

London Borough of Hammersmith & Fulham

Report to: Cabinet

Date: 10/02/2025

Subject: The Housing Revenue Account (HRA) Budget (2025/26), Rents & Service Charges (2025/26) & HRA 10 Year Business Plan (2025/26 – 2034/35)

Report of: Cabinet Member for Housing and Homelessness, Councillor Frances Umeh
Cabinet Member for Finance and Reform, Councillor Rowan Ree

Responsible Director: Sukvinder Kalsi
Executive Director, Finance and Corporate Services

Summary

The current strategic and financial operating environment for the Council's housing service remains extremely challenging. We are aiming to increase the provision of social and affordable housing with a commitment to build new homes within the next few years, investing (£0.85bn) in existing / new homes over 10 years, improving the services available to residents, making the necessary improvements to building standards and safety, and strengthening resident engagement.

The national economic conditions are expected to stabilise and improve over the next five years (inflation and reducing interest rates). Despite this, the Council's Housing Revenue Account (HRA) finances continue to be under pressure due to the continuing need for provision of good quality housing and services.

In addition, the confirmation from Government of the national rent policy for the next five years of Consumer Price Index (CPI) plus 1% will help to provide greater sustainability and resilience of the Council's housing finances.

This report sets out the HRA budget proposals for the financial year 2025/26 including changes to rent levels and other charges as well as an updated HRA 10-year Business Plan.

The strategic objectives of all our financial plans are to:

- Preserve the delivery of housing services for our tenants including estate services and resident engagement,
- Build more new homes, invest in improvements to our existing homes, re-balance capital and revenue maintenance spend,
- Deliver a modern and efficient housing service with high performance standards,
- Maintain the long-term financial resilience of the HRA and thus the continued provision of services in the future.

Following the national elections in July, the new Government has provided some certainty for financial planning in the housing service by announcing a national social rents policy of CPI¹ + 1% to run for 5 years from 2025/26 – 2029/30). For 2025/26, the Council will implement this national policy to enable the delivery of the Council's strategic housing objectives and will endeavour to provide as much support to our tenants during the continuing economic difficulties. The rent increases for up to 58% of current tenancies will be covered either wholly or partially by housing benefit or universal credit in line with government policy.

The Council has aspired to keep rents and service charges as low as possible over the past decade and this strategy has ensured that ours remain among the lowest cost homes in London and provide value for money to residents.

RECOMMENDATIONS

That Cabinet agrees:

1. To approve the Housing Revenue Account 2025/26 budget for council homes as set out in Table 1.
2. To approve the HRA 10-year Business Plan for Council Homes (2025/26 – 2034/35) as set out in paragraphs 3 - 4 of this report and Appendices 1 - 5.
3. To approve a rent increase of 2.7% from 7 April 2025 (in line with September 2024 CPI+1%), which equates to an average weekly increase for tenants of £3.65 in 2025/26.
4. To approve an increase to shared ownership rents of 2.7% from 1 April 2025 (in line with September 2024 CPI+1%).
5. To approve changes to tenant service charges to reflect the costs of providing communal services from 7 April 2025, which equate to an average weekly reduction for tenants of £1.32 in 2025/26.
6. To approve a reduction to charges for heating and hot water to reflect the costs of provision of the district heating service from 1 April 2025, which equate to an average weekly reduction for tenants and leaseholders on the scheme of £0.45 (communal heating), £1.99 (tenants' personal heating) and £3.80 (leaseholders' personal heating) in 2025/26.
7. To approve an increase to the management fee for temporary on licence properties of 1.7% (in line with September 2024 CPI) from 7 April 2025.
8. To approve an increase to the rent and service charges for hostels of 2.7% from 7 April 2025 (in line with September 2024 CPI+1%).

¹ The Consumer Price Index is used to measure the rate of inflation.

9. To increase garage charges for council tenants, resident leaseholders, and for other customers from 7 April 2025 by 1.7% (in line with September 2024 CPI).
10. To note that any change to parking charges on housing estates were considered separately with the Council's parking plans at Cabinet in January 2025.
11. To increase car space rental charges for all customers by 1.7% from April 2025 (in line with September 2024 CPI).
12. To approve an increase in the Leasehold After Sale – Home Buy fees by 1.7% from April 2025 from £232 to £237 (in line with September 2024 CPI).
13. To approve an increase in the Leasehold Property Alterations fees by 1.7% from April 2025.

