

 Brent	Cabinet 12 October 2026
	Report from the Corporate Director, Finance and Resources
	Lead Member - Deputy Leader, Cabinet Member for Finance and Resources (Councillor Gwen Grahl)
Quarter 2 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:	Two: Appendix A: Prudential Indicators Appendix B: Savings Delivery Tracker
Background Papers:	N/A
Contact Officer(s): (Name, Title, Contact Details)	Rav Jassar Deputy Director, Corporate and Financial Planning Tel: 020 8937 1487 Email: Ravinder.Jassar@brent.gov.uk Amanda Healy Deputy Director, Investment and Infrastructure Tel: 020 8937 5912 Email: Amanda.Healy@brent.gov.uk

1.1 Executive Summary

- 1.2 This report sets out the financial forecast for the General Fund revenue budget, the Housing Revenue Account, the Dedicated Schools Grant and the Capital Programme, as at Quarter 2 2026/27.
- 1.3 The Council's revised General Fund revenue budget for 2026/27 is £501.8m. There is a forecast overspend of £9.0m against the revenue budget at Quarter 2, representing an improvement of £0.5m since Quarter 1. The

movement reflects a new overspend of £1.6m in Service Reform and Strategy, offset by a reduction of £1.8m in the forecast overspend in Residents and Housing Services and a new underspend of £0.3m in Finance and Resources. 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 the continued implementation of spending controls. Since Quarter 1, directorates have so far identified £2.7m of in-year savings, which are helping to mitigate budget pressures and prevent the financial position from deteriorating further.

- 1.4 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 directorate updates in Section four. A summary of this is also included in Appendix B to this report.
- 1.5 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. At Q2 the forecast outturn for the HRA is £3.5m. Further details are set out in section 11. The Dedicated Schools Grant is forecasting an in year overspend of £20.8m due to continued pressures against budgets held for children with Education, Health and Care Plans, which would increase the cumulative deficit to £41.0m by the end of the financial year. Further details are set out in section 10. The Capital Programme is forecasting an outturn of £258.1m compared to a revised budget of £267.7m. Further details are set out in section 12.
- 1.6 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 2 forecast for the General Fund

	Budget	Forecast	Overspend / (Underspend)
	£m	£m	£m
Service Reform and Strategy	205.4	207.0	1.6
Children, Young People and Community Development	110.9	110.9	0.0
Neighbourhoods and Regeneration	35.4	35.4	0.0
Finance and Resources	35.6	35.3	(0.3)
Residents and Housing Services	62.3	70.0	7.7
Subtotal Service Area Budgets	449.6	458.6	9.0
Capital Financing	41.9	41.9	0.0
Central Budgets	10.3	10.3	0.0
Total Budget Requirement	501.8	510.8	9.0
Funding	(501.8)	(501.8)	0.0
Grand Total General Fund Budgets	0.0	9.0	9.0
Dedicated Schools Grant (DSG) Funded Activity	0.0	20.8	20.8
Housing Revenue Account (HRA)	0.0	3.5	3.5
Net Total*	0.0	33.3	33.3

*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 2 forecast for the Dedicated Schools Grant

DSG gross income and expenditure			
	Budget	Forecast	Overspend / (Underspend)
	£m	£m	£m
DSG			
Income	(262.2)	(259.0)	3.2
Expenditure	262.2	279.8	17.6
Total	0.0	20.8	20.8

Table 3: 2026/27 Quarter 2 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	87.9	3.5
Total	0.0	3.5	3.5

Table 4: 2026/27 Quarter 2 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	51.6	49.5	0.1	(2.2)
Affordable Housing Supply	41.7	35.7	33.1	(0.6)	(2.0)
Invest for Brent (I4B)	0	9.6	7.2	-	(2.3)
Housing HRA & Management	44.9	32.5	34.4	2.1	(0.1)
Regeneration	68.2	67.7	67.6	0.8	(0.9)
Children & Young People	34.3	17.2	17.2	-	-
South Kilburn	45.0	53.6	49.1	(2.2)	(2.3)
Grand Total	293.8	267.7	258.1	0.1	(9.8)

Current Economic Environment

- 1.7 Since Quarter 1, the wider economic situation has remained 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.
- 1.8 CPI inflation increased in August 2026 to 3.1%, having previously fallen since the Quarter 1 report to 2.6% in June. Whilst this rate is 0.7% lower than the equivalent rate in July 2025, it remains significantly above the Bank of England's 2% target. The Bank of England now expects inflation to remain higher for the rest of 2026, reaching 3.2% in Q4 as higher energy prices feed through to consumers. 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.
- 1.9 Interest rates also remain elevated at 3.75%, with the most recent cut occurring in December 2025. With inflation now likely to stay higher for longer, interest rates may remain at current levels for longer 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.

- 1.10 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

- 1.11 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 placing additional pressure on services during 2026/27.
- 1.12 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.
- 1.13 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 £7.7m. Section 8 of this report sets out the Council's approach to addressing these pressures.
- 1.14 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.
- 1.15 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.

1.16 Progress against these actions, together with the financial benefits delivered, is set out in detail for each Directorate. Overall, since the Quarter 1 forecast, directorates have identified £2.7m of in-year savings which have helped, in part, to mitigate underlying budget pressures and prevent the Council's overall financial position from worsening.

1.17 The delivery of these actions will be challenging and will require sustained management focus throughout the remainder of the year. However, they are considered necessary to support a sustainable budget position and protect the Council's long-term 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 endorse seeking Cabinet approval for the budget changes set out in section 12 of this report

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

2.4 That Cabinet note the savings delivery tracker in Appendix B.

2.5 That Cabinet approve the virements set out in sections 9.9 - 9.12 of this report.

3.0 Cabinet Member Foreword

3.1 As we reach the second quarter of 2026/27, this report sets out a challenging financial position for Brent Council, alongside the action we are taking to protect essential services and maintain the Council's long-term financial resilience.

3.2 The forecast £9 million General Fund overspend reflects significant pressures on local government services. The largest pressure is within Housing Needs and Support, where rising homelessness, increased demand for temporary accommodation and higher accommodation costs are contributing to a £7.7 million overspend. Adult Social Care is also experiencing increased demand and higher placement costs, while continued growth in high-needs education means the Dedicated Schools Grant is forecast to have a £20.8 million in-year deficit.

- 3.3 These pressures show that we need to look beyond managing the costs we face today and address the underlying causes of demand, while continuing to provide the support residents need.
- 3.4 Housing is central to that work. A secure, good-quality home provides the foundation from which people can build their lives, support their families and contribute to their communities. Brent is already making significant progress in increasing the supply of council homes. We have delivered 549 new council homes this year, the highest number of completions of any London borough.
- 3.5 That achievement is particularly important given the pressures we are facing in temporary accommodation. Increasing the supply of council-owned homes gives more residents access to secure accommodation and, over time, can reduce our reliance on expensive temporary accommodation in the private market.
- 3.6 Adult Social Care is also facing rising demand and higher market costs. We are taking action to manage the market more effectively, strengthening oversight of high-cost packages, working closely with providers and ensuring that individual package costs are robustly challenged. This is about making sure every pound goes as far as possible, so the Council and families get the best value for the support people need, while ensuring residents receive the right support for their needs.
- 3.7 Alongside this, we are continuing to identify savings and efficiencies across the Council. Since Quarter 1, directorates have identified £2.7 million of additional in-year savings, while the savings programme has identified £10.4 million, of which £8.8 million is either completed or on track to be delivered.
- 3.8 We know there is more to do. Our task is to manage today's pressures while focusing on the long-term changes needed to reduce them. That means investing in homes, prevention and early intervention, improving how we deliver services, and making every pound go further. Managing today's pressures cannot come at the expense of Brent's future. We must continue to invest in our homes, services and communities, while managing day-to-day costs responsibly and protecting the services residents rely on.

4.0 Service Reform and Strategy

Table 5: 2026/27 Quarter 2 forecast for Service Reform and Strategy

Service Reform and Strategy	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Adult Social Care	144.6	146.1	1.5
Change Programme	2.5	1.8	(0.7)
Digital and Innovation	10.0	10.0	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	16.3	17.1	0.8
Strategy and Partnership (Reform)	1.5	1.5	0.0
Total	205.4	207.0	1.6

Summary

- 4.1 The Service Reform & Strategy (SRS) directorate's budget for 2026/27 includes £2.3m of savings and £25.7m 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 Quarter 2, the directorate is forecasting an overspend of £1.6m by year end due to overspends in Adult Social Care (£1.5m) and Strategic Commissioning (£0.8m), being partially offset by (£0.7m) underspend forecast in the Change Programme. As a significant proportion of the budget funds demand led care packages, where activity levels and unit costs can fluctuate throughout the year, 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.

