Report to the Council

26 February 2026

Wards: All

Housing Revenue Account Budget 2026/27 and Medium-Term Financial Plan 2026/27 to 2028/29

Report of the Leader of the Council

Report Status:
This item is not exempt
Therefore exempt reasons are not applicable

This is a key decision. The matter is in the Forward Plan

Forward Plan Ref: 0001/26.

1. Purpose of the Report and Summary

1.1. To present to Council: The Leader's Housing Revenue Account (HRA) Budget 2026/27.

1.2. The following Appendices are attached to the report;

- Appendix A: Rent and Service Charge Policy 2026/27
- Appendix B: Detailed budget annexes including HRA 30-year business plan

2. Executive Summary

2.1 This report sets out the out the Housing Revenue Account revenue and capital budgets for 2026/27 and indicative forecasts for future years.

2.2 The proposed capital programme reflects a sustained acceleration in planned spending over the coming years aimed at improving the quality of Council homes. This increased investment will continue to enable the Council to improve the quality of existing homes, respond to challenges due to changes in regulation and build new modern energy efficient homes, whilst meeting required property standards. The majority of these improvement works will be completed in partnership with KWL Ltd, the Council's wholly owned trading company, who will also deliver an increased annual maintenance programme.

2.3 This is set against the context of an increasingly demanding regulatory framework, designed to promote better outcomes for tenants in the provision of safe and healthy homes.

2.4 The report includes the following assumptions and key proposals

2.4.1 Capital investment of £185m over the next three years to improve existing Council homes to maintain and improve decent home standards including energy efficiency works, meeting ambitious carbon reduction targets and reducing fuel poverty.

2.4.2 A further Capital investment of £120m for the continuation of adding new stock to the HRA, via new build, turnkey opportunities and purchasing empty properties, while continuing to bid for Affordable Homes programme grant funding from Homes England.

2.4.3 Revenue budget with an annual turnover of £120m from rent and service charge income and reserves held £1,250 per property. Reserves are held primarily to fund future need to spend – in effect to ensure we can continue to maintain and repair our properties over the coming years, especially given the cyclical nature of the spend. Also, to cover against the inherent risks in the business, including those set out in this report and any unexpected and increased need to spend.

2.4.4 Increase rents by 4.8% in line with Government guidance (September CPI 3.8% + 1%)

2.4.5 Increase service charges by up to 4.8% in line with the rent increase and continue the strategy to gradually move towards full cost recovery.

3. Recommendations

3.1 The Council is recommended to approve the Housing Revenue Account:

3.1.1 Revenue budget as set out in paragraph 8.1;

3.1.2 Capital budget as set out in paragraph 8.15;

3.1.3 Rent & Service Charge Policy for 2026/27 as set out in Appendix A;

3.1.4 Rent increases for existing tenants of 4.8% as set out in paragraph 8.2; and

3.1.5 Service charge changes as set out at Appendix B, Section 1.

4. Reasons for Recommendations

4.1 The Council is required under Section 76 of the Local Government and Housing Act 1989 to set a budget for its HRA by the end of February in respect of the following financial year. The budget for approval relates to 2026/27 and must ensure that HRA reserves do not fall into deficit.

4.2 Changes to rent must be provided to tenants giving at least 28 days' notice which means that the tenants must be notified no later than 4th March 2026.

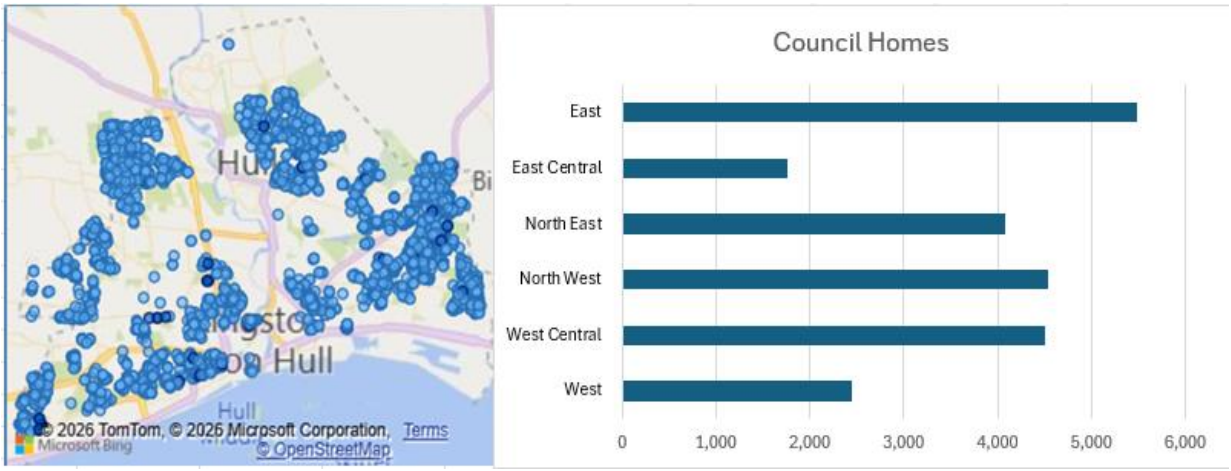
4.3 This report enables the Council to fulfil those statutory obligations.

5. Key Organisational Impacts

5.1 Impact on other Executive Committees (including Area Committees) and decision makers:

The Council manages housing stock in all areas of the city.

Fig 1. Profile of Housing Stock across the city



5.2 Contribution to the delivery of the Community Plan, the Council Plan and/or Area Plans:

5.2.1 The Community Plan has strategic themes on safe and welcoming neighbourhoods, a healthier and fairer Hull, reaching our potential, economic growth that works for all, responding to climate and nature emergency, and our culture, our heritage, our city. Just under one in five homes in Hull are rented from the Council; and similarly, just under one in five people in Hull live in a home rented from the Council. Hull City Council (HCC) are the biggest single landlord in the city. This gives the Council a unique opportunity to give its people the best possible grounding, by providing them with a home that is safe, fosters good health and gives them a stable base from which to prosper

in terms of educational attainment, employability, health and wellbeing.

5.2.2 The proposed budget features continued capital investment in the quality of homes, including replacement programmes for key components such as kitchens, bathrooms and roofing that are now due for cyclical renewal.

5.2.3 The budget further addresses the need for HCC to deliver the more intensive regime of proactive inspection, which is uncovering some quality issues within our homes that need addressing through the HRA.

5.2.4 The Community Plan's focus on the climate and nature emergency is also a key driver (alongside statutory targets) in the investment in energy-efficiency measures. These in turn impact positively upon affordability for tenants and the warmth in their homes, given cost of living pressures that exist generally across the country, and on their likely health outcomes.

5.2.5 As a business with an annual turnover of more than £120m, with procurement policies that include a focus on social value, the work to invest in social homes brings significant benefit to the local job market, in line with the Community Plan aim to create economic growth that works for all.

