

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Cabinet

Date: 09/02/2026

Subject: The Housing Revenue Account (HRA) Budget (2026/27), Rents and Service Charges (2026/27) and HRA 10 Year Business Plan (2026/27 – 2035/36)

Report of: The Cabinet Member for Housing and Homelessness, Councillor Frances Umeh and the 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 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 (£0.94bn) 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.

The Government confirmed the national rent policy of CPI+1% last Autumn and this will provide greater sustainability and resilience of the Council's housing finances. In addition, the rent convergence policy was announced on 28 January 2026 and the changes are reflected in the report (the +£2 will be phased over the next couple of years).

This report sets out the HRA budget proposals for the financial year 2026/27 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.

The Government has provided further certainty for financial planning in the housing service by announcing a national social rents policy of CPI¹ + 1% only for 2026/27 plus phased permissible increases from 2027/28 of an additional £1 and from 2028/29 onwards of an additional £2 to run for 10 years from 2026/27 – 2035/36). For 2026/27, 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 63% 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 2026/27 budget for council homes as set out in Table 1.
2. To approve the HRA 10-year Business Plan for Council Homes (2026/27 – 2035/36) as set out in paragraphs 3 - 4 of this report and Appendices 1 - 5.
3. To approve a rent increase of 4.8% from 6 April 2026 (in line with September 2025 CPI+1%), which equates to an average weekly increase for tenants of £6.69 in 2026/27.
4. To approve an increase to shared ownership rents of 4.8% from 1 April 2026 (in line with September 2025 CPI+1%).
5. To approve changes to tenant service charges to reflect the costs of providing communal services from 6 April 2026, which equate to an average weekly increase for tenants of £1.52 in 2026/27.
6. To approve a reduction to charges for heating and hot water to reflect the costs of provision of the district heating service from April 2026, which equate to an average weekly reduction for tenants and leaseholders on the scheme of £0.29 (communal heating), £1.27 (tenants' personal heating) and £2.08 (leaseholders' personal heating) in 2026/27.
7. To approve an increase to the management fee for temporary on licence properties of 3.8% (in line with September 2025 CPI) from 6 April 2026.

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

8. To approve an increase to the rent and service charges for hostels of 4.8% from 6 April 2026 (in line with September 2025 CPI+1%).
9. To increase garage charges for council tenants, resident leaseholders, and for other customers from 6 April 2026 by 3.8% (in line with September 2025 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 2026.
11. To increase car space rental charges for all customers by 3.8% from April 2026 (in line with September 2025 CPI).
12. To approve an increase in the Leasehold After Sale – Home Buy fees by 3.8% from April 2026 from £237 to £246 (in line with September 2025 CPI).
13. To approve an increase in the Leasehold Property Alterations fees by 3.8% from April 2026.

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 compliance-based capital programme is factored into 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, has been 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.

Implications by Danny Rochford, Head of Finance (Housing), 30 January 2026

Verified by Sukvinder Kalsi, Executive Director of Finance and Corporate Services, 30 January 2026

Legal Implication

The HRA was established by the Local Government and Housing Act 1989 ("the Act") 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 VI of 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. Under Section 76 of the Local Government and Housing Act 1989, the Council is required to prepare proposals in January and February each year relating to the income of the authority from rents and other charges, expenditure in respect of repairs, maintenance, supervision and management of HRA property and other prescribed matters. 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 Housing Act gives the Council power to set rents, but sub-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, which allows rent increases up to CPI +1% each year. The cap of a 7% increase imposed by the Direction on the Rent Standard 2023 no longer applies after 31 March 2024 and the 2020 Rent Standard will apply in full.

The rent increases recommended in this report comply with the 2020 Rent Standard. The Rent Standard requires that Registered Providers charge rents in accordance with the Government direction to the Regulator of Social Housing, and in accordance with the Government's Policy Statement on Rents for Social Housing.

Service charges - the Landlord and Tenant Act 1985 sets out the basic rules for service charges, defining what is considered a service charge, setting out requirements for reasonableness and for prior consultation of leaseholders. Section 18 (1) of the Act defines a service charge as 'an amount payable by a tenant of a dwelling as part of or in addition to the rent:

- a. which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management; and
- b. the whole or part of which varies or may vary according to the relevant costs.

