Appendix 1

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

Financial Outturn 2025/26

Wards Affected:	ALL
Key or Non-Key Decision:	KEY
Open or Part/Fully Exempt: **(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)**	OPEN
List of Appendices:	N/A
Background Papers:	N/A
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1.0 Executive Summary

1.1 This report presents the 2025/26 financial outturn for the General Fund, the Housing Revenue Account, the Dedicated Schools Grant and the capital programme.

1.2 The General Fund recorded an overspend of £18.3m, representing an adverse movement of £5.8m compared with the Quarter 3 forecast reported to Cabinet in January 2026. This overspend has been funded from reserves earmarked to manage in-year pressures. The Dedicated Schools Grant overspent by £6.6m, which is £1.8m higher than the Quarter 3 forecast. The Housing Revenue Account reported a breakeven position. The capital programme delivered expenditure of £215.4m, equivalent to 65% of the revised budget. The 2025/26 revenue budget also incorporated £20.4m of savings agreed by Full Council in February 2025.

1.3 The tables below summarise the outturn position for the General Fund, Dedicated Schools Grant and Housing Revenue Account.

Table 1: 2025/26 Overall Outturn

Service Area	**Revised Budget**	**Actual Transactions**	**Over/(Under) Spend**	**Q3 Forecast**
	£m	**£m**	**£m**	**£m**
Service Reform and Strategy	183.4	191.7	8.3	8.1
Children, Young People and Community Development	97.1	97.5	0.4	2.1
Neighbourhoods and Regeneration	31.8	30.1	(1.7)	(2.0)
Finance and Resources	33.7	33.3	(0.4)	(0.2)
Residents and Housing Services	32.8	44.5	11.7	4.5
Subtotal Service Area Budgets	**378.8**	**397.1**	**18.3**	**12.5**
Capital Financing	38.9	38.9	0.0	0.0
Central Budgets	18.6	2.4	(16.2)	(12.5)
Central Funding	(436.3)	(438.4)	(2.1)	0.0
Subtotal Central Items	**(378.8)**	**(397.1)**	**(18.3)**	**(12.5)**
DSG Funded Activity	0.0	0.0	0.0	0.0
General Fund Outturn	**0.0**	**0.0**	**0.0**	**0.0**
Housing Revenue Account (HRA)	0.0	0.0	0.0	0.0
Total (GF, HRA)	**0.0**	**0.0**	**0.0**	**0.0**

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

Table 2: 2025/26 Outturn for the Dedicated Schools Grant

DSG gross income and expenditure	Budget £m	Overspend / (Underspend) £m	Q3 Forecast £m
Income	(250.6)	0.0	0.0
Expenditure	250.6	6.6	4.8
Total	**0.0**	**6.6**	**4.8**

Table 3: 2025/26 Outturn for the Housing Revenue Account

HRA gross income and expenditure	Budget £m	Overspend/ (Underspend) £m	Q3 Forecast £m
Income	(69.9)	(3.4)	(3.6)
Expenditure	69.9	3.3	5.9
Surplus/Deficit (Transfer to/from HRA reserve)	**0.0**	**(0.1)**	**0.0**

Table 4: 2025/26 Capital Outturn

Capital Board	Revised Budget	Outturn	Variance		
	£m	£m	(Underspend)/ Overspend	(Slippage)/ Brought Forward	Variance Total
			£m	£m	£m
Corporate Landlord	13.4	11.8	(0.1)	(1.5)	(1.6)
Housing GF	73.9	50.1	(17.2)	(6.6)	(23.8)
Housing HRA	27.6	18.3	(0.9)	(8.4)	(9.3)
Invest for Brent (I4B)	41.9	0.0	0.0	(41.9)	(41.9)
Public Realm	34.9	22.9	0.3	(12.3)	(12.0)
Regeneration	84.2	73.5	0.1	(10.9)	(10.8)
Children & Young People	25.5	20.5	0.2	(5.2)	(5.0)
South Kilburn	26.9	12.3	0.8	(15.5)	(14.6)
St. Raphael's	0.4	0.4	(0.0)	(0.0)	(0.0)
Total	**328.9**	**209.8**	**(16.8)**	**(102.3)**	**(119.1)**

1.4 Overall, the General Fund overspend reflects continued and significant pressures in social care and homelessness services. Although the 2025/26 budget included growth to address rising demand and market driven cost increases, activity levels and complexity exceeded expectations, resulting in overspends in these demand led areas.

1.5 Looking ahead to 2026/27, additional budget growth has been built into these services; however, material risks remain. Demand for services, cost inflation and increasing case complexity continue to place pressure on the Council's financial position. Managing these risks will be essential to achieving a balanced outturn for 2026/27. Further detail is provided in the Quarter 1 Financial Forecast and the Medium Term Financial Outlook, which accompany this report.

2.0 Recommendation(s)

2.1 That Cabinet note the financial outturn for 2025/26.

3.0 Cabinet Member Foreword

3.1 This report sets out the Council's final financial position for 2025/26, covering the General Fund, the Housing Revenue Account, the Dedicated Schools Grant and the capital programme. It reflects another demanding year for local government, during which the Council was required to deliver £20.4 million of agreed savings while continuing to protect essential services and respond to rising demand. The General Fund recorded an £18.3 million overspend, which has been met from reserves set aside to manage in-year pressures. The Housing Revenue Account reached a break-even position, while the Dedicated Schools Grant recorded a £6.6 million deficit. These figures underline the importance of maintaining strong financial control, improving forecasting and ensuring that agreed savings and mitigations are delivered in full.

3.2 There are nevertheless important areas of progress. Historic debt fell by £23.7 million during the year, from £230.5 million to £206.8 million, representing the first overall reduction in five years. Council Tax collection improved to 91.6 per cent while Business Rates collection rose from 93.4 per cent to 94.1 per cent. These improvements reflect the work undertaken following the review of the Council Tax service, including additional capacity, more timely recovery action, better use of data and more targeted engagement with residents. This has been accompanied by support for those facing genuine hardship, with the Council awarding the full £1.5 million Hardship Fund to more than 13,000 households. Further improvement is required, but the direction of travel is positive and demonstrates that strengthened systems are beginning to produce results.

3.3 The Council also delivered £215.4 million of capital investment during 2025/26. This included investment in regeneration, roads, parks, public buildings, housing and additional places for children with special educational needs and disabilities. A particular achievement was the completion of 543 new council homes, including homes at Fulton Road, Watling Gardens and Grand Union Phase 2.

3.4 The overall position, however, remains concerning. Once again, the largest overspends are concentrated in our statutory services, particularly homelessness and adult social care, alongside continuing pressure within the High Needs Block of the Dedicated Schools Grant. Brent has an ageing population, with more residents requiring increasingly complex and costly packages of care. At the same time, private rents and temporary accommodation costs continue to rise in a city where housing remains unaffordable for far too many people. The Council will continue to invest in preventative services and the supply of affordable housing, but it cannot by itself reverse demographic change, reshape the national care market or correct the wider failure of London's housing market. The principal policy and funding levers in these areas remain with central government.

3.5 It is therefore welcome that the Government has committed to a different approach to local government finance, including greater certainty through multi-year settlements and a stronger recognition of need. That change of direction must now lead to a sustainable funding system for adult social care, homelessness and SEND, so that councils are not expected to meet national pressures from increasingly constrained local resources. Brent remains financially resilient and will continue to collect the income it is owed, challenge unnecessary expenditure and strengthen accountability across every service.

4.0 General Fund Revenue Outturn

4.1 Service Reform and Strategy

Table 5: 2025/26 Outturn for Service Reform and Strategy

Service Reform and Strategy	**Budget £m**	**Overspend / (Underspend) £m**	**Q3 Forecast £m**
Adult Social Care	125.7	7.0	8.7
Strategic Commissioning & Capacity Building	16.1	2.9	(0.3)
Public Health	26.2	0.0	0.0
Leisure	1.8	0.3	0.3
Integrated Care Partnerships	0.2	(0.3)	0.0
Communications Insight and Innovation	12.8	(1.2)	(0.3)
Change Programme	0.7	(0.4)	(0.3)
Total	**183.4**	**8.3**	**8.1**

Summary

4.2 Service Reform & Strategy directorate has an overspend of £8.3m at the end of the year, an increase of £0.2m overall from the forecast position reported at Quarter 3.