5.3 Impact on other key strategies/business plans:

5.3.1 The work of the housing landlord service has an impact upon various other strategies and plans. The service provides and has a presence in people's homes, investment in the service complements safeguarding of both children and adults, and domestic abuse prevention. In line with strategies on adult social care, the service works in partnership to provide homes that sustain independent living for longer.

5.4 Equalities Impact Information

5.4.1 The recommendations within this report do not disproportionately impact on any group with protected characteristics. Consultations have taken place with tenants at the end of January, as set out in section 6. The rent increases have been aligned with the national policy and rent cap. The Government's view was that this struck a balance between protection of the most vulnerable households and the financial sustainability of the "national" HRA.

5.4.2 Although not a protected characteristic in equalities legislation, financial insecurity is a factor assessed in local decision-making. Around 83% of HCC tenants are in receipt of benefits towards their accommodation costs. The rent setting formula is pinned to the Consumer Price Index (CPI) as are these benefits. The result of this for the vast majority of tenants is the impact of rent rises is limited to the amount above CPI that rents increase. In practice, a figure of 1% above CPI means a real-terms weekly rise for a tenant in a one-bed home of 86p, up to £1.26 for tenants in a four-bed home.

5.4.3 HCC is committed to supporting all residents and have a range of measures to assist those facing financial pressures. Our support extends beyond rent and includes the following initiatives:

i. **Trained Staff**: We have a range of teams, including Tenancy Sustainment, who are trained to provide personalised advice and assistance to residents struggling to manage their finances or maintain their tenancies.

ii. **Available Funds:**

- Tenancy Sustainment Fund: This fund is available to help residents in urgent need of financial support to avoid falling into arrears.
- Discretionary Housing Payments: Targeted support for residents finding it difficult to meet housing costs.
- Crisis Resilience Grant (Household Support Fund): Assistance to help cover essential living costs for those experiencing financial hardship.

iii. **Alternative Housing**: Although the property size met the needs of the tenant previously, this circumstance may have now changed, and a smaller property is a more affordable option. HCC policies/practices support and assist tenants in these moves.

5.5 In addition to support detailed above the Area Housing Team use multiple IT systems and other tools in a proactive way to help identify arrears from occurring, in cases where arrears build up consideration is given to surrounding circumstances and the appropriate action is carried out. HCC

will always look to sustain tenancies, and this is demonstrated in the work that the local teams continue to carry out.

6 Consultation

6.1 Briefing sessions for all stakeholders took place on the 26th and 27th of January 2026. Circa 65 tenants and leaseholders, councillors and officers attended these events.

6.2 Preliminary discussions with KWL Ltd have taken place, where proposed budgets and scope of works were discussed and agreed on the future capital and revenue repairs programme (in line with contractual requirements) ensuring appropriate volume levels of work are available for KWL Ltd to deliver. The draft capital and revenue programmes have been shared and have been formally agreed with KWL Ltd.

7 Background

7.1 The HRA is a ring-fenced account held by the Council and is governed by the 1989 Local Government and Housing Act (as amended by the 2003 Local Government Act). The 1989 Act created the ring-fence and operational structure of the HRA whereby Local Authorities with housing stock are required to record all income and expenditure in their HRA, ensuring that rent levels cannot be subsidised by increases to council tax and vice-versa.

7.2 The Council manages and maintains 22,813 properties, with 22,040 of those at Social Rent, 652 at Affordable Rent and 121 at Local Housing Allowance (LHA) Rent, across the City, being the 10th largest local authority housing operation in the country, with an annual turnover in excess of £120m per annum.

7.3 In 2012, the self-financing system for local authority housing required the Council to borrow £79m to fund its self-financing debt. Since then, a 30-year business plan has been required, which details how the Council will manage this debt along with pre-existing debt, to ensure its stock is managed and maintained along with opportunities to invest in new stock.

7.4 Financial strategy is centred around:

- Property and safety compliance leading to delivery of the Decent Homes Standard
- Supporting Hull's Housing Strategy 2023 to 2030
- Providing a customer focused and effective repairs and tenancy management service; and

- Maintaining a sufficient level of reserves to ensure investment can be sustained in the longer term over the 30-year business plan and there is some level of contingency against risks

7.5 The landscape for housing in recent years has seen increasing and new regulation, which include:

- Hazards in Social Housing (Prescribed Requirements) (England) Regulations 2025 (Awaab's Law)
- Social Housing (Regulation) Act 2023
- Decent Homes Standard (currently under review by Government)
- Building Safety Act 2022
- Updated National Planning Policy Framework
- Homelessness Reduction Act 2017
- Climate Change Act 2008

7.6 Because of this there has been substantial investment in 'planned investment' following a significant increase and expanding volume in a range of surveys and inspections programmes.

7.7 In July 2025, as part of the 2025 Spending Review, Government committed to a ten-year rent policy whereby rents will increase by the Consumer Price Index (CPI) + 1%, to be applied from 1 April in the following year. In addition, the Government also consulted on rent convergence proposals to increase Social Rents by a further £1 per week or £2 per week per annum, in addition to the annual inflationary increase. The results were provided on 29th January 2026 and the Rent Standard 2026 sets out that rent may be increased by up to £1 per week above CPI + 1% from 1 April 2027 and £2 per week above CPI + 1% from 1 April 2028. Future updates associated to convergence will be considered within future budget reviews.

7.8 The HRA also provides for a number of service charges which are designed to recover costs for shared facilities or additional services available to tenants, however, there are a number of areas where this is not the case. A plan to phase-in increases to charges to achieve full cost recovery is underway, in line with the strategy, taking into account the ability to pay to cover these charges and this budget proposal continues to gradually offset these pressures.

7.9 The Council intends to continue to grow planned investment for 2026/27 as shown in the capital programme. The overall investment plan will seek to meet and deliver works, based on property and safety compliance and best practice, including;

7.10 Stock condition survey (SCS) to every home – Historically, the required volumes of surveys have not been delivered. The surveys are now progressing well but there remains uncertainty in the quality and condition of our housing stock, which is likely to mean significant investment costing many millions that will be required over the coming years to meet required property standards.

