

## 2025/26 Budget Proposals For Services Within The Remit Of Corporate Resources & Infrastructure Select Committee

<b>Committee name</b>	Corporate Resources & Infrastructure Select Committee
<b>Officer reporting</b>	Andy Goodwin, Head of Strategic Finance Richard Ennis, Corporate Director of Finance
<b>Papers with report</b>	Corporate Resources & Infrastructure Select Committee, Savings Appendix
<b>Ward</b>	All

### HEADLINES

1. To comply with the Budget and Policy Framework procedure rules as part of the agreed consultation process for the General Fund and Housing Revenue Account budgets, alongside the Council's Capital Programme, this report sets out the draft revenue budget and Capital Programme for the services within the remit of the Corporate Resources & Infrastructure Select Committee. Following consideration by Cabinet on 12 December 2024, these proposals are now under consultation, and the relevant proposals being discussed at the January cycle of the Select Committees.
2. Cabinet will next consider the budget proposals on 13 February 2025, and the report will include comments received from Select Committees. At the meeting on 13 February 2025 Cabinet will make recommendations to full Council regarding the budget and Council Tax levels for 2025/26. Subsequently, Council will then meet to agree the budgets and Council Tax for 2025/26 on 27 February 2025.
3. The Committee needs to consider the budget proposals as they relate to the relevant service areas within the Corporate Services & Property and Finance & Transformation Cabinet Portfolios, but within the corporate context and the constraints applying as a result of the aggregate financial position of the authority.

### RECOMMENDATIONS

4. **That the Committee:**
  - a. **notes the budget projections contained in the report; and**
  - b. **comments as appropriate on the combined budget proposals affecting the relevant service areas within the Corporate Services & Property and Finance & Transformation Cabinet Portfolios, within the context of the corporate budgetary position.**

## SUPPORTING INFORMATION

### Executive Summary

5. The Council aims to set a balance budget for 2025/26, with the Consultation Budget presented to Cabinet in December presenting a requirement to drawdown £6.4m of reserves to achieve this, with further focus on the period to 2029/30, with this report setting out in the appendices, published alongside the consultation budget, a 5-year budget strategy. In this setting this medium-term financial strategy, the objectives are:
  - i. To continue to drive value for money for our residents in our services;
  - ii. To continue to be a low Council Tax charging borough;
  - iii. To review our operating model to deliver even more efficient and effective services and make significant savings;
  - iv. To invest in new assets for the borough, building out our infrastructure and seeking invest to save opportunities through our capital programme;
  - v. To invest in improving the quality of our homes for our housing residents;
  - vi. To increase our income levels and charge appropriate levels of fees;
  - vii. To continue to respond to inadequate levels of Government funding including lobbying central Government and the GLA for more funding for our residents;  
and
  - viii. Rebuilding our financial resilience
6. These are financially challenging times for local authorities to deal with, and respond, to a number of significant national pressures, within a significantly reduced funding envelope. Particular pressures for Hillingdon include the increased cost of adult social care, children's placements, homelessness, asylum seekers and ensuring it has an experienced workforce to deliver the best services it can to its residents.
7. The Council will continue to lobby national Government and the Greater London Authority [GLA] for increases in funding to deal with particular issues to us, such as the impacts of being a port authority.

### Budget Strategy

8. Budget proposals for 2025/26 have been prepared in the context of a wider strategy addressing the five-year MTFS period through which service expenditure is to be managed within available resources in the context of a challenging economic environment in terms of ongoing exceptional demand for Homelessness Support, Social Care and legacy impacts from periods of high inflation and the COVID-19 pandemic. To balance the budget, the Council has a number of mechanisms at its disposal to deliver this including a combination of:
  - Options the Council has used in this budget strategy:
    - Increased net savings (reducing expenditure and maximising income);