Detailed narrative

Adult Social Care

- 4.3 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 3% for 2026/27, 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 placement numbers, overall expenditure continues to rise.
- 4.4 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. These reviews are being managed through additional oversight and focused reviews of high cost packages which is forecast to reduce placements costs by £0.7m for 2026/27 and this has been included in the forecast at Q2. This target will be monitored to track progress and delivery on a monthly basis.

4.5 In comparison with the 2026/27 placements modelling that informed budget setting, demand and cost pressures have increased across a number of adult social care cohorts.

- For older people, while the majority continue to be supported at home or through direct payments, there has been a growing demand for nursing placements and residential placements for people with dementia. Demand for dementia-related residential placements has increased by 30% this year, while the average cost of nursing and residential dementia placements has risen by 8% and 15% respectively.
- For adults with learning disabilities, most service users continue to be supported through supported living arrangements or direct payments. However, demand for homecare and day services has increased, with day service costs in particular rising by 16% compared with the assumptions used in the budget.
- For mental health clients, supported living, extra care and homecare remain the predominant forms of support. However, there has been an increase in demand for more complex residential and nursing placements, which are significantly more expensive due to the higher levels of care required to meet clients' needs.

4.6 Collectively, these changes in demand and placement costs have resulted in expenditure pressures above those assumed in the original 2026/27 budget modelling.

4.7 The service is taking a number of proactive steps to manage the current pressure, increase the oversight of demand and manage market pressures more effectively through the following actions:

- Continue to strengthen the role of the Quality Assurance Management Panel in the decision-making process by making it multi-disciplinary 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.
- Reviewing short-term placements that do not have a committed end date and ensuring all new short-term placements have an end date and are reviewed within eight weeks. Short term placements are defined as packages that are up to eight weeks and are generally more expensive than long term placements. Reviewing these short-term placements will reduce costs, either by re-purchasing on a long-term basis where appropriate or by ending the package of care where it is no longer needed. Client contributions can also be obtained from clients in long term care, where financial assessed as needing to contribute to their care, but not from clients receiving short term care.
- Reviewing the top ten highest cost care packages in each type of care. This will be reviewed to assess whether they are eligible for continuing

health care and therefore funding should be received by the NHS. This review also serves as a data quality check to ensure that packages of care are recorded correctly in Mosaic (Adult Social Care's case management system) as focusing on the largest packages of care will bring the highest financial benefit if they are recorded correctly.

- Ensuring any funding allocated via Direct Payment but not being utilised is recouped from accounts to help reduce the overspend position currently forecast.
- 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 with joint funding arrangements now supporting 24% of expenditure on clients with complex mental health needs, and the continuation of this progress will be important to ensure that any financial pressures can be mitigated early on. Further work needs to be undertaken to jointly support Learning Disability clients with complex needs where there are currently fewer joint packages of care in place.
- Reviewing cases where clients are receiving a Nursing care placement but there is no recorded contribution from the NHS for Funded Nursing Care. Funded Nursing Care is an agreement with the NHS whereby the Nursing element of a Nursing Care placement is paid for by the NHS, for which the standard rate is £267.68 per week.
- Recruitment and retention of staff remains a risk nationally in the social care sector. The sector continues to be faced with high staff turnover and vacancy rates. The shortage of qualified staff can have detrimental effects on the care provided to adult service users and added stress on existing staff. The national shortage of care workers has changed the workforce model across social care leading to a reliance on agency staff that are more costly compared to permanent staff. Management continues to focus on agency to permanent conversions as part of its workforce planning strategy and to maintain stability for the clients. An internal realignment of staffing was also undertaken to better align the structure to Brent's priorities.

Strategic Commissioning, Capacity Building and Community Engagement

- 4.8 Strategic Commissioning & Capacity Building service is forecasting an overspend of £0.8m for 2026/27 mostly attributed to commissioned services, where there is overspend on Extra Care placements due to higher cost complex packages.

Public Health

- 4.9 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.
- 4.10 The sexual health contract remains an emerging risk. If the proposed uplift is agreed, current modelling indicates a potential pressure of approximately £0.25m in 2026/27, subject to final contract, activity and tariff validation. No pressure has been included in the Q2 forecast pending agreement. Any confirmed impact will require mitigation within available Public Health funding.
- 4.11 The Public Health reserve opening balance is £10.3m, with £3.4m planned to be drawn down in 2026/27 and a projected closing balance of £6.9m. Delivery will be monitored against the current reserve plan and ring-fenced grant conditions, with particular focus on workstreams at risk of delay.

Integrated Care Partnerships

- 4.12 Integrated Care Partnerships is forecast to break even at Q2.

Leisure

- 4.13 Leisure is currently forecast to break even at Quarter 2. 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.
- 4.14 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. 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.
- 4.15 Vale Farm is operating under the new agency contract arrangement. The Quarter 2 forecast assumes the contract continues to operate within the agreed financial parameters, with performance monitored against the guaranteed minimum return and monthly income and expenditure statements.

Digital and Innovation

- 4.16 Following a corporate reorganisation, the former Communications, Insight and Innovation department is now reported as Digital and Innovation, with the Change Programme reported separately. The new Digital and Innovation department within SRS brings together digital, technology and data functions, while Communications and Policy transferred to the Finance and Resources directorate.

Change Programme

- 4.17 The Change Programme is forecasting a £0.7m underspend against its £2.5m budget. The underspend mainly reflects recruitment delays following the Change and Improvement restructure, together with restructure-related staffing reductions, and lower projected expenditure in other areas.

2026/27 Savings

- 4.18 The SRS budget includes a savings requirement of £2.2m for 2026/27, against which the service has identified £2.3m of savings proposals. At Quarter 2, £0.6m of savings have been delivered and a further £1.2m is on track for delivery. Of the remaining proposals, £0.4m is assessed as at risk but recoverable, while £0.1m is at risk. The £0.1m relates to the self-funder administration fee within Strategic Commissioning, where delivery has been delayed due to the consultation timetable. Alternative mitigating actions are currently being validated to address the potential shortfall.
- 4.19 Overall delivery is progressing, although some savings remain dependent on resolving operational and governance issues. Some savings relate to areas previously included within the Communications, Insight and Innovation (CII) structure and will therefore be transferred to Finance and Resources for monitoring and reporting.

In year savings

- 4.20 In addition to £0.7m identified through review of high-cost placements included in the Q2 forecast and the actions outlined above to mitigate the current year overspend, the department is undertaking further work to ensure all opportunities are taken to identify additional savings that can support the Council's overspend and help contain the forecast budget gaps over the medium term. This is being explored through the lens of delivering efficiencies, reducing costs, investing in digital solutions and income maximisation.

Summary of Key Assumptions

- 4.21 Table 6 sets out the principal assumptions used in preparing the forecast. Variations in these assumptions could have a significant impact on the projected financial position.

Table 6: Summary of key forecast assumptions 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. £0.7m impact of this mitigating action has been included in the forecast at Q2	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.
ICP partner funding and employee recharges are agreed and posted in line with forecast.	Delayed or unrecovered income would create a pressure.	Timely recovery supports the break-even forecast.	Monthly reconciliation of payroll, grants, contributions and recharges.
Willesden PFI costs and Vale Farm income perform in line with forecast.	Higher PFI costs or lower income would create a pressure.	Stronger income or an agreed PFI variation could	Monthly contract and income reconciliation. Recognise benefits

		improve the position.	only when formally agreed.
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5.0 Children, Young People and Community Development (CYPCD) (General Fund)

Table 7: Quarter 2 forecast for Children, Young People and Community Development

CYP Department	Budget (£m)	Forecast (£m)	Overspend (Underspend) (£m)
Community Development	2.2	2.4	0.2
Early Help	11.3	10.5	(0.8)
Looked After Children and Permanency	8.4	8.4	0.0
Children With Disabilities	15.1	15.8	0.7
Safeguarding and Quality Assurance	2.3	2.3	0.0
Family Support and Child Protection	9.5	9.6	0.1
Forward Planning Performance and Partnerships	57.2	57.6	0.4
Inclusion	3.2	3.2	0.0
Setting and School Effectiveness	0.1	0.1	0.0
Virtual School	0.6	0.6	0.0
Central Management	1.0	0.4	(0.6)
TOTAL	110.9	110.9	0.0

Summary

- 5.1 The Children, Young People and Community Development (CYPCD) directorate's budget for 2026/27 includes £1.6m of savings and £11.2m 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 £4.5m of new Social Care grant funding.
- 5.2 At Quarter 2, the CYPCD directorate is projecting a break-even position overall; however, emerging pressures have been identified in some areas of the

CYPCD General Fund budget. Additional risks and uncertainties may impact on this position further as the year progresses.

