The growth allows for an increase of 6.2 residential placements (on a full-time equivalent basis or FTE) and an overall increase in numbers across the LAC and Children with Disabilities population of 64 FTE.

4.23 The placements budget is influenced by several factors beyond residential care numbers. These include changes in the number and cost of other placement types, variations in grant income and external contributions (such as funding for Unaccompanied Asylum-Seeking Children), and the number of young people requiring secure placements following serious offences.

4.24 The current forecast assumes that the placements budget will break even by year-end. This projection is based on scenario modelling of current placement numbers and placement types and includes an allowance for a net increase of five residential placements above the 48 placements recorded at the end of April. However, demand for placements can fluctuate significantly during the year. Based on current assumptions, the final outturn could range from an underspend of £1.4m if residential placement numbers reduce and remain at

44 throughout the year, to an overspend of £3.2m if placement numbers increase to 58, based on an average annual cost of £374k per placement.

4.25 Measures are in place to help manage these risks. The Council's new children's home, The Gardens, is now operational and is expected to accommodate some children during the year at a lower cost than equivalent private sector provision. Children's care plans continue to be reviewed and challenged at Director level to ensure that placements remain appropriate to assessed need. In addition, the Council is working with West London partner authorities to increase the availability of local authority-run residential provision across the sub-region, which will provide further placement options in the future.

Special Educational Needs (SEN) Transport

4.26 At this stage in the financial year, the SEN Transport expenditure is expected to remain within the allocated budget of £15.8m. Although the number of children and young people with Education, Health and Care Plans (EHCPs) continues to grow, the successful implementation of the Travel Assistance Policy Implementation Plan (TAPIP) has contributed towards managing the cost of this service at a sustainable level.

Risks and uncertainties

4.27 Adult Education and Other Service Pressures

There a potential financial pressure arising from a reduction in the Adult Skills Fund (ASF) grant provided by the Department for Works and Pensions. This reduction coincides with increased staffing, supplies and service delivery costs. A review is currently underway to identify mitigating actions, including securing additional external funding opportunities and controlling expenditure where possible. There is also a risk that planned savings linked to the reduction of contracts for targeted services may not be fully delivered.

4.28 Integrated Care Board (ICB) Funding Contributions

There remains a significant financial risk arising from disputes and delays in agreeing cost-sharing arrangements with the Integrated Care Board (ICB) for complex care packages. In a number of cases, engagement with the ICB has not resulted in timely resolution, leading to prolonged uncertainty over funding contributions and increasing pressure on the Council’s budgets. For 2025/26, income contributions from the ICB totalled £1.3m; however, delays in agreement continue to impact financial planning and expose the Council to potential unfunded costs.

4.29 Legal Costs

There is an ongoing financial risk associated with judicial review cases and significant legal costs arising from age assessments for Unaccompanied Asylum-Seeking Children. These costs are inherently difficult to predict and have varied considerably, ranging from approximately £300k in both 2023/24 and 2024/25 to £75k in 2025/26. Any resulting financial pressures in the current year will be managed within the overall budgets held by the directorate, which may constrain other areas of spend.

4.30 Children's Social Care Transformation Funding

CYPCD has secured significant new government funding through the Families First Partnership (FFP) programme. This includes £4.49m Children's Social Care Transformation Fund, in addition to the existing £1.4m Children's Social Care Prevention Grant. Together, these funding streams provide an important opportunity to strengthen early intervention and preventative services, including targeted early help, children in need support, and child protection activity. **T**he FFP programme for 2026/27 marks a shift from transformation planning to implementation and service delivery, with all local authorities and safeguarding partners expected to have fully operational reformed services in place by March 2027. The updated April 2026 guidance introduces monitoring indicators and explicit data duties to track the rollout of Family Help and Multi-Agency Child Protection Teams (MACPT). The programme aims to deliver long-term improvements by expanding access to coordinated early intervention for families, reducing care entry rates, and lowering dependence on high-cost external residential placements.

2026/27 Savings

4.31 The directorate is required to deliver £1.6m of savings in 2026/27 as part of the Council's wider budget strategy. These savings are expected to come from a range of measures, including improved grant management, stronger procurement and contract management, rationalisation of lower-value expenditure, greater use of technology and automation, tighter control of agency costs, a review of fees and charges, and improvements to customer access and service delivery.

4.32 At this stage of the financial year, the service is confident that the majority of these savings can be delivered. However, overall savings for the directorate are particularly challenging due to the demand-led and volatile nature of the children's placements budget.

4.33 £0.4m of the directorate's allocated savings is currently assessed to be at risk, primarily relating to savings linked to digital transformation and commissioning and procurement activity. Further work is underway with relevant stakeholders to develop and implement plans to secure these savings. If these savings cannot be fully delivered, this would create an in-year overspend. Any such pressure would be reflected in the next quarterly financial update, and appropriate management actions will be taken to maintain overall financial control.

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 823 FTEs and unit costs reflect current trends. Forecast allows for 53 residential placements by the end of the financial year.	An increase in the number of high cost residential or secure placements would place additional pressure on the budget. e.g., an increase by 5 placements in year could cause an additional pressure of £1.9m.	Increased step-down arrangements result in falling number of residential placements. A single stepdown from a residential placement to a semi-independent placement could reduce expenditure by c£0.2m in-year.	Ongoing review of packages for best outcomes and focus on stepdown arrangements to support children to transition from residential to foster and/or semi-independent placements. Supporting the transition of care leavers to their own tenancies, to improve outcomes and independence. Innovative support and partnering with Health for CYP Mental Health and Wellbeing, among other preventative measures. Use of the Council- run care home
Health contributions for CYP placements and Children with	The cost will not be mitigated by these contributions in	It will assist in mitigating overall net spend.	Maximising joint funding approaches with health to ensure

Disabilities (CWD) packages will be lower than the 2025/26 levels.	proportion to the overall demand.		contributions to placement costs where applicable.
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	Underspend in the budget	Tracking and monitoring KPIs through SEN Transport Boards. Continuing contract monitoring

Neighbourhoods and Regeneration

Table 9: 2026/27 Quarter 1 forecast for Neighbourhoods and Regeneration

Neighbourhoods and Regeneration	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Public Realm	25.7	25.7	0.0
Inclusive Regeneration & Climate Resilience	2.5	2.5	0.0
Property & Assets	8.3	8.2	0.0
Total	**36.5**	**36.5**	**0.0**

Summary

4.34 Neighbourhoods and Regeneration Directorate are currently forecasting a breakeven position at Quarter 1.

4.35 The 2026/27 budget includes growth funding awarded to the department of £6.8m. This includes £3.8m to account for the expected inflationary and demographic impact on contracts within the department, and an additional £3m investment in Public Realm and Street Cleansing. This Public Realm investment is designed to deliver clearer and more visible improvements in cleanliness across the borough. The budget also reflects the savings target for the directorate of £2.5m.

