Slough Borough Council

Report To:	Cabinet
Date:	27th February 2023
Subject:	Housing Revenue Account Business Plan 2023/24 and 30-Year Housing Investment Plan
Lead Member:	Councillor Pavitar Mann, Housing and Planning
Chief Officer:	Patrick Hayes Executive Director, Housing and Property
Contact Officer:	Steve Muldoon Deputy Director – Financial Management
Ward(s):	All
Key Decision:	YES
Exempt:	NO
Decision Subject To Call In:	YES

Appendices:

A – HRA 5-year revenue budget
B – HRA 30-year revenue budget
C – HRA 5-year capital programme
D – HRA 30-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 gross income of £224.654m and gross expenditure of £208.741m. The HRA Capital Programme provides for a total capital investment of £52.714m over the next 5 years and a total of £639.849m 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:

- Approve the HRA revenue budget for 2023-24 (Table 1 & Appendix A)

- Note the HRA 5-year revenue budgets for 2023-24 to 2027-28 (Table 1 & Appendix A)

- Note the HRA 30-year revenue budgets for 2023-24 to 2052-53 (Appendix B)

- Approve the HRA 5-year Capital Programme for a total £52.714m (Table 3 & Appendix C)

- Note the 30-year Capital Programme for 2023-24 to 2052-53 (Appendix D)

- Note the draft HRA reserves and balances for the 5-year Business Plan (Appendix E)

Reason

1.4 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.

1.5 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.

Commissioner Review

The Commissioners are content with this report.

2. Introduction

2.1 The HRA business plan is the Council's strategy for spending and borrowing to maintain its stock, operate services for its tenants and leaseholders, and 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 in the long run.

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 and the HRA capital programme has been reduced 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 has meant significant reductions in the capital programme. The proposed five-year HRA capital programme budget is £52.714m in comparison to the 2018/19 – 2022/23 five-year HRA capital programme budget which was £123.4m.

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 expenditure and income 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.

3.5 Maintaining a residential property portfolio of 6,035 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 housing stock to ensure all residents' homes are safe, warm and dry, the Council will also wish to improve its housing stock and invest in significantly reducing its carbon footprint 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, will 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. The recent announcement in the 2022 Autumn Statement affects the last two years of the current standard.

4.2 In light of the exceptional economic situation, the Government has since made directives / pronouncements in order to protect social housing tenants from very large nominal-terms rent increases that would otherwise have been permitted in 2023/24 due to higher-than-expected levels of inflation. The Chancellor in his 2022 autumn statement announced that for 2023/24, registered providers may increase rents by up to 7% or by up to CPI plus 1 percentage point, whichever is lower. This restriction applies to both social rent and affordable rent homes. By limiting the increase in rents, this will on average save tenants in rented accommodations circa. £200, as rent could have risen to 11.1% under current rules.

4.3 The maximum 7% cap on rent increase in 2023/24 as opposed to the CPI plus 1% (11.1%) increase that would have been applicable translates to a potential loss of income of £1.386m to SBC. The impact of this loss of potential income over 30 years amount to £41.6m which could have been deployed for future reserves or debt repayments.

4.4 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.

4.5 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 are being introduced under Article 24 of the Fire Safety Order and will come into force on 23 January 2023. These regulations will 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 will have significant impact on the responsibilities of the Council as a landlord in the future as SBC own one high-rise block.

4.6 Decarbonisation: Whilst through the stock condition information available, it has been possible to indicate some expenditure and budget provision of some £5.6m over the next ten years relating to some ad hoc decarbonisation works it should be noted that this will almost certainly be insufficient to meet the full decarbonisation requirements associated with the Councils housing stock. It is essential a more detailed specialist survey is completed to evaluate the likely whole house approach required for some properties to deliver the full decarbonisation objectives. This additional specialist survey needs to be commissioned during 2023/24 and the findings used to inform the detailed investment needs over the next 10 years. This funding requirement is not at this time included in the investment costs as currently presented within the 30-year plan. Further the detailed appraisal of decarbonisation costs might also be mitigated to a degree by way of the Council bidding for the government supported decarbonisation funding, but without the necessary technical appraisal indicated above the bid cannot be made at this time. Finally, it may be appropriate to consider replacing gas boilers with electric heating systems at this time given the cost impacts on tenants, especially at a time of a cost of living crisis and should only be approved after a full and detailed appraisal of the benefits of completing these works in association with other insulation improvements is completed.

4.7 Damp and Mould: Officers have already been working with Osbournes (Repairs & Maintenance Contractor) to review the approach to dealing with Damp and Mould incidents occurring in the Councils stock. Whilst some progress has been made understanding fully the needs associated with rectifying such issues, it is essential further proactive work is concluded as a priority. This will include the full development of a risk-based inspection process for those cases notified as needing a rapid response to damp and mould, along with a planned approach for those particular property architypes which might be identified as requiring a planned maintenance approach. The initial costs and assumptions around a budget provision subject to an early technically based approach to these issues still needs development but it is proposed that an initial 10% figure of stock impacted by various degrees of damp and mould would be reasonable as a basis for estimates. This represents some 700 units. Again, costs associated with technical risk assessed surveys, rapid response delivery arrangements, and rectifying non-complex repairs and improvements to dwellings will be in the order of £800 per unit. This gives an initial budget requirement of £560,000 for 2023/24. It is however important to note that this figure could rise following the more detailed assessment and audit of the stock, and the final operational adjustments required to respond to the challenge. The necessary report will be submitted to the March Cabinet meeting. Any additional 2023/24 costs will be identified within that report but remain unknown at this stage. The revised approach to damp and mould is already subject to government and Regulatory intervention and it is imperative the Council responds fully to these issues or it may be at risk of penalties being applied.