- HCC are also required to undertake intrusive surveys to the fabric of all high-rise blocks as part of the Building Safety Regulations. This work is already uncovering that major investment is required.
- Routine Tenancy Visits (RTVs) are also generating significant repair works, which were previously unknown and unidentified and had not been raised by tenants. Due to the proactive approach now being delivered by the Council, there has been an increase in SCSs and RTVs this financial year, resulting in a significant increase in repair orders being raised, just from RTVs alone. The surveys have led to an additional cost of £0.9m for the first nine months of the financial year. As the level of SCSs and RTVs to continue indefinitely, this increase in cost is also likely to continue, resulting in an additional annual cost of at least c.£1.2m.
- Achieving and maintaining decency at 100% compliance. This will require significant investment over a period of several years, based on data provided from the SCSs and Energy Performance Inspections (EPCs).
- Revised/new housing targets, set by Government for Hull, are now 993 per year, up from 620, which will require greater investment by the Council to ensure we have a sustainable pathway of affordable homes in Hull.
- Demand for housing and homelessness remain a significant issue nationally and this situation is reflected locally. There is a shortage of both available / affordable housing and temporary accommodation. It is imperative the HRA can continue to fund new and innovative projects, expanding the housing offer, across the city.
- The Climate Change Act set a 2050 net zero target for the country across all sectors. This has resulted in significant changes impacting housing including the Future Homes Standard, as well as the Fuel Poverty Strategy which seeks to ensure all homes in England and Wales are up to an Energy Performance Certificate Rating C, We are therefore ensuring we have the required EPC data for all our homes, enabling the Council to make informed and timely decisions on investment programmes. This approach also

highlighted opportunities to address significant skills shortage within the housing sector, in particular retrofit, which will impact our strategic objectives locally. The Hull 2030 Carbon Neutral Strategy sets out

Hull's target to achieve carbon neutrality by 2030, 20 years earlier than the national 2050 target, and net zero by 2040, which requires significant HRA funding.

- The Council are responsible for wellbeing of our tenants/residents and quality of housing stock and decency is a critical indicator utilised by regulators and government. Additionally, the housing regulators are very focussed on housing quality and safety and if we cannot demonstrate a sustained and improving trajectory of standards and services relating to the safety and stock quality of our stock, at a reasonable rate of delivery, there is a risk of formal intervention or action.

- Increasing levels of HRA investment, and the service improvement plans e.g. Adaptations, including the establishment of the Service Improvement Board, have all contributed to a positive upward trend in performance in key areas of the business.

7.11 In July 2025 the Government also announced the following:

- £39bn for a new ten-year Affordable Homes Programme via Homes England
- Further Government funding for remediation (Building Safety Fund and Cladding Safety Scheme)
- Further changes to Right to Buy
- Consultations on Housing Conditions, Energy Efficiency, Reformed Decent Homes Standard, Leaseholder Charges for Services and Rent Convergence

Tenant Participatory Advisory Service

7.12 Tpas is England's leading tenant engagement expert, representing their members across England since 1988, with their membership made up of local tenants and landlord organisations, contractors, sub-contractors and affiliates.

7.13 Hull City Council first achieved Tpas accreditation in 2008. In 2019, we became the first social landlord in the country to secure Exemplar status for tenant engagement. We have retained this Exemplar status ever since, following three consecutive successful inspections. Currently only three other landlords have achieved this standard. Exemplar status is granted for a two-year period, and the Council is due for renewal in June 2026.

The Service is reapplying for the Tpas Exemplar award for many reasons, but three key issues stand out:

a) Our tenant representatives are keen for HCC to reapply, as our leading tenant involvement status nationally has always been a source of pride and recognition for them and HCC.
b) This process will provide officers and tenants with information on industry best practice on resident engagement, requirements and resources, which we can use to improve even further.
c) Our tenant engagement activity is one aspect of the service that we offer that has been a particular strength in recent years, marking us out from other social landlords. Securing positive feedback from Tpas will support and enhance HCCs interaction with the Regulator of Social Housing and the Consumer Standards. We are keen to continue to be externally judged by Tpas and secure an Exemplar rating.

DAHA Accreditation

7.14 The Domestic Abuse Housing Alliance (DAHA) is a national, specialist domestic abuse organisation supporting housing providers to improve their response to domestic abuse, driving forward improvements across the social housing sector. Hull City Council initially achieved DAHA accreditation in 2019, evidencing a high benchmark for an embedded and empathetic approach to tenants and residents experiencing domestic abuse. A more rigorous assessment framework was subsequently introduced for social landlords, to continue to drive improvements. Hull City Council achieved the new, highest “Gold” accreditation level in November 2025. As one of very few local authorities in the country to be awarded this status, Hull is considered a beacon in the delivery of high quality and responsive services to victims/survivors of domestic abuse.

8 Issues for Consideration

HRA Revenue Budget

8.1 The proposed HRA budget for 2026/27, along with indicative budgets for 2027/28 and 2028/29 is set out below

	Original Budget 2025/26 £'000	Proposed Budget 2026/27 £'000	Change £'000	Indicative Budget 2027/28 £'000	Indicative Budget 2028/29 £'000	Indicative 3 year summary £'000
INCOME						
Dwelling rent income	107,379	113,380	6,001	118,844	123,105	355,329
Charges for services & facilities	4,778	4,686	(92)	5,788	5,957	16,431
Non dwelling rents	1,190	1,214	23	963	973	3,151
Leaseholders charge for services	531	700	169	718	733	2,151
Other fees & charges	148	148	(0)	382	381	911
Interest on balances	1,136	903	(234)	931	939	2,773
General Fund Transfer re whole community	1,801	1,801	0	1,888	1,961	5,650
TOTAL INCOME	**116,963**	**122,831**	**5,868**	**129,515**	**134,049**	**386,395**
EXPENDITURE						
Repairs & Maintenance	28,529	34,347	5,818	32,873	33,947	101,167
Supervision and Management	33,258	32,967	(290)	34,896	35,639	103,502
Rent, rates, taxes & other charges	1,279	1,466	187	1,443	1,420	4,329
Provisions	1,412	1,279	(133)	1,159	1,197	3,636
Contribution to Corporate & Democratic Core	414	431	17	444	457	1,331
TOTAL EXPENDITURE	**64,892**	**70,490**	**5,598**	**70,814**	**72,661**	**213,965**
NET SURPLUS BEFORE CAPITAL FINANCING	**52,071**	**52,341**	**270**	**58,700**	**61,389**	**172,430**
Capital Financing Costs	51,830	50,822	(1,008)	58,366	61,201	170,389
NET SURPLUS TRANSFER TO RESERVES	**241**	**1,518**	**1,277**	**334**	**188**	**2,041**

Income

Rents

8.2 Rent levels are proposed to increase by 4.8% in line with Government guidance (September CPI 3.8% + 1%). As part of the 2025 Spending Review, Government committed to this approach for the next ten years.

8.3 An appropriate rent-setting will assist the HRA to manage under-recovery and to invest in the required improvements to services.

8.4 The table below outlines a comparative rent profile between the Council and other providers in the city which show that we remain the lowest cost provider of rented accommodation.

Property Type	Hull City Council HRA weekly rent 2024-25	Hull Registered Housing Provider weekly rent 2024-25	Local Housing Allowance (LHA) weekly rent 2024-25	Hull Private Sector weekly rent 2024-25
1 bed	£79.57	£90.08	£87.45	£109.62
2 bed	£93.22	£105.79	£109.32	£135.92
3 bed	£105.13	£115.16	£126.58	£162.46
4 bed	£117.04	£140.31	£161.10	£216.23

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8.6 This budget proposal does not currently include any assumption for rent convergence for 2026/27, but as referenced at section 7.7, the government have outlined proposals which could impact for 2027/28, however, they are not included within the modelling or 30-year business plan at this stage.