Risks and uncertainties

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

4.37 Building Control income targets were set when income from major projects and market share were significantly higher. Since the introduction of the Building Safety Act (BSA) in October 2023, Higher Risk Building applications must be made to the Building Safety Regulator and charged on a cost recovery basis. This change, alongside reduced major development activity, has resulted in a sustained and structural reduction in income that is unlikely to reverse under the new regulatory regime. There is a legal requirement for Building Control income to be applied in line with CIPFA guidance, with some income ringfenced to specific activities and non-chargeable functions expected to be funded through the General Fund. The current income target therefore requires review for current and future years to ensure continued alignment with CIPFA guidance and the legislative framework. Workforce capacity presents a further risk. The service faces ongoing recruitment and retention challenges due to a sector wide shortage of qualified surveyors, with some vacancies remaining unfilled. In addition, the workforce profile is ageing, increasing the risk of loss of specialist expertise and further pressure on service delivery and income generation. The service is actively working to mitigate these pressures in 2026/27 through various measures. Mitigations are already underway, including reviewing recruitment and retention approaches, developing clearer career pathways, and improving market competitiveness through job description and market supplement reviews. Further options, including alternative delivery models such as commissioning, are being explored; however, these are medium term measures and will take time to implement. While government funding has been announced to support training and capability development, the impact of these initiatives is expected to be gradual due to the scale of sector wide challenges.

4.38 Planning and Development services continue to face similar pressures, with application and pre-application fee income remaining lower due to the ongoing economic climate. No changes to the fee structure are proposed for 2026/27, and current arrangements will therefore continue, providing a stable position for the service during the year. Income from the Land Charges team is expected to remain a sustainable source of support for Planning and Development. Looking ahead, planning fee reform for local authorities may be introduced in future years; however, these proposals are still under consultation, and the financial impact is not yet clear.

4.39 Within Public Realm, the Service Development and Contracts Performance service are expecting a pressure from additional business rate liability from changes in depot operations. Ad-hoc waste contract costs are being monitored closely due to ongoing demands on the service to collect additional waste, the removal of graffiti, and increased new container requests. The service is adapting an improvement strategy through campaigns, promotion of waste diversion and increase recycling participation to absorb some of the above pressures within allocated budgets.

4.40 Focus for waste programmes in 26/27 include the roll-out of services required to comply to Simpler Recycling requirements such as the roll-out of food waste collection to flats above shops and properties on North Circular Road as well as the collection of flexible plastics. Other key projects include the roll-out of twin stream recycling to all 1,400+ communal properties, alongside improvements to bin infrastructure, signage, and containers. A dedicated project team will be established to ensure delivery, performance management, and long-term embedding of improvements. This will ensure that Brent is compliant with the required recycling policies but also improve the recycling performance leading to reduced disposal costs on residual waste.

4.41 A strong focus will be placed on driving sustained behaviour change and improving material quality. Key initiatives include expanded education and engagement activity across schools, estates, faith, and community groups. The programme will aim to increase participation, reduce contamination, and improve capture rates across all material streams. In parallel, the service will be enhanced through consistent free provision of reusable recycling sacks for paper and card, food caddies, and caddy liners. Collectively, these initiatives are designed to deliver measurable improvements in recycling performance while ensuring the service remains accessible and aligned with future national requirements.

4.42 Within waste contracts upcoming priorities for 2026/27 will centre around a program of works to utilise Packaging Extended Producer Responsibility (pEPR) funding to support the transformation of waste and recycling services. Funded for this was first allocated in 2025/26, with a further £5.3m expected to be received in 2026/27 The proposed approach is to allocate funding across a balanced programme.

4.43 Property and Assets must secure replacement tenants for properties with expired leases and current vacancies in order to achieve income targets. To address this risk, the service continues to actively market available space and engage external agents where appropriate. Ongoing cost pressures also remain within Facilities Management, particularly due to overtime requirements across Cleaning and Security services. Mitigating actions are in place, with any underspends within Property and Assets helping to offset these pressures.

4.44 Based on the current forecasts of energy prices from the Council's energy supplier, which is based on the contracts they have already bought for future energy supply, Property & Assets are expecting energy costs to the Council to fall in 2026/27. The current estimate is an underspend of £0.6m, which will help reduce the anticipated pressures across Property and Assets.

2026/27 Savings

4.45 As part of the savings programme for 2026/27, Neighbourhoods & Regeneration are required to deliver £2.5m of savings. Savings were identified within efficiency and income maximisation programmes, and also departmental specific savings.

4.46 Within the directorate specific savings, there are some risks to delivery:

- NR01 26-27 Lane Rental - It was expected the Lane Rental scheme would come into operation in Autumn 2026 and immediately generate income for the Council. There are delays to this scheme whilst its approval transfers from DfT to the London Mayor, and it is now unlikely to be operational and generate any income in 2026/27.

- NR02 26-27 – Asset utilisation. A number of options were considered for this saving, with the final one identified as looking to establish Padel Courts within the Borough. The delivery model of this scheme has yet to be confirmed which is leading to delays. This brings a risk to its income generation ability to achieve the saving.

4.47 The department expects to be able to mitigate these savings in 2026/27, which will ensure that the directorate's full saving commitment is achieved.

Summary of Key Assumptions

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

Key Assumption	Downside if worse	Upside if better	Mitigations
That newly implemented in-year savings can be achieved. This also assumes that the service would otherwise have broken even.	If the savings are not achieved, it will put pressure on the Council’s overall budget.	There are significant pressures on the Council’s overall budget, so if further savings are achieved to will go towards alleviating this.	Work has already begun to implement the savings. And alternative proposals are sought where not fully achievable through the original proposal.
Building Control is able to mitigate pressure on its income generation.	In 25/26 the department reported a £630k 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. In 2026/27 there is £340k remaining.

Recycling performance will improve and material prices for the recyclates will be in the forecast range.	There is a £529k difference between the central and worst case when modelling the cost of the recyclate reprocessing budget.	If recycling improves it will reduce the cost of waste disposal, leading to a rebate on forecast charges. Based on prior years this could be up to £500k.	The monthly data around tonnage, rejections and market prices for recycling are closely monitored. With ongoing work to improve recycling performance.
The waste contract has some variable elements which are paid for as used, for example winter maintenance. It is assumed that usage will be within the expected range.	This is demand led service can create a financial pressure for the service due to severe winter weather.	The expected budget for this element would not be utilised. This could then be used to cover pressures within the service which are mentioned above.	The service is aware of the costs of the variable elements. The volume is therefore closely monitored to ensure that the usage is appropriate.

Finance and Resources

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

Finance and Resources	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Finance Services	11.9	11.9	0.0
Organisational Assurance & Resilience	4.8	4.8	0.0
Shared Technology Services	0.0	0.0	0.0
Human Resources & Organisational Development	4.3	4.3	0.0
Legal Services	5.5	5.5	0.0
Democratic Services	6.2	6.2	0.0
Total	**32.7**	**32.7**	**0.0**

Summary

4.48 The Finance & Resources directorate is reporting a breakeven position at Q1.

Risks & Uncertainties

4.49 Within Democratic Services, the Complaints department has been noting a significant increase in the volume of complaints received. This puts significant pressure on the staffing of this service to ensure the complaints are resolved. Growth funding has been received to increase the capacity of the team, which will be monitored to ensure it is sufficient to reduce the workload pressure.