Detailed Narrative

Children with Disabilities

- 5.3 The Children with Disabilities (CWD) area is reporting an overspend of £0.7m mainly due to reduced income contributions from the Integrated Care Board (ICB) towards children's placement costs.
- 5.4 In recent years, there has been a significant financial risk associated with disputes and delays in agreeing cost-sharing arrangements with the ICB for care packages.
- 5.5 The principal source of income from the Integrated Care Board (ICB) relates to Complex Care funding. Under revised arrangements, cases that previously received ICB Complex Care funding in 2025/26 are now required to be referred to a Health Panel for reassessment and approval of funding for 2026/27. To date, cases that were funded in 2025/26 have not been approved by the ICB following reassessment. This has resulted in a more cautious income forecast being reflected within the current budget projections. Officers across Adult Social Care and Children's Services are continuing to work collaboratively with ICB colleagues to review individual cases, strengthen joint processes, and seek greater clarity and consistency in funding decisions, with the aim of improving funding outcomes and mitigating the financial impact on the Council.
- 5.6 In response to the issues identified, a number of mitigating actions have been implemented, including strengthened recording arrangements within Mosaic, the Council's social care management system. In addition, all existing care packages will be brought back to the Panel in accordance with timescales established by the Head of Service, with the aim of ensuring that every package is reviewed at least annually.
- 5.7 To enhance oversight and decision-making, the Head of Service now approves all cases submitted to the Panel, providing an additional level of scrutiny. This responsibility was previously delegated to the Service Manager.
- 5.8 A service reorganisation within the Children with Disabilities (CWD) teams has established a dedicated Transitions Team to support young people in preparing for adulthood and to facilitate appropriate post-18 funding arrangements, including support from health and SEND services where applicable.
- 5.9 Furthermore, the Head of Service is exploring the feasibility of introducing financial assessments for clients aged 18 and over to determine potential contributions towards the cost of their care. This work remains at an early stage of review.
- 5.10 While the service area is implementing measures to reduce expenditure, 2026/27 will be a transitional year to establish these processes, and the

financial impact of these changes is not expected to be fully realised until 2027/28.

Forward Planning, Performance & Partnerships (FPPP)

SEN Transport

- 5.11 The FPPP service is reporting an overspend of £0.4m due to pressures in SEN Transport. The main reason for this pressure is the increase in the numbers of solo taxi users compared to last year and an increase in the number of Personal Travel Allowance payments.
- 5.12 The increase in the number of solo taxi arrangements has arisen from a combination of factors, including new pupils attending schools where no existing transport provision is in place, pupils leaving shared transport routes resulting in a single remaining passenger, cases where challenging behaviour necessitates individual transport, and timetable changes or part-time attendance arrangements that prevent alignment with other pupils' travel schedules.
- 5.13 The Head of Service is currently undertaking a review of all solo taxi arrangements in collaboration with the service provider and will implement appropriate actions to reduce the number of solo taxi journeys wherever this can be achieved safely and appropriately.
- 5.14 There has been a significant increase in the number of Personal Travel Allowance (PTA) payments, which is a positive development. This may contribute to a reduction in expenditure on other more expensive alternative options later in the financial year. However, it is currently too early to quantify the potential financial impact, as data for the new academic year will not be available until October.

Placements

- 5.15 The main financial risk within the FPPP service continues to be the cost of children's placements, particularly residential care and secure placements for young people, although for quarter 2 a break-even position is being reported.
- 5.16 As reported in Quarter 1, it is expected that the Council will experience increases in the number of high-cost residential placements during the second half of the financial year, resulting in additional financial pressures. The 2026/27 budget includes growth funding to reflect expected demographic and inflationary pressures and allows for some increase in placements later in the year. Any significant financial impact is most likely to arise from new residential placements and secure placements for young people who are remanded.
- 5.17 As of July 2026, the number of residential placements has remained stable and the current forecast remains that the placements budget will break even by year-end. The same assumptions remain as reported in Quarter 1: based on the latest figures, the final outturn could range from an underspend of £1.5m if

residential placement numbers remain at the current level throughout the year, to an overspend of £2.4m if placement numbers increase beyond the budget growth allowance.

- 5.18 The placements budget is affected by a range of factors in addition to the number of residential care placements. These include fluctuations in the volume and cost of other placement types, changes in grant funding and external contributions, such as funding for Unaccompanied Asylum-Seeking Children (UASC), and the number of young people requiring secure placements following serious offending behaviour. Robust oversight arrangements remain in place, including a monthly Residential Placements Panel chaired by an Operational Director and a bi-monthly Placement Steering Group chaired by the Corporate Director, Children, Young People and Community Development. These forums provide ongoing scrutiny and monitoring of placement activity, demand trends, and associated expenditure.

Other pressures

- 5.19 The forecast pressure of £0.2m in Community Development includes undelivered savings against the reduction in contract for targeted services in the Employment and Enterprise area and staffing pressures in the Community Safety and Prevention area.
- 5.20 There is an overspend of £0.1m in the Family Support and Child Protection team mainly due to client subsistence and legal costs relating to Children in Need and Children in Care.

Areas of underspend

- 5.21 There is an underspend of £0.6m against the budgets held centrally to cover pressures within the directorate.
- 5.22 Of the £0.8m forecast underspend within the Early Help service, £0.6m relates to the strategic application of grant funding to offset expenditure that meets the eligibility criteria of the Children and Families Grant. The remaining £0.2m underspend is primarily attributable to staff vacancies within the Targeted Prevention Hub and the use of alternative grant funding streams to support posts that would otherwise be funded from the General Fund

Risks and uncertainties

Adult Education and Other Service Pressures

- 5.23 There are potential financial pressures arising from a reduction in Adult Skills Fund (ASF) grant funding, alongside increased staffing, supplies and service costs. There is also a risk that planned savings linked to the reduction of contracts for targeted services may not be fully delivered. An on-going review of this area will identify mitigating actions, including securing additional external funding opportunities and controlling expenditure where possible.

Legal Costs

- 5.24 There is an ongoing risk relating to expenditure on judicial review cases and substantial legal costs associated with age assessments for Unaccompanied Asylum-Seeking Children (UASC). This pressure is expected to be mitigated by utilising underspends from other areas across the directorate.

Other Service Risks

- 5.24 A number of other financial risks exist across specific service areas within the Directorate. However, at this stage, these are expected to be managed within existing service budgets and do not present a significant risk to the overall directorate's forecast.

Children's Social Care Transformation Funding

- 5.25 The Department has secured significant new government funding through the Families First Partnership 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, child in need support, and child protection activity.

2026/27 Savings

- 5.26 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.
- 5.27 The service is confident that about £1.2m of these savings can be delivered. However, overall savings for the directorate are particularly challenging due to the demand led and volatile nature of some of the children's budgets.

In year savings

- 5.28 The directorate has identified £600k of in-year savings through the strategic use of government grants to fund eligible expenditure that had previously been met from baseline budgets. These savings have already been incorporated into the current forecast position. The Directorate continues to maintain a robust review of expenditure, with particular focus on staffing costs, which represent a significant proportion of the overall budget. Appropriate controls are in place to ensure rigorous scrutiny and approval of all new recruitment activity. Work is ongoing to identify further in-year savings opportunities, which may enable an improvement in the Directorate's forecast outturn position by year-end.

Summary of Key Assumptions

- 5.29 Table 8 sets out the principal assumptions used in preparing the forecast. Variations in these assumptions could have a significant impact on the projected financial position.

Table 8: Summary of key forecast assumptions 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 820 FTEs and unit costs reflect current trends. Forecast allows for 50 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 Disabilities (CWD) packages will be even lower than the current 2026/27 forecast assumptions.	The cost will not be mitigated by these contributions in proportion to the overall demand.	It will assist in mitigating overall net spend.	Maximising joint funding approaches with health to ensure contributions to placement costs where applicable.
Assume numbers of SEN clients requiring transport do not increase significantly (in particular solo taxi users) 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.

