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Growing a place of opportunity and ambition

Date of issue: Tuesday, 20 February 2024

MEETING	**CABINET**	
	Councillor Smith	Leader of the Council – Improvement & Recovery, Performance, Governance and Young Futures
	Councillor Chahal	Deputy Leader of the Council – Finance, Council Assets, Procurement and Revenue & Benefits
	Councillor I. Ahmed	Community Cohesion, Public Health, Public Protection, Leisure and Planning
	Councillor Bedi	Education and Children's Services
	Councillor Kelly	Highways, Housing and Transport
	Councillor Manku	Environment, Environmental Services and Open Spaces
	Councillor Muvvala	Customer Service, Resident Engagement, Digital, Data & Technology
	Councillor Wright	Adult Social Care, Mental Health & Learning Disabilities
DATE AND TIME:	**MONDAY, 26TH FEBRUARY, 2024 AT 6.30 PM**	
VENUE:	**COUNCIL CHAMBER - OBSERVATORY HOUSE, 25 WINDSOR ROAD, SL1 2EL**	
DEMOCRATIC SERVICES OFFICER:	**NICHOLAS PONTONE**	
(for all enquiries)	**07749 709 868**	

SUPPLEMENTARY PAPERS

The following Papers have been added to the agenda for the above meeting:-

* Items 3 and 7 were not available for publication with the rest of the agenda.

PART 1

AGENDA ITEM	REPORT TITLE	PAGE	WARD
3.	Budget Management Quarter 3 2023/24	1 - 30	All
7.	Housing Revenue Account (HRA) 30-year Business Plan and Medium Term Budgets 2024/25	31 - 50	All

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SLOUGH BOROUGH COUNCIL

REPORT TO:	**Cabinet**
DATE:	**26 February 2024**
SUBJECT:	**Budget Management Quarter 3**
CHIEF OFFICER:	**Adele Taylor – Executive Director, Finance & Commercial (Section 151 Officer)**
CONTACT OFFICER:	**Neil Haddock, Interim Strategic Finance Manager, Financial Planning & Reporting**
WARD(S):	**All**
PORTFOLIO:	**Councillor Smith – Leader of the Council** **Councillor Chahal – Lead Member Financial Oversight**
KEY DECISION:	**NO**
EXEMPT:	**NO**
DECISION SUBJECT TO CALL IN:	**NO**
APPENDICES:	1 Adults Services 2 Children's Services 3 Regeneration, Housing & Environment 4 Strategy and Transformation 5 Finance & Commercial 6 Law & Governance, Public Health & Public Protection 7 Capital Projects detail, General Fund & HRA

1 Summary and Recommendations

1.1 This report sets out the forecast position of the Council for the financial year 2023/24 as at the end of the third quarter, December 31st 2023.

Recommendations:

Cabinet is recommended to **agree** the following:

1. To authorise a virement from centrally held budgets to service directorates in respect of costs of the additional Employer contributions to the Local Government Pension Scheme, amounting to £0.7m.

2. To authorise a one-off virement from the Redundancy Reserve to Children's Services in respect of redundancies arising from the review of Children's Centres, amounting to £67k.

3. To authorise slippage of £25.8m in the General Fund capital programme to 2024/25,

Cabinet is recommended to **note** the following.

1. *The Council's forecast overspend at the end of Quarter 3 is £17.81m. Overall this represents a further increase from the £8.2m reported at the end of Quarter 2. The risk is therefore high that the Council will be unable to balance its budget within the Capitalisation Direction, unless it draws upon the Budget Smoothing Reserve, other reserves and provisions and continues to take action to reduce expenditure and increase income.*

2. *The accounting adjustments of £6.978m attributable to the Balance Sheet and ledger reviews, and that these would mitigate the headline forecast outturn, reducing it from £17.81m to £10.83m. At this stage, no virements are being recommended until the end of the financial year when further work is concluded. .*

3. *Service revenue budgets are forecast to overspend by £21.3m in 2023/24. There are Corporate overspends in respect of interest costs and receipts (£2.3m) and the MRP of £3.2m. This is balanced by an underspend on the Corporate Contingency budget (£7.7m) and a number of other variances within the Corporate budget amounting to £1.3m. Service and Corporate budgets combined are showing an overspend of £17.81m prior to the recommended virement of £6.98m.*

4. *Medium Term Financial Strategy Savings (MTFS) of £21.2m are expected to be delivered in 2023/24 against planned savings of £22.4m.*

5. *That the Capital programme is forecast to underspend in 2023/24 by £29.1m. Of this, £25.8m is due to delayed starts on various projects slippage and it is one of the recommendations of this report that approval is granted to slip this to 2024/25.*

Reasons for Recommendations

The Council's quarter 3 budget monitoring is indicating a significant worsening of the in-year overspends, with a lack of evidence of effective mitigations to ensure the 2023/24 budget will balance within the capitalisation direction. It remains challenging to present reliable financial information due to the impact of the delays in closure of previous years' accounts through poor record keeping and the accounting system not being fully utilised.

The figures in the report are the best that can be produced at this point in time. They show the outcome of some of this on-going work, in particular the movement of £5.04m between financial years, and the changing position in respect of the MRP. Cabinet is responsible for ensuring that the vision and objectives it is setting can be delivered within the Council's budget and policy framework and all lead members have a key responsibility in working with officers to identify options to mitigate budgetary pressures.

Commissioner Review

The Commissioners note the emerging position resulting from a combination of in year service pressures and balance sheet account verifications, with adjustments that could be negative or positive and potentially impacting on multiple financial years. The Council must maintain its focus on delivering service mitigations and improving balance sheet management.

These costs will need to be met by the Council with no additional exceptional financial support and the Council must ensure it keeps a level of contingencies and reserves to protect against the risk of further uncertainties or one-off unforeseen expenditure.

The use of financial reserves cannot solve a recurrent budget problem but allows for smoothing of impacts or allows the Council time to develop a sustainable strategy.

2 Report – Introduction

2.1 The 2023/24 budget and Medium-Term Finance Strategy were approved by Full Council on 9th of March 2023 based on an estimated financial deficit in the Capitalisation Directive (CD) of:

- £267.1m up to 2022/23
- £31.6m for 2023/24
- £58.4m for post 2023/24

2.2 The General Fund revenue budget was approved at £143.4m and included growth of £12.2m and savings by Directorates of £22.4m. The budgets set were and are cash limited budgets and all budget holders need to manage in year pressures within those cash limits.

2.3 Virements approved by Cabinet following the Quarter 1 Budget Management report mean that the General Fund revenue budget is now £151.1m, which reflects a change in the accounting treatment of the Social Care Grant. The forecasts in this report are against those cash limited budgets.

2.4 The Quarter 3 forecast for 2023/24 have informed the Medium Term Financial Strategy (MTFS) in the context of the following:

- 2018/19 Accounts in the process of being signed off by the auditors, Grant Thornton shortly.
- 2019/20 Accounts prepared but not yet published for public inspection; the external audit is now delayed because nationally there is a review of audit backlogs across the country, and Grant Thornton are awaiting the outcome of that before starting any new audits

- 2020/21 Accounts partially prepared but yet to be fully completed.
- 2021/22 Accounts to be completed.
- 2022/23 Accounts to be completed.
- 2023/24 budget delivery/forecast.
- 2024/25 - 2028/29 MTFS with savings and growth proposals for 2024/25 is also on today's Cabinet agenda.

2.5 Having multiple financial years actively being worked on is an extremely challenging environment and adds considerable risk and uncertainty to financial planning. In this context the Quarter 3 forecast for 2023/24 is indicating that:

- Service budgets are forecast to overspend by £21.3m. This is a significant worsening (£5.7m) of the position from Quarter 2's forecast, which was £15.6m and is after £2.6m of expenditure related to 2022/23 has been moved back into last year. The worsening position includes increases in the reported overspend within Adults Services (£2.8m), Children's Services (£1.4m) and Regeneration, Housing and Environment (£1.2m).

- Corporate budgets are forecast to underspend by £5.4m, a £2.0m unfavourable movement from the Quarter 2 forecast, which had an underspend of £7.4m. There has been a significant unfavourable movement on Capital Financing Costs of £8.0m. Much of this (£7.7m) is in respect of the treatment of interest receipts and the unexpected part repayment of a loan from Council owned companies related to previous financial years. These were previously included in the 2023/24 forecast but are significant enough that they should be moved to previous financial years in line with proper accounting practice, but be matched by a proposed virement of income and expenditure from prior years that have been included in 2023/24. This will allow for much better comparisons and trend analysis by making these significant corrections across financial years.

- The position on Corporate Budgets is mitigated by a £0.5m favourable movement on the projected variance on the MRP. As was reported to Cabinet at its meeting December 18th, the position on the MRP has been significantly impacted by the correct appropriation of assets to the General Fund, or HRA, and this led to a worsening in the reported position in December of £5m. Since then finance have been working with specialist advisors, and are close to resolving the issues surrounding the sales, and impact on the MRP. This is near completion. At this stage it is prudent to allow for a reduction in the forecast of £0.5m, pending finalisation of that work. There has been some volatility with this figure and it had been hoped the reduction was greater. To mitigate the volatility it is requested that £1.935m is added to the movements that would see a draw-down from the Budget Smoothing reserve at the end of the financial year.

- There remains inconsistency between reporting that savings are being delivered and a significant forecast overspend. At this stage of the monitoring forecast is inevitably more robust than earlier in the year so this might suggest that the savings delivery statements are too optimistic, or that the delivery of savings is not feeding through to the forecasts. However, it should be noted that this is also possibly because existing pressures within the system had not been fully recognised previously. These are all issues that the Council has sought to address in the Medium Term Financial strategy in terms of dealing with existing pressures within the system. To live within our means in the future, continued focus on driving down the overspend in year is very important. In 2024/25 a quarterly review of savings progress will be led by the Lead Member for finance, and informed by the new Transformation team, thus providing an extra layer of robustness and independence to forecasts of savings delivery.

- Deep dive reviews per directorate at a line by line level have helped in reducing the increase in the forecast overspend, to the levels included in this report. Further urgent work, particularly in Housing and Adults Social care is underway to determine whether there are further mitigations that can be made. Delivery on these actions is also imperative to ensure that the Council learns to live within its means and to ensure that the budget can be delivered sustainably in the medium and longer term.

- The Housing Revenue Account (HRA) is forecasting a surplus of £0.8m.

- The Dedicated Schools Grant is forecasting a carry forward deficit of £11.0m at the end of year inclusive of Safety Valve funding.

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- The Capital Programme (General Fund) is showing an underspend of £29.1m against a budget of £40.3m, of which £25.8m is due to slippage on timescales where the budget will need to be rolled forward into next year, £1.2m is identified as savings against budget, but cannot be re-directed; and £1.9m of Department of Transport grant funded activities (covering routine maintenance including draining, traffic signals, streetlighting, and car park maintenance) have been reclassified as revenue, for both the expenditure and the income.

- The Capital Programme (HRA) has a minor overspend of £39k against a budget of £11.4m.

3 GENERAL FUND

3.1 There is a forecast overspend at the end of Quarter 3 of £17.8m. The approved budget for 2023/24 was balanced by a Capitalisation Direction of £31.6m. This requires the Council to sell assets and use £31.6m of the proceeds to bridge the gap between the Council's spending plans and its sources of funding. The Capitalisation Direction requirement for 23/24 was submitted to DLUHC in February.

3.2 The seriousness of the current financial situation cannot be overstated. A number of actions are underway to seek to reduce expenditure and increase income and have been for some time, but there remains uncertainty about their delivery and impact on the forecasts. Whilst the new Medium-term financial strategy looks to address underlying pressures in future years, all efforts need to be taken to bear down on the pressure in 2023/24. The Council would need to utilise any one-off funds such as reserves to manage the overspend but these are one-off and would therefore no longer be available to deal with any other risks that are identified.

3.3 The predominant theme with both the overspend in absolute terms, and its worsening, is in respect of demand levels in Adults Services and Homelessness. In both areas there are acknowledged concerns about the quality and timeliness of data held in prime systems and urgent work is underway that it is hoped will reduce the overspend but will not be able to deal with all of it.

3.4 The significant deterioration on previous forecasts is explained by 4 unfavourable variances:

- costs of Temporary Accommodation with a £2.5m increase in the overspend,
- in Adult Social Care where the overspend has increased from £9.0m in Quarter 2 to £11.8m this quarter, an unfavourable movement of £2.8m
- and in Children's Services where an underspend in Quarter 2 of £0.9m is now showing an overspend of £0.5m, an unfavourable movement of £1.4m.
- Variances arising from the balance sheet review, and ledger closures requiring adjustments to balances across financial years, which total £6.978m, and are discussed in other areas of the report.
- Each of these areas has specific actions being undertaken to address the movements with more detail in the service specific sections below.

Table 1 – General Fund Forecast (prior to use of £7m virement if approved)

Service Budgets	2023-24 Current Budget £'000	2023-24 Projected Outturn £'000	2023-24 Variance £'000	Previous Variance (Q2) £'000
Adults Services	28,419	40,253	11,834	9,044
Children's Services	8,996	9,520	524	(887)
Slough Children First	45,826	45,826	0	0
Public Health & Public Protection	1,304	890	(414)	(1,009)
Regeneration, Housing & Environment	16,555	24,111	7,556	6,403
Strategy and Transformation	12,454	12,856	402	380
Law and Governance	2,292	1,825	(467)	(74)
Finance & Commercial (S151)	5,783	7,608	1,825	1,793
Total Service Budgets	121,629	142,889	21,261	15,649
Corporate Budgets				
Other Corporate Budgets	12,874	3,857	(9,017)	(5,448)
Contribution from Reserves	(8,312)	(8,312)	0	0
Pension Deficit	5,014	5,014	0	0
Minimum Revenue Provision	13,393	16,621	3,228	3,734
Capital Financing	6,539	8,871	2,333	(5,696)
Total Corporate Budgets	29,507	26,051	(3,456)	(7,410)
Total Expenditure	151,136	168,940	17,805	8,239
Financing				
Council Tax	(72,995)	(72,995)	0	0
Business Rates	(30,591)	(30,591)	0	0
Collection Fund Deficit	0	0	0	0
Revenue Support Grant	(7,302)	(7,302)	0	0
Other Government Grants	(8,674)	(8,674)	0	0
Total Financing	(119,562)	(119,562)	0	0
Reserves Draw Down	0	(6,978)	(6,978)	0
Capitalisation Direction	(31,574)	(42,401)	(10,827)	(8,239)
Total Funds	(151,136)	(168,940)	(17,805)	(8,239)
Total	0	0	0	

NB prior period forecasts have been adjusted to reflect the Council restructure

3.5 Unrealised income targets are also of note in several areas, most notably within Adult Social Care, where Client Contributions are £1.7m below budget, and in Housing in respect of recharges to the HRA, also amounting to £1.7m.

3.6 Within the People (Adults) Directorate there are forecast overspends related to the costs of services for all areas of on-going long-term support and care, including Older People, People with Learning Disabilities, and Mental Health. There is also a significant overspend, caused by both staffing and operational pressures, in respect of short-term services, which support Hospital Discharge. These are funded from the Better Care Fund, and Hospital Discharge grant, however the costs exceed the funding available. Further drawdowns from external funding streams and reserves are continually being explored to mitigate the impact.

3.7 A shortfall in client contributions (of £1.0m) and in Locality Teams the cost of interims due to recruitment difficulties (£0.3m) contribute to the overspend. There is also a significant overspend (£1.5m), caused by both staffing and operational pressures, in respect of short-term services, which support Hospital Discharge. In addition,, following a detailed review of provider uplifts it was recognised that an additional pressure of £1.1m was required to meet historic contractual obligations.

3.8 The forecast position has been adjusted by £2.1m, moving expenditure incurred in the current financial year into the previous financial year. This has been done to be consistent with the decision to move interest and other money received this year in respect of previous years into the appropriate financial year (see para 3.17 as well as recommendations above).

