

**CABINET – 14th DECEMBER 2023**  
**Report of the Head of Finance**  
**Lead Member: Councillor Ian Ashcroft**

**Part A**

DRAFT 2024/25 GENERAL FUND AND HRA BUDGETS

Purposes of the Report

To advise members of the projected base budget position for 2024/25 including service pressures and savings put forward for the year and provide the basis for the budget consultation.

Recommendations

1. That the Cabinet endorses for consultation the draft General Fund and HRA Revenue Budgets for 2024/25 as set out in Tables 2A, 2B and 4 in Part B of this report.
2. That the Cabinet endorses for consultation the Loughborough Special Expense Budget and Levy for 2024/25 as set out at Appendix 2 to this report.

Reasons

1. To provide the opportunity for consultation on the General Fund and HRA budgets for the 2024/25 financial year.

Policy Justification

The Council's Budgets are fundamental to the delivery of all services and underpins all Corporate Plan objectives.

Implementation Timetable including Future Decisions and Scrutiny

Cabinet is asked to endorse the Budget proposals contained in and appended to this report as a basis for consultation. These proposals will be subject to consultation over the period from 15<sup>th</sup> December 2023 to 14<sup>th</sup> January 2024. Both the Scrutiny Commission and the Budget Scrutiny Panel will have the opportunity to scrutinise this report before it is presented to Cabinet.

As set out in Part B, the nature of the 'Provisional Settlement' -which will determine the level of Government funding that the Council will receive - Updates will be provided to Scrutiny on the Settlement as and when it is published by Government.

It may be noted that the Scrutiny Commission will also have the opportunity to scrutinise the final report to Cabinet on 8<sup>th</sup> February 2024. In addition, consultation will be undertaken with:

- Trade Unions
- Local Businesses and Commercial Ratepayers

- Key partners, including town and parish councils.
- Loughborough Area Committee, re the Loughborough special expenses budget

Proposals on the General Fund and HRA Budgets and Council Tax will return to Cabinet on 8<sup>th</sup> February 2024 for recommendation to Council on 26<sup>th</sup> February 2024.

### Report Implications

The following implications have been identified for this report.

### **Financial Implications**

There are no direct financial implications from approving this report for consultation. However, if the final report is approved then there will be financial implications for the Council, and these are set out in Part B of this report.

### **Risk Management**

Risks identified in respect of the Draft Original Budget are tabulated below:

| <i>Risk Identified</i>   | <i>Likelihood</i> | <i>Impact</i> | <i>Overall</i>  | <i>Risk Management actions</i>   |
|--|-------------------|---------------|-----------------|--|
| Failure to take account of the spending plans of the Council.          | Unlikely<br>(2)   | Minor<br>(1)  | Very Low<br>(2) | Robust budget planning and Budget Monitoring process are in place.   |
| Further exceptional spending being required during the financial year. | Likely<br>(3)     | Major<br>(3)  | Moderate<br>(9) | It is considered that the Working Balance reserve (and other revenue reserves) remain sufficient to manage normal and one-off events for 2024/25 |

### **Equality and Diversity**

There are no specific Equalities and Diversity issues affecting the recommendation in this report, although any such issues affecting particular service pressures and savings will be considered prior to proposals being implemented.

Key Decision: No

Background Papers: None

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## Part B

### Background and context

The general economic background and outlook for local government funding in the autumn of 2023 (when this report was drafted), can be considered a continuation of pre-existing trends and conditions.

Although falling, inflation remains well over the Bank of England's two percent target rate, interest rates are at levels not seen for fifteen years, economic growth forecasts are anaemic, and cost of living challenges remain for many residents of the UK.

Once again, the Council is faced with a single year financial settlement, aligning to the last year of the Comprehensive Spending Review (CSR) period, which combined with the forthcoming general election (due by January 2025 at latest) severely restricts the Council's ability to make robust forecasts and plans for financial sustainability in the medium or longer term. The settlement for the 2024/25 financial year is predicted as relatively benign overall, in that some increase in spending power in cash terms is likely, but whether funding increases offset inflation to the extent that spending power increases in real terms is very much a moot point.

Whilst a reasonable idea as to the overall local government settlement for 2024/25 can be discerned from the Chancellor's recent (November 2023) Autumn Statement, the Council will not have a clear idea as to its individual settlement until the 'Provisional Financial Settlement' is circulated; this is expected in mid-December, prior to the Christmas holidays. It has therefore been necessary to prepare this draft budget in advance of the detailed financial settlement based on estimated government grant funding and business rate retention parameters, in order to meet the Council's standard reporting guidelines and allow for an appropriate period of consultation on the budget proposals.