Rent for parking spaces, garages and advertisement hoardings- The Council is permitted by section 93 of the Local Government Act 2003 to charge for discretionary services provided that taking one financial year with another the income from charges for discretionary services does not exceed the cost of provision. In other words, the Council may not make a profit from the delivery of these discretionary services.

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 Housing Representatives Forum on 13 January 2026, at the Sheltered Housing Forum on 20 January 2026 and at the Housing and Homelessness Policy and Accountability Committee on 3 February 2026. Members must carefully consider the consultation responses and the Equalities Impact Assessment appended to this report 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.

Implications by Afshan Ali-Syed, Senior Solicitor (Property and Planning), 4 December 2025

Verified by Mrinalini Rajaratnam, Head of Law – Place, 8 December 2025

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 11,880 including Right to Buy sales and building new homes;
 - Estimated investment of £0.94bn 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 £3.9m required by 2026/27, with no further savings required in later years.
4. The HRA Business Plan will continue to be updated and the changes on the rent convergence will be included in the next review. The HRA 10-year Business Plan

assumes rent increases based on CPI + 1% + £2 from 2026/27 onwards. The implications for the HRA Business Plan are estimated to be £2.8m.

5. 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 39% in 26/27 to 35% in 2035/36.
 - 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 2026/27

6. 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 is enabling 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.
7. The HRA 2026/27 budget (see Table 1 below) has been updated for national rent policy changes, and other fiscal pressures. These are set out below:
 - a. The Government recently confirmed that the maximum permissible rent increase for local authorities' social housing for 2026/27 will be 4.8%. This is in line with the latest announcement on national social housing rent policy which permits rent increases of up to CPI + 1% only in 2026/27.
 - b. The budget proposals assume contractual inflation of £0.9m based on CPI of 3.0% and a provision for pay awards from April 2026 (estimated at 2.5%, or £0.7m in total).
 - c. Higher 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 2026/27 of £4.0m.
8. To offset some of these new pressures, a programme of pipeline savings of £3.9m will be delivered through a review of services to avoid any draw on reserves next year.

Table 1: HRA Budget 2025/26 and 2026/27

Division	Revised Budget 25/26	Movement between years	Proposed Budget 26/27
	£m	£m	£m
Rents (Gross)	(85.2)	(4.1)	(89.3)
Service Charges (Gross)	(19.1)	(0.7)	(19.8)
Other Income	(4.0)	0.1	(3.9)
Void Rent Loss	1.6	(0.3)	1.3
Repairs and Maintenance	24.6	0.5	25.1
Housing Management	30.7	(4.0)	26.7
Regeneration & Development	1.7	1.5	3.2
Capital Charges	37.2	4.6	41.7
Finance & Resources	4.6	2.1	6.7
Contingency	1.1	0.2	1.3
Corporate Services	6.8	0.2	7.0
Annual Balanced Budget	(0.0)	0.0	0.0

9. Table 2 below summarises the key changes in the budget between 2025/26 and 2026/27:

Table 2: HRA Budget – Major Movements between 2025/26 - 2026/27

	Budget Movements
	£m
Budget (Balanced) 2025/26	0.0
Additional Rent Income	(4.1)
Additional Service Charge Income	(0.6)
Pay Inflation (2.5%)	0.7
Contracted Services Indexation	0.9
Increase in Contingency (from £1.1m to £1.3m)	0.2
Efficiencies	(3.9)
Corporate Support Service Recharges	0.2
Provision for Housing Development Expenditure	2.0
Depreciation	0.6
Interest Payable (Net)	4.0
Budget (Balanced) 2026/7	(0.0)

Rent Trends

10. The Council has maintained a policy of minimising rent increases whilst protecting resources to deliver essential housing services including health and safety.
11. The rent increase will be set at 4.8% from April 2026 (in line with national rent policy). The income that will be generated will not fully offset the inflationary cost pressures accumulated in recent years.

