Part I
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All Wards

WELWYN HATFIELD BOROUGH COUNCIL
CABINET – 8 OCTOBER 2024
REPORT OF THE EXECUTIVE DIRECTOR (FINANCE AND TRANSFORMATION)

Review of the Medium-Term Financial Strategy

1 Executive Summary

1.1 The Council's Medium-Term Financial Strategy (MTFS) 2024/25 – 2027/28 was approved by Cabinet in January 2024 and it was subsequently approved by Full Council in February 2024. This report summarises the review of the MTFS at the opening stage of the 2025/26 Budget Setting process.

1.2 Since the MTFS was set, the council has closed its accounts for 2023/24, and resulted in a net decrease in General Fund balances of £14k.

1.3 Despite the ongoing pressures of the pandemic on our discretionary services and the cost-of-living crisis, the Council started 2024/25 in a strong financial position with general revenue reserves of £6.77m, which is a direct result of robust financial management and our excellent record in achieving efficiency savings. The last Peer Review report also commented positively on how the council has managed our finances and that the Council is in a strong financial position and has a proven track record of delivering savings.

1.4 When the last MTFS was approved by Full Council, savings of £2.04m were required to close the budget gap in 2025/26 and at the time the Council needed to find another £1.89m of efficiency savings to close the indicative budget gap in 2026/27, a total of £3.9m over the next two years, rising to a cumulative £5.70m by 2027/283. This equated to around 39.1% of the current net cost of services for the council.

1.5 Work is continuing on the transformation programme to ensure that we can deliver effective and efficient services that meet people's needs. Cashable savings from the programme will continue to be built into the budget setting process going forward.

1.6 The HRA also remains in a strong position with reserves at the start of 2024/25 amounting to £2.95m. There are ongoing concerns that collection levels may be impacted by increased costs of living such as utilities, although so far collections have remained strong.

1.7 The local government financial position remains extremely unclear beyond the current year, and it is becoming more likely that we will see a one-year settlement, which does not support the council in longer term planning. The government has however given a commitment to longer term settlements.

1.8 Due to the unprecedented times and challenges the council is facing (with increasing utilities costs, high levels of inflation and wage pressures), a scenario-based approach has been taken to the financial forecasts to highlight some of the key risks in inflationary forecasts and uncertainties faced on funding and other matters.

1.9 There are some areas of substantial increases in costs since this time, including homelessness, benefits, and risks around service based grants, mean the forecasts have changed significantly since February.

1.10 This report sets out the broad principles and objectives for setting the next Budget and also examining the key issues and pressures facing the Council in the medium term.

1.11 It should be noted that while the Council has been proactive in identifying savings required for future years, and the council's transformation agenda will play a central part to ensure our financial sustainability going forward, there are significant budget gaps to close and the coming year will be extremely challenging.

1.12 In addition, as part of the approval of the MTFS in February 2024, a reserves strategy was put in place to smooth the impact of reductions in funding. The council will not be able to rely on government funding changes to balance the budget as it has done previously, with further details set out in 3.2.40 of this report.

1.13 It is highly likely that difficult decisions will need to be made in this round of budget setting.

2 Recommendation(s)

2.1 Cabinet is asked to note the contents of this report and to approve the principles to be adopted for the 2025/26 budget setting process as highlighted in section 3.3.6, in particular the 2025/26 budget setting process should focus on closing the indicative budget gap.

2.2 That Cabinet agrees to give delegated authority to the Executive Director (Finance and Transformation), in consultation with the Executive Member for Resources, to submit an application for the 2025/26 Business Rates Pooling arrangement for Hertfordshire, if after full consideration, there is a financial case for doing so.

3 Explanation

3.1 Financial Position (approved by Full Council in February 2024)

3.1.1 The Medium-Term Financial Strategy (MTFS) approved by the Council in February 2024 showed that the Council delivered a balanced budget, with a small planned use of reserves for 2024/25 but that the Council had significantly challenging savings targets to meet over the next three years.

