

## Slough Borough Council

<b>Report To:</b>	Council
<b>Date:</b>	6 <sup>th</sup> March 2025
<b>Subject:</b>	Recommendations of the Cabinet: Housing Revenue Account (HRA) 30yr Business Plan and Medium-Term Budgets 2025/26
<b>Chief Officer:</b>	Pat Hayes, Executive Director, Regeneration, Housing & Environment, and Annabel Scholes, Executive Director, Finance & Commercial
<b>Contact Officer:</b>	Lisa Keating, Director, Housing Dave McNamara, Director, Financial Management
<b>Ward(s):</b>	All
<b>Exempt:</b>	NO
<b>Appendices:</b>	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 recommendations of the Cabinet regarding 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 £243m and expenditure of £224.41m. The HRA Capital Programme provides for a total capital investment of £105.52m over the next 5 years and a total of £746.57m over the 30-year period.
- 1.2 The report also informs Council that at its meeting on 17<sup>th</sup> February 2025 the Cabinet approved increases to both Housing Revenue Account (HRA) dwelling rents, affordable housing rents, garage rents and tenant service charges from 7<sup>th</sup> April 2025.
- 1.3 For 2025/26 dwelling and non-dwelling rents increase of 2.7% based on the September CPI of 1.7% plus 1%, government rent formula direction and service charges increase of 12% based on phased full costs recovery.
- 1.4 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:**

- 1.5 Council is requested to consider the Cabinet's recommendations to:
- (a) Approve the HRA revenue budget for 2025/26 as set out in Appendix C which reflects the annual rents & service charges increases as agreed by Cabinet.
  - (b) Approve the HRA 5-year Capital Programme as set out in Appendix D
  - (c) Note the draft 5-year HRA reserves and balances as set out in Appendix E
  - (d) Approve the HRA 30-year Business plan as set out in Appendices A & B
- 1.6 Council is recommended to note that Cabinet approved the following at its meeting held on 17<sup>th</sup> February 2025:
- Social & affordable housing dwelling rent increase of 2.7% (CPI plus 1%) from 7<sup>th</sup> April 2025 in line with current national rent setting formula.
  - Tenant service charges increase of 12% from 7<sup>th</sup> April 2025 in line with the agreed phased recovery of additional service costs provided to and recoverable from relevant tenants.
  - Garage rents for council & private tenants and leaseholders increase of 2.7% from 7<sup>th</sup> April 2025 in line with the rent increase.

## **Reason**

- 1.7 The HRA is a ringfenced account for local authorities under Section 74 of the Local Government and Housing Act 1989. The local authority as a social housing landlord is required to set HRA rents and budgets for each financial year.
- 1.8 The report informs Council of the Cabinet approval of the HRA tenant rents and service charges for the financial year 2025/26. The dwelling rent increase reflects current rent regulation which allows actual rents to increase by a maximum of CPI+1%. The proposed other rents, service & charges increases do not fall within the scope of the rent regulation and as such the proposals are to enable the Council to move towards full recovery of the cost of providing these additional services to tenants & leaseholders. S.103 of the Housing Act 1985 permits the Council to vary rent annually by giving tenants at least 28 days notice in writing. Annual charges take effect from the first Monday in April.
- 1.9 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. The budgets have been developed from a review of the baseline budget, current expenditure on housing services and capital investment required to maintain and improve the housing stock to a decent standard and increase the supply of new affordable housing.

## **Commissioner Review**

- 1.10 Local authority housing is under severe financial pressures with the challenges from inflation, the need to maintain and improve existing stock condition, address

investment required into new stock and increased regulatory requirements. The projections reflect the income and expenditure required to manage the landlord function and at the same time, work towards the council's objectives above. Continued engagement with stakeholders, tenants and leaseholders throughout the course of planning and annual delivery of this 30-year business plan will be required, including targeted work to identify those adversely and positively impacted by these proposals and to seek the views of under-represented groups.

The council will also need to assess whether the HRA Business Plan is viable, subject to some over-arching assumptions, and demonstrates that the capital investment ambition over the 30 years can be funded sustainably, with pre agreed resilience measures embedded, to ensure the plan is prudent and can mitigate future risks that could materialise.

## **2. Introduction**

- 2.1 The HRA business plan reflects the Council's spending and borrowing to maintain its stock, operate services for its tenants and leaseholders, and if appropriate acquire, 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 a 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 The HRA derives its income from dwelling rents, service charges and income from garages, shops, and land. These incomes are ring fenced and used to pay for all landlord services to council tenants and leaseholders. Service charges and heating costs are set at levels that aim to recover the cost of providing services to tenants in their homes and to the blocks and estates where they live. The council is not permitted to subsidise taxpayers or otherwise derive a profit from these services and charges are reviewed periodically to reflect the actual cost of providing these services.
- 2.3 The provision of high-quality affordable homes and housing management services to tenants will improve the strength and sustainability of communities. Through an annual 30-year HRA Business Plan the council is committed to ensuring the HRA is managed judiciously and sensibly to allow the council to manage, maintain and invest in its housing stock.
- 2.4 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.
- 2.5 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. The proposals support the delivery of the strategic priority 3 of the A Fresh Start Corporate Plan 2023-2027 by setting rents & service charges with a view to maximising all available rental income streams and

maintaining the asset value of the HRA by building financial stability and providing good quality, safe, well maintained, and managed council homes.