4.8 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.

5. Local Context: Doing right by Slough

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

5.7 Slough faces significant safety challenges in some areas 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.

5.8 While Slough has a small footprint and is tightly bound, it does have a significant number of public green spaces and leisure facilities which have been invested in and improved. These, along with facilities in neighbouring areas, do provide opportunities for the local population to be active. While the quality of much of the public realm in Slough is good, there are some areas where more needs to be done to elevate the image of the town. There are also pockets where air quality is poor, and Slough's carbon footprint is relatively high and recycling rates low.

6. HRA Base Business Plan – Key General Assumptions

6.1 Housing Stock: Currently Slough Borough Council owns and manages over 7,633 properties (inclusive of social rented properties, leasehold, affordable homes, and commercial properties) across the borough though the HRA social and affordable rented properties is 6,035. 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. No new acquisition or new build assumption is made in this business plan though the council may partner with other social providers interested in building new social and affordable homes in the borough.

6.2 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.

6.3 Rental income: Rent is the biggest income driver within the business plan and so future projections have a significant impact on the business plan.

6.4 The Rent Standard is primarily the mechanism by which local authorities are compelled to increase or decrease their rents. Rent increases are currently limited to an increase of up to CPI plus 1% from April 2022 for a further 3 years (based upon CPI at the preceding September) but due to the current CPI being unusually high, the Chancellor in his 2022 autumn statement announced a 7% rent cap for social landlords.

6.5 The general inflation at September rate is 10.1% and 12.6% RPI, but the HRA Business Plan includes inflationary assumptions in line with the government rent cap of 7%, and the council's current assumption of 11.1% in relation to major works and 4% pay increase.

7. Business Planning Assumptions

Key Area	Assumption
General Inflation (CPI)	CPI = 10.1% 23/24, 5% 24/25, then 2%
Social Rent	7% in 2023/24, 5% in year 2024/25 and 2% going forward. Re-let 5% at Formula Rent
Rent increase - Other non-dwelling income	Capped at 7% for 2023/24
Right to Buy (RTB) Sale	40 RTB sales assumed in 2022-23, 50 for 2023-24 and 2024-25 respectively and 25 afterwards annually
Right to Buy Receipts	Projected receipts are based on pooling returns and 2022/23 sales (receipts).
Debt Management	Maturing debt refinanced throughout Plan. No additional borrowing is envisaged as no new housing development is expected
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 11.1% in 23/24 and 5% afterwards and flexed in line with stock movements.
Supervision and Management	Employees cost element of £4.4m inflated by 4% in 2023/24 subsequent years. Other S&M costs of £5.4m inflated by 12.6%
Energy Costs	Energy costs inflated by £0.9m in 2023/24 and profiled to reduce to normal level within the next three financial years.
Bad Debt	Bad debt provision set at £1.5m which represents circa. 4% of Dwelling Rents
Service Charges	Service Charge income is assumed to be 7% in 2023/24
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 6035 (social 5885, affordable homes 150), 1535 leasehold properties, 61 commercial properties and 3 non rentable properties.

Key Area	Assumption
Capital charges	Based upon the HRA share of the Council's debt as at 1 April 2023. No additional borrowing envisaged over the life of the business plan.

8. Table 1: 5 Year Summary HRA Income and Expenditure Account

	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000
INCOME AND EXPENDITURE ACCOUNT					
Income					
Dwelling Rents	36,907	39,689	39,997	41,158	42,346
Non Dwelling Rents	1,835	1,945	2,004	2,064	2,126
Charges for services and facilities (net of voids)	2,670	2,830	2,915	3,002	3,092
Total Income	**41,412**	**44,464**	**44,915**	**46,224**	**47,564**
Expenditure					
Repairs and maintenance	(13,377)	(14,180)	(14,605)	(14,410)	(14,843)
Supervision and management	(10,688)	(11,274)	(11,557)	(11,829)	(12,149)
Rents, rates, taxes and other charges	(1,582)	(1,334)	(1,027)	(747)	(770)
(Increase)/decrease in provision for bad debts	(1,500)	(1,500)	(1,545)	(1,591)	(1,639)
Depreciation and impairment of fixed assets	(8,859)	(8,785)	(8,711)	(8,674)	(8,637)
Total Expenditure	**(36,007)**	**(37,073)**	**(37,445)**	**(37,252)**	**(38,037)**
Net Cost of HRA Services	**5,405**	**7,391**	**7,470**	**8,972**	**9,526**
Interest payable incl amortisation	(4,620)	(4,620)	(4,620)	(4,620)	(5,359)
HRA investment income	15	15	15	15	15
Surplus / (deficit) for the year	**800**	**2,787**	**2,865**	**4,368**	**4,182**

8.1 The average rent for 2023/24 is reported at £117.80, with annual rent of £36.907m (net of income lost through void). Table 2 below provides a summary of current average rent levels from occupied properties and the proposed increase capped at 7%.