- Council Tax policy (within Referendum Thresholds); and
  - Release funding from reserves.
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- Options the Council is not pursuing:
    - Seek Secretary of State approval for an increase in Council Tax above the Referendum Threshold;
    - Hold a Referendum to ask the Residents to support a Council Tax increase above the Referendum Threshold; and/or
    - Seek Secretary of State approval for Exceptional Financial Support [EFS] through a Capitalisation Direction, which is effectively a loan to the Council that is required to be repaid (potentially with extra interest charges) but gives an authority more time to identify and implement measures that close the budget gap.
9. This budget strategy is based upon the Council's financial challenges including high demand for services, ongoing national issues and reduced Government funding since the austerity measures began in 2013/14, in a Council that has relatively low reserves compared to London neighbours. The latest monitoring position for the 2024/25 financial year reporting a net overspend of £8.9m which will leave uncommitted General Balances at £26.2m entering the 2025/26 financial year.
10. The Month 7 monitoring position for the services within this select committee present a net variance of £2.7m underspend as presented in the table below:

**Table 1: Service Operating Budgets**

Service		Approved Budget	<i>Underlying Forecast</i>	<i>Earmarked Reserves</i>	<i>Transformation Capitalisation</i>	Forecast Outturn	Variance	Month 6	Movement
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Children, Families & Education	Expenditure	98.6	106.8	0.0	(4.1)	102.7	4.1	4.1	0.0
	Income	(23.3)	(24.4)	0.0	0.0	(24.4)	(1.1)	(1.1)	0.0
	<b>Subtotal</b>	<b>75.3</b>	<b>82.4</b>	<b>0.0</b>	<b>(4.1)</b>	<b>78.3</b>	<b>3.0</b>	<b>3.0</b>	<b>0.0</b>
Corporate Resources & Infrastructure	Expenditure	191.6	192.3	(0.2)	(3.4)	188.7	(2.9)	(3.0)	0.1
	Income	(118.2)	(118.0)	0.0	0.0	(118.0)	0.2	0.3	(0.1)
	<b>Subtotal</b>	<b>73.4</b>	<b>74.3</b>	<b>(0.2)</b>	<b>(3.4)</b>	<b>70.7</b>	<b>(2.7)</b>	<b>(2.7)</b>	<b>0.0</b>
Residents' Services	Expenditure	84.8	104.1	(0.8)	(0.5)	102.8	18.0	15.9	2.1
	Income	(47.1)	(56.6)	0.1	0.0	(56.5)	(9.4)	(9.4)	0.0
	<b>Subtotal</b>	<b>37.7</b>	<b>47.5</b>	<b>(0.7)</b>	<b>(0.5)</b>	<b>46.3</b>	<b>8.6</b>	<b>6.5</b>	<b>2.1</b>
Health & Social Care	Expenditure	160.1	169.8	0.0	(0.5)	169.3	9.2	9.1	0.1
	Income	(50.3)	(55.1)	(0.3)	0.0	(55.4)	(5.1)	(4.9)	(0.2)
	<b>Subtotal</b>	<b>109.8</b>	<b>114.7</b>	<b>(0.3)</b>	<b>(0.5)</b>	<b>113.9</b>	<b>4.1</b>	<b>4.2</b>	<b>(0.1)</b>
<b>Total Service Operating Budgets</b>		<b>296.2</b>	<b>318.9</b>	<b>(1.2)</b>	<b>(8.5)</b>	<b>309.2</b>	<b>13.0</b>	<b>11.0</b>	<b>2.0</b>

11. With the following narrative setting out the variances and movement from Month 6 on an exception basis:

**a. Corporate Resources & Infrastructure:**

- i. **Property, Highways & Transport** - An underspend of £0.4m with the underspend relating to Property Services, with income yields forecast to exceed expenditure from property related income streams from rental and lease income
- ii. **Finance** – At Month 7 an underspend of £1.1m is reported for the Cabinet portfolio, with this variance being driven by treasury activity offset by a pressure reported against energy budgets.
- iii. **Corporate Services** – The Cabinet portfolio is reporting a net underspend of £1.2m, with this position largely being driven by holding a number of vacant posts within the service.

