# COUNCIL BUDGET – 2025/26 BUDGET MONITORING

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| **Cabinet Member & Portfolio** | Councillor Eddie Lavery<br>Cabinet Member for Finance & Transformation |
| **Responsible Officer** | Steve Muldoon, Corporate Director of Finance |
| **Report Author** | Andy Goodwin, Head of Strategic Finance |
| **Papers with report** | None |

## HEADLINES

**Overview**

This report sets out a summary of the Council's General Fund and Housing Revenue Account forecast positions for both revenue and capital budgets as at the end of October 2025 (Period 7) for the financial year 2025/26.

General Fund Revenue

The Council has an approved expenditure budget of £974m, comprised of £552m within the General Fund and £422m within the Dedicated Schools Grant. As at the end of October 2025 (Period 7), the General Fund forecast shows an overspend of £36.0m, leading to no movement from Month 6 against the General Reserves position.

The aggregate year to date forecast overspend represents a variance predominantly driven by service operations and reflects the ongoing pressures and risks local authorities face in homelessness, children's and adults social care provision, as well as challenges in the delivery of savings in year. There remain significant inherent risks which continue to be reviewed and may impact the forecast at a future point.

Dedicated Schools Grant (DSG)

The in-year forecast deficit relating to DSG is reporting a favourable movement against budget of £1.9m, i.e. a £10.6m in-year increase in the forecast closing deficit reserve position. It should be noted that the in-year deficit for 2025/26 now represents an improvement of £4.4m on the in-year deficit reported for 2024/25. When factoring in the opening deficit position of £65.9m, this forecast position leads to a closing cumulative deficit for 2025/26 of £76.5m. The statutory override is in place until March 2028 while the Council continues with its deficit management plan.

Housing Revenue Account (HRA)

The 2025/26 HRA revenue budget consists of £85.4m expenditure matched by an equivalent level of income (rents, service charges and other contributions). The Month 7 forecast reflects an unchanged position (nil variance) against this budget. This comprises a £1.3m pressure against service expenditure offset by a reduction in the revenue contribution to the capital programme.

General Fund and HRA Capital Programmes

The Council set itself ambitious targets to invest in local services, infrastructure and homes during 2025/26 – a total of £357.5m being budgeted across both the General Fund and HRA areas in

2025/26. 83% of that target is expected to be spent in year, with the majority of the underspend potentially rephased into 2026/27 at this stage, subject to further review as part of the 2026/27 budget setting process and Cabinet approval as part of the draft outturn report in early 2026/27.

The General Fund capital programme budget includes £17.0m of capital receipts to be used to fund transformation costs leading to ongoing future revenue savings or cost avoidance through the flexible use of capital receipts mechanism as allowed for under Government regulation. The level of available capital receipts and how this will be applied to qualifying expenditure in this year has been reviewed with reductions factored into the Month 7 update.

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| **Putting our Residents First**<br><br>**Delivering on the Council Strategy 2022-2026** | This report supports our ambition for residents / the Council of:<br>An efficient, well-run, digital-enabled council working with partners to deliver services to improve the lives of all our residents<br><br>This report supports our commitments to residents of:<br>A Digital-Enabled, Modern, Well-Run Council |
| **Financial Cost** | N/A |
| **Select Committee** | Corporate Resources & Infrastructure |
| **Ward(s)** | All |

## RECOMMENDATIONS

**That the Cabinet:**

1. **Note the revenue and capital budget monitoring positions and treasury management update as at October 2025 (Month 7) as set out in Part A of the report, furthermore, noting the actions proposed by officers.**
2. **Approve the financial recommendations as set out in Part B of this report.**

**Reasons for recommendation**

1. The reason for **Recommendation 1** is to measure performance against the Council's budgetary objectives, providing Cabinet with the update on performance against budgets approved by Council on 27 February 2025 contained within **Part A** of this report. An update on the Council's Treasury Management activities is included within this.
2. **Recommendation 2** seeks approval for the financial recommendations set out within **Part B** of this report, which may include acceptance of grant funding, revisions to fees & charges and ratification of decisions taken under special urgency provisions.

**Alternative options considered / risk management**

3. There are no other options proposed for consideration.

**Select Committee comments**

None at this stage.

# PART A: 2025/26 MONTHLY BUDGET MONITORING

## SUMMARY

### GENERAL FUND REVENUE

4. As at Month 7, the Council is forecasting a net overspend of £36.0m on its core operating activities. This includes overspends of £26.8m across Service Operating Budgets, a £4.2m pressure against the budgeted use of reserves and a £6.5m pressure across centralised and Corporate Budgets including Corporate Funding. These pressures are partially mitigated by £1.5m of interventions, which are expected to deliver savings aligned with spend control measures, increased grant and other income and other mitigations. These interventions have been reduced by £0.5m due to the benefit of improvements in outturn forecasts now being reflected within Service Operating Budgets.

5. The service operating budget pressure of £26.8m, represents a £0.3m favourable movement from Month 6. The pressure against Service Operating Budgets is largely being driven by four pressure areas:

    i. c£15.9m relating to further demand pressures above the budget position presented to February Cabinet and Council, with £3.0m being driven by Adult Social Care demand, £6.5m from homelessness support, £7.0m within Children's Social Care, offset by a £0.6m reduction in the waste forecast.

    ii. c£8.0m relates to a shortfall against the savings budgeted in 2025/26 and the £38.8m target to be delivered this year (with a further £7.1m included in unallocated savings budgets), representing 39% slippage.

    iii. c£2.2m from the General Fund share of Treasury activities and the interest costs arising from the increase in borrowing resulting from the forecast

    iv. Lastly, c£0.7m net overspend relating to a number of other smaller updates, with a shortfall against the capital receipts target leading to some transformation activity now being funded from revenue, alongside further pressures from the use of agency staff, offset by underspends across SEND Transport of c£1.6m and staffing within Adult & Children's Social Care & Health (c£1.5m) and other minor movements.

6. Within centralised and Corporate Budgets, a forecast overspend of £6.5m is presented, which includes a pressure of £7.1m from an under-delivery against unallocated savings. A further pressure of £1.3m is reported against Corporate Funding due to the Children's Prevention Grant that was announced as part of Core Spending Power needing to be spent on new initiatives leading to the grant being transferred to the Children's Social Care service. The forecast then includes two mitigations, firstly the remaining £1.9m general contingency and secondly £1.5m of interventions to incorporate an anticipated reduction in expenditure as a consequence of introducing more stringent spend controls and other measures.

7. Within the position, the planned use of reserves of £4.2m will not proceed due to the Council's low balance of opening reserves.