4.50 The Insurance service has experienced pressure in recent years due to changes to schools' insurance, with competition from a government backed insurance programme. Also, inflation is having an impact on the cost of insurance, due to claims for injuries with the increased values of personal injury settlements, and the cost of vehicle repairs from vehicle damage claims relating to footways and highways. A review of claims will be undertaken to ensure the budget is sufficient for the expected claims.

4.51 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. The Brent IT service is managed with the Service Reform and Strategy directorate.

2026/27 Savings

4.52 The directorate is required to deliver £1.5m of savings in 2026/27. These savings have all been identified within the directorate as part of the savings programme and include measures across the themes of commissioning & procurement, digital programme, efficiency and workforce.

4.53 Work is progressing to ensure saving plans are implemented and at Q1 all saving are expected to be achieved in 2026/27. In particular, with commissioning savings, contracts have been reviewed to ensure the necessary amendments are made to ensure the saving is deliverable in year. On the digital programme, projects are progressing to confirm the proposals that will be implemented which will enable the saving to be delivered in 26/27. Where any savings are not achievable through their original proposal, the department will look for other opportunities to ensure the total savings are still delivered.

Residents and Housing Services

Table 12: 2026/27 Quarter 1 forecast for Residents and Housing Services

Residents and Housing Services	Budget (£m)	Forecast (£m)	Overspend /(Underspend) (£m)

Housing Needs and Support	37.2	42.2	9.5
Housing Partnership and Tenant Engagement	2.5	2.5	0.0
Private Housing Services	0.1	0.1	0.0
Residents Services	22.4	22.4	0.0
Housing and Resident Services Corporate Director	0.1	0.1	0.0
Total	**62.3**	**71.8**	**9.5**

Summary

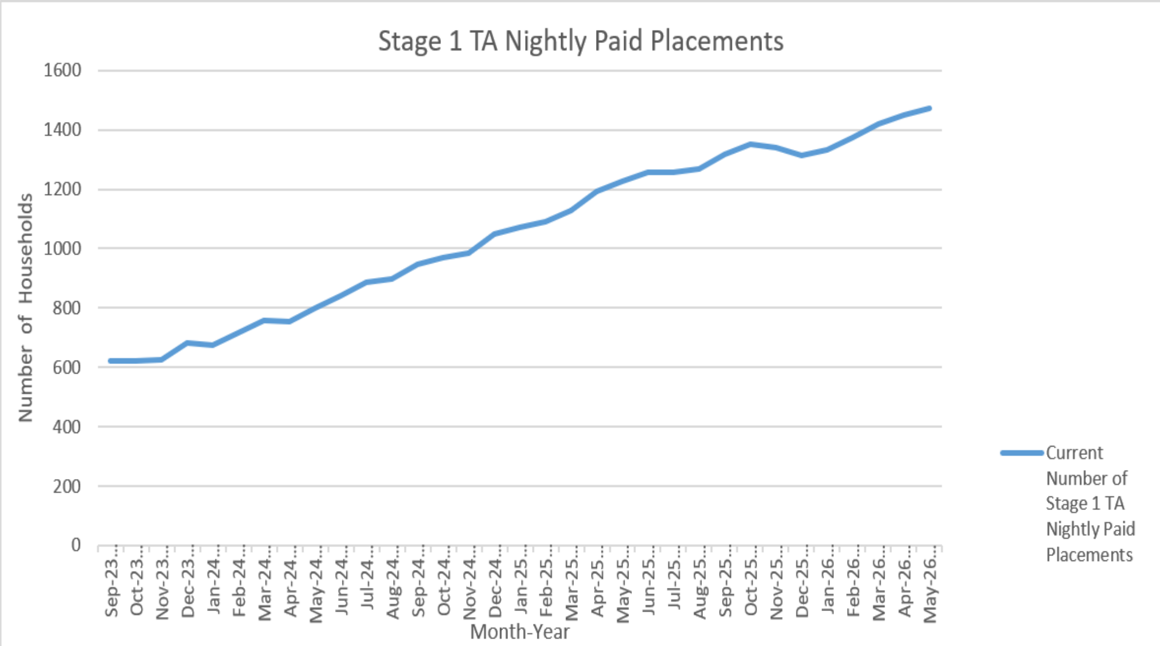
4.54 The Residents and Housing Service department is currently forecasting a £9.5m overspend for the financial year 2026/27. Significant pressures continue to be experienced by this directorate, largely in the Housing Needs and Support service. While mitigation plans are in place, delivery risks remain, particularly in relation to housing supply and market conditions.

4.55 The Housing Needs and Support budget overspent by £11.7m in 2025/26 due to an extremely high level of demand for this service and a lack of affordable Private Rented Sector (PRS) offers. In 2026/27, £8m of growth was built into the base budget, to deal with continuous pressures and demand. Accordingly, this places the 2026/27 budget in a £3.7m overspend position at the outset. Projections and forecasts for 2026/27 are continuously under review, modelling the current demand and costs in comparison to projected trends and movements.

4.56 In April 2026, there were 1,428 households in nightly paid accommodation, compared with 1,182 households in April 2025. This represents an overall increase of 9% since December 2025, when 1,312 households were in accommodation, with approximately half of the annual increase occurring between Q3 and Q4. As a result, the 2026/27 financial year begins with a projected overspend of £3.7m, with revised demand for 2026/27 estimated to cost a further £1.9m above initial assumptions.

4.57 Since the budget was set in February, there have been continued inflationary pressures, particularly relating to provider costs, although the scale remains subject to ongoing review. The original assumption of a £1.4m increase for 2026/27 reflected the best estimate at that time; however, more recent information suggests average costs have risen by around £10 a night per placement. Based on current activity levels, this could result in expenditure being up to £3.9m higher than initially anticipated for 26/27. These figures remain indicative and will continue to be monitored as part of regular financial updates.

4.58 Demand continues to increase in the nightly paid accommodation cohort. There has been an overall increase of 2% (30 households) in the use of nightly paid accommodation since the beginning of the financial year, in line with the increase observed in 2025/26. While this represents a slower rate of growth compared to previous periods, the substantial increases seen in prior financial years have resulted in a significantly high baseline of households in Stage 1 accommodation. This, coupled with increases in nightly rates from current providers, remains a concern. The slower rate of growth is a direct result of the recent influx of new-build social housing, which has been available for allocation to homeless households.



4.59 The Council is expecting 406 new properties to be added to its portfolio during 2026/27 as part of the capital program. These are mostly HRA properties, some of which may house people in temporary accommodation, depending on allocations, therefore alleviating pressures on this service. In 25/26, 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 prioritized 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.