3.1.2 Table 1 below summarises the indicative budget gap in the MTFS agreed by Full Council in February 2024:

	2023/24 £'000	2024/25 £'000	2025/26 £'000	2026/27 £'000
Cost of Services*	14,592	15,617	14,526	13,709
Other Income and Expenditure	(14,592)	(13,577)	(12,641)	(11,929)
Planned use of general reserves	(10)	(900)	(800)	0
Budget gap (single year)	**0**	**2,040**	**1,885**	**1,779**
Budget gap (cumulative)		**2,040**	**3,924**	**5,704**

* Cost of services assumes previous years savings target has been met

3.2 Changes in Budget Assumptions since February 2024 and funding updates / assumptions

Utilities

3.2.1 An increase was included in the 2023/24 budget, following the substantial increases being seen in the cost of utilities and fuel. This was highlighted as a key risk factor in the budget setting process, as the market has been extremely volatile.

3.2.2 As part of the 2024/25 budget, a reduction on these budgets was made following reductions in market pricing.

3.2.3 We have since seen further favourable reduction in the utility prices, and for the current year we are forecasting around £500k saving against the budgeted expenditure. This reduction has been included in the revised medium-term forecasts, but this reduction still does not return budgets to pre-pandemic levels.

Benefits Subsidy

3.2.4 There has been a substantial increase in losses associated with the councils benefits subsidy losses. This is primarily driven by higher demands on temporary accommodation, and supported accommodation in the borough.

3.2.5 An officer group has been set up to look at these pressures to identify if there are ways to mitigate some of these costs, for example through the purchase of additional properties from the open market to utilise instead of private sector housing. Update on this will be provided to this through the budget process.

Homelessness & Grant funding

3.2.6 In addition to the subsidy losses associated with the benefits payable for temporary accommodation, there are direct costs in the form of salaries and private leases which fall to the housing options team. Historically this has been funded by additional grant receipts from the government. No commitment was given to funding after 2024/25, so some growth assumptions have been included in the MFTS.

3.2.7 Officers will need to consider the requirements moving forwards and present a business case for options as part of the budget setting process. Should further funding be announced, the proposals should set out recommendations for how this would best be used to ensure service demand is met in the most cost effective way.

Savings not fully delivered / risks

3.2.8 Crematorium income – As identified in the monitoring reports, the income targets for the crematorium have not been achieved. Additional marketing work is ongoing, specific community groups have been contacted, and additional work is ongoing with funeral directors. A net reduction to income has been included in the MTFS of £400k.

3.2.9 A number of smaller savings included in the budget have not yet been achieved, however these are delays to implementation, rather than not meeting the savings on an ongoing basis. As such these have not been included in the medium term forecasts, but will be kept under close review.

Spending Review (SR)

3.2.10 Due to the timing of the election of a new Government, it is highly unlikely that this year will include a longer-term spending review, and will focus on 2025/26 only, while the government works towards the longer term settlements.

3.2.11 Whilst it is generally accepted there is not time for a fuller review, Councils have been lobbying for as minimum some clear policy direction (for example indicative council tax referendum limits for future years) to assist with forecast and financial planning.

Fair Funding Review (FFR)

3.2.12 The previous Government had indicated their desire to review the funding baseline for local authorities and the fair funding review was due to be implemented in 2021/22. This was delayed, and the new government has not as yet, given any indication on whether this will be abandoned or they will proceed with it. If it were to proceed, it is more likely to form part of a multiyear settlement, so would unlikely be implemented before 2026/27.

Reforming Business Rates Retention (RBRR)

3.2.13 The previous Government had consulted in the past few years on the reform of the business rates retention system and how the 75% business rates retention system should look like.

3.2.14 The reform looked at several of the key factors, such as the frequency at which the system should be ‘reset’, the level at which safety net is set, and the apportionment of income between preceptors. During 2019, it was announced that the reform of the business rates retention system would be deferred to 2021/22.

3.2.15 However, the previous government then announced that the 75% business rates retention system would not be implemented in 2021/22 and was then delayed until at least 2023/24.