8. As part of the Month 7 review, the Council has carried out an analysis of exposure to risks and where further opportunities exist. This review has identified more risks than opportunities, with risks totalling £5.5m against further opportunities of £1.4m. The identified risks include demand exposure from homelessness (£0.6m), adult social care (£1.0m) and Waste Services (£0.3m) with wider corporate risks linked to the delivery of the interventions (£0.5m). The level of risk has reduced in recent months as demand risks start to come down as we progress through the year. The remaining risks come from a number of smaller updates including funding strategies such as buyers premium and potential environmental costs associated with compliance related activities. It should be noted that risks not able to be quantified include the cost of any redundancies that may arise from any TOM savings implementation (redundancies would precede any savings that ensue), and also the financial impact relating to the amortisation of any EFS that may get agreed in respect of the 2024/25 financial year.

9. Opportunities in this position include £1.4m related to the Council's ability to positively impact the homelessness support pressure through demand and market management, maximising available funding sources, reducing energy costs and potential upsides from fees and charges.

10. It should be noted that the risk of further overspend against homelessness costs remains high, like many London boroughs, given the rising levels of homeless presentations and the challenges in securing suitable alternative accommodation to prevent homelessness, particularly in the private rented sector. This position is being reviewed in detail and updates will be provided in future budget monitoring reports.

11. Within the £0.6m homelessness demand risk, it is worth noting that the Council is seeing exceptional costs as a result of being a port authority. This includes the arrival of UK nationals, which remains an unknown quantum at this time, given the costs incurred by the Council are not fully funded by the Government. The Council's forecast is based on the current run rate to date. It should be noted that a review commissioned by London Councils has identified a "Funding Gap" of £740m for London Councils between homelessness costs incurred and funding provided by Central Government in 2024/25.

**Table 1: General Fund Overview**

| Service | Approved Budget £m | Forecast Outturn £m | Variance £m | Forecast Variance Prior Month £m | Change in Variance £m |
|---|---|---|---|---|---|
| Service Operating Budgets | 272.0 | 298.8 | 26.8 | 27.1 | (0.3) |
| Development & Risk Contingency | 1.9 | 0.0 | (1.9) | (1.7) | (0.2) |
| Unallocated Budget Items: Pay Award Inflation | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Unallocated Budget Items: Unallocated Savings | (7.1) | 0.0 | 7.1 | 7.1 | 0.0 |
| Budgeted Use of Reserves | (4.2) | 0.0 | 4.2 | 4.2 | 0.0 |
| **Total Net Expenditure** | **262.6** | **298.8** | **36.2** | **36.7** | **(0.5)** |
| Corporate Funding | (262.6) | (261.3) | 1.3 | 1.3 | 0.0 |
| **Subtotal** | **0.0** | **37.5** | **37.5** | **38.0** | **(0.5)** |
| Interventions | 0.0 | (1.5) | (1.5) | (2.0) | 0.5 |
| **Net Total** | **0.0** | **36.0** | **36.0** | **36.0** | **0.0** |

| | | | | |
|---|---|---|---|---|
| **Opening General Reserve** | | **1.5** | **1.5** | 0.0 |
| Less: Underlying Variance | | (36.0) | (36.0) | 0.0 |
| **Closing General Reserve** | | **(34.5)** | **(34.5)** | **0.0** |

| | | | | |
|---|---|---|---|---|
| **Opening Controllable Earmarked Reserves** | | **5.2** | **5.2** | **0.0** |
| Use of Controllable Earmarked Reserves | | (2.0) | (2.0) | 0.0 |
| **Closing Controllable Earmarked Reserves** | | **3.2** | **3.2** | **0.0** |

12. The Council's unaudited opening reserves position, comprising both General and Controllable Earmarked Reserves, stands at £1.5m of General Reserves and £5.2m of Earmarked Reserves. In arriving at the net £36.0m overspend projected above, the forecast assumes a £2.0m drawdown from Earmarked Reserves to support service-level requirements, bringing the forecast usable General Reserve position to £34.5m overdrawn whilst Controllable Earmarked Reserves are forecast to close at £3.2m. This is stated before any potential impact from other financial risks which are not currently built into the forecast. It is clearly untenable for the Council to leave this position unaddressed.

13. To this end, the Council is engaged in conversations with the Ministry for Housing, Communities & Local Government (MHCLG) with a view to securing Exceptional Financial Support (EFS), and in order to progress matters has already made a formal submission to MHCLG for support in the form of a capitalisation direction and additional grant funding.

14. Exceptional Financial Support may be granted by the Ministry of Housing, Communities and Local Government (MHCLG) to councils facing significant financial pressures and unable to deliver a balanced budget or maintain adequate reserves. Support can be provided in one or more of the following forms:

    i. Capitalisation Direction – This permits a council to account for its revenue overspend as capital, subject to Government approval. Without such approval, this approach would be unlawful. Once approved, this capital item can be addressed either through offsetting capital receipts or amortised as MRP over a maximum of twenty years. If a council were to have to borrow to make the cash flow balance this would also incur interest costs.

ii. Additional Grant Funding – In certain circumstances, a council may receive direct grant support to help manage exceptional financial pressures.

iii. Council Tax Flexibility – A council may be granted permission to raise Council Tax above the referendum threshold without holding a referendum. This option is only available as part of the annual Council Tax setting process.

15. The S151 Officer remains of the view that he is not minded to issue a S114 notice at this point in time on the basis that MHCLG are engaged in substantive discussions and reviewing the Council's position. There remains a reasonable likelihood that EFS can be approved within an appropriate timeline. This position is held on the current assumption that MHCLG will support the Council's application for EFS and that the level of EFS agreed will be seen through on time and to the level required by the Council. The decision not to issue a S114 at this time is wholly contingent on the discussions with MHCLG and ultimately without reassurance and progress of substance in these discussions very serious consideration would need to be given to issuing such a notice. Under S114(3) legislation, consideration needs to be given to whether the expenditure of the Council in a financial year (i.e. 2025/26) will exceed the resources (including sums borrowed) available to it to meet that expenditure. This condition will be satisfied through the agreement of EFS, for which there is currently a reasonable likelihood. MHCLG agreement to EFS will come with certain conditions that demonstrate to the Ministry that the Council is taking the necessary steps to address the situation. These would include, but are not limited to, ongoing engagement with MHCLG officials and representatives, working towards implementing the "Section 24" recommendations of the auditor, utilising peer support and advice from outside the authority, and potentially an additional external assurance review. These are being actively pursued to ensure that the Council is heeding the advice and expectations to facilitate the agreement to EFS.