**The potential shortfall between the estimated, and the as yet unknown at time of drafting actual, financial settlement is a key risk within the budget numbers presented.**

Looking forward, analysis of public finances and the recent Autumn Statement suggest a very gloomy outlook for local government financial settlements in the next CSR period. The recent spate of local authority 'Section 114' notices – where a Council effectively declares itself bankrupt – has led some commentators to suggest that the restricted future funding of local authorities implied by the Autumn Statement is unsustainable. Given the proximity of the next general election however, and the reality that future settlements will be the responsibility of the next government, it is very difficult to look beyond the 2024/25 financial year with any degree of confidence.

The background and context for local government finance, and the Council specifically, will be considered in more detail within the Medium Term Financial Outlook, due for publication and approval at Cabinet and then Council in February 2024.

As noted previously, at the time of drafting, key information around the 'Provisional Financial Settlement' - which provides the detail of the government funding that the Council will receive - is not available. This information will likely be released immediately preceding the Christmas holidays and any significant differences between the actual award and estimates set out in this report will be reflected in the final budget due for presentation to Cabinet, and then Council, in February 2024.

### **Scope of the budget**

The budget incorporates both the General Fund and Housing Revenue Account.

### **Approach to budget setting**

The approach to setting the 2024/25 budget has been to recognise the structural financial deficit outlined in extant and previous versions of the Medium Term Financial Strategy but have regard to the uncertainty surrounding those projections and the desire to maintain and enhance the Council's portfolio of services as far as possible. This is particularly in respect of the climate change agenda, and in enabling the offer of support to communities in response to the cost of living crisis. The general approach is therefore to reduce the reliance on reserves on a year by year basis and move toward financial sustainability across the life of the 2023 – 2027 Council.

In this draft budget the Council has been able to recognise funding contributions from the Leicester and Leicestershire Business Rates Pool which has enabled the use of reserves to be minimised. In particular, it may be noted that no use of the General Fund Working Balance is proposed within the 2024/25 financial year.

This draft budget may fairly be regarded as 'Part One' of the budget setting process given that government funding remains, a major unknown, in the absence of the Provisional Financial Settlement information.

### **Features of the budget**

Salient features of the draft budget include:

- **Use of General Fund Working Balance:** no use of the Working Balance is projected within the draft budget; this would leave the Working Balance at £5.4m at 31 March 2025, well above the £2.5m minimum level currently assessed by the Section 151 officer
- **Council tax:** the general Borough council tax increase is restricted to three percent; this increase is below the rate previously allowed under the historical 'capping rules' which are expected continue into 2024/25
- **Loughborough Special Expenses:** the Loughborough Special Expenses council tax increase is to be set at 1.99%, in line with previous years.
- **Community grants:** A £100,000 grants pot is to be created to enable community groups working with residents struggling with the cost of living, £25,000 of which is to be specifically allocated to the Citizens Advice Bureau

- **Garden waste collection charges:** the charge for garden waste collections is to be frozen for 2024/25

With respect to the Housing Revenue Account (HRA):

- The budget assumes a **'break even' position.**
- **Investment in stock:** some £7.2m within the HRA is earmarked for investment in the housing stock; £4.3m arising from the depreciation charge and a specific allocation of £2.9m
- **Rent increases:** rentals are planned to increase by CPI+1% in accordance with national guidelines; this equates to a 7.7% increase, although around three-quarters of tenants will be insulated from this increase due to Housing Benefit and Universal Credit payments.
- **Reserves:** the HRA reserve will be maintained at £110 per house in line with historical precedent whilst the HRA financing fund, available for both investment in the stock or repayment of HRA debt, will be maintained at above £13m

Further detail of the HRA is set out in subsequent paragraphs and tabulated at Table 3.

#### *General Fund savings and pressures*

Senior officers have developed a portfolio of options for change for additional income generation and cost savings over a range of Council activities. The total potential savings from this portfolio exceeds £1m with the view that £0.4m can be implemented and realisable within the 2024/25 financial year.

Options for change under consideration include a review of the Council's car parking provision, digitisation of billing processes, asset utilisation (particularly the Council's own office accommodation) and service reviews across a number of identified services.