6.0 Neighbourhoods and Regeneration

Table 9: 2026/27 Quarter 2 forecast for Neighbourhoods and Regeneration

Neighbourhoods and Regeneration	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Public Realm	24.9	24.1	(0.8)
Inclusive Regeneration & Climate Action	3.2	3.1	(0.1)
Property & Assets	7.3	8.2	0.9
Total	35.4	35.4	0.0

Summary

- 6.1 Neighbourhoods and Regeneration Directorate are currently forecasting a breakeven position as at Quarter 2.
- 6.2 The 2026/27 budget includes growth funding 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 agreed by Full Council in February 2026. 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

- 6.3 Within Inclusive Regeneration & Climate Resilience, a forecast underspend of £0.1m is reported at Q2. There continue to be pressures within Building Control and Schools and Asset Management, however work continues to manage expenditure and maximise available income and funding to support the £0.1m underspend forecast position. There remains a risk to the position should existing pressures increase or the anticipated benefits not be fully achieved.
- 6.4 Building Control is forecasting an overspend of £0.5m due to income levels remaining below budgeted assumptions. Historic income targets were set during a period of higher levels of major development activity and stronger market share. However, following the introduction of the Building Safety Act in October 2023, applications relating to Higher Risk Buildings are now submitted directly to the Building Safety Regulator, with charges being levied on a cost recovery basis. Combined with a slowdown in major development activity, this has resulted in a sustained reduction in the level of income available to the service. Current income expectations are therefore being reviewed to ensure they remain realistic within the context of the new regulatory framework. In addition, the service is required to operate within the CIPFA Building Control accounting framework, which requires certain income streams to be ringfenced for specific chargeable activities, whilst non-chargeable functions must be funded through the General Fund. This limits the flexibility available to offset financial pressures and reinforces the need to ensure budgets accurately reflect current service requirements. The service also continues to face workforce-related pressures. Recruitment and retention of qualified Building Control surveyors remain challenging due to a nationwide shortage of suitably experienced professionals, resulting in difficulties filling vacancies and maintaining resilience within the existing team. An ageing workforce profile presents a further medium-term risk through potential loss of specialist knowledge and expertise. In order to mitigate the current year pressure, the service is implementing a range of in-year management actions, including tight control of vacancies and expenditure, reviewing service delivery arrangements, ensuring fee income is invoiced and collected promptly, and pursuing opportunities to maximise fee-earning activity. Whilst market conditions and the Building Safety Act reforms limit the extent to which income can be increased, the service

continues to identify opportunities to improve performance and reduce the forecast overspend. Longer-term options are also being considered through the wider review of the service under the new Property and Building Safety leadership structure, with the aim of securing a financially sustainable and fit-for-purpose service.

- 6.5 Planning and Development services continue to face similar pressures, with application and pre-application fee income remaining below historic levels 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. Land Charges income is expected to remain stable during 2026/27; however, the transfer of the Local Land Charges Register (LLC1) service to HM Land Registry means that income of approximately £0.2m per annum will cease from 2027/28. Work is underway to identify opportunities to manage the resulting budget pressure. Looking ahead, planning fee reform for local authorities may be introduced in future years, although the outcome and financial implications remain uncertain at this stage.
- 6.6 Schools and Asset Management is forecasting an overspend of £0.4m, largely due to security and compensation payments associated with property assets, alongside legal and compliance-related costs. A number of these costs had previously been assumed to be capital in nature but are required to be charged to revenue, creating a budget pressure during the year. These pressures are partly offset by staffing underspends, and officers are reviewing expenditure and funding options to reduce the impact on the overall directorate position.
- 6.7 Within the Public Realm service, the Service Development and Contract Performance team is forecasting a budget pressure of £0.7m. This is primarily due to business rates associated with six depot operations, borrowing costs relating to capital investment in RLS vehicles and additional staffing costs arising from changes to shift patterns and increase in waste tonnages under the Veolia contract.
- 6.8 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.
- 6.9 The Parks Service is forecasting an overspend of £0.2m due to pavilion hire income being below the budgeted level. Income generation is currently constrained by the condition of several park buildings, which require renovation and improvement. Capital and revenue investment will be necessary to bring these assets up to a suitable standard, enabling them to be effectively marketed and increasing future hire income opportunities.

- 6.10 Focus for waste programmes in 2026/27 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.
- 6.11 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.
- 6.12 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. Funding 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.
- 6.13 Property and Assets is forecasting an overspend of £0.9m at Quarter 2. The most significant pressure relates to Commercial Property, where rental income is forecast to remain below budget due to vacancies and assets held for sale. The commercial income budget continues to reflect historic assumptions which have become increasingly challenging to achieve, particularly following structural changes in the office market since the pandemic and changing demand for office accommodation. The service continues to actively market suitable vacant accommodation, progress lease events and explore opportunities to maximise income across the portfolio. Facilities Management is also reporting pressures arising from repairs expenditure that is required to be charged to revenue rather than capital, together with staffing pressures across Cleaning and Security services. Recruitment activity has been impacted by the ongoing service reorganisation, resulting in delays in filling vacant posts and an increased reliance on temporary resources. In addition, a pressure remains within the Directorate relating to unachieved savings targets, partially offset by staffing vacancies.
- 6.14 These pressures are partially mitigated by an anticipated underspend within the Council's energy budgets. Based on the latest forecasts from the

Council's energy supplier and energy contracts secured for future supply, energy costs are expected to remain below budget in 2026/27, generating a forecast underspend of £0.6m. This favourable variance helps offset wider pressures across Property and Assets; however, the service continues to closely monitor both energy costs and overall expenditure to manage the forecast year-end position.

2026/27 Savings

- 6.15 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.
- 6.16 The Healthy Streets and Parking Service is forecasting an in-year saving of £1.4m. The service is generating additional income through the installation of new enforcement cameras, the expansion of CCTV enforcement to a further 20 locations, the implementation of new AI ANPR software, and increased suspension income arising from construction activities across the borough.
- 6.17 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. More options to progress this expediently will be put into action.
- 6.18 The department expects to be able to mitigate the Lane Rental saving in 2026/27, however the asset utilisation saving remains a pressure on the budget.
- 6.19 Inclusive Regeneration and Climate Action have identified a number of potential savings and budget management opportunities which are currently being developed assessed as part of the work to manage the underlying pressures within the service.. These include proposals relating to The Pages development, where an offer has been made to acquire 46 affordable housing units as part of the Wembley Housing Zones project, generating a positive financial impact through reduced General Fund land receipts and benefits to the Housing Revenue Account. In addition, a review of the Building Control service is planned alongside the recruitment of a new Director of Property and Building Safety, with the aim of reshaping the service to achieve a more financially sustainable balance between income

and expenditure. The only quantified saving identified to date is the funding of 65% of a Heat Network staff post through the Green Heat Network Fund grant, delivering an estimated saving of £63k in 2026/27. Other opportunities remain subject to further assessment and quantification and, as a result, there remains delivery risk associated with achieving the overall forecast position.

- 6.20 Property and Assets is progressing a range of measures to mitigate financial pressures and improve the long-term sustainability of the service. These include reducing reliance on external keyholding arrangements, agency staff and overtime, alongside ongoing work to identify efficiencies through energy management and workforce planning. The service continues to actively manage the property portfolio through lease renewals, rent reviews, marketing of vacant accommodation and consideration of alternative uses for under-utilised assets. Opportunities to generate additional income from the Council's estate are also being explored, including the letting of newly completed commercial units within the Wembley Housing Zone and Church End developments. While these initiatives are expected to improve the financial position over time, a number remain at an early stage of development, and their full financial impact has yet to be quantified. A key priority is the successful letting of 15 newly completed commercial units within the Wembley Housing Zone and Church End developments, which have the potential to generate approximately £650k of annual rental income once fully occupied.

In Year Savings

- 6.21 In year savings of £1.2m have been identified by the Directorate, which largely comes from the implementation of new CCTV enforcement cameras to immediately improve safety and assist with congestion issues. These cameras benefit from a short installation time allowing them to become operational in this financial year to achieve immediate safety results. Where offences are spotted PCNs will be issued and therefore bring an income source to the Council. This projected income is included in the Q2 forecast and is therefore assisting to alleviate some of the noted in-year pressures in the Directorate. Further work is ongoing to identify further in-year savings.