3.9 There are a number of small overspends across Children's services; the significant overspend is with Inclusion (£0.3m). The Inclusion overspend is largely due to escalating staffing costs in SEND, made worse by a reliance on agency staff. Slough Children's First is forecasting to balance in line with the additional funding of £4.447m approved in September. The forecast position has been adjusted by £0.5m, moving expenditure incurred in the current financial year into the previous financial year. This has been done to be consistent with the decision to move interest and other money received this year in respect of previous years into the appropriate financial year (see para 3.17 as well as recommendations above)

3.10 Within Regeneration, Housing and Environment the most significant variation is within Housing. The overspend has risen in the last quarter by £2.5m from £4.7m to £7.2m. This is due to ongoing and growing pressures on the costs of Temporary Accommodation (TA). The forecast is the best estimate at this time, with further work being undertaken to stabilise the forecast. At the moment there are about 700 families in TA, and 80 new referrals each week, many of whom are large families requiring multiple emergency accommodation. The cost of individual placements is also increasing and exceeds the rents recovered via Housing Benefits at local housing allowance rates. Mitigating measures have been identified and are being put in place including new rent accounts, identifying and procuring cheaper accommodation, robust checking of invoices. In the longer term a review of the out of Borough placement policy, new private sector leasing and private rental sector incentive schemes and a reduced reliance on B&B and hotels will be put in place. It is expected that these will deliver benefits in the longer term but is not helping with in-year costs yet.

3.11 The other significant overspend is for the former Place Directorate management team, amounting to a net £1.9m. The variance is largely due to unachievable budgets for recharges of £2.1m, with other minor related budget adjustments. This has been partly mitigated in the Regeneration directorate by inheriting underspends from the former Place Directorate service areas of Transport and Highways (£0.6m) and Environmental Services (also £0.6m). Note that the overall position for the former Place directorate was a balanced forecast position, but the net impact on this Directorate is a pressure of £0.7m, with the corresponding underspends being disbursed amongst other directorates.

3.12 The most significant variance in Strategy and Transformation relates to an overspend within Customer Services based on additional staff being employed within the contact centre, which amounts to £0.3m, and an overspend within Strategy management (£0.3m) due to an unachievable saving for Support Services.

3.13 Within Finance the most significant pressure is from staff costs due to the number of interim staff in senior positions in Finance. Recruitment for these posts is active and the forecast had assumed all senior positions will be replaced with permanent staff by December 2023, but a number of posts still have interims in them, and it is now forecast that current interims will remain in post until the end of the financial year. There is some mitigation in the form of an expected recharge to the HRA of £0.55m, which accounts for the reduced overspend compared to Quarter 2.

3.14 There are also pressures from Housing Benefit subsidy claims from the DWP, although these have reduced since previous reports from £0.75m to £0.5m. The overspend arises as the subsidy recovered is less than what is paid to residents, leaving a budget pressure of £0.50m. The decrease is a result of a combination of decreased error rates and an improvement in the collection of overpayments.

3.15 The new Public Health & Public Protection directorate is showing an underspend of £0.4m, which is inherited from the former Place directorate.

3.16 “Other Corporate Budgets” (principally Contingency) show an underspend of £9.0m. This is predominantly in respect of the unspent element of this budget, with it not having all been distributed to service directorates.

3.17 The Capital Financing budget line comprises budgets for Interest charges on short and long term, market and PWLB loans, and interest earned on investments. There is an unfavourable movement of £8.0m, giving rise to an overspend of £2.3m on this budget. Some £7.7m of this movement is in respect of monies received this year that were due in previous years. Of this, £5m is interest paid to the Council this year, due in previous years, on loans to Council owned companies; the remaining £2.7m is in respect of part repayment of one of the loans that had been impaired at the end of 2022/23 in the expectation that it would not be repaid.

3.18 Finally, in respect of Corporate Budgets, as alluded to in para 2.5 above, the Minimum Revenue Provision has, following issues surrounding the appropriations of asset sales between the General Fund and HRA, been subject to work with specialist advisors and is being recalculated. The work is nearly complete, and at this stage it is considered reasonable to reduce the forecast by £0.5m, with an expected overspend therefore of £3.3m, compared to the previously reported figure of £3.7m.

3.19 The summary for savings is shown in the next table

The table shows that Directorates are reporting that £8.4m of savings have been delivered at the end of Quarter 3, and that savings of £21.2m will be achieved by the end of the year. There are some risks of non-delivery, with a number of savings now considered undeliverable

Table 2 – MTFS Savings Delivery

2023-24 Savings	Savings Target	Already Delivered	On Track	Some risk	Major Risk	Mitigating Savings	Savings Forecast	Over / (Under) delivery
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Service Budgets								
Adults Services	5,688	3,131	1,418	1,141	1,925	1,927	5,690	2
Public Health & Public Protection	46	0	20	26	0	0	46	0
Children's Services	805	480	115	0	0	105	700	-105
Slough Children First	0						0	0
Regeneration, Housing & Environment	4,128	2,767	836	250	275	275	4,128	0
Strategy & Transformation	2,099	984	1,115	0	0	0	2,099	0
Law and Governance	0						0	0
Finance & Commercial (S151)	7,506	1,073	4,634	1,400	399	0	7,107	-399
	20,272	**8,435**	**8,138**	**2,817**	**2,599**	**2,307**	**19,770**	**-502**
Corporate Budgets								
Other Corporate Budgets	2,150	0	996	368	0	37	1,400	-750
Total Corporate Budgets	**2,150**	**0**	**996**	**368**	**0**	**37**	**1,400**	**-750**
Total	**22,422**	**8,435**	**9,134**	**3,185**	**2,599**	**2,344**	**21,170**	**-1,252**

- Within Adults Services the £250k saving in respect of the Council wide exercise on integration is considered undeliverable within the financial year

- Also within Adults Services part of the saving is now considered unachievable within year for a number of projects, with the total at risk (excluding the item above) being £1.675m. However, mitigating savings are reported across the board, and Adults report that they will over-deliver by £2k. The existing pressures within the system however exceed all of the savings that are delivered from the activity taken from these savings,

- Within Regeneration, Housing and Environment the full saving from charging for green waste is not considered achievable, with £275k unlikely to be delivered, however mitigating savings have been found.

- As previously reported, the vacancy factor in Finance and Commercial is considered undeliverable. With finance reliant on interims at present there is in fact an overspend against budget and this saving cannot be achieved this year.

- The largest saving variation is in Corporate Budgets covering Support Services Strategic Commissioning, and Fees and Charges. The savings were held against Contingency which also contained an allowance for non-delivery of savings of £3m. As non delivery of savings is better than allowed for in the budget this reflects a contribution to the Corporate Contingency underspend.

4 HOUSING REVENUE ACCOUNT (HRA)

4.1 The HRA accounts for revenue expenditure and income relating to the Council's housing stock and is ringfenced from the General Fund. It must include all costs and income relating to the Council's housing landlord role (except in respect of households owed a homeless duty, and in respect of accommodation provided other than under Housing Act powers).

4.2 A prudent and pragmatic approach has been adopted to reflect the financial realities facing the Council and the need to undertake mandatory regulatory improvements to existing stock as well as develop new affordable housing. The HRA capital programme for the next five years has therefore been increased to £105.313m in comparison to £52.7m for the previous 5 year period.

4.3 The HRA is currently forecasting an in-year surplus of £1.6m, £0.8m in excess of the budget. The surplus will be transferred to HRA General reserve at the end of the financial year. Minor differences in the table below are due to rounding.

Table 3 – HRA Forecast

Description	Budget £'000	Forecast £'000	Variance £'000
Total HRA Expenditure	40,356	38,960	(1,396)
Total HRA Income	(41,155)	(40,598)	557
(Surplus)/Deficit for the year	**(800)**	**(1,638)**	**(838)**

4.4 Key areas of variance include –

- Repairs & Maintenance Services - net underspend of (£0.664m), arising from lower than expected costs for Asbestos Management, contractor costs at Hawker House and Void repairs. The underspend is partially offset by an overspend with Electrical Installations.

- Neighbourhood Services - Net overspend of £0.297m, arising from higher than expected Council Tax charges on void properties and staffing costs. The introduction of the new NEC Housing Management System continues to be challenging and has resulted in delays, albeit improving, to the void turn around processes. These will be fully offset by projected underspends elsewhere.

- Central Support Recharges - Underspend of (£2.250m), arising from partial release of over budget to offset pressures elsewhere. Work to re-align the Recharges budgets is in progress.

- Estate Services - Net overspend of £0.561m, arising from higher than expected expenditure for DSO grounds maintenance and building cleaning. These will be fully offset by projected underspends elsewhere.

- Other Services - Net overspend of £0.600m, arising from unbudgeted NEC project team costs, computer licences £and business rates. These will be fully offset by underspend elsewhere.

- Rents & Service Charges – Overall under-recovery of £0.557m arising from Service charges, Shops, and Garages due to income loss from voids and lower than expected Land rent. These losses will be fully offset by projected underspends elsewhere.

5 DEDICATED SCHOOLS GRANT (DSG)

5.1 Dedicated schools grant (DSG) is paid in support of local authority schools' and education providers and covers four distinct funding blocks:

1. Early Years Block (EYB) – Funding for pre-school aged children
2. Schools Block (SB) – Funding for mainstream schools
3. High Needs Block (HNB) - Funding children with Special Educational Needs and Disabilities
4. Central Schools Services Block (CSSB) – Funding services provided by the Local Authority to support schools and education providers.

5.2 The cumulative provisional DSG deficit at the end of 2022-23 was £14.7m. A surplus of £0.6m is currently forecast for 2023-24. When our second DSG Safety Valve payment is made this will give a forecast cumulative deficit of £10.9m by 31 March 2024, inclusive of the £3,2m DSG Management Plan deficit write-off.

Table 4 DSG

All in £million	Schools	High Needs	Early Years	Central Services	Total Deficit	Cumulative Deficit
2017-18					4.9	
2018-19	(0.1)	2.7	(0.5)	0.0	2.1	7.0
2019-20	(0.1)	5.9	0.4	0.0	6.2	13.2
2020-21	0.6	6.6	0.1	0.0	7.3	20.5
2021-22	(0.1)	4.8	0.3	0.0	5.0	25.5
DSG Management Plan Deficit Write-off 2022-23					(10.8)	14.7
2022-23	0.0	0.4	(0.7)	0.4	0.1	14.8
P9 2023-24 F/C	(0.3)	(0.2)	(0.1)	0.0	(0.6)	14.2
DSG Management Plan Deficit Write-off 2023-24					(3.2)	11.0

6 ASSET SALES

6.1 The Council's financial recovery plan is heavily dependent on the delivery of the asset disposal strategy. The Asset Disposal programme yielded capital receipts of £195m in 2022/23 and is forecast currently to yield £29.1m (net) in 23/24 compared to a Quarter 2 figure of £53.4m.

6.2 Many of the assets marked for disposal this year have been pushed back to 2024/25 and 2025/26 when a further £74.7m is expected to be achieved.

6.3 A total of 19 asset sales have completed to the end of December, yielding £28.6m (gross) of capital receipts, offset by £0.8m of costs relating to the sales.

6.4 Work is ongoing to update the Estate Strategy to identify further disposal opportunities and to help clarify the size of the retained portfolio, moving forward. An updated Asset Disposal Strategy is due to go to Cabinet in March.

7 CAPITAL PROGRAMME

7.1 The General Fund capital budget in 2023/24 is £40.27m following approval of slippage requests of £3.95m at September Cabinet.

7.2 The budget is forecasting an underspend of £29.11m for 2023/24. This compares to £25.65m in Quarter 2. The change is due to continued delays in the start of projects while will result in slippage to 24/25.

7.3 Of the £29.11m, £25.80m is due to delayed starts on various projects and the budget will need to be slipped to future years, £1.19m is savings, £0.20m is unspent grant returnable to the funder and £1.92m is reclassified revenue expenditure.

7.4 For slippage the main items are £11.10m for the A4 Cycle Lane and A4 Safer Roads, and £1.2m for Flood Defence (Sponge City), these projects will continue into 2024/25. £2.58m within Childrens Services which will be used in 2024/25 on SEN projects in various schools that are unable to be completed this year due to capacity, and £5.05m related to Destination Farnham Road and the Stoke Road TVU junction projects due to delayed starts.

7.5 Previously identified savings related to Nova House (£4.6m) are now expected to be needed in 24/25 so have also been added to the slippage.

7.6 There have been savings identified of £1.2m mainly from the Hub Development (£1.0m) which was duplicated in the budget.

7.7 The Capital HRA budget in 2023/24 is £11.4m following approval of slippage requests of £1.3m.

7.8 The forecast is largely in line with budget.

7.9 Table 5 summarises the financial position for capital expenditure

Table 5: Capital Programme

CAPITAL	Current Budget £'000	Approved Slippage £'000	Revised Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000
General Fund:						**0**
Adults	1,169	476	**1,645**	733	1,439	**-206**
Children Services	4,323	100	**4,423**	738	1,822	**-2,601**
Regeneration, Housing & Environment	30,825	3,379	**34,204**	2,384	7,898	**-26,306**
GF Total	**36,317**	**3,955**	**40,272**	**3,855**	**11,159**	**-29,113**
Housing Revenue Account:						
RMI Capital Programme	6,154	1,022	**7,176**	3,675	7,277	**101**
Planned Maintenance Capital	3,139	245	**3,384**	1,859	3,222	**-162**
Affordable Homes	800	0	**800**	542	900	**100**
HRA total	**10,093**	**1,267**	**11,360**	**6,076**	**11,399**	**39**
CAPITAL Total	**46,410**	**5,222**	**51,632**	**9,931**	**22,558**	**-29,074**

8 VIREMENTS

8.1 At the beginning of the financial year a significant proportion of the budget was held centrally, and needed to be distributed to directorates. Previous decisions have seen £7.324m moved from the Central Contingency budget to directorates (£1.604m for identified pressures, £3.27m for inflationary pressures, and £2.425m in respect of the pay award). The final part of this process is to vire centrally held budget to Directorates to cover the cost of the additional Local Government Pension Scheme employer contributions this year (17% of salary compared to a budget 15.1%). This amounts to £0.7m. It is recommended that a virement is made from the Central Contingency budget to service directorates in respect of the cost of the additional pension contributions.

8.2 The re-structure of Children centres led to a small number of redundancies. The cost of those redundancies (£67k) is currently sitting in the Children's directorate. The Redundancy Reserve has been set aside in order to meet such costs. It is recommended that a virement is made from the Redundancy Reserve to cover the cost of these redundancies. Note, this would be a one-off transfer.

8.3 As discussed in section 3 above (e.g. paras 3.8 and 3.17), a number of adjustments have been made to this and prior year accounts. This increases contributions to the Budget Smoothing Reserve in previous years and increases the overspend this year. To make the adjustments neutral between financial years it is recommended that an equivalent sum is drawn from the Budget Smoothing Reserve to help mitigate this year's overspend. This figure is £5.043m. It is also requested that £1.935m is drawn from this Reserve to address some of the volatility within the MRP figures, and this brings the total virement request to £6.978m

9 FUNDING

9.1 When setting its budget for 2023/24 the Council requested exceptional support in the form of a Capitalisation Direction (CD) of £31.57m. The Council must take all reasonable steps and mitigations before requesting any further CD and therefore the Council will have to utilise each and every lever that it has before requesting further assistance including:

- Reviewing reserves and provisions that can be applied on a one-off basis
- Taking positive action to reduce expenditure and increase income

9.2 The position on reserves is given in the table below, and includes the potential draw down requests of £67k from the Redundancy reserve requested in this report, and the £6.978m that is currently expected to be drawn from the Budget Smoothing reserve, as laid out throughout this report, and in particular in section 10.

