Havering
LONDON BOROUGH

CABINET

5th February 2025

Subject Heading:	**HRA Business Plan update, Budget 2025/26 & Capital Programme 2025/26–2029/30.**
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Policy context:	This report presents the HRA Budget recommendations for agreement by Cabinet and recommendations on to Council for consideration and approval.
Financial summary:	The Council is required to set an annual HRA Revenue Budget for 2025/26. This report includes recommendations to agree the HRA revenue spend budget, the rents and other

	charges, the HRA Major Works Capital Programme, detailed in Appendix 1a and the Business Plan projections as outlined in Appendix 2a and 2b.
Is this a Key Decision?	**Yes**
Is this a Strategic Decision?	**Yes**
When should this matter be reviewed?	September 2025.
Reviewing OSC	Places.

SUMMARY

This report sets a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works and Capital Programme. Cabinet approved the Housing Asset Management Plan 2021-2051 in October 2021 and the budgets and projections of expenditure required to maintain the stock to a good standard have been used in the preparation of the capital programme in this report. A summary is provided of the HRA Business Plan 2024/25-2053/54.

The HRA is a ring-fenced account that is used to manage and maintain the Council's own housing stock. The Council is legally required to not set a deficit budget. The proposed budget will enable the Council to manage and maintain the housing stock to a good standard and provide funding for a significant acquisition, new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders for the year 2025/26.

As part of the new regulatory framework for local government housing services, councils are now subject to the Regulator of Social Housing's (RSH) Rent Standard. This has introduced the CPI + 1% increase arrangement, based on the published rate for September 2024 making an increase for 2025/26 of 2.7%.

In order to change any HRA rent liability, the local authority must notify tenants and give 28 days' notice of any change after the authority has made a properly constituted decision of that change. This means that, following a Cabinet decision on rent levels to be charged in any year, the local authority must write to all tenants to advise them of the new rent liability for the following 12 months.

Should the Cabinet adopt the recommendations, a notification will be sent to tenants in the first week of March 2025**,** to make the new charge effective from the first week of April 2025.

Cabinet 5th February 2025

RECOMMENDATIONS

That Cabinet:

1 Approve the Housing Revenue Account Budget as detailed in paragraph 3.5.

2 Agree that the rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be increased by 2.7% from the week commencing 7th April 2025.

3 Agree that the rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, are increased by 2.7% from the week commencing 7th April 2025.

4 To note the full annual rental charge will be billed over 48 weeks of the financial year and to agree the four weeks when rents will not be collected during 2025/26 are: the week commencing of 25th August 2025; 15th December 2025; 22nd December 2025 and the 30th March 2026.

5 Agree that service charges and heating and hot water charges for 2025/26 are as detailed in section 2.19 of this report.

6 Agree that charges for garages should be increased by 2.7% in 2025/26 as detailed in paragraph 2.9 of this report.

7 Agree that the service charge for the provision of intensive housing management support in sheltered housing for 2025/26 shall be as detailed in paragraph 20.24 of this report.

8 Agree the Supported Housing Charge for HRA Hostels as detailed in paragraph 2.28 of this report.

9 Agree that the rent charge to shared ownership leaseholders is increased in line with current lease conditions as detailed in paragraph 2.7 of this report.

10 Agree that the Care-line and Telecare support charge should be increased by 2.7% for 2025/26 as detailed in paragraph 2.27 of this report.

11 Approve the HRA Major Works Capital Programme, detailed in Appendix 1a of this report and refer it to full Council for final ratification.

12 Approve the HRA Capital expenditure and financing for the 12 Estates Joint Venture and other acquisition and regeneration opportunities detailed in section 4.4 – 4.12 and Appendix 1b of this report and refer it to Full Council for final ratification.

REPORT DETAIL

1. BACKGROUND

1.1 This report sets out what HRA income the Council has available to spend on housing, the current HRA financial position and the proposed spending plans for 2025/26.

1.2 The regulation of social housing has changed significantly with the implementation of the Social Housing (Regulation) Act 2023, particularly with the new Consumer Standard being applied to local authority landlords for the first time. All local authorities will be inspected by the RSH to assess how they are meeting the new standards. Havering has been taking some consultant advice on preparing for inspection.

1.3 The previous Government consulted on a new decent homes standard and the outcome of that consultation will affect the investment required for the stock in future years. The previous Government implemented a new rent standard for all social housing and issued guidance to local authorities on the implementation of this standard.

1.4 The Council recognises that there is a need for good quality affordable homes, especially for vulnerable residents such as the elderly, those on low income and first-time buyers, and has set out its ambition to meet these needs by using resources generated through the Housing Revenue Account Business Plan. The formula for setting social rent should enable registered providers, including councils, to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock, to at least Decent Homes Standard, and continue to function as financially viable organisations.

1.5 There are many influences on the resources available to the HRA. These are all identified and quantified within the HRA Business Plan (HRA BP). The Business Plan is composed of various income and expenditure lines. Some of the lines are under the complete control of the Council, whilst some are affected by market conditions, government policy and legislation.

1.6 The lines in the business plan that have a direct impact on the income into the HRA Business Plan include:

- Rent policy including supported housing rents.
- Service charge recovery.

1.7 The elements which affect the levels of expenditure in the HRA Business Plan include:

- Planned maintenance to existing stock.
- Responsive repairs and compliance costs to existing stock.
- Delivery of new build homes.
- Staffing costs.
- Financing costs of the borrowing in the HRA and interest rates.
- Losses from bad debts, voids etc.

1.8 The Building Safety Act 2022 impacts on the HRA are:

- Building Safety and maintaining homes:
  - A strengthened role of the existing Regulator of Social Housing (RSH) in consumer regulation and safety with links to the new Building Safety Regulator.

- Social landlords must identify a 'nominated person' responsible for Health & Safety; the 'nominated person' is the London Borough of Havering.
- Requirement to register high rise blocks and have data relating to the construction and maintenance of buildings.
- New blocks over six storeys or 18m in height must have dual stair cores to facilitate means of escape and access for the fire brigade.

1.8 A separate report was presented to Cabinet in January 2022 setting out in detail the implications of the Act and the actions that the Council, as a landlord, was required to take to prepare for its implementation.

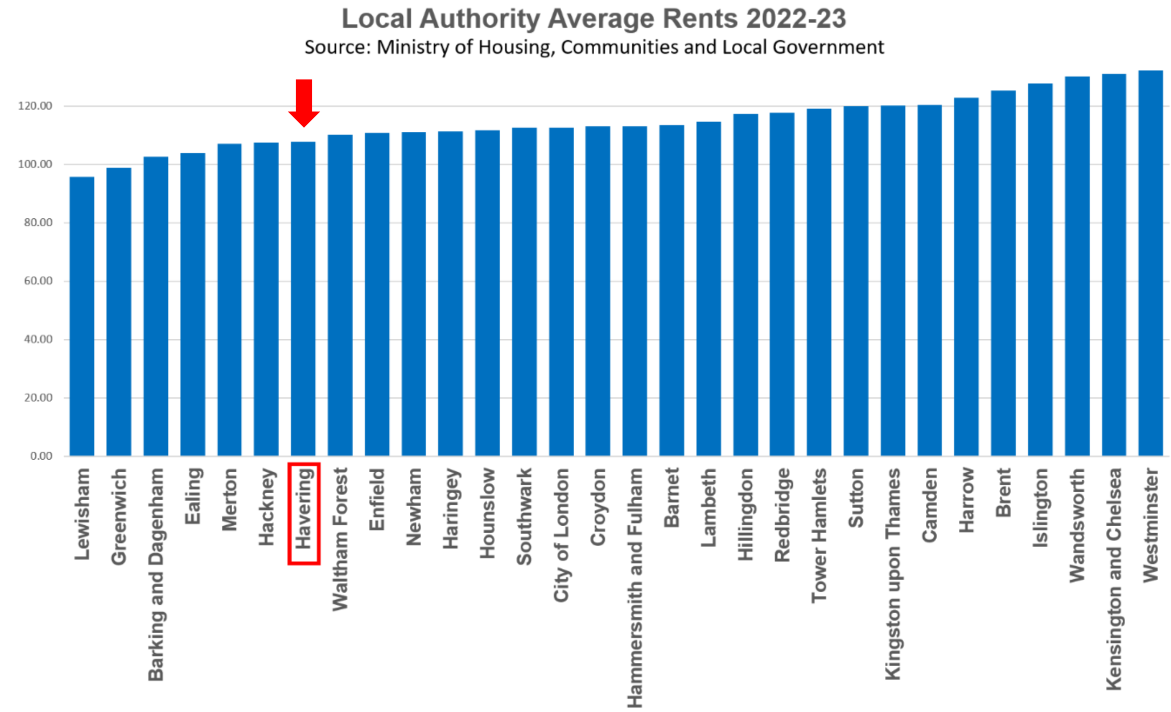
2. INCOME

2.1 Rents

2.2 From 2025/26 the Government is proposing that rents follow the rent setting formula of up to CPI +1%, which is intended to apply for 5 years. This provided certainty for rents in council housing up to 2030. The Council does have discretion to set a lower rent however, due to the significant strain on costs on the HRA next year it is recommended to implement the maximum increase allowed. The analysis of the Business Plan in Section 7 demonstrates that given the inflationary impact on building and maintenance costs, and the likely salaries increases, the proposed rent increase keeps the HRA in balance within the performance measures.

