

## Appendix 1 – HRA Revenue 2025/26

The table below provides details of the budget changes between the 2024/25 adjusted budget and the proposed 2025/26 budget.

<b>Budget Reconciliation</b>		
<b>Inflation</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Inflation related to Staffing costs	558	
Inflation related to the cost of Repairs & Maintenance for works and materials	157	
Inflation related to the cost of Housing Investment for works and materials	78	
Corporate inflation rates applied to other expenditure (including SSC's)	305	
<b>Total Expenditure Inflation</b>		<b>1,098</b>
<b>Income</b>		
Rent Inflation	(1,793)	
Service Charge inflation as per appendix 3	(206)	
Corporate inflation rates applied to other income	(66)	
<b>Total Income Inflation</b>		<b>(2,065)</b>
<b>Total Inflation</b>		<b>(967)</b>
<b>Service Pressures</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
<b>Repairs &amp; Maintenance</b> - increase in costs reflecting the current market conditions relating to construction and required use of subcontractors within the service. In addition to an increased legal resource for managing the high volume of disrepair claims being received.	975	
<b>Health &amp; Safety</b> – Recognition of the revenue investment required to ensure Health & Safety and Building Safety compliance requirements are met. Includes new staffing resource to manage and undertake the work required and a new Head of Regulatory Compliance role.	1,144	
<b>Insurance</b> – Buildings Insurance premiums have increased for the HRA as a result of a new method of calculation in addition to the impact of the survey results for the 8 LPS blocks.	338	
<b>Capital Financing</b> - Estimated increase in interest charge based on latest capital programme outturn for 2024/25 and the part year impact for the borrowing requirement to fund the proposed capital programme for 2025/26.	3,027	
<b>LPS</b> – Recognition of the revenue investment required to ensure compliance is met at the 8 LPS blocks. This includes the cost of 24 hour CCTV monitoring of the blocks ensuring prohibited items are kept out of the blocks and the cost of the temporary plant hire at St James Place to provide heating and hot water to the building in a safely managed way.	429	
<b>Tenancy Services</b> - increased costs to support more vulnerable / complex clients and communities; increased council housing stock; move to more proactive tenancy management; continued	1,780	

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<b>Budget Reconciliation</b>		
support for the ICT team to deliver the required change in systems to support a Housing Service that is compliant and accessible for all.		
<b>Total Service Pressures</b>		<b>7,693</b>
<b>Other Changes</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
<b>Major Repairs Reserve (MRR)</b> – reduction in the MRR available to support the capital programme investment. Without this reduction the revenue budget would not be in balance. This results in an increased borrowing requirement which has been factored into the MTFS.	(3,118)	
<b>Bad Debt Provision</b> – a review of the bad debt provision set aside for the General Needs rents has resulted in a one off saving for 2025/26. It is anticipated that this will be reversed from 2026/27.	(322)	
<b>Repairs &amp; Maintenance</b> – Anticipated savings against the new materials supply chain arrangements in place; reduced costs of works associated with the turnaround of empty homes; removal of the core budget in place for disrepair claims which are now being managed via the HRA reserves.	(1,145)	
<b>Other Changes</b> – Net reduction of rationalising staffing budgets that have been held vacant; the increase in National Insurance costs for the HRA; savings being made by accessing the City Clean depot's fuel supply and other minor after reviewing supplies and service budgets.	(313)	
		<b>(4,898)</b>
<b>Income</b>		
Anticipated income generated as a result of introducing a recharge officer post.	(100)	
Increase in rental income from new supply delivered in 2024/25 and the part year impact of homes delivered in 2025/26.	(1,482)	
Latest costs associated with leaseholder works is higher than budgeted resulting in an increased income budget for 2025/26, including costs associated with increases in insurances and general increased costs of delivering repairs and maintenance.	(487)	
		<b>(2,069)</b>
<b>Total Other Changes</b>		<b>(6,967)</b>
<b>Deficit / (Surplus)</b>		<b>(242)</b>

A second table is also supplied which outlines the Inflation rate assumptions providing further context to the budget proposals.

<b>2025/26 Inflation Assumptions</b>	
Rent	2.7%
Salary	2.0%
Premises Repairs	2.3%
Other income	2.7%
Other expenditure	0.7%

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### Support Service Charges & other recharges

The table below provides a breakdown of the support service charges and other charges for 2025/26 and compares this to 2024/25. These are subject to change following a review and finalisation of charges as part of the General Fund Budget proposals. Any change will impact the bottom line revenue surplus and will impact the contribution to reserves, a reduction in revenue surplus will increase the borrowing requirement for 2025/26.

<b>Charging Service</b>	<b>Adjusted Budget 2024/25 £'000</b>	<b>Budget 2025/26 £'000</b>
<b>Support Functions:</b>		
Insurance Costs	1,347	1,713
ICT	1,013	1,073
Finance	277	416
Legal & Democratic	807	1,039
Human Resources	421	435
Property	237	218
Procurement	237	217
Business Operations	107	101
<b>Support Service Functions Total</b>	<b>4,446</b>	<b>5,212</b>
<b>Other charges:</b>		
Director	112	112
Tenancy Fraud	137	137
Youth Service	258	258
Discretionary Community Grants	145	145
Disabled Adaptations	126	126
Resident Involvement	294	294
Welfare Support	79	82
CCTV at LPS blocks	-	294
Housing Allocations	399	399
Apprenticeship Levy	32	32
Homing in and Area Panels	31	31
<b>Other Charges Total</b>	<b>1,613</b>	<b>1,910</b>
<b>Total</b>	<b>6,059</b>	<b>7,122</b>

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Item	Estimated Balance as at 01/04/2024 £'000	Use during 2024/25	Estimated Balance as at 31/03/2025 £'000	Contribution to / (from) Reserves £'000	Forecast use during 2025/26 £'000	Estimated Balance as at 31/03/2026 £'000	Conclusion
<b>HRA Reserves</b>							
HRA Working Balance	(3,000)		(3,000)			(3,000)	A minimum working balance of £3m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003.
HRA General Reserves	(5,920)	(3,495)	(9,415)	758		(8,657)	General reserves balance set aside to deal with any unexpected costs in year.
Repairs & Maintenance	(1,005)	720	(285)		285		Earmarked to clear the backlog of routine repairs.
Rent Reduction Reserve	(611)	611					Earmarked to fund acquisitions in order to lower rents on eligible properties from 2022/23 to 2024/25. This reserve is to be fully utilised through 2024/25.
EDB Reserves	(263)	80	(183)		80	(103)	Earmarked to support the revenue budget of £0.184m.
Sustainability and retrofit reserve	(410)	410					Earmarked for cost of sustainability work at Palace Place to be utilised during 2024/25 against the capital programme.
Disrepair Claim reserve				(1,000)		(1,000)	Reserve earmarked to fund Disrepair Claims during 2025/26. Core budget removed with reserves requirement being reviewed annually.
	<b>(11,209)</b>	<b>(1,674)</b>	<b>(12,883)</b>	<b>(242)</b>	<b>365</b>	<b>(12,760)</b>	