4.60 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 £1.8m in

2026/27. 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.

4.61 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

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

Acquisition:

4.63 While 42 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 2026/27, 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.

4.64 Leasing

Various leasing options continue to be assessed to secure cost-effective nightly paid placements. However, negotiations, assessments and evaluations require time.

4.65 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, 89 moves have been completed, resulting in a cost reduction of approximately £3,742 per night.

4.66 Greenlight sourced over 300 units that are due for completion in 2026/27, with occupancy expected to be staggered throughout the year. These are 10-years plus one day leases, enabling the full LHA rate to be recovered under the housing benefits subsidy rules.

4.67 Private Rented Sector Acquisitions - I4B Holdings Ltd

I4B Holdings Ltd continue with an acquisitions program and are on track to deliver 19 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.

4.68 In April 2024, a new model of support for Brent residents was developed for three years through the piloting of Cost-of-Living Outcome Based Review (OBR) projects and guided by a series of design principles. The approach has a single, joined-up model including the Community Wellbeing Programme aligned with the Resident Support Fund (RSF), to support residents to be more resilient in the longer term and aligns closely with strategic priorities and related projects. The RSF supports the Council's approach towards addressing key community needs through strategic funding and partnerships, ensuring impactful and sustainable support for residents. £1m of recurring funding has been allocated in the Medium-Term Financial Strategy (MTFS) to support this model.

4.69 Other services within the department are also projecting to achieve a break-even position for the year. The 2025/26 budget has been set considering assumptions around future demographic changes, the impacts of the cost-of-living crisis and inflationary trends. It is based on these assumptions and current trends that the Residents and Housing Services department is forecasting to achieve a balanced financial position. However, there are risks and uncertainties that could impact the year's final financial outturn position.

Risks and uncertainties

4.70 Housing Needs and Support continues to represent the most significant area of within for the department. This is primarily driven by an exceptionally high and sustained level of demand for housing services and emergency accommodation, a challenge that is experienced nationally but particularly acute within London. As of the end of 2025/26, Brent received 8,795 homelessness support applications, including 5,309 from single individuals and 3,486 from families. This volume equates to approximately 169 new applications per week, underscoring the sustained and intense demand for housing services. This level of demand reflects a 21% increase compared to the 7,285 applications recorded during the 2024/25 period, with the need for housing support and associated costs remaining elevated. Despite the reduction in overall households, the volume of individuals and families requiring assistance continues to place considerable strain on resources, leading to sustained high costs for the provision of services. The 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. Projections will be updated once more data becomes available on the impact of the legislation.

4.71 Given that these challenges are experienced across London, the availability of Bed and Breakfast (B&B) and annexe accommodation is severely limited throughout the capital. This shortage of suitable accommodation is driving reliance on higher-cost providers and, in some cases, placements outside of Brent. Such arrangements not only increase financial pressures due to elevated accommodation costs but also impose additional burdens on families, including increased travel expenses for children attending schools in Brent.

4.72 The supply of settled TA properties, leased from private landlords and intended to transition families out of Bed and Breakfast (B&B) and annexe accommodation, has also declined. This reduction is primarily driven by a decrease in the procurement of new properties under Private Sector Leasing (PSL) schemes, coupled with landlords opting not to renew leases on existing properties upon expiration.

4.73 A targeted programme of work has been established to address and contain the projected overspend. Multiple workstreams have been initiated, focusing on improving the affordability of temporary accommodation and exploring new and alternative housing supply options. Council officers are proactively renegotiating contract prices and identifying alternative solutions to relocate some of the highest-cost cases, with the objective of reducing overall expenditure within the Housing Needs service. Officers continue to rigorously assess and manage homelessness applications to prevent or relieve demand where possible. In the 2025/26 financial year, 67% of homelessness approaches were successfully prevented or relieved.

4.74 In the 2026/27 financial year, i4B is continuing its street property acquisition programme with an initial target of acquiring 19 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.

4.75 In addition, supported exempt accommodation properties continue to create financial pressures for the Council and represent a budgetary risk for 2026/27. 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 £2.1m occurred in 2025/26 and this area of spend being carefully monitored.

4.76 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. The Supported Housing (Regulatory Oversight) Act 2023 introduced a number of important reforms to the supported housing system, with a particular focus on reforming supported exempt accommodation (SEA). The strategy introduced the Government's requirement of councils to develop a local supported housing strategy by end of 2026/27. It also introduced the Government's intention to introduce a dedicated supported housing licensing scheme that Councils would be asked to deliver. To address this the Council has established a dedicated working group to focus on developing a clear strategy. This will involve reviewing both new and existing landlords and verifying the adequacy of care provision. The Council continues horizon scanning to ensure alignment with emerging regulatory requirements and to inform future operational and financial planning.

2026/27 Savings

4.77 A total of £2.6m in savings is planned to be delivered from the department's budgets in 2026/27. Savings delivery across the service areas is progressing broadly in line with planned timelines, with all proposals supported by defined delivery approaches and clear accountability. Income generation initiatives, including Registration, Cemeteries and Licensing, are performing positively, supported by uplifted fees and increased demand.

4.78 Workforce-related efficiencies, particularly agency control measures, are being realised through strengthened governance and recruitment to permanent roles, reducing reliance on temporary staffing. Programme-based savings, such as the Resident Experience Board, are advancing, with benefits emerging incrementally as implementation is embedded, though these continue to require close oversight to ensure full financial realisation. Demand-led savings linked to the shift from Housing Benefits to Universal Credit have progressed. However, the Housing Benefit team's caseload remains high due to residual Housing Benefit work and a slight rise in Council Tax Support assessments. The team is monitoring impacts on assessment timescales, and mitigations include recruitment to vacancies and automation. Efficiency savings allocated per service level are largely on track, with delivery plans in place and monitored regularly. Commissioning and Procurement savings arising from long term temporary accommodation leasing deals are in line with planned timelines.

4.79 The original plan to deliver £270k of savings through the Xantura platform is no longer viable for 2026/27 due to development delays and increased integration costs; instead, savings will be achieved through enhanced early intervention by increasing staffing capacity within the Family Wellbeing Centres to prevent homelessness.

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	A 5% worsening in the collection rate will cost £0.3m per quarter	A 5% improvement in the collection rate will recover	Collection rates are being closely monitored and investigations into the drivers

anticipated level.		£0.3m per quarter	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.

5.0 Central items

Collection Fund – Council Tax

5.1 The net collectible amount for Council Tax for 2026/27 (after exemptions, discounts and Council Tax Support) as at 31 May 2026 was £253.3m. As at the end of May 2026, the amount collected was 19.2% which is 0.1% lower than the amount collected in the same period in 2025/26, and the percentage collected in the same period in 2024/25.

5.2 The service have set an in-year target for 2026/27 of 93.5% collection of Council Tax, which is an increase of 1.9% on the 91.6% achieved in 2025/26. 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 2026/27, compared to previous years, meaning that improvements are required to collection across the remainder of this financial year in order to meet this target.