12. The savings requirement for 2024/25 is £15.8m as set out in the Council’s budget strategy, this position has been supplemented by a further £5.7m of prior year savings carried forward into 2024/25, resulting in an overall programme of £21.5m savings being delivered in year:

**Table 2: Savings Tracker**

Cabinet Member Portfolio	Blue Banked £'000	Green Delivery in progress £'000	Amber I Early stages of delivery £'000	Amber II Potential problems in delivery £'000	Red Serious problems in delivery £'000	Total £'000
Children, Families & Education	(0.3)	(0.6)	(0.3)	(0.2)	(0.3)	<b>(1.7)</b>
Corporate Resources & Infrastructure	(0.4)	(3.3)	(0.3)	(0.5)	(0.4)	<b>(4.9)</b>
Residents' Services	(0.2)	(1.9)	(0.7)	0.0	(0.9)	<b>(3.7)</b>
Health & Social Care	(0.1)	(1.2)	(0.2)	0.0	0.0	<b>(1.5)</b>
Cross-Cutting	0.0	0.0	(6.1)	0.0	(3.6)	<b>(9.7)</b>
<b>Total 2024/25 Savings Programme</b>	<b>(1.0)</b> 5%	<b>(7.0)</b> 33%	<b>(7.6)</b> 35%	<b>(0.7)</b> 3%	<b>(5.2)</b> 24%	<b>(21.5)</b> 100%

13. Based on 2.99% per annum increases in the core Council Tax and 2% per annum increases in the Social Care Precept for 2025/26 and throughout the life of the MTFS, funding available to support service expenditure is projected to grow by £49.2m to £333.8m between 2024/25 and 2029/30. A combination of exceptional demand pressures within Social Care and Homelessness support, together with capital investment plans is projected to generate a £111.4m uplift in service expenditure across the five-year term. In order to address this differential, to date, a savings programme of £65.2m has been developed, leaving a residual budget gap of £3.1m across the five-year MTFF period, with £32.6m of savings being proposed for 2025/26 increasing throughout the later years of the MTFF period.



**Table 3: Budget Strategy**

	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£m	£m	£m	£m	£m	£m
Total Resources	284.5	299.8	305.5	315.1	325.2	333.8
Total Service Expenditure	284.5	306.2	303.7	312.9	322.2	330.7
<b>(Surplus)/Deficit</b>	<b>0.0</b>	<b>6.4</b>	<b>(1.8)</b>	<b>(2.2)</b>	<b>(3.0)</b>	<b>(3.1)</b>
<b>Select Committee Spend:</b>						
Children, Families & Education	60.2	57.8	57.4	57.1	58.8	60.6
Corporate Resources & Infrastructure	73.0	74.1	79.2	82.5	87.3	91.4
Residents' Services	38.1	42.0	42.3	43.2	44.9	46.6
Health & Social Care	125.4	127.3	131.6	138.6	144.7	150.6
Corporate Budgets	(12.2)	5.0	(6.8)	(8.5)	(13.5)	(18.5)
<b>Total Service Expenditure</b>	<b>284.5</b>	<b>306.2</b>	<b>303.7</b>	<b>312.9</b>	<b>322.2</b>	<b>330.7</b>

14. As is the case for the vast majority of local authorities, the Council has experienced exceptional demand for homelessness support and social care against the backdrop of the country exiting a period of high inflation, which is having a significant impact on the cost of providing services to residents, with Government funding no longer keeping pace with the increased expenditure the Council is facing. Furthermore, the Council has carried out a rebasing exercise that adjusted for legacy budget issues, adding £14.1m to the 2025/26 saving requirement, with a further £6.4m of legacy unallocated savings being written out.
15. The Autumn Statement announced in parliament on 30 October 2024 announced increased funding for Social Care and Homelessness, as well as an overall increase in funding for Local Authorities. The statement also confirmed that the public sector will receive compensation against the changes in employers National Insurance against the Council's own workforce. These elements have been estimated in the Council's budget strategy to yield an additional £3.9m, with this sum to be firmed up in the Provisional Local Government Settlement expected in the third week of December 2024 or subsequently in the Final Settlement due at the end of January 2025.