	Balance at 31.12.23	Adjustments	Draw down request	Revised Balance
Earmarked Reserves				
MTFS Reserve	-4,279,269			-4,279,269
Better Care Fund	-5,199,491			-5,199,491
Public Health Reserve	-1,930,864			-1,930,864
Public Health Contingency Funding	-7,725			-7,725
Proceeds of Crime POCA	-323,876			-323,876
Budget Smoothing reserve	-34,979,689	-6,978,000	6,978,000	-34,979,689
Redundancy/Severance Payments	-7,500,000		67000	-7,433,000
Sub-total	**-54,220,914**	**-6,978,000**	**7,045,000**	**-54,153,914**
transfer to Short Term Liabilities				
Langley Memorial Park	-150,000			-150,000
S Hill Endowment	-53,138			-53,138
Grants Receipts in Advance	-1,723,104			-1,723,104
Sub-total	**-1,926,242**	**0**	**0**	**-1,926,242**
Total	**-56,147,156**	**-6,978,000**	**7,045,000**	**-56,080,156**
General Fund Balance	**-20,000,000**	**-1,000,000**		**-21,000,000**

The figure shown in the column headed Adjustments is the figure outlined in paras 3.8, 3.9 and 3.17 of the report, an adjustment to this year's figure and an increase in the closing balance for 2022/23. Drawing it down in the current financial year (Recommendation 3) would make the movement of income and costs across the 2 financial years neutral.

10 BALANCE SHEET AND LEDGER REVIEWS

10.1 In several sections of this report, reference has been made to accounting adjustments that are necessary as historical issues are addressed. This section pulls those together. This will form a standing part of the Budget Management report to Cabinet going forward.

10.2 In this report there have been 2 main issues to bring to the attention of members – the MRP, and the movement of monies between financial years.

10.3 The amount of money put aside in the MRP was one of the issues, perhaps the most important, that led to the original s114, and ensuing intervention. Establishing the appropriate level of the MRP was an extremely challenging task when establishing the CD model, but had seemingly been settled. However, the correct appropriations of assets between the HRA and the General Fund has led to completely revisit the model, with the help of specialist advisors. There has been significant volatility throughout the year on the MRP position, leading to swings in the Quarter 2 and this report to members. This work does now seem nearly settled, but the latest revision saw a change of £1.935m. This change is proposed to be funded through use of the Budget Smoothing Reserve, but this is not recommended at this stage. It is recommended that any virements are contirmed as part of the accounts closure when this, and other, work is complete.

10.4 The other main issue is on the movement of monies between financial years. Significant interest receipts in respect of loans to Council owned companies dating back a number of years were found to have not been either claimed, or accrued for. This income was received and accounted for in the Q2 monitoring report. Proper accounting treatment dictates that this should be accounted for in the years when it was due. In addition to interest receipts, the Council also received repayment of a loan from one of its companies that had been expected not to be paid in full, and a write off made in the 2022/23 accounts for the difference. Collectively these amounts are significant, and as the 2022/23 accounts have not been finalised it was decided to re-open them in order to account for the monies in the correct year.

10.5 It has also been reported on in previous monitoring reports that expenditure related to previous financial years, particularly in Adult Social Care, was being accounted for in the current financial year. This should properly be accounted for in the year when the activity occurred. As income related to previous years was being posted back to the relevant financial year (10.4 above) it is appropriate to also allow for expenditure incurred this year but related to previous years to be posted back.

10.6 The position for prior year adjustments as at 31 December 2023 is summarised in the table below

	2022/23	2022/21	2021/22	Total
Interest	-803	-2,051	-773	-3,627
Loan repayment	-2,735			-2,735
Adults Prior Year Spend	800			800
Childrens Prior Year Spend	519			519
Total	-2,219	-2,051	-773	-5,043

11 IMPLICATIONS OF THE REPORT

11.1 Financial Implications

11.1.1 These are fully set out within the report.

11.2 Legal Implications

11.2.1 Section 31 of the Local Government Finance Act 1992 requires the Council to set a balanced budget at the start of each financial year. Section 28 of the Local Government Act 2003 requires all local authorities to review actual expenditure against this budget on a regular basis during the year. Where it appears that there has been a deterioration in the financial position, the local authority must take such action as is necessary to deal with the situation.

11.2.2 The Secretary of State for Levelling Up, Housing and Communities made a direction under s.15 of the Local Government Act 1999 on 1 December 2021 (which has subsequently been updated). The Direction required an action plan to achieve financial sustainability and to close the long-term budget gap. This report contains significant information on the work undertaken to achieve financial sustainability and to close the long-term budget gap, although the Council will still need a capitalisation direction for some years to come. In addition, the appointed commissioners have reserve powers to exercise the function of proper administration of the Council's financial affairs and all functions associated with the strategic financial management of the Council, including providing advice and challenge of the budget and scrutinising all in-year amendments to annual budgets.

11.2.3 The Council's best value duty requires it to keep under review its services to ensure continuous improvement. This includes having a financial strategy and budgets which are clearly aligned with strategic priorities and a robust process for reviewing and setting the budget. There should be a robust system of financial controls and reporting to ensure clear accountability and a clear strategy to maintain adequate reserves. There should be collective accountability for the budget and MTFS both at officer and political level. Regular financial reporting to Cabinet ensures members are aware of the issues mid-year and the mitigating measures in place, as well as providing for public accountability.

11.3 Risk Management Implications

11.3.1 There is clearly a risk that the revenue savings for 2023/24 will prove difficult to deliver. Realising the forecast outturn depends on:

- *achieving the predicted level of savings shown in Table 2*
- *absorbing within existing expenditure any emerging cost pressures*
- *Achieving the planned level of asset sales*
- *the Capitalisation Direction being sufficient to cover on a permanent basis any deficits, shortfalls in savings delivery, new pressures, cost of living and economic impacts that may arise*

11.3.2 To mitigate these risks the Council is

- *Progressing with the preparation and audit of prior year accounts in order to establish with certainty the historic financial position*
- *Moving forward with the Finance Improvement Plan*
- *Undertaking Deep Dive Reviews of directorate budgets, led by the Executive Director of Finance and the relevant service Executive Director to seek opportunities for both immediate and longer-term savings*

11.4 Environmental implications

11.4.1 There are no specific environmental implications arising from this report.

11.5 Equality implications

11.5.1 There are no specific identified equality implications from this report. Equality impact assessments are undertaken for any savings proposals, or, where relevant, any corrective actions to reduce the overspend.

11.6 Procurement implications

11.6.1 There are no specific procurement implications arising from this report.

11.7 Workforce implications

11.7.1 There are no specific workforce implications arising from this report.

11.8 Property implications

11.8.1 These are set out within the report.

Appendix 1 Adults Services

Table 1 – Monitoring Forecast

PEOPLE (Adults)	Current Budget	Actuals to date	Projected Outturn	Variance	Prv Var Q2	Notes
	£'000	£'000	£'000	£'000	£'000	
Commissioning	(1,069)	(1,744)	(2,777)	(1,708)	(1,474)	1
Community Team for People with Learning Disabilities	12,615	9,405	14,130	1,515	743	2
Localities Social Work	15,999	17,416	23,027	7,028	5,787	3
Mental Health	4,644	3,330	7,070	2,426	1,750	4
People Adults Management	(4,450)	(2,096)	(3,316)	1,134	883	5
Rehabilitation, Recovery and Reablement & Long Term Occupational Therapy	152	1,786	1,509	1,357	1,482	6
Safeguarding Partnership Team	528	401	610	82	(128)	7
Grand Total	**28,419**	**28,498**	**40,253**	**11,834**	**9,044**	

Notes

1 The projection reflects additional receipts including the Rough Sleeping Drug and Alcohol Treatment grant (£0.475m), Supplementary Misuse Treatment and Recovery grant (£0.296m), Public Health Housing related programme funding (£0.375m), Drug Alcohol Action Team grant (£0.122m); employee vacancies net (£0.237m) and the Directorate freeze on all non-essential expenditure (£0.110m). The quarter on quarter movement reflects employee vacancies net (£0.237m); Directorate freeze on non-essential expenditure (£0.110m).

2 The projection reflects an overspend relating to services to clients of £1.895m (15%) including Direct Payments which demonstrates the drive to increase independence and choice by giving individuals the control to purchase and manage their own support to meet their needs; partly offset by an underspend in employee related expenditure of (£0.325m) (34%). The quarter on quarter movement reflects an estimated impact of outstanding in-year provider uplifts and other associated costs £0.320m; an increased volume of client packages (2) within Learning Disabilities Supported Living resulting in an increased forecast expenditure of £0.091m; high volume of invoices received and processed in arrears during quarter 3 resulting in the identification of previously understated estimated forecasts £0.180m; Directorate freeze on non-essential expenditure (£0.060m).

3 The projected outturn reflects an overspend relating to employees costs due to reliance on interims £0.331m (11%); payments to third party organisations who provide accommodation and support of £7.748m (49%) against budget; increased forecast receipts primarily in respect of Deferred Payment Packages (£1.015m) (17%). The movement reflects an estimated impact of outstanding in-year provider uplifts and other associated costs of £0.420m; an increased volume of client packages £1.702m and the realignment of the Market Sustainability & Improvement Fund to People Adults Management £0.725m (net nil impact across Directorate); increased forecast receipts (£1.530m); Directorate freeze on non-essential expenditure (£0.140m).

4 The projected outturn reflects an overspend relating to payments to third party organisations who provide accommodation and support of £2.634m (86%) against budget. The quarter on quarter movement reflects an increased volume of client packages (24) within Mental Health resulting in an increased forecast expenditure of £0.199m and recognition of the Berkshire Healthcare Foundation Trust (BHFT) contractual Service Level Agreement in respect of BHFT employee costs £0.263m which had been forecast to budget.

5 The projection reflects receipt of the additional Market Sustainability and Improvement Fund (£0.725m), Integrated Care Board (ICB) Discharge Grant (£0.508m), Urgent & Emergency Care Support Fund Grant (£0.241m), Capacity Grant (£0.130m), Implementation Grant (£0.106m); budgeted transformation savings reported in individual service areas across the Directorate £3.036m. Out of Hours joint arrangement projected in line with 2022/23 activity levels £0.135m. The quarter on quarter movement reflects the realignment of the Market Sustainability and Improvement Fund grant from Localities (£0.725m) (net nil impact across Directorate); receipt of Capacity Grant (£0.130m); release of Transformation Savings Plan forecast already being reflected across the Directorate £1.198m; Directorate freeze on non-essential expenditure (£0.100m). The Transformation Savings Plan is forecast to deliver across the Directorate and is reflected in the overall forecast position.

6 The projected outturn reflects an overspend relating to increased employee costs of £1.517m (61%) within the Rehabilitation, Recovery and Reablement & Long Term Occupational Therapy Service. Directorate freeze on non-essential expenditure (£0.180m). The quarter on quarter movement reflects Directorate freeze on non-essential expenditure (£0.180m).

7 No material variances to report.

Table 2 – ASC Saving RAG Rating.

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
Adults Services									
Reablement Efficiencies	650	1,240	0	200	0	790	1,440	790	1
Accommodation with Support	652	140	119	70	323	0	329	-323	3
Joint Funding	330	333	157	80	0	240	570	240	1
Practice and Process Development including reviews	810	306	655	100	0	251	1,061	251	1
Better use of Disabled Facilities Grant and equipment	100	44	0	56	0	0	100	0	4
Align and integrate the range of ASC and PH services with the NHS and/or across East Berks Councils/better use of PH Grant	250	0	0	0	250	0	0	-250	2
Mental Health	500	293	27	180	0	0	500	0	4
Transitions	400	0	0	40	360	0	40	-360	3
Diverting demand	270	62	0	30	178	0	92	-178	3
Focused & Locality Reviews	0	137	151	100	0	387	387	387	1
Review of hospital discharge/6-week review	350	26	0	40	284	0	66	-284	3
Financial Assessments	150	0	0	150	0	0	150	0	4
Direct Payment recoupment	200	194	210	21	0	225	425	225	1
Levying the OPG determined charge rate	100	100	0	0	0	0	100	0	4
Further cost reductions, efficiencies and vacancy factor including alternative use of Adult Social Care grant	300	50	100	0	150	0	150	-150	3
Assistive Technology	420	0	0	40	380	0	40	-380	3
Reduce Block Beds	206	206	0	34	0	34	240	34	1
Adults Services Total	**5,688**	**3,131**	**1,418**	**1,141**	**1,925**	**1,927**	**5,690**	**2**	

Notes:
1. Savings ahead of profile; expectation to exceed plan; need ensure "savings" not business as usual "cost avoidance".
2. Transformation Saving is part of the wider Corporate exercise on integration and is currently reflected as not being delivered in 2023/24.
3. Savings behind profile; likely risk of delivery; reduced total delivery based on latest plan updates.
4. Savings on profile; expectation deliver to plan.
5. Major Risk of Delivery against Plans is £1.925m; offset by Mitigating Savings of £1.927m.

Appendix 2 Children

Table 1 – Budget Monitoring Position

PEOPLE (Childrens)	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	No
Children's Centres / Family Hubs	524	391	641	117	0	1
Early Help Hub	156	(135)	155	(1)	11	
Inclusion	1,199	(255)	1,507	308	271	2
People Children Management	2,626	4,103	2,785	159	(186)	3
Music Service (Traded)	0	36	0	0	0	
School Effectiveness	279	231	374	95	144	4
School Services	3,730	1,684	3,872	142	(287)	8
Learning, Skills & Employment	199	628	134	(65)	(42)	7
Localities, Libraries & Leisure CH	0	1	0	0	0	6
Place Management Ch	315	78	213	(102)	(75)	7
Other	305			(305)	(75)	
General Fund Total	**9,332**	**6,761**	**9,681**	**349**	**(238)**	**38**
Central Schools Services DSG	0	187	0	0	0	
Early Years DSG	0	6,448	(46)	(46)	(100)	
Schools DSG	(336)	(32,984)	(151)	185	(324)	5
High Needs DSG	0	13,752	36	36	(225)	5
DSG	**(336)**	**(12,597)**	**(161)**	**175**	**(649)**	
General Fund & DSG Total	**8,996**	**(5,836)**	**9,520**	**524**	**(887)**	

Notes

1 Of the 5 closed Children's Centres, 4 of the forecasts have been set to actuals, and the fifth has been forecast at actuals less an identified journal correction. Overall, the forecast for the 5 closed centres is £22k against a budget of £126,600. This represents a saving of £104.6k against a savings target of £288.5, an adverse movement of £183.9k. This is offset by a favourable cost variance in the remaining Children's Centres.

2 Adverse £308k to budget on Inclusion is largely due to escalating staff costs in F500 SEND, exacerbated by a reliance on agency staff

3 PFI forecast has increased £979k to £2,210k. Of this, £357k adverse represents a re-alignment of the budget for the in year costs, £955k adverse is related to prior year, and £322k favourable is related to a biennial insurance rebate for the 2 years to Feb23, plus £11k estimated for Mar23. This prior year movement of net £622k DR has been excluded from this forecast from P9 and will be adjusted in 2022/23. There are further risks around a £487k energy cost for prior year which should be recouped from the schools and is currently being investigated.

4 In P7 a forecast was included for funding for a role in F200 School Improvement Core, but unfortunately the cost forecast was not similarly revised. This has been corrected in P8.

5 both HNB and SB.

6 A move of a single cost centre related to the senior management restructure has created and extra line this will

7 This represents several cost centres moved as part of the senior management restructure and the transfer of responsibilities. The first line is related to acivity related to Skills and Employement and the Localities line and also on Place Management line it relates to Young people from the Old Place directorate. These lines names will be adjusted in the next reiteration as work on new systems and structure progresses.

8 Prior year over accrual of £103k CR has been removed from this forecast and will be adjusted in 2022/23.

Table 2 – Savings Position

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
Children's Services									
Home to School Transport - various initiatives to reduce spend	595	480	115	-	-	-	595	-	1
Education & Inclusion Staff Restructure	210	-	-	-	-	105	105	(105)	2
Children's Services Total	**805**	**480**	**115**	**-**	**-**	**105**	**700**	**(105)**	

Notes

1. On track - £480k already delivered is the 2022-23 outturn underpend.

2. Staff restructure is delayed. £105k expected to be saved from one-off staff savings in 2023-24. Full on-going savings to be achieved in 2024-25.