Adult Social Care

4.3 Adult Social Care reported an overspend of £7.0m at year end. The Quarter 3 forecast had assumed an overspend of £8.7m based on the prevailing spend run rate. However, the final position improved by £1.7m following a detailed review of expenditure, which identified costs relating to the prior financial year. These costs were subsequently adjusted for centrally, resulting in a more accurate reflection of 2025/26 expenditure and reducing the reported overspend to £7.0m.

4.4 Adult Social Care expenditure in 2025/26 continues to be dominated by Physical Support services, reflecting the high volume of older adults and individuals with long-term physical conditions requiring care. Demand remains particularly strong for homecare, residential care and nursing support. This pattern of need has contributed to sustained increases in unit costs across the sector. Homecare hours have risen by 3.4% since 2024/25, while the complexity of need has driven significant uplifts in weekly placement costs, most notably for Residential Dementia placements (+40.1%) and Nursing Dementia placements (+10.9%).

4.4 These pressures have been compounded by wider cost drivers, including increases in National Insurance, the London Living Wage, and the rising cost of new placements. Collectively, these factors have intensified the financial strain on the Council's placement budgets.

4.5 Alongside Physical Support, Learning Disability Support represents the next largest area of expenditure. Costs in this area are driven by high-cost, long-term supported living arrangements and specialist care packages. During 2025/26, the number of Supported Living packages increased by 5.6%, with the average weekly cost rising by 9.5%. This reflects a growing cohort of individuals requiring 1:1 or 2:1 support, as well as increasingly complex behavioural and health needs.

4.6 The Council continues to spot purchase residential and nursing placements, supported by market intelligence from the North West London Dynamic Purchasing System to inform negotiation. While spot purchasing provides essential flexibility to meet increasingly complex assessed needs, it also exposes the Council to higher provider rates. As such, Brent, as with other Councils, has seen new placement average weekly costs increase significantly - for example residential care costs rising by over 26%. Average placements costs for new packages however remain within median level compared to North West London comparators. Feedback from providers indicates factors include responding to market inflation and compensating for low uplifts.

4.7 The scale of these cost increases, which exceed the growth assumptions built into the 2025/26 budget, has created significant challenges in delivering planned savings. Of the £4.8m savings required for the year, £1.3m remain unachieved. These include a review of housing related support contracts (£0.5m), implementation of Telecare Service Charging (£0.4m), increasing reablement services (£0.2m) and managing demand at the front door, prevention and early intervention (£0.1m). These shortfalls reflect both the intensity of demand led pressures and the impact of market driven cost inflation.

4.8 The risks and issues experienced during 2025/26 have informed the development of strengthened approaches to tracking and forecasting spend and income for 2026/27. The directorate is implementing improved financial monitoring processes and targeted mitigation plans to support more accurate forecasting and ensure that the budget remains deliverable in the context of ongoing demand and market pressures.

Strategic Commissioning & Capacity Building

4.9 The Strategic Commissioning & Capacity Building service recorded an overspend of £2.9m in 2025/26. The majority of this pressure, £2.6m, arose within Commissioning and Contracts, with the largest contributing factor being higher than anticipated expenditure on Extra Care placements. Originally intended as a cost-effective alternative to residential care, complex extra care packages now frequently match or exceed traditional care home costs.

4.10 During Quarter 4, a detailed review of Purchase Orders was undertaken. This exercise identified expenditure that had not been captured in previous forecasts, resulting in a large adjustment to the year-end position. The findings highlighted weaknesses in the end-to-end Purchase Order process, particularly around reconciliation and the timely reflection of commitments within financial forecasts.

4.11 To mitigate the risk of recurrence in 2026/27, the directorate is implementing a more robust and systematic approach to Purchase Order management. This includes ensuring that all Purchase Orders are fully reconciled against the contracts register, strengthening the link between commissioning activity and financial reporting. Additional training will be provided to all budget holders to reinforce correct Purchase Order procedures and ensure appropriate use.

4.12 Further controls are being introduced for any expenditure falling outside approved contractual arrangements. Such spend will now require formal logging and explicit confirmation of agreement prior to commitment, providing an additional safeguard against unapproved or unplanned financial exposure.

4.13 To support stronger oversight, a Market Sustainability and Oversight Board has been established. This Board will provide enhanced scrutiny of commissioning activity, contractual compliance and market-related cost pressures. Its role is to ensure that only agreed and approved expenditure is incorporated into financial forecasts, thereby improving forecasting accuracy, strengthening financial assurance and supporting more effective budget management.

Public Health

4.14 The Public Health grant ended the year in a break even, unchanged from Quarter 3 forecast. Inflationary pressures in NHS-commissioned contracts were managed within the grant allocation and the closing balance on the ringfenced Public Health grant reserve is £10.4m.

Leisure

4.15 Bridge Park Community Leisure Centre officially closed on 31 July 2025, following an extended period of community consultation. As the budget was built based on an assumption of an earlier closure date, a £0.3m overspend has resulted from part-year running costs, unchanged from the Quarter 3 forecast.

Communications, Insight and Innovation

4.16 Communications, Insight and Innovation underspent by £1.2m, a £0.9m increase from the Quarter 3 forecast. The underspend is attributed to income overperformance (£0.5m), staffing underspends (£0.4) and proactive budget management. The Embrace Change Programme is also reporting an underspend of £0.4m, an increase of £0.1m since the forecast at Quarter 3, driven primarily by delayed recruitment.

Integrated Care Partnerships

4.17 Integrated Care Partnerships is also reporting an underspend of £0.3m, which was not forecast at Quarter 3, due to staffing contributions from other funding streams that have reduced the overall staffing spend.

4.18 Children, Young People and Community Development (CYPCD)

Table 6: 2025/26 Outturn for Children, Young People and Community Development

CYPCD - General Fund	Budget £m	Overspend / (Underspend) £m	Q3 Forecast £m
Central Management	2.8	(2.0)	(2.0)
Community Safety and Prevent	1.8	0.1	0.1
Communities and Partnerships	0.2	0.0	0.1
Employment Skills and Enterprise	(0.4)	0.0	0.3
Early Help	4.9	(0.4)	0.0
Looked After Children (LAC) and Permanency	6.8	0.1	0.1
Children With Disabilities	14.8	(0.2)	(0.2)
Safeguarding & Quality Assurance	2.3	(0.2)	(0.1)
Family Support & Child Protection	9.7	0.1	0.4
Forward Planning Performance and Partnerships	50.1	2.4	2.3
Inclusion	3.4	0.4	0.8
Setting and School Effectiveness	0.2	0.2	0.3
Virtual School	0.5	(0.1)	0.0
TOTAL	**97.1**	**0.4**	**2.1**

4.19 The CYPD directorate has closed the financial year with a General Fund budget overspend of £0.4m, which is £1.7m lower than the £2.1m forecast at Quarter 3. This improved position primarily reflects lower than anticipated cost pressures across the directorate, particularly within centrally held budgets and Early Help services, which are largely supported by external grant funding.

4.20 The improved outturn is mainly attributable to the strategic use of grant funding to offset expenditure, alongside the use of reserves and the management of staffing vacancies where feasible.

4.21 The overall budget pressure continues to be driven primarily by overspends within Looked After Children placement budgets, with the most significant cost escalation occurring in residential placements. Residential care remains the highest-cost provision, and increasing complexity of need, limited market capacity and rising provider fees have collectively contributed to the sustained financial pressure in this area.

4.22 Pressures against the placement budgets led to an overspend in the Forward Planning Performance and Partnerships (FPPP) department of £2.4m due to an increase in the number of children placed in residential care homes; with a significant increase seen in the second half of the financial year, as well as placements in secure accommodation.