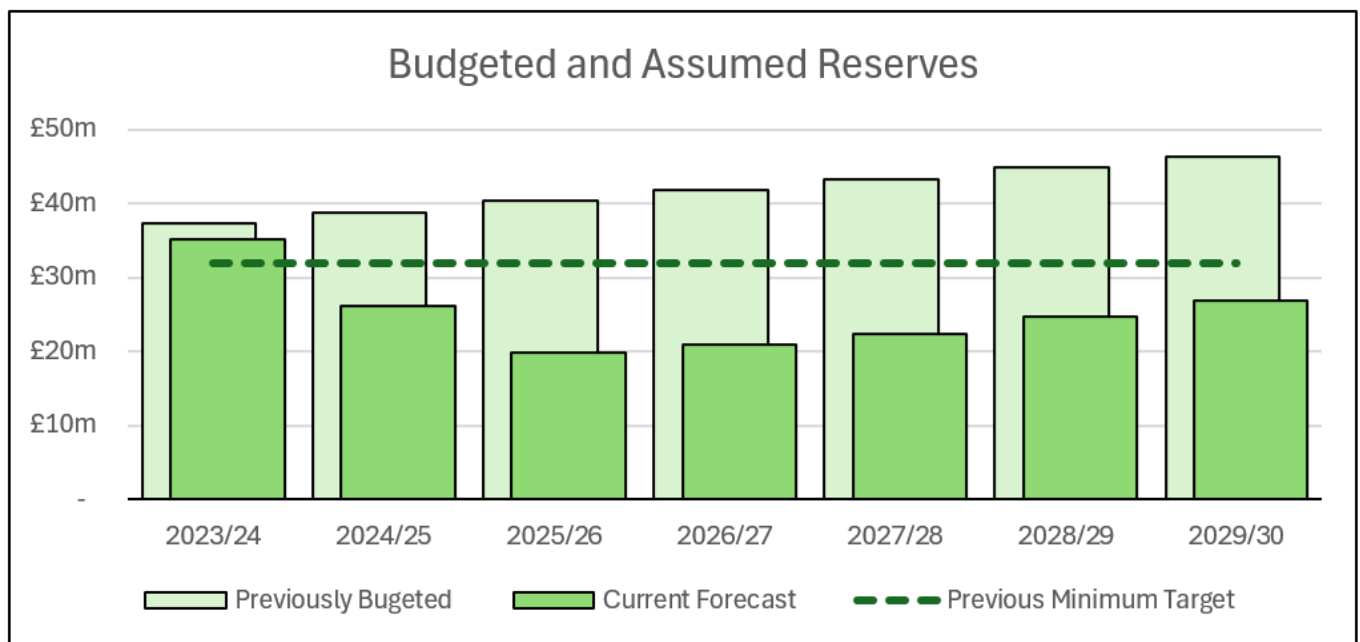
### **Risk Management**

16. The draft budget set out in this report includes a number of savings that are in early stages of development, and which need to be thoroughly refined and progressed over the coming months ahead of and during the early part of 2025/26. This is the case for all savings proposals and in particular, for the Target Operating Model saving line (£5m in 2025/26, rising to £15m in 2026/27 and a further £5m in both 2028/29 and 2029/30). They will need a laser focus on planning and delivery and where needed additional capacity and expert capability added to our existing teams. Risk awareness, management and mitigations will have a heightened importance over the course of the remainder of this financial year and onwards to maintain a robust budget with adequate reserves to mitigate for any further adverse financial developments or non-delivery of assumed savings.