5.3 The collection rate as at 31 May 2026 for those on CTS of working age is 17.5% (17.3% at 31 May 2025, 0.2% increase) with 68% having made a payment towards their 2025/26 council tax bill. The numbers making payment have increased since April following the dispatch of 8,500 soft reminders and 2,300 formal reminders. So far 1,401 have been issued with a summons as no payment has been received following the formal reminder. At the summons hearing on 9 July the Council will obtain liability orders and for some cases deductions from benefits will be set up to reduce the balances. However, the collection for these balances will be slow and likely means that these individuals will carry forward arrears into 2027/28.

5.4 To continue with offsetting the impact of the changes on the recipients of CTS, a Hardship Fund was agreed as part of the 2026/27 budget, providing £1.5m of support, £0.4m of which is funded by the Greater London Authority (GLA). As of 31 May 2026, 730 applications have been received for support from this fund and 523 (71%) have been approved. The dispatch of recovery notices have generated more applications for this support.

5.5 The Council Tax service has made clear progress following the implementation of the Council Tax Improvement Plan, with additional staffing capacity, more proactive billing and recovery activity, and improved use of data all contributing to stronger performance. Backlogs have been reduced, processing times have improved, and the increased volume and timeliness of reminders and summonses are supporting better in-year collection. In this context, it is important to note that the total amount to collect has increased by £13.9m. Arrears recovery has also strengthened, and while progress remains gradual, early evidence shows that the enhanced processes, targeted interventions and resident-focused engagement are delivering a positive and sustainable improvement in overall collection performance.

Collection Fund – Business Rates

5.6 The budgeted net collectable amount for Business Rates (NNDR) for 2026/27 was £159.5m (after exemptions, reliefs and discounts). This was based on the forecast used for the NNDR1 form in January 2026 and has increased by £9.7m from £149.8m in 2025/26. This increase is largely due to the 2026/27 revaluations of the rateable values of non-domestic properties. The rateable value has increased by 20.6% on the rateable value for 2025/26 based on the NNDR1 forecasts. This is 1% above the national average increase for England.

5.7 The actual net collectible amount for NNDR as at 31 May 2026 was £156.8m, a decrease of £2.7m from the forecast used in the NNDR1. 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.

5.8 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.

5.9 As at 31 May 2026, the amount collected for NNDR was 16.2%, which is 1.6% lower than the amount collected in the same period in 2025/26 (17.8%) and 1.1% lower than the equivalent collection in 2024/25. Collection in 2025/26 was 94.1%, but the service is targeting a return to 95.5% in-year collection in 2026/27.

5.10 Collection performance continues to be impacted by external factors, most notably business rates avoidance schemes and the 2026 revaluation. Collection performance has been adversely affected by increased numbers of Checks, Challenges and Appeals (CCAs) submitted to the VOA following NNDR revaluation increases. Higher liabilities have affected some ratepayers' ability and willingness to pay, leading to requests for collection and recovery holds pending VOA decisions. These delays defer collection activity, particularly on high value accounts and has impacted in year collection and arrears collection performance**.**

5.11 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.

5.12 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.

Virements

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

Table 14: Virements and adjustments in 2026/27 budget between Full Council February 2026 and 30.04.2026

	2026/27 Budget agreed at Full Council 23 February 2026	**In-year growth**	**Transfer of functions between services**	**Technical Adjustments**	**2026/27 In-Year Budget at 30.04.2026**
	£m	**£m**	**£m**	**£m**	**£m**
Service Reform and Strategy	204.5	0.2	0.0	1.0	205.7
Children, Young People and Community Development	110.8	0.0	0.0	0.2	111.0
Neighbourhoods and Regeneration	35.8	0.3	0.0	0.4	36.5
Residents and Housing Services	60.2	0.2	0.0	1.9	62.3
Finance and Resources	32.3	0.0	0.0	0.3	32.7
Capital Financing	39.4	0.0	0.0	2.5	41.8

Central Budgets	18.8	(0.8)	0.0	(6.2)	11.7
Core Funding	(501.8)	0.0	0.0	0.0	(501.8)
Total Budget	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

5.14 In-year growth items are budget movements from the Central Items budget to Departmental budgets which were not actioned at the start of the financial year. The table above includes the following in-year growth items added in April 2026:

- Temporary funding for Business Cases in Service Reform and Strategy (£0.2m) and Neighbourhoods and Regeneration (£0.3m)

- Temporary funding for the Embrace Change Portfolio in Residents and Housing Services (£0.2m)

5.15 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 does not include any transfers of functions between services in April 2026.

5.16 Technical adjustments are budget movements resulting from events which are provided for in the MTFS, but only confirmed during the year (e.g. pay award), budget movements resulting from changes to processes (e.g. centralisation of budgets) or other budget movements between directorates resulting from changes to the Council's structure. The table above includes the following technical adjustment items added between Full Council on 23 February 2026 and 30 April 2026:

- Adjustments to allocation of growth and savings and in respect of changes arising from the Fair Funding Review (£1.0m to Service Reform and Strategy, £0.2m to Children, Young People and Community Development, £0.4m to Neighbourhoods and Regeneration, £1.9m to Residents and Housing Services, £0.3m to Finance and Resources, £2.5m to Capital Financing and £6.2m from Central Budgets).

6.0 Dedicated Schools Grant (DSG)

Table 15: 2026/27 Quarter 1 forecast for Dedicated Schools Grant by block

Funding Blocks	Overall DSG Funding 2026/27	Forecast Expenditure	Overspend/ (Underspend)
	£m	**£m**	**£m**
Schools Block	129.6	129.6	0.0
High Needs Block	84.7	104.3	19.6
Early Years Block	45.4	44.0	(1.4)
Central Block	2.5	2.5	0.0
Total DSG	**262.2**	**280.4**	**18.2**

Summary

6.1 There have been increases across the DSG funding Blocks for 2026/27, bringing the total DSG allocation to £452.2m for Brent. Of this, £176.5m from the School block and £10.6m from the High Needs Block are recouped by the Department for Education (DfE) and paid directly to academies, with a further £3.2m recouped from the Schools Block for National Non-Domestic Rates (NNDR), which are paid directly to billing authorities on behalf of schools. This results in a net allocation of £262.2m as reflected in the table above. For 2026/27, no transfer has been made from the Schools Block to the High Needs Block, reflecting funding formula constraints and affordability pressures on schools, in contrast to previous years.

6.2 The High Needs Block budget is forecast to face a funding deficit of £19.6m in 2026/27. This reflects significant and sustained budget pressures arising from a 10.6% increase in Education, Health and Care Plans (EHCPs) as of March 2026, alongside a 12.6% increase in the number of Brent children placed in independent schools over the same period due to insufficient provision within the borough. No additional growth funding has been provided in 2026/27 to address this rising demand or inflationary cost pressures. While the High Needs Block allocation increased by £4.3m, this uplift primarily reflects the consolidation of the annualised Core Schools Budget Grant (CSBG) funding introduced in 2025/26 for special units and resourced provision, rather than new funding to support increasing demand. As a result, the High Needs Block is projected to experience an in-year budget pressure of £19.6m in 2026/27.