Table 2: Social Housing Average Rent

Number of properties	Bedrooms	Current Average Rent 22/23	Average Rent 23-24 Estimate	Proposed Average Rent v Current
245	0	82.07	87.81	5.75
2100	1	94.33	100.93	6.60
1558	2	113.68	121.63	7.96
1803	3	125.36	134.13	8.78
145	4	137.39	147.00	9.62
31	5	156.53	167.49	10.96
3	>5	152.71	163.40	10.69
5885	**OVERALL**	**109.93**	**117.80**	**8.62**

8.2 A rent increase of 7% is estimated to result in an additional £2.3m of income when compared to 2022/23. This increase will augment some of the impact of increases in utility costs and repairs and maintenance costs. Service charges are excluded from the rent amount shown within the table as these are recharged to tenants and leaseholder based on actual costs incurred in providing the specific services.

8.3 The proposed 2023/24 average service charge is £14.80 per week equating to £2.67m per annum. This amount is partly inflated by the 7% rent cap proposed by the government except for expenditure such as insurance charges and water charges.

8.4 Non-Dwelling income is estimated at £1.835m in 2023/24 and consists mainly of income from garage rents, shops, ground rent.

8.5 The Housing Revenue Account 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 2023/24 and onward is £0.015m.

8.6 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 £13.38m in 2023/24 and is estimated to increase annually. The budget has been uplifted by a contingency of £1.0m while the financial impact of the latest government announcement on damp and mould and other interventions are assessed. R&M costs are mostly variable in nature.

8.7 Supervision and Management costs include allowances for pay inflation uplifts in the business plan. An assumed 4% inflation in 2023/24 for salary costs and 12.6% for other costs, amounted to an additional £0.826m budget requirement compared to previous year. 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

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 has increased the bad debt provision from £1.338m budgeted in 2022/23 to £1.500m for 23/24 and 24/25.

8.9 In light of the huge increase in energy costs, the budget line for 'Rent, rates, taxes and other charges' have been increased by circa. £0.9M. The surge in energy prices have been profiled to reduce back to normal level over the next three financial years

8.10 As at 1 April 2022, 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 2023/24 and subsequent years until 2028/29 when it drops to £4.004m as the HRA borrowing is all fixed term borrowing from the PWLB. The interest repayment estimate is only for outstanding debt. 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. HRA is currently not expecting to borrow additional money, hence will not incur any additional higher interest cost.

8.11 The interest payable amount of £5.359m in 2027/28 instead of £4.620m is due to the potential £0.739m that may be charged to the HRA income and expenditure account being interest for unused Right to Buy retention (1-4-1) receipts. SBC are exploring options to ensure the 1-4-1 receipts are utilised via partnership with other Residential Social Landlords thereby avoiding the need to refund the 1-4-1 receipts along with the interest back to the government.

8.12 The Business Plan assumes the need to refinance the debts as and when the debts become repayable.

9. Major improvement and maintenance of HRA housing stock

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 The proposed annual capital programme (RMI) costs for the next five years is £52.714m and is shown in table 3.

Table 3: Five Year Capital Programme

EXPENDITURE	2022/23 Projected Outturn	2023/24	2024/25	2025/26	2026/27	2027/28	Total
RMI Capital Programme	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Commissioning of Repairs Maintenance and Investment Contract		250	250	0	0	0	500
Boiler Replacement and heating	355	317	618	840	1,037	1,371	4,182
Kitchen & Bathroom Replacement	750	415	689	1,731	1,770	2,966	7,571
Electrical Systems	400	138	328	675	732	1,162	3,034
External rendering, repairs and redecoration of housing block	700	2,134	985	1,006	1,296	1,511	6,932
Capitalised Repairs	422	100	103	105	108	110	526
FRA & Asbestos Removal Works	1,884	2,000	2,000	250	256	263	4,769
Major Aids & Adaptations	691	300	308	315	323	331	1,577
De-Carbonisation Works	100	500	513	525	538	552	2,628
Windows and Door Replacement	181	842	328	673	1,116	1,688	4,647
Roof Replacement	796	1,726	1,447	2,925	2,454	4,311	12,863
Structural	115	211	83	108	178	213	793
Security & Controlled Entry Modernisation	766	300	308	315	323	331	1,577
Capitalised voids	60	60	62	63	65	66	672
Total	**7,220**	**9,293**	**8,019**	**9,531**	**10,196**	**14,875**	**51,914**
Affordable Homes	3,500	800	0	0	0	0	800
HRA GRAND TOTAL	**10,720**	**10,093**	**8,019**	**9,531**	**10,196**	**14,875**	**52,714**

9.4 The HRA major work expenditure is adjusted in line with the council's assumption of 11.1% in 2023/24 and 5% onward. The Plan allows for £639.849m for maintaining and improving existing HRA stock over the next 30 years. (See Appendix 4).