In common with public and private sector organisations of all types, the Council has suffered from cost inflation and loss of income streams that can be attributed to economic conditions.

Pressures include:

- Pay award – as yet undetermined for 2024/25 but budgeted to add £0.75m to the pay bill
- Additional costs within financial services relating to External Audit fees (increased by 151%) and additional vendor ICT charges of £0.1m
- Loss of rental incomes relating to the retrenchment of the County Council from Council offices; approximately £0.1m per annum
- Reduced management fees from our leisure provider

Further detail of savings and pressures are tabulated at appendix 1

## Business Rate Pool receipts

The Leicester and Leicestershire Business Rates Pool (BRP) arrangement allows business rates that would otherwise have been remitted to central government to be retained in Leicestershire. The County and City Councils, and all Leicestershire Districts are party to this arrangement.

Historically, disbursement of BRP receipts has been undertaken by the Leicester & Leicestershire Economic Partnership (LLEP) but the cessation of this body has resulted in an agreement that BRP receipts will be distributed directly to participating local authorities for the purpose of revenue or capital expenditure under the broad heading of 'economic priorities'.

It is fair to say that the negotiation process to agree the distribution amongst individual local authorities was somewhat extended, but agreement has been reached in respect of the 2020/21 and 2021/22 BRP receipts and £1.3m being the Council share of these has been received. Additionally, a sum in respect of 2022/23 – estimated at £0.4m - should be received by the end of the 2023/24 financial year. This has enabled the Council to support the budget for 2024/25 and future years as tabulated below showing the planned use of reserves.

TABLE 1: USE OF BUSINESS RATE POOL RESERVE

| Business Rates Pool Reserve    | 2022/23<br>£'000 | 2023/24<br>£'000 | 2024/25<br>£'000 | 2025/26<br>£'000 |
|--------------------------------|------------------|------------------|------------------|------------------|
| Balance B/f                    | 0                | 72               | (1,496)          | (505)            |
| Monies received*               | 0                | (1,302)          | 0                | 0                |
| Estimated 2022/23              | 0                | (400)            | 0                | 0                |
| Economic Development resources | 72               | 135              | 141              | 78               |
| Contribution to Capital Plan   | 0                | 0                | 850              | 0                |
| Balance C/f                    | 72               | (1,496)          | (505)            | (427)            |
|                                |                  |                  |                  |                  |

\*2020/21 and 2021/22

It may be noted that much of the reserve carried forward and available for future years has been earmarked to support the Council's economic development and regeneration functions.

## Principal budgetary risks

There are number of risks and issues that can impact on the budget as set out. These include:

- **Grant funding** allocated within the Provisional Financial Settlement falling short of amounts estimated within the budget
- Material **shortfall in significant income streams** such as planning fees or garden waste income
- Service demand – **homelessness** provision is a particular risk

- **Supported living** – rent increases by charitable organisations offering supported living services that do not operate under the auspices of a Registered Provider may result in significant additional losses in unrecoverable housing benefit payments

A more detailed discussion of risk will be included in the Medium Term Financial Outlook report which will be published for the respective Cabinet and Council meetings in February 2024.

### **Report of the Chief Financial Officer ('Section 25' report)**

#### *Note only – Draft budget*

The Local Government Act 2003 (Section 25) requires that when a local authority is agreeing its annual budget and precept, the Chief Finance Officer must report to it on the following matters:

- The robustness of the estimates made for the purposes of the calculations
- The adequacy of the proposed financial reserves.

The authority must have due regard to the report when making decisions on the budget and precept.

The report of the Chief Financial Officer will be included within the final budget following the consultation period and receipt of key details within the Provisional Financial Settlement. However, it is envisaged that the Chief Financial Officer will be able to conclude positively on the robustness of estimates and the adequacy of financial reserves.

## Draft General Fund budget 2024/25

The summary draft General Fund budget for 2024/25 is set out at Table 2, below.