3.2.16 For 2023/24, the government then confirmed a business rates reset would not take place for 2023/24 or 2024/25, which does indicate that a change to the overall system is unlikely during this period also.

3.2.17 The new Government has only been in for a short time and there is no clear indication of whether this will still take place, or if it does, when it would take place.

3.2.18 Welwyn Hatfield Borough Council was not in a Business Rates Pool in 2023/24 or 2024/25. It is unknown at this stage if pooling will be undertaken in 2025/26 and if it does whether the council would be included.

3.2.19 Based on previous government announcements, the MTFS includes assumptions that a reset will take place in 2025/26 and includes an assumption for a one year transitional protection grant of £600k in that year.

3.2.20 Welwyn Hatfield experienced a relatively high business rates growth in the past few years, prior to COVID-19. It was expected that the business rates baseline would increase in the event of a reset, meaning that it will be harder to achieve a higher business rates growth in the future, other things being equal. This will mean that the amount of business rates retained locally is likely to be reduced should the baseline be revised upwards.

New Homes Bonus Reform and Other Government Grants

3.2.21 The MTFS assumes the last year of legacy payments associated with prior years was in 2024/25, and that there is no further funding from 2025/26.

3.2.22 An additional funding guarantee grant was provided to councils in 2024/25. No commitment was made to continue paying this, and the assumption has been made that this funding will cease in 2025/26.

Council Tax Referendum Limits

3.2.23 The 2024/25 Council Tax Referendum Limits for district councils were set at the higher of £5 or 3%. It is unknown at this stage what the referendum limits would be for future years, but our MTFS currently assumes a £5 council tax increase for 2025/26, and 2% per annum for 2026/27 and 2027/28.

Pay Award

3.2.24 The council forms part of the National Joint Council (NJC) pay agreement. The pay award for the current year has not been settled yet and will remain an uncertain position until an agreement is reached nationally.

3.2.25 The latest offer by employers for 2022/23 was £1,290 per employee to spinal point 43, and between spinal point 43 and chief officer grade, a rise of 2.5%. This would add a pressure of £29k to the general fund if it were accepted. Unions have rejected this offer and are balloting their members on strike action. On the basis that the award is highly unlikely to be less than this, a further pressure of £29k has been added to the MTFS.

3.2.26 National changes to living wage, and any further changes to local government pay scales agreed nationally (such as the removal of lower bands) may also impact on the council.

Current Forecasts

3.2.27 Based on the factors above the latest medium-term forecast has been updated and the revised position is shown below.

3.2.28 These forecasts illustrate three levels of budget gap - a standard approach, an upside risk and a downside risk.

3.2.29 The Standard approach considered the usual approach to inflation forecasts, such as using the Office for Budgetary Responsibility forecasts for CPI, RPI and RPIX.

3.2.30 For each aspect of uncertainties faced, such as utilities, inflation, wages, funding and other factors, an upside risk scenario has been undertaken which shows what would happen if increases were not as high as the standard forecast position. The downside risk scenario shows a potential position if inflation and increases are higher than the standard position.

3.2.31 These three levels are shown in the table below, which includes the budget gap identified in February 2024 for comparison.

	2024/25 **£m**	**2025/26** **£m**	**2026/27** **£m**
Budget gap - Upside risk	3.633	5.560	7.110
Budget gap - Standard Approach	**4.458**	**6.416**	**8.174**
Budget gap - Downside risk	5.385	7.148	9.340
Budget gap (February 2023)	2,040	3,924	5,704

3.2.32 The budget gap for 2024/25 identified using the standard approach is £4.458m, compared to £2.040m identified in February 2024. However, the gap could range between £3.633m and £5.385m depending on inflationary changes and government funding decisions. The budget gap for the three-year position could be between £7.110m and £9.340m.

3.2.33 It is important to note that there are still risks which could make these scenarios worse, including ongoing reductions to Campus West income and assumed income from the new crematorium and planning being lower than forecast.

