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

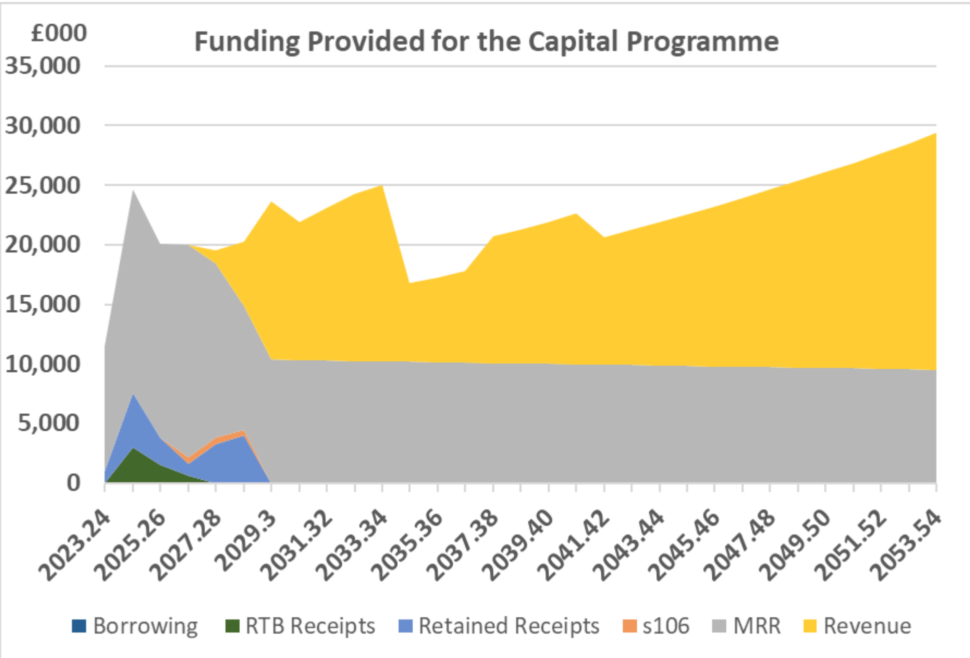
9.5 Decarbonisation – the Plan makes provision for £8.173m annually over the next five years to enable the council respond effectively to and begin to deliver works associated with achieving the governments net zero targets. Should the bid for Social Housing decarbonisation funding be successful this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



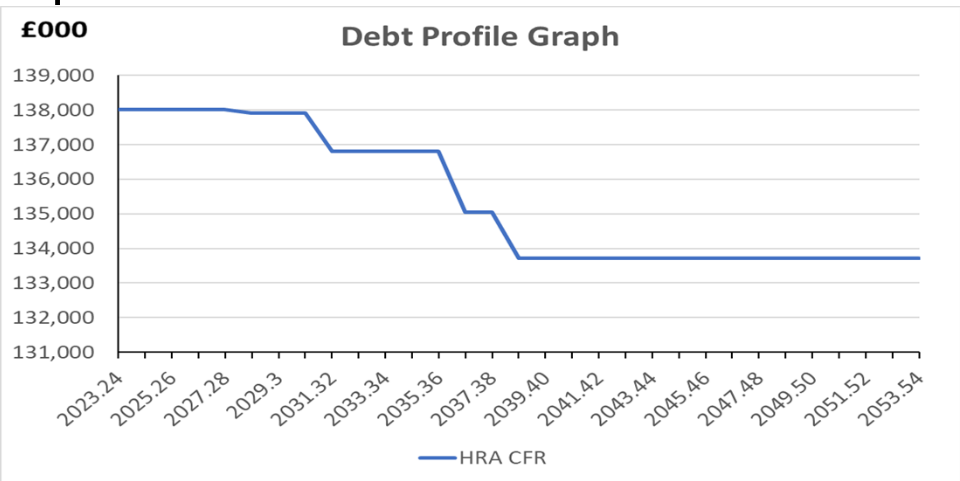
10. HRA Debt / Borrowing

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.