

**Housing and Communities Overview and Scrutiny Panel – 21
January 2026**

Housing Revenue Account Budget and Housing Public Sector Capital Expenditure Programme 2026/27

Purpose	For Review
Classification	Public
Executive Summary	<p>The report sets out a proposed balanced HRA budget for 2026/27, including decisions to be taken on dwelling rents, garage rents, shared ownership rents and service charges.</p> <p>The proposed budget includes uplifted maintenance budgets meaning that a total of £19.293 million will be spent on maintaining tenant’s properties in 2026/27. This proposal supports the Council’s Corporate Plan commitments and responsibilities to its tenants.</p> <p>Budgets of £1.300 million and £3.000 million are proposed for Fire Safety & Statutory compliance, and Home Energy Improvement programmes respectively.</p> <p>The proposed Capital Programme totals £31.550 million, including spend of £15.200 million on the continued development and acquisition of new Council dwellings. The Capital programme requires external loan finance of £14.045 million, with the cost of this borrowing covered in the medium-long term through the rents’ payable.</p> <p>The budget is supported by a 30-year business plan forecast and spending decisions taken within this proposed budget support the financial sustainability of the HRA over this longer-term period through the protection of the minimum reserve balance and an appropriate level of interest cover.</p>
Recommendations	That the Panel consider the HRA budget and housing public sector capital expenditure

	<p>programme for 2026/27 which recommends:</p> <ol style="list-style-type: none"> 1. that from 06 April 2026, an increase in dwelling rents of 4.8% from the 2025/26 weekly rent level, plus the maximum weekly rent convergence increase allowable, in accordance with Government guidelines to be announced in early 2026, be agreed; 2. that from 06 April 2026, an increase in garage rents of 4.8% from the 2025/26 weekly rent level be agreed; 3. that from 06 April 2026, shared ownership property rents be increased in line with the applicable rent review provisions within each lease. For the eight properties held under leases allowing RPI+0.5%, an increase of 5.00% from the 2025/26 weekly rent level be agreed, for all properties which are subject to CPI+1% under the current model lease, an increase of 4.8% be agreed and the weekly rent of one property sold under previous legislation be agreed to increase by 4.8%; 4. that from 06 April 2026 Service Charges will continue to reflect actual charges; 5. that the HRA budget, as set out in Appendix 1 of this report, be agreed; and 6. that a Housing Capital Programme to 2028/29, as set out in Appendix 4, be agreed.
<p>Reasons for recommendation(s)</p>	<p>The Current National agreed Rent Settlement allows for social housing rents to be increased by up to CPI +1%, plus a further £1 or £2 per week due to the Government’s rent convergence model*.</p> <p>To maximise rental income to continue to afford and provide energy efficient, safe and quality housing to our tenants, and to continue to</p>

	<p>provide new affordable housing it is recommended to set the rent increase to the maximum allowable and to confirm the capital programme to comply with statutory compliance regulations, the Social Housing Regulation Act 2023 and the Council's Corporate Plan commitments.</p> <p>*Registered Housing Providers are awaiting a government announcement on the amount per week allowed for under the new scheme.</p>
Ward(s)	All
Portfolio Holder(s)	Cllr Steve Davies – Housing and Homelessness
Strategic Director(s)	Richard Knott – Chief Operations Officer (Deputy Chief Executive)
Officer Contact	<p>Alan Bethune Strategic Director Corporate Resources (Section 151 Officer) 023 8028 5001 Email: alan.bethune@nfdc.gov.uk</p> <p>Peter Matthew Interim Strategic Director Housing and Communities 023 8028 5729 Email: peter.matthew@nfdc.gov.uk</p> <p>Kevin Green Principal Service Accountant 023 8028 5067 Email: kevin.green@nfdc.gov.uk</p>

Introduction and background

1. This report sets out the proposed Housing Revenue Account (HRA) budget, the proposed rent levels and other charges, the maintenance programme and a proposed Housing Public Sector Capital Programme for 2026/27 – 2028/29.
2. The proposed budgets for 2026/27 were considered by tenants on the Tenants' Involvement Group on 15 January 2026. Their views will be reported orally to Panel at the meeting.

3. The proposed HRA budget is attached as **Appendix 1**, the detailed maintenance programme at **Appendix 2**, the 3-year forecast medium term financial position at **Appendix 3**, the proposed Capital programme at **Appendix 4** and a 30-year business plan briefing document at **Appendix 5**.