Garage Rents and Service Charges

8.7 Service charges are designed to recover costs, however, there are a number of areas where this is not the case. The strategy, confirmed in previous budgets, continues to move towards a position where costs are recovered over coming years. A plan to phase-in increases to charges to achieve full cost recovering is underway, taking into account the ability to pay. Details of individual service charges are set out in Appendix B, section 1, and reflect increases of up to 4.8% in line with the rent increase, which will enable a gradual move towards full cost recovery.

Details of individual service charges are also listed below;

i) Caretaking & concierge, where we currently under-recover costs by 14%. We propose to limit increases at 4.8%, to reflect the rent increase.

ii) Cleaning, where we currently under-recover costs by 22%. We propose to limit increases at 4.8%, to reflect the rent increase

iii) Communal electricity, where we currently under-recover costs by 38%. We propose to set increases in these charges at 5%, to reflect the increase in utilities inflation.

iv) Lifelines where, including replacement costs of digital units, we under-recover the overall costs of running the service by around 28%. We propose to freeze the costs to protect some of our most vulnerable residents.

v) The sheltered service where we currently under-recover costs by 28%. We propose to set increases at 5%.

8.8 The number of empty garages is continuing to increase with just over 56% (up from 52% this time last year) of garages vacant at present.

8.9 Rents are set to rise by September's CPI figure of 3.8% (£0.40 per week), a minimal increase which reflects the number of empty garages.

8.10 Low demand for garages seems to be caused by a more fundamental issue than rent levels. Our garages are typically too small for the size of cars now standard on the road. The programme assumes the ongoing demolition of unviable garage blocks and improvement of the remaining garages, with a capital budget set aside to address these issues. N&H continue to review

low demand garage sites, with the intention to re-develop for housing and regeneration opportunities.

Expenditure

Repairs and Maintenance

8.11 The introduction of Awaab's law in October 2025, alongside increased activity around stock condition surveys and routine tenancy visits, has enabled officers to understand tenant's needs and aspirations more clearly and identify any vulnerabilities to inform any actions required for repairs and maintenance. This has led to a significant increase in the numbers of damp and mould related repairs. This, along with increased legislative requirements around response times, reporting, record keeping and case management has resulted in the need to increase the repairs and maintenance budget, which reflects cost increases across the housing sector.

Supervision and Management

8.12 Provision has been made for a 4% pay award along with Service Level Agreements with other Council services.

8.13 The resources within Housing Investment have also been increased by way of implementing a new dedicated team. Also, as part of the work to improve void turnaround times, it has been agreed that the initial survey responsibilities for all voids will transfer from KWL to HCC. This, along with the need to undertake increase the levels of quality inspection, has resulted in the need to increase the team by the addition of three Surveyors and a Principal Surveyor.

Employer Pension Contributions

8.14 The Triennial valuation of the East Riding Pension Fund (ERPF) will be undertaken as at 31 March 2026 and the Actuary has provided an estimated value of employer's contributions which will be at 17.5% for 2026/27 to 2028/29. This is a reduction of 2.4% for primary contributions.

HRA Capital Budget

8.15 The proposed HRA capital programme for 2026/27 along with indicative budgets for 2027/28 and 2028/29 are set out below

	Original Budget 2025/26	Proposed Budget 2026/27	Change	Indicative Budget 2027/28	Indicative Budget 2028/29	Indicative 3 year summary
	£'000	£'000	£'000	£'000	£'000	£'000
CAPITAL SPEND						
Planned Capital Works	41,378	40,616	(762)	47,260	46,661	134,537
Fire Protection Works	6,725	6,224	(501)	9,260	7,623	23,107
Council House Adaptations	8,005	5,599	(2,406)	3,316	3,415	12,330
Housing Regeneration Schemes	2,363	3,706	1,344	5,828	4,986	14,520
Energy Efficiency	82	250	168	258	265	773
Base Programme	**58,552**	**56,395**	**(2,157)**	**65,922**	**62,950**	**185,267**
Empty Properties	5,250	6,450	1,200	5,825	5,994	18,269
New Build	20,073	22,210	2,137	35,308	44,385	101,903
TOTAL EXPENDITURE	**83,876**	**85,055**	**1,179**	**107,055**	**113,329**	**305,439**
CAPITAL FINANCING						
RTB Receipts	10,226	5,236	(4,991)	5,000	5,000	15,236
Homes England	3,419	3,682	263	31,545	5,939	41,166
LA Housing Fund	944	391	(553)	0	0	391
Brownfield	924	0	(924)	0	0	0
Social Housing Decarbonisation	100	0	(100)	0	0	0
MRA	37,085	38,425	1,340	39,634	40,627	118,685
Borrowing	31,179	37,322	6,144	30,876	61,763	129,961
	83,876	**85,055**	**1,179**	**107,055**	**113,329**	**305,439**

8.16 The programme represents a significant increase in investment in both current stock and new stock. Base programme investment totals £185m over the next three years to improve existing Council homes to maintain decent home standards including energy efficiency works, seeking to meet ambitious carbon reduction targets. Further investment totalling £120m is being made to continue adding new stock to the HRA via new build, turnkey opportunities and purchasing empty properties, while continuing to bid for Affordable Homes programme grant from Homes England.

Reserves

8.17 Reserves are held for the following primary reasons:

i. To cover against the inherent risks in the business including those set out at section 9 and other including non-collection of rent and an unexpected and increase in need to spend.

ii. To fund future need to spend – in effect to ensure that we can continue to maintain and repair our properties over the coming years, especially needed given the cyclical nature of the spend.

8.18 A general reserve is held in line with the recommended MHCLG guidance for HRA general reserves to be set at no less than 5% of turnover, which has been increased from £3.75m to £6m for 2026/27. This leads to a

transfer from the Decent Homes reserve of £2.25m, maintaining an overall neutral impact to the level of reserves held for the HRA in total.

8.19 In addition to the general reserve, a Decent Homes reserve is held to fund the future spend in order to maintain Council homes. Given the cyclical nature of HRA investment and the need for service debt due to be repaid in future years, including the £79m self-financing debt from 2012 that is to be repaid from 2027/28 to 2031/32, this reserve is a key indicator of HRA financial health.

8.20 The impact on reserves over the indicative three-year financial planning period is set out below. The HRA is expected to start the forthcoming financial year with approximately c£1,250 per property held in reserves, as proposed within 2025/26 budget setting. The overall budget would maintain this level for the next few years. Comparable authorities typically hold between £500 and £2,000 per property. Given the current level of uncertainty primarily around the developing stock condition picture, and the identification of works required to address decency standards and long-term funding it is proposed to maintain reserves at c£1,250 per property in the medium term.