Appendix 3 – Regeneration, Housing and Environment

Table 1 – Budget Monitoring Position

HOUSING PLANNING & PROPERTY	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
Housing (excluding HRA)	956	8,055	8,112	7,156	4,736	1
Planning	635	269	635	(0)	(0)	2
HP&P Management	742	420	657	(85)	(0)	3
Property	(4,103)	(2,918)	(4,333)	(230)	0	4
Building Management	5,651	2,250	5,683	32	(0)	5
Carbon & sustainability	184	(11)	184	0	15	
Economic Development	102	63	99	(3)	(2)	
Place Management Regen	(1,352)	692	594	1,946	2,656	6
Transport & Highways Operations	1,796	(812)	1,233	(563)	(450)	7
Environmental Services	11,755	7,736	11,118	(637)	(552)	8
HR Core Regen	188	91	129	(59)	0	
Grand Total	**16,555**	**15,835**	**24,111**	**7,556**	**6,403**	
Housing Revenue Accounts (HRA)	0	(18,636)	(1,638)	0	(1,635)	

Notes

1 The projected overspend of £7.2m is due to growing pressure on Temporary Accommodation. This is best estimate at the moment further work is being undertaken to stabilise the forecast. There are currently c 700 families in TA. In addition to high costs of placements, demand has increased. There are c 80 new referrals a week, most from large families requiring multiple emergency accommodations. The average costs are far higher than rents recovered via Housing Benefit at local housing allowance rates. A number of mitigating measures are being identified and put in place to contain and reduce costs in the short and medium term. Immediate actions include new rent accounts, procuring cheaper accommodation, robust checking of invoices etc. In addition further proposed measures include review of the out of borough placement policy, introducing Private Sector Leasing scheme (PSL) and Private Rental Sector (PRS) Incentive schemes and reducing reliance on B&B/Hotels. These initiatives will take time to be embed and yield desire results.

2 Forecast outturn is in line with budget.

3 The project underspend reflects additional staffing costs recoverable from internal recharges.

4 The projected underspend reflects additional staffing costs recoverable from internal recharges and additional one off rental income received in year.

5 Overspend arising from higher than expected energy costs.

6 This is the main pressure that was advised in the old Place directorate and being mitigated extensively on the other lines accross that directorate. The pressure here is due to unachievable budgets for recharges of £2.1m and other related budget adjustments. This has been partly mitigated by the updating of the Leisure management fee budget to reflect the contract hence the large movement from P6

7 Car parking receipts have been reviewed in detail and identified some non-recuring income not previously counted in the forecast of £334k however further work on income receipts and returns is now showing a much better position on parking and other income . A technical adjustment to budgets on a net nil basis is likely to be need in this to amend a budget issue and further information will be provided at P14.

8 In summary, in this significant area of service, additional income of c £451k all but £100k of which is one off has helped the position. Ongoing management actions are also helping to ensure efficiency and cost avoidance e.g. using staff dynamically across street and depot etc. There is also an ongoing reduction in waste tonnage due to the general economic circumstances meaning households are buying less and retaining things longer . Further work will be done at P14 to confirm and clarify these effects in detail for the remainder of the year.

Table 2 – Savings Position

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
Regeneration, Housing & Environment									
Reduce spend on repairs and maintenance at Corporate Buildings	300		200	100			300	-	1
Reduce spend on cleaning at Corporate Buildings	200		150	50			200	-	1&2
Corporate Contract efficiencies	50	50					50	-	
Savings from reduction in building management costs	100		100				100	-	2
Savings from additional efficiencies in facilities management	100		100				100	-	3
Reduce spend on repairs and maintenance at Corporate Buildings	-						-	-	1
Reduce staff costs in Planning Development	100	100					100	-	5
Adopt fortnightly waste collections	424	212	212				424	-	6
Chalvey HWRC Management Fee	40	20	20				40	-	7
Borough Wide Controlled Parking Zones	200	100		100			200	-	8
Dimming of streetlighting and park lighting after midnight	25	25					25	-	9
Stop Bus Subsidy - Service 4, 5 and 6	160	160					160	-	10
Government tapering of concessionary fares	300	300					300	-	11
Improve Trade Waste Business	10	10					10	-	12
Increase charges for Parking permits	48	32	16				48	-	13
Transport and Highways grant swap	1,071	1,071					1,071	-	14
Green waste collection charges	700	425			275	275	700	-	15
Reduce Highways maintenance works	100	100					100	-	16
Delete vacant AD post	100	100					100	-	17
Streetworks Section 50 licences	35	19	16				35	-	18
Streetworks Road Closure fees	65	43	22				65	-	19
Regeneration, Housing & Environment Total	**4,128**	**2,767**	**836**	**250**	**275**	**275**	**4,128**	**-**	**4**

NOTES

1. This is dependent upon the timing of the sale of Corporate Buildings, with prospects are that this will be slower than envisaged

2. Dependent upon a restructure and review of TUPE'd Ts and Cs, delayed until probably to year end, and therefore the full year effect would not come in until 2024/25

3. Efficiencies identified through upskilling of in-house technical team and reduction in third party spend.

4. £137K savings was delivered by Building Management through previous directorate Strategy & Improvement under Reference RES-2324-18A & RES-2324-53

5 Confirmation required on whether there is a reduction in spend. Saving needs moving to Housing, Property & Planning. With restructure will allow this to happen naturally as a consequence.

6 Went live 26th June and has delivered and expeded to be achieved. Logically as part year effect this implies acheivement of next years full year saving is on track.

7 Household waste management centre- new charge introduced for tipping waste. 28% of waste RBWM. Management fee charge- possibly higher.

8 Implemented new zones. Resident permits to be issued. Enforcement and permit fee income. This is fully year effect. A more detailed review and update will be done at P9 however overall it is felt likely that a balanced position in Place overall is achievable by year end.

9. A further £100k is in MTFS for 24/25. Though strictly at risk, overall alterntives and energy cost reductions have been met. Work and plans in process for next years larger target. Note the electricity budget does not sit in old Place and this saving should be moved internally within the new directorate post restructure. Note budgets for electric in property not old place where saving is.

10. Bus operators now receive subsidy from Heathrow - external funding received

11. Paying on tapering basis DfE changed rules

12 Businesses contribute to trade waste- under consideration for scrapping the scheme

13 Existing residence permits - fee increase 300-400%. Also additonal parking income is helping to balance in year and ongoing.

14 Highway maintenance block - Grant utilised to resurface the roads- - Eligible Transport highway expenditure chargeable to grant

15. Based on 50% of households (14,000 of 28,000) taking up the subscription service. Currently at c 9500. Recovery plans for next year in progress. Savings being achieved with alternatives in year to balance Place diretorate and P8 forecast is suggesting a balanced position.

16. Residual saving is linked to grant swap.

17. Post has been deleted

18. Generated by applications - S50 - road closures/licence to do work - Council fee charged- charge doubled in the last year

19. Generated by applications - S50 - road closures/licence to do work - Council fee charged

Appendix 4 – Strategy and Transformation

Table 1 Budget Monitoring Position

STRATEGY & IMPROVEMENT & MONITORING OFFICER	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
Chief Executive	352	254	352	0	0	
Communications	279	269	266	(13)	1	
Customer Services Str	1,882	1,808	2,039	157	220	1
HR Core Str	2,093	1,577	1,983	(110)	(98)	2
IT	6,730	6,649	6,761	31	80	3
Strategy	(390)	133	(54)	336	132	4
Strategy & Innovation	755	633	869	114	121	5
Transformation	(103)	671	(103)	0	0	
Localities, Libraries & Leisure Str	856	554	743	(113)	(76)	6
Grand Total	**12,454**	**12,547**	**12,856**	**402**	**380**	

Notes

1 An overspend of £0.157m, down £0.114m from the last reported position, stems from additional interim staff approval to support the contact centre. Efforts to retain a reduced number of these staff members until March 2024 are factored into the monitoring forecast, mitigated partially by underspends from service vacancies.

2 Demonstrates an underspend of £0.110m, down by £0.148m from the previous position, largely due to reduced spending on the training program, driven by interim staff filling roles amid unsuccessful permanent staff recruitment. Additionally, part-year vacancies across HR contribute to the underspend.

3 The service is forecasting an overspend of £0.031m, reduced by £0.072m from the last report, attributed to additional spending on IT hardware equipment refresh and challenges in attracting suitable IT staff. Underspends on vacant posts alleviate some of the pressure, but several risks, totalling £0.801m, need addressing, including infrastructure replacement and delivery risks affecting Support Services savings.

4 Strategy is forecasting an overspend of £0.336m primarily due to a saving that will not be achieved. The Service estimates there are risks in the delivery of the full £0.265m Support Services saving thus it projects a 50% achievement of the saving consequently creating a pressure of £0.132m. The reduction of 1 AD posts will result in a part year savings of £0.054m in 23/24, resulting in a pressure for the remainder of the year. The full year savings will not be achieved in 24/25.

5 Projected outturn reflects an over spend of £0.114,increased by £0.005, since the previous reported position. Primarily due to 2 interim staff hires for 6 months aimed at implementing improvements within the council and Slough Children First at a cost of £0.090m. Challenges persist - budget pressure of £0.036m due to the post that transferred from the Children's directorate without a corresponding budget to fund the costs.

6 This line consists of Library Services,Archives and include The Curve moved here as part of the senior management restructure. The net underspend, currently forecast as £113k, relate to agreed temporary management actions to keep staffing costs down for this year.

Table 2 – Savings Position

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
Strategy & Transformation									
Events and Slough Citizen	150	150					150	-	1
IT contract savings	505		505				505	-	2
Vacancy factor	500		500				500	-	3
Reduction in services and efficiencies	668	668					668	-	4
Library Service model	276	166	110				276	-	
Strategy & Transformation Total	**2,099**	**984**	**1,115**	**-**	**-**	**-**	**2,099**	**-**	

Notes

1. Budget has been removed, and activities have ceased
2. Some savings have been delivered, other elements are on track, but at this stage not yet delivered. Should be able toplit of this for p4
3. Vacancy factor is mostly on track; some of this saving is wrt the removal of AD posts which is now subject to a separate Coprorate exercise; this will constrain the possible savings for that Corpoate exercise, need to avoid double counting
4. Budget removed, posts deleted and therefore delivered

Appendix 5 –Finance and Commercial

Table 1 Budget Monitoring Position

FINANCE OUTTURN 2023-24	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
Commercial	774	668	829	55	(34)	1
Finance	669	3,005	1,370	702	1,363	2
Financial Governance	1,583	2,358	1,787	205	66	3
Revenues, Benefits & Charges	1,994	8,641	2,467	473	289	4
Strategic Finance	46	(837)	621	575	171	5
Transactional Services	718	371	534	(184)	(61)	6
Grand Total	**5,783**	**14,206**	**7,608**	**1,825**	**1,793**	

Notes

1 The service is currently anticipating an overspend of £0.055million. This is primarily due to a forecast overspend of £0.036 million on salaries, training £0.004million and consultancy -Human engine increase -£0.015million. However, despite this anticipated overspend, there are persisting financial pressures arising from the transfer of staff from the outsourced RSM procurement, which has now been brought in-house.

The two staff are paid on a day rate basis. Efforts to recruit permanently has failed on two rounds of recruitment and the service is now progressing on a third recruitment campaign. The forecast

2 Finance is projecting an overspend of £0.702 million. This includes £0.902 million in staffing costs, £0.235 million in unachievable savings, and a £0.115 million shortfall in fees and charges. However, this overspend is partially mitigated by expected re-chargeable costs of £0.550 million to the (HRA) and other cost centres.The unfavourable variance is driven by the retention of a significant number of interim staff, aimed at providing resilience and continuity to the finance function during a challenging period for the council. The forecast assumes that permanent staff recruitment will not be completed before the end of the financial year, particularly for positions below the Senior Financial Manager (SFM) and Financial Manager (FM) levels.

3 The service is projecting a budget pressure of £0.205m due to unresolved income budget issues from court proceedings in the Investigations, pre-COVID. However, there's a underspend resulting from an unfilled position in the Risk and Insurance team mitigating the impact.

4 Pressure -£0.473m. The forecast for Housing Benefit has been updated to include the subsidy expected to be recovered from DWP. The subsidy recovered is less than what is actually paid to residents leaving a budget pressure of £0.204m. This is due to a combination of LA error and claimant overpayments being made. Claimant overpayments can be recovered. Any payments recovered go to offset the loss in subsidy from the DWP. The budget assumes we recover a total of £0.410m more than actually paid. Currently the council is only collecting 71.5% of debt invoiced in-year . A project will commence soon that once complete will increase this to 96.5% initially, and then eventually to over 100%, which the budget assumes. The remaining budget pressure of £0.469m is on staffing, where agency and overtime are being used to manage the service needs.

5 Pressure -overspend of £0.575m, + £0.023m increase since the last reported position. The primary variances contributing to this include a surplus of £0.028m resulting from a one-time credit generated by closing unused SBC bank accounts. However, there's a forecastoverspend of £0.217m required to bridge the savings gap against the External audit fees budget for the 23/24 fiscal year. Additionally, there's an overspend of £384k on pensions alongside an underspend of £30k on miscellaneous income

6 Forecast underspend - £.184m, an increase of of £.020m since the previous reported position. There is an anticipated underspend on staff costs over budget, the expectation is that this will be

Table 2 Savings

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Notes
Finance & Commercial									
Staffing reduction - Fraud dept	12	12					12	-	1
Vacancy factor	399				399		-	(399)	2
Increased taxbase and collection rate	917		917				917	-	3
Reduced audit fee, reduced duplicate payments and income	400			400			400	-	4
Single Person Discount monitoring and other initiatives	600	600					600	-	5
Budgeted overheads cleanse	788		788				788	-	
Efficient working practices in Revenues and Benefits	440	300	140				440	-	6
Revenues and Benefits agency savings	450	161	289				450	-	
MRP reduction as a consequence of asset disposal decisions	3,500		2,500	1,000			3,500	-	7
Finance & Commercial Total	**7,506**	**1,073**	**4,634**	**1,400**	**399**	**-**	**7,107**	**(399)**	
Other Corporate Budgets									
Fees & Charges increases	900		863			37	900	-	8
Review of Strategic Commissioning	750						-	(750)	
Support Services	500		133	368			500	-	9
Other Corporate Budgets Total	2,150	-	996	368	-	37	1,400	(750)	
Finance &Commercial & Other Corporate Budgets Total	**9,656**	**1,073**	**5,630**	**1,768**	**399**	**37**	**8,507**	**(1,149)**	

Notes

1. Relevent post holder has started working 4 days a week in January 23
2. Given recruitment problems in finance, and the use of interims, it is unlikely this can be met this year
3. Assumes increase in no of properties + Collection rate. Confident will be delivered but need to check assumptions and monitor
4. Savings taken out of Audit budget. There is accrued provision of £1.7m to cover prior years. £100k overpayment is one off.
5. Confident will be delivered but need to check assumptions and monitor
6. If delivery is delayed then the balance will be delivered in 24/25. Service is projecting a pressure of £289k in P6 budget monitoring
7. Dependent on Asset sales
8. £0.037m of this saving relates to the Registrars in S&I which is currently flagged as unachievable however some posts are being held unfilled for part of the year to cover this
9. Savings split £0.265m to S&I of which 50% is currently tagged as unachievable and £0.235m to Finance, currently flagged as unachievable

Appendix 6 – Law and Governance, Public Health & Public Protection

Table 1 Budget Monitoring Position

LAW and GOVERNANCE	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
Democratic Services	1,885	1,720	1,387	(497)	(74)	1
Customer Services L&G	240	320	298	58	0	2
HR Core L&G	167	98	140	(27)	0	3
Grand Total	**2,292**	**2,138**	**1,825**	**(467)**	**(74)**	

1 The Democratic service forecast underspend of £0.061m due to vacant posts yet to be filled.

2 The service forecast overspend is £.058m reflects increased activity within the Coroner services

3 The projected outturn indicates an underspend of £0.027 million, which is attributed to the training programme (£0.009 million), joint arrangement (£0.011 million), and standby allowance (-£0.007 million). It is anticipated that these funds will be utilised later in the year.

Public Health & Public Protection	Current Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Prv Var Q2 £'000	Notes
PA- Non-Group Manager capabilities PH	0	0	0	**0**	**0**	1
Community Safety, Housing Regulation & Enforcement	1,991	402	1,933	**(58)**	**30**	
Localities, Libraries & Leisure PH	(1,271)	(1,634)	(1,516)	**(245)**	**(1,001)**	2
Public Protection	584	288	473	**(111)**	**(38)**	
Grand Total	**1,304**	**(943)**	**890**	**(414)**	**(1,009)**	**5&6**

Notes

1 Public Health projected outturn should match the budget of £8.092m, however, there may be opportunity to invest some of the Public Health grant in prevention programmes within Adults on a replacement funding basis (£0.200m). This strategy is reflected as an opportunity rather than included within the projected outturn whilst discussions are ongoing.