Key Issues

4. Housing Authorities and Registered Providers face on-going challenges to maintain the continuation of high-quality services to their tenants, ensuring that buildings are safe and free from hazards and delivering greater energy efficiency measures in the retrofitting of their stock, as well as delivering more affordable homes. Tenants, too, are facing challenges over rises in the cost of living. The proposal set out below to increase rents in line with the Government's current recommendation is considered to strike the right balance to ensure that the Council continues to provide high quality services to tenants and that the necessary programmes of maintenance and repairs to council housing stock are undertaken, as well as delivering Home Energy Improvement targets (EPC C and above) and new affordable council homes in the district.
5. Members are asked to consider a number of financial issues for 2026/27.

Housing Rents

6. The proposed budget identifies a social rent increase of 4.8%, in line with the Government's policy rent increase guidelines. It is the seventh increase, following a previous four-year social rent reduction programme.
7. Following the rent increase, average weekly rents will be £133.36 for 2026/27. The actual increase will vary by property but will amount to an average increase of £6.10 per week. Approximately two thirds of tenants are in receipt of benefits to help pay rent costs.
8. In 2023/24 the Government restricted rent increases to 7% rather than the 11.1% that would have applied under the policy of CPI+1%. This meant that actual rents have since that time been lower than formula rent levels, and income fell behind the inflationary costs to the service. The formula rent is still calculated per property and is a guideline figure to show what the rent would have been had there been no rent restrictions in place.
9. It is understood that the Government is considering allowing Council's to increase rents by an amount greater than the standard 4.8% in order to move back towards formula rent levels using rent convergence – the act of closing the gap between actual rents and

formula rents over a period of time. Details of the full allowable increase are still awaited but it is proposed that the maximum increase allowable in 2026/27 should be applied, as per recommendation 1.

10. This approach to rent setting enables the council to continue to provide homes that are safe, warm, and attractive places to live for our tenants. For example, the extra rental income allows stable long-term investment in our housing stock to deliver our ambition of improving the energy efficiency of over 3,200 homes to at least EPC C or above by 2030 (Corporate plan 2024 to 2028).
11. The recognised benefits to tenants and their households include better health outcomes, and homes that are cheaper to keep warm. Warmer homes are also better for the environment and for the council in meeting its housing energy efficiency targets.
12. We have a total housing stock of 5,275 well-maintained homes with 98.8% meeting the current Decent Homes Standard. Whilst we do not have any high-rise buildings, we do have properties including temporary accommodation and extra care housing included in our stock requiring on-going capital investment to ensure specific health and safety requirements such as enhanced fire remediation works are met due to vulnerabilities:
 - 3 Extra Care Schemes
 - 81 units of HRA owned Temporary Accommodation comprising 101 bedrooms
 - 1 Scheme for ex-rough sleepers
13. The previous, current and proposed HRA budget allows for around 20,000 responsive repairs each year and the works to relet 250 empty properties per year. This has been reflective of demand, though it continues to increase and tenant expectations continue to rise. From the 01 April – 31 December 2025 the housing landlord service has attended 26,063 repairs which demonstrates a demand increase of 30.3% on the same period last year, with the potential to rise by the end of the financial year 2025-26. In addition, social mobility is increasing with over 400 empty properties requiring relet works.
14. It is worth noting that 1,185 of these repairs were classed as Emergency repairs requiring 3 hours attendance anywhere within the large geography of the New Forest, in turn creating operational delivery pressures for the teams involved to meet the response times.

15. Despite this spike in demand performance in November 2025 against SLA timeframes is recorded as:

Urgent Jobs	Priority Jobs	Routine Jobs	Programmed works
97.89%	96.28%	93.89%	98.72%

16. Our tenant data and insight reports demonstrate that complaints have clustered around damp/mould and repeated access arrangements; and expectation of scope of repairs continue to rise locally and nationally. The introduction of the Hazards in Social Housing (Prescribed Requirements) (England) Regulations 2025 which came into force 27 October 2025 commonly known as "Awaab's Law"; plus, the national publicity campaigns are seen as a contributing factor around the surge in repairs demand and associated complaints regarding damp and mould. This should not by proxy be taken that properties are in poor condition, more so that tenants are more aware of their responsibilities, of the implications on their health for not reporting repairs and the ease of reporting repairs to the council.
17. NFDC prepared well for the new legislation and went a step further in planning to address all the 28 hazards contained within the legislation (currently with different implementation dates through 2026) in its current operating procedures, not just damp and mould. This has included faster triage and better resident liaison to reduce re-visits, speed access, and to cut avoidable costs. It also means maintaining uplifted responsive repairs budgets including funding new Resident Liaison Compliance Officer capacity to unblock access and meet statutory health and safety compliance cycles including gas, electrical, and water hygiene etc.
18. A key driver therefore of HRA costs remains cyclical/responsive repairs, where there is less opportunity to control the increasing demand pressures as indicated. It is also the priority landlord service needed and requested by our tenants and leaseholders to keep them safe and satisfied within their own homes and communities.
19. The Major Repairs programme is also a significant proposed programme which includes an increase in gas boiler replacements, and a replacement windows and doors programme to keep on track for the Council to have all its homes certified EPC C by 2030.
20. This ambition has been demonstrated in our housing service always seeking to pro-actively achieve excellence in how we have supported our tenants and their homes. The results of 81% tenant satisfaction for this service, and the high performing service KPIs which demonstrate that despite the increasing service pressures, including