3.2.34 It is important to note, that the council should not place reliance on additional funding from the government. A reserves strategy was put in place to smooth the impact of funding reductions from the government, which means an increase in funding up to £900k for 2025/26, would replace the planned use of reserves of £900k in 2025/26, leaving the council with the same budget gap to meet.

3.2.35 A summary of the key drivers leading to the budget gap are set out below:

Budget Gap - analysis of key drivers	**Adverse / (Favourable)**
	£'000
Funding reductions	1,615
Use of reserves - smoothing of grant reductions	(900)
Homelessness – Grant losses	268
Crematorium Income	400
Benefits Subsidy Losses	2,500
Unfreeze vacancies frozen to balance 2023/24 budget	125
Second Homes Premium (Council tax)	(15)
Utilities	(500)
Revenue and Benefits (Software and contract)	(100)
Borrowing	378
Council Tax (assumed £5 which is 2.1%, inflation assumed at 2.5%)	(257)
Investment income	100
Pay inflation	485
Pay inflation - 2024/25 shortfall against latest pay offer	29
Other inflation	604
Income inflation	(105)
Recharges to HRA	(169)
Budget Gap	**4,458**

3.3 Options to Address the Budget Gap

3.3.1 The Council's financial strategy remains to support an affordable level of council tax by reducing costs, maximising income, sharing good practice, simplifying delivery processes and shrinking the Council's administration cost.

3.3.2 In light of the continued uncertainties and risks set out in section 3.2, consideration will be given to a range of options for services to deliver savings for the 2025/26 budget setting process.

3.3.3 The use of reserves will continue to be considered as part of the budget setting process; however, this will need to balance the need for a minimum reserve level that the Council must retain to meet any unanticipated costs arising in any given year, and ensure an adequate level of reserves is maintained for delivery of corporate aims and objectives.

3.3.4 We achieved a good outturn on the 2023/24 financial position, so are in a strong starting position as we move into the budget setting process.

3.3.5 Notwithstanding the above, the Council has extremely challenging targets to meet the savings required over the term of the MTFS, proposals will be worked through with member portfolio holders and Cabinet over the autumn months.

3.3.6 In order to ensure progress can be made at the pace required to deliver the financial challenge, it is recommended that the 2025/26 budget setting process start by adopting the following principles:

- Review the Policy on Reserves and Balances to ensure that it supports the delivery of the corporate priorities and the council's transformation agenda.
- Budget growth (including one-off growth) should be the last resort and they are primarily reserved for invest to save projects.
- Statutory and public facing services will be protected wherever possible, and savings should be considered as part of transformation programme to make the services more efficient and effective for our residents. Given the extraordinary pressures on the council this year, it is acknowledged there may need to be difficult decisions taken in this area.
- Services will need to find savings/income to fund budget pressures.
- As in previous years, all the budget growth will be subject to approval by Cabinet.
- Improve income generated through fees and charges following a review on the existing fees and charges policy. All (non-statutorily set) fees and charges will increase by a minimum of inflation except in exceptional circumstances (where there is a clear case for not doing so).
- Expected savings from the transformation programme as approved by the Transformation Board will be removed from services budgets and put forward as savings proposals.
- Savings proposals must be submitted with a view to find ways to address the budget gap beyond 2025/26.
- Focussed officer groups will consider options to address some of the key pressures facing the council including benefits subsidy, homelessness, savings targets, crematorium income, campus west and staffing which will all feed into the budget setting process and draft budgets.
- A full review of the capital programme and forecasts will take place – considering removal or reduction on schemes which will reduce further borrowing required, or, increase investment income through higher cash balances.
- A review of previous budget changes which were due to the pandemic and cost of living (planning income, cultural income, utility increases etc) should be re-reviewed in detail to ascertain if any of these pressures can now be reversed from the budgets.
- We will continue to lobby and liaise with government departments on specific pressures such as housing benefit subsidy losses and

homelessness.