17. Council approved the 2024/25 Budget and MTF5 and recognised the need to replenish reserves, then estimated to total £37.3m at the start of the current year and then grow by £1.5m per year to total £44.8m by the end of 2028/29. This rebuilding in reserves was consistent with the then Director of Finance written opinion that between a minimum of £32m up to a maximum £55m was necessary given the financial risks facing the Council. The position on the expectation on reserves will be revisited ahead of the February budget considering our prevailing financial position.
18. Some of the risks identified in (or unforeseen at the time of) the current year budget being set in February 2024 have materialised and as such our latest revenue monitoring position reflects closing general and available earmarked reserves falling to £26.2m against a previously anticipated £38.8m. This change from previous assumptions helps illustrate the need to hold adequate levels of reserves against such events.
19. The Council has not needed to request Exceptional Financial Support [EFS] from Government and is working hard to resolve its own financial pressures. Given the pressures and scale of financial savings officers will ensure that the Cabinet and Council are regularly updated in this respect. Our financial position is very challenging and whilst this is a national issue and systematic failure and not a uniquely Hillingdon problem, it is the Council's responsibility to ensure strong financial management to avoid this risk crystallising. If the savings are not delivered in broad terms EFS cannot be ruled out as is the case with many boroughs.
20. The Cabinet have given a clear steer to officers that they wish to resolve as much as possible the financial issues facing the borough, with our own efficiencies and savings programme. Exceptional Financial Support through borrowing as viewed by many as a 'sticking plaster' that does not resolve the underlying reductions and lack of funding for Hillingdon and Local Government as a whole. EFS, increases the cost to the tax payer, through additional borrowing costs, unless funded through additional capital receipts to a large extent.
21. Reference to the summary budget position set out in Section 6 of this report shows anticipated levels of future reserves based on the budget assumptions set out in this report and is summarised below:



**Chart 11: Budgeted and Assumed Levels of Reserves**



22. Having low levels of reserves to mitigate future potential risk is a significant risk in itself and ultimately could lead to the issuing of a s114 Notice leading to an immediate cessation of all non-essential spend and raising the possibility of Government intervention
23. The budget as it currently stands contains a significant degree of risk in its assumptions, and in particular the following:
- i. Declining and the slow rebuild of general and earmarked reserve levels;
  - ii. Significant and the largest savings programme put forward to be delivered and will require stringent monitoring to ensure delivery and any optimism bias removed;
  - iii. Further potential demand pressures that may arise – particularly around social care costs and temporary accommodation pressures;
  - iv. Macro-economic headwinds including inflation, interest rates and pressures that could further arise as the result of any downturn in the general economy;
  - v. Future Government funding levels being maintained in real terms – especially if the government’s growth agenda to re-balance public finances fails to deliver as planned;
  - vi. Changes to the business rates system further increasing cost of occupying the Council’s larger buildings or indirectly through our partners on the running cost of leisure centres;

- vii. Whilst a fundamental review of the local government finance system has again been promised, any rebasing has the potential for the Council to lose the gains from growth above baseline already accumulated since 2013/14; and
  - viii. The Council has a significant Dedicated Schools Grant deficit which is currently held on the Balance Sheet but not impacting on the level of general reserves. Should the statutory over-ride preventing it from affecting general reserves be withdrawn this would result in general reserves being negative
24. Any delay in the timeframes for the delivery of assumed savings (or their quantum) has the potential to adversely impact on the forecast level of future reserves. To date, a significant number of savings proposals remain to have a full delivery programme validated to provide necessary assurance

### **Budget Proposals for the Corporate Resources & Infrastructure Select Committee**

25. Service expenditure will grow due to inflationary pressures, demand-led growth and other corporate items including capital financing costs. The below table sets out the impact of these expenditure movements across the services within the remit of this Select Committee for 2024/25.

**Table 4: Service Expenditure Budget Proposals**

	2024/25	Inflation	Demand-led Growth	Corporate Items	Savings Proposals	2025/26
	£'000	£'000	£'000	£'000	£'000	£'000
Children, Families & Education	60.2	2.4	0.4	0.0	(5.2)	57.8
Corporate Resources & Infrastructure	73.0	2.8	0.0	5.3	(7.0)	74.1
Residents' Services	38.1	2.8	7.7	0.0	(6.6)	42.0
Health & Social Care	125.4	3.0	4.2	2.5	(7.8)	127.3
Corporate Budgets	(12.2)	(6.3)	0.0	29.5	(6.0)	5.0
<b>Total Service Expenditure</b>	<b>284.5</b>	<b>4.7</b>	<b>12.3</b>	<b>37.3</b>	<b>(32.6)</b>	<b>306.2</b>