costs of employees and materials that continue to rise above inflation, we can demonstrate and provide assurance of our good performance through our performance data and governance.

21. We work with our housing tenants to understand their needs and provide high quality homes and service standards in line with the government's regulatory regime.
22. Whilst we welcome the opportunities and challenges provided by new legislation and improved standards the proposal to rent setting enables the council to continue to deliver to required standards and maintain its current high levels of regulatory compliance, health and safety, and tenant satisfaction over the medium term.
23. The additional rental income will also fund significant Home Energy Improvement programmes and carbon reduction impacts as costs are likely to be higher at the outset of the programme.
24. Improvements are targeted in specific areas and property types, including non-traditional properties. Our generally aged housing stock needs investment putting pressure on the HRA in the medium and longer term. The geographical spread and type of housing stock with mixed fuel types including oil burning technologies where certain rural areas are off-gas and in a few cases off-grid add complexity and cost to planned improvements
25. There are on-going cost pressures in labour and materials which outstrip inflation targets and remain volatile within the economy. The continued support for the funding of Disabled Facilities Grants in the Council Owned stock to support vulnerable and disabled tenants to remain in their own homes is one example where the service has reported an average of 30% cost increases over the last year by specialist contractors and the price of equipment and building works etc. The council nevertheless remains committed to providing this service for the reasons mentioned.

Service Charges – Hostels & Flat Accommodation

26. Service Charges are currently used by the Council as a method to recover Council Tax and domestic and communal energy costs from tenants where their personal usage costs are charged directly to the Council by the respective billing organisations. Service Charges are also used to recover some aspects of equipment provision, cleaning and communal heating and lighting costs from tenants, which are also incurred in their respective properties.
27. Around 1,300 tenants and leaseholders pay service charges to the Council and a review of costs and rates commences at the end of each calendar year. All service charges are revised and disaggregated

each year to reflect accurate charges for tenants and leaseholders based on actual costs, and this year's exercise has been used to inform this report, and service charges are then adjusted flexibly each year in line with these changes.

28. For 2026/27 total service charge income will increase by £69,000, largely reflecting additional properties arising from the Development Programme.

Garage Rents

29. It is proposed that garage rent charges are increased in 2026/27 by 4.8% (£0.68 per week) to £14.93 per week, plus VAT where applicable.

Planned Maintenance & Improvement Works

30. The report proposes total budgetary provision of £13.657 million for planned maintenance and improvement works to houses and estates. This, together with budgetary provision of £5.636 million for reactive maintenance works means that, in total, £19.293 million will be spent on tenants' properties in 2026/27. Details of the proposed works for 2026/27 and an indication of proposals for the following two years are set out in **Appendix 2**.

Fire Risk Assessment Works

31. Between 2022/23 and 2025/26 the Council will have spent £6.8 million on fire safety and statutory compliance matters. Funding of £1.3 million has been allocated for 2026/27, including £850,000 rephased from 2025/26, to continue the requirements to address identified actions from Fire Risk Assessments (FRAs) in flat blocks.

Home Energy Improvement Programme

32. In 2023/24 work to establish the future upgrade programmes to deliver all homes to EPC C by 2030, and net zero carbon by 2050 were established. Measures required to each home within the Council stock to meet these targets is known and estimated costs applied up to 2050. 2024/25 was considered a transition year where planning the upgrade strategy began to be overtaken by the delivery of increased retrofit activity. Funding of £3 million is proposed for 2026/27, but total expenditure up to 2030 is likely to be in the region of £15 million, with a further estimated £115 million required to meet net zero targets by 2050.
33. Expenditure in the next 3 years will likely be partially offset by securing a grant of up to £824,000 from the Social Housing Decarbonisation Fund (SHDF).