Wards Affected: All

Our Values	Summary of how this report aligns to the H&F Values
Building shared prosperity	The HRA budget supports the Council's ambitions of delivering more genuinely affordable homes in the HRA. This will be through an increased level of borrowing, capital receipts and government grants to invest over the long term in the delivery of new homes either directly or in partnership.
Creating a compassionate council	The HRA budget supports the ongoing investment in services that directly support residents in living healthy and independent lives. This includes making provision for aids and adaptations to tenanted accommodation.
Doing things with local residents, not to them	The HRA budget supports continued investment in resident engagement and involvement. This also reflects and aligns with the Social Housing Act 2023 and Consumer Standard requirements which set out the need to adapt how we engage and support residents to hold the Council to account.
Being ruthlessly financially efficient	The HRA budget funds investment in the long-term repairs delivery model and the reform of services to better deliver for residents, and the delivery of a significant number of new homes.
Taking pride in H&F	The significantly expanded compliance-based capital programme is factored in to the HRA budget. Some of the works will deliver wider estate improvements, particularly the communal works undertaken by the Direct Labour

	Organisation – H&F Maintenance. There will also be ongoing investment in caretaking and other estate services which will be focussed on improving the quality of council estates. New homes will be built to the latest compliant standards, ensuring cost-efficient, safe and secure homes for our tenants and residents for the long term.
Rising to the challenge of the climate and ecological emergency	Housing accounts for around 83% of the organisation’s direct operational CO2 emissions. Given this, a retrofit strategy, in conjunction with other areas of the Council, is being formulated that outlines a path to zero carbon emissions.

Financial Impact

The report is predominantly of a financial nature and therefore the impact is contained within the body of the report.

Danny Rochford, Head of Finance (Housing), 15 January 2025

Verified by: Sukvinder Kalsi, Executive Director of Finance and Corporate Services, 15 January 2025

Legal Implications

The HRA was established by statute to ensure that council taxpayers cannot subsidise council rents and nor can council rents subsidise council tax. Failure to adhere to this statutory guidance can render the Council’s accounts subject to challenge and/ or qualification by the External Auditor.

The HRA ring-fence was introduced in Part IV of the Local Government and Housing Act 1989 (“the Act”) and was designed to ensure that rents paid by local authority tenants accurately reflect the cost of associated services. The Act specifies that expenditure and income relating to property listed in section 74 (that is houses and buildings provided for the provision of accommodation including the land on which they sit, excluding leases taken out for less than 10 years to provide temporary accommodation) must be accounted for in the HRA. Schedule 4 of the Act (as amended by section 127 of the Leasehold Reform, Housing and Urban Development Act 1993) specifies the allowable debits and credits. The Housing (Welfare Services) Order 1994 specifies more detail on the welfare services which must be accounted for outside the HRA. Section 76 of the Act states that it is unlawful to approve a budget which will result in a debit position on HRA reserves. Rents and charges have been set to ensure that the budget forecast does not result in a debit position.

It is not possible for a local housing authority to subsidise rents from its General Fund.

Section 24 of the Act gives the Council power to set rents, but Section 5 requires that the Council must have regard to relevant standards which are set for them under section 193 of the Housing and Regeneration Act 2008 (“HRA 2008”). Section 193 of

the HRA 2008 allows the regulator of social housing to fix standards which social landlords must abide by. On 25 February 2019 the Government issued a Direction on the Rent Standard 2019 which requires the regulator of social housing to set a new rent standard which applies to all local authority social landlords with effect from 1 April 2020. Further, the cap of a 7% increase imposed by the Direction on the Rent Standard 2023 will not apply after 31 March 2024.

The rent increases recommended in this report comply with the Direction on the Rent Standard 2019.