2 A technical budget adjustment to correct the management fee budget on Leisure was completed in P8 £786k which adversely effects the outturn on this line, though does not affect the council's overall postion (the contrary balancing item occurs in the old Place management cost centre in Environmental Services). There is a one off adverse adjustment in this year for Leisure since P6 of £124k as of P7 due to an overpayment last year of the management fee that adjusts in this year. Some minor net favourable monitoring movements off set these budget changes from P6.

Table 2 Savings

Savings Description	Total £000's	Already Delivered	On Track to be delivered	Some risk to delivery	Major Risk of Delivery	Mitigating Savings	Savings Forecast	Over / (Under) delivery	Note
Public Health & Public Protection									
All leisure services to be externally funded	20		20				**20**	-	
Stop SBC funded CCTV Monitoring of public spaces	26			26			**26**	-	1
Public Health & Public Protection Total	**46**	**-**	**20**	**26**	**-**	**-**	**46**	**-**	

NOTES
1. As we approach December closure a more detailed appraisal of this saving can be made some residual and legacy costs do place this at risk. Work to be reported now at P10. Note also that old Place Directorate was reporting a balanced positon and managemenactions are being worked on if saving not realised this year and including residual cost pressures.

Appendix 7 – Capital Monitoring

Table 1 – General Fund

CAPITAL PROJECTS	Current Budget £'000	Slippage - approved £'000	Movement of budget between projects	Revised Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Notes
GENERAL FUND									
Learning Disability Change Programme	29	0		29	27	27	(2)	(29)	
HOLD (Hold Ownership for people with Long-term Disabilities)		204		204	0	0	(204)	(204)	1
Disabled Facilities Grant	1,140	272		1,412	706	1,412	0	0	
Adults TOTAL	**1,169**	**476**		**1,645**	**733**	**1,439**	**(206)**	**(233)**	
Primary Expansions	167	0		167	0	80	(87)	(87)	
Schools Modernisation Programme	810	90		900	289	750	(150)	50	2
SEN Resources Expansion	1,250	0		1,250	70	355	(895)	(780)	
Special School Expansion-Primary,Secondary & Post 16	1,675	10		1,685	18	236	(1,449)	(1,549)	
Secondary Expansion Programme	315	0		315	0	40	(275)	(275)	
Schools Devolved Capital	80	0		80	361	361	281	0	3
323 High St/Haybrook	26	0		26	0	0	(26)	(26)	
Children's Services TOTAL	**4,323**	**100**		**4,423**	**738**	**1,822**	**(2,601)**	**(2,667)**	4
Loan to GRES-for Nova House remedial work	5,000	0		5,000	400	400	(4,600)	(4,600)	5
Capital Works following Stock Condition Survey	400	247		647	18	100	(547)	(347)	
Hub Development	1,047	273		1,320	0	0	(1,320)	(995)	6
B4899 Localities Strategy North (Britwell)					47	375	375	0	
B4900 Localities Strategy South (Chalvey)					7		0	0	
B4902 Localities Strategy Central (SMP)					(670)		0	0	
Leisure Centre Farnham Road	100			100	22	22	(78)	(78)	
Asset Disposal				0	820	820	820	0	7
Urban Tree Challenge Fund	82			82	0	0	(82)	(82)	
Compulsory Purchase Order Reserve	0			0	1	1	1	1	
Cornwall House-Fire Strategy	950			950	0	250	(700)	(700)	
Office Accommodation Strategy	900			900	19	300	(600)	0	
Refuse fleet & Grounds Plant equipment		114		114	172	172	58	0	
Local Sustainable Transport Fund	222	0		222	0	222	0	(222)	
Flood Defence (Sponge City)	1,482	766		2,248	202	1,000	(1,248)	(1,248)	
Zone 1 - Sutton Lane Gyratory (MRT)		868		868	279	868	0	0	
Zone 4 - Stoke Road (Stoke Rd TVU junction)	2,500	397		2,897	305	497	(2,400)	0	
Langley High Street Improvements LEP		511		511	69	511	0	0	
A4 Safer Roads	1,511	137		1,648	10	150	(1,498)	(1,148)	
A4 Cycle Lane	10,168	0		10,168	434	568	(9,600)	(9,668)	
Electric Vehicle Network	157	0		157	0	157	0	(157)	
Car Club	100	0		100	0	100	0	(100)	
Carbon Management - Public Sector Decarb. Scheme	22	0		22	0	22	0	0	
Reading Archives - Extension (SBC Contribution)	188	0		188	0	188	0	0	
Traffic Signals Maintenance Grant		66		66	56	66	0	0	
Cemetery Extension	100	0		100	0	100	0	0	
Additional Transport & Highways Grant funded projects	2,489		(545)	1,944	106	106	(1,838)	(1,587)	
Patching, surfacing and highway replacement works			261	261	0	261	0	0	
LTP Implementation Plan	139		284	423	4	284	(139)	(139)	
Eden School				0	40	40	40	34	
DSO Replacement Fleet	500			500	0	200	(300)	0	
Destination Farnham Road	2,768			2,768	43	118	(2,650)	(2,468)	
Parlaunt Road	0			0	0	0	0	750	8
Regeneration, Housing & Environment TOTAL	**30,825**	**3,379**	**0**	**34,204**	**2,384**	**7,898**	**(26,306)**	**(22,754)**	
GENERAL FUND TOTAL	**36,317**	**3,955**	**0**	**40,272**	**3,855**	**11,159**	**(29,113)**	**(25,654)**	

Table 2 – HRA

CAPITAL PROJECTS	Current Budget £'000	Slippage - to be approved £'000	Movement of budget between projects	Revised Budget £'000	Actuals to date £'000	Projected Outturn £'000	Variance £'000	Previous Variance £'000	Notes
HRA									
RMI Capital Programme									
Commissioning of Repairs Manitenance and Investment Contract	250			250	0	50	(200)	(200)	
Boiler Replacement and heating	317			317	280	317	0	0	
Kitchen & Bathroom ReplacementReplacement	415	31		446	381	446	0	0	
Electrical Systems	138	0		138	48	138	0	0	
External rendering, repairs and redecoration of housing block	2,134	0		2,134	0	2,519	385	385	
Garage & Environmental Improvements		527		527	648	527	0	0	
Capitalised Repairs	100	210		310	138	300	(10)	(10)	
FRA & Asbestos Removal Works	2,000	173		2,173	1,679	2,180	7	7	
Major Aids & Adaptations	300	0		300	441	300	0	0	
Decarbonisation Works	500	81		581	60	500	(81)	(81)	
RMI Capital Programme Total	**6,154**	**1,022**	**0**	**7,176**	**3,675**	**7,277**	**101**	**101**	
Planned Maintenance Capital									
Windows and Door Replacement	842			842	208	842	0	0	
Roof Replacement	1,726	136		1,862	1,244	1,800	(62)	(62)	
Structural	211	109		320	128	240	(80)	(80)	
Security & Controlled Entry Modernisation	300			300	241	300	0	0	
Capitalised voids	60			60	38	40	(20)	(20)	
Planned Maintenance Capital Total	**3,139**	**245**	**0**	**3,384**	**1,859**	**3,222**	**(162)**	**(162)**	
Affordable Homes									
Tower and Ashbourne	0			0	434	900	900	900	9
Affordable Homes	800			800	108	0	(800)	(692)	
Total Affordable Homes	**800**	**0**	**0**	**800**	**542**	**900**	**100**	**0**	
HRA TOTAL	**10,093**	**1,267**	**0**	**11,360**	**6,076**	**11,399**	**39**	**(61)**	
CAPITAL PROJECTS TOTAL	**46,410**	**5,222**	**0**	**51,632**	**9,931**	**22,558**	**(29,074)**	**(25,715)**	

Notes

1 Project has completed. Funds to be returned if CCG have no further uses for monies (awaiting clarification on this from CCG)

2 Annual programme of condition works at slough schools, projects at 9 schools underway. Priory door project now going ahead summer 24 - to be slipped to 24/25

3 Overspend being investigated - budget is issued to schools for petty cash so should not be in overspend. Update to be provided for P9.

4 SEN projects in various schools that are unable to be completed this year due to capacity - to be slipped to 24/25.

5 Nova House loan, previously identified as savings but department has now confirmed that this may be needed in 24/25 (Homes England and Leaseholder payments)

6 HUB Development budget duplication - saving.

7 Asset disposal costs funded by capital receipts (year to date receipts total £28.6m).

8 New project to provide new traffic signals - awaiting consultation approval from Cabinet to proceed. LEP funding previously had to be spent before end 23/24 - project manager to provide evidence that this is no longer the case

9 Asset is due for disposal - overspend will be funded from capital receipts.

Slough Borough Council

Report To:	Cabinet
Date:	26th February 2024
Subject:	Housing Revenue Account (HRA) 30yr Business Plan and Medium Term Budgets 2024/25
Lead Member:	Councillor Paul Kelly, Highways, Housing and Transport
Chief Officer:	Patrick Hayes, Executive Director, Regeneration, Housing & Environment, and Adele Taylor, Executive Director, Finance & Commercial
Contact Officer:	Chris Stratford, Assistant Director, Housing Ruth Hudson, Director, Financial Management
Ward(s):	All
Key Decision:	YES
Exempt:	NO
Decision Subject To Call In:	YES
Appendices:	A – HRA 30-year revenue budget B – HRA 30-year capital programme C – HRA 5-year revenue budget D – HRA 5-year capital programme E – HRA draft reserves & balances

1. Summary and Recommendations

1.1 This report sets out the proposed 30-year Business Plan for the Housing Revenue Account (HRA) and considers both the Revenue and Capital position. The Revenue Business plan over a 5-year period projects total income of £236.72m and expenditure of £222.268m. The HRA Capital Programme provides for a total capital investment of £105.313m over the next 5 years and a total of £683.188m over the 30-year period.

1.2 The Business Plan demonstrates that Slough Borough Council is able to fund the proposals subject to the assumptions within the plan, and that the HRA remains sustainable and viable over the 30-year period.

Recommendations:

1.3 Cabinet is recommended to:

- Note the HRA 30-year Business plan as set out in Appendices A & B.

1.4 Cabinet is to recommend to Council to:

- Approve the HRA revenue budget for 2024/25 as set out in Table 3 & Appendix C which reflects the annual rents & service charges increases already approved by Cabinet.

- Approve the HRA 5-year Capital Programme as set out in Table 4 & Appendix D.

- Note the draft 5-year HRA reserves and balances as set out in Appendix E.

Reason

1.5 Section 76 of the Local Government and Housing Act 1989 requires Local Authorities with a Housing Revenue Account (HRA) to set a budget for the account, which is based on best assumptions, that avoids a deficit and keeps the HRA under review.

1.6 The budget has developed from a review of the baseline budget, current expenditure on Housing Service and capital investment to maintain and improve the Housing Stock to a decent standard.

Commissioner Review

1.7 The Council is required to prepare on an annual basis an updated Housing Revenue Account (HRA) 30-year Business Plan, which sets out the long-term financial position of this ring-fenced account. The Plan has a key focus on the medium-term as it considers the strategic objectives of the Council, the impact of legislative changes (such as the Building Safety Act 2022), key elements of the HRA financial operations and implications of the Plan on rents, service charges, disposals, and regeneration. The medium term provides more certainty on costs, demands, resources and pressures, and provides an indication of long-term sustainability.

This evolving Plan will be used as a tool to enable the prioritisation of housing investment, to assess the impact of decision making around stock acquisition, disposals of surplus assets, long-term Treasury Management Strategy, and maximising resources to benefit all the corporate priorities.

The Commissioners are content with this report.

2. Introduction

2.1 The HRA business plan reflects is the Council's spending and borrowing to maintain its stock, operate services for its tenants and leaseholders, and if appropriate design and build new council homes. As with any other business plan, it must show that the Council has clear proposals for achieving its objectives and that these are financially viable in the short, medium, and long term. Having an HRA Business Plan that is approved by full Council, based on reasoned assumptions and an underlying financial model, forms the basis of good governance and sound financial management. It demonstrates that we are spending residents' rent and service charges effectively and achieving value for money and managing debt and reserves to maintain a viable HRA overall.

2.2 This business plan recognises the realities of the financial pressures faced by local authorities across the United Kingdom especially the local situation in Slough Borough Council. A prudent and pragmatic approach has been adopted to reflect an organisation that is prepared to live within its means, balance its budgets and deliver best value for taxpayers and service users.

2.3 The need to ensure that Slough Borough Council (SBC) stays on a financially sustainable footing and responds to stock investment required to meet government target has meant significant increase to the capital programme. The proposed five-year HRA capital programme budget is £105.313m compared to £52.71m in the 2023/24 five-year HRA capital programme budget. The increase is as a result of additional De-carbonisation work and new Affordable Housing costs.

2.4 The business plan projections reflect the income and expenditure required to manage the landlord function and, at the same time, work towards the Council's objectives to maintain and improve stock condition.

3. HRA Background

3.1 The HRA specifically accounts for revenue income and expenditure relating to the Council's own housing stock and is ring fenced from the Council's General Fund as required by the Local Government and Housing Act 1989, which specifies the items that can be charged and credited to it. The account must include all costs and income relating to the Council's landlord role (except in respect of leased accommodation, for households owed a homeless duty, and in respect of accommodation provided other than under Housing Act powers). The Council has a legal duty to budget to ensure the account remains solvent and to review the account throughout the year.

3.2 The HRA self-financing system for Council Housing was implemented in April 2012. Under HRA self-financing, the Council's HRA continues to be a ring-fenced account (income and expenditure) for Council dwellings. HRA self-financing is intended to allow local authority landlords to manage and maintain their own stock from the rental income they generate.

3.3 The introduction of HRA self-financing was supposed to herald a more certain future for local authorities giving them more responsibility and to give them greater flexibility over their accounts. It was intended that authorities would also use self-financing as the opportunity to determine priorities with a more strategic longer-term view rather than on a year-to-year basis. This new approach as well as giving more responsibility to authorities also ensured that there was more risk for them. Spend and income for both capital and revenue had to be projected for in future years, treasury management and repayment of debt had to be accounted for, and the viability of the HRA had to be ensured.

3.4 In October 2018, the government announced that the HRA borrowing cap would be lifted, revoking the previous determinations that specified local authorities' limits on indebtedness. This has provided councils with new borrowing powers to increase their housing supply, with a focus on mixed-tenure development including homes for social rent, affordable rent, and shared equity products. Government is presently carrying out a further review of the HRA and a consultation paper is expected to emerge in 2024.

3.5 Maintaining a residential property portfolio of 6,014 tenanted homes and 1,535 leasehold homes is a major financial commitment. Furthermore, the primary source of funding to meet this commitment is rent paid by tenants and the Council is strictly limited as to the extent it can raise these rents. It is therefore of utmost importance that the Council is clear as to how it intends to balance income and expenditure over time to ensure the property portfolio receives the level of investment it requires and borrowing stays within the necessary prudential limits.

3.6 As well as investing in our existing housing stock to ensure all residents' homes are compliant, safe, warm, and dry, the Council will also wish to improve its housing stock, invest in significantly reducing its carbon footprint and deliver some new affordable housing unit over the life of the Plan. Further improvements and regeneration projects are also likely to require funding during this period.

3.7 Each year the Council must review, update, and approve the Plan in line with best practice. A re-profiling of capital expenditure proposals and updates on how the Council plans to finance the capital programme including use of surplus capital receipts, grants and HRA borrowing, is also be carried out annually.

4. National and local priorities that impact the HRA Business Plan

4.1 From April 2020 local authority rents have been regulated by the Regulator of Social Housing, alongside housing associations and other registered providers. Annual rent increases must comply with government rents policy for Social Housing 2019. The standard rent increases are currently limited to an increase of up to CPI plus 1% from April 2020 to 2024/25 (based upon CPI at the preceding September), with properties below target rent levels moved directly to target rent only when they become void.