Summary of Key Assumptions

Table 10: Summary of key forecast assumptions 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 2025/26 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 recycle 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	This is demand led service can create a financial pressure for the service due	The expected budget for this element would not be utilised. This could then be used to cover pressures	The service is aware of the costs of the variable elements. The volume is therefore closely monitored to

assumed that usage will be within the expected range.	to severe winter weather.	within the service which are mentioned above.	ensure that the usage is appropriate.
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7.0 Finance and Resources

Table 11: 2026/27 Quarter 2 forecast for Finance and Resources

Finance and Resources	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Finance Services	12.4	12.3	(0.1)
Organisational Assurance & Resilience	5.0	5.0	0.0
Shared Technology Services	0.0	0.0	0.0
Human Resources & Organisational Development	4.4	4.3	(0.1)
Legal Services	5.4	5.4	0.0
Democratic Services	8.4	8.3	(0.1)
Total	35.6	35.3	(0.3)

Summary

- 7.1 The Finance & Resources directorate is forecasting an underspend of £0.3m at Quarter 2.
- 7.2 Democratic Services and Organisational Assurance & Resilience now include Policy and Communication departments, which were previously reported within Service Reform & Strategy.

Risks & Uncertainties

- 7.2 Human Resources & Organisational Development is forecasting an underspend of £0.1m, mainly due to in-year savings arising from vacant posts. Although some vacancies have since been filled, this has been offset by additional income generated by the Recruitment Team.
- 7.3 Legal Services is currently forecasting a break-even position. Work continues to mitigate the pressures arising from a reduction in staff time working on capital projects and delays in implementing a new income stream from recharging procurement contract work to third parties.
- 7.4 The Insurance Service are currently forecasting a break-even position. However, the service has experienced increased claims activity and rising

repair and damage costs in the year to date. The position is being closely monitored, with regular reviews of individual claims and forecast expenditure to minimise the risk of an overspend and ensure spending remains within the approved budget.

2026/27 Savings

- 7.5 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, workforce and income maximisation.
- 7.6 Work is progressing to ensure saving plans are implemented and at Quarter 2 all savings 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 expected to still progress but it may be beyond 2026/27 before the saving is fully achieved. Where any savings are not achievable through their original proposal or delays are anticipated, the department have looked for other opportunities to ensure the total savings are still delivered.
- 7.7 A review of in-year savings opportunities has identified £0.3m of savings which are included in the Quarter 2 forecast. Of these savings £0.2m have come from the holding of staffing vacancies within HR & Finance. A further £0.1m has come from an expected over achievement of income through bookings within Conference & Events.

8.0 Residents and Housing Services

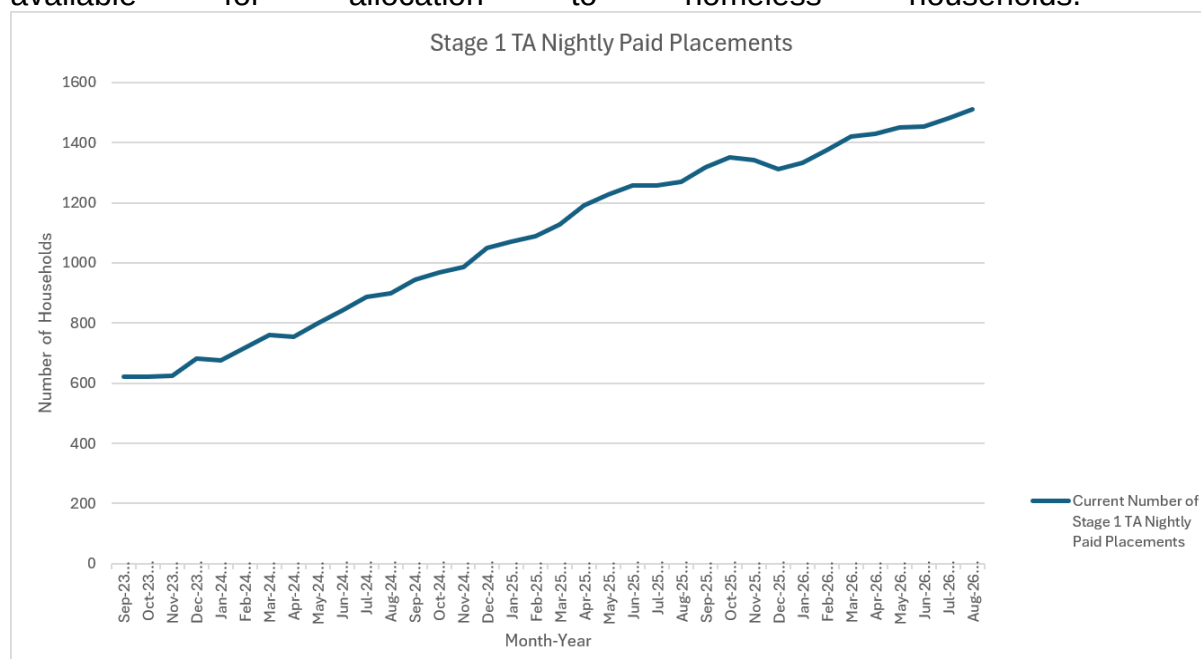
Table 12: 2026/27 Quarter 2 forecast for Residents and Housing Services

Residents and Housing Services	Budget (£m)	Forecast (£m)	Overspend / (Underspend) (£m)
Housing Needs and Support	37.2	44.9	7.7
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	70.0	7.7

Summary

- 8.1 Residents and Housing Services is forecasting a £7.7m overspend at Quarter 2, representing an improvement of £1.8m compared with the position reported at Quarter 1. 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.
- 8.2 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. Projections and forecasts for 2026/27 are continuously under review, modelling the current demand and costs in comparison to projected trends and movements.
- 8.3 In April 2026, there were 1,428 households in nightly paid accommodation, compared with 1,182 households in April 2025. This represented 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 began with a projected overspend of £3.7m, with revised demand for 2026/27 estimated to cost a further £1.9m above initial assumptions. 1,517 households are currently in nightly paid accommodation as of the end of August.
- 8.4 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 2026/27. These figures remain indicative and will continue to be monitored as part of regular financial updates.
- 8.5 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.



- 8.6 The Council is expecting 406 new properties to be added to its portfolio during 2026/27 as part of the Capital Programme. These are mostly HRA properties (e.g., Massey House, Willowbrook House), some of which may house people in temporary accommodation, depending on allocations, therefore alleviating pressures on this service. In 2025/26, 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 prioritised based on their placement in higher priority bands (A and B), with the aim of reducing overall accommodation costs. The remaining 103 properties were allocated through Locata via the Choice-Based Lettings (CBL) system. These were offered to households who submitted bids and are in the highest priority banding, with allocations made in order of longest waiting time. The absence of mandatory auto-allocations for households in the highest priority bands within the Locata system continues to be a limiting factor in managing housing demand effectively. The options for implementing this approach are being explored. An annual cost saving of approximately £4.8m could be achieved on stage 1 accommodation as a result.
- 8.7 If the remaining social housing homes within the current pipeline are made available with an average occupancy of 3 months during the financial year and used to target the households in the most expensive forms of temporary accommodation, this could result in a cost avoidance of circa £1.8m 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.
- 8.8 In addition, if a household is moving out of a leased TA unit into the new council accommodation, then the void will be used to decant a family from

Stage 1. However, if there is less than six months left on the lease, and the owner does not renew, which has been the case as more landlords are leaving the PRS market, a hand back will be required. Therefore, there is no void to use for a decant resulting in no cost avoidance.

New Supply of Temporary Accommodation & PRS

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

Acquisition:

- 8.10 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.

- 8.11 Leasing:

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

- 8.12 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. The aggregate cost reduction per night from this exercise is c£4,000.

- 8.13 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.

- 8.14 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.

- 8.15 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.
- 8.16 Other services within the department are projecting to achieve a break-even position for the year. The 2026/27 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

- 8.17 Housing Needs and Support continues to represent the most significant area of pressure within 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 equated 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. 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.
- 8.18 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, implemented on 1 May 2026 means that all new possession claims will proceed under Section 8 instead. As of 1 August 2026, old Section 21 notices are invalid. 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.

- 8.19 Given that these challenges are being 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.
- 8.20 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.
- 8.21 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.
- 8.22 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.
- 8.23 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 is being carefully monitored.

- 8.24 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

- 8.25 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.
- 8.26 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.