2.3 The four-year mandated 1% reduction (2016/17 to 2019/20), combined with the 7% cap on 2023/24 rent increases, has constrained annual rental income by 19.5% compared to a scenario where rents had continued to rise at CPI + 1%. This has resulted in an annual shortfall of £11.9 million, significantly limiting the HRA's ability to maintain existing housing stock and expand new housing supply. To illustrate, this lost revenue could have funded at least 1,000 new affordable homes, alleviating homelessness pressures in the borough and General Fund finances.

2.4 Following the implementation of Universal Credit a new social housing rents cap at Local Housing Allowance (LHA) levels was introduced in 2019/20 to replace "limit rents". In Havering, given the historically low level of council rents, the LHA levels for each bedroom size are above the proposed levels of the 2025/26 social rents and so there is no impact on the HRA BP. Future announcements on LHA levels may have a future impact and this will be kept under review and reported annually as part of the rent setting report. The table below shows the Havering rent levels compared to other London boroughs in 2022/23 (the latest year for which data is available).



2.5 The Table shows that Havering Council rents are some of the lowest in London compared to other councils as well as being significantly lower than housing associations rents.

2.6 The 2025/26 average weekly rent, applying the 2.7% increase to all General Needs properties and Sheltered Housing units is £136.31. Individually, the average weekly rent for the general needs properties is £137.57 and £118.50 for the sheltered housing.

2.7 The rent charged to hostel residents will be increased in line with new general needs rents for 2025/26 – 2.7%.

2.8 Shared ownership leaseholders pay rent for the proportion of the equity of the property that they do not own. The lease stipulates that the increase is in line with the retail price index plus 0.5% (RPI). Changes to the shared ownership lease introduced by the government, to limit the increase to CPI, will affect new leases only.

2.9 **Garages**

2.10 It is proposed to increase the level of charges for garages in 2025/26 by 2.7%. There are a range of charges for garages within the high, medium and low demand bands. We have recently made investment to improve the quality and letability of nearly 500 of our garages. They are now letting well and we are increasing the revenue generated from these assets. The average charge for a high-demand garage will be £19.19 per week, £17.87 per week, for a medium demand garage and £13.90 per week for a low-demand garage.

2.11 Service charges

Service Charges	2024/25 Weekly charge (£)	2025/26 Weekly charge (£)
Caretaking	4.62	4.72
Internal Block Cleaning	4.90	5.02
Bulk Refuse Collection	0.90	1.02
Housing Enforcement Services	0.00	1.23
Door Entry	0.39	0.40
Grounds Maintenance	5.72	5.25
TV access	2.18	2.09

2.12 **Caretaking, Internal Block Cleaning & Bulk Refuse Collection**

2.13 There is an increase in the cost-of-service charges payable for the provision of this service of just over 3%, This is because of the increase in service delivery costs. The weekly increase in the cost of all three services combined is £0.34.

2.14 Enforcement Services

2.15 The Housing Enforcement costs will be added to Service Charges this year. These charges have been held down for the previous two years, but it is no longer justifiable to continue with this approach as these costs are rechargeable.

Tenants and leaseholders will still benefit from not paying the CCTV Service charge, which was previously charged at £1.70 per week (Static) and £0.70 per week (Mobile)

2.16 Grounds Maintenance

2.17 A proportion of this service will be completed in-house by our Estate Management Team, which will significantly reduce the cost of this contract. It is anticipated that this will lead to an 8% reduction in service delivery costs.

2.18 Communal Electricity

2.19 Charges from April 2025 will be made based on the consumption at individual blocks in the previous calendar year. The price charged per kWh will be in line with the price cap set by OFGEM. The communal electricity charge is fully recoverable through Housing Benefit and Universal Credit.

2.20 **Heating & Hot Water Charges**

2.21 LBH is part of a consortium of 25 local authorities which enables the Council to continue to deliver considerable efficiencies and cost savings for our residents in the current volatile market conditions.

2.22 Where communal heating systems are in place, charges for heating and hot water will be made based on the consumption at individual blocks and schemes in the previous calendar year. From April 2025, prices per kWh will be calculated in accordance with the domestic price cap set by OFGEM.

2.23 LBH has been successful in its application to the Department for Trade & Industry for relief on behalf of tenants and leaseholders with a communal heating or communal heating and hot water supply. The relief granted under the Energy Bill Discount Scheme will mean that all tenants & leaseholders, with a communal supply, will receive the backdated discount in their heating and heating and hot water service charge for the year 25/26.

2.24 **Sheltered Cleaning and Intensive Housing Management Charge**

2.25 Charges for cleaning sheltered schemes reflect the actual costs of providing the cleaning service at each scheme. The average charge of £11.70 per week, for 2024/25, will change to between £7.30 and £13.04, depending in which scheme the tenant is resident.

2.26 The cost of providing a consistent level of intensive housing management (IHMS) across all schemes will be £21.65 per week, an increase of £0.65.

2.27 The charge for cleaning and IHMS is fully recoverable through Housing Benefit and Universal Credit.

2.28 Service charges – Careline and Telecare support

2.29 It is proposed that the Careline and Telecare service charges will be increased by 2.7%, for 2025/26 as detailed below:

Service	2024/25 Weekly charge (£)	2025/26 Weekly charge (£)
Careline – sheltered tenants	6.09	6.26
Careline – community users	6.51	6.69

Service	2024/25 Weekly charge (£)	2025/26 Weekly charge (£)
Telecare – base unit plus two sensors	9.45	9.71
Additional Telecare sensor	1.56	1.60

2.28 The number of Telecare users has declined due to Adult Social Care charging policy changes, which has increased the number of social care clients being asked to meet the full cost.

2.29 Through the national, digital switchover the existing Telecare machines are being replaced with digital ones. It was agreed that any costs incurred for this capital outlay will be recovered from the service users over a 5.5 year period, at £1 per week.

2.30 Hostels in the HRA

2.31 Abercrombie House closed in April 2023 and a temporary hostel provision opened in Maygreen pending the redevelopment of the Harold Hill site. Due to the current cost of living crisis and the impact it has had on homelessness, an additional interim provision was made at Royal Jubilee Court to meet the increasing homeless demand, which includes families.

2.30 The service provides security and facilities across three sites with 24-hour coverage. The service charges are fully recoverable through Housing Benefit and Universal Credit.

Additional Hostel Support

Service	2024/25 Weekly Charge (£)	2025/26 Weekly Charge (£)
Hostels - Additional Staffing Support (ASS)	42.79	43.95
Hostels – Service Charges (HSC)	77.87	79.97

3. THE HRA BUDGET 2025/26

3.1 The major expenditure from the HRA Business Plan is the investment in existing stock or the capital programme. The level of expenditure is controlled by each local authority and is dependent on the investment levels in the Asset Management Strategy (AMS). During 2020/21, the council carried out a number of stock condition surveys. Whilst new surveys have continued to be undertaken by the in-house team, we have engaged external consultants to undertake approximately 5,000 new stock condition surveys including Housing Health and Safety Rating System (HHSRS) inspections. These inspections will continue in 2025/26 as part of the regular tenancy audits. This will help us to meet our ongoing regulatory obligations.

3.2 As detailed in the AMS, this level of expenditure allows decent homes levels to be maintained and health and safety requirements to be met. In order to meet the decent homes target, planned expenditure on new kitchens, bathrooms and electrical systems broadly remain at previous levels.

3.3 The level of expenditure also begins to address the zero-carbon journey, bring the worst performing stock up to EPC C and maximising available grant where available. The government expects all social landlords to meet the EPC C standard by the end of 2030.

3.4 As the main source of income to the HRA BP is from rents, it is important that the number of rental properties is maximised. The current HRA BP expects to lose on average 30 properties per year through RTB, although this number has reduced in recent years in part due to the cost-of-living crisis, and other stock has been lost temporarily due to regeneration. Central government's Autumn budget, announced that the maximum RTB discount will be reduced from £137,000 to £38,000 in Havering. This change took place on 21st November 2024. As a result, we saw an influx of applications, over 170 in total. However, it is too soon to say how many will actually progress to completion. We estimate that around a half of these applications may carry forward into completions of this financial year, which is something that we will carefully monitor going forward. There may be a significant decrease in right to buy applications in 2025-26. It is too earlier to give an accurate number, but we estimate that this will equate to fewer than 20 properties per year going forward, compared to an assumed 50 per year in last year's business plan.

3.5 **Proposed HRA Budget 2025/26.**

	2024-25 Budget	2025-26 Budget	Variance
Income and Expenditure	£	£	£
Income			
Dwelling rents	(57,797,270)	(60,922,950)	(3,125,680)
Garages	(362,300)	(372,080)	(9,780)
Charges for services and facilities - Tenants	(7,990,910)	(7,954,670)	36,240
Charges for services and facilities - Leaseholders	(3,442,790)	(3,482,590)	(39,800)
Shared ownership	(485,380)	(894,400)	(409,020)
Other	(780,440)	(848,750)	(68,310)
Total Income	**(70,859,090)**	**(74,475,440)**	**(3,616,350)**
Expenditure			
Repairs and maintenance	14,527,050	14,875,840	348,790
Supervision and management plus recharges	28,651,850	29,466,870	815,020
Depreciation and impairment	16,590,400	16,590,400	0
Debt management costs	0	0	0
Bad debt	665,080	665,080	0
Total Expenditure	**60,434,380**	**61,598,190**	**1,163,810**
Net cost of HRA services	**(10,424,710)**	**(12,877,250)**	**(2,452,540)**
Interest payable and similar charges	15,853,190	17,032,760	1,179,570
Surplus or deficit for the year on HRA services	**5,428,480**	**4,155,510**	**(1,272,970)**
Statement on movement of HRA balances			
Surplus or deficit for the year on HRA services	**5,428,480**	**4,155,510**	**(1,272,970)**
Capital expenditure funded by the HRA	0	0	0
Reversal of impairment charge	(5,713,780)	(5,713,780)	0
Net (income)/Expenditure	**(285,300)**	**(1,558,270)**	**(1,272,970)**

3.6 Depreciation & Impairment

3.7 Depreciation is the decline in the value of assets over time due to wear and tear. The Housing Revenue Account receives an annual charge, but an adjustment is also made for the same amount to the Major Repairs Reserve. This can be used to fund capital expenditure, or to pay off debt.