### **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 for those properties held under s.74 of the Local Government and Housing Act 1989. The Council has a legal duty to prevent debit balances on the HRA.
- 3.2 The HRA self-financing system for Council Housing was implemented in April 2012. It was supposed to herald a more certain future for local authorities giving them more responsibility and 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.
- 3.3 Slough as a social landlord manages a residential property portfolio of 5,969 tenanted homes and 1,403 leasehold homes. 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. Service charges are set to cover the cost of those services that are only provided to a proportion of tenants and leaseholders and are often connected with communal facilities. It is a contractual term within the council's periodic tenancy agreements and licences that rents and charges are reviewed on an annual basis with new rents starting normally from the first Monday in April. The Council has a statutory power to vary rents by giving notice in advance.
- 3.4 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.
- 3.5 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 2025/26 (based upon CPI at the preceding September), with properties below target rent levels moved directly to target rent only when they become void. The Government consulted on its future social housing rent policy, with the consultation ending on 23 December 2024. The Government has stated its recognition of the need for a stable social housing rent policy and proposed that rents should be permitted to increase by up to CPI plus 1% per annum for at least 5 years from 1 April 2026.

- 4.2 The Business Plan therefore proposes dwelling rent increase of 2.7% in 2025/26, the maximum increase allowed by the current rent regulation and calculated at CPI + 1%, where the September CPI is 1.7%. 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 12% and 2.7% respectively in 2025/26.

## **5. New and Ongoing 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 continues to make provision of £0.1m for two housing fraud investigation officers dedicated to HRA fraud detection.
- 5.2 The Fire Safety (England) Regulations 2022 (the Regulations): the Council is making good progress towards its obligations to all its stock including two high-rise block of flats and a number of blocks under 11 metres in height, especially completing remaining works mainly relating to fire door renewals. Sufficient resources have been provided within the Plan and will be reviewed accordingly to deal with any further legislative amendments.
- 5.3 Damp and Mould: On 9 January, the Awaab's Law consultation was launched by the Secretary of State for Levelling Up, Housing and Communities. Awaab's Law will introduce strict time limits for social housing providers to ensure they are taking swift action to address dangerous hazards such as damp and mould. It proposes legal requirements for social landlords to investigate hazards within 14 days, to start fixing them within a further 7 days, and to make emergency repairs within 24 hours. Landlords who fail to do so can be taken to court where they may be ordered to pay compensation to tenants.
- 5.4 The full impacts of these requirements prescribe tight timelines for responses and repairs and whilst not yet legislation, good progress is being made on works associated with rectifying these issues and further proactive work is provided for in the Plan. 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 archetypes which might be identified as requiring a planned maintenance and thermal improvements. The plan continues to include a budget provision of £1m pa for Damp & Mould.
- 5.5 Decarbonisation: The Council plans to deliver the full decarbonisation objectives as set out by Government. The costs elements include improvements/replacement of central heating boilers/carcass, doors, windows, and internal/external structures etc. The individual details of measures for each property are to bring the EPC ratings up

from D-G to a minimum of C. The ongoing funding requirement for these costs is provided for within the Plan based on estimated current costs uplifted for inflation over the full 30-year cycle of the plan. There is government funding available to all social housing providers, the council was successful with wave 2.2 bid last year and have currently bid for the wave 3.0 bid which is larger and spread over 3 years. The provision with the Plan provides sufficient match funding for the government grant.

- 5.6 Repairs & Maintenance: The new RMI contract will be designed to reflect tenant expectations more closely from 25/26. Increased costs have been included in the Plan to cover decommissioning, re-tendering, and enhanced customer focused client management team costs.

## **6. Local Context: A Fresh Start**

- 6.1 With a population of 158,500, Slough is relatively small in 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. The council housing stock is reducing from right to buy (RTB) sales, there are a large number of people on the housing registers with significant waiting period for a permanent home, a growing number in temporary accommodation and growing pressure on the management and maintenance on existing housing stock.
- 6.2 Slough is over 10 times more densely populated than the average for England. There is an average of three people per household - the highest average size in England, and 16% of households are overcrowded. It is also one of the most ethnically diverse in England and 44% of residents were born outside of the UK. It has pockets of severe deprivation and 70% of neighbourhoods fall below the national average in the Index of Multiple Deprivation. It, however, remains very well connected, situated 25 miles west of central London with major transport routes and the UK main international airport in proximity.
- 6.3 Slough has 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. 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.
- 6.4 The proposals in the Plan will build on ongoing work to provide financial sustainability for the Council and embed good practice for local government: living within our means, balancing our budget and being honest and open about the difficult decisions that we will need to make over the coming years. It will also support the delivery of affordable, safe, and healthy homes by investing in and improving the quality of existing council housing stock.

## 7. HRA Base Business Plan – Key General Assumptions

7.1 The table 1 below outlines the key assumptions underpinning the 30-year business Plan. The demand for council homes remains high and continues to outstrip 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.

7.2 These assumptions where applicable are consistent with the Council draft MTFS in terms of pay award, CPI, NIC increases, insurance premiums, interest rates etc. The Plan is also consistent with the Treasury Management affordability framework such as minimum working balance of £4m and minimum interest cover of 1.25 times and ratio of financing costs to net revenue stream.

### 7.3 Table 1 – Key Business Planning Assumptions

Key Area	Assumption
General Inflation (CPI)	CPI = 1.7% 25/26, 2% 26/27 & thereafter
Social Rent	2.7% in 2025/26, and CPI at 2%+ 1% thereafter. Re-let 5% at Formula Rent
Non-dwelling Rent & Service Charges	Service charges 12% in 2025/26, Others 2.7% in 2025/26, and CPI at 2% going forward.
Garages & Shop Rental Income	Garage rents (Council & Private tenants) 2.7% in 2025/26 and CPI at 2% thereafter. Full Shops portfolio disposal expected by end 2025/26
Right to Buy (RTB) Sale	50 in 2025/26, 50 in 2026/27 and 20 thereafter
Right to Buy Receipts	Projected receipts are based on pooling returns and estimated 2024/25 sales (receipts) estimates thereafter
Debt Management	Maturing debt refinanced/repaid throughout Plan. No additional borrowing is planned.
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 2.7% in 2024/25 and 3% thereafter and flexed in line with stock movements.
Supervision and Management	Expenditure is adjusted in line with September RPI at 2.7% in 2024/25 and 3% thereafter
Energy Costs	Estimated outturn uplifted by September CPI at 2.7%.
Capital Investment in current stock	The Plan provides for over £230m for de-carbonisation works over 30years with inflation uplift
Capital investment	The Plan provides for £152m for new affordable housing stock over 30 years
Voids	Rent loss from voids on Council dwellings assumed to be 1.5% in 2025/26 and 1.5% thereafter
HRA Stock Movement	Baseline numbers are adjusted for projected RTB sales and new affordable housing supply.
Capital charges	Based upon the HRA share of the Council's debt as at 1 April 2024 of £138m. No additional borrowing is envisaged over the life of the business plan.