12. 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.
13. Council homes' rents remain 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 £136.50 from April 2026 whereas the same in the private housing market would be likely to be at least £476. For a two-bedroom Council home, the proposed weekly rent is £141.15 from April 2026, 23% of the expected rent in the private housing market of £626.
14. The rent proposals for 2026/27 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 £0.9m (this is the amount that would be foregone for every 1% below the proposed 4.8%). This would require major service changes to protect the HRA balances (see below).

Tenant Service Charges

15. 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 6 April 2026:

Table 3: HRA Tenant Service Charges 2026/27

Tenant Service Charge	Average Charge 25/26	Average Charge 26/27
	£ pw	£ pw
Caretaking	7.79	8.61
Grounds Maintenance	1.97	2.13
Concierge	14.27	15.13
Door Entry	0.49	0.51
Lift Maintenance	8.85	9.26
TV Aerials	0.23	0.27
Communal Lighting	2.42	2.72
All (excluding HHW)	17.92	19.44
Heating and Hot Water (HHW)		
Communal HHW	4.35	4.06
Personal HHW	19.42	18.15

² Office of National Statistics - Private Rental Market Statistics: Summary of median monthly rents recorded between Oct 24 and Sep 25. Rents have been conservatively uprated for 26/27 comparison using the maximum national social housing rent increase of 2.7% and for 26/27 using the maximum national social rent increase of 4.8% (September 2025 CPI+1%).

16. 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

17. The Council is taking action to improve outcomes for residents who need repairs to their homes. Next year, we will be spending more than £25m on repairs and maintenance of our council homes.
18. We are also investing £675m 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

19. 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.
20. 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.
21. The current HRA 10-year Business Plan includes building 198 new homes, the details of which will continue to be reported separately as part of the individual scheme approval reports.

Greening housing stock

22. 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 £49m 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

23. Two types of reserves are held within the HRA: general reserves and earmarked reserves.
24. **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.

25. The HRA general reserve as at 31 March 2025 was £5.9m. This is equivalent to less than three and a half weeks' of HRA gross rental income.
26. In 2026/27, the General Reserve is expected to be maintained at the £5.9m level (see table below).

Table 4: HRA General Reserves 2025/26 & 2026/27

	£m
General Reserve b/f (1 April 25)	(5.9)
In-year Pressures 25/26 - offset by provision for risk and use of balances	0.0
General Reserve c/f (31 March 26)	(5.9)
Use of Reserve 26/27 - no planned use	0.0
General Reserve c/f (31 March 27) - projected	(5.9)

27. **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 £6.9m as at 31 March 2025. 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

28. 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 2026/27 at £1.3m.
29. Whilst the full cost implications of implementing the Council's HRA 10-year Business Plan are still being determined (the asset management strategy is currently being finalised), there is a risk that costs are in excess of the proposed budget for 2026/27 and in the longer term.
30. In addition to these risks above, there are several other financial risks. These are set out in detail in Appendix 6.

Reasons for Decision

31. 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

32. The proposed rent and service charge increases may have a disproportionate impact on residents with protected characteristics under the Equality Act 2010, particularly older people, disabled tenants, and families with young children. These groups are overrepresented among low-income households and may be more vulnerable to financial hardship
33. Approximately 63% of tenants are expected to have the additional costs covered wholly or partially through Housing Benefit or Universal Credit. However, households just above benefit eligibility thresholds may experience greater pressure on their finances. This includes individuals with intersecting characteristics, such as older disabled residents or single parents from majority ethnic backgrounds.
34. To mitigate these impacts, the Council will:
 - Proactively communicate changes and available support through multiple channels, including targeted outreach to vulnerable groups.
 - Maximise benefit take-up by offering guidance on Housing Benefit and Universal Credit entitlements.
 - Provide flexible payment plans, debt advice, and money management support for tenants experiencing hardship.
 - Refer residents to wider support services addressing fuel and food poverty and the cost-of-living crisis, including partnerships with local voluntary and community organisations.
 - Ensure reasonable adjustments for disabled tenants and those with specific needs, in line with statutory obligations.
35. The Council will monitor arrears and hardship cases by protected characteristic and report findings quarterly to the Housing and Homelessness Policy and Accountability Committee. This approach ensures compliance with the Public Sector Equality Duty and enables timely interventions where disproportionate impacts are identified.
36. An EIA has been completed to ascertain the potential impact on groups that share protected characteristics and can be found in the appendices.