4.2 The Business Plan therefore reflects rent, service and other charges as approved by Cabinet in January. It reflects a rent increase of 7.7% in 2025/25, the maximum increase allowed by the current rent regulation and calculated at CPI + 1%, where the September CPI is 6.7%. The council continues to exercise its discretion under the rent restructuring regulation to set rents for re-lets (both new tenants and transfers) up to formula target rent. Tenant service charges and non-dwelling rents and charges have also increased by 7.7% in 2024/25

4.3 The Welfare Reform Act 2012 introduced radical changes to the welfare system, which included a reduction of housing benefits for social tenants if their accommodation is considered larger than required. It also introduced a new universal credit system to be implemented over time, where benefit payments would be made directly to the tenant, rather than the landlord. This change increases the risk of non-collection, which could lead to a rise in rent arrears.

5. New Burdens

5.1 There are increasing levels of housing tenancy fraud occurring within Slough. This is similar to the national picture. It is estimated that up to 20% of housing tenancies are subject in one way or another to fraudulent activity. This includes tenancy, succession, void, and subletting of dwellings. This clearly needs to be tackled given the scarce resource Affordable and social housing represents. The Plan makes provision of £0.1m for two housing fraud investigation officers dedicated to HRA fraud detection.

The Fire Safety (England) Regulations 2022 (the Regulations) have been introduced as an important step towards implementing the recommendations of the Grenfell Tower Inquiry Phase 1 report. The Regulations were introduced under Article 24 of the Fire Safety Order and I came into force on 23 January 2023. These regulations make it a requirement in law for responsible persons of high-rise blocks of flats to provide information to Fire and Rescue Services to assist them to plan and, if needed, provide an effective operational response. These legislations have significant impact on the responsibilities of the Council as a landlord in the future as SBC own one high-rise block. SBC does however own a considerable number of blocks that are currently under 11 metres in height and the fire regulations applying to high rise whilst not strictly applying to these flats are likely to do so in the future. The Council has commenced and already completed significant fire safety works especially in the context of the remaining two high rise blocks it retains within its ownership. The BP has sufficient resources to complete these remaining works mainly fire door renewals and these resources will be reviewed accordingly to deal with any further legislative amendments should this be necessary. The overall plan however is in a good position to react to such changes if necessary.

5.2 Decarbonisation: A specialist survey has previously been completed by Savills and initial findings indicated a total decarbonisation investment requirement £204.32m is required over the full term of the Business Plans to deliver the full decarbonisation objectives currently set out by Government. The costs elements include improvements/replacement of central heating boilers/carcass, doors, windows, and internal/external structures etc. The full funding requirement for these costs is presently included in the investment costs as currently presented within the Plan.

5.3 It is important to note that Savills the Councils retained advisers for Business Planning purposes has provided some guidance in the context of inflationary pressures. Accordingly, over the next 5 years inflation adjustments have been made to take account of this advice before the BP returns to the original inflation assumptions previously made. Further an adjustment will be made to reflect the anticipate costs for the new RMI contract from 25/26 which will be designed to more closely reflect tenant expectations. Increased costs have now been included within the BP to cover the revised anticipated decarbonisation costs over the full 30-year cycle of the plan. Decarbonisation costs might be partially mitigated by the Council bidding for grant under the social housing decarbonisation fund and this bid has been submitted at the end of Jan 2024. It should however be noted this will only meet a very small proportion of the total costs identified above.

5.4 It is recognised nationally that councils will not to be able to fund all decarbonisation costs and that in reviewing the HRA regime it is hoped the government will recognise that Councils will need substantial capital grant input in excess of the current funding arrangements to achieve the full funding requirements

5.5 Damp and Mould: A review of the current approach of dealing with Damp and Mould incidents occurring in the Councils stock have been undertaken with Osbournes, the Repairs & Maintenance Contractor. Whilst some progress has been made understanding fully the needs associated with rectifying these issues, it is essential further proactive work is concluded as a priority. This includes the implementation of a risk-based inspection process currently now in place for those cases notified as needing a rapid response, along with a planned approach for those particular property architypes which might be identified as requiring a planned maintenance and thermal improvements.

5.6 The initial costs and assumptions around a budget provision subject to an early technically based approach to these issues still needs further work but it is anticipated that some 25% of the stock is impacted in some way. This represents some 1,500 homes. Again, costs associated with technical risk assessed surveys, rapid response delivery arrangements, and rectifying noncomplex repairs and improvements to dwellings are initially indicating a figure of some £800 per unit. This initial budget assuming some 1,200 properties visited during 23/24. The plan reflects a budget provision of £1m pa for Damp & Mould. The ongoing budget provision for damp and mould works will continue at the level of circa £1m per year until the issues have been eradicated through decarbonisation and stock improvement works.

5.7 The revised approach to damp and mould is already subject to government and Regulatory intervention and a new consultation paper on more rigid requirements to apply to social landlords has been issued on the 9 Jan 2024. The full impacts of these new requirements which prescribe tight timelines for responses and repairs to take place will need to be fully assessed in the coming weeks. Should there be any cost impacts members will be advised in due course. and it is imperative the Council responds fully to these new requirements, or it may be at risk of penalties being applied.

5.8 The Government stated that new funding may be withheld from any housing provider that is failing in their obligations to tenants. Providers in breach of the Social Housing Regulator's consumer standards may not be able to draw funds from the Affordable Homes Programme (AHP) until improvements are made.

6. Local Context: Doing right by Slough

6.1 Slough has the youngest average age (33) of any large town or city in the UK. It is also one of the most ethnically diverse places in the UK and has attracted people from across the world for over a century shaping it into a major trading area. The town remains very well connected, situated 25 miles west of central London with major transport routes and the UK main international airport in proximity.

6.2 Its location has helped create an £8 billion economy, with around 7,500 businesses, the highest concentration of UK headquarters of global companies outside of London and the second largest concentration of data centres in the world. Slough’s top three specialised employment areas are warehousing and logistics (4.1 times greater than the national average), utilities and waste, and ICT media and creative services.

6.3 However, Slough’s business and connectedness has not brought prosperity to all its residents. While it has the second highest average workplace earnings after London, deprivation is high across much of the borough. In April 2021, 23% of the working aged population in Slough were claiming government-based benefits. The recent pandemic affected Slough particularly badly with increases in claims for unemployment-related benefits and with an average rate of 89 in 1,000 persons aged 16-64 claiming unemployment support. There is a recognised need to increase the skills of local residents – particularly with NVQ3 qualifications and above – so that Slough’s communities can be competitive and secure productive jobs.

6.4 Despite comparatively low levels of skills, Slough has a range of excellent primary and secondary schools. In 2019 57% of pupils achieved GCSE grade 5 or above in English and Maths, better than the national average of 43%, putting Slough consistently in the top 10 best performers in the country. But at A-level further progress remains important. 12.3% achieved grades AAB or higher, below the national average of 14.1% and the Council needs to understand the difference in outcomes between 16 and 18, and work with schools and partners to find ways to address this gap.

6.5 Geographically small, by comparison to other unitary council areas, Slough is a collection of formerly distinct villages and neighbourhoods, which still retain their distinct identity and characteristics today as clearly defined residential suburbs. House prices are relatively high, with affordability challenges contributing to high levels of deprivation, and in some parts of the borough the quality of housing is poor. There are high numbers of individuals requiring temporary housing, and the management of the housing stock including Slough's repairs service is not as responsive as it should be to its tenants.

6.6 With deprivation and challenging housing conditions often comes poor health and this is particularly true in Slough. Life expectancy is significantly below the national average and women on average can expect to live the last 24 years of their life in poor health (compared to 20 years on average in England), while men can expect to live the last 18 years of life in poor health (compared to 16 years in England). Key health and wellbeing challenges for the borough include ensuring a healthy start to life, improving childhood obesity, oral health, smoking, physical inactivity, diabetes, TB, alcohol and substance misuse, mental health issues and early deaths from cardiovascular disease.

6.7 With crime levels high when compared to other parts of the Thames Valley there are specific concerns around violent crime including domestic violence which is high. The Council has already begun to work more closely with partner organisations and agencies especially the police. It is reviewing its ASB policy position and has recently completed assessments around Safe Home data and information. This will result in a new Safe Home Strategy emerging shortly.

6.8 While Slough has a small footprint and is tightly bound, it does have a significant number of public green spaces and leisure facilities to provide opportunities for the local population to be active. There are pockets where air quality is considered poor, and Slough's carbon footprint is relatively high and recycling rates low.

7. HRA Base Business Plan – Key General Assumptions

7.1 Housing Stock: Currently Slough Borough Council owns and manages over 7,549 properties (inclusive of social rented properties, leasehold, affordable homes, and commercial properties) across the borough though the HRA social and affordable rented properties is 6,014. While the overall number of homes in the borough has increased since the inception of self-financing in 2012, the number of council homes has fallen over the same period due to right to buy and other disposals. The 85 new acquisition or new build units is reflected in this business plan. The council will continue to explore partnership with other social providers interested in building new social and affordable homes in the borough.

7.2 Housing Demand: Demand for council homes remains high with demand outstripping supply. If the council is unable to provide the kind of homes that people want to live in, or can afford to live in, there is a risk that the void rates will increase, undermining both the financial viability of the HRA and the stability of local communities.

Table 1 – Key Business Planning Assumptions

Key Area	Assumption
General Inflation (CPI)	CPI = 6.7% 24/25, 2% 25/26 & thereafter
Social Rent	7.7% in 2024/25, and CPI at 2%+ 1% thereafter. Re-let 5% at Formula Rent
Non-dwelling Rent & Service Charges	7.7% in 2024/25, and CPI at 2% + 1% going forward.
Garages & Shop Rental Income	Income to reduce to 50% in 2024/25, and Nil thereafter
Right to Buy (RTB) Sale	30 in 2024/25, 25 in 2025/26 and 20 thereafter
Right to Buy Receipts	Projected receipts are based on pooling returns and 2022/23 sales (receipts).
Debt Management	Maturing debt refinanced throughout Plan with some debts repaid. No additional borrowing is planned. HRA opening Capital Financing Requirement (CFR) is £138m reducing to £134m in Year 17 as some debts are scheduled for repayment
HRA Minimum Working Balances	HRA minimum working balance of £4m is assumed which represent circa. 10% of annual gross rent
Repairs and Maintenance Major works	Expenditure is adjusted in line with September RPI at 8.9% in 24/25 and 3% thereafter and flexed in line with stock movements.
Supervision and Management	Expenditure is adjusted in line with September RPI at 8.9% in 24/25 and 3% thereafter
Energy Costs	Estimated outturn uplifted by September RPI at 8.9%.
Capital Investment in current stock	The Plan provides for over £200m for De-carbonisation works over 30years
Capital investment in New & additional stock	The Plan provides for £13m for empty & other property acquisition and remodelling of existing stock to help meet the growing demand for affordable housing
Voids	Rent loss from voids assumed to be 1.5% on Council dwellings
HRA Stock Movement	Baseline numbers are adjusted for projected RTB sales and new affordable housing supply. HRA rented stock level currently 6014 (social 5864, affordable homes 150), 1535 leasehold properties.
Capital charges	Based upon the HRA share of the Council's debt as at 1 April 2024 of £138m. No additional borrowing envisaged over the life of the business plan.

8. HRA Revenue Budget

8.1 Table 2 below set out the average rent per bedroom sizes for social housing stock. On average dwelling rents will increase from £117.58 per week currently to £126.62 per week from 1st April 2024, representing on average a £9.04 per week. This equates to an additional gross rent of £2.76m in 2024/25

Table 2: Social Housing Average Rent

Bedroom Size	Stock numbers	2024-25 Average weekly rent (£)
0	248	95.06
1	2,096	108.74
2	1,548	131.03
3	1,788	144.45
4	148	158.3
5	33	179.84
>5	3	175.97
Total	**5,864**	**126.62**

8.2 Table 3 below set out the proposed 2024/25 and the next four year revenue budget. It is estimated that the Plan will deliver surplus budgets in 2024/25 and in the next three years. As revenue contributions to the capital outlay is required in the last two years.

Table 3: 5-Year HRA Revenue Budget

	2023.24 Forecast £000	2024.25 Budget £000	2025.26 Budget £000	2026.27 Budget £000	2027.28 Budget £000	2028.29 Budget £000
Income						
Dwelling Rents	(36,906)	(40,783)	(41,686)	(43,072)	(44,370)	(45,665)
Non Dwelling Rents	(986)	(1,084)	(534)	(417)	(429)	(442)
Charges for services and facilities	(2,697)	(2,964)	(3,053)	(3,145)	(3,239)	(3,337)
Total Income	**(40,589)**	**(44,831)**	**(45,273)**	**(46,633)**	**(48,039)**	**(49,444)**
Expenditure						
Repairs and maintenance	12,474	13,585	13,992	13,805	14,219	14,646
Supervision and management	7,126	7,757	7,986	8,223	8,467	8,718
Service costs	4,074	4,436	4,569	4,707	4,848	4,993
Rents, rates, taxes and other charges	530	577	595	613	631	650
Increase/(decrease) in provision for bad debts	500	500	515	530	546	563
Depreciation and impairment of fixed assets	10,431	10,379	10,449	10,449	10,423	10,388
Capital Expenditure funded by the HRA	0	0	0	0	1,017	5,408
Total Expenditure	**35,136**	**37,234**	**38,106**	**38,327**	**40,151**	**45,366**
Net Cost of HRA Services	**(5,453)**	**(7,597)**	**(7,167)**	**(8,306)**	**(7,887)**	**(4,078)**
Interest payable incl amortisation	4,620	4,620	4,620	4,620	4,621	4,604
HRA investment income	(500)	(500)	(500)	(500)	(500)	(500)
(Surplus) / Deficit for the year	**(1,334)**	**(3,478)**	**(3,047)**	**(4,187)**	**(3,766)**	**26**
Transfer to/(from) HRA General Reserves	1,334	3,478	3,047	4,187	3,766	(26)
In year Balance	**0**	**0**	**0**	**0**	**0**	**0**

8.3 Rental & Service charge Income – The 2024/25 proposed Income budget net of voids is a total of £44.83m. This includes social housing & affordable dwelling rents, tenant & leasehold service charge income and non-dwelling rents & charges. The HRA also receives interest on general or earmarked revenue balances, funds set-aside in the major repairs reserve (MRR) or the revenue debt repayment reserve and any unapplied capital balances or unspent grants. The projected interest income in the HRA business plan for 2024/25 and onward is £0.500m.

8.4 Income from Garages & Shops is estimated to reduce to half from 2025/26 onwards as part of the stock is estimated to form part of the new Estates strategy. This is the likely level of garages to be retained by the HRA for letting to tenants in the future. The remaining garage sites and stock is potentially to be managed and or disposed of as part of the phase two Estates Strategy. Relevant repairs & maintenance and other associated costs will also transfer into the new estate management model. As part of the strategy an approach will be developed to ensure 'no detriment' to the HRA as a result of the disposals and or transfers

8.5 Repairs and Maintenance (R&M) budget funds the cost of repairing and maintaining the HRA housing stock and associated assets. R&M expenditure is projected at £13.585m in 2024/25 and is estimated to increase annually by inflation. The budget includes £1m provision for damp & mould and other interventions as required.

8.6 Supervision and Management budget includes costs of managing the housing stock estimated at £7.757m in 2024/25 and increasing thereafter by inflation. Supervision and management costs are assumed to be 90% fixed and so 10% of the average cost per unit is assumed to be saved when the housing stock decreases due to either Right to Buy sales, demolitions, or other disposals or increases due to additions.

8.7 Service costs reflects additional discretionary services currently provided to tenant & leaseholders and include communal heating and lighting, caretaking & cleaning, block maintenance, and grounds maintenance. These costs are recovered from relevant tenant & leaseholders.

8.8 Due to the current economic situation, Covid19, continued roll out of universal credit and the potential impact on council tenant ability to pay their rents, the business plan reflects an annual increase in provision of £0.500m in 24/25 and thereafter.