6.3 The number of children with Special Educational Needs and Disabilities (SEND) requiring EHCPs increased from 3,892 in March 2025 to 4,306 in March 2026, representing a growth of 10.6%. This increase has driven projected growth in top-up funding expenditure across in-borough mainstream academies and special schools, placements in independent day special schools due to insufficient in-borough capacity, and alternative education provision for children awaiting placements. Additional pressures have also arisen from a growing number of young people progressing into post-16 provision.

6.4 No additional growth funding has been allocated for the 2026/27 financial year to address these forecast pressures. As a result, the funding gap is expected to widen, further intensifying the financial challenges within the High Needs Block.

6.5 The Early Years Block is forecasting an underspend of £1.4m in 2026/27, as identified at the budget setting stage. The Early Years allocation for 2026/27 is based on DfE estimates derived from termly census data, in line with the updated funding methodology. In contrast, expenditure is based on local estimates of participation and provision costs. This represents a change from previous years, where both funding and expenditure were aligned to the January census, resulting in greater consistency. As a result, any variance between estimated and actual participation levels increases the risk of underspend or clawback at year end.

6.6 At the end of quarter 1, the Schools Block and Central block are forecast to break even.

6.7 The cumulative DSG deficit brought forward from 2025/26 was £20.2m. This includes an in-year deficit of £6.6m recorded in 2025/26. The deficit has been disclosed as an earmarked unusable reserve in line with the School and Early Years Finance (England) Regulations 2024.

6.8 The Council continues to monitor its High Needs Block Deficit Recovery Management Plan, which outlines a series of long-term actions aimed at managing the cumulative deficit. The plan is overseen by the Corporate Director of CYPCD and the Corporate Director of Finance & Resources who coordinates and monitors actions set out in the Plan. The Plan is grouped into three themes: a) managing demand, b) increasing the sufficiency of local places and c) financial management adjustments. As at the end of quarter 4, 2025/26, cost avoidance against the three themes equated to £1.8m. The combined impact of these longer-term recovery actions, alongside anticipated funding increases, is expected to mitigate the rate of growth in the deficit as much as possible, however, the deficit is still forecast to increase. New Key Performance Indicators will be agreed to monitor progress throughout 2026/27.

Risk and Uncertainties

6.9 The DSG cumulative deficit of £20.2m as of March 2026 reflects a continued deterioration in the financial position, driven primarily by pressures within the High Needs Block. Based on the forecast position at Quarter 1, a further in-year overspend of £18.2m is expected in 2026/27, which would increase the cumulative deficit to £38.4m by the end of the financial year. This highlights the ongoing mismatch between funding and demand. While the Government has indicated that it will take an “appropriate and proportionate” approach to deficits arising in 2026/27, the lack of clarity on the scale and limits of this support creates uncertainty for financial planning and risk management.

6.10 In respect of historic deficits, the Government has indicated that funding support may cover up to 90% of the accumulated deficit up to March 2026 and committed to support at the same level towards deficits in the 2026/27 and 2027/28 financial years, subject to conditions and the delivery of locally agreed SEND reform plans. This introduces delivery and compliance risk, as access to funding is contingent on meeting specific requirements, and there is a possibility that some of the anticipated 90% support may not be realised if these conditions are not fully met or delivery is delayed.

6.11 Although the Government has set out a programme of SEND reforms and additional short-term funding streams, including the High Needs Stability Grant, these measures are at an early stage of implementation and have yet to deliver tangible financial or operational benefits. There remains significant uncertainty regarding the pace of implementation and whether these reforms will materially reduce demand for EHCPs or the cost of placements, meaning underlying cost pressures are likely to persist in the medium term.

6.12 The extension of the statutory override to March 2028 provides temporary mitigation by allowing DSG deficits to be held off the General Fund. From April 2028, the Government's intention to assume responsibility for future SEND costs should reduce the Council's exposure to ongoing in-year pressures. However, this does not resolve the issue of historic and accruing DSG deficits, for which no confirmed long-term solution has yet been set out. As a result, while future risks may reduce, the Council remains exposed to a potentially significant residual liability relating to deficits built up to 2027/28, particularly as further deficits are expected to accumulate over the next two financial years.

7.0 Housing Revenue Account (HRA)

Table 16: 2026/27 Quarter 1 forecast for Housing Revenue Account

HRA gross income and expenditure			
	Budget	**Forecast**	**Overspend/ (Underspend)**
	£m	**£m**	**£m**
HRA			
Income	(84.4)	(84.4)	**0.0**
Expenditure	84.4	84.4	**0.0**
Total	**0.0**	**0.0**	**0.0**

Summary

7.1 Budgets for the Housing Management function sit within the ring-fenced Housing Revenue Account (HRA), which holds a balanced budget for 2026/27 of £84.4m of income matched by £84.4m of expenditure. This is up from £69.3m budgeted in 2025/26 (£73.3m outturn), reflecting the 4.8% rent increase permitted under the Government's new ten-year social rent settlement from April 2026, together with planned growth in the housing portfolio.

7.2 The HRA is currently forecasting a break-even position, though it continues to face significant risks and financial pressures.

Risks and uncertainties

7.3 While inflation and interest rates have eased from their recent peaks, they continue to exert pressure on both operational and capital costs. CPI inflation has fallen to around 2.8% and the Bank Rate to 3.75%, but both remain above the lows of the previous decade and there is renewed upside risk to inflation. The cost of materials and labour for repairs and maintenance, and of financing new build and improvement programmes, therefore, remains elevated.

7.4 The HRA is also contending with elevated demand for repairs and maintenance. A large volume of complex repairs, together with increased instances of damp and mould, continues to strain budgeted resources. This pressure is compounded by Awaab's Law, in force since October 2025, which requires damp and mould and all emergency hazards to be remedied within fixed statutory timescales, with its scope widening to further hazards through 2026 and 2027. These compliance obligations, alongside the underlying demand for responsive maintenance, are expected to continue throughout the year and may push costs beyond original estimates.

7.5 The repairs and maintenance contracts introduced for the service add further uncertainty. As they continue to embed, actual costs and the efficiencies they will deliver remain difficult to predict, which could affect expenditure forecasts.

7.6 Further pressures stem from the capital programme. While the Government has set out additional funding for the sector – including the Warm Homes Plan, the Warm Homes: Social Housing Fund for energy-efficiency works, and building-safety remediation funding – these streams are competitive, time-limited and, for many authorities, insufficient to meet the full cost of environmental priorities and statutory requirements such as carbon reduction and fire safety. Forthcoming standards, including the reformed Decent Homes Standard and proposed minimum energy-efficiency standards for the social rented sector, are expected to add further pressure. This shortfall strains the HRA's capital resources, complicating efforts to invest in sustainable, energy-efficient improvements while balancing other essential needs.