A consultation has been carried out with residents and the outcome of that consultation is shown at Appendix 8. Tenants were consulted on the rent increase at the Sheltered Housing Forum on 14 January 2025 and the Housing Representatives Forum on 21 January 2025 and at the Housing and Homelessness Policy and Accountability Committee on 27 January 2025. Members must carefully consider the consultation responses and the Equalities Impact Assessment when approving the recommendations in this report to ensure they are satisfied that the Council has complied with its public sector equality duty under the Equalities Act 2010.

Afshan Ali-Syed, Senior Solicitor (Property and Planning), 15 October 2024
Verified by: Grant Deg, Director of Legal Services, 17 October 2024

Background Papers Used in Preparing This Report

None

DETAILED ANALYSIS

Background

1. The Housing Revenue Account (HRA) only contains the costs arising from the management and maintenance of the Council's housing stock, funded by income from tenant rents and service charges, leaseholder service charges, commercial property rents and other housing-related activities. It is a ring-fenced account and the Council is required under statute to account separately for local authority housing provision. In addition, local authorities must not budget for a deficit in the HRA, the account must remain balanced or in surplus. The Council ensures rigorous monitoring including the identification of mitigations to deal with in-year pressures. The provision of social and affordable housing is one of the key services the Council provides to residents and the Building Homes and Communities Strategy is intended to increase the supply of new homes to meet the expected demand for homes.

Strategic Objectives of the Council's Financial Plans

2. The HRA's strategic objectives are to:

- Preserve the delivery of housing services for our tenants including estate services and resident engagement,
- Build more new homes, invest in improvements to our existing homes, re-balance capital and revenue maintenance spend,
- Deliver a modern and efficient housing service with high performance standards,
- Maintain the long-term financial resilience of the HRA and thus the continued provision of services in the future.

Strategic Financial Overview

3. The HRA 10-year Business Plan is set out in Appendices 1 - 5 and a summary of the notable service and financial outcomes are set out below:
 - Estimated stock of 12,700 including 95 Right to Buy sales and 831 new homes;
 - Estimated investment of £1.09bn to complete day-to-day repairs and investment in our existing / new stock and decarbonisation programmes;
 - Minimum general balances of £5m will be maintained and increased throughout the duration of the plan (this is currently equivalent to c5% of annual spend);
 - Cumulative savings programme of c£1.7m required by 2026/27, with no further savings required in later years.
4. The HRA 10-year Business Plan will continue to be managed rigorously to ensure the long-term sustainability of services and financial resilience. There will be additional borrowing and some key ratios are set out below and will be preserved:
 - The ratio of day-to-day repairs spend to rent income will improve as more investment is undertaken in our stock such that the expenditure on our repairs will reduce from 40% in 25/26 to 36% in 2034/35.
 - The external borrowing on properties will be no more than 55% of the value of the housing stock (the latter based on an adjusted social housing value at 25% of open market value).

HRA Budget 2025/26

5. The financial position of the HRA has improved considerably from 2022/23 (the base deficit of £4.1m in that year has been fully eliminated from 2024/25 onwards). This will allow a strategy to ensure that minimum balances of £5m will continue to be maintained and these will be supplemented in future years as the financial operating environment allows.
6. The HRA 2025/26 budget (see Table 1 below) has been updated for national rent policy changes, and other fiscal pressures. These are set out below:
 - a. The new Government recently confirmed that the maximum permissible rent increase for local authorities' social housing for 2025/26 will be 2.7%. This is in line with the latest announcement on national social housing rent policy which

sets out a 5 year plan to permit rent increases of up to CPI + 1% each year based on the previous September's CPI.

- b. The budget proposals assume contractual inflation of £0.5m based on CPI of 3% and a provision for pay awards from April 2025 (estimated at 2%, or £0.5m in total).
 - c. The recent increases in interest rates, together with an increase in borrowing to support the compliance-based capital programme, are expected to result in a significant increase in debt servicing costs for 2025/26 of £6.8m.
7. To offset some of these new pressures, a programme of pipeline savings of £5.3m will be delivered through a reduction in budgeted provisions for risk and a review of services to avoid any draw on reserves next year.