26. Inflation: Cost pressures of £2.8m are projected against 2024/25 expenditure going into 2025/26, with material uplifts in relation to workforce budgets, contracted expenditure and energy costs. In line with wider MTFs modelling, inflation projections are predicated on contracted expenditure uplifts for 2025/26 being in line with September's CPI figure of 1.7% in line with the Government's approach to use this index to uplift funding and expenditure across many areas of the public sector, with latter years forecast to be in line with the Bank of England's target rate of 2% per annum. The 2024/25 pay award has been agreed below the Council's assumptions at the time of setting the 2024/25 budget, with the MTFs including an assumption that the pay award is 3% in 2025/26, also reducing to 2% per annum thereafter.
27. Demand-Led Growth: there are no demand-led growth bids in the remit of this committee, with the £12.3m increase across the Council for 2025/26 all falling in other areas.
28. Corporate Items: budget movements within the remit of this Select Committee account for £5.3m of the £37.3m increase across the Council in 2025/26, with a breakdown of these items presented below.
- Capital Financing Costs are forecast to increase by £2.9m in 2025/26, rising to £12.8m by 2029/30, with this increases driven by the requirement to fund £94.5m from prudential borrowing to fund the proposed capital programme set out later in this report with this increase also including the servicing and repayment of the Council's existing borrowing portfolio.
  - Hillingdon First Enabling Developments are forecast to unwind the dividend paid to the borough, with £0.8m of income being removed from the base budget due to all completed developments having been sold and the company not having any active developments in the pipeline, this position will be kept under review in line with market conditions.
  - Cost of Older People Discount continues to reduce as the Council closed the scheme to new entrants on 1 April 2021, with regular churn reducing this budget by £0.1m per annum.

- d. Concessionary Fares relates to the Council funding the freedom pass for Hillingdon Residents, with cost being levied on the Council by Transport for London [TfL] based on usage statistics, with TfL forecasting future demand, with the forecast contained in the budget strategy adding £3.3m over the next three years.
- e. Housing Benefit Subsidy (Recover of Overpayments) adds £0.1m to the Council's expenditure per annum due to the transition from Housing Benefit to Universal Credit impact on the income recouped through the Housing Benefit Subsidy system.

## **Savings Proposals**

- 29. As mentioned above, £32.6m of savings proposals have been incorporated into the draft budget for 2025/26, with £7.0m falling within the remit of this Select Committee. Details of the savings programme propels within the remit of this Select Committee are discussed below, with a full list available included in Appendix A6 to this report, in line with the appendix presented with the Consultation Budget presented at December Cabinet.
- 30. Property, Highways & Transport: have savings proposals totalling £0.8m in 2025/26, rising by a further £0.5m in 2025/26 with three savings against this portfolio associated with increased rental yields from commercial properties and garages, with the third proposal centred around maximising the use of Council assets.
- 31. Finance & Transformation proposals amount to £1.1m in 2025/26, with key proposals including:
  - a. A review of the Revenues & Benefits service, targeting increased automation and digital solutions to secure £0.3m in 2025/26, rising to £0.6m by 2027/28.
  - b. Further efficiencies from the new Oracle Fusion financial system, securing £100k in 2025/26 in addition to the £300k in 2024/25.
  - c. Process review and realignments of structures are forecast to reduce spend by £0.4m without impacting on service delivery.
  - d. The remaining proposed balance relates to technical updates, reviewing recharges and cashflow arrangements with full details set out in the Savings Appendix (A6).
- 32. Corporate Services savings proposals for 2025/26 total £5.1m, increasing by a further £1.4m by 2027/28 to £6.5m. Savings in these are include the following proposals:
  - a. Savings in relation to the Digital Strategy, including contracted expenditure and reshaping resident experience are forecast to secure £3.8m in 2025/26, rising to £4.3m by 2027/28.
  - b. Reviewing structures that support Corporate Services including Human Resources, Legal, Communications and Democratic Services are forecast to deliver £0.8m in 2025/26, rising to £1.2m by 2027/28, with these measures continuing to protect frontline service delivery.