	2025/26	**2026/27**	**2027/28**	**2028/29**
	£'000	**£'000**	**£'000**	**£'000**
HRA RESERVES				
balance b/f	26,748	26,989	28,508	28,842
transfer to / (from) in year	241	1,518	334	188
balance c/f	26,989	28,508	28,842	29,030
HRA General Reserve	3,750	6,000	6,300	6,600
Decent Homes Reserve	23,239	22,508	22,542	22,430
	26,989	28,508	28,842	29,030
Properties	22,601	22,711	22,924	23,034
Reserves per property	£1,194	£1,255	£1,258	£1,260

8.21 The impact on reserves over future years as part of the 30-year business plan is set out in Appendix B, section 2.

8.22 The overall budget aims to maintain the level of reserves for the next few years but increasing capital financing spend would see this position deteriorate in the medium term should there be no corrective action taken. The management of the HRA is a complex and long-term business and cannot be based on the immediate future.

8.23 Within Appendix B, Section 2, the reserves graph shows the projected HRA reserves over the next 30 years. Members will note on current trajectory the HRA reserves remains positive until 2043/2044, but this

assumes no change in (for example) Government Rent Policy that impedes our ability to increase rents and that we are able to hold expenditure increases to no more than inflation.

8.24 It is not legally permissible to have negative reserves and therefore there is a requirement to take further measures that either increase income or reduce costs.

8.25 These figures do not reflect the implications of achieving carbon net zero by 2050 and are likely to deteriorate significantly should this not be fully funded.

Treasury Management, Borrowing and Prudential Indicators

8.26 Treasury Management Strategy is aligned with the General Fund whereby borrowing is only carried out when needed and existing debt is repaid as it falls due.

8.27 From 15 June 2023 Government introduced a HRA borrowing rate which applies an interest rate of the guilt yield plus 40 basis points (0.40%) which is equivalent to the PWLB standard rate less 60 basis points (0.60%). This rate is solely intended for use in HRAs and primarily for new housing delivery. At the time of writing the discount is due to end on 31 March 2026 with no current indication of an extension.

8.28 The HRA has developed a number of Prudential Indicators – essentially a measure of whether we can afford to borrow more or need to reduce debt levels. These are as below and are examined in more detail in Appendix B, section 3.

- Interest cover ratio
- Operating margin
- Average debt per property
- Debt compared to turnover

9. Options and Risk Assessment

9.1 Section 74 of the Local Government and Housing Act 1989 requires a local housing authority to maintain a Housing Revenue Account in accordance with proper practices. Section 76 of the Act places a duty on the Authority to prevent a debit balance on the HRA reserve. A budget must be set in by the end of February 26.

9.2 The main financial risks include financial pressures stemming from rising costs and increased workloads. This is generated by an improved inspection regime by housing providers and more robust legislation, which are leading to significant investment decisions, details of which are outline within this report. In addition, Government policy changes can severely

impact on the HRA budget and as such the overall business plan for the HRA.

9.3 Specific risks include but are not limited to:

- Inflation - with CPI currently at 3.8% however assumed to fall to 2.6% during 2027 and 2% in 2028 in line with Government forecasts, and the building cost index forecast to be around 3% until 2029. Utilities inflation continues to be volatile with significant increases forecast in electricity costs until 2029. In addition, sustained inflation levels also continue to impact on the cost of borrowing and overall pay costs within the HRA.
- Government Policy - rent policy changes, including rent convergence, which can impact the financial position significantly
- Greater Regulation – Consumer Standards, Building Safety and Awwab's Law leading to pressures from the proactive and enhanced inspections the Council is undertaking (stock condition and routine tenancy visits) and the increased regulation regime albeit mitigated by additional Property Investment resources, invested to address these issues.
- Homelessness - demand within the city from Homelessness leading to increased demand for HRA properties within an already limited availability of homes for residents. This is especially noted with the increased level of requests for single person housing solutions.
- Renter's Rights Act 2025 – implications to social housing as private landlords look to transition away from an increasing regulated private sector model.
- Funding - dependence on external funding bids being successful to fund investment in new homes, albeit mitigated by the housing investment team who have a strong track record of delivery.
- Disrepair – recent history has seen significant increases in the number of disrepair claims which will be impacted by Awaab's law, adding to the need to ensure properties remain in good condition and free from hazards.
- Net Zero - The business plan does not include the full financial provision for delivering investment works to achieve carbon net zero by 2050, nor does it include the cost of works required under the Clean Growth Strategy, which stipulates social housing homes in England & Wales must have an EPC rating of C or above by 2030. The type, volume and value of investment required will

become clearer with increased data collection, secured through stock condition and EPC surveys but the cost is likely to be substantial and is not yet included in the business plan.

- High Rise - the business plan does not include estimates for future required works to the 19 high rise blocks located across the city.

10. Comments of the Monitoring Officer (Chief Legal Officer)

10.1 Section 74 of the Local Government and Housing Act 1989 requires a local housing authority to maintain a Housing Revenue Account in accordance with proper practices. Section 76 of the Act places a duty on the Authority to prevent a debit balance on the Housing Revenue Account. The proposals in this report fulfil those requirements and therefore the recommendations in the report are supported.

10.2 The Council as a social landlord has the legal right to impose charges for services they provide which are payable in addition to the charges imposed for rent. The obligations to pay service charges are incorporated into the terms of the Council's tenancy, licence and leasehold agreements. Such charges should be reasonable and transparent and should not seek to recover more than the cost of providing the service. Currently the charges made and those proposed for 2026/27 result in an under recovery against the cost of providing services. However, the increases proposed aligns with current Government policy which requires that increases for service charges are kept within the limit of increases permissible on rent changes in order to ensure affordability.

10.3 The introduction of the Hazards in Social Housing (Prescribed Requirements) (England) Regulations 2025 brought into force the regulatory framework which underpins the practical application of Awaab's Law. The Regulations impose challenging obligations upon the Housing Service on terms of both dealing with damp and mould within specified timescales and also obligations to provide temporary housing in certain cases where timescales cannot be met; the latter in particular could add additional stain and cost in providing temporary housing for affected tenants. During 2026 and 2027 the Government plan to extend these obligations to a wide range of other issues which are deemed to present risks of significant harm to occupants of social housing beyond those presented by damp and mould which will inevitably place further strain upon the Housing Service and further increases the threat of legal action where appropriate action and repairs are not completed within the required timescales. As the initial regulations covering damp and mould were only enacted in late October it is too early to gauge the impact but there are early signs that case numbers, which had shown signs of slowing during spring and summer 2025, are again beginning to rise. This

supports the general anticipation of social landlords and their advisors that the Regulations will lead to further increases in legal claims and litigation in the sector which will be likely to impact upon Hull.

11. Comments of the Section 151 Officer (Executive Director of Corporate Resources)

11.1 This report provides a comprehensive overview of the HRA Budget for the period 2026/27 and beyond. The robustness of the budget estimates and the adequacy of the reserves are largely dependent on the levels of risk and uncertainty. The principal financial assumptions made in the budgets are noted in this report and attached appendices. Budget monitoring throughout the year will be an important tool in identifying potential problems at an early stage so that appropriate action can be taken.