Table 1: HRA Budget 2024/25 and 2025/26

Division	Revised Budget 24/25	Movement between years	Proposed Budget 25/26
	£m	£m	£m
Rents (Gross)	(83.3)	(1.9)	(85.2)
Service Charges (Gross)	(19.9)	0.8	(19.1)
Other Income	(3.8)	(0.2)	(4.0)
Void Rent Loss	2.0	(0.4)	1.6
Repairs and Maintenance	24.3	(0.1)	24.2
Housing Management	31.4	(1.1)	30.3
Regeneration & Development	1.0	(0.1)	0.9
Capital Charges	31.3	5.9	37.2
Finance & Resources	7.2	(1.0)	6.2
Contingency	3.4	(2.3)	1.1
Corporate Services	6.4	0.4	6.8
Annual Balanced Budget	0.0	0.0	0.0

8. Table 2 below summarises the key changes in the budget between 2024/25 and 2025/26:

Table 2: HRA Budget – Major Movements between 2024/25 - 2025/26

	£m
Budget (Balanced) 2024/25	0.0
Additional Rent Income	(2.3)
Lower Service Charge Income (see below Energy Costs)	0.6
Pay Inflation (2%)	0.5
National Insurance Increase	0.5
Contracted Services Indexation (3%)	0.5
Energy Costs Reduction	(0.7)
Reduction in Contingency (from £3.4m to £1.1m)	(2.3)
Efficiencies	(3.0)
Corporate Support Service Recharges	0.4
Depreciation	(0.8)
Interest Payable (Net)	6.7
Budget (Balanced) 2025/26	0.0

Rent Trends

9. The Council has maintained a policy of minimising rent increases whilst protecting resources to deliver essential housing services including health and safety.
10. The rent increase will be set at 2.7% from April 2025 (in line with national rent policy). The income that will be generated will not fully offset the inflationary cost pressures accumulated in recent years.
11. The average rent for our Council homes remains lower than the average rent of other neighbouring London boroughs. In setting its rent, the Council has given due consideration to the balance between affordability for tenants and its income to invest in current stock, new housing and service provision.
12. Council homes' rents are on average less than a third of private housing market rents² in the borough. For illustration, the weekly rent for a one-bedroom Council home is proposed to be £129.30 from April 2025 whereas the same in the private housing market would be likely to be at least £490.37. For a two-bedroom Council home, the proposed weekly rent is £134.11 from April 2025, only 20.9% of the expected rent in the private housing market of £637.46.
13. The rent proposals for 2025/26 are necessary to protect the long-term financial resilience of the HRA. Some option modelling has been completed and for exemplification, the income from every 1% is estimated at £0.8m (this is the amount that would be foregone for every 1% below the proposed 2.7%). This would require major service changes to protect the HRA balances (see below).

² Office of National Statistics - Private Rental Market Statistics: Summary of median monthly rents recorded between Oct 23 and Sep 24. Rents have been conservatively uprated for 24/25 comparison using the maximum national social housing rent increase of 7.7% and for 25/26 using the maximum national social rent increase of 2.7% (September 2024 CPI+1%).

Tenant Service Charges

14. On 10 October 2022, Cabinet approved a change in policy from fixed to variable service charges. This means that the actual costs incurred by the Council in providing communal services can be fully recovered and that tenants and leaseholders pay a fair proportion of those costs. The table below sets out the different charges and the average increases or reductions from 1 April 2025:

Table 3: HRA Tenant Service Charges 2025/26

Tenant Service Charge	Average Charge 24/25	Average Charge 25/26	Average Change	Average Change
	£ pw	£ pw	£ pw	%
Caretaking	7.10	7.79	0.69	9.7%
Grounds Maintenance	1.77	1.97	0.20	11.3%
Concierge	13.82	14.27	0.45	3.3%
Door Entry	0.60	0.49	-0.11	-18.3%
Lift Maintenance	8.40	8.85	0.45	5.4%
TV Aerials	0.20	0.23	0.03	15.0%
Communal Lighting	4.45	2.42	-2.03	-45.6%
All (excluding HHW)	19.24	17.92	-1.32	
Heating and Hot Water (HHW)				
Communal HHW	4.80	4.35	-0.45	-9.4%
Personal HHW	21.41	19.42	-1.99	-9.3%

15. The major changes in charges relate to reductions in the costs of communal lighting and the heating and hot water service (following the peak of the energy crisis).
16. On 15 April 2024, Cabinet approved a procurement strategy for the Housing Cleaning (Caretaking) Services contract. This report assumes that caretaking service charges will increase based on an inflationary uplift of the current contract costs and overheads. Any proposed changes to the caretaking service and tenant service charges because of the planned re-procurement will be subject to consultation with tenants and a separate contract award report.
17. The details of the changes to charges for communal heating schemes, garage and parking space rents, water and sewerage charges, home buy and income from advertising hoardings and commercial properties are set out in Appendix 7.