- 8.27 The original plan to deliver £0.2m 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 forecast assumptions for Residents and Housing Services

Key Assumption	Downside if worse	Upside if better	Mitigations
The additional number of homeless people can be managed within the existing forecast.	Each person costs on average £326 per week to accommodate, therefore any further increases in demand would result in a circa £0.1m per quarter for every 20 people.	Faster progress on homeless pathways or any decrease in demand will reduce expenditure by £326 per week per person.	The service is focusing on moving homeless clients along the various pathways. Various project workstreams are focusing on sourcing additional housing supply to alleviate some of the pressures.
Rent collection rates for the Housing Needs service will not fall below the anticipated level.	A 5% worsening in the collection rate will cost £0.3m per quarter	A 5% improvement in the collection rate will recover £0.3m per quarter	Collection rates are being closely monitored and investigations into the drivers for the movements in the collection

			rates are ongoing.
Other inflation linked costs can be contained within existing budgets.	A 3% increase in costs above budgetary assumptions could cost an additional £1.2m per annum	A 3% cost reduction in costs would result in a circa £1.2m saving for the year.	The department continues looking for best way to achieve value for money, utilising the most efficient procurement and service delivery options and negotiations.

9.0 Central items

Collection Fund – Council Tax

- 9.1 The net collectible amount for Council Tax for 2026/27 (after exemptions, discounts and Council Tax Support) as at 31 August 2026 was £251m. As at the end of August 2026, the amount collected was 43.7% which is 0.5% higher than the amount collected in the same period in 2025/26, and 0.4% higher than the amount collected in the same period in 2024/25.
- 9.2 The collection rate for working-age Council Tax Support (CTS) claimants was 37.3% as at 31 August 2026, compared with 36.5% at the same point in 2025, representing an improvement of 0.8 percentage points. In total, 73% of working-age CTS households have made a payment towards their 2026/27 Council Tax liability.
- 9.3 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 August 2026, 1,445 applications have been received for support from this fund and 1,094 (75%) have been approved. The dispatch of recovery notices and wider promotion of the fund have generated more applications for this support.
- 9.4 As at 31st March 2026 the total CTS awarded was £25.9m. As at 31st August 2026 the total awarded has increased to £28m (increase of 2.1m). Key factors contributing to this increase include the increases to the tax base; growth in the number of households applying for CTS; proactive ongoing work through the Income Maximisation Project to identify residents entitled to support; increased uptake from targeted campaigns and signposting through council services; continued cost of living pressures meaning more residents qualify and existing claimants assessed for higher levels of support; improved awareness of available financial support through initiatives revolving around welfare and hardship.
- 9.5 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 and are being managed, 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 in 2026/27 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

- 9.6 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.
- 9.7 The actual net collectible amount for NNDR as at 31 August 2026 was £155m, a decrease of £4.5m 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.
- 9.8 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.
- 9.9 As at 31 August 2026, the NNDR collection rate was 41.8%, compared with 43% at the same point in 2025/26, a decrease of 1.2 percentage points. It should be noted that the net collectable debit has increased by £10m since August 2025, reflecting growth in the business rates taxbase. The in-year collection target for 2026/27 is 95.5%. While collection performance is currently below the level achieved in the previous year, performance will continue to be monitored closely throughout the remainder of the financial year to support achievement of the annual target.
- 9.10 The 2026 Revaluation has also resulted in some businesses moving from 100% Small Business Rate Relief into a chargeable position. While this has increased liabilities for a number of ratepayers, the Council is actively engaging with affected businesses to support compliance and maximise

collection. Collection performance continues to be influenced by the significant volume of Checks, Challenges and Appeals (CCAs) submitted to the VOA following recent revaluations. The current estimated processing backlog remains at approximately 180 days. While this continues to delay the resolution of appeals and confirmation of rateable values, the Council is monitoring developments closely and managing the associated risks within its collection strategy.

- 9.11 The wider economic environment continues to present challenges for many businesses, contributing to increased volatility in in-year collection. Business failures, insolvencies, rates avoidance activity and company dissolutions continue to impact recovery. At the same time, a growing number of ratepayers are seeking extended payment arrangements to support cash flow management. Whilst these arrangements can affect in-year collection performance, they help sustain viable businesses, reduce the risk of default and support the maximisation of debt recovery over the longer term.

Virements

- 9.12 Table 14 shows the virements and adjustments which have been entered to adjust the budgets at Corporate Directorate level between 30 April 2026 and 31 July 2026. Cabinet are recommended to approve these virements.

Table 14: Virements and adjustments in 2026/27 budget between 30.04.2026 and 31.07.2026

	2026/27 In-Year Budget at 30.04.2026	In-year growth	Transfer of functions between services	Technical Adjustments	2026/27 In-Year Budget at 31.07.2026
	£m	£m	£m	£m	£m
Service Reform and Strategy	205.7	1.0	(0.4)	(1.0)	205.4
Children, Young People and Community Development	111.0	0.1	(0.2)	0.1	110.9
Neighbourhoods and Regeneration	36.5	0.0	0.0	(1.1)	35.4
Residents and Housing Services	62.3	0.4	(0.2)	0.0	62.5
Finance and Resources	32.7	0.5	0.8	1.5	35.5
Capital Financing	41.8	0.0	0.0	0.0	41.9
Central Budgets	11.7	(2.0)	0.0	0.5	10.2
Core Funding	(501.8)	0.0	0.0	0.0	(501.8)
Total Budget	0.0	0.0	0.0	0.0	0.0

- 9.13 In-year growth items are budget movements from Central Budgets to Departmental budgets which were not actioned at the start of the financial

year. Table 14 includes the following in-year growth items added between 30 April 2026 and 31 July 2026:

- Permanent increase to salary budgets in Service Reform and Strategy for the Corporate Programme Management Office and Change Function (£1.0m)
- Increase to SEN Transport budget in Children, Young People and Community Development directorate to 2028/29 for business case (£0.1m)
- Permanent increase to the budget for members allowances in the Finance and Resources directorate in respect of the employers pension contributions, following the extension of eligibility for membership of the Local Government Pension Scheme to members, effective from 11 May 2026 (£0.1m).
- Temporary funding from reserves to Residents and Housing Services to establish a focused, dedicated Council Tax engagement team for a six-month pilot period (£0.4m)
- Temporary funding from reserves to Finance and Resources Directorate for the Finance Transformation Programme (£0.4m)

9.14 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. Table 14 includes the following transfers of functions between services added between 30 April 2026 and 31 July 2026:

- Transfer of salary budgets from Children, Young People and Community Development directorate to Service Reform and Strategy directorate (£0.2m)
- Transfer of ICT budgets from Residents and Housing Services to Service Reform and Strategy directorate (£0.2m)
- Transfer of Change Programme team from Service Reform and Strategy directorate to Finance and Resources directorate (£0.8m)

9.15 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. Table 14 includes the following technical adjustment items added between 30 April 2026 and 31 July 2026:

- Transfer of five cost centres from the Service Reform and Strategy directorate to the Finance and Resources directorate (£1.0m)

- Permanent adjustment to Children, Young People and Community Development Budgets (£0.1m)
- Permanent adjustment to budgets across the Finance and Resources directorate (£0.5m)
- Temporary pro-rata adjustments to Neighbourhoods and Regeneration directorate (-£0.3m) for the in-year growth for Corporate Programme Management Office/Change Function
- Temporary budget adjustment to create income budget in Neighbourhoods and Regeneration for additional income from the West London Waste Authority, which will be deposited into an earmarked reserve in 2026/27 (-£0.8m)

10.0 Dedicated Schools Grant (DSG)

Table 15: 2026/27 Quarter 2 forecast for Dedicated Schools Grant by block

Funding Blocks	Overall DSG Funding 2026/27	Forecast Expenditure	Overspend/ (Underspend)
	£m	£m	£m
Schools Block	126.9	126.9	0.0
High Needs Block	84.1	104.9	20.8
Early Years Block	45.5	45.5	0.0
Central Block	2.5	2.5	0.0
Total DSG	259.0	279.8	20.8

Summary

- 10.1 The DSG funding has reduced by £3.2m from £262.2m in Q1 to £259.0m following a revised allocation in July 2026. The reduction is primarily due to a £2.7m decrease in the School Block allocation, resulting from two schools converting to academy status at the end of June 2026 and therefore no longer being funded through the local authority. The remaining £0.5m reduction relates to the import/export adjustment, reflecting changes in pupil movements between local authorities
- 10.2 The overall DSG budget reflects a forecast of £20.8m as of Quarter 2, compared to the £18.2m reported in Quarter 1 due to changes in the forecasts against the High Needs Block and Early Years Block as set out in the paragraphs below.
- 10.3 The High Needs Block of the DSG is forecast to report a funding deficit of £20.8m at Quarter 2, compared with a deficit of £19.6m at Quarter 1, representing an adverse movement of £1.2m. This is principally attributable to a £0.5m reduction in High Needs Block income, together with continued

and significant growth in top-up funding costs associated with school placements for children and young people with Education, Health and Care Plans (EHCPs).