7.7 The financial and operational risks of adding 326 properties to the portfolio during the year must also be acknowledged. Portfolio growth can strain management and maintenance resources, raising operational costs and challenging consistent service quality. Careful planning and resource allocation will be critical to ensuring expansion supports long-term financial sustainability.

7.8 Managing rent debt is also crucial to the HRA's financial health. The 4.8% rent increase, while underpinning income, adds to affordability pressures for tenants and could raise arrears and bad-debt provisions, directly affecting revenue and the Council's capacity to fund services and maintenance. Persistent rent debt strains financial planning and drives higher write-offs. Robust, ethical debt recovery and proactive tenant engagement therefore remain essential to minimising arrears and safeguarding the service's financial stability.

7.9 The Council remains under regulatory scrutiny following its April 2025 self-referral to the Regulator of Social Housing, prompted by building-safety compliance failings – including fire-safety actions incorrectly recorded as complete and inconsistencies in asbestos, water-safety and detector data. The Regulator issued a non-compliant C3 consumer grade on 28 May 2025. The Council has since been delivering a Housing and Asset Management Service Improvement Plan, with regular engagement with the Regulator, and reports that that good progress is being made, with stock-condition survey coverage now above 70% of homes with the target of 100% planned on being achieved this year. The programme nonetheless remains a significant risk and financial pressure on the HRA: remediation and recovery costs are still being quantified, with comparable authorities reportedly incurring around £2.3m in similar circumstances. There is also a risk to grant funding for housing development while the Council operates under regulatory scrutiny, until full compliance is demonstrated.

7.10 While the HRA's reserves stand at the target level of 5% of turnover, this is relatively low compared with the Council's peers. The smaller reserve base limits the Council's capacity to absorb unforeseen pressures or emergencies, particularly given the wider strain on its overall reserves. Strengthening reserves will be important to improve financial resilience and flexibility in managing future challenges.

7.11 These risks are continuously monitored and reflected in the HRA Business Plan and the Council's Medium Term Financial Strategy (MTFS). The Government's ten-year rent settlement also provides greater certainty over future rental income, supporting longer-term investment planning.

8.0 Capital Programme

8.1 As at Quarter 1, the capital programme is forecasting expenditure of £32.6m against a revised budget of £348.0m for an overall variance of £21.4m. The £21.4m variance comprises net slippage of £19.1m and net underspend of £2.3m. 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: 2026/27 Quarter 1 forecast for the Capital Programme

Portfolio/Programme	Original Budget 2026/27	Revised Budget 2026/27	Current Forecast	FY Variance	
				(Underspend) / Overspend	(Slippage)/Brought Forward
	£m	£m	£m	£m	£m
Corporate Assets	50.1	61.5	56.8	(0.2)	(4.5)
Affordable Housing Supply	51.3	67.3	66.9	(0.4)	-
Housing HRA & Management	44.9	49.5	49.5	(0.0)	0.0
Regeneration	68.2	79.0	72.9	1.1	(7.2)
Child and Young People	34.3	30.2	30.2	0.0	-

South Kilburn	45.0	60.5	50.4	(2.8)	(7.3)
Grand Total	**293.8**	**348.0**	**324.6**	**(2.3)**	**(19.1)**

Budget Adjustments

8.2 The Council, at its February 2026 meeting approved a 2026/27 capital budget £293.8m. At the end of the 2025/26 financial year slippage of £102.3m was identified and added to this approved budget.

8.3 As at Quarter 1 budgets totalling £48.1 million have been reprofiled out of the 2026/27 budget to give a revised budget figure of £348m. Of the reprofiled amounts, significant items are:

- £30.4m I4B budget reprofiled over future financial years to 2029/30.
- £5.4m St Raphael's Estate Regeneration moved to 2028/29.
- £4.0m SEND Capital Programme budget moved to 2027/28.
- £2.8m in relation to Welsh Harp Post-16 Centre moved to 2027/28.
- £1.4m budget for Waste Vehicles Purchases reprofiled to 2029/30.

More details on budget revisions are contained in the medium term financial outlook report.

Corporate Assets

8.4 The Corporate Assets Board consists of the Corporate Landlord portfolio and Public Realm. Corporate Landlord is responsible for overseeing the strategic management and investment in the Civic Centre, digital strategy, libraries and other council properties while Public Realm relates to improvements to community infrastructure in Brent including roads, parks and CCTV.

8.5 Corporate Assets is reporting a net projected variance of £4.7m due mainly to slippage of £3.0m on Gladstone Park Youth and Community Centre Redevelopment as the scheme is subject to planning permission, which is expected to be submitted in the autumn of 2026, and £1.1m slippage on controlled parking works in Beresford Avenue, Mount Pleasant CPZ and North End Road. The slippage is partially offset by forecast accelerated spend on Retained Estates due to essential projects that have been brought forward to 2026/27, with a corresponding decrease in expenditure expected in later years.

8.6 As agreed by Cabinet in January 2026 the initial £0.5m of the Government's Pride in Place Impact Fund awarded to the Council has been directed towards the priority thematic areas of "Pride in Parks" and "Pride in High Streets / Don't mess with Brent". Specific investments include the refurbishment of Roundwood Park's public toilets, new street signs and posts, and additional CCTV capacity to support effective enforcement.

8.7 The second and final £1.0m tranche of this capital funding is included in the 2026/27 budget and will continue to support the priority themes set out above, alongside an additional theme of “Pride in Estates” - this will support the wider strategic goal to improve community spaces, safety, and the public realm.

8.8 The Pride in Place Impact Fund is separate to the broader Pride in Place Programme that the Government has selected Harlesden and St Raphael’s to be part of. In each of these local areas, the Council will establish Neighbourhood Boards to develop and oversee investment plans. Recruitment for the Independent Chairs of these Boards is underway. Officers are also currently working through the implications for the Capital Programme.

8.9 The revised 2026/27 budget of £61.5m compares to budget of £47.8m in 2025/26, reflecting that the Council has chosen to prioritise public realm improvements and digital transformation. Significant increases in the level of capital expenditure from one year to next puts pressure on capacity and increases the risk of slippage. The large number of small projects within the public realm element of the Board area can be difficult to forecast, especially because the area is especially prone to factors beyond the Council’s control such as poor weather or specific grant conditions. A key challenge for the Corporate Landlord area will be realising cashable savings from the Digital Strategy in line with its objectives. This is monitored through quarterly updates to the Capital Programme Board.

Housing

8.10 The Affordable Housing Supply Board is forecasting a net variance of £0.4m comprised of £1m underspend mostly against brought forward budgets. This is offset by overspend of £0.7m, including £0.5m against Clock Cottages, which has exhausted its budget due to multiple delays in handover. There is remaining GLA safeguarding grant of £0.5m to finance this project, however any further overspends will need to be funded by additional borrowing.