3.8 Impairments are reductions/increases in the book value of capital assets, compared with their market value. In accounting for these annual entries, the Housing Revenue Account is allowed to reverse these amounts out to the Capital Adjustment Account, removing the impact on the HRA. The impairment is only realised if the asset is sold.

4. Capital Programme

4.1 There have been significant changes to the regeneration programme, in response to the current challenging economic situation, some of which include the following:

- Inflationary pressures, driven by the factors below have led to a rise in costs across the economy impacting on developers where costs have risen and households, which have experienced a rise in the cost of living, reducing disposable incomes. There are two main drivers behind the rise in prices.

- The ongoing war in Ukraine and tensions in the Middle East continue to have an adverse impact on the supply chain and energy markets.

- The Bank of England have, in response to the inflationary pressures in the economy, raised the base rate several times, driving up the cost of borrowing for households and businesses. Although there have been recent reductions in the base rate, it still remains much higher than in previous years.

- The new Building Safety Act, which includes a requirement for new high-risk residential buildings to incorporate a second stair core, which has impacted the regeneration programme in Havering and elsewhere.

4.2 In general, the impact of both rising interest rates and costs, have extended the payback of the various schemes, to the Council HRA, resulting in higher level of borrowing over the long-term 30-year forecasts.

4.3 12 Sites Joint Venture Funding (Including Farnham & Hilldene)

4.4 The remaining provisions for expenditure below relate to the 12 sites joint venture proposals. An update report on the Havering and Wates Regeneration Joint Venture (HWR JVLLP) Business Plan and Budget 2025/26, is to be presented at March Cabinet

4.5 The proposal is to retain the current capital approval, meaning any modifications to the programme would need to be managed within the existing funding limits. An initial evaluation of the programme, considering possible significant changes, suggests that a gross capital requirement of £664 million is necessary to deliver 1,240 units of affordable housing. The HRA borrowing for the scheme is expected to reach its highest at £400 million. Upon the completion of the scheme, the borrowing is projected to decrease to £372 million.

4.6 The following summarises the potential key changes that have been included in the latest refresh of the HWR JVLLP Business Plan and Opportunity Site Assessments:

- Farnham & Hilldene: Phase 1 and full Masterplan for redevelopment of Farnham Hilldene estate.

- Chippenham Road: Incorporate output from the design and pre-planning work.
- Waterloo & Queen Street: Re-phasing of the development to bring forward lower rise housing ahead of buildings over 6 storeys.
- Waterloo & Queen Street: Modular Temporary Housing scheme.
- Park Rise: Review of prospective purchase offer and amended acquisition budget.
- Review of risks and project contingency.

4.7 Bridge Close – Council Direct Delivery

4.8 Cabinet approved the provision of a gross HRA capital budget of £449 million to progress the scheme, to fund site assembly and construction activities.

- HRA Borrowing for the scheme is set to peak at £223 million. At scheme completion, scheme borrowing is projected to fall to £109 million.

- The proposed budget incorporates the outputs from the latest refresh of the Bridge Close Business Plan, reflecting the following changes:

  - Update of costs reflecting latest estimates from external advisors.
  - Review of site assembly commitments.
  - Re-profiling of cash flows to optimise Council borrowing exposure.

4.9 Quarles

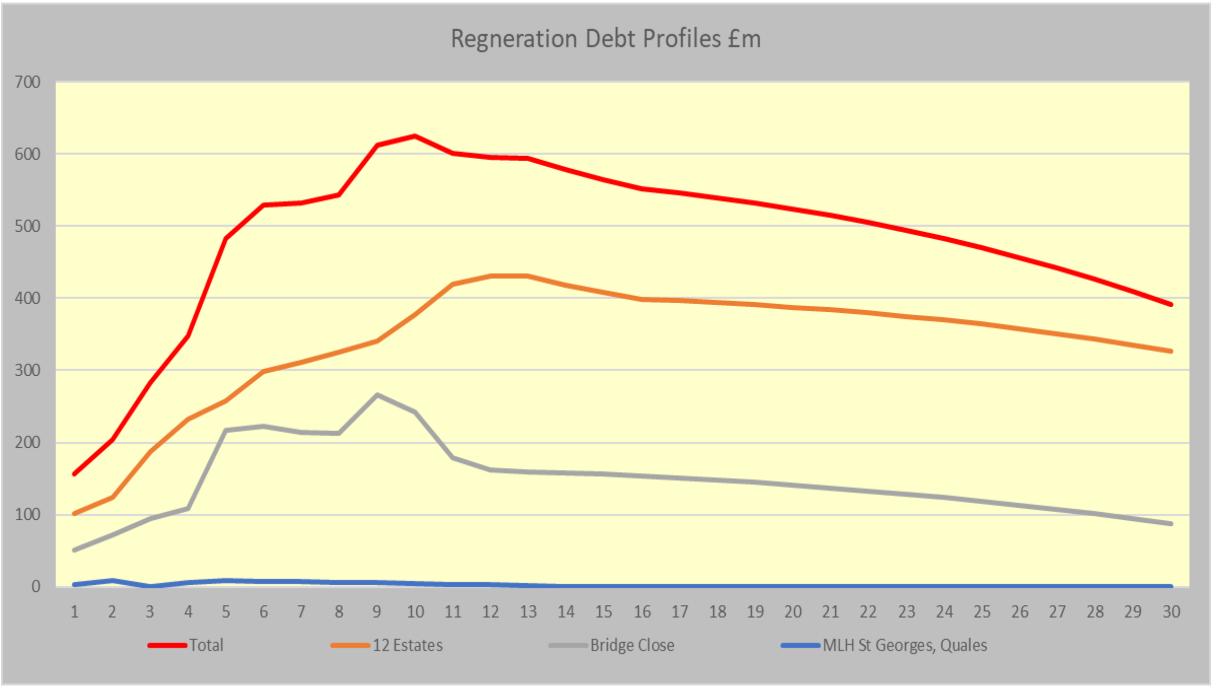
4.10 Following Cabinet approval of the purchase of 47 units at a cost of approximately £13m, work continues on site and the new homes should start to come on stream at the end of 2025. The scheme at St Georges has been completed and the remaining units are in the process of being sold (shared ownership).

4.11 Regeneration Programme

4.12 The table below sets out the peak borrowing requirement along the number of homes for the regeneration programme.

Scheme Name	Years of delivery	No. of units	Total HRA (peak) borrowing requirements
12 Estates (including Farnham Hilldene)	2022-2036	1,240	£400m
Family Welcome Centre	2023-2026	74	£17m
Bridge Close	2027-2036	487	£223m
Quarles	2024-2028	47	£8m

4.13 The graph below shows the financial impact of the various regeneration schemes to the HRA in isolation, incorporating the latest assumptions on borrowing rates and inflation. This includes the updated 12 estates programme covering work packages 1&2 with Oldchurch Gardens, Maygreen Crescent, Royal Jubilee Court, Dell Court, Delderfield, Brunswick Court paused.



4.14 In overall terms it is contributing to the wider HRA business plan with overhanging debt balances continuing to reduce over the life of the HRA Business plan but would require significant capital investment in the early years to deliver the long-term benefits to the HRA.

5.0 Major Works Budget – HRA 2025/26 – 2030/31 major works resources and proposed spend.

5.1 Appendix 1a sets out proposed the investment needs for the stock over the next 5 years. In principle, the investment in existing stock should be funded through revenue contributions to capital rather than borrowing as the investment maintains the value of the asset rather than creating an asset**.**

5.2 This 30-year plan has been updated to reflect the Housing Asset Management strategy which will include our continued approach to Decent Homes, our continued programme of asset improvement across our estates, the continued focus on building safety and compliance programmes.

5.3 The Table shows spend broken down by some core themes including our statutory requirements in maintaining the current Decent Homes standard for both internal elements (kitchens, bathrooms, heating etc.) and external elements (roofs, wall finishes, and windows and doors), this level of spend will maintain our near 100% decent home compliance position.

5.4 We have included funding to carry out fire safety improvement works to a number of our high rise blocks as well as to our low to medium rise blocks. This includes funding for the retrofitting of sprinkler systems in a number of our high rise buildings.

5.5 We acknowledge that our housing stock does not always match the demand profile of our residents, especially in regard to larger family properties. As part of the Asset Management Strategy, we will develop approaches to how we can better match the need through active asset management and have therefore included some funding to undertake extensions, infills, rooftop development or loft conversions where feasible.

5.6 Also included, are the ongoing projects such as the environmental works and a number of replacement lifts across the estate, including the addition of a number of lifts to sheltered properties, both improving accessibility for residents and improving desirability to support lettings.

5.7 Budgets have been included for the provision of additional cyclical programmes of work, including gutter and drain clearance. These programmes will allow us to proactively manage our stock and move from a predominantly responsive service to a more planned approach, which will improve the service for our customers, and provide better long-term value for money. A 7-year cyclical decorating programme has now been approved by Cabinet and included within the latest business plan, which should improve the look and feel of our estates, both internally and externally.