9.5 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.

10. Future Development Programme

10.1 The Tower and Ashbourne House tower blocks and Quantock Close Affordable Homes are two redevelopment schemes previously proposed. The original proposal was for 193 housing units to be built on the Tower and Ashbourne site and for 8 housing units to be built on the Quantock Close site. Tower House was demolished in September 2020 while Ashbourne House is to have vacant possession in the next few weeks and is to be demolished thereafter.

10.2 SBC has no intention of directly embarking on a programme of development of new homes but will take on the role of creating an enabling environment for developers to build in Slough.

10.3 In light of the financial situation faced by Slough Borough Council, the Affordable Homes programme will not be going ahead. The Affordable Homes budget for 2023/24 of £0.8m shown in table 3 above represents estimated demolition/decommissioning costs of Ashbourne House.

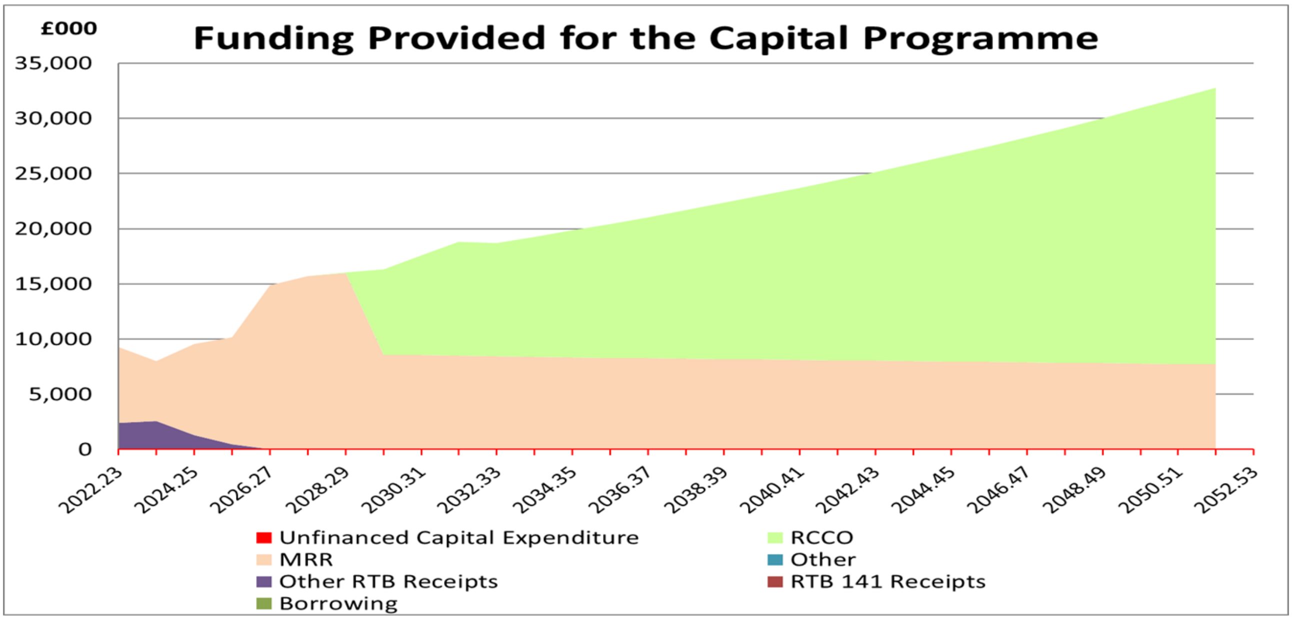
11. Capital Programme Funding

11.1 The financing of the capital programme is primarily from Major Repair Reserves (MRR), and RTB receipts after allowing for the element that can only be used to finance replacement homes. These resources can be supplemented by additional borrowing where required. The capital expenditure projections are based on combination of assumed inflation rate and stock condition. Table 4 shows the 22/23 programme outturn forecast and the capital programme from 2023/24 to 2027/28.

Table 4: Five Year Capital Programme and Funding

	2022.23 Projected Outturn £000	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	Total £000
CAPITAL EXPENDITURE							
Planned Major Works & Improvements	7,120	8,793	7,506	9,006	9,658	14,323	49,286
Works to promote decarbonisation	100	500	513	525	538	552	2,628
Development Schemes	-	-	-	-	-	-	-
Affordable Homes	700	800	-	-	-	-	800
Total Expenditure	7,920	10,093	8,019	9,531	10,196	14,875	52,714
FINANCING							
External Borrowing	-	-	-	-	-	-	-
RtB Receipts	1,831	2,422	2,563	1,325	482	-	6,793
Retained Receipts	700	-	-	-	-	-	-
Other Capital Receipts	-	-	-	-	-	-	-
Grant and other contributions	-	-	-	-	-	-	-
Major Repairs Reserve	5,389	7,670	5,455	8,207	9,714	14,875	45,921
Revenue Contribution	-	-	-	-	-	-	-
Total Financing	7,920	10,092	8,018	9,532	10,196	14,875	52,714