## 8. HRA Rental Income & Charges

## Dwelling Rents

- 8.1 Cabinet agreed that social dwelling rents be increased by 2.7%. This is the maximum increase allowed by the current rent regulation and calculated at CPI + 1%, where the September CPI is 1.7%. 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
- 8.2 Table 2 below set out the average rent per bedroom sizes for social housing dwelling stock. On average dwelling social rents will increase from £127 per week currently to £130.43 per week from 7<sup>th</sup> April 2025, representing on average a £3.42 per week increase. This equates to an additional gross rent of £1.035m in 2025/26, resulting in an estimated annual gross dwelling rent of £39.467m in 2025/26 compared to £38.432m last year. Rental loss from voids is currently at 1.5% same as in the previous year.

**Table 2: Social Housing Average Rent**

Bedroom size	Stock numbers	2024/25 average weekly rent £	2025/26 average weekly rent £	2025/26 average weekly Increase £
0	247	95.39	97.95	2.57
1	2,082	109.19	112.13	2.94
2	1,527	131.26	134.79	3.53
3	1,778	144.88	148.79	3.91
4	149	159.00	163.27	4.27
5	33	179.84	184.69	4.86
>5	3	175.97	180.72	4.75
<b>Total</b>	<b>5,819</b>	<b>127.01</b>	<b>130.43</b>	<b>3.42</b>

- 8.3 In addition, affordable rents will increase on average from £244.76 per week currently to £251.37 per week from 7<sup>th</sup> April 2025, representing on average a £6.61 per week increase. This equates to an additional gross rent of £0.052m in 2025/26, resulting in an estimated annual gross dwelling rent of £1.961m in 2025/26 compared to £1.909m last year.
- 8.4 Considering the ongoing national cost of living and economic crisis any rent increase is still likely to put considerable pressure on tenant's household income. However, on average about 67% of the Council's social housing tenants are in receipt of housing benefit (HB) or the housing element of Universal Credit (UC) and so will also benefit from a similar increase to HB/UC and as such should not be disproportionately affected by the rent increase. However, tenants that do not qualify for HB/UC will have to meet the full cost of any rent increase approved by Cabinet, these tenants should they be impacted by financial stress, will be directed to those agencies able to provide financial advice.

## Service Charges

- 8.5 The Council operates two service charge calculation regimes for tenants and leaseholders. Tenants' charges are based on fixed service charges, which is set at the start of the rent year to fully recover costs of providing additional services to relevant tenants. Services currently provided and charged for include communal heating and lighting, caretaking & cleaning, block maintenance, and grounds



maintenance. Annual reviews are undertaken to ensure costs are being recovered from both tenants and leaseholders. Current review indicates that there still exists an income shortfall albeit the gap has narrowed compared to last year.

- 8.6 The shortfall in service charge income recovered against actual costs incurred is estimated to be £1.075m cumulative at the end of 2024/25. This gap in recovery has been primarily caused because of significant above inflation costs associated with energy, insurance premiums and other service charges. Cabinet agreed last year to a phased costs recovery over four years to ensure the charges remain affordable to tenants thereby keeping the burden on service charge customers to a minimum.
- 8.7 Cabinet agreed to increase service charges in 2025/26 (Y2 of 4) by 12%, with a view to fully closing the income recovery gap in 27/28. Table 3 below sets out the average tenant service charges per week.

**Table 3: Average Service Charged per week**

Description	Tenant numbers	2024/25 average weekly charges £	2025/26 average weekly charges £	2025/26 average weekly Increase £
Heating	216	14.43	16.16	1.73
Service Charge Administration	2,836	1.44	1.61	0.17
Communal Estate and Cleaning	2,677	6.86	7.68	0.82
Communal Health and Safety	2,404	2.43	2.72	0.29
Communal Heat and Lighting	2,544	1.325	1.48	0.16
<b>Average</b>	<b>2,918</b>	<b>12.13</b>	<b>13.58</b>	<b>1.45</b>

- 8.8 The average weekly tenant service charges will therefore increase to £13.58 per week per tenant from £12.13 per week currently representing a £1.45 increase per week or £0.220m per year. This estimated annual gross tenant service charge income is £2.061m in 2025/26 compared to estimated £1.841m last year. Rental loss from voids is currently at 1.5% same as in the previous year. These charges are recoverable from housing benefit where relevant.
- 8.9 The estimated total service charge costs in 2025/26 to be recovered from both tenants and leaseholders is £3.624m, compared to an estimated income recovery of £3.777m, of which £2.061m is to be recovered from tenants and £1.716m from Leaseholders resulting in a small surplus after all costs of £0.153m. The estimated surplus which will go towards reducing the current estimated cumulative gap from £1.075m to £0.922m at the end of the financial year. The remaining estimated gap of £0.922m is to be recovered over the next two years.
- 8.10 In addition to recovering service costs from tenants the Council also recovers costs from leaseholders. Leasehold service charges are calculated, and invoices issued twice a year. The first invoice is based on an estimated charges for the new year. The second charge is based on re-calculated charge based on actual spend for the prior year. The charges recovered from leaseholders is based on an apportionment of actual costs and will not be impacted by the proposed increases above.
- 8.11 A management fee is also added to the cost of services to cover the preparation of estimates and actual costs, billing consultation on repairs and improvement works and estate management. This is to ensure that the service provided to the

leaseholders are fully recoverable as it is unlawful for the HRA tenants to subsidise leaseholders. The current recovery of the management fee is under review to ensure it is sufficient to cover the cost of administering the service.