5.8 The addition of pro-active cyclical programmes will also ensure we minimise legal disrepair claims, however we have seen an increasing trend across the sector of claims and are working to manage these effectively.

5.9 The Regulator for Social Housing, in its consultation on the new Consumer standards, said that;

‘Registered providers must have an accurate record at an individual property level of the condition of their stock, based on a physical assessment of all homes, and keep this up to date’.

5.10 Accordingly, our in-house stock surveying team, supplemented by external consultants, undertake a rolling 5-year cyclical programme of stock condition surveys, which will inform of the HRA Asset management plan.

5.11 During 2020/21, the Council carried out a number of stock condition surveys. Whilst new surveys have continued to be undertaken by the in-house team, we have engaged external consultants to undertake approximately 5,000 new stock condition surveys including Housing Health and Safety Rating System (HHSRS) inspections. These inspections will continue in 2025/26 as part of the regular tenancy audits. This will help us to meet our ongoing regulatory obligations.

6.0 Repairs, Maintenance and Compliance Budgets

6.1 We have undertaken a comprehensive review of our repairs, voids, maintenance and compliance budgets to ensure they adequately reflect current and future needs. This reflects a reduction in budget requirement despite the impacts of inflation as we have been able to continue to hone our service to ensure accurate forecasting of needs.

6.2 The Social Housing (Regulation) Act 2023 is now in force and we have ensured that our budgets allow for the proactive approach to the regulation of social housing landlords on consumer issues - such as safety, transparency and tenant engagement.

6.3 Cabinet will be aware of the tragic death of Awaab Ishak. Like all landlords we have been reflecting on our approach to tackling mould in our properties and have included sufficient monies to support residents with solutions, including longer term approaches to addressing inherent, as built, issues through our zero carbon approaches. We will monitor the governments legislative programme to ensure that we continue to meet the relevant regulatory requirements going forward.

6.4 We have included sufficient monies to continue to address our compliance regimes, both to support our current approaches and to address the new requirements flowing from the Fire Safety Act 2021, and the Building Safety Act and Regulatory Reform (Fire Safety) Order 2005, including the likely need for an annual check of all fire doors and improved building safety information.

6.5 We have also included specific budgets for other compliance areas, over and above the core six areas which will help ensure we meet all of our statutory duties as a landlord and comply with the Regulator of Social Housing consumer standards. Included is the budget required for a full asbestos survey of our domestic properties which will help us with improved risk management of homes. Additionally, monies are allocated to provide third party assurance on compliance going forward.

6.6 The Mears repairs and maintenance contract, this continues to work well, delivering above KPI performance. This is evidenced by a reduced number of complaints across the service. The new Call Centre arrangements continue to perform well. Average call waiting times have been further reduced and are now only 9 seconds. The increased use of technology has also helped to improve the diagnosis of issues and the overall customer experience.

6.7 The new K&T contract has also been mobilised and is showing improved performance delivering above the target KPI performance in many areas. The new Call Centre arrangements continue to perform well. Average call waiting times have been greatly reduced and are now only 13 seconds.

6.8 Mears, K&T and the LBH repairs service are now co-located at CEME. This has improved performance across all areas and has enabled a far greater level of cooperation and joint working across the teams, the benefits of which are still beginning to be fully realised.

7.0 30-year Business Plan 2024/25 to 2053/5

7.1 Attached at Appendix 2a and 2b are extracts from the HRA 30-year Business Plan financial model. Year 21 of the business plan is based on the 2025/26 budget.

7.2 Savills have worked with officers to update the last iteration of the HRA business plan that was produced commencing in financial year 2024/25. There have, however, been significant external factors affecting the social housing sector as a whole since this last plan namely:

- Increased repair and capital costs due to high levels of inflation and shortages in the labour sector
- increased development costs in respect of the estate regeneration schemes that are currently being undertaken due to the same reasons as above

- Interest rates likely to remain at elevated levels for an extended period, adding revenue pressure.
- An increase to utility costs due to rising gas and electricity prices, which may not be fully recovered by service charges.
- The costs of increased regulation.

7.3 Savills have confirmed that the HRA Business Plan is based on a relatively sound foundation. However, they advised that due to potential fluctuations in rent increases, inflation, and interest rates, which may exceed normal levels, it's important to conduct regular assessments of the plan. This approach is appropriate in the context of the current economic volatility. By periodically reviewing the plan, any emerging issues can be identified and addressed in a timely manner, ensuring that the strategy stays in line with the evolving economic environment.

7.4 The plan for the HRA is based on keeping a minimum equivalent to 10% of annual operating income in working balances and using current reserves above this figure to invest in the major works programme. It has been assumed that all available resources over and above those required for revenue spend, payment of interest on debt and maintaining reserves at £10m, are available for major works, for as long as the Asset Management Strategy requires it.

7.5 The Business Plan projections are based on the following assumptions:

- **Rents, Voids and bad debts**
  Rents, follow current guidance, with an assumed increase of 2.7% for April 2025, and re-lets to new tenancies at the property's formula rent (rather than the outgoing rent). An increase of 3.3% for April 2026 (CPI only + 1%), followed by CPI +1% for the following eight years then 2.0% (parity with CPI for prudence) thereafter. Void rates set at 2.0% and Bad Debt provision of 1% have been modelled throughout the plan.

- **Inflation**
  The CPI forecasts are based the assumptions which underpinned the Autumn Budget, as set out below.
  - 2.6% for 2025.26
  - 2.3% for 2026.27
  - 2.1% for 2027.28

- **Stock Numbers**
  As at 31st March 2024, the stock numbers were 9,259 tenanted properties. The level of sales is modelled at 50 per annum for 2025/26 and 15 per annum thereafter which accounts for a stock loss of 5.2% over the plan period (excluding the regeneration schemes). Increase in stock due to regeneration and acquisitions are based on the numbers set out elsewhere in this report.

- **Interest rates**
  All new borrowing for development and refinancing of existing loans if they cannot be fully repaid within the plan has been set at the following blended rates:

  - 4.6% for loans drawn down in 2024/25.

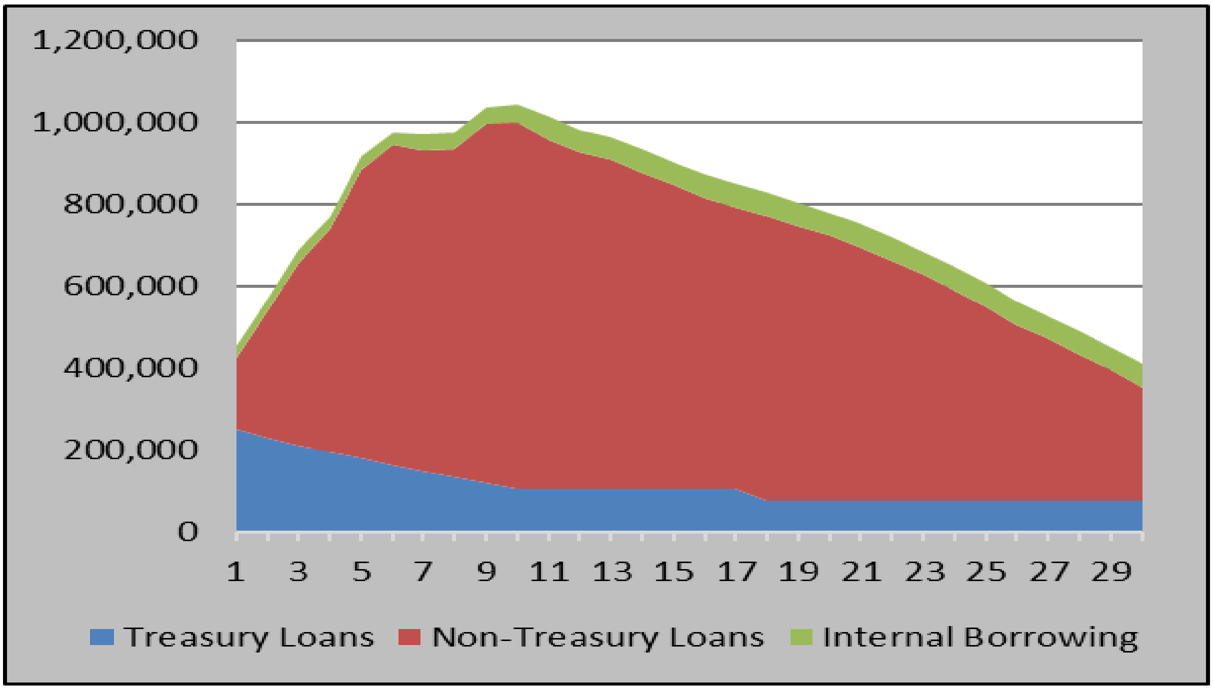
- 4.3% for loans drawn down in 2025/26.
- 4.1% for loans drawn down in 2026/27.
- 3.7% for loans drawn down in 2027/28 and thereafter.

These projections are underpinned by an assumption that future borrowing will be drawn down on the basis of a mix of short and long term borrowing, which aligns with the underlying activities. If existing loans cannot be repaid, then they are refinanced at the above rates and the model is set to demonstrate repayment of loans where surpluses allow.

7.6 The HRA Business Plan forecasts borrowing to peak at £1.041 billion in year ten (2033.34), down £31 million. The borrowing is against the following projects, some of which is funded by HRA reserves, land, and reinvestment of capital receipts:

- Waterloo & Queen Street
- Bridge Close
- Chippenham Road
- Farnham & Hilldene
- Acquisitions Programme.