8.11 Delays in handover are one of the most significant risks in the Affordable Housing Supply capital programme as completion on Church End, Alperton Bus Garage and Pharamond has been delayed from the original timetable. The causes of these delays are multi-faceted but include developer delays and the need to seek agreements with multiple stakeholders, such as UK Power Networks. These delays have an impact on the viability of these schemes, which is already under severe pressure due to high build and borrowing costs. Another emerging challenge is new fire safety requirements and officers are putting in place interim measures to comply with the requirements and enable the blocks to be occupied, whilst also collaborating with other London boroughs on longer term solutions.

8.12 The Housing HRA and Management Board is forecasting a nil variance, which is important given the financial pressures in the HRA and the need to invest in essential improvements in existing housing. Due to brought forward slippage and identification of one off sources of funding that do not involve additional borrowing, the major repairs budget for 2026/27 has increased by almost £9m compared to 2025/26. Nevertheless, difficult prioritisation decisions are still required given the scale of improvements required.

8.13 Budget changes in the major repairs programme include virements from brought forward slippage (£2.5m) and enfranchisement (£1.2m) to:

- £0.8m for major repairs for which an insurance claim has been submitted. Brent self insures HRA properties up to £0.5m;
- £0.3m for a new programme of structural surveys. This budget may be revised further following the tender exercise;
- £2.0m to complete a major ongoing block refurbishment including contingency;
- £0.3m for adaptations to HRA properties for disabled or elderly residents; and
- £0.3m for staff capitalisation.

Regeneration

8.14 The Regeneration programme is delivering new homes, infrastructure and community assets to support inclusive growth and sustainability. The current forecast is a net variance of £6.1m; £7.2m slippage offset by £1.1m overspend.

8.15 The projected £7.2m slippage is primarily due to design and planning works at Grand Union Canal being delayed, resulting in expected slippage of £3.2m. Staples Corner Growth Area and Neasden Civic Partnership Programme are each showing slippage of £1.1m (total £2.2m) due to updated delivery plans. The level of slippage reflects the complexities of delivering the Council's ambitious regeneration programme with the need to liaise with a variety of stakeholders such as businesses, registered providers and other public bodies.

8.16 Wembley Housing Zones is projecting an overspend of £1.1m mainly due to contract variations agreed to date, the impact of a water leak and the acquisition of Ujima car park freehold. The project is expected to be completed by November 2026 with the delivery of 291 homes (50% affordable) as well as a significant land receipt for the Council

Children and Young People

8.17 The Children and Young People (CYP) Board oversees the planning, delivery, and monitoring of capital investment in Brent's school estate, including projects that support the expansion of school places, improvements to existing facilities, and the development of specialist provision such as SEND (Special Educational Needs and Disabilities) infrastructure. The programme ensures that educational environments across the borough are safe, inclusive, and fit for future learning needs. The capital delivery and CYP team liaise closely with schools and the Department for Education to deliver the programme.

8.18 CYP Board is forecasting a nil variance. Some reprofiling of budgets has taken place to more accurately reflect anticipated expenditure:

- SEND Capital Programme - £4m reprofiled to 2027/28 primarily due to delays in works at Woodfield School.
- Welsh Harp Post-16 Centre - £2.8m reprofiled to 2027/28 following revised cost estimates received from the contractor.
- SEND Capital Programme Phase II - £1.6m reprofiled across 2027/28 and 2028/29. This reflects indicative costs returned by the contractor.

South Kilburn

8.19 The South Kilburn regeneration programme continues to deliver significant investment in new homes, infrastructure, and community facilities**.**

8.20 The procurement process for the Single Delivery Partner (SDP) is progressing well with the contract expected to be awarded in the autumn. Bids have been received from three shortlisted bidders and are currently being evaluated. The SDP model is intended to streamline delivery and improve co-ordination of the major regeneration programme but carries risks such as dependence on a single supplier. Finance and Legal, as well as commercial consultants and legal advisers, are heavily involved in the process to ensure risks from a single provider are addressed, land receipts are maximized and delivery is robust and secure. The £2.8m projected underspend relates to net underspend on SDP sites, due to updated rehousing forecasts and some costs being reclassified as revenue. These budgets are under review as part of the SDP procurement process and will be revised following discussions with the appointed SDP.

8.21 The remaining £7.3m variance in the Capital Programme is slippage, predominantly £5.0m on the District Heat Network project. £12.7m expenditure is still expected in year on design and initial construction. The slippage has been caused by a longer than expected procurement process. A reprofiling exercise will take place following discussions with the contractor and consultants. The GLA's Green Finance Facility have approved a £12.0m loan offering a substantial discount on the Council's usual borrowing rates from the PWLB.

8.22 Longer delivery timetables on the SDP as the partner seeks to maximise land receipts (such as through planning variations to increase the quantity of homes) could impact the viability of the heat network. This creates a balancing effect, whereby any delay in heat network income could be offset through additional receipts. The Council will actively manage this trade-off through the regeneration programme including through the establishment of a fortnightly co-ordination group to ensure that neither the overall development value nor the viability of the heat network scheme is compromised. Delivering the regeneration at pace remains a key priority.

Capital Financing

8.23 Capital financing consists of interest costs on prudential borrowing to fund the capital programme and minimum revenue provision (a prudent charge for the repayment of borrowing). The current forecast is a nil variance from the budget of £41.9m. This reflects the £3.0m growth compared to 2025/26, which takes account of the cumulative nature of capital borrowing and minimum revenue provision, as well as current high interest rates.

8.24 It is exceptionally challenging to accurately forecast the capital financing outturn as it is reliant on a number of factors beyond the Council's control such as interest rates, the valuation of completed housing transferring to the HRA and whether lenders exercise their options to call LOBO loans. In addition, it is dependent on accurate forecasting of the capital outturn and the timing of capital receipts being in line with expectations. Finance will refine the estimates based on updated interest rates and capital forecasts ahead of Q2.

8.25 The Council is managing the risks in line with the approach set out in the Treasury Management Strategy and the advice of external Treasury Advisers. Central to this approach is borrowing "little and often" to take advantage of short-term reductions in interest rates and ensure the Council does not hold cash balances for longer than necessary.

Treasury Management Prudential Indicators

8.26 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 first quarter of the financial year are in Appendix A.

9.0 Stakeholder and ward member consultation and engagement

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

10.0 Financial Considerations

10.1 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 2026/27. Financial implications of agreeing to this report are included within the forecasts provided.

11.0 Legal Considerations

11.1 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).

12.0 Equity, Diversity & Inclusion (EDI) Considerations

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

13.0 Climate Change and Environmental Considerations

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

14.0 Human Resources/Property Considerations (if appropriate)

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

15.0 Communication Considerations

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

Report sign off:

Minesh Patel
Corporate Director, Finance and Resources

Legal considerations provided by:
Pameel Crowther Newman

Finance considerations provided by:
Rav Jassar