### **Garage rents & Commercial Shops**

- 8.12 Most garages are run down and/or dilapidated and not fit to be used without significant investment. It is proposed that Garage rent is increased by 2.7%, in line with proposals for rent increase. The average weekly council tenant charges will therefore increase to £11.56 per week per tenant from £11.26 per week currently representing a £0.30p per week increase. This will generate a gross additional income of £0.025m per annum, resulting in an estimated annual gross income of £0.965m in 2025/26 compared to £0.940m last year. Rental loss from voids is currently at 63% same as in previous year. The long-term estate strategy includes a range of proposed disposal options for HRA garages to achieve income both capital and revenue to the Council.
- 8.13 As part of the long-term estate strategy, it is proposed that all of the HRA commercial shops are to be disposed by the end of March 2026. A HRA Asset disposal report is also on this Cabinet agenda. The Plan only reflects a small remnant income of £0.100m as the disposals are staggered throughout the year. Income is expected to be nil from 2026/27 and thereafter. Treatment of any proceed of sale will no doubt ensure a 'no detriment' approach to the HRA. The estate strategy also includes regular review of assets held in the HRA to ensure they are appropriately held in the HRA in connection with Part 2 of the Housing Act.
- 8.14 The HRA also receives interest on general or earmarked revenue balances, funds set-aside in the major repairs reserve (MRR), and unapplied capital receipts. The projected interest income on balances based on the current average investment interest rates is £0.835m for 2025/26.

## **9. HRA Revenue Budgets**

- 9.1 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 £14.306m in 2025/26 inclusive of inflationary increase. The budget includes ongoing provision for damp & mould and other regulatory interventions as required. Also provided for one off costs for tendering new contract, decommissioning current contract and Hawker house and additional provision of a new client management team.
- 9.2 Supervision and Management budget includes costs of managing the housing stock estimated at £9.257m in 2025/26 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 (RTB) sales, demolitions, or other disposals or increases due to additions. Government recently returned maximum RTB discounts to their pre-2012 levels from of 21 November 2024. Discounts in Slough will now reduce from £0.102m to £0.038m. This has resulted in a last minute surge in application from tenants to buy their homes. The model therefore reflects a slight increase in projected RTB sales in the medium term. Government also introduced in July 2024 flexibility that allows local authorities to use retained RTB receipts to support 100% of expenditure on the new provision of housing (alongside s106 receipts) until the end of 2025/26.

- 9.3 Service costs reflect additional services currently provided to tenant & leaseholders and include communal heating and lighting, caretaking & cleaning, block maintenance, and grounds maintenance. These costs are recoverable from relevant tenant & leaseholders.
- 9.4 Due to the ongoing cost of living crisis and the continued roll out of universal credit and its potential impact on council tenant ability to pay their rents, the business plan reflects an annual increase in provision of £0.514m in 25/26 and thereafter by inflation.
- 9.5 Rent, rates, taxes, and other charges budget of £0.534m in 2025/26 increasing by inflation thereafter reflects the costs of mainly council tax on empty properties and other landlord costs payable.
- 9.6 As at 1 April 2024, the Housing Revenue Account had external borrowing of £138.02m 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 £4.62m payable in 2025/26 and subsequent years until 2028/29 when it drops slightly to £4.60m. The HRA borrowing consist of mainly a fixed term borrowing from the PWLB, market loans and internal borrowing. The Business Plan assumes no additional borrowing and debts are re-finance or repaid and when due.
- 9.7 The proposed 2025/26 and the next four year revenue budgets are set out in Appendix C. It is estimated that the Plan will deliver surplus budgets in 2025/26 and in the next four years to be transferred to the HRA general balances.

## **10. HRA Capital Programme & Funding**

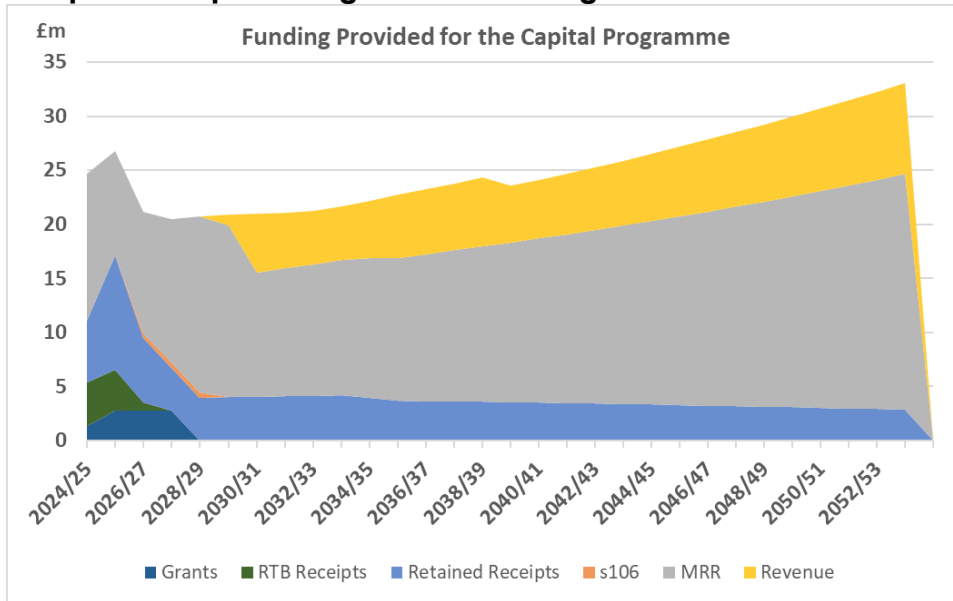
- 10.1 Housing stocks owned by the Council must meet the Decent Homes Standard. Landlords must continue to maintain homes to at least this standard. The stock condition information from the surveys and the stock grading modelling provides the basis for the capital programme, which also includes expenditure 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.
- 10.2 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.
- 10.3 Decarbonisation – the Plan makes provision for £6.17m annually uplifted by inflation over the next five years to enable the Council respond effectively to deliver works associated with achieving the governments net zero targets.
- 10.4 New Affordable – the Plan makes provision for £150m for the redevelopment of Garrick house, refurbishment of the newly acquired Rigby Lodge and the acquisition of 300 empty homes over the life of the Plan. The Council will continue to create an enabling environment for developers to build in Slough.