HRA Debt Analysis 2025/26



7.7 As set out above, debt is expected to reach its highest point at £1.041 billion in year 10 (2033/34), compared to £1.072 billion in year 7 (2029.30). In contrast to the 2024/25 forecast, however, debt is forecast to decrease more rapidly, resulting in a balance of £477 million in Year 29 (2052/53). This figure is £175 million lower than the previous projection of £652 million.

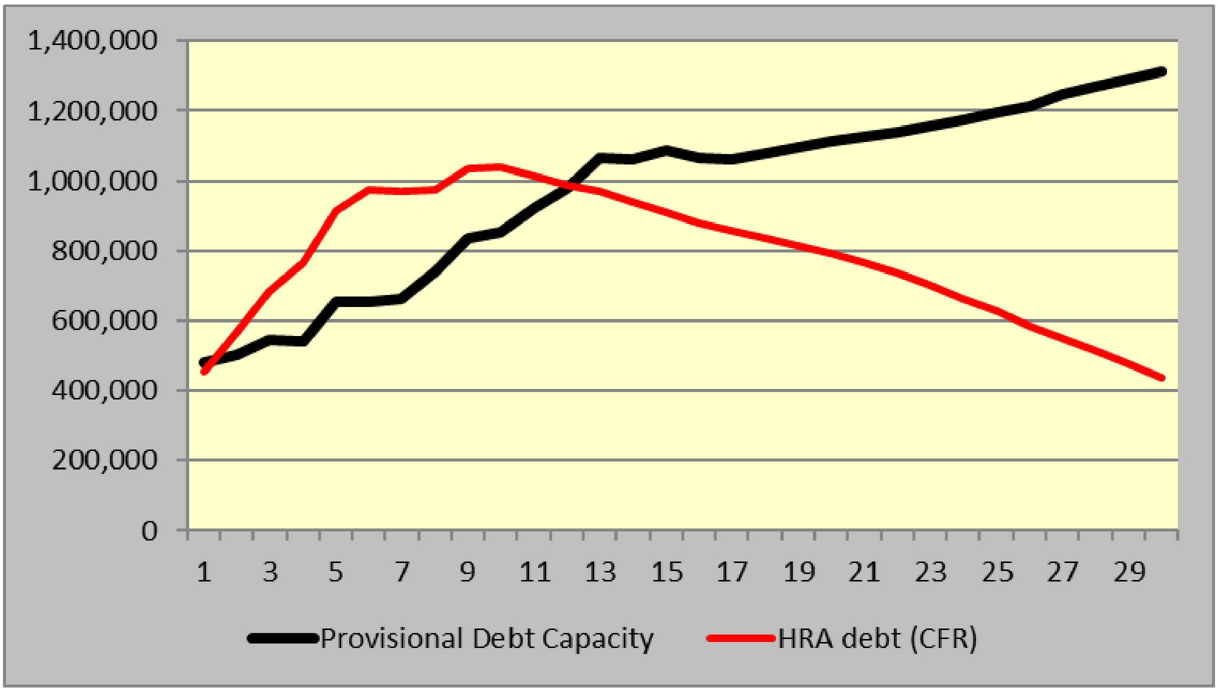
7.8 The provisional debt capacity, also known as prudential borrowing, does not adhere in all years to the established "golden rule" where the interest cover ratio should not fall below 1.25, as previously agreed upon. The most significant strain on this capacity is projected to occur in year 6 (2029/30), where the minimum level of borrowing headroom reaches a deficit of minus £321 million.

7.9 The Interest Cover Ratio (ICR) is calculated as the operating surplus divided by interest costs, and it indicates the Housing Revenue Account's (HRA) ability to cover its interest cost liabilities in any given year. Setting the ICR to a minimum ensures that there is adequate buffer to continue covering debt interest, even if there is a sudden decrease in income or an increase in operating costs. In the 2021/22 period, the average ICR for the housing association sector was around 1.8. The typical lending covenants for housing associations range between 1.10 and 1.50, depending on their size and nature, with 1.25 being a common expectation. This level of 1.25 was the one agreed upon by Cabinet in 2021.

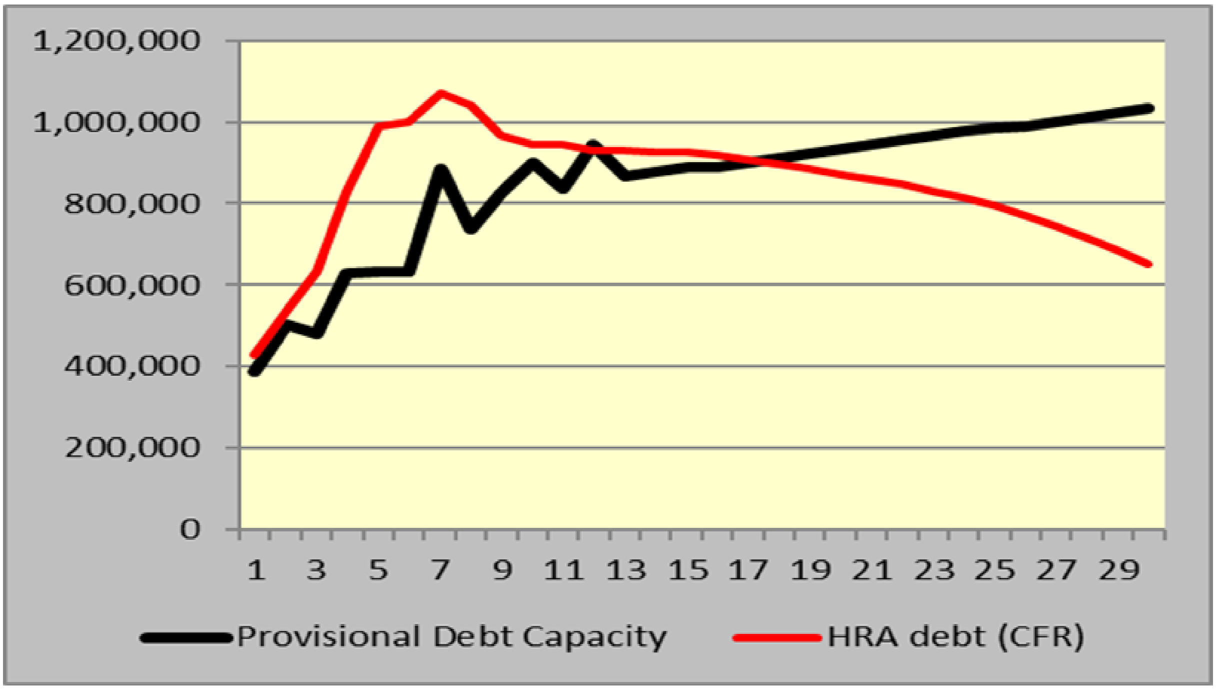
7.10 The debt gap reflects the significant capital investment required for the Council's regeneration programme. Generally, there is a 2 to 3-year gap between the start of construction and the delivery of new homes. In this period, the Council allocates capital, funded by borrowing, to support construction efforts. As a result, the Council bears financing costs prior to the completion of the new homes. The completion of these homes is anticipated to generate increased revenue (rent and charges) and enhance the Council's ability to service its debt.

7.11 In the early years of the plan, it is difficult to mitigate against a significant debt gap. As a result, it is necessary to apply an additional financial safeguard.

7.12 **HRA Debt Profile 2025/26**

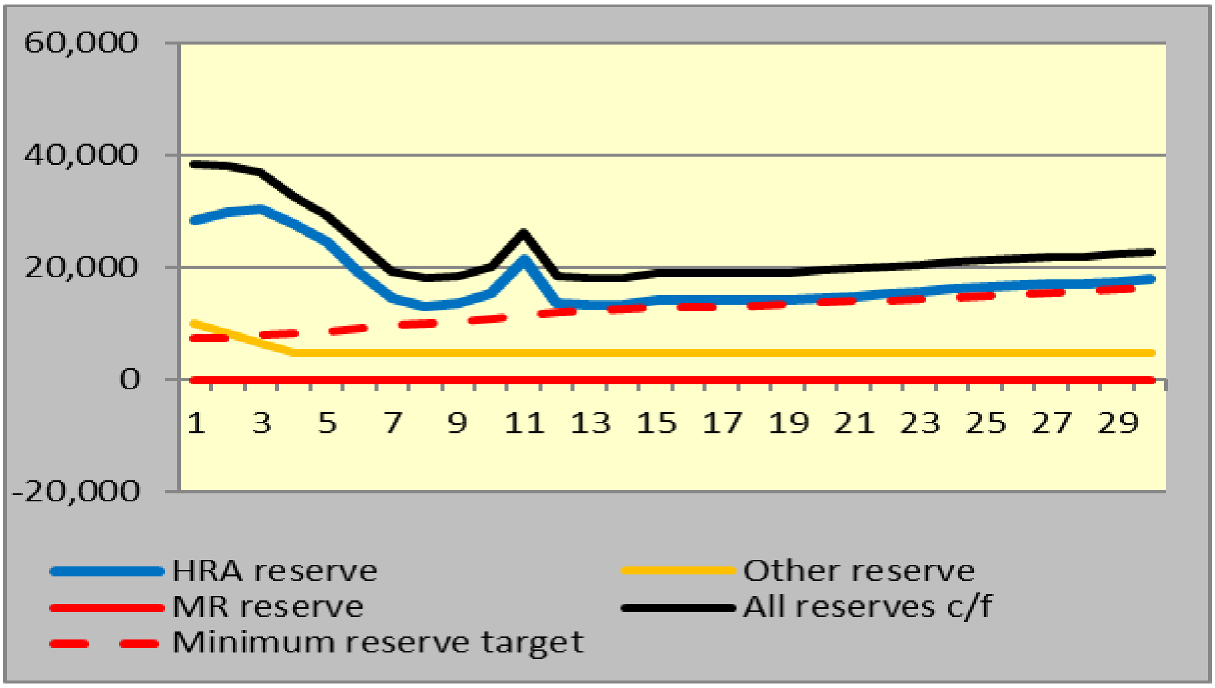


7.13 **HRA Debt Profile 2024/25**



7.14 Future borrowing would be drawn down on a fixed rate basis, with the rates effectively locked in at the point of drawdown. On that basis, the HRA exposure to variable rates risk is low as such provided schemes are progressed on sound Value for Money criteria, the key financing risk is on the sustainability of the net operating incomes derived from the existing asset base. To mitigate this risk, a target has been set to maintain a working reserve balance of at least 10% of operating income for the life of the plan.