Graph 1 – Capital Programme Funding

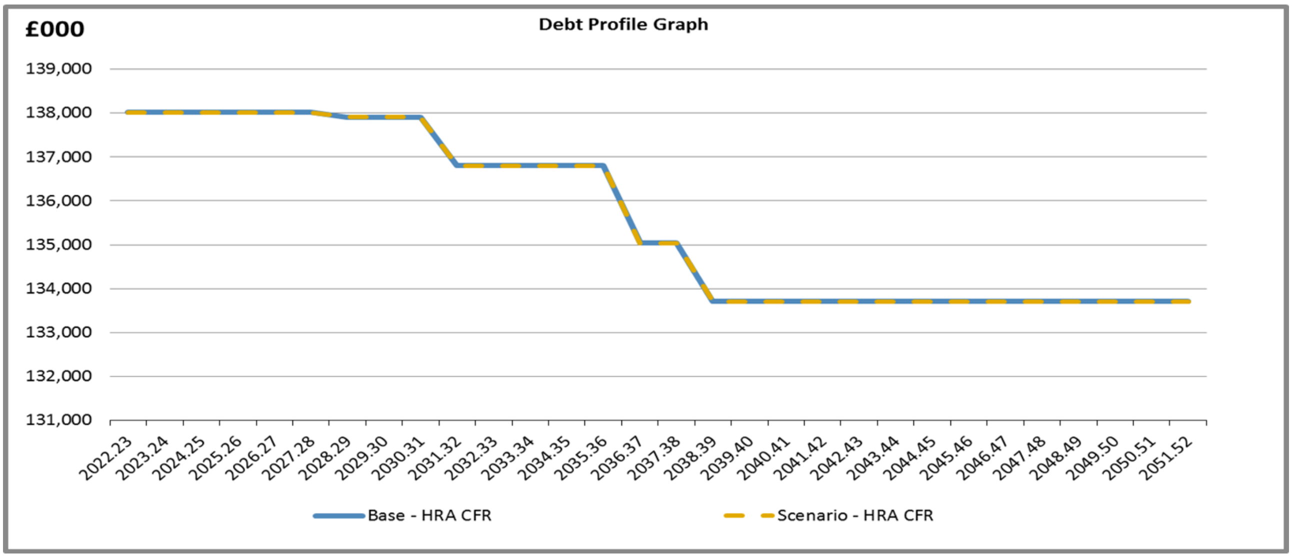


12. HRA Debt / Borrowing

12.1 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.

12.2 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 to be obtained as there is currently no plan to directly build new homes. 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. The graph below shows the HRA debt position over the 30-year business plan period.

Graph 2: Debt Profile



13. Sensitivity Analysis

13.1 The HRA Business Plan has been prepared based on currently available information. Despite this, it is particularly sensitive to changes in the Government's rent policy, fluctuations in interest rates, and increases to management and repairs costs. The sensitivity analysis looks at the potential impact on the HRA of alternative rates for inflation and interest, annual rent increases, management costs, repairs and the capital programme. To mitigate the risks associated with this, modelling of key sensitivities is undertaken to provide context on the impact. As the present time, the HRA has loans which are on fixed rates which do not expire for several years, hence any changes in the interest rates will not have a material impact on the I&E in the immediate future and so has not been modelled for sensitivity purposes.

13.2 The level of future rent increases has profound implications for the long-term viability of the HRA. The Government's policy is that rents should increase by 7% in 2023/24. It is unknown if another increase will be imposed by Government for 2024/25 onwards or if the rent increase will revert to the rent standard of CPI plus 1%.

Table 5: Sensitivity Analysis

Sensitivity	2023.24	2024.25	2025.26	2026.27	2027.28
	£000	£000	£000	£000	£000
Inflation					
1% reduction in inflation rate will result in a reduction in the estimated HRA accumulated Balance	221	256	287	331	373
Rents					
1% reduction in the Government's capped rent increase will result in a reduction in rental income	369	397	400	412	423

14. Analysis of key risks

14.1 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
Uncertainty around Government's regulated rent policy	The 7% rent cap for 23/24 which is below the inflation rate may impact the Council's ability to fund its repairs and maintenance programme as it is primarily funded from rental income.	Impact of any proposed changes to national rent policy is incorporated into financial planning as early as possible with scenario impact quantified
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

Risk Area	Description	Mitigation Action
		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 likely to be huge. An unquantified estimate to achieve decarbonisation per property is speculated to be around £15K. With SBC stock	Detailed specialist survey is to be completed to evaluate the likely whole house approach required for some properties to deliver the full decarbonisation objectives.

Risk Area	Description	Mitigation Action
	numbers (circa. 6,000), that could amount to £90m.	
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.	Officers are currently working with Osbourne (Repairs and Maintenance Contractor) to review the approach to dealing with damp and mould incidents occurring in the Councils stock.
New legislation and regulations	New legislation and regulations are likely to impact this business plan. Implications 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	Effective, formal, regular review processes are in place for the HRA to 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

15. Implications of the Recommendation

15.1 Financial implications

15.1.1 The financial implications are contained throughout this report

15.2 Legal implications (Mandatory)

15.2.1 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.

