

Appendix 1 – HRA Revenue 2026/27

The table below provides details of the budget changes between the 2025/26 adjusted budget and the proposed 2026/27 budget.

Budget Reconciliation		
Inflation	£'000	£'000
Expenditure		
Inflation related to Staffing costs	733	
Inflation related to the cost of Repairs & Maintenance for works and materials	248	
Inflation related to the cost of Housing Investment for works and materials	78	
Corporate inflation rates applied to other expenditure (including SSC's)	288	
Total Expenditure Inflation		1,347
Income		
Rent Inflation	(3,312)	
Service Charge inflation as per appendix 3	(164)	
Leaseholder and other income	(158)	
Total Income Inflation		(3,634)
Total Inflation		(2,287)
Service Investment		
Expenditure		
Repairs & Maintenance – increase in staffing resources for condensation and damp (Awaab's Law), empty homes work and increase in legal resources for managing volume of disrepair claims.	681	
Housing Management & Support – increased cost of insurance premiums in respect of LPS blocks (excess layer insurance) and increased lease costs in relation to the Housing Centre.	248	
Housing Investment & Asset Management – external stock condition survey investment and additional funding required in respect of Building Safety.	1,205	
Council-owned Temporary Accommodation – increased costs reflecting the nature/scale of works required on these properties.	200	
Tenancy Services – introduction of a Home Ownership Pact to operate on a pilot basis for tenants of LPS blocks and increased fire safety resources.	605	
Capital Financing – increase in borrowing costs and depreciation charge	2,749	
LPS – increase in budget requirements for ongoing security costs and waste clearance.	250	
Housing Strategy & Supply – increased staffing resources for project management and IT to support regulatory compliance and quality assurance.	160	
Total Service Investment		6,098
Other Changes		
Expenditure		
Repairs & Maintenance – Increase in capitalisation of responsive repair and empty homes works costs as a result of the nature of works undertaken.	(1,275)	
Other Changes – Net reduction primarily in staffing budgets as a result of the decreased employer pension contribution rate (14.9%, compared to previous 19.8%).	(793)	
		(2,068)
Income		
Increase in rental income from new supply delivered in 2025/26 and the part year impact of homes delivered in 2026/27.	(1,354)	
Latest costs associated with leaseholder works is higher than budgeted for resulting in an increased income budget for 2026/27, this includes general increased costs of delivering repairs and maintenance.	(389)	
		(1,743)
Total Other Changes		(3,811)
Deficit / (Surplus)		0

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

2026/27 Inflation Assumptions	
Rent	4.80%
Salary	2.75%
Premises Repairs	4.00%
Other income	3.00%
Other expenditure	1.00%

Support Service Charges & other recharges

The table below provides a breakdown of the support service charges and other charges for 2026/27 and compares this to 2025/26. 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 2026/27.

Charging Service	Adjusted Budget 2025/26 £'000	Budget 2026/27 £'000
Support Functions:		
Insurance Costs	1,713	1,705
ICT	1,073	1,259
Finance	416	341
Legal & Democratic	1,039	1,284
Human Resources	435	479
Property	218	192
Procurement	412	321
Business Operations	101	174
Support Service Functions Total	5,407	5,754
Other charges:		
Director	283	283
Tenancy Fraud	137	141
Youth Service	255	255
Discretionary Community Grants	145	145
Disabled Adaptations	126	130
Resident Involvement	294	404
Welfare Support	82	85
CCTV at LPS blocks	294	294
Housing Allocations	399	489
Apprenticeship Levy	32	32
Homing in and Area Panels	31	31
Other Charges Total	2,078	2,288
Total	7,485	8,042

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Item	Estimated Balance as at 01/04/2025 £'000	Use during 2025/26	Estimated Balance as at 31/03/2026 £'000	Contribution (to) / from Reserves £'000	Forecast use during 2026/27 £'000	Estimated Balance as at 31/03/2027 £'000	Conclusion
HRA Reserves							
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	(7,657)	846	(6,811)	1,000		(5,863)	General reserves balance set aside to deal with any unexpected costs in year.
Repairs & Maintenance	(1,005)	1,005					Earmarked to clear the backlog of responsive repairs and voids works.
EDB Reserves	(182)	100	(82)			(82)	Earmarked to support the EDB revenue budget of £0.184m.
Disrepair Claim reserve	(1,000)	1,000	0	(1,000)	1,000		Reserve earmarked to fund Disrepair Claims during 2026/27. Core budget removed with reserves requirement being reviewed annually.
	(12,844)	2,951	(9,893)	0	1,000	(8,945)	