3.4 Housing Revenue Account (HRA)

3.4.1 The budget and longer-term forecasts were prepared on the basis of the following high-level principles:

- The Council will maintain existing stock to at least decent homes standard.
- The Council will continue with its aim to maintain stock levels at around 9,000 dwellings.
- The Council will continue to develop new homes through its Affordable Housing Programme, to fully make use of the retained right to buy receipts available to it and replace those properties sold through Right to Buy.
- The Council will continue to take a balanced approach to its level of Housing debt, borrowing to support development and ensuring some flexibility is maintained for any future legislative or policy changes.

3.4.2 No material changes have been made to the current assumptions in the HRA forecast.

3.4.3 A summary of the forecasts for the HRA as approved by Full Council in February is shown in the Appendix 2. The HRA has a good track record in rent collection and despite the current challenging circumstances, the rent collection is not adversely impacted.

3.4.4 It should be noted, that there are pledges to tighten up on right to buy, and even rumours that the right to buy scheme may be scrapped. If this were the case, an urgent review of the affordable homes programme would be required, and it is likely that all future planned new build schemes would need to be parked (subject to alternative funding availability) due to the schemes not being viable without that funding.

3.5 Business rates pooling arrangements

3.5.1 Under the current Business Rates Retention scheme, income is shared between:

- Central Government (50%),
- County Council (10%) and
- District Councils (40%).

3.5.2 All Shire District authorities such as Welwyn Hatfield are classified as “tariff”, where business rates income is higher than our assessed need, the difference being paid to Central Government.

3.5.3 Growth in business rates income above a baseline figure is shared in the same proportion as 3.5.1, but tariff authorities also pay a levy on their share of growth, currently 50%, to central government. Therefore under the current system, the council only retains 20% of growth above the business rates baseline.

3.5.4 The government has been consulting in the past few years on the reform of the business rates retention system and the operation of a 75% business rates retention system. The reform looked at a number of the key factors, such as the frequency at which the system should be ‘reset’, the level at which safety net is set, and the apportionment of income between preceptors. The review was postponed in the run up to 2021/22, and no firm timescales have been placed on this since. It will not be in place for 2025/26.

3.5.5 The Business Rates pooling arrangement allows 50% of the growth being retained in the pooling area. The principle that was previously agreed by all Hertfordshire authorities was that the Business Rates Pooling arrangement should be based on the combination of authorities that gives the greatest potential pooling gain. It is therefore no guarantee that the Borough Council would be selected in the pool.

3.5.6 Officers from all the Hertfordshire authorities are currently carrying out detailed analysis along with advice from LG Futures, which is a consultancy firm that has successfully supported Hertfordshire's business rates pilot and pooling submissions in previous years. Hertfordshire County Council lead on this contract. It is expected that the proposal will be developed into draft stage to be discussed by Hertfordshire Chief Finance Officers in the coming weeks.

3.5.7 If agreement is achieved from all Hertfordshire Authorities, an application for the Business Rates pool will need to be signed off and submitted by all Section 151 officers of the prospective pool authorities during October 2024. Given the short timescale, it is therefore necessary to seek delegated authority and agreed for the Council to enter into a Business Rates pooling scheme for 2025/26, if there is a financial case for doing so.

3.6 Capital Programme and Borrowing

3.6.1 The Capital Programme has been structured to enable delivery of the Council's Business Plan and the HRA Business Plan over the medium to long term.

3.6.2 The Programme includes all of the capital schemes within both the General Fund and the Housing Revenue for 2024/25 to 2028/29.

3.6.3 Although there are some schemes expected to be re-phased from 2024/25, which are reported through the regular budget monitoring reports, it is not anticipated at this stage that this will impact on the Council's finances over the five-year period, as the funding of the schemes will also be re-phased in line with project expenditure.

3.6.4 There are risks around the cost of capital projects increasing, with shortages of some materials in the construction industry, and general inflationary increases in construction and goods. An example is in the rising cost of steel. Capital schemes are being closely monitored, and we are working closely with contractors to minimise these risks.