15.3 Risk management implications (Mandatory)

15.3.1 See section 14 above.

15.4 Environmental implications (Mandatory)

15.4.1 See sections 4.6 and 4.7 above.

15.5 Equalities implications (Mandatory)

15.5.1 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.

15.5.2 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.

15.6 Procurement implications (Discretionary)

15.6.1 None.

15.7 Workforce implications (Discretionary)

15.7.1 None.

15.8 Property implications (Discretionary)

15.8.1 None.

16. Background Papers

- Housing Rents and Charges Report, January 2023 Cabinet

Appendices

Appendix A - HRA Revenue 5-Year Business Plan

	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000
INCOME AND EXPENDITURE ACCOUNT					
Income					
Dwelling Rents	36,907	39,689	39,997	41,158	42,346
Non Dwelling Rents	1,835	1,945	2,004	2,064	2,126
Charges for services and facilities (net of voids)	2,670	2,830	2,915	3,002	3,092
Total Income	**41,412**	**44,464**	**44,915**	**46,224**	**47,564**
Expenditure					
Repairs and maintenance	(13,377)	(14,180)	(14,605)	(14,410)	(14,843)
Supervision and management	(10,688)	(11,274)	(11,557)	(11,829)	(12,149)
Rents, rates, taxes and other charges	(1,582)	(1,334)	(1,027)	(747)	(770)
(Increase)/decrease in provision for bad debts	(1,500)	(1,500)	(1,545)	(1,591)	(1,639)
Depreciation and impairment of fixed assets	(8,859)	(8,785)	(8,711)	(8,674)	(8,637)
Total Expenditure	**(36,007)**	**(37,073)**	**(37,445)**	**(37,252)**	**(38,037)**
Net Cost of HRA Services	**5,405**	**7,391**	**7,470**	**8,972**	**9,526**
Interest payable incl amortisation	(4,620)	(4,620)	(4,620)	(4,620)	(5,359)
HRA investment income	15	15	15	15	15
Surplus / (deficit) for the year	**800**	**2,787**	**2,865**	**4,368**	**4,182**

Appendix B - HRA Revenue 30-Year Business Plan

	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	2028.29 £000	2029.30 £000	2030.31 £000	2031.32 £000	2032.33 £000
INCOME AND EXPENDITURE ACCOUNT										
Income										
Dwelling Rents	36,907	39,689	39,997	41,158	42,346	43,559	44,800	46,955	47,367	48,693
Non Dwelling Rents	1,835	1,945	2,004	2,064	2,126	2,190	2,255	2,323	2,393	2,464
Charges for services and facilities (net of voids)	2,670	2,830	2,915	3,002	3,092	3,185	3,281	3,379	3,480	3,585
Total Income	**41,412**	**44,464**	**44,915**	**46,224**	**47,564**	**48,934**	**50,336**	**52,657**	**53,240**	**54,742**
Expenditure										
Repairs and maintenance	(13,377)	(14,180)	(14,605)	(14,410)	(14,843)	(15,288)	(15,055)	(15,506)	(15,972)	(16,451)
Supervision and management	(10,688)	(11,274)	(11,557)	(11,829)	(12,149)	(12,457)	(12,773)	(13,097)	(13,430)	(13,771)
Rents, rates, taxes and other charges	(1,582)	(1,334)	(1,027)	(747)	(770)	(793)	(816)	(841)	(866)	(892)
(Increase)/decrease in provision for bad debts	(1,500)	(1,500)	(1,545)	(1,591)	(1,639)	(1,688)	(1,739)	(1,791)	(1,845)	(1,900)
Depreciation and impairment of fixed assets	(8,859)	(8,785)	(8,711)	(8,674)	(8,637)	(8,600)	(8,563)	(8,526)	(8,489)	(8,453)
Total Expenditure	**(36,007)**	**(37,073)**	**(37,445)**	**(37,252)**	**(38,037)**	**(38,826)**	**(38,947)**	**(39,762)**	**(40,602)**	**(41,467)**
Net Cost of HRA Services	5,405	7,391	7,470	8,972	9,526	10,108	11,390	12,895	12,637	13,276
Interest payable incl amortisation	(4,620)	(4,620)	(4,620)	(4,620)	(5,359)	(6,157)	(6,312)	(4,598)	(4,575)	(4,486)
HRA Share of Pension Costs	0	0	0	0	0	0	0	0	0	0
HRA investment income	15	15	15	15	15	15	15	15	15	15
Surplus / (deficit) for the year	**800**	**2,787**	**2,865**	**4,368**	**4,182**	**3,966**	**5,092**	**8,312**	**8,077**	**8,804**