- 10.5 The government aims to build 1.5m more homes in the next five years or 300m a year to help tackle the housing crisis. All councils in England have been given new indicative, mandatory housing targets. Slough's indicative target is 801 new homes per year and government funding details will form part of the next spending review. Slough as well as all other authorities are required to produce a local plan to deliver the housing target. Future HRA Business Plans will no doubt reflect any agreed local plan to deliver the new homes and the HRA's contribution to it.
- 10.6 The Investment requirement is £23.05m in 2025/26 and a total of £105.52m over the 5 years. The Plan allows for £746.57m for maintaining and improving existing, developing new stock over the next 30 years. (See Appendix B). The proposed annual capital programme budget for the next five year is set out in Appendix D.
- 10.7 The investment requirements have been informed by ongoing engagements with tenants, stock condition surveys, fire safety, environmental, and other regulatory requirements. 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.

### **Capital Programme Funding**

- 10.8 The graph below depicts key areas of financing of the capital programme which is primarily from Major Repair Reserves (MRR), and RTB & retained capital receipts, s106 and contribution from the revenue general reserve.

### Graph 1 – Capital Programme Funding



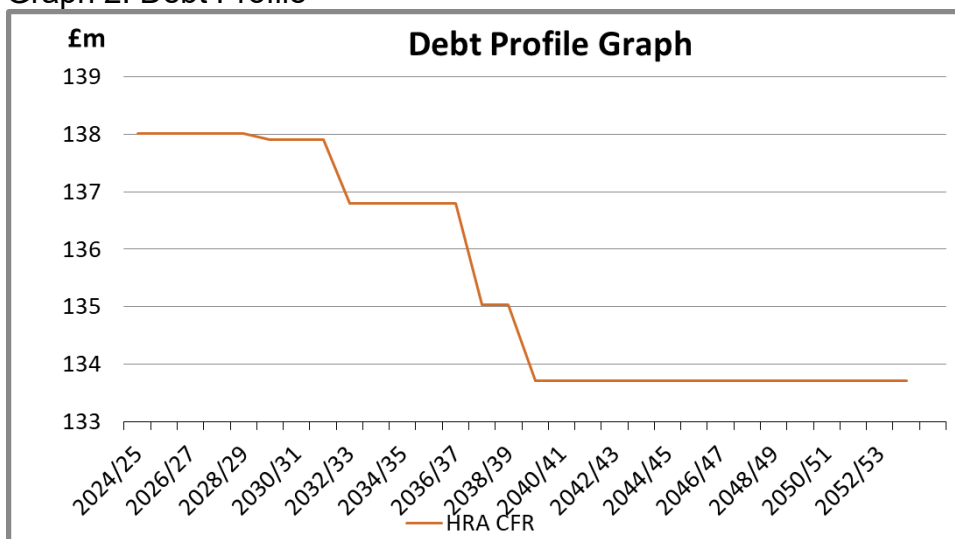
### HRA Debt / Borrowing

10.9 At the introduction of HRA self-financing in 2012, SBC had to make payments to DCLG of £135.84m on 28th March 2012. This was funded by SBC taking out £115.84m of PWLB loans of various maturities and £20m of internal borrowing. The HRA debt brought forward in April 2024 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.

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

10.11

Graph 2: Debt Profile



## Implications of the Recommendation

### 11. Financial implications

- 11.1 This report outlines the Council's approach for the rent & service charges increases, revenue budget 2025/26 and MTFS, 5 year Capital programme and funding including the national and local context for developing next year's budget. As such, the report is a financial report with implications set out throughout the report.
- 11.2 The rent proposals are robust, in line with current social housing rent regime and will help ensure that the Council prepares a viable 30yrs Business Plan and sets an affordable medium-term budget. The HRA is a ringfenced account and cannot be used to off-set GF savings targets as per the budget paper also being considered.

### 12. Legal implications

- 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 the Council during the months of January and February to formulate 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.
- 12.2 Section 103 of the Housing Act 1985 permits the Council to vary the rent and service charges by giving notice of at least four weeks or the rental period whichever is longer. When setting rents, the Council must comply with the Rent Standard and Policy Statement on rents for social housing issued by the Ministry for Housing, Communities and Local Government.
- 12.3 The Policy statement on rents for social housing (updated 14 December 2022) states the following on setting of service charges:
- "2.35 In addition to their rent, tenants may also pay service charges. Rents are generally taken to include all charges associated with the occupation of a property, such as maintenance and general housing management services. Service charges usually reflect additional services which may not be provided to every tenant, or which may be connected with communal facilities rather than being particular to the occupation of a dwelling. Service charges are subject to separate legal requirements and are limited to covering the cost of providing the services.
- "2.36 Registered providers are expected to set reasonable and transparent service charges which reflect the service being provided to tenants. Tenants should be supplied with clear information on how service charges are set. In the case of social rent properties, providers are expected to identify service charges separately from the rent charge.