HRA Income 2026/27

34. Estimated total income for 2026/27 is £1.851 million higher than the original budget for 2025/26. The income variations from the 2025/26 approved budget are set out below:

	Change £000	Paragraph
Dwelling Rents	(1,929)	35
Non – Dwelling Rents	10	36
Service Charges	(69)	37
Contributions to Expenditure	51	38
Other Income	86	39
Total	<u>(1,851)</u>	

35. **Dwelling Rents (£1.929 million increase)** – The proposed budget for 2026/27 includes the benefits of £1.640 million arising from the proposed 4.8% rent increase, £267,000 from a net increase in property numbers from the development programme, including new shared ownership properties, offset by Right to Buy Sales and £22,000 from flexible rent and capped rent changes.
36. **Non - Dwelling Rents (£10,000 reduction)** – This income is derived from garages and rents of other housing land. The overall reduction reflects a £74,000 impact of reduced lettings due to voids. There is an ongoing project to provide a full options appraisal of all sites. The reduction is offset by a £34,000 benefit arising from the proposed 4.8% increase in charges and increased non garage rent income of £30,000.
37. **Service Charges (£69,000 increase)** – The service charges proposals referenced in paragraphs 26-28 will result in increased income of £69,000, largely due to additional properties arising from the Development Programme.
38. **Contributions to Expenditure (£51,000 decrease)** – This reduced income reflects the removal of specific Government grant that was provided in 2025/26 as a contribution towards the estimated £200,000 additional costs arising from the National Insurance changes announced in the 2025/26 Budget.
39. **Other Income (£86,000 reduction)** – Interest earnings are anticipated to reduce by £114,000 due to lower interest rates and the use of capital receipts to fund the capital programme. Administration income has reduced by £20,000 due to lower predicted numbers of Right to Buy Sales. These reductions are offset by an increase of £48,000 in the Shared Amenities contribution from the General Fund,

to cover inflationary increases in costs and increases in expenditure on grounds maintenance budgets, as detailed in paragraph 43.

HRA Expenditure 2026/27

40. Budgeted operating expenditure for 2026/27 is £1.026 million higher than the approved budget for 2025/26. After allowing for depreciation charges and the removal of the non-recurring 2025/26 transfer of £150,000 from reserves for specific earmarked projects, surplus resources available for making principal repayments on borrowing have increased by £675,000 to maintain a balanced Housing Revenue Account for the year. The major variations are set out below:

	Change £000	Paragraph
Cyclical/Reactive Maintenance	554	41
General Management	248	42
Grounds Maintenance and Trees	176	43
Housing Schemes and Temporary Accommodation	106	44
Capital Financing Costs - Interest	<u>(58)</u>	45
Operating Expenditure	1,026	
Contribution to Capital – Supporting Housing Strategy	<u>0</u>	46
	1,026	
Capital Financing Costs – Principal	<u>675</u>	47
Total	<u>1,701</u>	

41. **Cyclical/Reactive Maintenance (£554,000 increase)**– Increased maintenance budgets are principally due to pay and prices increases of £225,000 and an increase of £211,000 on cyclical maintenance, due to the expansion of lead/legionella testing (£131,000), increased stock condition surveys (£45,000) and additional window cleaning costs (£35,000). In addition, a review of the Vehicles programme has increased allocations by £123,000.
42. **General Management (£248,000 increase)**- Supervision and Management budgets will increase due to pay and prices increases of £85,000. Budget provision has been added for a Waste Advisor to support the waste roll out to tenants (£21,000), for additional cleaners for new properties provided by the Development Programme (£30,000) and for additional resources to deal with the impact of increased housing regulations (£120,000).

43. **Grounds Maintenance and Trees (£176,000 increase)** – An increase in budgets is due to pay and prices increases of £23,000 and an increase of £153,000 in charges from the Grounds Maintenance team, principally due to the outcome of a review of vehicle cost allocations. These increases are partially offset by an increase in the Shared Amenities Contribution from the General Fund.
44. **Housing Schemes and Temporary Accommodation (£106,000 increase)** – Additional costs are principally due to inflation of £15,000, an increase of £65,000 in the cleaning budget for additional properties arising from the Development Programme and increased allocations charges of £28,000, principally following a review of the Vehicle allocation methodology.
45. **Capital Financing Costs Interest (£58,000 reduction)** – Capital financing costs have reduced by £58,000. This is principally due to a reduction of £116,000 following the repayment of the next instalment of the settlement borrowing in March 2026. Additional interest costs of £337,000 are expected on forecast new borrowing for the proposed 2026/27 capital programme but these are largely offset by reduced costs due to less borrowing than expected in 2024/25 and 2025/26 and due to lower interest rates than budgeted on actual borrowing taken out during 2025/26.
46. **Contribution to Capital - Supporting Housing Strategy (£0 increase)**– This budget is the prescribed calculation of dwellings depreciation that needs to be charged to the Housing Revenue Account and is used to part fund the capital programme. The figure is based on a combination of factors including property valuation, component costs and remaining component life. While materials costs have increased this impact has been offset by a reduction in the property valuation element. The budget will remain at £10.2 million.
47. **Capital Financing Costs – Principal (£675,000 increase)**– After allowing for transfers from reserves of £150,000, the Council is required to set a balanced budget for the year. Increased operating income of £1.851 million exceeds estimated increased operating expenditure of £1.026 million, increasing the annual amount available for repaying principal on borrowing by £675,000. This results in a total repayment amount available of £3.700 million, which means that there will not be sufficient resources to enable the maturing loan of £4.1 million to be repaid in full during 2026/27 and therefore additional replacement borrowing of £400,000 will be required.