8.9 Rent, rates, taxes, and other charges budget of £0.577m in 2024/25 increasing by inflation thereafter reflects the costs of mainly council tax on empty properties and other landlord costs payable.

8.10 As at 1 April 2024, the Housing Revenue Account had external borrowing of £138.016m in different maturity loans with the Public Works Loans Board (PWLB), internal and other market, with assumed rate of 3.35% depending upon the term of the loan. The Business Plan assumed 3.35% average interest rate on borrowing equating to £4.620m payable in 2024/25 and subsequent years until 2028/29 when it drops slightly to £4.602m. The HRA borrowing consist of mainly a fixed term borrowing from the PWLB, market loans and internal borrowing.

8.11 The cost of local authority borrowing from PWLB has increased significantly following recent financial uncertainty and any future investment decisions are carefully considered because this will affect the HRA reserves. The Business Plan assumes no additional borrowing, debts are re-finance or repaid and when due.

9. **Capital Programme & Funding**

9.1 Housing stocks owned by the council must meet the Decent Homes Standard. Landlords must continue to maintain homes to at least this standard. The stock condition information from the surveys and the stock grading modelling provides the basis for the capital programme, which also includes expenditure on aids and adaptations, energy efficiency, the refurbishment of apartment blocks and our estate improvement approach, bringing increased investment into the external environment. The Council agrees voluntarily to carry out minor aids and adaptations to improve quality of lives and to enable residents to live longer in their homes.

9.2 The Council's major work and planned maintenance schemes are on a rolling programme of works to improve the condition of existing stock. The planned works programme included in the business plan are renewal of central heating and boiler upgrades; replacement of external doors and windows; renewal of roofs and soffits; external lighting upgrades; garage improvements, de-carbonisation and external environmental improvements, kitchen and bathrooms, and thermal insulation.

9.3 Table 4 below set out the proposed annual capital programme budget for the next five year.

Table 4: 5-Year HRA Capital Programme

EXPENDITURE	2023.24 Forecast £000	2024.25 Budget £000	2025.26 Budget £000	2026.27 Budget £000	2027.28 Budget £000	2028.29 Budget £000
Commissioning of Repairs Maintenance & Investment Contract	50	250	0	0	0	0
Boiler Replacement and heating	317	618	840	1,037	1,371	1,397
Kitchen & Bathroom Replacement	446	900	1,400	1,770	1,966	2,105
Electrical Systems	138	328	675	732	1,162	1,196
External rendering, repairs and redecoration of housing block	2,519	985	1,006	1,296	1,511	1,627
Capitalised Repairs	300	103	105	108	110	113
FRA & Asbestos Removal Works	2,180	2,000	250	256	263	269
Major Aids & Adaptations	300	508	315	323	231	239
Garage & Environmental Improvements	527	500	500	500	500	500
Windows and Door Replacement	842	328	673	1,116	1,688	1,819
Roof Replacement	1,800	1,700	1,925	2,454	2,511	2,881
Structural	240	83	108	178	213	168
Security & Controlled Entry Modernisation	300	608	215	323	231	239
Capitalised voids	40	62	63	65	66	68
De-Carbonisation Works	500	8,173	8,173	8,173	8,173	8,173
Total - Repairs & Maintenance (RMI)	**10,499**	**17,143**	**16,248**	**18,330**	**19,996**	**20,796**
Tower & Ashbourne	900	0	0	0	0	0
Garrick House	0	1,000	1,000	0	0	0
Empty Property Acquisitions	0	1,500	1,500	1,500	0	0
The Foyer, Beacon House	0	3,300	1,000	0	0	0
Rigby Lodge	0	1,750	250	0	0	0
Total - Affordable Homes	**900**	**7,550**	**3,750**	**1,500**	**0**	**0**
TOTAL HRA CAPITAL PROGRAMME	**11,399**	**24,693**	**19,998**	**19,830**	**19,996**	**20,796**

FINANCING						
Major Repairs Reserve (MRR)	10,499	17,143	16,248	17,830	14,686	10,388
RTB Receipts	0	3,020	1,500	600	0	0
Retained Receipts	900	4,530	2,250	900	3,793	4,500
S106	0	0	0	500	500	500
Revenue Contributions	0	0	0	0	1,017	5,408
Total Financing	**11,399**	**24,693**	**19,998**	**19,830**	**19,996**	**20,796**

9.4 The Investment requirement is £24.693m in 2024/25 and a total of £105.313m over the 5 years. The Plan allows for £683.188m for maintaining and improving existing, developing new stock over the next 30 years. (See Appendix B). Based on the estimates over the 30-Year Plan, the HRA will continue to finance existing debts, together with the ongoing supervision and management, repairs and maintenance costs and maintaining adequate reserves.

Future Development Programme

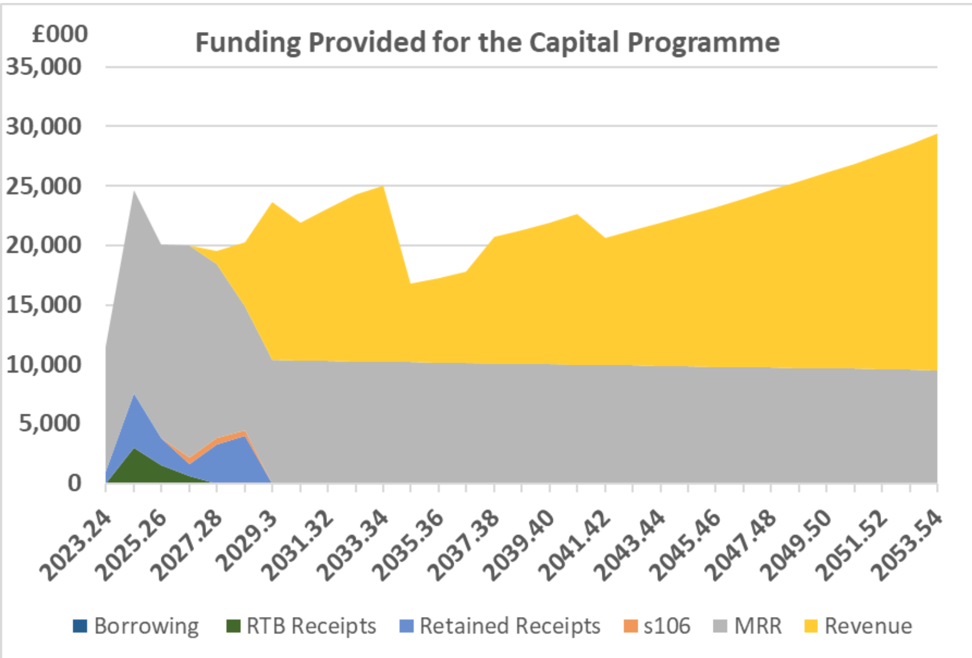
9.5 Decarbonisation – the Plan makes provision for £8.173m annually over the next five years to enable the council respond effectively to and begin to deliver works associated with achieving the governments net zero targets. Should the bid for Social Housing decarbonisation funding be successful this will be reported to Cabinet and the programme adjusted accordingly.

9.6 New Affordable Housing Garrick House – the Plan makes provision for £2m across 2 years for the redevelopment of Garrick house to deliver 30 unit, £6.3m in 2024/25 for the acquisition and redevelopment of The Foyer, Beacon House, and Rigby Lodge to deliver 45 new units, and £4.5m over 3 years for the acquisition of empty residential properties in the Borough to deliver 15 additional units. The council will continue to create an enabling environment for developers to build in Slough.

Capital Programme Funding

9.7 The financing of the capital programme is primarily from Major Repair Reserves (MRR), and RTB & retained capital receipts, s106 and contribution from the revenue general reserve. Table 4 shows the 22/23 programme outturn forecast and the capital programme from 2023/24 to 2027/28. Revenue contributions to fund the capital programme have gradually increased from 20227/28 due to the estimated extensive work required to meet the government's de-carbonisation target. Minimum overall HRA balances have however been maintained throughout the 30 year period.

Graph 1 – Capital Programme Funding



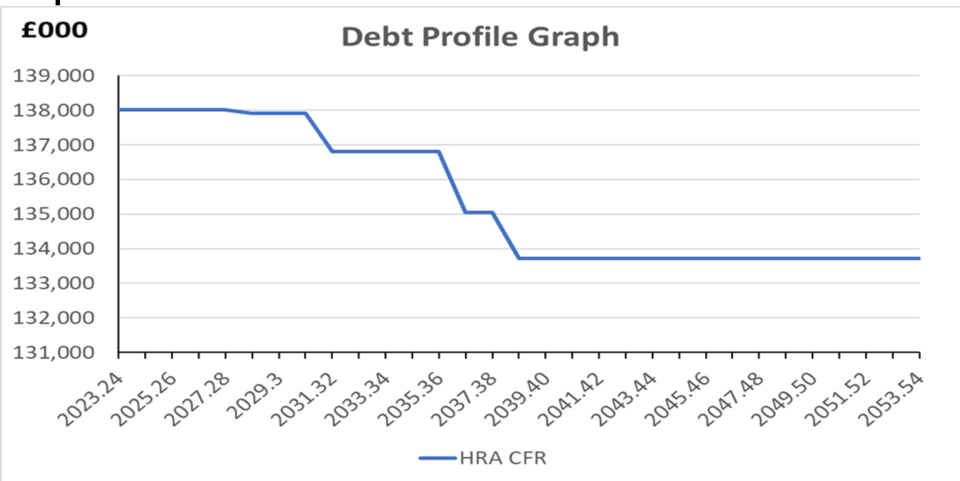
10. HRA Debt / Borrowing

10.1 At the introduction of HRA self-financing in 2012, SBC had to make payments to DCLG of £135.841m on 28th March 2012. This was funded by SBC taking out

£125.841m of PWLB loans of various maturities and £10m of internal borrowing. The HRA debt brought forward in April 2022 was £138m, at the interest rate of 3.35% depending upon the terms of the loan. This debt is serviced via the HRA and does not affect the General Fund. The HRA debt is assumed to decrease during the 30 years, as no additional borrowing is assumed.

10.2 The HRA has sufficient resources to fund the ongoing capital programme without the need for further borrowings. The Business Plan assumes the need to refinance the debts as and when the debts become repayable from rental income or general reserves. The graph below shows the HRA debt position over the 30-year business plan period.

Graph 2: Debt Profile



Implications of the Recommendation

11. Financial implications

11.1 The financial implications are contained throughout this report

12. Legal implications (Mandatory)

12.1 Under section 74 of the Local Government and Housing Act 1989 the Council, as a Local Housing Authority, must maintain a Housing Revenue Account (HRA) which includes sums falling to be credited or debited in accordance with the category of properties listed within s74(1), which consists primarily of Council housing stock. HRA must include any capital expenditure on housing stock which a Local Authority has decided to charge to revenue. Save in accordance with a direction of the Secretary of State, sums may not be transferred between HRA or General Fund, therefore, HRA is ring-fenced and cannot be used to subsidise a budget deficit within General Fund, neither can General Fund be used to subsidise a budget deficit in HRA. Section 76 of 1989 Act requires Local Authorities to formulate and implement proposals to secure HRA for each financial year does not show a debit balance. If a debit occurs, this must be carried forward to next financial year.

13. Risk management implications (Mandatory)

13.1 The business plan is based on a set of assumptions, and there will always be an element of risk of changes in cashflow projections in the revenue and capital accounts, if any of the assumption fail to materialise. The risks that have been identified in the development of the HRA Business Plan are set out in table 6 below along with the mitigation.

Table 6: Risk Profile

Risk Area	Description	Mitigation Action
Right to Buy receipts	Changes to the right to buy rules result in an increase in the level of sales, with the associated commitment to deliver replacement units or pay over receipts with interest. This impacts the resources available to finance the capital investment programme.	Retained resources are monitored to ensure delivery of required units or return of resource at earliest opportunity. Sensitivities modelled so potential impacts are understood. Delivery timeframe extended to 5 years, with ability to invest up to 40% of receipt into the replacement dwelling
Welfare and Benefit Reforms.	Reforms to welfare and benefits such as universal credit can affect the HRA Business Plan, has a potential to cause increases in rents and service charge arrears sometimes resulting in increased bad debt levels.	Establishing delivery partnership agreement that supports the most vulnerable. Performance closely monitored to allow further positive action if required. Continuing to review strategy for maximising rent collection that reflects Universal Credit implications for transition and full service. Continuing raising awareness with residents about Universal Credit, including what it means for them.
Cost of Living impacts on tenants and leaseholders	With those on lower salaries suffering disproportionately in the current cost of living crisis, some tenants may fall into arrears as they struggle to pay higher rates of rent and service charge. This will impact on the Council's collection rates.	It may therefore be necessary to agree repayment plans for tenants and also increase the provision for bad debts.
Poor collection of rent	Rent income is under-achieved due to a major incident in the housing stock	Identify and address key issues in the housing stock to minimise likelihood of widespread of non-collection. It may therefore be necessary to agree repayment plans for tenants and also increase the provision for bad debts. Increased resources identified for income management. Performance closely monitored to allow further positive action if required.
Inflation	Inflation will always be the most obvious risk to the business plan. Inflation increase for income and expenditure should be some mitigation in itself. The highly increased inflation on the repairs element and elsewhere result in a deficit position.	A level of inflation on capital and revenue budget have been provided for in the business plan. However, market uncertainties may mean that this is insufficient.
Decarbonisation of Housing Stock	Government's commitment to target net zero carbon emission by 2050 and the resulting implication of the decarbonisation of SBC's social housing stock. The cost of achieving decarbonisation is significant.	Detailed specialist survey has been commissioned and estimated costs reflected in the Business Plan. It is too early to establish if the provision is sufficient.
Damp and Mould	There is now the requirement for RSLs with more than a thousand homes to provide evidence to the Social Housing Regulator of their approach to dealing with damp and mould issues. The penalty of noncompliance or poor performance may mean new funding being withheld from such RSLs.	Work is in progress and provision has been made in the Business plan.
New legislation and regulations	New legislation and regulations are likely to impact this business plan. Implications	Effective, formal, regular review processes are in place for the HRA to

Risk Area	Description	Mitigation Action
	of new legislation / regulation or changes to existing are not identified. Changes in national housing or rent policy impact the ability to support the housing debt or deliver against planned investment programmes	ensure that implications are identified, quantified, and highlighted. Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified

14. Environmental implications (Mandatory)

14.1 See sections 4.6 and 4.7 above.

15. Equalities implications

15.1 Pursuant to the Equality Act 2010, the Council, in the exercise of its functions, has to have 'due regard' to (i) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex, and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.

15.2 The HRA business plan is an operational document on the delivery of the landlord function by the council. Individual regeneration/improvement schemes will be subject to an Equalities Impact Assessment to ensure any arising issues are addressed. Major aids and adaptations are included as essential work within the capital programme.

16. Procurement implications

16.1 None. Any procurement arrangements associated with any necessary investment in the stock will be highlighted and dealt with in accordance with the Councils procurement policy. The current process for re procuring the new RMI contract has been approved by Cabinet at its meeting in December 2023.

17. Workforce implications

17.1 There are none at present. Workforce impacts associated with the new RMI contract re procurement will be managed and dealt with at the appropriate time. This includes any necessary TUPE implications associated with the contract renewal or bringing any services in house.

