

- Supervision & Management (Special) e.g., sheltered schemes, hostel, roads, paths, fences and grounds, which are not part of an individual property.
- Housing Repairs & Maintenance, which has a separate account and deals with the maintenance of individual properties.

3.2 The Council, as landlord to properties within the Housing Revenue Account is required to review rent levels and advise tenants of their rent for the forthcoming year ahead as part of the budget setting process.

Rent Setting

3.3 For 2025/26 it is proposed to increase rent by 2.7%. Under current rules, this is the maximum rents could increase by. It is critical that we maximise income through applying the maximum rent increase in order service priorities can continue to be met including meeting the decent homes standard, meeting our compliance and regulation requirements, continue to provide management and support to tenants, continue with decarbonisation works and increase the housing stock through acquisition and development.

3.4 Based on the above, rents for 2025/26 have been calculated on the following basis:

- Social housing and supported housing rent will increase by 2.7%.
- Void loss assumption of 1.75%.
- An assumption that 15 dwellings will be sold
- Peggs Close properties removed from budget
- £45,000 added to cover rent for new properties.

3.5 After factoring in the above, the forecast rental income for 2025/26 is £15,683,310. This is an increase of £635,070. This increase is required to ensure ongoing investments in repairs and maintenance to the Council's stock can continue.

Budget Summary

3.6 The original Housing Revenue Account budget for 2024/25, revised budget for 2024/25 (based on October 2024 outturn) and the proposed budget for 2025/26 is set out in Appendix 1.

3.7 The original Housing Repairs Account budget for 2024/25, revised budgets for 2024/25 (based on October 2024 outturn) and the proposed budget for 2025/26 is set out in Appendix 2.

Revised 2024/25 Budget

3.8 The original budgets for 2024/25 have, in accordance with the Council's Financial Procedures been revised during the year to take account of approved supplementary budgets and virements. The position in Appendix 1

is based on the October Outturn position and updated for the latest rent forecast.

- 3.9 Appendix 1 identifies an increase in spend for the year of £52,531. This increase is explained below: -

	£
Additional Employee costs	45,000
Additional Rent income	(320,000)
Gas & Electricity overspend	120,000
Cleaning overspends	25,000
Additional lifeline income	(40,000)
Additional interest costs	75,000
Carry forwards from 2023/24	85,651
In year supplementary budgets	40,880
Premises insurance overspend	18,000
Other minor variances	3,000
TOTAL	52,531

This will result in an estimated HRA balance as at 31st March 2025 of £810,232 against the original estimate of £831,763. In 2025/26, the estimated contributions to the regeneration reserve will increase to ensure that HRA balance equates to around £250 per property and resources are set aside to fund future capital expenditure.

- 3.10 In addition, Appendix 2 summarises the Housing Repairs Account to year end. The movement between the original budget and the revised budget is primary due to continued high levels of demand and price increases for responsive repairs.

2025/26 Budget

Service Priorities and links to other documents

- 3.11 The 2025/26 budget has been created with clear links to the Council's Corporate Plan and service objectives.
- 3.12 In addition to the Corporate Plan, the overarching strategic document for the HRA is the HRA Investment Strategy which was refreshed in 2024. The key objectives for future housing provision outlined in this document were taken into account in producing both the revenue and capital HRA budgets. These are as follows:
- Continue to invest in existing stock to maintain good quality homes.
 - Where affordable, invest in new build schemes/acquire affordable housing to increase the amount of affordable housing available.
 - Refurbishment/regeneration of stock which no longer meets needs.
 - Review the potential for further investment in new housing stock.

Budget Assumptions

- 3.13 The 2025/26 Housing Revenue Budget has been prepared following a robust process for the 2025/26 financial year.
- 3.14 In order to drive efficiency savings within the cost of supplies and services, a rate of 0% has been applied to non-contract related expenditure. For contractual commitments, an inflation rate of 2% has been used, unless otherwise specified within the terms of the specific contract.
- 3.15 The salaries and wages budgets form one of the most significant elements of the revenue budget. For pay costs, the 2025/26 estimates have been based on the latest pension valuation and assumes a 2% pay award. The Council operates a disciplined process of challenging recruitment and filling of posts and therefore a salary saving rate of 5% (General Fund and HRA) has been applied to posts to reflect the savings which will result from this challenge. This rate is unchanged from that used in 2024/25.