HRA Reserve Balance

48. The HRA Reserve balance as at 1 April 2025 was £1 million. This is a prudent level and meets with good governance practice.
49. The original 2025/26 HRA budget showed a break-even operating position, with no proposed reserves transfers. A financial update report for the year will be presented to Cabinet on 4 February 2026. This includes forecast variations to the year end. In accordance with current policy, any surplus or deficit for the year will be balanced by a transfer to or from the Acquisitions and Development Reserve, but assuming a break-even HRA position for the year 2025/26, this will result in a year-end balance of c£4.8 million as at 31 March 2026, after funding the capital programme.
50. The proposed HRA budget for 2026/27 currently shows a break-even position and therefore the estimated Housing Revenue Account balance (cash reserve) as at 31 March 2026 and 31 March 2027 will be £1 million.

30 Year Business Plan

51. In 2024/25 the Council, with the assistance of an external consultant produced an initial 30-year HRA business plan projection, a summary of which was included in the budget report last year. This projection was further refined during the last year which will inform a formal plan with an agreed strategic direction for stock investment and new housing development. A Briefing document is attached at **Appendix 5**.

Capital Programme

52. The proposed Housing Public Sector capital expenditure programme for 2026/27 totals £31.550 million. The detailed programme and anticipated funding are set out over the page with indicative details for future years in **Appendix 4**.

	Original 2025/26 £000	Latest 2025/26 £000	Original 2026/27 £000
Proposed Expenditure			
Fire Risk Assessment Works	1,500	650	1,300
Major Structural Refurbishments	0	921	0
Planned Maintenance & Improvements	11,100	10,752	10,700
Home Energy Improvement Programmes	1,870	2,070	3,000
Estate Improvements	200	200	400
Disabled Facilities Adaptations	950	950	950
Development Strategy	15,200	16,400	15,200
TOTAL	30,820	31,943	31,550
Funded by			
Revenue	10,200	10,000	10,200
Capital Receipts	4,000	7,200	6,080
Acquisitions and Dev. Reserve	950	950	950
Government Grant	2,805	4,326	275
External Borrowing	12,865	9,467	14,045
TOTAL	30,820	31,943	31,550

53. Significant works to properties, including mandatory compartmentation and new fire doors, are being carried out following detailed Fire Risk Assessment surveys. Funding of £1.3 million is proposed for 2026/27, but this includes £850,000 rephased from 2025/26.
54. The Major Repairs budget has been set at £10.7 million. Details of the proposed programme are set out in Appendix 2 but include an increase in gas boiler replacements, and a catch-up programme of new window and door replacements which are required for the Council's drive to have all its homes certified EPC C by 2030.

55. Funding of £3.000 million is proposed in 2026/27 to continue works for Home Energy Improvements to the Council's housing stock and take advantage of any government grant funding available, as covered in more detail in paragraphs 32 and 33. Insulation programmes will be continued in 2026/27 to enhance the energy rating of properties and reduce fuel bills.
56. The Council's current Housing Strategy and Corporate Plan prioritise the delivery of new affordable housing homes covering the period 2018 - 2026. The proposed capital programme for 2026/27 includes £15.200 million to be invested in additional homes. Expenditure is also expected over the period post 2026/27 through to the end of 2029, which has been accounted for in Appendix 3 with similar levels of proposed expenditure.
57. In summary, significant financial commitments are needed to deliver the Council's priorities including our capability to deliver the HRA Business Plan:
- More affordable and sustainable homes
 - Stronger and more resilient communities
 - Changes to realise opportunities including IT Transformation and new asset management/repairs system (MARS)
 - Maintaining high quality and value for money services, monitoring, scrutiny, and collaboration
 - Mitigate Increasing Challenges and Risk in delivering Landlord services to vulnerable tenants with increased legislative requirements including building safety hazards and housing stock improvements with a focus on health and safety.