18. Property implications

18.1 None.

19. Background Papers

- Housing Rents and Charges Report, January 2024 Cabinet

Appendices

Appendix A - HRA 30-Year Business Plan – Revenue

Year	Net rent Income	Other income	Total Income	Responsive & Cyclical	Management	Other Expenditure	Depreciation	Revenue contribution	Total Expenditure	Net Operating	Interest payable	Investment Income	(Surplus) / Deficit	Balances BFWD	Balances CFWD
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2023.24	(36,906)	(3,683)	(40,589)	12,474	11,200	1,030	10,431	0	35,136	(5,453)	4,620	(500)	(1,334)	(25,950)	(27,284)
2024.25	(40,783)	(4,048)	(44,831)	13,585	12,193	1,077	10,379	0	37,234	(7,597)	4,620	(500)	(3,478)	(27,284)	(30,761)
2025.26	(41,686)	(3,587)	(45,273)	13,992	12,556	1,110	10,449	0	38,106	(7,167)	4,620	(500)	(3,047)	(30,761)	(33,808)
2026.27	(43,072)	(3,562)	(46,633)	13,805	12,930	1,143	10,449	0	38,327	(8,307)	4,620	(500)	(4,187)	(33,808)	(37,995)
2027.28	(44,370)	(3,668)	(48,039)	14,219	13,315	1,177	10,423	1,017	40,151	(7,887)	4,621	(500)	(3,766)	(37,995)	(41,762)
2028.29	(45,665)	(3,778)	(49,444)	14,646	13,711	1,213	10,388	5,408	45,366	(4,078)	4,604	(500)	26	(41,762)	(41,736)
2029.30	(46,988)	(3,892)	(50,879)	14,423	14,119	1,249	10,353	13,260	53,404	2,525	5,234	(500)	7,259	(41,736)	(34,477)
2030.31	(49,270)	(4,009)	(53,278)	14,855	14,540	1,286	10,318	11,550	52,550	(728)	4,735	(500)	3,506	(34,477)	(30,971)
2031.32	(49,723)	(4,129)	(53,851)	15,301	14,972	1,325	10,283	12,842	54,724	873	4,731	(500)	5,104	(30,971)	(25,867)
2032.33	(51,136)	(4,253)	(55,389)	15,760	15,418	1,365	10,249	14,044	56,836	1,447	4,662	(500)	5,610	(25,867)	(20,257)
2033.34	(52,583)	(4,380)	(56,963)	16,233	15,877	1,406	10,214	14,808	58,538	1,574	4,683	(500)	5,758	(20,257)	(14,500)
2034.35	(54,064)	(4,512)	(58,575)	16,720	16,350	1,448	10,179	6,570	51,266	(7,309)	4,710	(500)	(3,100)	(14,500)	(17,600)
2035.36	(56,647)	(4,647)	(61,294)	17,221	16,836	1,491	10,144	7,107	52,800	(8,494)	4,745	(500)	(4,249)	(17,600)	(21,848)
2036.37	(57,128)	(4,786)	(61,914)	17,738	17,338	1,536	10,109	7,659	54,380	(7,534)	4,726	(500)	(3,308)	(21,848)	(25,157)
2037.38	(58,715)	(4,930)	(63,644)	18,270	17,854	1,582	10,075	10,596	58,376	(5,268)	4,657	(500)	(1,111)	(25,157)	(26,267)
2038.39	(60,339)	(5,078)	(65,417)	18,818	18,385	1,630	10,040	11,251	60,123	(5,293)	4,657	(500)	(1,136)	(26,267)	(27,403)
2039.40	(62,002)	(5,230)	(67,232)	19,383	18,932	1,679	10,005	11,924	61,923	(5,310)	4,581	(500)	(1,228)	(27,403)	(28,631)
2040.41	(63,705)	(5,387)	(69,093)	19,964	19,496	1,729	9,970	12,617	63,776	(5,317)	4,625	(500)	(1,192)	(28,631)	(29,824)
2041.42	(66,708)	(5,549)	(72,257)	20,563	20,076	1,781	9,935	10,663	63,019	(9,239)	4,591	(500)	(5,148)	(29,824)	(34,971)
2042.43	(67,236)	(5,715)	(72,951)	21,180	20,673	1,834	9,901	11,316	64,904	(8,047)	4,536	(500)	(4,011)	(34,971)	(38,983)
2043.44	(69,066)	(5,887)	(74,952)	21,816	21,289	1,889	9,866	11,987	66,847	(8,106)	4,582	(500)	(4,023)	(38,983)	(43,006)
2044.45	(70,939)	(6,063)	(77,002)	22,470	21,922	1,946	9,831	12,678	68,847	(8,155)	4,631	(500)	(4,024)	(43,006)	(47,030)
2045.46	(72,858)	(6,245)	(79,103)	23,144	22,574	2,004	9,796	13,388	70,907	(8,196)	4,682	(500)	(4,014)	(47,030)	(51,044)
2046.47	(74,823)	(6,432)	(81,256)	23,838	23,246	2,064	9,761	14,118	73,029	(8,227)	4,734	(500)	(3,993)	(51,044)	(55,037)
2047.48	(78,314)	(6,625)	(84,940)	24,554	23,938	2,126	9,727	14,869	75,214	(9,726)	4,788	(500)	(5,437)	(55,037)	(60,474)
2048.49	(78,899)	(6,824)	(85,723)	25,290	24,650	2,190	9,692	15,642	77,464	(8,259)	4,844	(500)	(3,915)	(60,474)	(64,389)
2049.50	(81,012)	(7,029)	(88,041)	26,049	25,384	2,256	9,657	16,437	79,782	(8,258)	4,902	(500)	(3,856)	(64,389)	(68,245)
2050.51	(83,175)	(7,240)	(90,415)	26,830	26,139	2,324	9,622	17,255	82,170	(8,245)	4,962	(500)	(3,783)	(68,245)	(72,029)
2051.52	(85,390)	(7,457)	(92,847)	27,635	26,917	2,393	9,587	18,096	84,628	(8,219)	5,024	(500)	(3,695)	(72,029)	(75,723)
2052.53	(89,310)	(7,681)	(96,991)	28,464	27,717	2,465	9,553	18,961	87,160	(9,831)	5,223	(500)	(5,108)	(75,723)	(80,832)
2053.54	(88,147)	(7,911)	(96,058)	29,318	28,542	2,539	9,518	19,851	89,768	(6,290)	5,289	(500)	(1,501)	(80,832)	(82,332)
Total	(1,883,753)	(160,534)	(2,044,287)	596,087	577,888	51,258	300,472	335,915	1,861,621	(182,667)	142,618	(15,000)	(55,049)		

Appendix B – HRA 30-Year Business Plan - Capital Programme

Year	Planned Major Works & Improvements	Works to promote decarbonisation	Affordable Homes	Total Expenditure	Major Repairs Reserve	External Borrowing	RTB Receipts	Retained Receipts	S106	Revenue Contribution	Total Financing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
2023.24	9,999	500	1,007	11,506	10,499	0	0	1,007	0	0	11,506
2024.25	8,970	8,173	7,550	24,693	17,143	0	3,020	4,530	0	0	24,693
2025.26	8,075	8,173	3,750	19,998	16,248	0	1,500	2,250	0	0	19,998
2026.27	10,158	8,173	1,500	19,830	17,830	0	600	900	500	0	19,830
2027.28	11,823	8,173	0	19,996	14,686	0	0	3,793	500	1,017	19,996
2028.29	12,623	8,173	0	20,796	10,388	0	0	4,500	500	5,408	20,796
2029.30	15,440	8,173	0	23,613	10,353	0	0	0	0	13,260	23,613
2030.31	15,739	6,130	0	21,869	10,318	0	0	0	0	11,550	21,869
2031.32	16,996	6,130	0	23,125	10,283	0	0	0	0	12,842	23,125
2032.33	18,163	6,130	0	24,293	10,249	0	0	0	0	14,044	24,293
2033.34	18,708	6,314	0	25,022	10,214	0	0	0	0	14,808	25,022
2034.35	10,246	6,503	0	16,749	10,179	0	0	0	0	6,570	16,749
2035.36	10,553	6,698	0	17,251	10,144	0	0	0	0	7,107	17,251
2036.37	10,870	6,899	0	17,769	10,109	0	0	0	0	7,659	17,769
2037.38	11,196	9,475	0	20,670	10,075	0	0	0	0	10,596	20,670
2038.39	11,532	9,759	0	21,290	10,040	0	0	0	0	11,251	21,290
2039.40	11,878	10,052	0	21,929	10,005	0	0	0	0	11,924	21,929
2040.41	12,234	10,353	0	22,587	9,970	0	0	0	0	12,617	22,587
2041.42	12,601	7,998	0	20,599	9,935	0	0	0	0	10,663	20,599
2042.43	12,979	8,238	0	21,217	9,901	0	0	0	0	11,316	21,217
2043.44	13,368	8,485	0	21,853	9,866	0	0	0	0	11,987	21,853
2044.45	13,769	8,739	0	22,509	9,831	0	0	0	0	12,678	22,509
2045.46	14,183	9,002	0	23,184	9,796	0	0	0	0	13,388	23,184
2046.47	14,608	9,272	0	23,880	9,761	0	0	0	0	14,118	23,880
2047.48	15,046	9,550	0	24,596	9,727	0	0	0	0	14,869	24,596
2048.49	15,498	9,836	0	25,334	9,692	0	0	0	0	15,642	25,334
2049.50	15,963	10,131	0	26,094	9,657	0	0	0	0	16,437	26,094
2050.51	16,441	10,435	0	26,877	9,622	0	0	0	0	17,255	26,877
2051.52	16,935	10,748	0	27,683	9,587	0	0	0	0	18,096	27,683
2052.53	17,443	11,071	0	28,514	9,553	0	0	0	0	18,961	28,514
2053.54	17,966	11,403	0	29,369	9,518	0	0	0	0	19,851	29,369
Total	**412,003**	**258,384**	**12,800**	**683,188**	**324,679**	**0**	**5,120**	**15,973**	**1,500**	**335,915**	**683,188**

Appendix C – 5-Year HRA Revenue Budget

	2023.24 Forecast £000	2024.25 Budget £000	2025.26 Budget £000	2026.27 Budget £000	2027.28 Budget £000	2028.29 Budget £000
Income						
Dwelling Rents	(36,906)	(40,783)	(41,686)	(43,072)	(44,370)	(45,665)
Non Dwelling Rents	(986)	(1,084)	(534)	(417)	(429)	(442)
Charges for services and facilities	(2,697)	(2,964)	(3,053)	(3,145)	(3,239)	(3,337)
Total Income	**(40,589)**	**(44,831)**	**(45,273)**	**(46,633)**	**(48,039)**	**(49,444)**
Expenditure						
Repairs and maintenance	12,474	13,585	13,992	13,805	14,219	14,646
Supervision and management	7,126	7,757	7,986	8,223	8,467	8,718
Service costs	4,074	4,436	4,569	4,707	4,848	4,993
Rents, rates, taxes and other charges	530	577	595	613	631	650
Increase/(decrease) in provision for bad debts	500	500	515	530	546	563
Depreciation and impairment of fixed assets	10,431	10,379	10,449	10,449	10,423	10,388
Capital Expenditure funded by the HRA	0	0	0	0	1,017	5,408
Total Expenditure	**35,136**	**37,234**	**38,106**	**38,327**	**40,151**	**45,366**
Net Cost of HRA Services	**(5,453)**	**(7,597)**	**(7,167)**	**(8,306)**	**(7,887)**	**(4,078)**
Interest payable incl amortisation	4,620	4,620	4,620	4,620	4,621	4,604
HRA investment income	(500)	(500)	(500)	(500)	(500)	(500)
(Surplus) / Deficit for the year	**(1,334)**	**(3,478)**	**(3,047)**	**(4,187)**	**(3,766)**	**26**
Transfer to/(from) HRA General Reserves	1,334	3,478	3,047	4,187	3,766	(26)
In year Balance	**0**	**0**	**0**	**0**	**0**	**0**

Appendix D – 5-Year Capital Programme and Funding

EXPENDITURE	2023.24 Forecast £000	2024.25 Budget £000	2025.26 Budget £000	2026.27 Budget £000	2027.28 Budget £000	2028.29 Budget £000
Commissioning of Repairs Maintenance & Investment Contract	50	250	0	0	0	0
Boiler Replacement and heating	317	618	840	1,037	1,371	1,397
Kitchen & Bathroom Replacement	446	900	1,400	1,770	1,966	2,105
Electrical Systems	138	328	675	732	1,162	1,196
External rendering, repairs and redecoration of housing block	2,519	985	1,006	1,296	1,511	1,627
Capitalised Repairs	300	103	105	108	110	113
FRA & Asbestos Removal Works	2,180	2,000	250	256	263	269
Major Aids & Adaptations	300	508	315	323	231	239
Garage & Environmental Improvements	527	500	500	500	500	500
Windows and Door Replacement	842	328	673	1,116	1,688	1,819
Roof Replacement	1,800	1,700	1,925	2,454	2,511	2,881
Structural	240	83	108	178	213	168
Security & Controlled Entry Modernisation	300	608	215	323	231	239
Capitalised voids	40	62	63	65	66	68
De-Carbonisation Works	500	8,173	8,173	8,173	8,173	8,173
Total - Repairs & Maintenance (RMI)	**10,499**	**17,143**	**16,248**	**18,330**	**19,996**	**20,796**
Tower & Ashbourne	900	0	0	0	0	0
Garrick House	0	1,000	1,000	0	0	0
Empty Property Acquisitions	0	1,500	1,500	1,500	0	0
The Foyer, Beacon House	0	3,300	1,000	0	0	0
Rigby Lodge	0	1,750	250	0	0	0
Total - Affordable Homes	**900**	**7,550**	**3,750**	**1,500**	**0**	**0**
TOTAL HRA CAPITAL PROGRAMME	**11,399**	**24,693**	**19,998**	**19,830**	**19,996**	**20,796**

FINANCING						
Major Repairs Reserve (MRR)	10,499	17,143	16,248	17,830	14,686	10,388
RTB Receipts	0	3,020	1,500	600	0	0
Retained Receipts	900	4,530	2,250	900	3,793	4,500
S106	0	0	0	500	500	500
Revenue Contributions	0	0	0	0	1,017	5,408
Total Financing	**11,399**	**24,693**	**19,998**	**19,830**	**19,996**	**20,796**

Appendix E – 5-Year HRA Draft Reserves & Balances

General Reserves

Year	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
	£000	£000	£000	£000	£000	£000
Opening Balance	(25,950)	(27,284)	(30,761)	(33,808)	(37,995)	(41,760)
Surplus / (deficit) for the year	(1,334)	(3,478)	(3,047)	(4,187)	(3,766)	26
Closing Balance	**(27,284)**	**(30,761)**	**(33,808)**	**(37,995)**	**(41,760)**	**(41,734)**

The estimated opening balance on the HRA general reserve at the start of the 2023/24 financial year was £25.95m. This is expected to increase to £41.734m by the end of the five year period. HRA's target level of reserves of £4m from 2023/24, is proposed to be retained, recognising the need to safeguard the Council against the risk and uncertainty in the current financial and operational environment for housing. Sensitivity analysis has been undertaken to assess the adequacy of the level of reserve and along with all council balances given the outstanding statement of accounts the balances could be subject to change. The estimated HRA balances are subject to audit.

Major Repairs Reserve (MRR)

Year	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
	£000	£000	£000	£000	£000	£000
Opening Balance	(24,277)	(24,209)	(17,445)	(11,646)	(4,265)	0
Annual depreciation	(10,431)	(10,379)	(10,449)	(10,449)	(10,423)	(10,388)
Capital expenditure to be financed	10,499	17,143	16,248	17,830	14,686	10,388
Closing Balance	**(24,209)**	**(17,445)**	**(11,646)**	**(4,265)**	**0**	**0**

The estimated opening balance on the MRR at the start of the 2023/24 financial year was £24.277m. Annual depreciation charged to the Revenue account is transferred to the MRR to fund mainly improvements to the existing stock. Accumulated balances have been used to fund the increased investment requirement for the de-carbonisation works. The estimated HRA balances are subject to audit.

Capital Receipts Reserve (CRR)

Year	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29
	£000	£000	£000	£000	£000	£000
Opening Balance	(16,855)	(19,901)	(15,297)	(14,494)	(15,940)	(15,093)
In year Receipts	(3,946)	(2,946)	(2,946)	(2,946)	(2,946)	(2,946)
Capital expenditure to be financed	900	7,550	3,750	1,500	3,793	4,500
Closing Balance	**(19,901)**	**(15,297)**	**(14,494)**	**(15,940)**	**(15,093)**	**(13,540)**

The estimated opening balance on the Capital Receipts reserve at the start of the 2023/24 financial year was £16.855m. This reflects accumulated right to buy (RTB) receipts retained for the delivery of new affordable housing and the brought forward balance of other capital receipts from the sale of other HRA assets. Unused RTB receipts after five years are repayable to government. It also reflects. The reserves have been applied to support the acquisition and development of new affordable housing. The estimated HRA balances are subject to audit.