- 10.4 It should be noted that a deficit of £14.9m had already been identified during the budget-setting process for 2026/27. Although High Needs Block funding increased by £4.3m, this uplift largely reflects the incorporation of the annualised 2025/26 Core Schools Budget Grant (CSBG) for special units and resourced provision, rather than additional funding to address underlying demand pressures. As a result, the increase in funding has not been sufficient to offset the continued growth in EHCP numbers, rising placement costs and broader inflationary pressures, leading to a further deterioration in the forecast position.
- 10.5 At Quarter 2, the Early Years Block, Schools Block and Central Service Block are projected to achieve a breakeven position. At Quarter 1, Early Years Block was forecasting an underspend of £1.4m; however, this has subsequently reduced due to the Summer 2026 entitlement budget for 9 months to 2-year-olds being understated at budget-setting as take up was estimated to be lower for children within this cohort. The Quarter 2 forecast reflects an increase in the expected number of 9 months to 2-year-olds taking up the free childcare entitlements. This has led to the removal of the previously reported underspend. For 2026/27, DfE funding for Early Years Block is based on actual participation levels, and any increase in take up would result in additional funding being received through termly adjustment process.
- 10.6 The cumulative DSG deficit brought forward from 2025/26 is £20.2m. This includes an in-year deficit of £6.6m in 2025/26. Without funding support from the government, this is set to rise to £41m by year end March 2027.
- 10.7 The Council has submitted its local SEND Reform plan to the Department for Education within the required timeframe in support of its application for High Needs Stability Grant funding. Delivery of the SEND Reform Plan will be subject to ongoing monitoring and review by DfE, NHS regional SEND leads and specialist advisers through quarterly reviews. The reviews will assess progress against agreed performance metrics, delivery milestones, risk mitigations arrangements and implementation of the reform program.

Risk and Uncertainties

- 10.8 The DSG cumulative deficit of £20.2m as of March 2026 reflects a continued adverse financial position, driven primarily by pressures within the High Needs Block. Based on the forecast position at quarter 2, a further in-year overspend of £20.8m is expected in 2026/27, which would increase the cumulative deficit to £41.0m 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.

- 10.9 Under the High Needs Stability Grant arrangements, local authorities are expected to fund 10% of eligible DSG deficits accrued to 31 March 2026 from their own resources, with Government support available for up to 90% of the deficit position, subject to the relevant conditions being met. The Council received a £2.1m increase in Revenue Support Grant arising from a technical adjustment to the Fair Funding Assessment baseline in 2025/26. Council has used this additional funding to establish a dedicated reserve which is expected to be sufficient to fund the Council's share of the historic DSG deficit not covered by the Government support. Subject to the confirmation of the High Needs Stability Grant allocation, this provision is expected to eliminate the Council's cumulative historic DGS deficit position.
- 10.10 The Council has submitted its SEND Reform Plan in support of its application and is awaiting confirmation of the final grant allocation. In addition, uncertainty remains regarding the treatment of deficits arising in 2026/27 and 2027/28, including the nature and extent of any Government support and the requirements attached to it. As a result, some financial planning uncertainty remains until the Government publishes further details.
- 10.11 The extension of the statutory override to March 2028 provides continued protection by allowing DSG deficits to be held outside the General Fund. The combination of anticipated High Needs Stability Grant funding and the Council's dedicated reserve provision is expected to eliminate the historic DSG deficit position. The principal remaining financial risk relates to deficits that may arise in 2026/27 and 2027/28, for which the nature and extent of future Government support have yet to be full defined.

11.0 Housing Revenue Account (HRA)

Table 16: 2026/27 Quarter 2 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	87.9	3.5
Total	0.0	3.5	3.5

Summary

- 11.1 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.

- 11.2 The HRA continues to face significant risks and financial pressures. The net forecast overspend of £3.535m is based on cost pressures which have arisen since the 2026/27 budget was agreed in February:

Warden support (Waking Watch) at Unity Place and Lexington	£0.770m
Council Tax for new properties added to the HRA	£0.500m
Service charges for new properties added to the HRA	£1.500m
Additional borrowing costs for new properties added to the HRA	£1.504m
SUB-TOTAL	£4.274m
Underspend on salaries – Customer Services	(£0.297m)
Underspend on salaries – Property Services	(£0.231m)
Housing Company Team – some costs covered by SLA with I4B and FWH	(£0.124m)
TA and Supported Living – Management Fee saving	(£0.087m)
Forecast Net Overspend	£3.535m

- 11.3 Offsetting underspends across the HRA reduces the net forecast overspending position to £3.535m. The overspends could be further partially offset by a potential £1.3m provision reversal that depends on the successful resolution of a contractual dispute related to a capital major repairs project. As the timing and final value of the settlement remain uncertain, this has not been included in the forecast. The Waking Watch, Council Tax and service charge pressures are 'one-off' and will not recur in future years. The additional borrowing costs will be offset by additional rental income streams but these will not be fully realised until financial year 2027/28 and future years.

Risks and uncertainties

- 11.4 While inflation and interest rates have eased from their recent peaks, they continue to exert pressure on both operational and capital costs. CPI inflation was 2.8% at the start of the financial year and has risen to 3.1% at August 2026. The Bank Rate has stayed at 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.

- 11.5 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.
- 11.6 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.
- 11.7 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.
- 11.8 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.
- 11.9 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.
- 11.10 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.

- 11.11 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. Unless addressed in-year, the forecast overspend at Q2 will have a significant impact on available reserves for future years.
- 11.12 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.

12.0 Capital Programme

- 12.1 As at Quarter 2, the capital programme is forecasting expenditure of £258.1m against a revised budget of £267.7m for an overall variance of £9.7m. The £9.7m variance comprises net slippage of £9.8m and net overspend of £0.1m. Ongoing reviews are undertaken across capital boards to identify any issues that could affect delivery. Attention is given to the timing of projects, changes in market conditions and reliance on external or future funding. Where risks are identified, these are being addressed through continued monitoring and, where necessary, changes to the programme. This approach is intended to maintain progress while ensuring that activity remains consistent with the Council's wider objectives and expected outcomes.

Table 17: 2026/27 Quarter 2 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	51.6	49.5	0.1	(2.2)
Affordable Housing Supply	41.7	35.7	33.1	(0.6)	(2.0)
Invest for Brent (I4B)	0	9.6	7.2	-	(2.3)
Housing HRA & Management	44.9	32.5	34.4	2.1	(0.1)
Regeneration	68.2	67.7	67.6	0.8	(0.9)
Children & Young People	34.3	17.2	17.2	-	-
South Kilburn	45.0	53.6	49.1	(2.2)	(2.3)
Grand Total	293.8	267.7	258.1	0.1	(9.8)

Budget Adjustments

- 12.2 Full Council, at its February 2026 meeting approved a 2026/27 capital budget of £293.8m. At its July 2026 meeting, Cabinet noted additional budget adjustments, predominantly brought forward slippage, to bring the revised budget to £346m. The total net reduction since July 2026 of £78.3m to £267.7m as at Quarter 2 is due to adjustments summarised in the table below.

Table 18: Budget Adjustments Breakdown 2026/27 to 2031/32

	2026/ 2027	2027/ 2028	2028/ 2029	2029/ 2030	2030/ 2031	2031/ 2032	Total
	£m	£m	£m	£m	£m	£m	£m
2025/26 Brought Forward	(7.5)						(7.5)
Correction of I4B 2025/26 Outturn	(7.5)						(7.5)
Additions (new grants)	2.4	1.3	2.9	2.9	2.9	0.0	12.5
Pride in Place Programme - Harlesden	0.1	0.7	1.5	1.5	1.5		5.2
Pride in Place Programme - St Raphael's	0.1	0.7	1.5	1.5	1.5		5.2
DfT Electric Vehicle Charging Panels trial	0.2						0.2
TFL-funded Kilburn High Road Transformation	2.0						2.0
Taken from Contingency	5.1	(1.3)	(2.9)	(2.9)	(2.9)	0.0	(5.0)
Additions and 2025/26 Brought Forward adjustments	5.1	(1.3)	(2.9)	(2.9)	(2.9)		(5.0)
Reprofiling	(78.3)	61.4	3.7	4.9	5.0	3.3	0.0
Gladstone Park Health and Wellbeing Hub	(2.9)	0.7	0.7	1.5			0.0
Grand Union Canal Footbridge	(3.2)	3.2					0.0
Staples Growth Corner Growth Area	(1.1)	(0.7)	1.0	0.8			0.0
Neasden Civic Partnership	(1.1)	(1.7)	0.3	2.6			0.0
Hillside Corridor Feasibility Studies	(1.0)	0.2	0.8				0.0
South Kilburn Heat Network	(6.9)	3.6				3.3	0.0
Welsh Harp Post-16 Centre	(1.0)	1.0					0.0