HRA Medium Term Financial Position

58. Attached at **Appendix 3** is an indication of HRA budgets for two years post 2026/27 and is included to enable decisions for 2026/27 to be made in the context of affordability for the medium term. With the continuation of a significant Home Energy Improvement programme and the increasing expenditure required to maintain the aging stock the HRA is placed under continuing significant pressure.
59. Based on continuing rent increases of CPI+1% alone, it currently shows an estimated operating deficit of c£1.2 million in 2027/28 and £0.7 million in 2028/29. This supports the recommendation to implement rent convergence to provide additional income to close the gap over the medium term, whilst concurrently expenditure and income budgets will be reviewed for those years with a view to reducing the gap, but any remaining deficit will be closed by reducing the loan principal amount repaid to the externally borrowed commitment level of £4.1 million. Significant future costs of the

Major Repairs Programme and the Home Energy Improvement requirements will require both revenue and capital programme spend priorities to be reconsidered in accordance with the Corporate Plan priorities.

Corporate plan priorities

60. People Priority 1: Helping those in our community with the greatest need: Provide more quality, temporary accommodation for single people and families and work with our partners to tackle homelessness.
61. People Priority 3: Meeting housing needs: Provide increased numbers of affordable homes by 2026. Improve the energy efficiency of over 3,200 council houses by 2030. Work with our housing tenants to understand their needs and provide high quality service standards in line with the government's new Social Housing Charter and regulatory regime.

Options appraisal

62. All spending options were considered, including postponing required capital works, but there is a risk that revenue spending will increase fixing end of life components.
63. Due to the age of a significant number of gas boilers, where parts are no longer available, there are very few alternative options to consider. Phasing of boiler replacements over a number of years has already taken place, following the obsolescence of major parts in October 2024.

Consultation undertaken

Tenants' Views

64. Tenants' views will be reported orally to Panel at the meeting.

Financial and resource implications

65. Attached at **Appendix 3** is an indication of HRA budgets for two years post 2026/27 and is included to enable decisions for 2026/27 to be made in the context of affordability for the medium term. With the onset of a significant Home Energy Improvement programme and the increasing expenditure required to maintain the aging stock the HRA is placed under continuing significant pressure. Whilst these budgets will be amended in future years, it shows an estimated operating deficit of c£1.2 million, before the calculation of any additional income achieved through rent convergence. Significant future costs of the Major Repairs Programme and the Home Energy

Improvement requirements will require both revenue and capital programme spend priorities to be reconsidered in accordance with the Corporate Plan priorities.

Legal implications

66. The recommended capital and revenue funding levels for 2026/27 ensure ongoing compliance with legislation and guidance set by central government. Maintaining good quality and safe housing mitigates housing disrepair claims and other health and safety related claims.
67. The council has a fiduciary duty to its tenants to be prudent in the administration of the funds on their behalf.
68. It is the responsibility of councillors to ensure the council sets a balanced budget for the forthcoming year for this ring-fenced account. In setting, such a budget councillors and officers of the council have a legal requirement to ensure it is balanced in a manner which reflects the needs of both current and future tenants in discharging these responsibilities. In essence, this is a direct reference to ensure that council sets a financially sustainable budget which is mindful of the long-term consequences of any short-term decisions.

Risk assessment

69. Risks related to safety compliance, maintaining the decent homes standard and maintaining the momentum toward achieving EPC C and net zero have been addressed by the recommended revenue and capital programmes.

Environmental / Climate and nature implications

70. The capital works programme continues to provide more sustainable measures to improve the thermal efficiency of Council housing stock, through more efficient window replacement programmes, insulation, boiler replacements and air source heat pumps. Following the previous work of the Greener Housing Task and Finish Group and the Greener Housing Strategy, the Council is committed to undertaking more sustainable measures year on year to reach the target of all properties having a minimum energy efficiency rating of EPC C, which will require in excess of £6 million over the next 3 years to fund the initial phases of the work, and in the region of a further £9 million by 2030.
71. In the long-term, should decarbonisation of the entire stock still remain a priority it will require the HRA to fund in the region of an additional £115 million of expenditure. This will present significant

challenges to the HRA, and future priorities and strategic choices will need to be carefully considered. Whilst meeting net zero will require some carbon off-setting in due course the programme will remove several thousand tonnes of carbon emissions each year.

72. Initially, we remain focussed on Home Energy Improvement programmes across the stock, targeting the worst performing properties, which are often off the gas network and in rural areas.
73. All products used in the repair, maintenance and improvement of Council homes are selected to ensure the minimum impact upon the environment, are sourced from recycled materials where possible and at the same time balance the need to improve the energy efficiency of tenants' homes in order to meet the requirement for thermal efficiency under the Decent Homes Standard and meet specified and legal safety standards.