Verified by Yvonne Okiyo, Strategic Lead, EDI 9th December 2025

Risk Management Implications

37. 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 level of reserves for 2026/27 at the level held at 31 March 2025, following reductions 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, 19 December 2025

Consultation

38. Tenants and residents were consulted on the plans at the Housing Representatives Forum on 13 January 2026, the Sheltered Housing Forum on 20 January 2026 and the Housing and Homelessness Policy and Accountability Committee on the 3 February 2026 to allow the consideration of comments on the implications in advance of any formal decision being taken by Cabinet on 9 February 2026.

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

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
Average Homes	11,885	11,944	11,950	11,940	11,930	11,920	11,910	11,900	11,890	11,880
New Homes	78	177	198	198	198	198	198	198	198	198
RTB Sales	60	20	10	10	10	10	10	10	10	10
National Rent Policy	CPI+1%+£2	CPI+1%+£2	CPI+1%+£2	CPI+1%+£2	CPI+1%+£2	CPI+1%+£2	CPI+1%+£2	CPI+1%+£2	CPI+1%+£2	CPI+1%+£2
Voids	1.31%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%	1.25%
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%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Interest Rates (New Debt)	4.5%	4.5%	4.5%	4.0%	4.0%	4.0%	4.0%	3.5%	3.5%	3.5%

Appendix 2

Housing Revenue Account: 10 Year Financial Plan Income & Expenditure Account

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Rent Income	(90.4)	(95.1)	(99.2)	(102.9)	(106.7)	(110.5)	(114.3)	(118.2)	(122.1)	(126.2)
Other Income ¹	(36.0)	(36.8)	(37.8)	(38.8)	(39.8)	(40.9)	(42.0)	(43.1)	(44.2)	(45.4)
Void Rent	1.3	1.3	1.4	1.4	1.5	1.5	1.6	1.6	1.7	1.7
Repairs and Voids	36.1	37.1	38.1	39.0	40.0	41.1	42.1	43.2	44.3	45.5
Estate Services	16.7	17.1	17.6	18.1	18.6	19.1	19.7	20.2	20.8	21.4
Housing Services	33.4	34.1	34.7	33.4	34.0	34.7	35.4	36.1	36.8	37.6
Interest	24.6	25.6	27.9	28.3	29.6	30.6	31.5	31.0	31.5	30.5
Depreciation	17.1	17.8	18.4	19.1	19.7	20.4	21.1	21.8	22.6	23.4
(Savings) / Investment	(2.8)	(1.1)	(1.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Budget	(0.0)	(0.0)	(0.0)	(2.5)	(3.1)	(3.9)	(4.9)	(7.3)	(8.6)	(11.5)
Balances	(5.9)	(5.9)	(5.9)	(8.3)	(11.4)	(15.4)	(20.3)	(27.6)	(36.2)	(47.7)

¹Service Charges and Staff Capitalisation

Appendix 3

Housing Revenue Account: 10 Year Financial Plan Housing Capital Programme

	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Asset Management & Compliance	58.7	58.1	59.0	61.3	63.5	58.2	60.2	62.1	56.9	57.0	595.1
Building Homes and Communities Strategy	19.3	14.6	11.6	4.7	0.0	0.0	0.0	0.0	0.0	0.0	50.2
Other HRA Capital Schemes	10.9	9.5	9.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.9
Total Expenditure	88.9	82.3	80.0	66.1	63.5	58.2	60.2	62.1	56.9	57.0	675.1
Leaseholder Contributions	2.7	2.7	2.7	8.0	8.2	8.5	8.7	9.0	9.3	9.6	69.4
Grants (Including S106 & GLA)	10.6	9.5	9.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	29.5
RtB Receipts	29.7	4.4	2.3	2.3	2.4	2.5	2.6	2.6	0.5	0.0	49.2
Development Sales Receipts	40.4	3.2	0.5	0.5	0.5	0.5	0.5	0.5	0.6	0.6	47.8
Major Repairs Reserve	5.5	28.9	18.1	18.8	19.4	20.1	20.7	21.5	22.2	22.9	198.1
Borrowing	0.0	33.6	47.0	36.5	33.0	26.7	27.6	28.5	24.4	23.9	281.1
Total Financing	88.9	82.3	80.0	66.1	63.5	58.2	60.2	62.1	56.9	57.0	675.1