Repairs

18. The Council is taking action to improve outcomes for residents who need repairs to their homes. Next year, we will be spending more than £24m on repairs and maintenance of our council homes.

19. We are also investing £674m over 10 years for major improvement work to existing homes as well as supporting the energy efficiency programme. This programme is important for de-carbonising the housing stock and reducing energy costs in the future, helping to tackle fuel poverty.

Affordable housing

20. There is significant need for affordable and social housing in the borough. The existing stock is aging and will require increasing investment to maintain modern building standards.
21. The acquisition and building of new homes will help to sustain the current housing provision and will assist in averting future risks (such as disrepair litigation) and reduce existing repairs maintenance and investment costs. It will also assist in the establishment of strong communities and neighbourhoods and reduce pressure on other public services such as homelessness.
22. The current HRA 10-year Business Plan includes building 831 new homes, the details of which will continue to be reported separately as part of the individual scheme approval reports.

Greening housing stock

23. Housing accounts for around 83% of the Council's direct operational CO2 emissions and the cost of living means energy efficiency is more important than ever. The Council plans to spend £39m over the next four years. These funds will deliver retrofit projects, providing residents with affordably heated and well-adapted homes that are cost and energy efficient and have net zero carbon impact.

Reserves

24. Two types of reserves are held within the HRA: general reserves and earmarked reserves.
25. **HRA general reserves** should provide sufficient cover against unanticipated events. The risks facing the HRA must be viewed in the context of the level of HRA general reserves. A prudent level of reserves is important to support long term investment planning for 17,000 properties with an existing use value of £1.4 billion.
26. The HRA general reserve as at 31 March 2024 was £5.4m. This is equivalent to less than three and a half weeks' of HRA gross rental income.
27. In 2025/26, the General Reserve is expected to be maintained at the £5.4m level (see table below).

Table 4: HRA General Reserves 2024/25 & 2025/26

	£m
General Reserve b/f (1 April 24)	(5.4)
In-year Pressures 24/25 - offset by provision for risk and use of balances	0.0
General Reserve c/f (31 March 25)	(5.4)
Use of Reserve 25/26 - no planned use	0.0
General Reserve c/f (31 March 26) - projected	(5.4)

28. **HRA earmarked reserves** are funds set aside to cover specific future plans that are not covered by annual budgets and to protect the HRA from specific risks. HRA cashable earmarked reserves were £6.2m as at 31 March 2024. These include funds set aside for the risk relating to potential revenue, abortive and other write-off costs associated with the Council’s affordable housing and regeneration plans (£3.6m) if plans do not progress.

Risks

29. The HRA faces multiple financial risks including those arising from the Government’s programme of Welfare Reform which continues to represent a risk to the Council’s ability to collect rental income and may result in increased bad debt charges to the HRA. All new benefit claims are subject to Universal Credit and all existing claims are currently subject to a migration process to Universal Credit that was delayed due Covid-19 and is now anticipated to be completed by December 2025. There is a risk that the migration of tenants to Universal Credit moves at a faster pace than expected. The increase in bad debt provision for rents has been budgeted for 2025/26 at £0.8m.
30. Whilst the full cost implications of implementing the Council’s HRA 10-year Business Plan are still being determined (the asset management strategy will be completed next year), there is a risk that costs are in excess of the proposed budget for 2025/26 and in the longer term.
31. In addition to these risks above, there are several other financial risks. These are set out in detail in Appendix 6.

Reasons for Decision

32. Section 76 (1)-(4) of the Local Government & Housing Act 1989 (“the Act”) requires local authorities to set a budget for their HRA on an annual basis using the best assumptions available. The Act also specifies that it is unlawful to approve a budget which will result in a debit position on the HRA general reserves.