7.15 **HRA Working Balance 2025/26**



7.16 As set out above, in all years the minimum balance exceeds the 10% target, which indicates that the Council is forecast to maintain an adequate reserve to manage revenue risks and sustain the projected borrowing profile.

7.17 The Business Plan makes provision for the repayment of some of treasury debt. It would be prudent, in future Business Plans, once projects have been completed, to make provision to reduce debt levels. This level of debt needs to be sustainable in the long term and supported through the Council's Treasury Management policy.

7.18 Furthermore, the Council can refinance some of the debt portfolio later, when rates are lower, reducing the long-term financing costs on the HRA. No assumptions about this have been made.

7.19 The plan demonstrates a broadly similar outcome to the previous iteration, reflecting ongoing economic uncertainty and regulatory changes. While the debt gap has narrowed, it remains significant. Adequate reserves are forecast to be maintained to manage risk on operating income and the ability to service the associated debt. Although debt is forecast to peak at a broadly similar level, it is forecast to fall more rapidly the plan's duration than in the previous forecast.

7.20 In respect of the regeneration programme, the Council maintains a significant degree of control over both the timing and commitment of capital spend. Aside from Park Rise, the remaining sites are still in the pre-construction phase, with the bulk of the capital commitment linked to construction is dependent on future decisions. Any decision to proceed would be based on sound Value for Money considerations, taking account of the general economic outlook and the sustainable and long-term interest of the HRA and Council. In practice, the Council retains significant control here as it has the ability, as necessary and appropriate, to direct the shape, extent, phasing and pace of the regeneration programme.

7.21 The HRA business plan forecast has set out the modelling and shows both forecasts for reserve balances, forecast debt (HRACFR) and future potential borrowing capacity. The plan is based on a relatively sound financial basis but given the potential for greater than normal variances in respect of rent increases, inflation and interest rates this could be considered an "initial" plan. Therefore, this must be seen as a position statement rather than something on which to make firm strategic decisions.

REASONS AND OPTIONS

Reasons for the Decision

The Council is required to set the housing rent, service charges and a budget in accordance with the Local Government and Housing Act 1989 and set a budget that is not in deficit.

Alternative Options Considered

There are no alternative options in so far as setting a budget is concerned. There are however options in respect of the various elements of the budget. These are considered in preparing the budget and cover such things as the rent and service charge increases, budget growth and major works programme proposals. The rationale for the levels of investment and levels of charges are contained within the body of this report.

IMPLICATIONS AND RISKS

Financial implications and risks:

HRA Revenue

This report largely concerns the financial implications and risks concerning the setting of the HRA budget for 2025/26 and the revision of the figures for the 30-year Business Plan. The HRA is sufficiently robust to generate a minimum estimated annual working balance reserve of £28.4m at the end of 2024/25 and is projected to increase over the next two years.

In addition to £28.4m reserves on the HRA, there is a capital reserve balance of £5.2m alongside a bad and doubtful debt provision of £5.0m.

The key economic indicators underpinning the updated projections for the 30-year HRA Business Plan remain broadly unchanged. But it is likely the reversal of the negative shifts in the economic situation will take longer to reverse. These factors are expected to continue to exert cost pressures on the capital and revenue budgets in the short to medium term.

The forecast for council borrowing rates indicates they will stay elevated for an extended period, with the anticipated long-term borrowing cost rising from 3.5% to 3.7% throughout the plan's duration. This increase is particularly noteworthy considering the extensive scale of the Council's Regeneration program. During the construction phase, this situation becomes especially pertinent, as the Council will need to commit substantial capital and bear the related financing expenses until the new homes are finished and ready to be let.

The economic situation continues to have a broadly negative impact on the Regeneration Programme, mainly due to the need to include a second staircase in buildings over 18 metres and persistent inflationary pressures within the construction industry. As a result, additional expenses are expected to materialise across the entire programme. The cost increases will increase reliance on securing capital subsidy from the GLA. In addition, the changes to the ‘Right to Buy’ are likely to significantly dampen demand resulting in a lower level of usable receipts, albeit with a higher level of retained homes.

Moreover, the review underscores the necessity to align the budget with the updated timelines for programme delivery. In recognition of the pressures faced by the Council, the phasing of the regeneration programme has been reviewed to extend the delivery period, and thereby reduce the peak borrowing exposure.

These factors, alongside the continued revenue pressures, highlighted in the main report result in a challenging financial outlook, with notable implications for both the Debt Gap and Minimum Reserve estimates. While the base plan sets out a sustainable financial position, a small adverse movement in the assumptions would render the plan unviable unless correction action is put in place.

The sensitivity analysis sets out the potential financial risks, particularly around the level of reserves. But the Council has the levers in place to adjust and recalibrate to head off the significant risk. The key lever is a potential rephasing of the regeneration programme, designed to reduce the level of borrowing exposure, if in sufficient capacity is available to service the debt.

As such, it is necessary to implement a series of measures to bring one of both key financial metrics back within target. These include:

Review of the core stock capital programme
Analysis of the Core Stock Capital Programme: The core capital maintenance and replacement programmes are experiencing a structural financing deficit of approximately £30 million annually for the first 5 years, and falls to an average of £18 million over the life of the plan. This deficit arises because the capital maintenance and replacement budgets surpass the designated revenue contributions, leading to an ongoing borrowing need. While this investment is needed to maintain existing revenues, and therefore would be applied against an ever-increasing level of associated borrowing.

Following a recent review of this programme, there have been some reductions identified which total £21million (today's prices), spread over 30 years of the plan and these have been factored into the revised baseline position.

The largest saving relates to rooftop developments and infill sites. The revised model retains funding for these up until 2028. However, beyond this point, the funding for these schemes has been removed, which will result in a £25 million saving. Although this will reduce the number of additional properties being developed through this particular route, it will be offset by the planned regeneration programme and the acquisition of street properties contained elsewhere within the overall programme.

The second largest saving relates to energy efficiency measures. The overall budget for this has been reduced from £96 million to £75 million. There are government targets to improve the energy efficiency by 2030 and beyond. In addition to this, the Council has stated its intention to become net zero carbon by 2040. This may need to be further reviewed in the longer term in order to ensure that these targets are met.

In addition to the above a 7.5% saving has been made in relation to planned Decent Homes and Environmental Improvement works. These elements are based on our 2020 stock condition data, which is currently being updated and may require further review, once this exercise has been completed.

Rent Rises
Over the past five years, rent increases have adhered to a formula of CPI (Consumer Price Index) plus 1%. The Government recently confirmed rents will be uplifted by CPI + 1% for a further 5 years and is consulting on extending this to 10 years. For the purposes of the projection, it is assumed that rents will be increase by CPI + 1% for 10 years.

If rents are uplifted for five years, instead of ten, revenue resources would be further constrained, adding c. £5 million of pressure on HRA revenue resources over the ten years. Sufficient reserves are available to manage risk and mitigations would be deployed to restore the HRA back into balance.

Interest Rates
Recent volatility in bond markets has driven an increase in PWLB rates. While rates have begun to fall following better-than-expected inflation news, borrowing costs remain a key risk to the plan's sustainability. A one-year, 25 basis point increase above assumed

borrowing rates would add £5m in revenue pressure over ten years. Sufficient reserves are available to manage risk and mitigations would be deployed to restore the HRA back into balance.

Borrowing costs will continue to be closely monitored, with mitigations in place to optimise and reduce exposure, including:

1. Re-profiling capital spend – Delaying or pausing major investments, including regeneration projects.

2. Optimising the treasury position – Using a mix of short- and long-term debt to take advantage of lower rates when available.

Impairment risk – Building Regulations
The Council has invested in advancing regeneration at the Waterloo and Queen Street site. Design and planning costs were incurred in developing a single-stair design for Phase 1; however, recent changes in building safety legislation and construction market volatility has delayed delivery. As a result, Phase 1 now falls under new building regulations requiring a dual-stair design for residential buildings over 18 metres.

To comply with these regulations, the phase must be redesigned, and a provision has been earmarked to manage potential impairment risks associated with the current investment. Efforts are underway to mitigate this risk, including discussions with the GLA to secure additional funding.

Risk Provisions / Reserves
The risk reserves are earmarked for replenishment to manage potential impairment and matters in relation to water charges and other risks.

Projection
The Debt Gap will remain substantial in the early stages, reflecting the significant investment in estate regeneration. As the new homes are delivered, this gap is expected to narrow. Nonetheless, during the investment phase, it will be crucial to closely manage the delivery of the regeneration programme and its associated risks. This careful management is essential to ensure the sustainability of the HRA position until the new homes are completed and delivered.