Appendix 4

Housing Revenue Account: 10 Year Financial Plan Balance Sheet

	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	31/3/36
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Council Homes (EUV-SH)	1,535	1,591	1,646	1,702	1,760	1,820	1,882	1,946	2,013	2,082
Other Property Assets	93	103	103	103	103	103	103	103	103	103
Net Current Assets	24	13	12	15	17	21	26	32	43	57
Total Assets	1,652	1,707	1,761	1,819	1,880	1,944	2,011	2,082	2,159	2,241
General Balance	6	6	6	8	11	14	19	26	34	45
Other Reserves (eg RTB)	18	7	7	7	7	7	7	7	9	12
Debt Outstanding	594	637	684	721	754	780	808	837	861	885
Revaluation Reserve	1,034	1,057	1,064	1,084	1,109	1,142	1,177	1,213	1,255	1,300
Total Reserves	1,652	1,707	1,761	1,819	1,880	1,944	2,011	2,082	2,159	2,241

Appendix 5

Housing Revenue Account: 10 Year Financial Plan Key Financial Outcomes

	2026/27	2029/30	2032/33	2035/36
Repairs to Capital Spend*	39%:61%	45%:55%	44%:56%	44%:56%
Repairs to Rent Income	39%	37%	36%	35%
Interest to Rent Income	27%	28%	28%	24%
Housing Services to Rent Income	35%	32%	31%	30%
Capital Spend Per Home*	£4,800	£4,000	£4,400	£4,800
Repairs Spend Per Home	£3,000	£3,200	£3,500	£3,800
External Borrowing Per Home	£49,100	£57,300	£65,500	£72,500
Debt to Property Value	40%	42%	43%	43%
*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.
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
Cyber Security - there are heightened concerns in the Council of potential online security issues and additional costs may arise in the future.
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 (1,741 properties communally metered plus a further 24 individually metered) 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 purchasing body, which purchases energy on behalf of over 100 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 2026/27.

The average weekly reduction on the scheme is £0.29 (communal heating, tenants only), £1.27 (tenants' personal heating) and £2.08 (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 1,094 garages in H&F of which 908 occupied units are rented by licence holders.

H&F standard sized garages are currently charged at the weekly prices of £28.83 (VAT exempt) for Council tenants and leaseholders, £54.49 (including VAT) for private residents of the borough and £77.88 (including VAT) for non-borough residents. The smaller motorcycle garages are charged at a fixed rate of £21.63 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 2026 by 3.8%, in line with CPI (as at September 2025).

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 266 car spaces for rent on estates in H&F of which 149 are occupied.

The current charges for Council tenants and leaseholders range from £3.36 per week for uncovered bays (VAT exempt) to £3.79 per week for covered bays (VAT exempt). Private residents can rent a space on one of the commercial sites for £34.25 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 3.8% increase in car space charges from April 2026. This is in line with CPI as at September 2025.

Leasehold after sale – Home Buy fees

To move towards recovering the costs of service provision, it is planned to increase the fee by 3.8% from £232 to £246.

Advertising income

The annual budget for income generated from advertising hoardings located on housing land has been reduced from £425,000 to £162,800. 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 2026/27 has increased by £59,000 to £1,724,800. 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 2026/27.

Appendix 8

Consultation Responses

Tenants from the Housing Representatives Forum (13 January 2026) and from the Sheltered Housing Forum (20 January 2026) and were consulted on the HRA Budget 2026/27.

The Housing and Homelessness Policy and Accountability Committee on 3 February 2026 also considered the HRA Budget 2026/27.