16. The Council is actively reviewing all available options to address the current financial pressure and the forecast negative reserves position. Central to this is the delivery of the 2025/26 savings programme, totalling £34.0m – the largest savings target the Council has ever undertaken. In addition, £4.8m of unresolved savings from previous years have been carried forward, increasing the total savings requirement for 2025/26 to £38.8m. To date, slippage of £15.1m has been identified within this savings requirement and built into the forecast position.

17. Under Government guidance, councils may fund transformation activity using capital receipts from asset disposals. Given the scale of the savings programme, the Council will utilise capital receipts to support transformation where appropriate. The Council is reviewing the pipeline of assets which can be targeted with a view to delivering capital receipts in this financial year. Any receipts will be verified to assure that they qualify under the regulations pertaining to flexible capital receipts. A view has now been formed of the extent of qualifying receipts that can be achieved and be put towards qualifying expenditure. The Council has a level of capital

receipts brought forward from previous years which, along with known 2025/26 disposals, will be able to fund the forecast requirement.

18. The Council remains firmly committed to achieving a sustainable financial position. It continues to be run efficiently, with spend per capita on frontline services below that of comparable authorities, primarily Outer London boroughs. Despite the financial pressures, the Council has consistently delivered high-quality, well-regarded services in a cost-effective manner, while maintaining one of the lowest Council Tax levels in its comparator group. The chart below, based on 2024/25 Revenue Outturn (RO) data and produced by Grant Thornton illustrates this position (where NN reflects our nearest neighbour comparison based on socio-economic factors and comprises 10 local authorities):

**Table 2: Income & Spend per Head Compared to Cohort Average**

| Service line | £000s | Unit cost | Benchmark comparison | |
|---|---|---|---|---|
| | | | London Boroughs context | NN Context |
| Housing Services (GFRA Only) | £30,926 | £93.95 | Low | Average |
| Children Social Care | £72,701 | £962.62 | Very Low | Low |
| Highways & Transport Services | £7,108 | £21.59 | Average | Low |
| Environmental & Regulatory Services | £19,502 | £59.24 | Very Low | Low |
| Cultural & Related Services | £13,962 | £42.41 | Average | High |
| Central Services | £8,832 | £26.83 | Very Low | Very Low |
| Adult Social Care | £106,714 | £420.70 | Very Low | Very Low |
| Planning & Development Services | £96 | £0.29 | Very Low | Very Low |
| Education Services | £255,379 | £3,205.66 | Very Low | Low |
| Public Health Services | £17,888 | £54.34 | Low | Average |
| **Total Services** | **£533,108** | **£1,619.48** | Very Low | Low |

19. The Council's forecast of overdrawn reserves by year-end reflects a range of national challenges, compounded by insufficient funding from central government to meet rising demand. A key pressure continues to be the delivery of temporary accommodation and homelessness support. This is particularly acute in Hillingdon, due to the presence of Heathrow Airport - a major port of entry into the UK - which places additional strain on local housing supply and demand, driving up costs. This housing pressure also affects Children's Social Care, where vulnerable young people in supported accommodation are unable to transition into independent tenancies due to a shortage of general needs housing. At the same time, demand for Adult Social Care remains consistently high following the pandemic, with funding from the Department of Health and Social Care failing to keep pace with increasing client demand volume and complexity and market pressures.

20. The Council is taking steps to address the rising cost of temporary accommodation by seeking to make acquisitions which can then be used to address the issue and mitigate the impact of high rental costs in the private sector. For this reason, Cabinet recently approved the forward

phasing of future years' HRA capital contingency budget alongside a virement of £20m from the General Fund capital programme to the HRA to support developments and acquisitions.

21. The Government has now closed its consultation on the Fair Funding Review 2.0 with the Council awaiting the outcome of the consultation, expected to be announced in the draft Local Government Finance Settlement, expected in mid-late December. The fair funding review has been delayed since the pandemic, with the consultation covering the funding distribution formulae used by Government to allocate funds to each council across the country. Whilst the outcome of the review is still awaited, modelling by both London Councils and Pixel indicate that Hillingdon should see a net growth in funding from 2026/27 and beyond. Whilst it is recognised that the borough was aware of the current level of Government funding at the time of setting the 2025/26 budget, the review indicates that Hillingdon has been significantly underfunded by Government over an extended period of time and had this review taken place in line with the original timescale, Hillingdon's financial position is likely to have been far more favourable.

22. Hillingdon's consultation response largely agreed with the Fair Funding Review 2.0 information and data that the Government shared, supported by the London Councils model. The Council's primary response was focused on the timing of the transition period, with the Government indicating transitioning to the new funding level over a 3-year period. The Council's stance is that residents should not be required to fund transitional arrangements and that the Government should seek alternative methods to fund any such arrangements, rather than restrain the release of funding due to Hillingdon.

23. The pressures reflected in this report therefore present a challenge for the Council, with the above table setting out this position against service operating budgets, corporate budgets and the use of reserves. This forecast position does not include any potential outcome from the Exceptional Financial Support conversations being held with Government, likewise it does not reflect the revenue impact of any EFS which may be agreed in respect of 2024/25 and would begin to be amortised from 2025/26.

24. The Council's forecast position is therefore a highly challenging one and is highly dependent on the assumptions built into the forecast being deliverable. The contingency has been fully released in the forecast and so there is no capacity to offset further unforeseen costs, or savings or income shortfalls. It is of critical importance that all areas of the Council aim to deliver on, and give support to, all of the savings commitments made to ensure they are delivered on time and to the value and scale planned in the budget. Equally, it is important that any savings falling short are still pursued so that they can be delivered in full and on time in order to deliver the maximum benefit to 2026/27 and the MTFS, and mitigations to the overspend continue to be sought.

25. The risks and upsides not encapsulated within the forecast will also need to be carefully monitored and addressed in order to mitigate and prevent or limit the impact they may present. Any further impacts may have consequences for the EFS requirement and add pressure to the Council's finances in repaying this over time. The Council will have to continue to focus on identifying options to address these risks and not assume that the increase in

funding anticipated through the Fair Funding review, which may only be phased in over three years, will fully resolve the situation.

26. The Leader and his Cabinet have asked officers to do everything they can to address and mitigate the overspend and financial pressures faced. To this end, officers have been working on developing strict spend control processes across all areas of the Council, extending the existing controls over staffing costs to non-staff costs. This will bring with it a burden of administration but is essential to demonstrate that the Council is taking its fiduciary duties seriously. These measures are expected to bring a reduction in the level of non-essential expenditure as well as challenge to the scope of spend which is currently deemed to be statutory in nature. Consequently, an assumption has been made that this intervention, along with other measures, could lead to a cost reduction of circa £1.5m in this financial year.