- c. The remaining balance comes from a number of smaller proposals aimed at increasing efficiency without impacting on resident experiences with full details set out in the Savings Appendix (A6).
33. Target Operating Model A full review of the Council's Target Operating Model to identify and deliver a further £5.0m saving in 2025/26, rising by a further £10.0m in 2026/27 to a total of £15.0m, with a further £5.0m in each of the last two financial years of the budget strategy, with a full review of every service and how it operates, building on the work that started in the Zero-Based Budgeting reviews that set the groundwork for this budget strategy. The delivery of target Operating Model savings are essential for the financial future of this Council.
34. Cross-Cutting Initiatives proposals amount to £6.0m in 2025/26, rising by a further £13.5m over the next two years to deliver £19.5m of savings by 2027/28. Savings recorded as cross-cutting include:
- a. Procurement savings of £0.6m are included in each of the three years, with the procurement service to work with service areas during contract negotiations and tender exercises to maximise opportunities for the Council and effectively counter the impact of the inflationary uplift built into the budget strategy.
  - b. Pension measures of £0.4m are included for 2025/26, rising by a further £0.1m in 2025/26 from a combination of cashflow measures with the interactions between the General Fund and Pension Fund (£0.3m) and a proposal to delay automatic enrolment for new starters into the pension scheme until post-probation (£0.1m in 2025/26, £0.2m by 2026/27).
  - c. Finally, inflationary uplifts to Fees & Charges from 2026/27 onwards are included under cross-cutting items at £1.1m per annum to 2027/28, with the impact of uplifts for 2025/26 included under each portfolio.
35. The increases in Fees & Charges is shown in Appendix C and maintains significant discounts for residents. Further work will be undertaken ahead of the February Cabinet to test any impact caused by the elasticity of demand.

### **Capital Proposals**

36. Capital investment of £301.6m over the period 2025/26 to 2029/30 has been incorporated into the wider General Fund budget strategy set out within this report, with £134.1m investment in major projects, primarily delivering new or expanded infrastructure, and £157.5m investment in recurrent programme of works, ensuring that existing infrastructure is maintained and improved, with further detail available in Appendix A8 that accompanied the Consultation Budget Report presented at December Cabinet.

**Table 5: General Fund Capital Programme by Cabinet Portfolio**

	Major Projects £'000	Programme of Works £'000	General Contingency	Total £'000
<b>Total Capital Programme</b>	<b>174.1</b>	<b>157.5</b>	<b>10.0</b>	<b>341.6</b>
<b>Select Committee Breakdown:</b>				
Children, Families & Education	11.3	2.3	0.0	13.6
Corporate Resources & Infrastructure	129.7	132.4	10.0	272.1
Residents' Services	8.6	8.5	0.0	17.1
Health & Social Care	24.5	14.3	0.0	38.8
<b>Total Capital Programme</b>	<b>174.1</b>	<b>157.5</b>	<b>10.0</b>	<b>341.6</b>