Equalities implications

74. All equality and diversity implications will be considered at every stage of the process of commissioning and carrying out planned maintenance, improvement and cyclical maintenance works. In addition, any contractor used for works will have been assessed, as part of the process in becoming an approved NFDC contractor, in respect of their adherence to equality and diversity principles.
75. The HRA funding priorities support the funding and commissioning of necessary works with a view to improving building quality and safety, and the energy efficiency performance of the council stock, which supports vulnerable people reduce household bills at a time of cost-of-living pressures, and which reduces disrepair and the exposure to damp and mould tackling health and housing inequalities.
76. The Tenancy Account Team, which incorporates a dedicated support worker, will continue to support and signpost tenants experiencing difficulties paying their rent, working collaboratively with community support networks.
77. The continued support for the development and acquisitions programme in 2026/27 addresses housing need issues and increases the supply of properties in areas where there is high demand for social housing, and which supports the Council's aims of tackling homelessness in vulnerable communities.
78. The continued funding of Disabled Facilities Grants in the Council Owned stock supports vulnerable and disabled tenants to remain in their own homes or provides suitable alternative housing options for applicants and existing tenants whose needs cannot be met by their existing accommodation.

Crime and disorder implications

79. Many aspects of work identified within this report will improve the security of tenants' homes and improve the condition and aesthetics of neighbourhoods.

Data protection / Information governance / ICT implications

80. There are significant IT systems and change projects to fund and implement in 2026-27 for housing services, including a new council wide customer service IT system as a part of the Transformation programme, and a new asset management/repairs system (MARS) project for housing fully funded by the HRA.

Conclusion

81. The proposed uplifted rent (in line with government guidelines) and service charges, as well as partial re-financing of the HRA settlement loan enable expenditure levels on housing maintenance and capital programmes to be maintained. This increased expenditure ensures compliance with Housing Regulatory Standards. The proposed budget is supported with 30-year projections and potential for fiscal borrowing and debt increases to accommodate the programme.

Appendices:

Appendix 1 – Summary HRA
Appendix 2 – Maintenance Programme
Appendix 3 – 3 Year HRA MTFP
Appendix 4 – Capital Programme
Appendix 5 – 30 Year Business Plan
Briefing Document.

Background Papers:

HOUSING REVENUE ACCOUNT BUDGET

	2025/26 £'000	2026/27 £'000	Variation £'000	Para
INCOME				
Dwelling Rents	-34,230	-36,159	-1,929	34
Non Dwelling Rents	-735	-725	10	35
Service Charges	-1,142	-1,211	-69	36
Contributions towards Expenditure	-128	-77	51	37
Interest Receivable	-418	-304	114	38
Sales Administration Recharge	-33	-13	20	38
Shared Amenities Contribution	-361	-409	-48	38
TOTAL INCOME	-37,047	-38,898	-1,851	
EXPENDITURE				
Repairs & Maintenance				
Cyclical Maintenance	2,234	2,557	323	40
Reactive Maintenance - General	3,520	3,569	49	40
Reactive Maintenance - Voids	1,885	2,067	182	40
General Management	8,288	8,536	248	41
Grounds Maintenance and Trees	1,087	1,263	176	42
Housing Schemes and Temporary Accommodation	1,200	1,306	106	43
Provision for Bad Debt	150	150	0	
Capital Financing Costs - Interest/Debt Management	5,608	5,550	-58	44
TOTAL EXPENDITURE	23,972	24,998	1,026	
HRA OPERATING SURPLUS(-)	-13,075	-13,900	-825	
Contribution to Capital - Supporting Housing Strategy	10,200	10,200	0	45
Capital Financing Costs - Principal	3,025	3,700	675	46
HRA Total Annual Surplus(-) / Deficit	150	0	-150	
Use of Reserves for Major Projects	-150	0	150	
HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT	0	0	0	

2026/27 - 2028/29 MAINTENANCE BUDGETS

CYCLICAL MAINTENANCE	2026/27	2027/28	2028/29
External Cleaning and Decoration	630,500		
Appliance servicing (including gas, oil, solid fuel)	1,171,850		
Lift Servicing	103,000		
Fire Alarm Servicing	78,500		
Portable Appliance Testing	4,500		
Fire Risk Assessments	29,000		
Air Source Heat Pump Servicing	17,500		
CCTV, Laundry & Door Entry Servicing	64,000		
Legionella/Lead Testing	165,000		
Emergency Lighting	110,230		
Automatic Door Servicing	32,000		
Window Cleaning	55,000		
Alarms & Telecommunications	51,500		
Stock Condition Surveys	45,000		
TOTAL CYCLICAL MAINTENANCE BUDGET	2,557,580	2,634,310	2,713,340