Other options considered
The possibility of halting all regeneration activities after fulfilling current contractual commitments was considered. In this scenario, all further regeneration efforts beyond the year 2024/25 would be paused. This would allow for the completion of Park Rise but would result in the suspension of projects on other sites, including Waterloo & Queen Street, Bridge Close, Chippenham Road, and Farnham Hildene.

Ceasing progress on these projects would jeopardise the investment in planning, masterplan and design work on regeneration sites, which amounts to c. £17 million. Additionally, halting the new regeneration programme would likely have a substantial negative impact on the General Fund, leading to increased homeless pressures and a lost opportunity to increase the Council Tax revenue base.

Given the reduction in RTB discounts, it is likely the HRA would lose fewer homes to RTB, increasing the likelihood of a sustainable financial position if regeneration activities were to cease. But doing so would not alleviate the growing need for affordable housing.

TABLE – KEY MOVEMENTS

	2024.25 Plan Approved	**2025.26 Plan**
Debt Gap	£367m 2028.29	£321m 2029.30
Ratio Revenue Reserves to Operating Income (Minimum) – Target 10%	11.39% 2034.35	10.5% 2038.39
Key Assumptions		
Regeneration Schemes	Review Reflecting effect of building regulations and re-profiling	Review Reflecting effect of building regulations and re-profiling
Rent Increase 2025.26	3.5%	2.70%
Rent Increases Post 2024.25	CPI + 1% for 1 year, CPI thereafter	CPI + 1% for 9 years, CPI thereafter
PWLB long term borrowing cost	3.50%	3.70%
Internal Financing Rates	4.00% 2 years and 2.50% thereafter	Prevailing PWLB rates
Core Stock Capital Programme	Savings of £82.7 million over 29 years	Savings of £21 million over 30 years

Risks

Legal implications and risks

Under Part VI of the Local Government and Housing Act 1989 (“the 1989 Act”), any local authority that owns more than 200 units of housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation to an authority’s own housing stock. It is a ring-fenced account within the authority’s General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.

Under section 74 of the 1989 Act, the Council is required to keep a separate Housing Revenue Account of sums falling to be credited or debited in respect of its housing stock. Sections 75 and 76 of the 1989 Act set out the rules for establishing and maintaining that account.

By section 76 of the 1989 Act, the Council is required in January and February each year to prepare, and make available for public inspection, proposals relating to the income of the authority from rents and other charges, expenditure in respect of repair, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be made on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. The report sets out information relevant to these considerations.

Section 76 of the 1989 Act also places a duty on local housing authorities: (a) to ensure that the annual budget for their HRA avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) if it seems that an end-of-year deficit may occur, to take all reasonably practicable steps to avoid it. The proposed HRA budget fulfils these requirements. Putting it simply, the Housing Revenue Account must be maintained in balance throughout the year and the Council is under a duty to prevent a debit balance in the HRA pursuant to Section 76 of the Act 1989.

The report seeks approval for major investment estimates in relation to a variety of schemes. In compliance with Section 151 of the Local Government Act 1972, the Council has in place Financial Regulations and Financial Procedures that provide appropriate arrangements for the approval of major works estimates. The various major works schemes must be capable of being carried out within the Council's statutory powers. To the extent that the details of the schemes appear from the body of the report, it does appear that the proposed works meet this requirement. In particular, the maintenance and repair of dwellings may be considered consistent with the Council's repairing obligations under Sections 9A and 11 of the Landlord and Tenant Act 1985.

The Regulator of Social Housing may under section 194(2A) of the Housing and Regeneration Act 2008 set standards for registered providers requiring them to comply with specified rules about their levels of rent (and the rules may, in particular, include provision for minimum or maximum levels of rent or levels of increase or decrease of rent). The current Rent Standard allows for a rent increase of CPI +1% and so the proposed rent increase as set out within in this paper is in line with the Rent Standard.

Once Cabinet decides on the setting of the rents in respect of the Council's housing stock, notices of variation will be served on the tenants pursuant to section 103 of the Housing Act 1985 to give them notification of the changes in rent which will come into effect from 7 April 2025.

The Equality Act 2010 requires the Council to have due regard to the public sector equality duty when carrying out its functions and have due regard to the need to eliminate discrimination and advance equality of opportunity. They must also show they have carried out an Equality Impact Assessment in reaching such decisions as introducing charges to tenants.

Human Resources implications and risks

There are no HR implications arising from this report.

Equalities, implications and risks

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

(i) the need to eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010.

(ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;

(iii) foster good relations between those who have protected characteristics and those who do not.

Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An equalities impact assessment has been carried out and is attached as Appendix 3. Of note, central government influences rent levels and the rent increases proposed within this report will be affordable to households on welfare benefits. Furthermore, best practice and guidance dictates that service charges should be set at a level that covers the cost of providing the service to which the charge relates. Therefore, the Council cannot operate in an unfettered way within regard to the rents and service charges it sets. That said, the Council has examined the proposals in this report from an equalities perspective.

68% of council tenants are in receipt of welfare benefits and this rises to 75% for tenants over 65 years old. The proposed rents and service charges eligible for housing benefit, or universal credit, are within the benefit caps for Havering, therefore those in most financial hardship, which can include particular minority groups, will be protected.

The investment in new homes through the HRA will benefit those in housing need in the borough and will therefore have a positive impact on households with protected characteristics. With the higher percentage of people with disabilities and disadvantages, the ongoing partnership working and future opportunities for engaging with those groups to improve overall health and wellbeing is essential.

The Council will monitor the impact of the increase across protected characteristics. We will ensure that anyone affected by the increase has equal access to advice and information in relation to income maximisation should they be unable to meet their rent/service charge liabilities. We will follow the guidelines set out in the income maximisation policy. The EqHIA will be updated in 6 months with information provided through the monitoring process and if required further activity will be undertaken to mitigate any adverse impact.

Health and Well-being implications and risks

Good quality, affordable and safe housing is vital in supporting good physical and mental health.

This report proposes increases in charges to social housing tenants to ensure the continuing financial sustainability of the HRA. The HRA funds a range of activities that directly benefit the health and wellbeing of local residents. It funds the delivery of new high quality affordable housing and thereby alleviates levels of overcrowding and households living in poor housing. It also funds the maintenance of existing stock to ensure that properties do not fall into disrepair and expose tenants to consequent risks to health e.g. associated with damp and mould. Ensuring that the HRA continues to be sufficiently funded through increased tenant charges is therefore important step to sustaining the associated health and wellbeing benefits.

Rents charged in Havering are relatively low and will remain so after the proposed increases. Nonetheless, any increase in charges is likely to put additional financial stress on residents given the ongoing cost of living crisis. Vulnerable residents such as the elderly and those on low incomes make up the majority of tenants. Most will be shielded from the impact of the proposed increase in charges by a proportionate increase in benefits. Residents with incomes and or savings marginally above the threshold for housing benefits are most likely to struggle to cover the additional charges. These residents will be proactively signposted to available support and advice to ensure they receive any benefits available to them.

BACKGROUND PAPERS

Appendix 1a Draft 2025/26– 2029/30 HRA Major Works.
Appendix 1b Draft 2025/26– 2029/30 HRA Regeneration and Acquisition Programme.
Appendix 2a: Draft HRA Projections from Business Plan - Years 1-10.
Appendix 3 Equalities & Health Impact Assessment.

Cabinet 5th February 2025

APPENDICES

Appendix 1a – Draft 2025/26 – 2030/31 HRA Major Works Capital

Capital	2025/26	2026/27	2027/28	2029/30	2030/31
Decent Homes Works - Internals	£ 7,359,500	£ 8,209,500	£ 8,718,833	£ 8,873,833	£ 8,935,834
Decent Homes Works - External	£ 7,907,000	£ 9,267,000	£ 10,226,000	£ 10,424,000	£ 11,081,000
Environment Improvement Works	£ 7,385,000	£ 2,262,000	£ 1,862,000	£ 1,825,000	£ 1,824,000
Energy Saving works	£ 5,000,000	£ 5,000,000	£ 5,000,000	£ 6,000,000	£ 6,000,000
Garages and garage site Work	£ 118,000	£ 118,000	£ 118,000	£ 118,000	£ 121,000
Residents Safety Related Works	£ 12,200,000	£ 9,150,000	£ 6,150,000	£ 3,695,000	£ 3,095,000
Stock alignment	£ 1,150,000	£ 5,150,000	£ 2,150,000	£ 1,150,000	£ 1,150,000
Professional Support Services	£ 1,837,000	£ 1,101,000	£ 1,101,000	£ 325,000	£ 325,000
Unidentified Asset Works	£ 573,700	£ 573,700	£ 673,700	£ 673,700	£ 673,700
Totals	**£ 43,530,200**	**£ 40,831,200**	**£ 35,999,533**	**£ 33,084,533**	**£ 33,205,534**

Cabinet 5th February 2025

Appendix 1b - 2025/26– 2029/30 HRA Regeneration and Acquisition Programme.