37. Further to the overview presented above, the below section sets out the Capital Proposals within the remit of this Select Committee.
38. **Property, Highways & Transport** – Total investment for this portfolio stands at £192.2m, with £54.7m relating to Major Projects, with the budget including £19.0m to complete the Platinum Jubilee Leisure Centre in West Drayton, alongside £23.1m to develop the new Hillingdon Water Sports facility, replacing facilities dispersed by the HS2 project. Other projects include £16.5m to modernise the Civic Centre that will also reduce the revenue running costs of the building, with a further £13.5m for other Carbon Zero Initiatives to reduce the Council's carbon footprint. With this portfolio overseeing the Council's property assets, other investments in this area include expenditure enhancing existing assets or building new ones, particularly linked to the Council's saving programme, including the Charville Lane Children's home programme.
39. The Council currently leases its grounds maintenance equipment and is paying a premium because it is out of contract. Agreeing to release a capital contingency to purchase new equipment rather continuing to lease is planned to save the Council £54k per year and the potentially give the Council larger future year savings by extending the economic life of the equipment. Given the age of the current equipment it also mitigates further high maintenance costs. Delegation is requested to allow the Cabinet member for Finance & Transformation (in consultation with the Corporate Director of Finance) to approve entering into a contract to purchase this equipment (estimated cost £1.5m).
40. In addition to this Major Projects investment, £97.5m of Programme of Works expenditure is planned to 2029/30, with £51.0m investment in the Council's roads and footways infrastructure, with a further £16.1m included for Transport for London (TfL) projects, street lighting and Highways, Bridges & Structures. A further £24.1m is included for Schools Conditions work, improving the fabric of the Council's existing schools. A Disabled Facilities Grant budget of £15.0m is proposed to fund adaptations to residents' properties, with this investment funded through grant income included in the Better Care Fund. Other programmes include the cyclical renewal of the Council's existing asset base, ensuring that this remains fit for purpose.

41. **Finance & Transformation** – the £35.0m budget under Major Projects relates to capitalisation support to cover costs of transformation (£10.0m in 2025/26 and 2027/28 to support the size of the saving programme in those years) and the DSG recovery plan (£4.0m for 2025/26 included from the existing Safety Valve agreement). These costs require to be financed by capital receipts which have been included in the capital financing budget. Under Programmes of Works, the budget of £20.7m focuses upon the programmed renewal of the Council’s vehicle fleet, with this investment supporting the revenue position and reducing maintenance costs and the hiring of vehicles.
42. **Corporate Services** – This portfolio includes an investment in Corporate Technology and Innovation of £13.2m, with this investment linked to the savings included for the Council’s Digital Strategy approved by Cabinet in October of this year. The remaining investment funder the Older People’s Initiative.

### **HRA Capital Programme**

43. Capital investment of £931m in expansion and enhancement of the housing stock over the period 2025/26 to 2029/30 has been fully reflected within this consultation budget, including £725.2m funding to deliver 1,669 net increase in dwellings and £206.0m investment in existing housing stock. Further detail on these investment plans can be found in Appendix B4, with a brief overview set out below.
44. Investment in new housing includes £132.3m budgets for the flagship regeneration projects on the Avondale and Hayes Town Centre estates which are expected to deliver 370 new homes, a net increase of 72 on the current configuration. A further £592.9m has been allocated to deliver 1,299 net increase in units through internal development and acquisitions, with project timelines set out to maximise use of retained Right to Buy receipts over the MTFS period.
45. £156.4m has been budgeted for an enhanced programme of works to stock, based around a five-year cycle and including renewal of key components such as kitchens, bathrooms, roofs, windows and boilers, with this budget significantly increase since February 2024 to increase the standard of tenants’ homes. A further £49.7m is included for further investment in insulation measures and green investments, with this programme of investment intended to increase energy efficiency and thereby contribute towards tackling fuel poverty. Additionally, investment in major adaptations to properties will continue, ensuring that the wider needs of HRA tenants can be supported in their own homes where appropriate.

**Table 7: HRA Capital Programme**

	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m
Major Projects	88.9	177.6	68.8	69.1	69.3
Housing Regeneration Programme	16.0	13.2	41.8	29.5	0.0
Programmes of Work	37.5	42.8	35.4	27.5	28.1
<b>Total</b>	<b>142.4</b>	<b>233.6</b>	<b>146.0</b>	<b>126.1</b>	<b>97.4</b>

## **BACKGROUND PAPERS**

2025/26 BUDGET AND FUTURE MEDIUM-TERM FINANCIAL STRATEGY, presented to 12 December 2024 Cabinet Meeting ([London Borough of Hillingdon - Agenda for CABINET on Thursday, 12th December, 2024, 7.00 pm](#))

## **APPENDIX**

Corporate Resources & Infrastructure Select Committee, Savings Appendix