Housing Revenue Account 2025/26

- 3.16 The estimated surplus for 2025/26 for the HRA is £38,821. This will result in a forecast balance at the year-end of £849,053. After allowing for rent changes, the major changes are summarised below: -

	£
Increase in Employee salary costs (pay award, NI, Pension)	21,930
Increase in Interest payable	67,052
Additional Sheltered Scheme Service Charges	(30,000)
Additional Piper Alarm/Lifeline income	(18,480)
Reduction in gas & electricity costs	(20,890)
Additional contribution to Repairs account	157,830
Additional Premises Insurance cost	25,473
Increase in Depreciation. This has no net impact. The change in depreciation is offset by the change in the repairs reserve which is used to fund capital expenditure	482,590
Reduction in grant income	35,190
Annual Fee – Housing Regulator	15,880
Housing Officer Mobile System Licence	17,500
Service Growths*	125,000
Increase in Audit Fees	8,000
Increase in water charges	7,240
Additional insurance costs	8,202
Other minor variations	14,769
TOTAL	£917,286

*Growths listed in the above table are detailed below:-

	£
Service Improvements	100,000
Contractual Telephone charges	10,000
Contractual IT software Licence costs	10,000
Reduction Heating income (Armada Court)	5,000
TOTAL	125,000

Housing Repairs budgets 2025/26

- 3.17 The housing repairs operational budgets (Planned and Responsive repairs) have been prepared taking into account forecast need and the capacity for this to be delivered in 2025/26.
- 3.18 Programmed and Responsive repairs budgets have been increased in-line with inflation and latest demands on the service. The estimated operating surplus for the year is £32,521, which will mean a forecast balance of £36,721 as at 31st March 2026.

Service growths included in the repairs accounts are detailed below:-

	£
Programmed Repairs contractual increases in prices	16,600
Responsive Repairs based on latest demand levels and prices increases	25,000
TOTAL	41,600

Working balances

- 3.19 The Council has the following policies relating to levels of balances and reserves in the HRA:
- Maintain HRA balances (non-earmarked) of £250 per property by the 31st March 2026. For 2025/26, this equates to a minimum balance of £806,750 based on 3,227 properties.
 - Maintain a breakeven position within the Housing Repairs Account with all surpluses transferred to earmarked reserves.
 - Where possible, all actual service under-spends, and excess balances should be transferred to earmarked reserves to plan for specific future costs or financial risks.
 - There should be no direct contribution from revenue to capital except for specific identified projects.
- 3.20 The projected movement of the Housing Revenue Account balance is detailed below and indicates that sufficient balances are forecast as at 31st March 2026 based on the minimum balance thresholds outlined in 3.19. Required

transactions to achieve minimum balances for 2024/25 will be considered as part of the outturn process.

	2024/25 ORIGINAL ESTIMATE	2024/25 LATEST ESTIMATE	2025/26 ORIGINAL ESTIMATE
	£	£	£
Opening Balance at 1st April	(808,171)	(734,171)	(810,232)
Closing Balance at 31st March	(831,763)	(810,232)	(849,053)

3.21 The Housing Repairs Account balance is forecast as follows:

	2024/25 ORIGINAL ESTIMATE	2024/25 LATEST ESTIMATE	2025/26 ORIGINAL ESTIMATE
	£	£	£
Opening Balance at 1st April	(99,592)	(71,670)	(4,200)
Closing Balance at 31st March	(62,122)	(4,200)	(36,721)

Reserves

3.22 Appendix 3 provides a summary of earmarked HRA reserves, together with estimated movements during 2024/25 and 2025/26. Based on these calculations, it is estimated that the Council will hold £3,137,584 in earmarked HRA reserves as at 31st March 2025 and £3,373,854 at 31st March 2026. This amount excludes any “unapplied grants and contributions” which are treated as earmarked reserves in accordance with accounting regulations but relate to specific grants where conditions have not yet been met.