4.23 The Inclusion service also faced budget pressures, resulting in an overspend of £0.4m. This was primarily driven by staffing cost pressures within the Educational Psychology and 0–25 SENAS teams, along with savings that were not achieved in relation to the planned reduction in contracts for targeted services.

4.24 The Setting and School Effectiveness service recorded an overspend of £0.2m. The main pressures arose within the music service, primarily due to lower than anticipated income from service level agreements and music provision to schools, as well as reduced funding from the ACE Music Education Grant and charitable donations.

4.25 The Family Support and Child Protection service reported an overspend of £0.1m, primarily driven by expenditure on client subsistence and recruitment and retention fees for social workers. Budgets for these costs are held centrally due to the variable and demand-led nature of this expenditure.

4.26 LAC and permanency is reporting an overspend of £0.1m, due to staff pressures in the Care Planning management team.

4.27 Budget pressures across the directorate were partially offset by underspends in several service areas. Early Help reported an underspend of £0.4m, primarily because the newly established Targeted Prevention Hub became operational only midway through the year. As a result, staffing expenditure was lower than anticipated during the initial implementation period. The Children with Disabilities service recorded a further underspend of £0.2m, largely driven by posts that remained vacant throughout the year. Recruitment challenges and the time required to fill specialist roles contributed to the reduced staffing spend. Similarly, Safeguarding and Quality Assurance reported an underspend of £0.2m, again attributable to vacancies held during the year. While these vacancies generated short-term financial benefits, they also highlight ongoing workforce pressures across the directorate. Collectively, these underspends helped to mitigate the overall financial pressure arising from significant overspends in placement budgets, particularly within Looked After Children services.

Savings

4.28 The directorate was required to delivery £4.6m of savings for 2025/26. Of these, £3.9m of the agreed savings were delivered, with the remainder planned to be delivered in 2026/27. In addition, the directorate identified and implemented further in-year savings measures, which are reflected in the reported outturn.

4.29 Residents and Housing Services

Table 7: 2025/26 Outturn for Residents and Housing Services

Residents and Housing Services	Budget £m	Overspend / (Underspend) £m	Q3 Forecast £m
Housing Needs and Support	14.0	11.7	4.5
Quality Assurance and Resident Experience Service	2.5	0.0	0.0
Private Housing Services	0.2	0.0	0.0
Residents Services	15.7	0.0	0.0
Housing and Resident Services Corporate Director	0.4	0.0	0.0
Total	**32.8**	**11.7**	**4.5**

Summary

4.30 The Resident and Housing Services is reporting a £11.7m net overspend for 2025/26. The overspend is fully attributable to the high level of pressures in the Housing Needs and Support service.

Housing Needs and Support

4.31 The Housing Needs and Support projected overspend has increased by £7.2m since Quarter 3. The 2025/26 budget uplift, alongside increased Homelessness Prevention Grant, was expected to cover prior-year pressures and new demand, however demand has risen significantly beyond expectations.

4.32 An initial £5m pressure was identified in Quarter 2, with limited movement at Quarter 3, followed by a sharper increase in demand and costs between November and March. This reflects continued growth in Stage 1 Temporary Accommodation demand, with no sustained stabilisation. The rise is partly linked to increased Section 21 evictions ahead of the Renters' Rights Act, with overall placement levels remaining materially above historic norms.

4.33 Housing Needs and Support continues to represent the most significant financial pressure within the department. By the end of 2025/26, Brent had received a total of 8,795 homelessness support applications, comprising 5,309 single individuals and 3,486 families. This equates to an average of approximately 169 new applications per week, highlighting the sustained and intense demand for housing services. This reflects a 40% increase compared with March 2025, when total applications stood at 6,281 (3,538 single individuals and 2,743 families). Demand for the service, and the associated cost pressures, therefore remains high.

4.34 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 Quarter 3 and Quarter 4.

4.35 Spending on homelessness prevention services has also increased as part of a focus on early intervention. While this results in higher short-term costs, the benefits of prevention are expected to reduce future demand for temporary accommodation and homelessness services over time, rather than delivering immediate savings.

4.36 Progress continues to be made in the key priority of decanting households living in the highest cost nightly paid Temporary Accommodation (TA) properties (B&B), into more affordable accommodation. The Council has also entered in a number of lease arrangements to achieve cost avoidance in comparison to more expensive B&B placements.

Quality Assurance and Resident Experience Service

4.37 The Quality Assurance and Resident Experience Service is projecting a break-even position, which is consistent with the Quarter 3 forecast.

Private Housing Services

4.38 Private Housing Services are projecting a break-even position, unchanged from the Quarter 3 forecast. Additional licensing income of £3m generated in-year was transferred to reserves in order to manage future years costs as licensing charges cover multiple years.

Resident Services

4.39 The Resident Services budget is projecting a break-even position, consistent with the Quarter 3 forecast. Higher than anticipated spend on the funeral service and printing costs were largely offset by additional income achieved by the Registration and Bereavement team as a result of a higher demand for services.

Housing and Resident Services Corporate Director

4.40 The Corporate Director budget is projecting to achieve a break-even position. This is consistent with the Quarter 3 forecast.

4.41 Neighbourhoods and Regeneration

Table 8: 2025/26 Outturn for Neighbourhoods and Regeneration

Neighbourhoods and Regeneration	Budget £m	Overspend / (Underspend) £m	Q3 Forecast £m
Public Realm	21.2	(2.0)	(1.8)
Inclusive Regeneration & Climate Action	2.3	(0.1)	0.0
Property & Assets	8.3	0.4	(0.2)
Total	**31.8**	**(1.7)**	**(2.0)**

4.42 Neighbourhoods & Regeneration are reporting an underspend of £1.7m for 2025/26. This is a change from the £2.0m underspend forecast at Quarter 3, with the largest movement coming from Property & Assets.

Public Realm

4.43 Public Realm are reporting an underspend of £2.0m for 25/26, compared to the underspend of £1.8m forecast at Quarter 3. This underspend position comes largely from the Healthy Streets & Parking Service, who overachieved on income, which enabled the containment of pressures elsewhere within the department.

4.44 The improved financial position from Healthy Streets & Parking came largely from operational improvements such as enhanced deployment planning, targeted enforcement activity, and increased late-night enforcement operations at identified hotspot locations. This resulted in higher levels of compliance activity and associated parking income through PCN issuance.

4.45 Regulatory Services were also able to overachieve on their projected income, which improved their forecast from Quarter 3. This was due to additional fee income generated from increased demand for licences and increase works performed by the pest control team.

4.46 Within Public Realm the waste service has experienced pressures due to a combination of high inflation on the contract price, property growth, ad hoc nighttime collection requirements, extra litter picking, and additional ground maintenance work performed. To enable management of these pressures, the service has continued the drive to improve the quality of recyclable material collected, which can be evidenced through less loads being rejected by the Material Recovery Facility (MRF) which dropped from 17.9% to 14.1%; or an additional 612 tonnes being recycled. The increase in recycling tonnage reflected a corresponding decrease in the residual waste stream tonnage.

4.47 The waste service continued its focus on increasing the diversion of food waste from the general waste stream; with the installation of 140 new food waste housing units and bins in housing estates. This led to 444 tonnes of food waste being collected. This year also saw the introduction of a trail for the collection of food waste from flats above shops (FLASH), which is a requirement of Simpler Recycling reforms. 63 units were installed on our high streets as part of the trial. Initial participation has been encouraging across the designated sites resulting in over 12 tonnes of food waste being collected. Once the trial has been concluded and the findings analysed, the FLASH collection service will be rolled out across the Borough.

4.48 Pressures which were experienced within both Highway Management and Parks, were able to be managed within the department. Highways had some pressure due additional pothole patching works required in year. And Parks costs increased towards the end of the year, as a result of a high volume of health and safety remedial tree works, emergency repair of water leaks, and additional spend on the repair of play equipment.