Footways reconstruction	(1.0)	1.0					0.0
Local Electric Vehicle Infrastructure	(1.3)	1.3					0.0
SCIL-funded CCTV developments	(1.6)	1.6					0.0
Parks and pitch improvements	(0.8)	0.8					0.0
Granville Homes remediation	(4.2)	4.2					0.0
Windmill Court improvements	(2.7)	2.7					0.0
Contingency budgets	(49.5)	43.5	1.0		5.0		0.0
Total	(78.3)	61.4	3.7	4.9	5.0	3.3	0.0

12.3 The budget adjustments included in table 18 include the following new grants:

- The revised budget includes £10.4m of Pride in Place Programme (PIPP) capital grant funding over the next five years including £0.2m for 2026/27. Two locations in Brent, Harlesden and St Raphael', have been selected by the Government to be in the programme. In line with the Government's guidance, Independent Chairs for Neighbourhood Boards in Brent's two selected locations have been appointed. The Chairs will now finalise the membership of their Neighbourhood Boards which will oversee extensive local engagement and develop a plan to utilise the PIPP funding over the next 10 years. Plans are due to be submitted to the Ministry of Housing, Communities and Local Government for approval in February 2027.
- Brent, Camden and Westminster have been awarded an additional £6.5m by Transport for London (TfL) for the transformation of Kilburn High Road of which £2.0m is due to Brent.
- Brent has received £0.2m for a trial of electric vehicle charging panel. As agreed by Cabinet in July, this has been added to the capital budget.

12.4 Other changes included in Table 18 include:

- Reprofiting of £78.3m of 2026/27 budget to future years to reflect updated delivery timetables. This includes budget for new housing delivery as Brent is still waiting for the outcome of its bid to the London Social and Affordable Homes Programme, meaning significant spend is unlikely to occur this year. In addition, £6.9m of the South Kilburn District Heat Network has been reprofiled due to delays in signing the contract.
- A reduction in brought forward budget of £7.5m for I4B Holdings Ltd loan and equity because of an audit adjustment related to the treatment of the purchase of equity under the previous facility.

Corporate Assets

12.5 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 leisure centres, digital strategy, libraries and other council properties. Public Realm relates to improvements to community infrastructure in Brent including roads, parks and CCTV.

- 12.6 Corporate Assets capital programme is reporting a net projected variance of £2.1m due mainly to slippage of £1.6m on the new Vale Farm Leisure centre with schedule of works yet to be finalised.
- 12.7 Compared to the total actual spend in 2025/26 (£34.8m), the revised 2026/27 budget of £49.5m reflects the Council's commitment to prioritising 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. Realising cashable savings from the Council's Digital Strategy remains a key challenge in the programme, which is monitored through quarterly updates to the Capital Programme Board.

Housing

- 12.8 The Affordable Housing Supply Board is forecasting a variance of £2.6m made up of a net underspend of £0.6m and slippage of £2.0m. Total underspend of £1.8m is projected mostly against temporary accommodation schemes; notably £1m on Local Authority Housing Fund (LAHF) Round 3, with 6 out of 8 properties in conveyancing completed and voids refurbishment progressing well within budget. The underspends are offset by overspend of £1.2m, including £0.5m each against Clock Cottages and Northwick Park Infrastructure Fund. The former's budget is exhausted due to multiple delays in handover and will be financed by available GLA safeguarding grant in reserves. Final payments are due on Northwick Park Infrastructure Fund with overspend to be recharged to the Council's development partners.
- 12.9 £2.0m slippage relates to the Edgware Road project, paused given viability concerns, with external consultants engaged to assess different options for delivering affordable housing on the site. £2.3m slippage on I4B is in line with the anticipated I4B loan drawdown schedule.
- 12.10 The Alperton Bus Garage completed in May 2026, with 155 new homes near full tenancy. However, delays in handover are one of the most significant risks in the Affordable Housing Supply capital programme as completion on Church End and Pharamond has been delayed from the original timetable. The causes 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 are already under severe pressure due to high build and borrowing costs.

- 12.11 The Housing HRA and Management Board is forecasting £1.9m overspend, of which £0.8m relates to Kilburn Square. Additional overspends are split equally over voids and repairs relating to self-insured properties as well as external fabric works. These projections reflect the financial pressures in the HRA and the need to invest in essential improvements in existing housing. Pressures are exacerbated by historic backlog of works, and officers continue to make challenging prioritisation decisions to match the scale of improvements required. The overspend is expected to be funded by the major repairs reserve without the need for further borrowing. This reserve is available due to the reprofiling of the Granville Homes and Windmill Court remediations.

Regeneration

- 12.12 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 under £0.1m; £0.9m slippage offset by £0.8m overspend.
- 12.13 The projected £0.9m slippage is primarily due to project delays on the Alperton and South Kilburn Medical Centres with NHS negotiations still ongoing.
- 12.14 Wembley Housing Zones is projecting an overspend of £0.9m 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 December 2026 with the delivery of 291 homes (50% affordable).

Children and Young People

- 12.15 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. The CYP Board is forecasting a nil variance.

South Kilburn

- 12.16 The South Kilburn regeneration programme continues to deliver significant investment in new homes, infrastructure and community facilities.
- 12.17 The £2.2m projected underspend is driven largely by security costs on Single Delivery Partner (SDP) sites that are classified as revenue. Forecasting outturn against the SDP sites is very challenging because the timing of rehousing and leaseholder buybacks will depend on the order the partner

intends to redevelop the sites. Once the partner has been appointed, officers will liaise with them to reprofile and reset revenue budgets. In addition to the underspends, slippage of £2.2m is anticipated on South Kilburn Schools due to the longer-than anticipated time to enter the pre-contract service agreement with the contractor.

- 12.18 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 South Kilburn District Heat Network. The Council will keep the financial position under close review as the regeneration programme progresses. If income from the heat network is slower to materialise, this can be managed alongside other receipts generated through the development. A fortnightly co-ordination group will oversee this position, with the aim of identifying and addressing any emerging issues early and maintaining a balance between maximising development value and protecting the viability of the heat network.

Capital Financing

- 12.19 Capital financing, which consists of interest costs on borrowing for the capital programme and minimum revenue provision (a prudent charge for the repayment of borrowing), is currently forecasting a nil variance from the £41.9m budget. This forecast is however uncertain because of factors beyond the Council's control such as interest rates, whether lenders exercise options to call LOBO loans and the valuation of completed housing appropriating from the General Fund to the Housing Revenue Account.
- 12.20 The high, volatile interest rate environment caused by global economic factors has placed significant pressure on the budget. For example, the most recent inter-authority one year loan has interest rates of 4.90% compared to 4.35% on the same loan a year ago. This pressure is however offset by slippage and reprofiling on the capital budget, as well as the proactive approach to borrowing the Council has taken. This includes borrowing small amounts regularly to take advantage of short-term reductions in interest rates and ensuring we do not hold more cash than necessary. In addition, the Council has benefitted from cheaper borrowing including the £12m loan from the Green Finance Facility for the South Kilburn Heat Network, which offers a saving of over £60k per year compared to borrowing from the PWLB.

Treasury Management Prudential Indicators

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

13.0 Stakeholder and ward member consultation and engagement

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

14.0 Financial Considerations

14.1 This report sets out the financial forecast for the General Fund revenue budget, the Housing Revenue Account, the Dedicated Schools Grant and the Capital Programme, as at Quarter 2 2026/27. Financial implications of agreeing to this report are included within the forecasts provided.

15.0 Legal Considerations

15.1 The law requires that the council must plan to balance its spending plans against resources to avoid a deficit occurring in any year. Members need to be reasonably satisfied that expenditure is being contained within budget and that the savings for the financial year will be achieved, to ensure that income and expenditure balance (Section 28 Local Government Act 2003: the council's Financial Regulation 2.3 Revenue Budget Monitoring, Forecasting and Overspends).

16.0 Equity, Diversity & Inclusion (EDI) Considerations

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

17.0 Climate Change and Environmental Considerations

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

18.0 Human Resources/Property Considerations (if appropriate)

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

19.0 Communication Considerations

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

Report sign off:

Minesh Patel

Corporate Director, Finance and Resources

Legal considerations provided by:
Marsha Henry

Finance considerations provided by:
Rav Jassar