The following transfers to reserves require approval by Council:

Reserve	Transfer £	Use
2024/25		
Piper Alarm Reserve	30,000	Reserve set aside for Control Centre Service enhancements.
Regeneration Reserve	2,875,000	This reserve has been set up to fund the implementation of the Housing Investment Plan.
Major Repairs Reserve	(379,282)	This amount together with the depreciation budget will be set aside to fund capital expenditure. (This entry is now required due to a change in accounting regulations).

Reserve	Transfer £	Use
2025/26		
Piper Alarm Reserve	50,000	Reserve set aside for Control Centre Service enhancements.
Regeneration Reserve	2,900,000	This reserve has been set up to fund the implementation of the Housing Investment Plan. The transfer to reserves has been funded by both the HRA and the Housing Repairs Account.
Major Repairs Reserve	(640,552)	This amount together with the depreciation budget will be set aside to fund capital expenditure. (This entry is required due to a change in accounting regulations).

- 3.23 It is proposed that HRA reserves will only be used for capital purposes in 2025/26. Full details are included in the Capital Programme.

HRA Business Plan

- 3.24 The HRA Business Plan outlines how the HRA business will deliver services and capital projects over a 30 year period. The plan has been updated to reflect the budget for 2025/26. Further work is being undertaken to inform a revised HRA Investment Strategy.

4. Exemptions in accordance with the Access to Information procedure rules

- 4.1 Report taken in open session.

5. Financial implications [IB]

- 5.1 Contained in the body of the report.

6. Legal implications [JS]

- 6.1 This budget is drawn up and approved in accordance with the Statutory requirements as to the keeping of a Housing Revenue Account (HRA), as contained in the Local Government and Housing Act 1989 ('the Act'). It is a duty of each local authority to approve its HRA budget in the January and February immediately before the commencement of the financial year to which it relates.
- 6.2 The provisions include a duty, under Section 76 of the Act, to budget to prevent a debit balance on the HRA and to implement and review the budget. The Account must relate to the income of the authority for the year from rents and other charges in respect of houses and other property within their Housing Revenue Account and the expenditure of the authority for the year in

respect of the repair, maintenance, supervision and management of such property and any other requirements of the Secretary of State.

7. Corporate Plan implications

- 7.1 The proposed budgets will allocate resources to enable the Council to achieve its objectives for its own housing stock.

8. Consultation

- 8.1 Relevant council officers have been consulted in the preparation of the budgets.

9. Risk implications

- 9.1 It is the Council's policy to proactively identify and manage significant risks which may prevent delivery of business objectives.

It is not possible to eliminate or manage all risks all of the time and risks will remain which have not been identified. However, it is the officer's opinion based on the information available, that the significant risks associated with this decision / project have been identified, assessed and that controls are in place to manage them effectively.

The following significant risks associated with this report/decisions were identified from this assessment:

Management of significant (net red) risks

Risk Description	Mitigating Actions	Owner
That the Council has insufficient resources to meet its aspirations and cannot set a balanced budget	The HRA budget is produced to ensure that the objectives of the budget exercise are known throughout the organisation. The budget is scrutinised on an ongoing basis to ensure that assumptions are robust and reflective of financial performance. Sufficient levels of reserves and balances are maintained to ensure financial resilience	S Stacey

10. Knowing your community – equality and rural implications

- 10.1 The budget will allow management and maintenance of Council Properties throughout the Borough.

11. Climate implications

- 11.1 There are no direct implications arising from this report. However, budget decisions made by members in relation to issues such as rents, fees and charges, and in the longer-term asset investment directly affect the council's abilities to invest in climate change priorities. The financial pressure on the

council will mean it become increasing difficult to meet it carbon emergency targets by 2030.

There are no direct implications arising from this report.

12. Corporate implications

12.1 By submitting this report, the report author has taken the following into account:

- Community Safety implications
 - Environmental implications
 - ICT implications
 - Asset Management implications
 - Procurement implications
 - Human Resources implications
 - Planning implications
 - Data Protection implications
 - Voluntary Sector
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Background papers:	Civica Reports
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