Equality Implications

33. The provision of social housing is important for residents, who include the most disadvantaged and economically vulnerable members of society, including many groups with shared protected characteristics. Tenants will be supported by the

Council to maximise entitlement to financial welfare benefits, and it is estimated that around 58% will be able to cover these additional costs through Housing Benefit and Universal Credit.

34. Rent increases will impact the household finances of tenants and leaseholders on low pay. However, the significant levels of inflation, when combined with the other challenges to balancing the HRA, has necessitated the changes proposed in this report. The need to ensure the HRA budget is secure and available to deliver the essential services and improvements that are needed is a key means of supporting tenants.
35. People with shared protected characteristics, including age, disability, gender, race and pregnancy are likely to be disproportionately affected by any measure that impacts on low-income families just above the level of eligibility for mainstream benefits. We will work to identify and support individuals struggling to make ends meet, and this help will benefit those with shared protected characteristics who are overrepresented within low-income families just above the level of eligibility to benefits. The available help includes the provision of support with money management, debt and arrears, flexible payment plans for service charges and referral to the wider and developing range of services that are available to help with wider related issues such as fuel and food poverty and the cost-of-living crisis.

Risk Management Implications

36. The principal risks are detailed in paragraphs 27-29 and in Appendix 6. These are included in the departmental risk register. While it is proposed to maintain the current level of reserves, which have reduced in previous years to meet ongoing investment in the Council's housing stock, it is vital that robust controls are maintained in respect of expenditure (including works carried out by contractors), income collection, budget management, monitoring and reporting. It is also important that regular review and monitoring of known and emerging risks is undertaken, and mitigations amended where risks change, or new mitigations put in place promptly as new risks emerge.

Implications completed by: David Hughes, Director of Audit, Fraud, Risk and Insurance, 29 October 2024

Consultation

37. Tenants and residents were consulted on the plans at the Sheltered Housing Forum on 14 January 2025, the Housing Representatives Forum on 21 January 2025 and the Housing and Homelessness Policy and Accountability Committee on the 27 January 2025 to allow the consideration of comments on the implications in advance of any formal decision being taken by Cabinet on 10 February 2025.

List of Appendices:

Appendix 1: 10 Year Financial Plan Key Business Plan Principles and Assumptions

Appendix 2: 10 Year Financial Plan Income and Expenditure Account

Appendix 3: 10 Year Financial Plan Housing Capital Programme

Appendix 4: 10 Year Financial Plan Balance Sheet

Appendix 5: Key Financial Outcomes

Appendix 6: Risks

Appendix 7: Fees, Charges and Other Income

Appendix 8: Consultation Responses

Appendix 1

Housing Revenue Account: 10 Year Financial Plan Key Business Plan Principles & Assumptions

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35
Average Homes	11,941	12,010	12,205	12,410	12,613	12,730	12,740	12,729	12,717	12,706
New Homes	37	133	334	543	752	874	889	882	876	870
RTB Sales	50	5	5	5	5	5	5	5	5	5
National Rent Policy (%)	CPI+1%	CPI+1%	CPI+1%	CPI+1%	CPI+1%	CPI only	CPI only	CPI only	CPI only	CPI only
Voids	1.6%	1.1%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Debts and Arrears	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Consumer Price Inflation	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Cost Inflation (Pay)	2.5%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Cost Inflation (Non-Pay)	3.0%	3.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Interest Rates (New Debt)	3.5%	3.5%	3.5%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%	3.0%