3.6.5 During 2020, the Government consulted on borrowing activity, in particular, the introduction of restrictions for investment activity. They then introduced changes which restricted borrowing activity, although the council was unaffected as we have no capital projects which are wholly for investment returns. The Government also lowered borrowing rates following these changes, which the council is benefitting from.

3.6.6 The majority of the Council's borrowing requirement is generated through the Housing Revenue Account.

3.6.7 In order to maximise the use of right to buy receipts it can retain, the Council is committed to the continuation of the Affordable Housing Programme (AHP). This programme will create income generating assets, which will cover the cost of external borrowing. This is subject to no substantial changes to the right to buy scheme as referred to earlier in paragraph 3.4.4.

3.6.8 The Council will continue to borrow externally for the HRA to support the continuation of the AHP, and to refinance part of its current debt, but will take advantage of the historically low interest rates and minimise interest costs through utilising a mix of short and long-term borrowing in line with the Treasury Management Strategy.

3.6.9 Current forecasts show that the General Fund capital balances will be significantly reduced by the end of the programme and borrowing increased. This will need to be considered in the longer-term context and will form part of the 2025/26 budget setting process.

3.7 Next Steps

3.7.1 The Council's budget setting process integrates service and financial planning into a single, seamless process and aims to ensure that resource allocation both reflects corporate priorities and is affordable.

3.7.2 Over the autumn months, officers will be preparing assessments of their service that consider the Council's policies, priorities and performance, national policy, service and budget risks, and value for money.

3.7.3 The resulting growth and savings options will include an assessment of their service and financial impact, achievability, sustainability and equalities impact. These options will be reported to Cabinet in January 2025 together with overall proposals for the Council's budget, alongside the annual business plan for 2025/26.

4 Risk Management Implications

4.1 There continues to be a high level of uncertainty from a funding perspective. The national cost of living and inflationary increases have had significant effects on the Council's budget and the market remains volatile. The Council has been prudent in its assumptions, basing forecasts on previous information and the most up to date information available. These uncertainties do however lead to a high level of risk that the savings requirement could be impacted by national announcements, and as such sensitivity analysis has been completed to give indicative ranges the gap may be between, if there are sudden swings in inflationary and interest rates.

5 Security & Terrorism Implications

5.1 There are no direct security or terrorism implications arising from this report.

6 Legal Implications

6.1 The Council has a legal duty to set a lawfully balanced budget. This paper provides a forward forecast of the budget gap at a point in time, that the Council should meet to deliver a lawfully balanced budget.

6.2 The MTFS sets out the framework for setting future budgets and levels of Council Tax. Members are reminded that the Council must take into account the advice of the Section 151 Officer on the robustness of the future budget proposals and the adequacy of reserves. This advice will be presented to Council alongside the budget proposals in February 2025.

7 Financial Implications

7.1 The financial implications are set out in the body of the report.

8 Procurement Implications

8.1 There are no direct procurement implications arising from this report.

9 Climate Change Implications

9.1 There are no direct climate change implications to consider.

10 Health and Wellbeing Implications

10.1 There are no direct health and wellbeing implications to consider.

11 Link to Corporate Priorities

11.1 The subject of this report directly linked to the delivery of all of the Council's objectives.

12 Human Resources Implications

12.1 There are no direct human resources implications rising from this report.

13 Communications and Engagement

13.1 Part of the 2025/26 budget communication and engagement plan includes engaging with all members early and a budget seminar will be delivered, open to all Members to attend. The Overview and Scrutiny Committee (OSC) has agreed to establish a budget Task and Finish Panel, which will meet frequently and report its recommendations through OSC, Cabinet and Council. Consultation with businesses will be put into place once more details about the budget proposals are available.

14 Equality and Diversity

14.1 An Equality Impact Assessment (EIA) has not been carried out in connection with the proposals as there are no equalities or diversities issues arising from the report.