Inclusive Regeneration & Climate Action

4.49 Inclusive Regeneration & Climate Action are reporting an underspend of £0.1m which is a slight adjustment from the break-even position reported at Quarter 3.

4.50 The improved position is a result of additional savings offered by the Climate Action service due to a change in funding sources for their projects, with additional grant funding able to be utilised.

4.51 As has been previously reported Building Control's revenue generation has been impacted by a slowdown in major development appointments, largely driven by delays and cancellations linked to wider economic conditions. However, these pressures have been manged within the service in year. This is largely due to additional income from Planning fees, helped by the revised fee structure for 2025/26.

Property & Assets

4.52 Property & Assets are reporting a £0.4m overspend for 2025/26. This is in comparison to a £0.2m underspend which was forecast at Quarter 3.

4.53 The changed position from Quarter 3 largely comes from additional costs from within Facilities Management. The service were expecting pressures, as reported at Quarter 3, due to additional overtime costs in Cleaning and Security Services. However, additional revenue costs were identified in year in relation to repairs expenditure, which were required as part of the Facilities contract. This has led to the department reporting an overspend of £0.3m.

4.54 Commercial Property are reporting an overspend of £0.6m, this is largely as a result of vacant property and expired leases. Work ongoing to mitigate this through the active marketing of available properties, supported by collaboration with agents where necessary.

4.55 These overspends were offset within the department by an underspend on the Energy budget. Energy is purchased in advance through annual tranches; this enabled the department to take advantage in securing lower energy costs for the year.

4.56 Finance and Resources

Table 9: 2025/26 Outturn for Finance and Resources

Finance and Resources	Budget £m	Overspend / (Underspend) £m	Q3 Forecast £m
Finance Services	12.8	0.0	0.0
Organisational Assurance & Resilience	4.7	0.0	0.0
Shared Technology Services	0.0	0.0	0.0
Human Resources & Organisational Development	4.4	(0.2)	(0.1)
Legal Services	5.6	0.0	(0.1)

Democratic Services	6.3	(0.3)	0.0
Total	**33.7**	**(0.4)**	**(0.2)**

4.57 Finance & Resources are reporting an underspend of £0.4m for 2025/26. This is an improved position from the £0.2 underspend forecast at Q3.

4.58 The Human Resources & Organisational Development service is reporting an underspend of £0.1m, this is unchanged from the underspend forecast at Q3. This underspend is largely due to a review of the service structure, and the implementation of spending controls to scrutinise spend in the service. The introduction of the new Occupational Health contract also resulted in a cost reduction for the service in 25/26.

4.59 Legal Services are reporting a break-even position for 2025/26, which is a slight adjustment from the £0.1m underspend reported at Q3. This is due to a reduction in staff time spent on capital projects, resulting in additional staffing costs recorded as revenue spend.

4.60 Democratic Services are reporting an underspend of £0.3m, an improvement from the break-even position forecast at Q3. This underspend largely comes from a review of postage arrangements for the Council resulting in reduced costs. The outturn was also improved due to a reduction in the budget pressures forecast earlier in the year for the Complaints team.

4.61 The other services of Finance, Organisational Assurance & Resilience, and Shared Technology Service report a break-even position, which is unchanged from reporting at Q3.

5.0 Central Items

Central Budgets and Central Funding

5.1 Central Budgets contains the budgets for activities that are not attributable to specific service areas. This includes a central contingency held to manage in-year service pressures and provide flexibility for investment in Council priorities throughout the financial year.

5.2 Central Funding contains the budgets for the Council's core funding for the Council's services, consisting of Council Tax, Business Rates, Revenue Support Grant and specific central government grants, which includes part of the direct funding for Adult Social Care and Children's Social Care. In 2025/26, this did not include direct funding for Homelessness and Temporary Accommodation, which is included within Residents and Housing Services.

5.3 In 2025/26, Central Funding recorded a net underspend of £2.1m, as a result of an improved position on the Eight Authority Business Rates pool (which is not continuing into 2026/27 because of the Business Rates reset) and year-end adjustments on the Collection Fund. Central Budgets recorded a small underlying overspend of £0.5m due to one-off items, with the total net overspend for the Council at £16.7m.

5.4 To ensure that the Council met its statutory obligation to balance the General Fund revenue budget without adjusting the service area outturns, a drawdown of £16.7m from the Future Funding Risks reserve to Central Budgets was carried out. This generated a final net underspend of £16.2m on Central Budgets, which together with the £2.1m underspend on Central Funding offsets the £18.3m net service area overspend.

Council Tax

5.5 The net collectible amount for Council Tax for 2025/26 (after exemptions, discounts and Council Tax Support) as at 31 March 2026 was £238.7m.

5.6 The in-year target for 2025/26 was 92.5% collection of Council Tax, which is an increase of 1.3% on the 91.2% achieved in 2024/25. The actual in-year collection was 91.6% which is 0.4% higher than the amount achieved in 2024/25.

5.7 Following the identified need for significant improvement in Council Tax collection, an external review of the service was completed, highlighting key areas for operational and strategic enhancement. In response, the Council had implemented a structured Council Tax Improvement Plan for 2025/26, focusing on increasing in-year collection, strengthening recovery processes, and improving resident engagement.

5.8 During Q4, progress has included the introduction of additional capacity within the service, enabling a more proactive and timely approach to billing and recovery. This has supported the clearance of backlogs and improved processing times for current workloads. There has been an increase in the volume and timeliness of reminder notices and summons issued, supporting improved collection performance. Work has progressed on targeted interventions, improved use of data to prioritise cases, and enhanced support for residents through hardship and engagement initiatives, ensuring a balanced approach between maximising collection and supporting vulnerable households.

5.9 There has been a marked improvement in in-year collection during 2025/26. Overall collection levels were higher than in 2024/25, despite the fact that net collectable income increased by £23.2m over the same period. This demonstrates that the service has not only kept pace with the increased tax base but has improved its effectiveness in securing payments.

5.10 In addition to stronger in-year performance, arrears recovery has also improved. Taken together, these trends indicate that the changes implemented following the recent Council Tax service review are beginning to have a positive impact. While progress remains gradual, the direction of travel is clearly positive, and early evidence suggests that the strengthened processes and recovery approaches are contributing to more robust and sustainable collection performance overall.

5.11 At the meeting of Full Council on 27 February 2025, alongside the budget for 2025/26, an amended Council Tax Support (CTS) Scheme from 1 April 2025 was approved. This introduced a standard 35% minimum payment for working age households and applied a percentage reduction to each of the income bands.

5.12 The end of year collection rate for those on CTS of working age is 78%, with 69% having made a payment towards their 2025/26 council tax bill. Until December 2025 the numbers making payment increased month on month following the dispatch of soft reminders in May and 7,134 formal reminders sent out in June 2025. Following the issue of reminders, cases where no payment was received progressed to summons stage, resulting in the granting of liability orders at court. While this strengthens the Council's ability to recover outstanding debt, a proportion of cases have moved onto deductions from benefits. In these instances, repayment rates are typically low, meaning balances reduce slowly and there is an increased risk of arrears carrying forward into 2026/27.

5.13 To offset the impact of the changes on the recipients of CTS, a Hardship Fund was agreed as part of the 2025/26 budget, providing £1.5m of support, £0.4m of which was funded by the Greater London Authority (GLA). The fund is targeted at working age CTS recipients who have exhausted other financial support options. By October 2025, take up was lower than anticipated and a review of the approach used to assess applications was undertaken. Since that point, a focused administrative effort resulted in 13,154 awards totaling £1.5m by the end of March 2026, helping residents, many paying Council Tax for the first time, move towards sustainable payment. With funding confirmed for 2026/27, this support will continue.

5.14 During the 2025/26 financial year, the budget for 2026/27 was set. As part of this, the Council calculated the taxbase for 2026/27. This included keeping the assumption of 97% long term collection due to the ongoing challenges with collection. Collection continues beyond the end of the financial year, but a lower in-year collection target increases the pressure on the debt recovery team to collect more of that debt and achieve the 97% long-term collection rate. Evidence suggests that debt becomes much harder to collect after two years have passed, so the continued low in-year collection of Council Tax is a key risk to the Council's financial resilience in the medium term.