	2033.34 £000	2034.35 £000	2035.36 £000	2036.37 £000	2037.38 £000	2038.39 £000	2039.40 £000	2040.41 £000	2041.42 £000	2042.43 £000
INCOME AND EXPENDITURE ACCOUNT										
Income										
Dwelling Rents	50,050	51,438	53,874	54,309	55,795	57,315	58,869	60,460	63,281	63,753
Non Dwelling Rents	2,538	2,614	2,693	2,774	2,857	2,943	3,031	3,122	3,215	3,312
Charges for services and facilities (net of voids)	3,692	3,803	3,917	4,035	4,156	4,280	4,409	4,541	4,677	4,818
Total Income	**56,281**	**57,855**	**60,484**	**61,118**	**62,808**	**64,538**	**66,309**	**68,123**	**71,174**	**71,882**
Expenditure										
Repairs and maintenance	(16,944)	(17,453)	(17,976)	(18,515)	(19,071)	(19,643)	(20,232)	(20,839)	(21,464)	(22,108)
Supervision and management	(14,122)	(14,482)	(14,851)	(15,231)	(15,620)	(16,019)	(16,429)	(16,850)	(17,282)	(17,727)
Rents, rates, taxes and other charges	(919)	(947)	(975)	(1,004)	(1,034)	(1,065)	(1,097)	(1,130)	(1,164)	(1,199)
(Increase)/decrease in provision for bad debts	(1,957)	(2,016)	(2,076)	(2,139)	(2,203)	(2,269)	(2,337)	(2,407)	(2,479)	(2,554)
Depreciation and impairment of fixed assets	(8,416)	(8,379)	(8,342)	(8,305)	(8,268)	(8,231)	(8,194)	(8,157)	(8,120)	(8,083)
Total Expenditure	**(42,358)**	**(43,275)**	**(44,220)**	**(45,194)**	**(46,196)**	**(47,227)**	**(48,289)**	**(49,384)**	**(50,510)**	**(51,671)**
Net Cost of HRA Services	13,923	14,580	16,264	15,924	16,612	17,310	18,019	18,739	20,664	20,212
Interest payable incl amortisation	(4,486)	(4,486)	(4,486)	(4,448)	(4,368)	(4,355)	(4,267)	(4,297)	(4,250)	(4,181)
HRA Share of Pension Costs	0	0	0	0	0	0	0	0	0	0
HRA investment income	15	15	15	15	15	15	15	15	15	15
Surplus / (deficit) for the year	**9,451**	**10,109**	**11,793**	**11,491**	**12,259**	**12,970**	**13,768**	**14,457**	**16,429**	**16,045**

	2043.44 £000	2044.45 £000	2045.46 £000	2046.47 £000	2047.48 £000	2048.49 £000	2049.50 £000	2050.51 £000	2051.52 £000	2052.53 £000
INCOME AND EXPENDITURE ACCOUNT										
Income										
Dwelling Rents	65,457	67,200	68,985	70,811	74,077	74,592	76,549	78,552	80,602	84,291
Non Dwelling Rents	3,411	3,514	3,619	3,728	3,839	3,955	4,073	4,195	4,321	4,451
Charges for services and facilities (net of voids)	4,962	5,111	5,264	5,422	5,585	5,752	5,925	6,103	6,286	6,474
Total Income	**73,830**	**75,825**	**77,868**	**79,961**	**83,501**	**84,299**	**86,547**	**88,850**	**91,209**	**95,216**
Expenditure										
Repairs and maintenance	(22,772)	(23,455)	(24,158)	(24,883)	(25,630)	(26,399)	(27,190)	(28,006)	(28,846)	(29,712)
Supervision and management	(18,181)	(18,649)	(19,129)	(19,622)	(20,128)	(20,648)	(21,181)	(21,727)	(22,291)	(22,867)
Rents, rates, taxes and other charges	(1,235)	(1,272)	(1,310)	(1,350)	(1,390)	(1,432)	(1,475)	(1,519)	(1,564)	(1,611)
(Increase)/decrease in provision for bad debts	(2,630)	(2,709)	(2,790)	(2,874)	(2,960)	(3,049)	(3,141)	(3,235)	(3,332)	(3,432)
Depreciation and impairment of fixed assets	(8,046)	(8,009)	(7,972)	(7,935)	(7,898)	(7,861)	(7,824)	(7,788)	(7,751)	(7,714)
Total Expenditure	**(52,864)**	**(54,094)**	**(55,361)**	**(56,664)**	**(58,006)**	**(59,389)**	**(60,811)**	**(62,275)**	**(63,784)**	**(65,336)**
Net Cost of HRA Services	20,966	21,731	22,508	23,296	25,495	24,910	25,736	26,575	27,425	29,880
Interest payable incl amortisation	(4,215)	(4,249)	(4,285)	(4,322)	(4,359)	(4,399)	(4,440)	(4,483)	(4,527)	(4,708)
HRA Share of Pension Costs	0	0	0	0	0	0	0	0	0	0
HRA investment income	15	15	15	15	15	15	15	15	15	15
Surplus / (deficit) for the year	**16,766**	**17,497**	**18,238**	**18,990**	**21,151**	**20,526**	**21,311**	**22,107**	**22,913**	**25,187**