Appendix 3

Housing Revenue Account: 10 Year Financial Plan Housing Capital Programme

	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Asset Management & Compliance	68.6	78.3	62.4	58.9	62.0	65.7	54.1	55.1	50.7	29.4	585.2
Climate Emergency	1.5	2.9	15.0	19.7	13.2	13.5	6.9	7.1	7.2	1.3	88.4
Building Homes and Communities Strategy	46.0	21.4	2.0	0.0	56.8	0.2	0.1	0.1	0.0	0.0	126.6
Other HRA Capital Schemes	19.7	13.4	9.4	9.4	0.0	0.0	0.0	0.0	0.0	0.0	51.8
Total Expenditure	135.8	116.0	88.8	87.9	132.1	79.4	61.0	62.2	58.0	30.8	852.1
Leaseholder Contributions	2.7	2.7	2.7	2.7	8.0	8.2	8.5	8.6	8.9	4.5	57.5
Grants (Including S106 & GLA)	1.9	9.4	9.4	9.4	47.6	6.3	6.2	6.4	5.9	4.5	106.9
Capital Receipts	10.7	48.7	3.0	3.0	13.6	12.7	13.0	9.6	6.6	4.5	125.5
Major Repairs Reserve	16.5	17.1	17.9	18.8	20.2	21.0	21.5	22.0	22.5	17.3	194.9
Borrowing	104.0	38.0	55.8	54.1	42.7	31.3	11.9	15.6	14.1	0.0	367.3
Total Financing	135.8	116.0	88.8	87.9	132.1	79.4	61.0	62.2	58.0	30.8	852.1

Appendix 4

Housing Revenue Account: 10 Year Financial Plan Balance Sheet

	31/3/26	31/3/27	31/3/28	31/3/29	31/3/30	31/3/31	31/3/32	31/3/33	31/3/34	31/3/35
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Council Homes (EUV-SH)	1,469	1,505	1,543	1,582	1,621	1,662	1,703	1,746	1,789	1,834
Other Property Assets	75	77	79	80	82	85	87	89	91	93
Net Current Assets	8	8	8	8	8	8	8	8	8	8
Total Assets	1,551	1,590	1,629	1,670	1,711	1,754	1,798	1,842	1,888	1,935
General Balance	5	5	5	5	5	5	5	5	5	5
Other Reserves (eg RTB)	34	37	37	8	8	8	8	8	8	8
Debt Outstanding	555	593	649	703	746	777	789	804	818	818
Revaluation Reserve	957	955	938	953	952	964	995	1,025	1,056	1,103
Total Reserves	1,551	1,590	1,629	1,670	1,711	1,754	1,798	1,842	1,888	1,935

Appendix 5

Housing Revenue Account: 10 Year Financial Plan Key Financial Outcomes

	2025/26	2028/29	2031/32	2034/35
Repairs to Capital Spend*	33%:67%	39%:61%	42%:58%	58%:42%
Repairs to Rent Income	40%	38%	36%	36%
Interest to Rent Income	24%	28%	29%	28%
Housing Services to Rent Income	36%	34%	33%	33%
Capital Spend Per Home*	£5,700	£4,700	£4,200	£2,300
Repairs Spend Per Home	£2,900	£3,000	£3,100	£3,300
External Borrowing Per Home	£37,800	£52,300	£61,000	£64,400
Debt to Property Value	31%	42%	47%	46%
*Asset & Compliance only (excludes carbon / other capital works)				

Appendix 6

Housing Revenue Account: General Risks

Social Regulation Act - this will place significant additional requirements on the Council including tenant engagement and required expertise of housing staff.
Right to Buy (RTB) disposals - although 5 disposals per year are assumed within the business plan, an increase above this number could reduce the net income due to the HRA.
Housing repairs – unpredicted events may result in additional expenditure (for example, following new health and safety directives, legislation, insurance claims).
The Building Safety Act and Fire Safety Act requires H&F, as landlord, to resource significant additional investment, both revenue and capital, to achieve compliance.
Staff Capacity and Expertise – the shortage of technical staff available on the market could delay and increase the cost of the delivery of the Council’s compliance-based Asset Management Capital Strategy.
Market risk on re-procurement and recruitment – there is a risk that it will become harder to re-procure contracts or recruit staff at the predicted rates given the recent inflationary environment.
Other changes in central Government policy towards social housing
Additional fire safety costs – fire safety improvements to the housing stock above and beyond the current plans may be required as stock condition surveys reveal the full cost of implementing the Hackitt recommendations.
The state of the UK economy – this includes the impact on the housing sector on costs of a weakening currency, loss of grants funding opportunities, inflationary pressures on contracts and an increase in tenant rent arrears.
Depreciation – this could divert funds away from revenue as a result of changes in housing stock valuations or from changes in the regulations governing HRA assets.
Asbestos management – as fire safety works are undertaken, the volume of asbestos removal may be greater and more costly than anticipated.
Additional compliance costs and other repairs risks such as uninsured events
Aging housing and asset stock condition maintenance – this has been addressed via the Asset Management Capital Strategy but there is a risk that the investment required will exceed the approved resources.
Delivering the efficiencies – there is a risk to future savings delivery in accordance with the HRA Business Plan