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Appendix A – General Fund Medium Term Forecasts

	2024/25	2023/24	2025/26	2026/27	2027/28
	budget £m	Q1 forecast £m	forecast £m	forecast £m	forecast £m
Employees	16.445	15.602	17.102	17.578	18.110
Premises	5.449	4.910	5.111	5.261	5.416
Transport	0.056	0.068	0.057	0.058	0.058
Third Party Payments	12.667	12.868	12.984	13.243	13.508
Transfer Payments	27.908	29.621	30.408	30.508	30.608
Supplies and Services	4.576	5.794	4.590	4.788	4.991
Income	(46.364)	(47.396)	(45.999)	(46.134)	(46.219)
Recharge to the HRA	(6.145)	(6.145)	(6.298)	(6.424)	(6.553)
Cumulative Savings	0	0	0	(4.458)	(6.416)
Net cost of Services	**14.592**	**15.322**	**17.953**	**14.419**	**13.502**
Income from Council Tax	(12.642)	(12.642)	(12.841)	(13.162)	(13.492)
Business Rates Income	(4.069)	(4.069)	(3.000)	(3.090)	(3.183)
Plus/Less collection fund deficit/(surplus)	2.093	2.093	0	0	0
Estimate for transitional protections	0	0	(0.600)	0	0
New Homes Bonus Grant	(0.165)	(0.165)	0	0	0
Revenue Support & Other Grants	(1.094)	(1.094)	(0.150)	(0.155)	(0.159)
Less Interest & Investment Income	(0.450)	(0.450)	(0.350)	(0.250)	(0.100)
Plus capital financing - MRP, finance Leases and interest payable	2.236	2.236	2.614	2.754	2.891
Parish Precepts	2.091	2.217	2.159	2.229	2.285
Contribution (from) / to Earmarked Reserves	(2.708)	(2.814)	(0.427)	0.013	0.013
Contribution (from) / to Working Balances	**(0.010)**	**(0.010)**	**(0.900)**	**(0.800)**	**0**
In Year Savings Requirement	**0**	**0.634**	**4.458**	**1.959**	**1.758**
Cumulative Savings Requirement			**4.458**	**6.416**	**8.174**

GF Reserve if gap not met	2024/25	2023/24	2025/26	2026/27	2027/28
	budget £m	Q1 forecast £m	forecast £m	forecast £m	forecast £m
Opening Balance	6.771	6.771	6.127	0.769	(6.447)
Planned Use	(0.010)	(0.010)	(0.900)	(0.800)	0
Known pressures at Q1 2023/24		(0.634)			
Budget Gap			(4.458)	(6.416)	(8.174)
Closing Balance	6.761	6.127	0.769	(6.447)	(14.621)

Appendix B – Housing Revenue Account Medium Term Forecasts

	2024/25 Budget £'000	2025/26 Forecast £'000	2026/27 Forecast £'000
Income			
Rental Income	(60,262)	(63,128)	(65,489)
Non Dwelling Rents	(508)	(566)	(578)
Charges for Services and Facilities	(2,689)	(2,921)	(3,000)
Other Income	(250)	(276)	(281)
Total Income	**(59,697)**	**(66,891)**	**(69,348)**
Expenditure			
Repairs and Maintenance	11,470	12,010	12,359
Management, Special Service and Rates/Taxes	18,690	20,854	21,310
Allowance for Doubtful Debt	572	604	634
Depreciation	17,100	17,460	17,644
Other Expenditure	42	30	31
Total Revenue Expenditure	**47,874**	**50,958**	**51,978**
Other Items of Income and Expense			
Interest Payable	9,058	10,161	11,627
Interest Received	(124)	(115)	(50)
Revenue Contribution to Capital	6,600	5,827	5,670
Net (surplus)/deficit	**(324)**	**(60)**	**(122)**

	2024/25 Budget £'000	2025/26 Forecast £'000	2026/27 Forecast £'000
HRA Reserves			
Opening HRA Balance	2,961	3,285	3,345
Net (deficit)/surplus	324	60	123
Closing HRA Balance	**3,285**	**3,345**	**3,468**