**TABLE 2A: DRAFT GENERAL FUND BUDGET 2024/25**

| <b>Actual<br/>2022/23</b> | <b>General Fund Budget Summary</b>               | <b>Original<br/>Budget<br/>2023/24</b> | <b>Draft<br/>Budget<br/>2024/25</b> | <b>Variance<br/>2023/24 v<br/>2024/25</b> |
|---------------------------|--|--|-------------------------------------|---|
| <b>£000</b>               |  | <b>£000</b>                            | <b>£000</b>                         | <b>£000</b>                               |
| 18,829                    | Net General Fund Service Expenditure             | 19,220                                 | 21,627                              | (2,407)                                   |
| 0                         | Less MRP & Interest & Commercial Reserve         | (929)                                  | 0                                   | (929)                                     |
| 0                         | Net Options for Change (Saving)/Pressure         | 0                                      | (366)                               | 366                                       |
| 0                         | Service Savings (Ongoing)                        | (417)                                  | (124)                               | (293)                                     |
| 0                         | Service Savings (One-off)                        | 0                                      | (72)                                | 72  |
| 0                         | Community Grants                                 | 0                                      | 100                                 | (100)                                     |
| 0                         | Service Pressures (Ongoing)                      | 1,931                                  | 309                                 | 1,622                                     |
| 0                         | Service Pressures (One-off)                      | 579                                    | 122                                 | 456                                       |
| <b>18,829</b>             | <b>Net Service Expenditure</b>                   | <b>20,383</b>                          | <b>21,597</b>                       | <b>(1,214)</b>                            |
| 85                        | Revenue Contributions to Capital                 | 0                                      | 0                                   | 0   |
| 1,302                     | EZ LLEP Contribution                             | 0                                      | 0                                   | 0   |
| 0                         | MRP Charge                                       | 604                                    | 611                                 | (7)                                       |
| 280                       | Interest Paid                                    | 230                                    | 58                                  | 173                                       |
| (1,076)                   | Less: Interest on Balances                       | (1,500)                                | (1,300)                             | (200)                                     |
| <b>19,420</b>             | <b>Total Borough Expenditure</b>                 | <b>19,717</b>                          | <b>20,965</b>                       | <b>(1,248)</b>                            |
| 5                         | Contribution (from)/to Reinvestment Reserve      | 500                                    | 274                                 | 227                                       |
| 77                        | Contribution (from)/to Working Balance           | (1,297)                                | 1                                   | (1,297)                                   |
| 0                         | Contribution (from)/to Business Rates Pool       | 0                                      | (141)                               | 141                                       |
| 122                       | Contribution (from)/to Collection Fund           | 0                                      | 0                                   | 0   |
| (35)                      | Contribution (from)/to Capital Plan Reserve      | 0                                      | (850)                               | 850                                       |
| 200                       | Contribution (from)/to Commercialisation Reserve | 325                                    | 26                                  | 299                                       |
| (142)                     | Contribution (from)/to Other Reserves            | 0                                      | 0                                   | 0   |
| 0                         | Contribution (from)/to Growth Support Fund       | 0                                      | 0                                   | 0   |
| <b>19,647</b>             | <b>Precept Requirement</b>                       | <b>19,245</b>                          | <b>20,274</b>                       | <b>(1,029)</b>                            |
| 174                       | Revenue Support Grant                            | 329                                    | 353                                 | (24)                                      |
| 6,604                     | NNDR   | 6,400                                  | 6,800                               | (400)                                     |
| 0                         | Funding Guarantee                                | 0                                      | 3,000                               | (3,000)                                   |
| 7,981                     | Council Tax Receipts                             | 8,314                                  | 8,711                               | (397)                                     |
| 1,346                     | Loughborough Special Levy                        | 1,367                                  | 1,410                               | (43)                                      |
| 1,631                     | New Homes Bonus                                  | 373                                    | 0                                   | 373                                       |
| 0                         | Lower Tier Services Grant/Tranche 5 one off      | 0                                      | 0                                   | 0   |
| 1,790                     | General Government Grants                        | 2,462                                  | 0                                   | 2,462                                     |
| 122                       | Collection Fund Surplus/(Deficit)                | 0                                      | 0                                   | 0   |
| <b>19,647</b>             | <b>Precept Income</b>                            | <b>19,245</b>                          | <b>20,274</b>                       | <b>(1,029)</b>                            |