11.2 As noted in previous financial years, Housing continues to face financial pressures over the coming years which have added significantly to the cost base in excess of the rent rise for the forthcoming year. Financial pressures which are outlined in detail within this paper and then additional investment requirement outlined within the HRA capital strategy.

11.3 Rent rises are assumed at 4.8% in line with Government policy in respect of 2026/27. As outlined within the report the Government announced rent convergence will commence from 2027/28, which is not included in future forecasts. Rent forecasts assume an increase of CPI + 1% for ten years and thereafter by CPI. However, the long-term fiscal health of the HRA is highly dependent upon maintaining rent increases.

11.4 Previous sensible fiscal management means that there is a sufficient level of reserves and borrowing capacity to allow the HRA to see through the next few years but changes in the underlying budget must still be implemented if the HRA is to remain financially stable over the medium to long term, particularly in order to accommodate the costs of carbon net zero, which are at present unknown. Elements of this spend will have already been incurred as investment in housing and maintenance and there will be savings in relation to assumed costs for improvement of assets.

12. Comments of the Assistant Director OD & HR and compliance with the Equality Duty

12.1 The content of the report is noted. There are no staffing or equality issues arising for the council.

Comments of Overview and Scrutiny

13.1 This report will be considered by the Overview and Scrutiny Management Committee at its meeting on 13 February 2026. Sc 9169

David Bell

Executive Director of Corporate Resources (S151 Officer)

Contact Officer: Steve Chandler/Tracy Parker Telephone No.: 01482 616377 / 613018

Officer Interests: None

Background Documents: -

Implications Matrix

This section must be completed and you must ensure that you have fully considered all potential implications

This matrix provides a simple check list for the things you need to have considered within your report

If there are no implications please state

I have informed and sought advice from HR, Legal, Finance, Overview and Scrutiny and the Climate Change Advisor and any other key stakeholders i.e. Portfolio Holder, relevant Ward Members etc prior to submitting this report for official comments	Yes
I have considered whether this report requests a decision that is outside the Budget and Policy Framework approved by Council	Yes
Value for money considerations have been accounted for within the report	Yes
The report is approved by the relevant Director/Assistant Director	Yes
I have included any procurement/commercial issues/implications within the report	Yes
I have considered the potential media interest in this report and liaised with the Media Team to ensure that they are briefed to respond to media interest.	Yes
I have included any equalities and diversity implications within the report and where necessary I have completed an Equalities Impact Assessment and the outcomes are included within the report	Yes
Any Health and Safety implications are included within the report	Yes
Any human rights implications are included within the report	Yes

I have included any community safety implications and paid regard to Section 17 of the Crime and Disorder Act within the report	N/A
I have liaised with the Climate Change Advisor and any environmental and climate change issues/sustainability implications are included within the report	Yes
I have considered how the decision may contribute or impact on culture and heritage within the city.	N/A
I have included information about how this report contributes to the Community Plan/ Area priorities within the report	Yes
I have considered the impact on air quality, carried out an appropriate assessment and included any resulting actions or opportunities necessary to improve air quality in the report.	N/A
I have considered the impact on Children Looked After and Care Leavers and any resulting actions/implications have been included within the report.	Yes

Appendix A

Rent and Service Charge Policy 2026/27

Hull City Council aim to set rents at a level that allows us to manage our properties well, to maintain them and to provide appropriate services and amenities for our tenants whilst keeping affordability in mind. We set rents and service charges in line with legislation, regulation, best practice and our service standards. We aim to fully comply with the Government's Policy Statement on Rents for Social Housing 2018 as updated and the updated Rent Standard 2026 as published by the Regulator of Social Housing.

Customers are given at least 4 weeks' notice of changes to their rent and service charges. Changes to rent will normally occur once a year on the first Monday in April. Rent is payable for each week of the year but the rent payable over the whole rent year is apportioned over 50 or 51 weeks (depending on the number of weeks in that particular rent year). This means that there are two weeks per year when customers are not required to pay rent (unless they are in arrears). The 2 weeks when customers are not required to pay will be in December each year and customers are notified of this in writing.

1. Rents

Our properties are generally let on either a Formula Rent or an Affordable Rent.

a) Affordable Rent

Local authorities are able to agree with Homes England to convert a proportion of their properties which are being re-let on an Affordable Rent to help fund the development of new homes. This means that the Council can charge a different rent (which could be higher) than their usual rent charge.

The Council may wish to use affordable rent tenancies where:

- major investment in particular housing stock has been or will be undertaken
- funding for a project requires that the Council use affordable rents.

Where the Council is considering using affordable rents tenancies it will:

- carry out reasonable consultation with the local community on its proposals
- undertake a financial viability test
- set out in a report the reasons for using affordable rents and the benefits the Council expects

- require any decision to adopt the proposed affordable rent scheme to be approved by the Head of Service with responsibility for the management of the Council's housing function in consultation with the Council's Portfolio Holder with responsibility for the Council's housing function.

The maximum rent for an Affordable Rent property, when it is first let to a new tenant, is 80% of the market rate, inclusive of service charges, or the 'social rent rate' (exclusive of service charges), whichever is higher. Each subsequent year, rents will change in line with changes in Formula Rents. New homes built or those which have undergone major refurbishment schemes will be let at Affordable Rents or Formula Rent, whichever is the higher.

b) Formula Rent

Formula Rents are set based on Government formulae for each individual property with annual increases in line with CPI + 1% each year. This does not apply to service charges. Whilst actual rent increases are determined by Council each year, rents will never be set at more than Formula Rent. All properties becoming empty will be re-let at Formula Rent. Where any significant structural alterations take place, such as the addition of extra bedrooms, the Formula Rent may be amended to take account of the change.

c) Shared Tenancies

Where properties are let with shared tenancies, rent may be set at not more than the Shared Accommodation Rate of Local Housing Allowance per bedroom.

d) Other Rent Models

The Council may develop other rent models to reflect the changing circumstances, especially in relation to Benefit eligibility.

Where the Council is considering developing a different model it will:

- carry out reasonable consultation with the local community on its proposals
- undertake a financial viability test
- set out in a report the reasons for using affordable rents and the benefits the Council expects
- identify any variations from the Government's Policy Statement on Rents for Social Housing 2018 (or subsequent updates)
- require any decision to adopt any different rent scheme to be approved by the Head of Service with responsibility for the management of the Council's housing function in consultation with the Council's Portfolio Holder with responsibility for the Council's housing function.

2. Service Charges

The Council will have mind to the Government's Policy Statement on rents for social housing[1] which states that "Service charges are not governed by the same factors as rent. *However, registered providers should endeavour to keep increases for service charges within the limit on rent changes, of CPI + 1 percentage point, to help keep charges affordable."*

Service Charges are set to recover the costs of the service provided wherever possible and will change based on changes in costs. Some service charges are currently set below cost and these will be increased over time to align with costs which may require increases in excess of CPI+1% in some years. In additional where underlying costs are rising at a higher rate than CPI+1% then the Council reserves the right to increase Service Charges more in line with costs but will fully disclose the rationale on such occasions. Service charges will never be set at more than the cost of providing that service, including an allowance for management costs.