Appendix C – 5-Year Capital Programme and Funding Streams

	2022.23 Projected Outturn £000	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000	Total £000
CAPITAL EXPENDITURE							
Planned Major Works & Improvements	7,120	8,793	7,506	9,006	9,658	14,323	49,286
Works to promote decarbonisation	100	500	513	525	538	552	2,628
Development Schemes	-	-	-	-	-	-	-
Affordable Homes	700	800	-	-	-	-	800
Total Expenditure	7,920	10,093	8,019	9,531	10,196	14,875	52,714
FINANCING							
External Borrowing	-	-	-	-	-	-	-
RtB Receipts	1,831	2,422	2,563	1,325	482	-	6,793
Retained Receipts	700	-	-	-	-	-	-
Other Capital Receipts	-	-	-	-	-	-	-
Grant and other contributions	-	-	-	-	-	-	-
Major Repairs Reserve	5,389	7,670	5,455	8,207	9,714	14,875	45,921
Revenue Contribution	-	-	-	-	-	-	-
Total Financing	7,920	10,092	8,018	9,532	10,196	14,875	52,714

Appendix D – 30-Year Major Repairs and Improvements Financing

	Expenditure				Financing						
Year	Major Works & Imps	Works to promote decarbo nisation	Other	Total Expenditur e	Borrowing	RTB 141 Receipts	Other RTB Receipts	Other	MRR	RCCO	Total Financin g
	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000	£,000
2023.24	8,793	500	800	10,093	0	0	2,422	0	7,670	0	10,093
2024.25	7,506	513	0	8,019	0	0	2,563	0	5,455	0	8,019
2025.26	9,006	525	0	9,531	0	0	1,325	0	8,207	0	9,531
2026.27	9,658	538	0	10,196	0	0	482	0	9,714	0	10,196
2027.28	14,323	552	0	14,875	0	0	0	0	14,875	0	14,875
2028.29	15,123	566	0	15,688	0	0	0	0	15,688	0	15,688
2029.30	15,440	580	0	16,020	0	0	0	0	16,006	14	16,020
2030.31	15,739	594	0	16,333	0	0	58	0	8,526	7,749	16,333
2031.32	16,996	609	0	17,605	0	0	47	0	8,489	9,069	17,605
2032.33	18,163	624	0	18,788	0	0	36	0	8,453	10,300	18,788
2033.34	18,708	0	0	18,708	0	0	24	0	8,416	10,268	18,708
2034.35	19,270	0	0	19,270	0	0	12	0	8,379	10,879	19,270
2035.36	19,848	0	0	19,848	0	0	0	0	8,342	11,506	19,848
2036.37	20,443	0	0	20,443	0	0	0	0	8,305	12,138	20,443
2037.38	21,056	0	0	21,056	0	0	0	0	8,268	12,789	21,056
2038.39	21,688	0	0	21,688	0	0	0	0	8,231	13,457	21,688
2039.40	22,339	0	0	22,339	0	0	0	0	8,194	14,145	22,339
2040.41	23,009	0	0	23,009	0	0	0	0	8,157	14,852	23,009
2041.42	23,699	0	0	23,699	0	0	0	0	8,120	15,579	23,699
2042.43	24,410	0	0	24,410	0	0	0	0	8,083	16,327	24,410
2043.44	25,142	0	0	25,142	0	0	0	0	8,046	17,096	25,142
2044.45	25,897	0	0	25,897	0	0	0	0	8,009	17,888	25,897
2045.46	26,674	0	0	26,674	0	0	0	0	7,972	18,701	26,674
2046.47	27,474	0	0	27,474	0	0	0	0	7,935	19,539	27,474
2047.48	28,298	0	0	28,298	0	0	0	0	7,898	20,400	28,298
2048.49	29,147	0	0	29,147	0	0	0	0	7,861	21,286	29,147
2049.50	30,021	0	0	30,021	0	0	0	0	7,824	22,197	30,021
2050.51	30,922	0	0	30,922	0	0	0	0	7,788	23,134	30,922
2051.52	31,850	0	0	31,850	0	0	0	0	7,751	24,099	31,850
2052.53	32,805	0	0	32,805	0	0	0	0	7,714	25,092	32,805
	633,447	**5,602**		**639,849**	**0**	**0**	**6,970**	**0**	**264,377**	**368,502**	**639,849**

Appendix E – 5-Year HRA Reserve Projection

Year	2023.24 £000	2024.25 £000	2025.26 £000	2026.27 £000	2027.28 £000
Surplus / (deficit) for the year	800	3,417	3,167	4,348	4,182
HRA Balance Brought Forward	21,344	22,144	25,561	28,728	33,075
HRA Balance Carried Forward	**22,144**	**25,561**	**28,728**	**33,075**	**37,257**

The estimated opening balance on the HRA reserve at the start of the 2022/23 financial year was £18.67m. 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. The estimated HRA balances are subject to audit and may change as the Council accounts are being prepared/audited for the last four years.

Appendix F – 5-Year Major Repairs Reserve (MRR) Projection

Year	2023/24	2024/25	2025/26	2026/27	2027/28
	£,000	**£,000**	**£,000**	**£,000**	**£,000**
Opening Balance	15,986	17,175	20,504	21,009	19,969
Capital expenditure to be financed by MRR	(7,670)	(5,455)	(8,207)	(9,714)	(14,875)
Annual depreciation transferred to MRR	8,859	8,785	8,711	8,674	8,637
Closing Balance	**17,175**	**20,504**	**21,009**	**19,969**	**13,732**