Business Rates

5.15 The budgeted net collectable amount for Business Rates (NNDR) for 2025/26 was £149.8m (after exemptions, reliefs and discounts). This was based on the forecast used for the NNDR1 form in January 2025 and has increased by 6.9% from £140.1m in 2024/25. This increase is largely driven by the Government's decision to reduce Retail, Hospitality and Leisure Relief from 75% to 40% from 1 April 2025.

5.16 The actual net collectible amount for NNDR as at 31 March 2026 was £149.3m, a decrease of £0.5m from the reported in Quarter 3. This is driven by additional empty properties and reductions in the gross rates payable by businesses.

5.17 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.

5.18 The reduction in business rates income resulting from the additional empty property relief is an unfunded relief, meaning that this will result in a deficit that will affect the budget. However, the Council holds a Collection Fund reserve for the purpose of smoothing out any surpluses/deficits on the Collection Fund. It is expected that this deficit will be contained within the available reserve.

5.19 The in-year target for 2025/26 was 94.5% collection of Business Rates, which is an increase of 1.1% on the 93.4% achieved in 2024/25. The actual in-year collection was 94.1% which is 0.7% higher than the amount achieved in 2024/25.

5.20 Included within the outstanding debt for 2025/26 are a number of significant unpaid business rates liabilities where active recovery work is ongoing. This includes several cases involving suspected Business Rates avoidance arrangements, for which the Council is currently pursuing legal remedies. In some instances, ratepayers are pursuing changes in property use that may result in lower rateable values and have subsequently challenged their Business Rates liabilities through the Valuation Office Agency (VOA). The investigation and resolution of such cases, including Checks, Challenges and Appeals (CCAs), can be lengthy where current VOA timescales average 180 days to complete. Despite these challenges, the Council remains committed to maximising collection and will continue to pursue all outstanding liabilities, taking appropriate recovery and legal action where necessary to ensure that businesses pay the rates for which they are responsible.

5.21 Collection performance continues to be impacted by external factors, most notably business rates avoidance schemes and the 2026 NNDR 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 recovery holds pending VOA decisions. These delays defer collection activity, particularly on high value accounts and have impacted in year collection and arrears collection performance.

5.22 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.

5.23 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.

5.24 One key area of potential concern is the Retail, Hospitality and Leisure (RHL) industry, which was particularly affected by the Covid-19 pandemic. During the pandemic relief was provided to RHL businesses at 75% of the liability. In 2025/26, this relief had been reduced to 40% of the liability, more than doubling the amount of business rates these businesses must pay. The government has introduce two new multipliers for RHL from 2026/27 (Standard RHL Multiplier at 43.0p – 5.0p below the Standard non-domestic rating multiplier & Small business RHL multiplier at 38.2p – 5.0p below the Small business non-domestic rating multiplier), these changes will formalise the lower collectable income. Due to these permanent changes along with the revaluations, this could cause some businesses classed as RHL to be adversely affected as liabilities could increase at higher levels. The impact of this change on the affected businesses is being monitored closely and further updates will be provided in future reports.

5.25 The government has also introduced a 15% discount on all pubs & live music venues, trying to protect these businesses from closures due to increasing operating costs. Some of the major costs being utilities; staffing and inflation. Although the government has recognised the support needed here; there has been no indication in terms of support for other sectors/ businesses that are also struggling from these financial pressures.

Debt Recovery

5.26 During 2025/26, the Council achieved significant progress in reducing historic debt through the Income and Debt Improvement Programme. The figures relate exclusively to debt balances brought forward from previous financial years and exclude debt raised during 2025/26. The exception is Adult Social Care and Sundry Debt, where the reported figures include debt raised during 2025/26. The movement in these balances provides a clear measure of recovery performance and the Council's progress in reducing outstanding arrears.

5.27 Historic debt across the five debt streams reduced from £230.5m as at 31 March 2025 to £206.8m as at 31 March 2026, representing a reduction of £23.7 million. This is the first overall reduction in historic debt balances in five years and demonstrates the positive impact of strengthened recovery performance, enhanced debt management controls, and the delivery of targeted debt recovery initiatives throughout 2025/26.

5.28 The table below summarises the movement in debt balances across key income streams:

Table 10: Movement in debt balances

Debt Line	31 March 2023	31 March 2024	31 March 2025	31 March 2026
Adult Social Care	£18.3m	£23.0m	£28.4m	£31.7m
Council Tax	£63.1m	£75.4m	£84.3m	£71.2m
Business Rates	£31.2m	£36.7m	£41.0m	£32.4m
Sundry Debt	£19.6m	£23.4m	£24.5m	£23.5m
Housing Benefit	£53.0m	£58.4m	£52.3m	£48.0m
Total	£185.2m	£216.9m ⬆	£230.5m ⬆	£206.8m ⬇

Aged Debt Write Offs

5.29 The Council remains committed to exhausting all reasonable recovery options before recommending any debt for write-off. In line with the Debt Recovery Policy, this includes issuing dunning notices, telephone and email engagement, senior management discussions, and, where appropriate, escalation to legal action, court proceedings and enforcement agents.

5.30 As part of routine financial management, outstanding debts are regularly reviewed to determine whether they remain recoverable. The write off of uncollectable debt is a standard accounting practice that ensures the Council's financial records reflect realistic expectations of income recovery.

5.31 Historically, the Council did not routinely write off bad debts annually. The increase in the value of debt written off in 2025/26 reflects investment in additional resources, enabling more thorough reviews and ensuring that genuinely irrecoverable or statute-barred debts are appropriately identified.

5.32 In accordance with the Council's Constitution, any single debt write off exceeding £20,000 must be reported to Cabinet. In addition, all write offs irrespective of value are reported to the Corporate Director of Finance and Resources to ensure full financial oversight, transparency, and audit compliance. For the period from 1 April 2025 to 31 March 2026, the total value of debts exceeding £20,000 that have been recommended for write-off across all income streams amounts to £1,070,221.15, as summarised in the table below:

Table 11: Summary of write offs

Debt Type	Write Off Amount
Housing Benefit Overpayments	£987,257.67(24 Accounts)
Adult Social Care - Residential Care Charge	£82,963.48 (1 Account)
Total	**£1,070,221.15**

5.33 Housing Benefit Overpayment and Adult Social Care debt can accumulate to significant balances due to the nature of the client groups involved, who are often on low incomes, in receipt of benefits, vulnerable, or have limited capacity to repay outstanding liabilities. Recovery can be further constrained by changes in personal circumstances, including ill health, financial hardship, vulnerability, death, or disengagement from services, which can make collection activity both difficult and prolonged.

5.34 Unlike Council Tax debt, these debt types cannot generally be referred to enforcement agents under the Taking Control of Goods framework, limiting the range of enforcement options available to the Council. Furthermore, in many cases debtors do not own property or other significant assets against which the Council could seek to secure the debt through legal action, such as charging orders. This significantly reduces the prospects of recovery and restricts the Council's ability to pursue more robust enforcement measures. As a result, some debts may become uneconomical to pursue, have limited recovery prospects, or become legally irrecoverable. The Council is therefore required to periodically review and write off such balances in accordance with its debt management and accounting policies, ensuring that outstanding debt levels reported in the accounts present a realistic and prudent assessment of recoverable income.

5.35 All debts proposed for write-off have been pursued in line with the Council’s Debt Recovery Policy. This ensures that all reasonable recovery options have been fully explored and exhausted prior to any recommendation for write-off. Any subsequent write-off is then processed in accordance with the Council’s write-off procedure.

5.36 Despite best efforts, a small proportion of debt will inevitably remain uncollectable. Writing off such debt is recognised as good financial management and ensures that the Council’s accounts remain accurate. The impairment for doubtful debt is reviewed annually to ensure it reflects the level of debt considered irrecoverable.