27. Alongside this, officers have been asked to review the capital expenditure programme to identify any schemes which can be deferred, reduced or stopped, in particular any which require Council borrowing in order to fund, or will be a drain on Council cash. This will in turn lead to a reduction in the level of borrowing required and hence the interest cost of such borrowing. In future years this would lead to a reduction in the level of Minimum Revenue Provision (MRP) arising from capital schemes and so help to mitigate the impact of MRP arising from Exceptional Financial Support. MRP is a charge that local authorities must set aside for the repayment of debt. The reduction in the capital forecast this quarter (reported in the month 6 report) shows the first signs of the review work, and while some of this reduction is reflected as slippage, there is an ongoing review of the programme of works as part of the 2026/27 budget setting process to establish which schemes will not progress.

28. Finally, it should be remembered that not all of the potential risks facing the Council this financial year have been quantified and built into the forecast. All efforts will be undertaken to minimise the impacts of these risks on the Council both in this and into future years.

**GENERAL FUND CAPITAL EXPENDITURE**

29. The Council updates its capital forecasts on a quarterly basis, with Month 6 being the second update presented to Cabinet (see the month 6 position reported to Cabinet in November). A £43.4m underspend is projected on the 2025/26 General Fund Capital Programme of £138.4m. General Fund Capital Receipts of £17.0m were budgeted for 2025/26, with these funds planned to fund transformation activity. At Month 6, the use of capital receipts has reduced due to the DSG safety valve contributions currently being suspended (£4.0m) and a reduction in the Transformation Capitalisation forecast presented in the revenue update. Overall, Prudential Borrowing required to support the 2025/26 to 2029/30 General Fund capital programme remains on budget. These projections will be revisited as part of the Month 9 forecast as well as the 2026/27 budget setting process.

## SCHOOLS BUDGET

30. The Dedicated Schools Grant (DSG) total Block for the Maintained Schools is forecast to have an in-year deficit of £10.6m, representing a £1.9m favourable movement and an ongoing improvement from the draft outturn for 2024/25 of £15.0m as a result of a broad range of positive measures deployed by the Council. The in-year deficit is largely driven by High Needs placement demand and cost pressures which continue to be significantly underfunded in the DSG settlement from the Department for Education (DfE). This position means that the cumulative deficit carried forward to 2026/27 is forecast at £76.5m.

31. There is currently a time-limited statutory override in place, now extended until 31 March 2028, ringfencing the Schools Budget deficit such that this does not impact upon general reserves. The Council is one of many local authorities managing a large deficit within the Schools Budget and this stood at £65.9m at 31 March 2025, exceeding the level of General Fund reserves held. It is worth noting that between outturn 2024/25 and the position presented in this report, the Council has successfully reduced the in-year spend against the Schools Budget by £4.4m and continues to make good progress in this.

32. The issue of mounting DSG deficits remains a national issue, with projections for a £6.2bn deficit across the country by 2026/27 forming a key strand to lobbying by sector bodies such as the LGA and London Councils. Were the Council faced with having to absorb the deficit into its own reserves from 1 April 2028, it would have no option other than to request a further increase in EFS. Given the national cumulative position indicated above, it is hard to see how this can be managed and so the proposed way forward from Government is keenly awaited by councils across the country.

33. In the November 2025 budget, the Government confirmed that starting from the 2028-29 financial year, future special educational needs and disabilities (SEND) costs will be managed within the overall central government spending envelope, shifting the responsibility from local authorities. The Government did not provide a specific plan on how local authorities should handle historic SEND budget deficits that are expected to reach £14 billion by March 2028 when the statutory override ends. Instead, the Government stated that further details would be provided during the provisional Local Government Finance Settlement in December 2025.

## HOUSING REVENUE ACCOUNT

34. The Housing Revenue Account (HRA) continues to forecast a breakeven position. Operating costs are showing an in-year pressure of £1.3m, with no movement from Month 6, the pressures are primarily driven by staffing costs, emergency B&B placements and leaseholder insurance premiums, with the adverse movement related to a shortfall in the forecast rental income. These pressures are offset by a reduction in the revenue contributions to the capital programme, ensuring the HRA remains financially viable. The 2025/26 closing HRA General Balance is forecast to be £15m, in line with the target level established for 2025/26. The HRA Capital Programme is forecast to breakeven over the five-year programme, with investment of £549.2m increasing housing supply and maintaining and improving existing stock.

## FURTHER INFORMATION

### General Fund Revenue Budget

35. As at Month 7, the Council's General Fund is reporting an overspend of £36.0m after allowing for the anticipated delivery of £1.5m in savings through interventions including tighter spend controls, and the remaining £1.9m contingency. This includes favourable movements against Service Operating Budget and Corporate Budgets of £0.5m, with these favourable movements being the result of the Council delivering mitigations previously reported under the interventions line and therefore leading to a net nil movement. This position includes a £15.1m shortfall against the total £38.8m savings target, and a reduction in the level of capital receipts being used to fund transformation activity.

36. The Month 7 position also includes the deployment of £2.0m from Earmarked Reserves, primarily to support insurance claims and homelessness related pressures. The main use of Earmarked Reserves relates to a £1.2m draw down from the Public Health ringfenced reserve, accumulated from prior year underspends against the Public Health Grant.

37. To support the delivery of the savings programme, the Council is utilising £5.8m of capital receipts to fund transformation costs, in line with Government guidance. Asset disposals in 2025/26 plus previously unspent capital receipts are expected to support this transformation activity in the current financial year.

### Progress on Savings

38. The savings requirement for 2025/26 is £34.0m as set out in the Council's budget strategy. This position has been supplemented by a further £4.8m of savings carried forward from 2024/25 as set out in the outturn report presented to July Cabinet, resulting in an overall programme of £38.8m savings being targeted in year:

**Table 3: Savings Tracker**

| Directorate | Blue<br>Banked<br>£m | Green<br>Delivery in progress<br>£m | Amber I<br>Initial stages of delivery<br>£m | Amber II<br>Potential problems in delivery<br>£m | Red<br>Serious problems in delivery<br>£m | Savings to be Written Out<br>£m | Total<br>£m |
|---|---|---|---|---|---|---|---|
| Finance | (0.8) | 0.0 | 0.0 | 0.0 | (0.2) | (0.1) | **(1.1)** |
| Adult Services & Health | (3.2) | (0.7) | (0.6) | (0.1) | (2.0) | (1.7) | **(8.3)** |
| Children & Young People's Services | (3.0) | (1.2) | 0.0 | (0.3) | 0.0 | 0.0 | **(4.5)** |
| Resident Services: Place | (2.6) | (1.5) | 0.0 | (0.6) | (0.9) | (1.1) | **(6.7)** |
| Resident Services: Homes & Communities | (1.6) | (1.1) | (2.9) | 0.0 | (1.1) | (0.3) | **(7.0)** |
| Corporate Services | (2.8) | (0.3) | 0.0 | 0.0 | (0.4) | (0.1) | **(3.6)** |
| Chief Executive Office | (0.1) | (0.1) | (0.3) | 0.0 | 0.0 | 0.0 | **(0.5)** |
| Cross-Cutting | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | (7.1) | **(7.1)** |
| **Total 2025/26 Savings Programme** | **(14.1)**<br>35% | **(4.9)**<br>13% | **(3.8)**<br>10% | **(1.0)**<br>3% | **(4.6)**<br>12% | **(10.4)**<br>27% | **(38.8)**<br>100% |
| **Prior Month** | **(12.9)**<br>33% | **(5.7)**<br>15% | **(4.3)**<br>11% | **(1.7)**<br>4% | **(12.3)**<br>32% | **(1.9)**<br>5% | **(38.8)**<br>100% |
| **Change** | **(1.2)**<br>2% | **0.8**<br>-2% | **0.5**<br>-1% | **0.7**<br>-1% | **7.7**<br>-20% | **(8.5)**<br>22% | |

39. As of Month 7, £19.0m (48%) of the savings and interventions are being recorded as banked or on track for delivery. A further £4.8m (13%), being tracked above as amber, are in delivery but may not deliver in full this financial year. Of this, £0.5m is currently anticipated to slip but deliver in 2026/27. There are £4.6m (12%) of savings reported as red and having challenges in delivery, with mitigations being sought in-year where feasible. Of these, £4.2m are forecast to slip into 2026/27 but are ultimately expected to be delivered. Thus, a total of £4.7m in savings is forecast to slip into 2026/27 and forms part of the overall forecast overspend. A further £10.4m of savings are considered to be undeliverable and will need to be written out of the Council's budget from 2026/27. Of these, £2.3m relate to the brought forward balance from the prior year while £8.1m of savings budgeted for delivery in 2025/26 can no longer be delivered.

40. Where savings are at risk of not being delivered in full during 2025/26, the associated pressures have been factored into the monitoring position with compensating actions being implemented where possible to offset the impact.

**Service Operating Budgets**

41. Service Operating Budgets represent the majority of the Council's investment in day-to-day services for residents. With the Council continuing to operate in an environment driven by national pressures and exceptionally high demand, these budgets have been supplemented with £5.5m of funding to meet forecast inflationary pressures and £17.8m for demographic growth and other drivers impacting on demand for services.

42. Table 3.3 represents the position reported against normal activities for the Service Operating Budgets now being presented at Corporate Director level. The salient risks and variances within this position are summarised in the following paragraphs.

**Table 4: Service Operating Budgets**

| Directorate | | Approved Budget £'m | Underlying Forecast £'m | Earmarked Reserves £'m | Provisions £'m | Transformation Capitalisation £'m | Forecast Outturn £'m | Variance £'m | Forecast Variance Prior Month £'m | Change in Variance £'m |
|---|---|---|---|---|---|---|---|---|---|---|
| Finance | Expenditure | 113.7 | 118.5 | 0.4 | 0.0 | (0.6) | 118.2 | 4.5 | 4.0 | 0.5 |
| | Income | (79.7) | (78.9) | 0.0 | 0.0 | 0.0 | (78.9) | 0.8 | 1.4 | (0.6) |
| | **Subtotal** | **34.0** | **39.6** | **0.4** | **0.0** | **(0.6)** | **39.3** | **5.3** | **5.4** | **(0.1)** |
| Adult Social Care & Health | Expenditure | 185.2 | 192.1 | 0.0 | 0.0 | (0.1) | 192.0 | 6.8 | 7.3 | (0.5) |
| | Income | (84.3) | (85.0) | (1.4) | 0.0 | 0.0 | (86.4) | (2.1) | (2.3) | 0.2 |
| | **Subtotal** | **100.9** | **107.1** | **(1.4)** | **0.0** | **(0.1)** | **105.6** | **4.7** | **5.0** | **(0.3)** |
| Children & Young People Services | Expenditure | 79.3 | 85.9 | (0.4) | 0.0 | (0.7) | 84.8 | 5.5 | 4.8 | 0.7 |
| | Income | (22.1) | (21.5) | (0.1) | 0.0 | 0.0 | (21.6) | 0.5 | 1.2 | (0.7) |
| | **Subtotal** | **57.2** | **64.4** | **(0.5)** | **0.0** | **(0.7)** | **63.2** | **6.0** | **6.0** | **0.0** |
| Resident Services: Place | Expenditure | 79.0 | 79.8 | (0.4) | 0.0 | (0.3) | 79.1 | 0.1 | (0.2) | 0.3 |
| | Income | (34.5) | (33.0) | 0.1 | 0.0 | 0.0 | (32.9) | 1.6 | 2.0 | (0.4) |
| | **Subtotal** | **44.5** | **46.8** | **(0.3)** | **0.0** | **(0.3)** | **46.2** | **1.7** | **1.8** | **(0.1)** |
| Resident Services: Homes & Communities | Expenditure | 47.3 | 72.7 | (0.2) | 0.0 | (0.6) | 71.8 | 24.5 | 24.7 | (0.2) |
| | Income | (39.6) | (55.6) | 0.0 | 0.0 | 0.0 | (55.6) | (16.0) | (16.5) | 0.5 |
| | **Subtotal** | **7.7** | **17.1** | **(0.2)** | **0.0** | **(0.6)** | **16.2** | **8.5** | **8.2** | **0.3** |
| Corporate Services | Expenditure | 22.0 | 26.4 | 0.0 | 0.0 | (3.3) | 23.1 | 1.1 | 1.2 | (0.1) |
| | Income | (0.7) | (1.4) | 0.0 | 0.0 | 0.0 | (1.4) | (0.7) | (0.7) | 0.0 |
| | **Subtotal** | **21.3** | **25.0** | **0.0** | **0.0** | **(3.3)** | **21.7** | **0.4** | **0.5** | **(0.1)** |
| Chief Executive Office | Expenditure | 8.0 | 8.5 | 0.0 | 0.0 | (0.2) | 8.3 | 0.3 | 0.3 | 0.0 |
| | Income | (1.6) | (1.7) | 0.0 | 0.0 | 0.0 | (1.7) | (0.1) | (0.1) | 0.0 |
| | **Subtotal** | **6.4** | **6.8** | **0.0** | **0.0** | **(0.2)** | **6.6** | **0.2** | **0.2** | **0.0** |
| **Total Service Operating Budgets** | | **272.0** | **306.8** | **(2.0)** | **0.0** | **(5.8)** | **298.8** | **26.8** | **27.1** | **(0.3)** |