[1]Policy statement on rents for social housing (publishing.service.gov.uk)

Detailed Budget Annexes

Appendix B

	Original Budget 2025/26 £.p	Proposed Budget 2026/27 £.p	Change £.p
Service			
CCTV	£1.04	£1.09	£0.05
Controlled Entry	£3.17	£3.32	£0.15
Garages			
Block Garages	£10.50	£10.90	£0.40
Private Garages	£12.60	£13.08	£0.48
NB: legally VAT is chargeable on all garages, except for tenants where up to 2 garages are let in conjunction with the property (VAT notice 742, s4.2).			
Sheltered			
Sheltered - Category 1	£9.22	£9.66	£0.44
Sheltered - Category 1.5	£10.52	£11.03	£0.51
Sheltered - Category 2 / vertical	£33.25	£33.25	£0.00
Fixed lifeline	£5.10	£5.10	£0.00
Fixed lifeline (sheltered)	£5.10	£5.10	£0.00
Tenants lifeline	£5.10	£5.10	£0.00
Mobile digital lifeline	£5.10	£5.10	£0.00
Private lifeline	£6.12	£6.12	£0.00
Others			
Heating Charge - all other bedsits	£8.40	£8.40	£0.00
Bungalow Heating Charge	£11.70	£11.70	£0.00
Heating Charge - all other flats 2 and 3 storey	£9.80	£9.80	£0.00
Charles Brady	£4.10	£4.10	£0.00
Standard Service Charge	£3.70	£3.70	£0.00
Water Meter	£7.10	£7.60	£0.50
Standard Heating Charge	£3.65	£3.65	£0.00
Learning Disability Schemes			
Ashby	£29.22	£30.62	£1.40
Hermes	£24.14	£25.30	£1.16
Ashby / Hermes Heating Charge	£6.98	£6.98	£0.00
Ashby / Hermes Service Charge	£3.50	£3.50	£0.00

	Original Budget 2025/26 £.p	Proposed Budget 2026/27 £.p	Change £.p
Flats - Caretaking			
High Rise Flats A	£9.35	£9.60	£0.25
High Rise Flats B	£7.40	£8.00	£0.60
Traditional 2 Storey Corner 6 Block	£3.00	£3.20	£0.20
Traditional 3 Storey post war 6 Block	£3.20	£3.40	£0.20
Traditional 3 Storey pre war	£4.20	£4.60	£0.40
Pashby House	£7.80	£8.20	£0.40
Australia Houses	£9.00	£9.60	£0.60
Block Maisonettes	£8.60	£9.20	£0.60
6-9 Storey Flats	£9.00	£9.00	£0.00
Salinger House - Internal Areas	£4.20	£4.60	£0.40
Dane View - 1st & 2nd floor flats	£4.20	£4.60	£0.40
2 Storey Blocks - Various sizes	£2.60	£2.60	£0.00
Flats - Communal cleaning			
Bathurst Street	£6.20	£6.60	£0.40
Bayswater Court	£4.00	£4.20	£0.20
Cambridge Street	£6.20	£6.60	£0.40
Denaby Court	£4.40	£4.40	£0.00
Gatwick House	£4.80	£5.00	£0.20
Great Thornton Street	£6.20	£6.60	£0.40
Lindsey Place	£4.40	£4.60	£0.20
Muswell Court	£4.10	£4.10	£0.00
Padstow House	£4.60	£4.80	£0.20
Valiant Drive	£6.20	£6.60	£0.40
2 Storey Non Traditional Corner 4 Blocks	£1.70	£1.80	£0.10
Traditional 2 Storey Corner 6 Block	£1.45	£1.55	£0.10
Traditional 3 Storey post war 6 Block	£1.30	£1.35	£0.05
Traditional 3 Storey pre war	£1.65	£1.75	£0.10
Traditional 3 Storey Corner 6 block	£1.15	£1.25	£0.10
Non Traditional Maisonette Over Estate Shops	£0.90	£0.90	£0.00
Pashby House	£1.20	£1.20	£0.00
Australia Houses	£7.45	£7.85	£0.40
Block Maisonettes	£1.70	£1.80	£0.10
6-9 Storey Flats	£4.05	£4.05	£0.00
Acquired flats	£1.70	£1.70	£0.00
Salinger House - Internal Areas	£1.55	£1.55	£0.00
Dane View - 1st & 2nd floor flats	£0.00	£0.65	£0.65

	Original Budget 2025/26 £.p	Proposed Budget 2026/27 £.p	Change £.p
Flats - Communal electric			
High Rise Flats	£5.35	£5.60	£0.25
Bathurst Street	£5.80	£6.10	£0.30
Bayswater Court	£5.80	£5.85	£0.05
Cambridge Street	£5.80	£6.10	£0.30
Denaby Court	£5.80	£5.80	£0.00
Gatwick House	£5.80	£5.80	£0.00
Great Thornton Street	£5.20	£5.45	£0.25
Lindsey Place	£5.20	£5.20	£0.00
Muswell Court	£5.80	£6.10	£0.30
Padstow House	£5.80	£5.80	£0.00
Valiant Drive	£5.80	£6.10	£0.30
2 Storey 4 Blocks (Communal Entrance to 1st Floor only)	£0.85	£0.90	£0.05
2 Storey Non Traditional Corner 4 Blocks	£0.85	£0.90	£0.05
Traditional 2 Storey Corner 6 Block	£1.50	£1.60	£0.10
Traditional 3 Storey post war 6 Block	£2.60	£2.60	£0.00
Traditional 3 Storey pre war	£1.55	£1.65	£0.10
Traditional 3 Storey Corner 6 block	£1.20	£1.25	£0.05
Traditional Maisonette Over Estate Shops	£1.30	£1.35	£0.05
Non Traditional Maisonette Over Estate Shops	£1.45	£1.50	£0.05
Pashby House	£1.10	£1.10	£0.00
Australia Houses	£2.70	£2.85	£0.15
Block Maisonettes	£3.25	£3.40	£0.15
6-9 Storey Flats	£4.25	£4.45	£0.20
Acquired flats	£1.65	£1.75	£0.10
Salinger House - Internal Areas	£1.60	£1.70	£0.10
Dane View - 1st & 2nd floor flats	£1.45	£1.50	£0.05
Shared Tenancies			
Communal Area package			
High Rise & 6-9 Stories	£21.16	£22.44	£1.28
All others	£3.68	£5.63	£1.95
Standard package			
2 Bedroom	£27.27	£28.01	£0.74
3 Bedroom	£20.42	£20.92	£0.49
Utility Package			
High Rise	£10.18	£12.08	£1.90
2 Bedroom	£13.13	£14.94	£1.81
3 Bedroom	£12.82	£14.78	£1.95