5.37 If debts that are no longer recoverable are not written off, they would continue to appear as outstanding, overstating the accounts receivable balance and misrepresenting the impairment required. Once a debt is deemed irrecoverable, it must be formally written off and the impairment adjusted accordingly to maintain accurate financial reporting and compliance with accounting standards.

Virements

5.38 Table 12 shows the virements which have been entered to adjust the budgets at Corporate Directorate level from November 2025 to the end of 2025/26. Cabinet are recommended to approve these virements.

Table 12: Virements and adjustments in 2025/26 budget between 31.10.2025 and 31.03.2026

	2025/26 In-Year Budget at 01.11.2025	**In-year growth**	**Transfer of functions between services**	**Technical Adjustments**	**2025/26 Closing Budget**
	£m	**£m**	**£m**	**£m**	**£m**
Service Reform and Strategy	182.1	1.3	0.0	0.0	183.4
Children, Young People and	97.2	0.0	0.0	(0.1)	97.1

Community Development					
Neighbourhoods and Regeneration	31.8	0.0	0.0	0.0	31.8
Residents and Housing Services	32.9	0.1	0.0	(0.2)	32.8
Finance and Resources	32.7	1.0	0.0	(0.1)	33.7
Central Budgets	16.0	(2.4)	0.0	0.1	13.7
Capital Financing	38.6	0.0	0.0	0.3	38.9
Core Funding	(431.4)	0.0	0.0	0.0	(431.4)
Total Budget	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**

5.39 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 between November 2025 and the end of 2025/26:

- Permanent funding for salaries in Finance and Resources (£0.1m)
- Temporary funding for one-off pressures in Adult Social Care in Service Reform and Strategy (£1.3m)
- Temporary funding for salaries in Residents and Housing Services (£0.1m)
- Temporary funding to Finance and Resources for debt recovery improvement project (£0.6m)
- Temporary funding for salaries in Finance and Resources (£0.3m) - Complaints service.

5.40 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 transfer of functions between services items added between November 2025 and the end of 2025/26.

5.41 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 November 2025 and the end of 2025/26:

- Adjustments to service budgets in respect of financing of the Capital Programme, previously agreed at Full Council (£0.3m Capital Financing, -£0.2m Residents and Housing Services, -£0.1m Children, Young People and Community Development, -£0.03m Finance and Resources)

- Temporary transfer of £0.02m budget from Finance and Resources to Residents and Housing Services for Customer Services
- Reprofiling to 2026/27 of previous temporary funding to Service Reform and Strategy from Central Budgets (£0.1m) due to recruitment delays

6.0 Dedicated Schools Grant (DSG)

Table 13: 2025/26 Outturn for Dedicated Schools Grant by block

Funding Blocks	**Overall DSG Funding 2025/26**	**Overspend/ (Underspend)**	**Q3 Forecast**
	£m	**£m**	**£m**
Schools Block	126.0	(0.4)	0.0
High Needs Block	82.8	8.2	4.8
Early Years Block	44.1	(1.0)	0.0
Central Block	2.4	(0.2)	0.0
Total DSG	**255.3**	**6.6**	**4.8**

6.1 The DSG outturn for 2025/26 reports an in-year deficit of £6.6m compared to £4.8m reported at Q3 against the total funding allocation of £255.3m. The adverse movement is largely attributable to continued pressures within the High Needs (HN) Block, although this has been partially mitigated by underspends across the remaining blocks, including £0.4m within the School Block, £1.0m within the Early Years (EY) Block and £0.2m within the Central Block.

6.2 At the end of 2024/25, the cumulative DSG deficit stood at £13.6m, reflecting the sustained increases in demand for High Needs provision and ongoing pressures on top-up funding. Following 2025/26 in year deficit of £6.6m, the overall cumulative DSG deficit has now increased to £20.2m.

6.3 The EY Block outturn reflects a £1.0m underspend. In recognition of the potential refund of the EY Block funding to the Department for Education (DfE), a provision has been included within the 2025/26 financial year accounts. This reflects the expected adjustment arising from the final EY funding allocations, which are based on actual take up of the free entitlements as determined by the January 2026 census. The DfE is expected to publish the final allocations in July 2026.

6.4 The HN Block reported an overspend of £8.2m compared to £4.8m reported in Quarter 3. The increase in overspend is primarily driven by increase in the top-up funding for children placed in special schools and academies due to an increase in pupil numbers. There was an increase in the number of children requiring Education, Health and Care Plans (EHCPs) which was 4,306 as at March 2026 compared to 3,892 as at March 2025, an increase of 10.6%. This led to increases in the top-up funding for in borough mainstream academies, special schools, placements in independent day special schools, alternative education for children awaiting placements as well as the post-16 provision.

6.5 The Schools Block surplus of £0.4m arose from underspends related to unused budgets earmarked for in-year pupil growth as well as underspends against the contingency budget which was not fully utilised.

6.6 The £1.0m under-spend against the EY Block is mainly driven from the additional funding from the DfE to cover the increase in provision of free childcare for working parents from September 2025 to 30 hours. This allocation was provided based on an estimated take up of hours by working parents in Brent. However, take-up has been lower than predicted by the DfE, leading to underspends of £0.6m reported against the under 2- to 2-year-old and the 2-year-old working parent entitlements.

6.7 EY Block funding is calculated using different census points depending on the entitlement type. Funding for the universal entitlements for all 3- & 4-year-olds, the additional entitlements for eligible working parents of 3- & 4-year-olds, and entitlements for 2-year-olds receiving additional support is based on January 2025 and January 2026 census. In contrast, funding for the working parents' entitlements for 2-year-old and under 2 is derived from termly headcount data from summer and autumn 2025 terms, together with the January 2026 census. As the final allocations are based on actual take-up of entitlements, there is a risk that the DfE may clawback once final census and headcount data is confirmed. An allowance has been made for the potential clawback, with final EY allocations expected to be published in July 2026.

6.8 The budgets held for central service also saw an underspend of £0.2m due to vacancies held throughout year and a reduction in spend towards the training offer. This budget included a contingency of £0.1m which was not utilised and contributed to the underspend.

6.9 The DSG deficit will be disclosed as an earmarked unusable reserve in line with DfE regulations (the School and Early Years Finance (England) Regulations 2023). The regulations make clear the requirement for any DSG deficit balance to be held within the local authority's overall DSG and carried forward to be funded from future year's funding and/or recovery plans agreed with the DfE. This also means that authorities cannot fund a deficit from the General Fund without the secretary of state's approval. The recent outcome of the SEND Review confirmed this arrangement will be in place until the end of the 2027/28 financial year.

6.10 2025/26, maintained school balances increased by £1.6m (£1.0m decrease last year) from £11.9m to £13.6m. Despite the overall increase, the underlying position reflects financial pressure driven by reduced income linked to falling pupil numbers particularly within the Primary phase. Of the 54 maintained schools, 31 increased their balances and 23 decreased their balances. Also included in this total are 8 schools in deficit and at the end of 2025/26, 4 schools that were previously in deficit recovered their deficit; however, 4 new schools have closed with deficit balances. School budgets remain under significant strain from rising costs, alongside funding reductions in some case due to falling pupil numbers on roll.

6.11 Brent provides targeted financial oversight and recovery support to schools that fall into deficit. The core support includes Licensed deficit arrangements, where the Councils may allow a school to operate with a licensed deficit if it has a robust, council approved plan to repay the deficit, usually within three years. Support is also provided with deficit recovery planning, where finance and education improvement teams work with headteachers and governors to create, monitor, and review a detailed recovery plan. The Council uses a risk-based framework to track progress and intervene when needed.