Appendix 7

Fees, Charges and Other Income

Heating charges

Tenants and leaseholders who receive communal heating (around 1,743 properties) pay a weekly charge towards the energy costs of the scheme. The Council meets the costs of heating in the year, and recharges tenants and leaseholders based on an estimated cost and usage.

The Council is part of the LASER energy procurement group, which purchases energy on behalf of 48 local authorities. A system of flexible procurement is used which should ensure that LASER tenders for new energy contracts on a rolling basis, so that it can purchase when rates are low.

An estimate has been prepared in consultation with the Council's utilities management function of the new contract rate the Council can expect to achieve. Based on this estimate, combined with the need to balance the heating account for the year, and in the light of recent changes in the cost of energy, a reduction in charges is proposed for 2025/26.

The average weekly reduction on the scheme is £0.45 (communal heating, tenants only), £1.99 (tenants' personal heating) and £3.80 (leaseholders' personal heating). However, there is a range of reductions both below and significantly above the average particularly for leaseholders. Additional detail has been provided to tenants as part of the consultation process referred to at Appendix 8.

Garage rents

There are 1,082 garages in H&F of which 892 occupied units are rented by licence holders.

H&F standard sized garages are currently charged at the weekly prices of £28.34 (VAT exempt) for Council tenants and leaseholders, £53.58 (including VAT) for private residents of the borough and £76.58 (including VAT) for non-borough residents. The smaller motorcycle garages are charged at a fixed rate of £21.26 per week.

Currently blue badge holders and pensioners are offered discounts at 25% and 10% respectively.

The current garage pricing is competitive with other local authorities and a garage refurbishment programme is enabling voids to become viable again for lettings. H&F's garage lettings strategy varies from many other local authorities in that residents both within and out of the borough can rent garages and licensees can use garages for either vehicles or general storage.

It is proposed to increase garage charges for council tenants, resident leaseholders and for other customers from April 2025 by 1.7%, in line with CPI (as at September 2024).

Car space rentals

Residents can rent an allocated parking space on the non-traffic order sites which gives them exclusive access to that bay during their licence. This is open both to Council tenants/leaseholders and private residents/companies in the borough. There are 299 car spaces for rent on estates in H&F of which 164 are occupied.

The current charges for Council tenants and leaseholders range from £3.30 per week for uncovered bays (VAT exempt) to £3.73 per week for covered bays (VAT exempt). Private residents can rent a space on one of the commercial sites for £33.68 per week (inclusive of VAT). There is a concessionary rate of 25% discount for blue badge holders available.

It is proposed to implement a general 1.7% increase in car space charges from April 2025. This is in line with CPI as at September 2024.

Leasehold after sale – Home Buy fees

To move towards recovering the costs of service provision, it is planned to increase the fee by 1.7% from £232 to £236.

Advertising income

The annual budget for income generated from advertising hoardings located on housing land has been increased by £3,000 to £425,000. This follows a commercial review of all sites based on current market conditions.

Legal and accounting advice previously has confirmed that the income and expenditure associated with advertising hoardings on HRA land should be accounted for within the HRA.

Rents on shops

The budget for commercial property rents for 2024/25 has increased by £58,000 to £1,666,000. This approach reflects market conditions based on informed assumptions from the Council's Valuation and Property Services team. Additionally, the budgeted charge for the bad debt provision has been set at £100,000 for 2024/25.

Appendix 8

Consultation Responses

Tenants from the Sheltered Housing Forum (14 January 2025) and from the Housing Representatives Forum (21 January 2025) were consulted on the HRA Budget 2025/26.

The Housing and Homelessness Policy and Accountability Committee on 27 January 2025 also considered the HRA Budget 2025/26.