43. As can be seen from the table above, Service Operating Budgets are forecasting a £26.8m overspend which is the cumulative effect of a number of variances which are briefly outlined below by Cabinet Portfolio:

i. **Finance** – As at Month 7 the service is reporting a pressure of £5.3m, which is a £0.1m favourable movement against the previous report. The variance is predominantly caused by a £2.2m pressure against the Council's Treasury budget as a result of the adverse financial position for the Council. The cash balance is forecast to reduce through the year as a consequence of the revenue overspend and the increase in the DSG deficit, leading to increased finance costs. This position is compounded by staffing pressures from agency staffing and the associated premium above the workforce budget.

ii. **Adult Social Care & Health** – are reporting an overspend of £4.7m, with adult care placements forecasting a pressure of £7.2m offset by a c£1.6m underspend against SEND Transport and further mitigations of £0.9m through reductions in staff forecasts and holding vacant posts. This position is driven by the ongoing and unrelenting growth in demand for the service since the pandemic, with all client groups reporting ongoing exceptional demand in 2025/26. To date, client numbers continue to grow above the budgeted position, particularly in Learning Disabilities and Mental Health services. The underspend in SEND Transport is driven by a more economical procurement of personal assistants and maximising efficiencies through the mix of delivery options. The movement against the prior month's forecast is primarily driven by improvements within the SEND Transport forecast.

iii. **Children & Young People's Services** – As at Month 7, services within this directorate are reporting a pressure of £6.0m, representing no movement from Month 6. The pressure in this area is driven by additional demand for care, with this position being in part impacted by the Temporary Accommodation pressure leading to a lack of general needs properties within the Housing Revenue Account (HRA) for move-on. Additional pressure is driven by a reduction in the use of flexible capital receipts to fund transformation costs within Education recognised in Month 6.

iv. **Resident Services: Place –** Are reporting an overspend of £1.7m at Month 7, representing a £0.1m favourable movement from Month 6. £1.6m of this variance relates to income, the largest driver for which is the forecast shortfall against the Garden Waste subscription fee (£0.8m), with further pressures across other income streams including the delivery of the Trade Waste income target rolled forward into 2025/26. Further shortfalls include pressures in Property Services against lease income. Part of this is linked to the Civic Centre Transformation saving and compounded by assumptions made about staffing costs incurred and the associated recharge into the capital programme, and buyers premium. Expenditure is largely forecast to breakeven across the directorate.

v. **Resident Services: Homes & Communities –** Are reporting a net overspend of £8.5m, representing an adverse movement of £0.3m, driven by a gross expenditure pressure of £24.5m offset by additional income of £16.0m. The gross pressure is largely driven by temporary accommodation and homelessness support pressures. This reflects a national pressure, but with Hillingdon particularly impacted by Heathrow having a material impact on local supply and demand economics. The additional income is linked to the same driver whereby the additional demand for temporary accommodation attracts Housing Benefit Subsidy payments and grant funding where applicable. The change in forecast in this area is driven by fire safety concerns in a privately owned residential building in the borough and the need to provide a waking watch service to ensure resident safety.

vi. **Corporate Services –** As at Month 7 are reporting an overspend of £0.4m driven by a number of minor variances, with the most salient being an overspend within Human Resources of £0.4m due to staffing cost pressures, offset by a £0.2m underspend within Procurement.

vii. **Chief Executive's Office** – Are reporting a pressure of £0.2m driven largely by staffing cost pressures within the Legal service.

**Collection Fund**

44. At Month 7, the Council continues to report a minor deficit of £0.1m within the Collection Fund against 2025/26 activity, before the prior year deficit variance of £10.1m takes the total deficit to £10.2m. Within the Collection Fund, an adverse position is reported within Council Tax of £2.8m against in-year activity, offset by a favourable position within Business Rates of £2.7m. This position remains unchanged from Month 5 and is driven by the following key factors:

i. Council Tax is presenting an in-year pressure of £2.8m against a £154.1m budget as a result of slow growth in the taxbase, with a further £9.2m being driven by the adverse movement on 2024/25.

ii. Business Rates is presenting an in-year surplus of £2.7m against a £72.1m budget, with this position being driven by pressures within collection, predominantly linked to empty properties, offset by a reduction in the Council's levy against retained business rates above the Government determined baseline level.

iii. The Business Rates position is then compounded by an adverse £0.8m against the 2024/25 outturn position.

iv. The Council continues to monitor the outstanding debt associated with Council Tax and Business Rates and provide cover against this debt, with this position remaining under review.

45. Any surpluses or deficits within the Collection Fund impact on the Council's future year budgets, with the position reported up to Month 9 impacting on the 2026/27 budget. This leads to an adverse impact of £10.2m set to be incorporated in the Council's refresh of the budget strategy for 2026/27, with any further updates thereafter between Month 10 and outturn impacting on 2027/28. This position therefore will increase the Council's 2026/27 budget gap by £10.2m.

**Schools Budget**

46. As of Month 7, the Dedicated Schools Grant (DSG) is forecasting an in-year deficit of £10.6m with a £1.9m favourable movement from Month 6, representing a further improvement from the £15m outturn for 2024/25. The favourable movement relates to High Needs expenditure and the service's ongoing work to reduce reliance on costly independent placements through increased local provision and early intervention. This in-year shortfall is entirely driven by continued demand and cost pressures in High Needs placements, which remain significantly underfunded in the DSG allocation from the DfE. These pressures are not unique to the local authority; nationally, local authorities are facing similar challenges. Rising demand for specialist provision, a shortage of maintained special school places, and increasing reliance on costly independent non-maintained placements are contributing to widespread overspends in the High Needs Block. Despite efficiency targets and mitigation efforts, the structural underfunding of High Needs provision continues to place significant strain on DSG budgets across the country. The table below provides a summary of the Schools Budget and the current forecast.

47. Whilst the Safety Valve funding with the DfE is currently suspended the Council is actively progressing a range of strategic initiatives aimed at improving outcomes for children and young people with Special Educational Needs and Disabilities (SEND), while ensuring more sustainable use of resources. These efforts include reducing the overall number of Education, Health and Care Plans (EHCPs), lowering the average top-up funding required per EHCP, and decreasing the average cost of education placements. In parallel, the Council is working to enhance the value for money of commissioned services and to increase financial contributions from partner agencies towards the support of children and young people with SEND. The Council is beginning to see a significant reduction in the in-year deficit as a consequence.