7.0 Housing Revenue Account (HRA)

Table 14: 2025/26 Outturn for Housing Revenue Account

HRA gross income and expenditure				
	2024-25 Actual	**2025-26 Budget**	**2025-26 Actual**	**2025-26 Variance**
	£m	**£m**	**£m**	**£m**
HRA				
Income	(70.3)	(69.9)	(73.3)	(3.4)
Expenditure	68.2	69.9	73.3	3.4
Total	**(2.1)**	**0.0**	**0.0**	**0.0**

7.1 The Housing Revenue Account (HRA) outturn for 2025/26 is a break-even position, with the general HRA balance maintained at £4.5m. As summarised in Table 14, gross income of £73.3m was £3.4m higher than the £69.9m budget, offset by an equal £3.3m increase in manageable expenditure, leaving a £0.1m transfer to the HRA reserve. This represents a significant improvement on the £2.3m deficit forecast at Quarter 3, which would have drawn down reserves, and reflects additional rental income together with a number of favourable movements offsetting the in-year cost pressures set out below.

7.2 Sustained inflationary pressures and elevated interest rates continued to affect both revenue and capital expenditure during the year. Higher material and labour costs increased repairs and maintenance spend, while higher borrowing costs raised the cost of financing the capital programme. The break-even outturn was achieved by offsetting these pressures – most notably on repairs and interest – against additional rental income and the favourable movements described below.

7.3 Demand for repairs and maintenance services remained significantly above budgeted levels. A high volume of complex repairs, an increase in damp and mould cases, and the transition to new service contracts placed sustained pressure on the budget, alongside the new statutory obligations introduced by Awaab's Law, which came into force for the social rented sector on 27 October 2025. Outturn expenditure of £25.9m was £8.5m above the £17.4m budget (2024/25: £21.4m). The scale of the variance also reflects that the budget was set below the prior-year outturn, understating the level of demand experienced.

7.4 Supervision and management costs closed at £16.4m, a £0.9m underspend against the £17.3m budget. This reflects the capitalisation of officer time attributable to capital projects and in-year vacancies, partially offset by additional resourcing associated with new housing stock and backlog reduction.

7.5 Rents, rates, taxes and other charges closed at £7.0m, a £1.3m overspend against the £5.7m budget. This arose across a range of areas, including decants, council tax on void and temporary units, and insurance.

7.6 Interest payable and similar charges closed at £14.0m, £2.0m above the £12.0m budget (2024/25: £10.9m), reflecting the rising cost of financing the HRA's Capital Financing Requirement in a higher interest rate environment. This is consistent with the net interest charge to the HRA calculated in accordance with Government regulations.

7.7 Total income of £73.3m was £3.4m above budget. This was driven principally by dwelling rents of £62.8m, £3.7m above the £59.1m budget (2024/25: £58.6m), reflecting the expanded asset base from additional properties brought into the HRA and the in-year rent uplift. Modest shortfalls on certain service charge and other income lines partially offset this favourable position.

7.8 The movement on the allowance for bad or doubtful debts was a £2.6m credit, against a budgeted £1.4m charge – a £4.0m favourable variance. This arises from the release of a provision previously held against leaseholder service charge debt that is no longer required. Tenant rent arrears nonetheless remain a risk to be managed, with collection performance monitored against the 98% assumption adopted in the HRA 30-year Business Plan.

7.9 A number of further movements supported the break-even position. The planned revenue contribution to capital was not required to be made in-year; a £3.1m gain was realised on the disposal of HRA non-current assets; and net provision movements, including those relating to the self-referral to the Regulator of Social Housing, were broadly favourable. A £0.4m surplus before reserve movements was transferred to earmarked reserves.

7.10 The statutory outturn also includes significant non-cash entries, principally impairments and revaluation losses of £87.1m, together with a corresponding downward revaluation adjustment. These reflect movements in the carrying value of HRA assets and are reversed out in full through the adjustments between the accounting and funding basis. They have no impact on the HRA balance, on rent levels, or on the resources available to the service.

7.11 The general HRA balance was increased by £0.1m to £4.6m, compared with the substantial drawdown anticipated at Quarter 3 – an improvement of £4.6m in the in-year position. The Major Repairs Reserve increased from £3.6m to £7.2m over the year, after a £14.8m depreciation transfer and £11.2m applied to the capital programme, providing capacity to support future capital investment.

7.12 Looking ahead, the ten-year rent settlement (CPI+1%, equating to 4.8% for 2026/27) and the introduction of Social Rent convergence from 2027/28 provide greater income certainty to support investment in the stock. Significant cost pressures remain, including the phased expansion of Awaab’s Law to further hazard categories from October 2026, continued investment to meet the Decent Homes Standard and Warm Homes commitments, and delivery of the improvement plan associated with the Council’s C3 consumer standards grading and self-referral to the Regulator of Social Housing. These factors will continue to shape the HRA Business Plan and the Medium Term Financial Strategy.

8.0 Capital Programme

8.1 The Council’s Capital Programme is an ambitious five-year investment plan containing a variety of projects that facilitate the Borough Plan, for example by investing in regeneration projects for prosperity in Brent; road, parks and pavement improvements for a cleaner borough and delivering additional

SEND places to give residents the best start in life. A particular highlight of the 2025/26 programme was the delivery of 543 new council homes. The 2025/26 – 2029/30 Capital Programme budget is £824.5m, financed from a combination of capital receipts, Community Infrastructure Levy (CIL), grants, contributions, reserves and external borrowing.

8.2 In 2025/26, the Council delivered £209.7m capital expenditure against a revised capital budget of £328.9m. The variance consists of £16.8m net underspend and £102.3m slippage. These figures include the capital outturn for i4B Holdings Ltd where the planned £40m loan and equity facility was not drawn down and is expected to be drawn down in 2026/27.

Table 15: 2025/26 Capital Outturn

Capital Board	**Revised Budget**	**Outturn**	**FY Variance**		
	£m	**£m**	**(Underspend)/ Overspend**	**(Slippage)/ Brought Forward**	**Variance Total**
			£m	**£m**	**£m**
Corporate Landlord	13.4	11.8	(0.1)	(1.5)	(1.6)
Housing GF	73.9	50.1	(17.2)	(6.6)	(23.8)
Housing HRA	27.6	18.3	(0.9)	(8.4)	(9.3)
Invest for Brent (I4B)	41.9	0.0	0.0	(41.9)	(41.9)
Public Realm	34.9	22.9	0.3	(12.3)	(12.0)
Regeneration	84.2	73.5	0.1	(10.9)	(10.8)
South Kilburn	26.9	12.3	0.8	(15.5)	(14.6)
Children & Young People	25.5	20.5	0.2	(5.2)	(5.0)
St. Raphael’s	0.4	0.4	(0.0)	(0.0)	(0.0)
Total	**328.9**	**209.8**	**(16.8)**	**(102.3)**	**(119.1)**

8.3 The level of slippage across the 2025/26 Capital Programme reflects the inherent complexity of delivering a large investment programme in a challenging operating environment. Ambitious NCIL and SCIL schemes received Cabinet approval later in the financial year, compressing the time available for delivery. The Council also faced national pressures beyond its direct control such as a constrained contractor market, changes to procurement law and new Government grants announced late in the year. More specific project factors are covered in the Board level commentary below.

8.4 Officers reviewed the governance of the capital programme in 2025/26 with the objectives of strengthening risk management, reducing slippage and streamlining processes. For 2026/27, the capital outturn reporting will follow the revised capital board structure. Public Realm and Corporate Landlord have been merged to a new Corporate Assets Board, whilst the reporting of the housing capital programme will be split between Affordable Housing Supply and HRA & Housing Management.

8.5 Of the final capital outturn of £209.7m, £100.8m was funded by prudential borrowing. This has a direct impact on revenue budgets through interest costs and minimum revenue provision (a prudent charge to revenue for the repayment of borrowing).

Corporate Landlord

8.6 Corporate Landlord, which comprises Retained Estates, Digital Strategy, ICT and Libraries, has a final outturn for 2025/26 of £11.9m against a revised budget of £13.4m. The variance of £1.6m consists of £1.5m net slippage and a £0.1m underspend. The underspend is driven by the Grove Park Pavillion refurbishment project not going ahead as Cabinet approved the potential sale of the building instead.