“2.37 Service charges are not governed by the same factors as rent. However, registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI (as at September in the previous year) + 1 percentage point (or 7% in 2023-24), to help keep charges affordable.

“2.38 Where new or extended services are introduced, and an additional charge may need to be made, registered providers should consult with tenants.”

### **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 Registered Providers (RP) 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 RP.	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 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



## **14. Environmental implications**

14.1 See sections 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 Council's 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**

None.

## Appendices

### Appendix A - HRA 30-Year Business Plan – Revenue

Year	Total Income	Responsive & Cyclical	Management	Other Expenditure	Depreciation	Revenue contribution	Interest payable	Investment Income	Loan Repayment	(Surplus) / Deficit	Balances CFWD
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
2024/25	(44.115)	13.425	13.104	1.016	9.849	0.000	4.620	(0.857)	0.000	(2.959)	(28.840)
2025/26	(45.250)	14.306	13.411	1.047	10.098	0.000	4.620	(0.832)	0.000	(2.600)	(31.440)
2026/27	(46.361)	13.653	13.805	1.078	10.348	0.000	4.620	(0.865)	0.000	(3.721)	(35.161)
2027/28	(47.642)	14.063	14.213	1.111	10.587	0.000	4.621	(0.857)	0.000	(3.904)	(39.065)
2028/29	(49.068)	14.485	14.636	1.144	10.886	0.000	4.604	(0.782)	0.110	(3.985)	(43.050)
2029/30	(50.537)	14.920	15.072	1.178	11.194	0.000	4.598	(0.810)	0.000	(4.385)	(47.435)
2030/31	(52.951)	15.367	15.520	1.214	11.510	3.605	4.598	(0.810)	0.000	(1.947)	(49.381)
2031/32	(53.607)	15.828	15.982	1.250	11.835	2.697	4.575	(0.810)	1.104	(1.146)	(50.527)
2032/33	(55.212)	16.303	16.457	1.288	12.169	4.208	4.486	(0.810)	0.000	(1.110)	(51.638)
2033/34	(56.864)	16.792	16.947	1.326	12.513	4.503	4.486	(0.810)	0.000	(1.107)	(52.745)
2034/35	(58.566)	17.296	17.451	1.366	12.866	4.801	4.486	(0.810)	0.000	(1.110)	(53.855)
2035/36	(61.364)	17.815	17.970	1.407	13.229	5.203	4.486	(0.810)	0.000	(2.064)	(55.919)
2036/37	(62.124)	18.349	18.504	1.449	13.602	3.735	4.431	(0.810)	1.766	(1.096)	(57.016)
2037/38	(63.984)	18.900	19.055	1.493	13.986	5.904	4.325	(0.810)	0.000	(1.131)	(58.147)
2038/39	(65.899)	19.467	19.622	1.538	14.381	5.009	4.285	(0.810)	1.325	(1.083)	(59.230)
2039/40	(67.871)	20.051	20.205	1.584	14.787	5.255	4.169	(0.810)	0.000	(2.630)	(61.860)
2040/41	(69.902)	20.652	20.806	1.631	15.204	5.434	4.170	(0.810)	0.000	(2.815)	(64.675)
2041/42	(73.240)	21.272	21.425	1.680	15.633	5.618	4.092	(0.810)	0.000	(4.330)	(69.006)
2042/43	(74.147)	21.910	22.062	1.731	16.074	5.810	3.991	(0.810)	0.000	(3.379)	(72.385)
2043/44	(76.348)	22.567	22.718	1.783	16.527	6.008	3.991	(0.810)	0.000	(3.564)	(75.949)
2044/45	(78.584)	23.244	23.393	1.836	16.993	6.213	3.991	(0.810)	0.000	(3.722)	(79.671)
2045/46	(80.881)	23.941	24.089	1.891	17.473	6.426	3.991	(0.810)	0.000	(3.879)	(83.550)
2046/47	(83.235)	24.660	24.805	1.948	17.965	6.646	3.991	(0.810)	0.000	(4.029)	(87.579)
2047/48	(87.130)	25.400	25.543	2.006	18.472	6.874	3.991	(0.810)	0.000	(5.654)	(93.233)
2048/49	(88.126)	26.161	26.302	2.066	18.993	7.111	3.991	(0.810)	0.000	(4.310)	(97.543)
2049/50	(90.673)	26.946	27.084	2.128	19.528	7.356	3.991	(0.810)	0.000	(4.449)	(101.992)
2050/51	(93.286)	27.755	27.890	2.192	20.078	7.608	3.991	(0.810)	0.000	(4.581)	(106.573)
2051/52	(95.967)	28.587	28.719	2.258	20.644	7.871	3.991	(0.810)	0.000	(4.706)	(111.280)
2052/53	(100.429)	29.445	29.572	2.326	21.226	8.142	4.125	(0.810)	0.000	(6.403)	(117.683)
2053/54	(101.550)	30.328	30.452	2.396	21.824	8.424	4.125	(0.810)	0.000	(4.812)	(122.495)
<b>Total</b>	<b>(2,074.913)</b>	<b>613.887</b>	<b>616.815</b>	<b>48.363</b>	<b>450.473</b>	<b>140.461</b>	<b>128.437</b>	<b>(24.443)</b>	<b>4.305</b>	<b>(96.614)</b>	