**TABLE 2B: DRAFT GENERAL FUND BUDGET 2024/25 – Revenue Balances**

| <b>Actual<br/>2022/23</b> | <b>Revenue Balances</b>                          | <b>Final<br/>Budget<br/>2023/24</b> | <b>Draft<br/>Budget<br/>2024/25</b> | <b>Variance<br/>2023/24 v<br/>2024/25</b> |
|---------------------------|--|-------------------------------------|-------------------------------------|---|
| <b>£000</b>               |  | <b>£000</b>                         | <b>£000</b>                         | <b>£000</b>                               |
| (6,567)                   | <b>Working Balance at 1 April</b>                | (6,211)                             | (6,766)                             | 555                                       |
| 0                         | Use of reserve committed in 2023/24              | 0                                   | 1,295                               | (1,295)                                   |
| (199)                     | Transfer (from)/to General Fund                  | 1,297                               | (1)                                 | 1,297                                     |
| 0                         | Transfer (from)/to Reinvestment Reserve          | 500                                 | 0                                   | 500                                       |
| <b>(6,766)</b>            | <b>Balance at 31 March</b>                       | <b>(4,414)</b>                      | <b>(5,472)</b>                      | <b>1,057</b>                              |
| (495)                     | <b>Reinvestment Reserve Balance at 1 April</b>   | (328)                               | (500)                               | 172                                       |
| 0                         | Allocated balance                                | 328                                 | 418                                 | (90)                                      |
| (5)                       | Transfer (from)/to General Fund (Cap Plan Rs??)  | (500)                               | (274)                               | (227)                                     |
| <b>(500)</b>              | <b>Balance at 31 March</b>                       | <b>(500)</b>                        | <b>(356)</b>                        | <b>(144)</b>                              |
| (1,909)                   | <b>Capital Plan Reserve Balance at 1 April</b>   | (1,695)                             | (1,874)                             | 179                                       |
| 0                         | Contribution (from)/to Business Rates Pool       | 0                                   | (850)                               | 850                                       |
| 35                        | Transfer (from)/to General Fund                  | 0                                   | 850                                 | (850)                                     |
| <b>(1,874)</b>            | <b>Balance at 31 March</b>                       | <b>(1,695)</b>                      | <b>(1,874)</b>                      | <b>179</b>                                |
| (3,051)                   | <b>NDR Deficit COVID Reserve at 1 April</b>      | (3,052)                             | (1,477)                             | (1,575)                                   |
| 1,574                     | Funding of NDR COVID Deficit                     | 3,052                               |                                     | 3,052                                     |
| <b>(1,477)</b>            | <b>Balance at 31 March</b>                       | <b>0</b>                            | <b>(1,477)</b>                      | <b>1,477</b>                              |
| 0                         | <b>Business Rates Pool Reserve at 1 April</b>    | 0                                   | 0                                   | 0   |
| 0                         | Monies received in year                          | 0                                   | (1,702)                             | 1,702                                     |
| 0                         | Use of reserve – as table 1                      | 0                                   | 347                                 | (347)                                     |
| 0                         | Transfer (from)/to Capital Plan reserve          | 0                                   | 850                                 | (850)                                     |
| 0                         | <b>Balance at 31 March</b>                       | 0                                   | (505)                               | (850)                                     |
| (3,344)                   | <b>Other Revenue Reserve Balances at 1 April</b> | (3,343)                             | (3,403)                             | 60  |
| (59)                      | Transfer (from)/to General Fund                  | (325)                               | (26)                                | (299)                                     |
| <b>(3,403)</b>            | <b>Balance at 31 March</b>                       | <b>(3,668)</b>                      | <b>(3,429)</b>                      | <b>(239)</b>                              |
|                           |  |                                     |                                     |   |
| <b>(14,020)</b>           | <b>TOTAL BALANCES</b>                            | <b>(10,277)</b>                     | <b>(13,111)</b>                     | <b>2,434</b>                              |
|                           |  |                                     |                                     |   |

## **Loughborough Special Expenses**

The proposed increase to the Loughborough Special Levy is 1.99% to a rate of £82.72 per band D property (2023/24: £81.11).

It should be noted that costs within Loughborough Special Expenses sit within the overall General Fund Working Balance. The Loughborough Special Expenses budget was due for presentation to the Loughborough Area Committee on 6 December 2023.

The budget and movement of the budgets from 2023/24 to 2024/25 are provided at Appendix 2 (table 1 and 2) to this report.

## **General Fund reserves and balances**

### *Working balance*

It is a requirement to ensure that the level of balances is appropriate for the Council's commitments and current level of expenditure. The recommended minimum working balance set by the Section 151 Officer is £2.5m, representing six weeks net expenditure, in line with good practice. The draft original budget balance on this fund at the end of March 2025 is projected at £5.4m.

### *Reinvestment Reserve*

This is used for three purposes, these being:

- For items that produce a payback to the Council.
- To fund costs that lead to appreciable service improvements.
- To fund one-off costs.