PLANNED MAINTENANCE & IMPROVEMENTS	2026/27	2027/28	2028/29
Heating Replacement Gas	1,915,160		
Electrical Rewiring	711,400		
Sheltered Schemes Minor Works	227,900		
Low Maintenance Eaves	460,000		
External Door Replacements	710,000		
Pitched Roofing	1,045,000		
Repointing	10,000		
Window Replacements	1,000,000		
Kitchen Refurbishments	1,250,000		
Drainage	100,000		
Structural Works	300,000		
Asbestos surveys and removal	100,000		
Garages	200,000		
Bathroom Refurbishments	350,000		
Insurance Work	10,000		
Water Main Renewals	40,000		
Miscellaneous	2,270,540		
TOTAL PLANNED MAINTENANCE & IMPROVEMENT BUDGET	10,700,000	11,021,000	11,351,630

ESTATE IMPROVEMENTS	2026/27	2027/28	2028/29
Provision of estates works and paving	400,000		
TOTAL ESTATE IMPROVEMENTS BUDGET	400,000	400,000	400,000

TOTAL FORECAST MAINTENANCE EXPENDITURE	2026/27	2027/28	2028/29
TOTAL EXPENDITURE	13,657,580	14,055,310	14,464,970

MEDIUM TERM FINANCIAL PLAN - HOUSING REVENUE ACCOUNT

	Budget 2026/27 £'000	Forecast 2027/28 £'000	Forecast 2028/29 £'000
INCOME			
Dwelling Rents	-36,159	-38,121	-40,365
Non Dwelling Rents	-725	-747	-769
Service Charges	-1,211	-1,247	-1,285
Contributions towards Expenditure	-77	-77	-77
Interest Receivable	-304	-200	-141
Sales Administration Recharge	-13	-13	-13
Shared Amenities Contribution	-409	-421	-434
TOTAL INCOME	-38,898	-40,827	-43,084
EXPENDITURE			
Repairs & Maintenance			
Cyclical Maintenance	2,557	2,634	2,713
Reactive Maintenance - General	3,569	3,676	3,786
Reactive Maintenance - Voids	2,067	2,129	2,193
General Management	8,536	8,792	9,056
Grounds Maintenance and Trees	1,263	1,301	1,340
Housing Schemes and Temporary Accommodation	1,306	1,345	1,386
Provision for Bad Debt	150	150	150
Capital Financing Costs - Interest/Debt Management	5,550	6,171	6,880
TOTAL EXPENDITURE	24,998	26,198	27,503
HRA OPERATING SURPLUS(-)	-13,900	-14,629	-15,581
Contribution to Capital - supporting Housing Strategy	10,200	10,500	10,800
* Capital Financing Costs - Principal	3,700	5,301	5,469
HRA Total Annual Surplus(-) / Deficit	0	1,172	688
Use of Reserves for Major Projects	0	0	0
HRA TOTAL ANNUAL SURPLUS(-) / DEFICIT	0	1,172	688
OPTIONS IDENTIFIED TO CLOSE THE DEFICIT			
General Process Efficiency and Channel Shift * Loan Re-financing	200k-500k upto £4.1m	200k-500k upto £4.1m	

CAPITAL PROJECTS REQUIREMENTS WITH FINANCING

PUBLIC SECTOR HOUSING CAPITAL PROGRAMME

		PROJECT REQUIREMENTS £			2026/27 PROJECT FINANCING £				
		2026/27	2027/28	2028/29	Grants & Conts.	Cap Receipts / DC's	Internal/External Borrowing	HRA	HRA Reserves
Fire Risk Assessment Works	HRA	1,300,000	0				1,300,000	0	
HRA - Major Repairs	HRA	10,700,000	10,980,000	11,350,000			500,000	10,200,000	
Home Energy Improvements	HRA	3,000,000	3,000,000	3,000,000	275,000		2,725,000		
Estate Improvements	HRA	400,000	400,000	400,000			400,000	0	
Council Dwellings - Strategy Delivery	HRA	15,200,000	15,200,000	15,200,000	0	6,080,000	9,120,000		
Disabled Facilities Grants	HRA	950,000	950,000	950,000					950,000
		31,550,000	30,530,000	30,900,000	275,000	6,080,000	14,045,000	10,200,000	950,000
									31,550,000