### Appendix B - HRA 30-Year Capital Program & Funding

Year	Planned Major Works & Improvements	Works to promote decarbonisation	Affordable Homes	Total Expenditure	Major Repairs Reserve	Grant	Capital Receipts	S106	Revenue Contribution	Total Financing
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
2024/25	11.065	4.634	4.058	19.757	13.633	1.300	4.824	0.000	0.000	19.757
2025/26	9.625	6.173	7.250	23.048	9.717	2.791	9.091	1.450	0.000	23.048
2026/27	9.131	6.265	5.000	20.396	11.218	2.791	4.937	1.450	0.000	20.396
2027/28	9.113	6.359	5.000	20.472	13.280	2.791	2.951	1.450	0.000	20.472
2028/29	9.251	6.455	5.000	20.706	16.263	0.000	4.443	0.000	0.000	20.706
2029/30	9.346	6.552	5.000	20.897	15.914	0.000	4.983	0.000	0.000	20.897
2030/31	9.346	6.650	5.000	20.996	11.510	0.000	5.881	0.000	3.605	20.996
2031/32	9.346	6.750	5.000	21.095	11.835	0.000	6.564	0.000	2.697	21.095
2032/33	9.346	6.851	5.000	21.197	12.169	0.000	4.820	0.000	4.208	21.197
2033/34	9.626	7.056	5.000	21.683	12.513	0.000	4.667	0.000	4.503	21.682
2034/35	9.915	7.268	5.000	22.183	12.866	0.000	4.516	0.000	4.801	22.183
2035/36	10.212	7.486	5.000	22.699	13.229	0.000	4.267	0.000	5.203	22.699
2036/37	10.519	7.711	5.000	23.229	13.602	0.000	5.892	0.000	3.735	23.230
2037/38	10.834	7.942	5.000	23.776	13.986	0.000	3.886	0.000	5.904	23.776
2038/39	11.159	8.180	5.000	24.340	14.381	0.000	4.950	0.000	5.009	24.340
2039/40	11.494	7.061	5.000	23.555	14.787	0.000	3.513	0.000	5.255	23.555
2040/41	11.839	7.273	5.000	24.112	15.204	0.000	3.474	0.000	5.434	24.112
2041/42	12.194	7.491	5.000	24.685	15.633	0.000	3.434	0.000	5.618	24.685
2042/43	12.560	7.715	5.000	25.275	16.074	0.000	3.392	0.000	5.810	25.275
2043/44	12.937	7.947	5.000	25.884	16.527	0.000	3.349	0.000	6.008	25.884
2044/45	13.325	8.185	5.000	26.510	16.993	0.000	3.303	0.000	6.213	26.510
2045/46	13.725	8.431	5.000	27.155	17.473	0.000	3.257	0.000	6.426	27.155
2046/47	14.136	8.684	5.000	27.820	17.965	0.000	3.209	0.000	6.646	27.820
2047/48	14.560	8.944	5.000	28.505	18.472	0.000	3.159	0.000	6.874	28.505
2048/49	14.997	9.213	5.000	29.210	18.993	0.000	3.106	0.000	7.111	29.210
2049/50	15.447	9.489	5.000	29.936	19.528	0.000	3.053	0.000	7.356	29.936
2050/51	15.911	9.774	5.000	30.684	20.078	0.000	2.998	0.000	7.608	30.684
2051/52	16.388	10.067	5.000	31.455	20.644	0.000	2.940	0.000	7.871	31.455
2052/53	16.880	10.369	5.000	32.248	21.226	0.000	2.881	0.000	8.142	32.248
2053/54	17.386	10.680	5.000	33.066	21.824	0.000	2.819	0.000	8.424	33.066
<b>Total</b>	<b>361.612</b>	<b>233.654</b>	<b>151.308</b>	<b>746.574</b>	<b>467.535</b>	<b>9.672</b>	<b>124.556</b>	<b>4.350</b>	<b>140.461</b>	<b>746.574</b>

## Appendix C – 5-Year HRA Revenue Budget

	2024/25 Forecast £m	2025/26 Budget £m	2026/27 Budget £m	2027/28 Budget £m	2028/29 Budget £m	2029/30 Budget £m
<b>Income</b>						
Dwelling Rents	(39.752)	(40.703)	(41.782)	(42.925)	(44.209)	(45.532)
Non Dwelling Rents	(1.209)	(0.769)	(0.689)	(0.710)	(0.731)	(0.753)
Charges for services and facilities	(3.154)	(3.777)	(3.890)	(4.007)	(4.127)	(4.251)
<b>Total Income</b>	<b>(44.115)</b>	<b>(45.249)</b>	<b>(46.361)</b>	<b>(47.642)</b>	<b>(49.068)</b>	<b>(50.536)</b>
<b>Expenditure</b>						
Repairs and maintenance	13.425	14.306	13.653	14.063	14.485	14.920
Supervision and management	9.057	9.257	9.526	9.806	10.097	10.396
Service costs	4.047	4.154	4.279	4.407	4.540	4.676
Rents, rates, taxes and other charges	0.516	0.534	0.550	0.566	0.583	0.601
Increase/(decrease) in provision for bad debt:	0.500	0.514	0.529	0.545	0.561	0.578
Depreciation and impairment of fixed assets	9.849	10.098	10.348	10.587	10.886	11.194
Capital Expenditure funded by the HRA	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Expenditure</b>	<b>37.394</b>	<b>38.862</b>	<b>38.885</b>	<b>39.975</b>	<b>41.152</b>	<b>42.364</b>
<b>Net Cost of HRA Services</b>	<b>(6.721)</b>	<b>(6.387)</b>	<b>(7.476)</b>	<b>(7.668)</b>	<b>(7.916)</b>	<b>(8.173)</b>
Interest payable incl amortisation	4.620	4.620	4.620	4.621	4.604	4.598
HRA investment income	(0.857)	(0.832)	(0.865)	(0.857)	(0.782)	(0.810)
Provision for loan repayment	0.000	0.000	0.000	0.000	0.110	0.000
<b>(Surplus) / Deficit for the year</b>	<b>(2.959)</b>	<b>(2.600)</b>	<b>(3.721)</b>	<b>(3.904)</b>	<b>(3.985)</b>	<b>(4.385)</b>
Transfer to/(from) HRA General Reserves	2.959	2.600	3.721	3.904	3.985	4.385
<b>In year Balance</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