12 ESTATES	2025/26	2026/27	2027/28	2028/29	2029/30
Affordable Housing	50,119,450	62,959,300	60,235,050	35,420,500	29,689,000
Partner Loans	500,000	500,000	500,000	500,000	2,307,100
Demolition & contingency	3,072,625	13,072,625	3,072,625	3,072,625	3,072,625
Site Assembly	5,709,000	5,580,000	4,760,000	5,550,000	3,550,000
12 Estates Total Budget	**59,401,075**	**82,111,925**	**68,567,675**	**44,543,125**	**38,618,725**
BRIDGE CLOSE	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
Forward Funding	1,532,950	0	0	0	0
Partner Loans	16,915,363	18,853,648	167,275	0	0
Site Assembly	750,000	750,000	19,834,045	104,458,898	41,005,684
Bridge Close Total Budget	**19,198,313**	**19,603,648**	**20,001,319**	**104,458,898**	**41,005,684**
OTHER REGENERATION	**2025/26**	**2026/27**	**2027/28**	**2028/29**	**2029/30**
MLH Schemes	5,672,000	2,838,000	5,421,000	5,150,000	0
HRA Acquisitions	46,450,000	20,000,000	0	0	0
Welcome Centre	13,114,000	911,000	0	0	0
Other Total Budget	**65,236,000**	**23,749,000**	**5,421,000**	**5,150,000**	**0**
TOTALS	**143,835,388**	**125,464,573**	**93,989,994**	**154,152,023**	**79,624,409**

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Appendix 2: Draft HRA Projections from Business Plan - Years 1-10.

Year		1	2	3	4	5	6	7	8	9	10
Financial Year		2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34
HRA 30 YEAR SUMMARY											
Dwelling rents	3,002,596,847	59,783,870	60,922,947	64,411,589	67,102,711	71,103,158	75,302,903	78,501,491	82,622,860	85,343,425	87,959,907
Non-dwelling rents	14,876,718	362,300	372,080	380,638	388,631	396,792	405,125	413,228	421,492	429,922	438,520
Service charge income	457,588,312	11,433,700	11,437,260	11,700,317	11,946,024	12,196,890	12,453,025	12,702,085	12,956,127	13,215,250	13,479,555
Other income and contributions	200,587,236	1,608,214	1,743,154	1,969,552	2,296,593	2,584,848	3,190,924	4,125,056	4,305,897	4,944,969	6,866,559
Total income	**3,675,649,114**	**73,188,084**	**74,475,441**	**78,462,096**	**81,733,959**	**86,281,689**	**91,351,977**	**95,741,860**	**100,306,376**	**103,933,565**	**108,744,542**
Repairs & maintenance	593,521,341	14,527,950	14,875,840	15,084,814	15,472,883	15,872,093	16,283,862	16,538,460	16,932,551	17,262,905	17,557,783
Management (incl RRT)	1,189,705,997	28,651,850	29,466,873	30,004,469	30,792,526	31,491,359	32,222,610	32,919,534	33,623,717	34,322,747	35,020,750
Bad debts	32,620,721	666,718	665,080	702,148	735,631	777,123	821,400	855,447	898,948	928,192	956,414
Dwelling Depreciation	483,186,213	10,462,240	10,876,622	11,222,324	11,678,064	12,248,804	12,720,560	13,169,760	13,558,301	13,809,728	14,322,164
Debt management	0	0	0	0	0	0	0	0	0	0	0
Total costs	**2,299,034,272**	**54,308,758**	**55,884,415**	**57,013,753**	**58,679,104**	**60,389,379**	**62,048,432**	**63,483,202**	**65,013,518**	**66,323,572**	**67,857,111**
Net income from services	**1,376,614,842**	**18,879,326**	**18,591,026**	**21,448,343**	**23,054,855**	**25,892,310**	**29,303,545**	**32,258,659**	**35,292,859**	**37,609,994**	**40,887,431**
Interest payable	-885,230,661	-14,212,741	-17,032,762	-22,098,420	-26,842,365	-30,069,809	-35,503,887	-37,669,133	-37,260,295	-37,602,078	-39,852,476
Interest income	18,670,971	0	0	1,146,245	1,109,140	976,799	880,778	721,191	580,512	538,904	555,309
Net income/expenditure before appropriations	**510,055,152**	**4,666,585**	**1,558,265**	**496,167**	**-2,678,370**	**-3,200,701**	**-5,319,564**	**-4,689,284**	**-1,386,924**	**546,820**	**1,590,264**
Set aside for debt repayment	-494,468,886	0	0	0	0	0	0	0	0	0	0
Revenue contributions to capital	-21,456,139	0	0	0	0	0	0	0	0	0	0
Allocation to other reserves	-4,803,500	-4,803,500	0	0	0	0	0	0	0	0	0
Other appropriations	0	0	0	0	0	0	0	0	0	0	0
Net HRA Surplus/Deficit	**-10,673,373**	**-136,915**	**1,558,265**	**496,167**	**-2,678,370**	**-3,200,701**	**-5,319,564**	**-4,689,284**	**-1,386,924**	**546,820**	**1,590,264**
HRA Balance brought forward	**28,517,308**	**28,517,308**	**28,380,393**	**29,938,658**	**30,434,825**	**27,756,454**	**24,555,753**	**19,236,189**	**14,546,905**	**13,159,981**	**13,706,801**
HRA surplus/(deficit)	-10,673,373	-136,915	1,558,265	496,167	-2,678,370	-3,200,701	-5,319,564	-4,689,284	-1,386,924	546,820	1,590,264
HRA Balance carried forward	**17,843,935**	**28,380,393**	**29,938,658**	**30,434,825**	**27,756,454**	**24,555,753**	**19,236,189**	**14,546,905**	**13,159,981**	**13,706,801**	**15,297,065**
Alert											
Other reserves brought forward	**5,199,000**	**5,199,000**	**10,002,500**	**8,269,500**	**6,536,500**	**4,803,500**	**4,803,500**	**4,803,500**	**4,803,500**	**4,803,500**	**4,803,500**
Appropriation from HRA	4,803,500	4,803,500	0	0	0	0	0	0	0	0	0
Release of reserve (direct to capital)	-5,199,000	0	-1,733,000	-1,733,000	-1,733,000	0	0	0	0	0	0
Other reserves carried forward	**4,803,500**	**10,002,500**	**8,269,500**	**6,536,500**	**4,803,500**	**4,803,500**	**4,803,500**	**4,803,500**	**4,803,500**	**4,803,500**	**4,803,500**

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Appendix 2b: Draft HRA Capital Investment Requirement Projection from Business Plan

Year		1	2	3	4	5	6	7	8	9	10
Financial Year		2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33	2033.34
HRA CAPITAL PROGRAMME											
Stock capital investment	839,239,669	41,687,019	45,239,047	43,270,109	39,139,287	36,849,080	37,747,394	17,332,419	17,869,524	18,418,810	19,054,263
Other	0	0	0	0	0	0	0	0	0	0	0
Development/Acquisition	156,419,471	27,081,521	72,477,950	29,329,000	10,181,000	10,700,000	3,550,000	2,300,000	800,000	0	0
Demolition & Forward Funding	754,459,371	10,906,751	53,942,075	76,781,925	83,141,720	142,952,023	73,767,309	57,777,279	36,927,251	87,097,638	57,434,495
Other Regeneration	102,739,718	6,860,433	17,415,363	19,353,648	667,275	500,000	2,307,100	4,614,200	8,914,600	10,907,900	9,780,900
Capital programme	**1,852,858,230**	**86,535,723**	**189,074,435**	**168,734,682**	**133,129,281**	**191,001,103**	**117,371,804**	**82,023,897**	**64,511,375**	**116,424,348**	**86,269,657**
Scheduled Debt Repayment	**0**	0	0	0	0	0	0	0	0	0	0
Financed by...											
Major Repairs Reserve	-378,086,151	-18,656,410	-10,876,622	-11,222,324	-11,678,064	-12,248,804	-12,720,560	-8,596,828	-13,558,301	-13,809,728	-14,322,164
RTB receipts	-10,778,243	-1,472,230	-1,515,757	-232,212	-240,770	-249,544	-258,540	-267,159	-269,831	-270,457	-270,033
1-4-1 receipts	-29,560,321	-3,988,499	-8,284,856	-782,200	-2,656,238	-3,868,899	-2,423,127	-2,033,185	-2,023,736	-2,566,861	-845,363
Other receipts, Reserves and grants	-759,247,524	-4,897,652	-52,388,761	-39,089,595	-35,148,824	-26,715,315	-43,286,543	-71,126,726	-43,128,873	-38,376,282	-64,978,581
Revenue contributions	-21,456,139	0	0	0	0	0	0	0	0	0	0
Release of revenue reserve	-5,199,000	0	-1,733,000	-1,733,000	-1,733,000	0	0	0	0	0	0
HRA borrowing	-648,530,851	-57,520,931	-114,275,439	-115,675,351	-81,672,386	-147,918,540	-58,683,034	0	-5,530,634	-61,401,020	-5,853,516
Capital financing	**-1,852,858,230**	**-86,535,723**	**-189,074,435**	**-168,734,682**	**-133,129,281**	**-191,001,103**	**-117,371,804**	**-82,023,897**	**-64,511,375**	**-116,424,348**	**-86,269,657**
Net balance on capital programme	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Alert											
Major Repairs Reserve b/fwd	**8,194,170**	**8,194,170**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
HRA depreciation (net)	483,186,213	10,462,240	10,876,622	11,222,324	11,678,064	12,248,804	12,720,560	13,169,760	13,558,301	13,809,728	14,322,164
Financing for capital programme	-378,086,151	-18,656,410	-10,876,622	-11,222,324	-11,678,064	-12,248,804	-12,720,560	-8,596,828	-13,558,301	-13,809,728	-14,322,164
Debt Repayment	0	0	0	0	0	0	0	0	0	0	0
Debt Repayment (Max)	-113,294,232	0	0	0	0	0	0	-4,572,932	0	0	0
Major Repairs Reserve c/fwd	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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Appendix 3: Equality & Health Impact Assessment (EqHIA)

(See attached)