**Table 5: DSG Income and Expenditure Summary**

| Dedicated Schools Grant (DSG) Blocks | Budget 2025/26 | | | Forecast | Variance | Month 6 | Change |
|---|---|---|---|---|---|---|---|
| | DSG Settlement | Academy Recoupment | LBH Maintained | | | | |
| | £m | £m | £m | £m | £m | £m | £m |
| Schools Block | 297.9 | (187.0) | 110.9 | 110.9 | 0 | 0 | 0 |
| Early Years Block | 48.3 | 0 | 48.3 | 48.3 | 0 | 0 | 0 |
| Central Schools Block | 2.5 | 0 | 2.5 | 2.5 | 0 | 0 | 0 |
| High Needs Block | 86.8 | (13.1) | 73.7 | 71.8 | (1.9) | 0 | (1.9) |
| Budgeted Use of Reserves | (12.5) | 0 | (12.5) | (12.5) | 0 | 0 | 0 |
| **Total** | **423.0** | **(200.1)** | **222.9** | **221.0** | **(1.9)** | **0** | **(1.9)** |
| Balance Brought Forward 1 April 2025 | | | | | **65.9** | | |
| Budgeted Use of Reserves | | | | | **12.5** | | |
| Pressure/(Reduction) | | | | | **(1.9)** | | |
| **Total Deficit at 31 March 2026** | | | | | **76.5** | | |

48. A core target for the revised High Needs Safety Valve Plan is to actively reduce unit costs by concentrating SEN support in-borough within our maintained schools and thereby reduce dependence on high cost independent and out-of-borough placements. Trend data shows clear evidence that the approach which has been in place since early 2024/25 is now beginning to have a positive impact.

49. The mounting DSG deficits remain a significant national issue, with projections indicating a substantial funding gap for English councils. Specifically, English councils face a £2.3 billion funding gap in 2025/26, rising to £3.9 billion by 2026/27, creating a £6.2 billion shortfall over two years, according to the Local Government Association (LGA). This deficit is primarily driven by increased demand for services for children with special educational needs and disabilities (SEND).

## Housing Revenue Account

50. The Housing Revenue Account (HRA) is currently forecasting a breakeven position, with ongoing market and demand risk being closely monitored throughout the year. The 2025/26 closing HRA General Balance is forecast to be £15.0m, in line with the target level set out in the Council's budget strategy. The table below presents key variances with a £0.8m pressure against operating costs being compounded by a £0.4m adverse variance against rental income. This position is kept to breakeven by a reduction in the capital financing costs, with the Council opting to reduce the revenue contribution to capital schemes in order to maintain the target level of balances, whilst ensuring the HRA remains in a financially sustainable position. This position represents a £0.1m favourable movement since Month 6 offset by a £0.1m movement in revenue contributions to capital.

**Table 6: Housing Revenue Account**

| Service | Budget<br><br>£m | Forecast Outturn<br><br>£m | Variance<br><br>£m | Prior Month<br><br>£m | Change<br><br>£m |
|---|---|---|---|---|---|
| Rent & Other Income | (85.7) | (85.3) | 0.4 | 0.4 | 0.0 |
| **Net Income** | **(85.7)** | **(85.3)** | **0.4** | **0.4** | **0.0** |
| Operational Assets | 16.0 | 16.0 | 0.0 | 0.0 | 0.0 |
| Director of Housing | 10.3 | 10.8 | 0.5 | 0.5 | 0.0 |
| Other Service Areas | 1.0 | 1.3 | 0.3 | 0.4 | (0.1) |
| Contribution to Shared Services | 17.4 | 17.4 | 0.0 | 0.0 | 0.0 |
| **HRA Operating Costs** | **44.7** | **45.5** | **0.8** | **0.9** | **(0.1)** |
| Capital Programme Financing | 18.9 | 21.6 | 2.7 | 2.6 | 0.1 |
| Interest and Investment Income | 22.1 | 18.2 | (3.9) | (3.9) | 0.0 |
| **Total Capital Programme Financing** | **41.0** | **39.8** | **(1.2)** | **(1.3)** | **0.1** |
| | | | | | |
| **(Surplus) / Deficit** | **0.0** | **0.0** | **0.0** | | |
| General Balance 01/04/2025 | 15.0 | 15.0 | 0.0 | | |
| **General Balance 31/03/2026** | **15.0** | **15.0** | **0.0** | | |

51. At Month 7, rent and other income is forecasting a pressure of £0.4m. The Council's budget strategy to deliver a net increase of 209 new homes is anticipated to be on track to deliver but weighted towards the latter part of the year. The budgets are based on a void rate of 1.02%, with any material variation from this level feeding into rental projections as appropriate.

52. The HRA Operating Costs budget is £44.7m and at Month 7 is forecasting a minor £0.8m overspend against the budget, due to staffing pressures, B&B costs associated with emergency housing and leaseholder insurance premiums. These budgets are based on supporting the Council's housing stock as at 1 April 2025, with growth added in line with the increase in stock numbers and to support the additional costs associated with this increase and ensuring regulatory compliance. This area remains under review, with growth in these budgets included in the approved budget from February 2025 being deployed as and when new homes are brought online.

53. Operational Assets are forecast to breakeven. This incorporates a number of minor pressures, the most material of which is a reduction in the cost of subsidence surveys, offset by in-year mitigations, predominantly linked to a reduction in boiler repairs driven by the replacement programme. Inflation was added to HRA Operating Costs in the Council's budget strategy, with forecasts indicating the uplift is sufficient to meet inflationary demands on the service.

54. The detail behind the service delivery of the blocks included in table 7 are as follows:

    i. Operational Assets budget funds the services provided for repairs and maintenance, void repairs, compliance and inspections.

    ii. The Director of Housing budget includes tenancy management and tenants' services. The budgets include utility costs, and these will continue to be monitored given the volatility of the electricity and gas markets in recent times.

    iii. The Other Service Areas budget includes the Careline contract, HRA specific ICT costs and the revenue regeneration costs.

    iv. The Contribution to Shared Services budget includes the development and risk contingency, overheads and corporate and democratic core charges, and the bad debt provision.

55. The Medium Term Financial Strategy (MTFS) savings target is £1.0m which is expected to be delivered by virtue of the Council's general fund savings against support services, leading to a reduction in the recharge to the HRA for these services.