It is planned that this reserve receive a 'top-up' of £0.3m for 2024/25

### *Capital Plan Reserve*

This revenue reserve is earmarked to finance General Fund capital expenditure, although there are no restrictions on this reserve, and it can be used for revenue purposes. This reserve is forecast at £1.9m at 31 March 2025.

### *Business Rate Pool reserve*

This is a new reserve set up from the BRP distributions. Further detail was set out previously and at Table 1 and Table 3a of this report.

### *Other Earmarked Revenue Reserves*

There are nineteen other Earmarked Reserves which may be used in line with the purpose of the reserve fund or for general purposes.

**TABLE 3: DRAFT – PROJECTED GENERAL FUND RESERVES AND BALANCES**

| <b>Reserve Balances</b>       | <b>Balance as at<br/>1st April 2024</b> | <b>Used or<br/>Transferred to<br/>Other Reserves<br/>in 2024/25</b> | <b>Balance as at<br/>31st March 2025</b> |
|-------------------------------|---|---|--|
|                               | <b>£'000</b>                            | <b>£'000</b>  | <b>£'000</b>                             |
| Working Balance               | 6,766                                   | (1,295)   | 5,471                                    |
| Reinvestment Reserve          | 500                                     | (144)   | 356                                      |
| Capital Plan Reserve          | 1,874                                   | 0   | 1,874                                    |
| NDR Reserves                  | 1,477                                   | 0   | 1,477                                    |
| Business Rates Pool Reserve   | 0                                       | 505   | 505                                      |
| Earmarked Reserves            | 3,402                                   | 26  | 3,428                                    |
| <b>Total Revenue Reserves</b> | <b>14,019</b>                           | <b>(908)</b>  | <b>13,111</b>                            |
|                               |   |   |  |

## **Housing Revenue Account (HRA)**

The draft original budget position for 2024/25 is breakeven. The 2024/25 budget funds the capital programme through a contribution of £2.9m Revenue Contribution to HRA Capital and the Major Repairs Reserve through a £4.3m Depreciation Charge. There are Service pressures of £0.8m which are £0.4m inflationary pressures (Appendix 3 - Table 1) and ongoing additions of £0.4m (Table 4).

Rents have been increased by CPI+1% in accordance with national guidelines which is a 7.7% increase. The rent increase will be covered by Housing benefit and Universal Credit, subject to benefit eligibility. There are approximately 1,344 tenants (as on 21 November 2023) thought not to be in receipt of these benefits.

### **HRA balances (reserves)**

#### *Principal HRA reserve*

The Section 151 Officer recommends a minimum level of working balances for the HRA of £110 per property. There are 5,428 properties anticipated on 31st March 2025 (anticipating 22 right to buy sales); working balances have been adjusted to reflect this projection at £0.6m (precisely £597,000).

#### *HRA Financing Fund*

The HRA Financing Fund was set up to set aside monies to cover future HRA expenditure. Cabinet have approved a facility whereby a further £0.5m can be drawn down from the Financing Fund each year. (Recommendation 2 - Landlord Services Capacity - 1 June 2023). The budget as presented excludes this additional £0.5m which is held in reserve until required. The anticipated balance of the HRA Financing Fund on 31 March 2025 is £13.8m although this will reduce to £13.3m if it is drawn down during 2024/25.

#### *Major Repairs Reserve*

The Major Repairs Reserve is a statutory fund and can only be used to finance capital expenditure and debt repayment. The anticipated balance on 31 March 2025 is zero. This is because the anticipated brought forward balance of £4.5m will be used to fund the 2024/25 capital programme alongside a £1m loan payment to the Public Works Loan Board. This is the first of the loans maturing from the £79m self-financing settlement of 2012.

The HRA draft Capital Programme for 2024/25 is £13.3m. This is fully funded from Depreciation £4.3m, HRA Revenue contribution to Capital (RCCO) £2.9m, and the HRA financing fund £2.2m, the Major Repairs Reserve £3.5m and £0.4m from 1-for-1 capital receipts (HRA Right to buy sales).

Total HRA balances at 31 March 2025 is anticipated to be £14.4m.