EXPENDITURE	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	Forecast	Budget	Budget	Budget	Budget	Budget
	£m	£m	£m	£m	£m	£m
Commissioning of Repairs Maintenance & Investment Contract	0.100	0.000	0.000	0.000	0.000	0.000
Boiler Replacement and heating	0.618	0.640	0.650	0.661	0.675	0.685
Kitchen & Bathroom Replacement	0.834	1.000	1.070	1.066	1.105	1.161
Electrical Systems	0.328	0.375	0.382	0.412	0.446	0.409
External rendering, repairs and redecoration of housing block	0.504	1.006	1.141	1.160	1.127	1.130
Capitalised Repairs	0.102	0.105	0.108	0.110	0.113	0.122
FRA & Asbestos Removal Works	1.638	2.000	1.256	1.263	1.269	1.290
Major Aids & Adaptations	0.307	0.315	0.323	0.231	0.239	0.366
Garage & Environmental Improvements	1.295	0.500	0.500	0.500	0.500	0.500
Windows and Door Replacement	0.679	0.673	0.676	0.682	0.719	0.723
Roof Replacement	3.902	2.425	2.452	2.505	2.563	2.611
Structural	0.289	0.108	0.178	0.213	0.168	0.143
Security & Controlled Entry Modernisation	0.408	0.415	0.323	0.230	0.239	0.105
Capitalised voids	0.061	0.063	0.065	0.066	0.068	0.073
De-Carbonisation Works	4.634	6.173	6.273	6.373	6.473	6.580
<b>Total - Repairs &amp; Maintenance (RMI)</b>	<b>15.699</b>	<b>15.798</b>	<b>15.396</b>	<b>15.472</b>	<b>15.706</b>	<b>15.897</b>
Garrick House	0.808	2.000	0.000	0.000	0.000	0.000
Affordable Homes Acquisitions	1.500	5.000	5.000	5.000	5.000	5.000
Rigby Lodge	1.750	0.250	0.000	0.000	0.000	0.000
<b>Total - Affordable Homes</b>	<b>4.058</b>	<b>7.250</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>	<b>5.000</b>
<b>TOTAL HRA CAPITAL PROGRAMME</b>	<b>19.757</b>	<b>23.048</b>	<b>20.396</b>	<b>20.472</b>	<b>20.706</b>	<b>20.897</b>

FINANCING	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
Major Repairs Reserve (MRR)	13.633	9.717	11.218	13.280	16.263	15.914
RTB Receipts	4.824	9.091	4.938	2.951	4.443	4.983
S106	0.000	1.450	1.450	1.450	0.000	0.000
Grant and other contributions	1.300	2.791	2.791	2.791	0.000	0.000
Revenue Contributions	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Financing</b>	<b>19.757</b>	<b>23.048</b>	<b>20.396</b>	<b>20.472</b>	<b>20.706</b>	<b>20.897</b>

## Appendix E – 5-Year HRA Draft Reserves & Balances

## General Reserves

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m	£m
Opening Balance	(25.881)	(28.840)	(31.439)	(35.161)	(37.064)	(39.049)
Surplus / (deficit) for the year	(2.959)	(2.600)	(3.721)	(3.904)	(3.985)	(4.385)
<b>Closing Balance</b>	<b>(28.840)</b>	<b>(31.439)</b>	<b>(35.161)</b>	<b>(37.064)</b>	<b>(39.049)</b>	<b>(43.434)</b>

The estimated opening balance on the HRA general reserve at the start of the 2024/25 financial year was £25.88m. This is expected to increase to £43.43m by the end of the five year period. HRA's target level of reserves of £4m from 2024/25, 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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m	£m
Opening Balance	(17.062)	(13.278)	(13.659)	(12.789)	(8.096)	(4.720)
Annual depreciation	(9.849)	(10.098)	(10.348)	(10.587)	(10.886)	(11.194)
Capital expenditure to be financed	13.633	9.717	11.218	13.280	16.263	15.914
<b>Closing Balance</b>	<b>(13.278)</b>	<b>(13.659)</b>	<b>(12.789)</b>	<b>(8.096)</b>	<b>(4.720)</b>	<b>(0.000)</b>

The estimated opening balance on the MRR at the start of the 2024/25 financial year was £17.062 and it is estimated that balances will be exhausted by the end of the five year period. Annual depreciation charged to the Revenue account is transferred to the MRR to fund mainly improvements to the existing stock. The estimated HRA balances are subject to audit.

## Capital Receipts Reserve (CRR)

Year	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m	£m
Opening Balance	(21.864)	(22.986)	(22.625)	(26.706)	(26.979)	(26.979)
In year Receipts	(5.946)	(8.730)	(9.019)	(3.224)	(3.347)	(3.482)
Capital expenditure to be financed	4.824	9.091	4.938	2.951	4.443	4.983
<b>Closing Balance</b>	<b>(22.986)</b>	<b>(22.625)</b>	<b>(26.706)</b>	<b>(26.979)</b>	<b>(25.883)</b>	<b>(25.478)</b>

The estimated opening balance on the Capital Receipts reserve at the start of the 2024/25 financial year was £21.864m. 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 reserve does not reflect any other planned non residential HRA disposal until receipt. Under the no detriment rules capital receipts are to be applied first towards reducing HRA debts/CFR associated with the disposed assets with any balance transferred to the General Fund. The reserves have been applied to support the acquisition and development of new affordable housing. The estimated HRA balances are subject to audit.