8.7 The £1.5m net slippage is mainly due to delays in appointing a suitable contractor for the Roy Smith House refurbishment project (£0.8m) and Energy Efficiency projects on Council buildings (£0.4m) where grant and Carbon Offset funding was only confirmed later in the year. Accelerated spend was reported on Digital Strategy (£0.3m) as the team has started to mobilise the Digital Strategy Roadmap programmes to deliver the anticipated cross-cutting savings.

Housing General Fund

8.8 Housing GF has a final outturn 2025/26 spend of £50.1m against a budget of £73.9m. The £23.8m budget variance is split between £17.2m underspend and £6.4m slippage.

8.9 Underspend of £17.2m is primarily driven by the temporary accommodation acquisition projects as the budgets were calculated at the price caps and savings have been achieved compared to them. In addition, due to a shortage of available properties at suitable prices, the Council has bought fewer larger properties than planned under the Local Authority Housing Fund (LAHF) and only 7 of the target 15 properties under the Council Housing Acquisition Programme (CHAPs). The £6.2m slippage across both projects is primarily for the completion of 8 LAHF properties in conveyancing at 31 March (CHAPs requires exchange by year end) as well as refurbishments of properties purchased in 2025/26. 31 properties were purchased under these schemes in 2025/26 providing much-needed temporary accommodation.

8.10 There is accelerated spend of £2.1m on Church End as the project nears completion. This is offset by £1.7m slippage on Disabled Facilities Grant adaptations and £0.6m on Empty Property Grant. There is a full pipeline of works for both schemes, and the team is confident both schemes will use their budgets in full in 2026/27.

8.11 543 units out of the anticipated 820 New Council Homes for 2025/26 were completed and handed over in year. This includes the completion of Fulton Road, Watling Gardens, and the Grand Union Phase 2 developments. The remaining housing projects – Clock Cottage, Alperton Bus Garage, Church End and Pharamond – are now anticipated to complete in 2026/27.

Housing HRA

8.12 Housing HRA has a final outturn 2025/26 spend of £18.3m against a budget of £27.6m with £8.4m of the variance attributable to slippage. The single largest cause of the slippage is £4.0m on Alperton Bus Garage relating to spend that will be recognised when the housing is handed over to Brent. Project completion has been delayed to 2026/27 due to delays from the developer.

8.13 Following a £3.9m overspend on the major repairs programme in 2024/25, improved financial control and careful prioritisation decisions, there is no net overspend on the programme in 2025/26, alleviating pressure on HRA revenue budgets. The £2.2m slippage includes £2.5m funded by the major repairs reserve (offset by £0.3m accelerated spend on Granville Homes remediation) that will provide a much-needed additional budget in 2026/27. Overspends from prior commitments on the Kilburn Square refurbishment (£4.1m) and an accelerated programme of voids works (£0.9m) and condition surveys (£0.4m) were offset by reduced expenditure on the Windmill Court refurbishment (£4.4m) and External Fabric Works (£0.9m). Despite these positive steps, this area of the programme continues to face major challenges due to the age of Brent's housing stock and the need to invest to address the issues identified in the self-referral to the Regulator of Social Housing.

PRS I4B and First Wave Housing

8.14 The budget was set on the basis that Brent would provide a £40m loan and equity facility to I4B Holdings Ltd to continue their acquisition programme to deliver homes in the private rented sector. The new facility is expected to be drawn down in 2026/27.

Public Realm

8.15 The revised Public Realm 2025/26 capital budget of £34.9m represented a significant increase on the £18.1m outturn in 2024/25. This created challenges for delivery capacity, especially as many schemes are dependent on delivery with strategic partners or only received funding in the latter part of the year. As a result, total spend of £22.9m represents 65% of the total 2025/26 budget with £12.3m of slippage offset by £0.3m of overspend.

8.16 £3.9m of the slippage is from Health Streets & Parking programmes, notably on Wembley High Road transformation (£1.3m) due to delays in obtaining TFL approvals and the Local Electric Vehicle Infrastructure (LEVI) project (£1.2m) which is still at the procurement phase. The £3.2m slippage is from delays on SCIL and NCIL programmes, including across Highways Maintenance, Public Safety CCTV and the Church End & Roundwood Green Corridors scheme. Other slippage includes £2.5m on parks and pitch improvements, £0.8m on waste vehicles and £0.5m on unspent Pride in Place Impact Funding where project activities have commenced in 2026/27.

8.17 Despite the challenges in the Public Realm programme, the additional investment has delivered significant, noticeable improvements to the Borough including significant footways reconstruction, carriageways resurfacing, secure cycle parking and green corridors.

Regeneration

8.18 The final outturn against the 2025/26 Regeneration capital budget of £84.2m was £73.5m with the variance largely attributable to £10.9m slippage. £6.7m of this slippage relates to Wembley Housing Zones as the discovery of a water leak has now delayed the expected completion of the 281 homes (141 affordable) to November 2026 from September 2026. The medical centres projects have a total slippage of £1.7m as discussions with the NHS are ongoing. Slippage in relation to Bridge Park Regeneration is £0.7m as a community group has appealed the decision made by the Department for Culture, Media and Sport (DCMS) not to list the site and this is delaying demolition works. The GLA granted an extension of six months for the UK Shared Prosperity Fund completion to September 2026 and therefore slippage on these projects now totals £0.2m.

South Kilburn

8.19 The South Kilburn programme shows a high-budget variance of £14.6m against the revised 2025/26 budget of £26.9m with £15.5m slippage offset by £0.8m overspend.

8.20 The overspend is driven by a £1.0m overspend on the Neville, Winterleys, Carlton House and Carlton Hall (NWCC) project to deliver 95 affordable units. The overspend arose due to historic discrepancies, including the exclusion of key costs such as EA fees and SCIL payments, alongside inaccurate actuals in the South Kilburn dataset. The team has now identified and reconciled these issues, and steps are being taken to ensure future forecasts and reported budgets robustly reflect all financial commitments. In addition, Officers are currently preparing a safeguarding grant bid to the GLA to mitigate the impact.

8.21 The largest item of slippage is £6.7m on the District Heating Network due to a delay in awarding the contract after the tenders came back higher than expected. The preferred contractor has now been appointed, and a revised £36m budget has been agreed by Cabinet. In addition, there is slippage of £1.9m on the Carlton and Granville Centre refurbishment due to disputes with the contractor that are now resolved and £3.1m across the single delivery partner sites due to the rescheduling of rehousing activities as the procurement progresses.

Schools and CYP

8.22 The Children & Young People capital programme had a successful 2025/26 despite £5.2m of slippage offset by £0.2m of overspend. A large number of projects completed in year including the provision of over 200 new SEND places at the new Wembley Manor SEND School and 3 Additionally Resourced Provision (ARP) at St Margaret Clitherow Catholic Primary, Newman Catholic College and Preston Park Primary. Other project completions included Brent Children’s Care Home and the replacement of Northview Primary School Nursery as part of the Council’s duty to maintain its school buildings.

8.23 Slippage of £5.2m predominantly relates to £4.9m on the SEND expansion programme as St Gregory’s ARP (£2.5m) is now part of the Department for Education School Rebuilding Programme, extending delivery timetables, and £2.5m on the Welsh Harp Post-16 Centre as construction is scheduled for January 2027.

Capital Financing

8.24 The final capital financing revenue outturn position was £38.9m against a revised £38.9m budget with nil variance. This reflects a reduction in outturn compared to 2024/25 due to the impact of one-off adjustments in 2024/25, as well as savings achieved from slippage in the capital programme and completed housing schemes appropriating to the HRA. In addition, the Council was able to secure relatively low borrowing rates from its “little and often” approach to borrowing small amounts regularly to take advantage of temporary reductions in interest rates and ensure we do not hold more cash than we need.

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 position for the General Fund revenue budget, the Housing Revenue Account and the Dedicated Schools Grant for 2025/26. There are no direct financial considerations in noting this report.

11.1 Legal Considerations

11.1 There are no legal considerations arising out of this report.

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 of 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