**TABLE 4: DRAFT HRA BUDGET 2024/25**

| 2022/23<br>Actual        | Housing Revenue Account                             | 2023/24<br>Original<br>Budget | 2024/25<br>Original<br>Budget |
|--------------------------|---|-------------------------------|-------------------------------|
| £000                     |   | £000                          | £000                          |
|                          | <b>Expenditure</b>                                  |                               |                               |
| 6,052                    | Supervision and Management                          | 6,512                         | 7,118                         |
| 7,626                    | Repairs and Maintenance                             | 7,429                         | 8,385                         |
| 505                      | Rents, Rates and Other Charges                      | 291                           | 408                           |
| 13                       | Provision for Bad Debts & Other Charges             | 118                           | 333                           |
| 3,991                    | Depreciation  | 3,942                         | 4,278                         |
| (331)                    | Net Revaluation non-current assets<br>increase      | 0                             | 0                             |
| 22                       | Debt Management Expenses                            | 16                            | 22                            |
| 17,878                   | <b>Expenditure Sub-total</b>                        | 18,308                        | 20,544                        |
|                          | <b>Income</b>                                       |                               |                               |
| (21,001)                 | Dwelling Rent Income                                | (22,711)                      | (24,582)                      |
| (398)                    | Shops, Land and Garages Rent                        | (402)                         | (387)                         |
| (47)                     | Warden Service Charges                              | (49)                          | (53)                          |
| (316)                    | Central Heating, Cleaning and Communal<br>Charges   | (328)                         | (361)                         |
| (198)                    | Leasehold Flat and Shop Service<br>Charges          | (160)                         | (198)                         |
| (24)                     | Hostel Service Charges                              | (23)                          | (25)                          |
| (8)                      | Council Tax Recharged                               | (8)                           | (8)                           |
| (21,992)                 | <b>Income Sub-Total</b>                             | (23,681)                      | (25,614)                      |
| (4,114)                  | <b>Net (income)/Cost of service</b>                 | (5,373)                       | (5,070)                       |
| (80)                     | Transfer from General Fund – Grounds<br>Maintenance | (90)                          | (97)                          |
| 2,737                    | Interest Payable                                    | 2,738                         | 2,737                         |
| (501)                    | Investment Income and Mortgage Interest             | (506)                         | (517)                         |
| (1,958)                  | <b>Net Operating Expenditure/(Income)</b>           | (3,231)                       | (2,947)                       |
| 0                        | Revenue Contribution to Capital                     | 3,231                         | 2,947                         |
| (605)                    | Pension Adjustment                                  | 0                             | 0                             |
| 18                       | Accumulated Absence Adjustment                      | 0                             | 0                             |
| 331                      | Reversal of Gain on Revaluation                     | 0                             | 0                             |
| (256)                    | Appropriations                                      | 3,231                         | 2,947                         |
|                          |   |                               |                               |
| <b>(2,214)</b>           | <b>(Surplus)/Deficit for the year</b>               | <b>0</b>                      | <b>0</b>                      |
|                          |   |                               |                               |
| <b>HRA<br/>Balances:</b> |   |                               |                               |
| (606)                    | <b>HRA Balance at beginning of year</b>             | (603)                         | (598)                         |
| (2,214)                  | (Surplus)/Deficit for the year                      | 0                             | 0                             |
| 2,217                    | Transfer to/from Reserves                           | (882)                         | 1                             |
| 0                        | Adjustments to 2023/24 Budget                       | 887                           | 0                             |
| <b>(603)</b>             | <b>HRA Balance at end of year</b>                   | <b>(598)</b>                  | <b>(597)</b>                  |
| (14,576)                 | <b>HRA Financing Fund beginning of year</b>         | (16,793)                      | (15,911)                      |
| (2,217)                  | Transfer to/from Reserves                           | 882                           | 1                             |
| 0                        | Revenue Contribution to Capital                     | 0                             | 2,151                         |
| <b>(16,793)</b>          | <b>HRA Financing Fund at end of year</b>            | <b>(15,911)</b>               | <b>(13,759)</b>               |
|                          |   |                               |                               |
| <b>(4,475)</b>           | <b>Major Repairs Reserve at end of year</b>         | <b>(4,475)</b>                | <b>0</b>                      |
|                          |   |                               |                               |
| <b>(21,871)</b>          | <b>Overall HRA balances end of the year</b>         | <b>(20,984)</b>               | <b>(14,356)</b>               |
|                          |   |                               |                               |

## Appendices

Appendix 1 - General Fund Pressures and Savings

Appendix 2 - Loughborough Special Expense budget 2024/25

Appendix 3 - Housing Revenue Account Pressures and Savings