56. As at Month 7 the capital programme financing budget of £41.0m was forecast to underspend by £1.2m. This budget forecast includes £21.6m (depreciation and revenue contributions) to fund the HRA capital programme, the position also includes £18.2m for repayments of loans and interest on borrowing. This position will be closely monitored throughout the year with clear linkages to the commissioning plan.

**Table 7: Outstanding Deposits**

| Period | Actual (£m) | Actual (%) | Movement from M6 (£m) |
|---|---|---|---|
| Call Accounts and Month Market Funds<br>Up to 3 Month Fixed-Term Deposits | 40.1<br>8.9 | 62.7%<br>13.9% | 4.3<br>3.9 |
| **Total** | **49.0** | **76.6%** | **8.2** |
| Strategic Pooled Funds | 15.0 | 23.4% | 0 |
| **Deposits at 31st October 2025** | **64.0** | **100.0%** | **8.2** |
| Average Investment Balances M6 | **73.9** | | **19.0** |

57. Deposits are held with UK institutions, all of which hold a minimum A- Fitch (or lowest equivalent) long-term credit rating and AAA rated Money Market Funds (MMFs). UK deposits are currently held in NatWest Bank plc and the DMADF. There is also an allocation of £15m to three externally managed strategic pooled funds.

58. The average rate of return on day-to-day operational treasury balances since the beginning of the new financial year is 4.19%. As part of the Council's investment strategy for 2024/25, the Council continues to hold a total of £15m in three long-dated strategic pooled funds (£5m in each). The strategic pooled funds have a long-term investment horizon with dividends being distributed periodically. When including projected dividend income on these strategic pooled funds, the overall rate of return increases to 4.21% based on the previous six months income average.

59. Bank of England base rate fell to 4% in August which will result in lower future returns on day-to-day operational investments in money market funds and the DMADF.

60. The Council aims to minimise its exposure to bail-in risk by utilising bail-in exempt instruments and institutions whenever possible. However, due to the significant amount held in instant access facilities, which is needed to manage daily cashflow, it is not possible to fully protect Council funds from bail-in risk. Over October on average 79% of the Council's day-to-day operational treasury investments had exposure to bail-in risk compared to a September benchmark average of 75% for London and metropolitan boroughs, as investments were partly held in money market funds which were returning a higher yield than DMADF. However, money market funds reduce the risk of bail-in compared to bank deposits as they provide wide diversification of investment risks with professional fund manager services.

61. Liquidity was maintained by placing surplus funds in instant access accounts and making short-term deposits, including overnight deposits, in the DMADF. Cash flow was managed by ensuring maturities of any short-term deposits with the DMADF were matched to outflows. Average investments over the month (including strategic pooled funds) were £73.9m, an increase of £19.0m from Month 6 and balances at the end of October were £8.2m higher than at the end of September.

**Table 8: Outstanding Debt**

| | General Fund £m | HRA £m | Total £m | Average Interest Rate (Total) % |
|---|---|---|---|---|
| PWLB Long Term | 187.9 | 304.4 | 492.3 | 3.99% |
| Market | 10.0 | 28.0 | 38.0 | 4.11% |
| Temporary Borrowing: | | | | |
| Local Authorities | 68.0 | 0.0 | 68.0 | 4.51% |
| PWLB | 0.0 | 0.0 | 0.0 | 0.0% |
| | **265.9** | **332.4** | **598.3** | **4.06%** |
| Movement from Prior Month | 10.0 | 0.0 | 10.0 | 0.01% |

62. During October 2025, £10m GF local authority (LA) loans were repaid. A £20m loan was acquired from PWLB to replace the LA loan and fulfil cashflow requirements.

63. PWLB rates fluctuated throughout October, ending in a lower position to the beginning of the month – EIP (Equal Instalment of Principal) rates at end of October range from 4.66% (1.5-2yrs) to 4.93% (9.5-10yrs) before concessionary discounts. Longer term rates are currently more expensive.

## PART B: FINANCIAL RECOMMENDATIONS

**That the Cabinet:**

**a.** **Approve acceptance of £166,583 of grant funding from the Department for Education (DfE) under the Building Stronger Independent Lives (BSiL) programme.**

**b.** **Approve acceptance of £25,000 grant funding to support the EBSNA Response and Enhanced Rehabilitation Outreach Service (EROS).**

**Reasons for recommendation**

64. **Recommendation a –** This funding will support targeted prevention initiatives within Children's Social Care, aimed at strengthening early help and reducing escalation to statutory intervention. The grant will enable investment in innovative delivery models and partnership approaches to improve outcomes for children and families, aligning with national priorities for prevention and resilience. The Best Start in Life grant for the period April 2025 to March 2026 provides an opportunity to enhance local capacity for preventative work and embed sustainable practices that reduce demand on statutory services. Acceptance of this funding will allow the development of new approaches, including collaborative work with partners, to deliver measurable improvements in family support and independence.

65. **Recommendation b –** This funding will enable the expansion of EROS, a specialist outreach service designed to address Emotional Based School Non-Attendance (EBSNA) across the borough. EROS delivers community-based, psychologically informed support through multi-agency partnership working, including collaboration with CAMHS, voluntary sector organisations, schools, and parent/carer representatives.

66. The grant will allow:

    i. Increased capacity for early intervention and preventative training for school staff and parents.
    ii. Establishment of professional-led support groups for children, young people, and families.
    iii. Strengthening of multi-agency collaboration via the Inclusion Network and development of the EBSNA protocol.
    iv. Co-production of tailored resources with parents/carers through ongoing action research.

67. The initiative targets children and young people aged 6–16 experiencing EBSNA, offering outreach consultations, direct interventions, and borough-wide training. The model is scalable and designed for borough-wide impact and regional replication. By intervening early, EROS reduces the need for costly out-of-borough placements and specialist transport, supporting sustainable inclusion in mainstream education.

68. Robust monitoring and evaluation frameworks will be in place, including quantitative and qualitative KPIs (such as improved attendance, emotional wellbeing, staff training, and parent engagement).

69. The programme will operate through strong multi-agency partnerships and is governed via reporting to the LA's Ambition Group 4 (SEND Operational Group). Dissemination will take place through established forums, newsletters, and strategic communications, ensuring broad understanding and adoption.

70. Implementation will begin immediately upon notification, with delivery plans finalised in January 2025, and outreach, training, and support groups delivered from January–March 2026. All funded activities will be completed by 31 March 2026, followed by sustainability planning.

71. Acceptance of this funding will enable the development and scaling of innovative, evidence-informed approaches to improve attendance, inclusion, and long-term outcomes for children and young people, while embedding sustainable practices that reduce demand on statutory services.