	Original Budget 2025/26 £.p	Proposed Budget 2026/27 £.p	Change £.p
District Heating Schemes			
Bathurst St	£0.0735	£0.0735	£0.0000
Rosset House	£0.0735	£0.0735	£0.0000
New Michael Street / Melville Street	£0.0735	£0.0735	£0.0000
Torpoint, Millport & Woolwich	£0.0735	£0.0735	£0.0000
Valiant Drive blocks	£0.0735	£0.0735	£0.0000
Coniston & Kendall Houses	£0.0735	£0.0735	£0.0000
Meter charge	£3.60	£3.60	£0.00
Laundry - all schemes			
wash tokens	£2.00	£2.00	£0.00
dryer tokens	£1.00	£1.00	£0.00
Travellers sites ***(these are GF charges charged under the Mobile Homes (Pitch Fees) Act 2023 but processed in Housing)***			
Electric Charge - Cards (Prices Per KWH)	£0.2647	£0.2574	(£0.0073)
Single pitch	£92.30	£95.90	£3.60
Double pitch	£138.20	£143.50	£5.30

Section 2 – Reserves

The reserves table and graph below show the projected reserves movements over the 30 year business planning period.

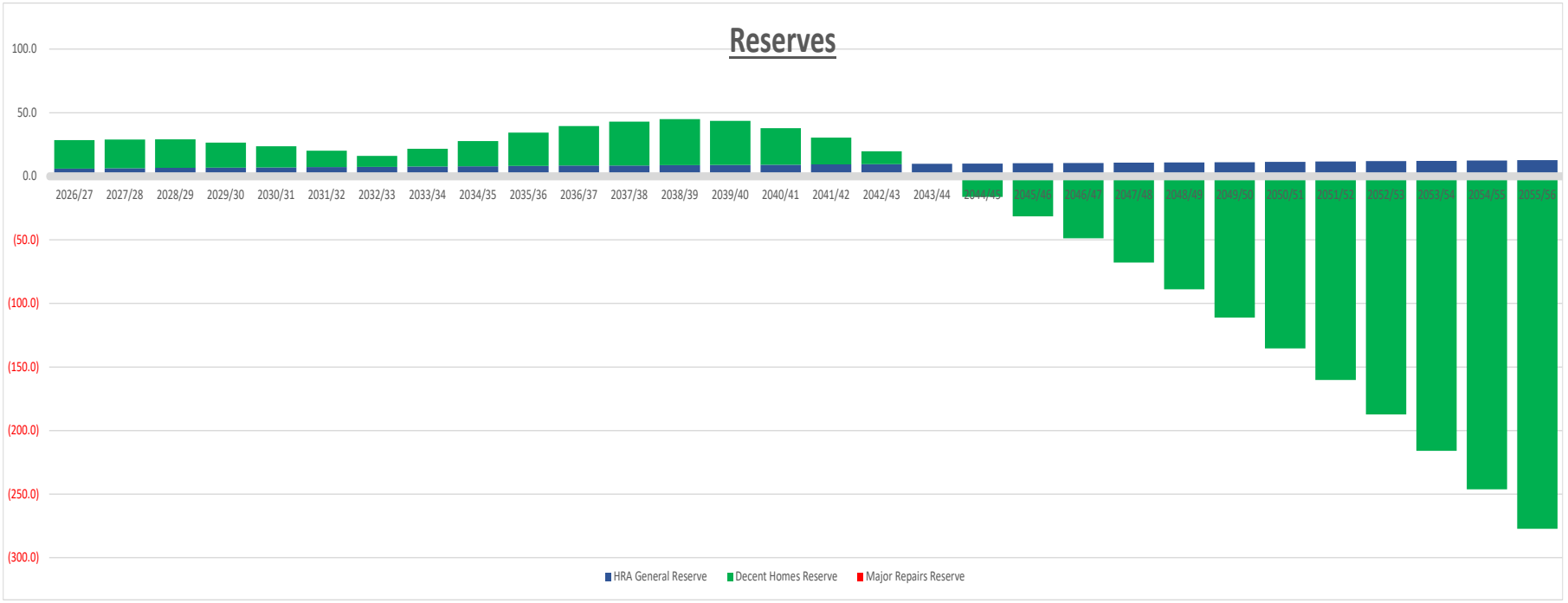
These projections include the following assumptions:

- Rent increases of CPI +1% for the next ten years, as per Government announcement,
- Service charge increases of up to CPI+1% for the next ten years in line with rents,
- Pay award of 4% in 2026/27, 3% in 2027/28 and 2028/29 and 2% thereafter,
- Repairs & Maintenance inflationary increases as per the Building Construction Industry Forecast (BCIS), being circa 3% for 2026/27 to 2028/29, 2.6% in 2029/30 and 2% thereafter,
- Electricity and Gas inflationary increases as per Government projections,
- Other costs use inflationary increases as per CPI/RPI,
- Interest on borrowing as per the latest PWLB 25-year rate, assuming HRA discount ceases,
- Interest on investments as per MUFG interest rate forecast,
- No estimate for the future required works to the 19 high rise blocks located across the city, and
- No provision for achieving Carbon Net Zero by 2050.

30 Year Business Plan Reserves

	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	2030/31 £'000	2035/36 £'000	2040/41 £'000	2045/46 £'000	2050/51 £'000	2055/56 £'000
HRA RESERVES											
balance b/f	26,748	26,989	28,508	28,842	29,030	26,494	27,616	43,548	(6,240)	(100,050)	(233,850)
transfer to / (from) in year	241	1,518	334	188	(2,537)	(2,890)	6,787	(5,749)	(15,061)	(23,860)	(30,738)
balance c/f	26,989	28,508	28,842	29,030	26,494	23,604	34,403	37,799	(21,302)	(123,910)	(264,588)
HRA General Reserve	3,750	6,000	6,300	6,600	6,800	7,000	8,200	9,100	10,200	11,400	12,700
Decent Homes Reserve	23,239	22,508	22,542	22,430	19,694	16,604	26,203	28,699	(31,502)	(135,310)	(277,288)
	26,989	28,508	28,842	29,030	26,494	23,604	34,403	37,799	(21,302)	(123,910)	(264,588)
Properties	22,601	22,711	22,924	23,034	23,149	23,179	23,404	23,629	23,854	24,079	24,304
Reserves per property	£1,194	£1,255	£1,258	£1,260	£1,144	£1,018	£1,470	£1,600	(£893)	(£5,146)	(£10,887)

30 Year Business Plan Reserves



Section 3 - Sensitivity Analysis

As part of the overall 30 year business plan for HRA, a number of sensitivity analyses have been undertaken to model scenarios to test the proposed budget modelling.

Scenario 1. Base budget – scenario as presented on the previous page.

The table and graphs below show possible scenarios and the impact on reserves.

Scenario 2. No rent rise in 2026/27 only – no rent rise in the first year with the same projected increases in future years.

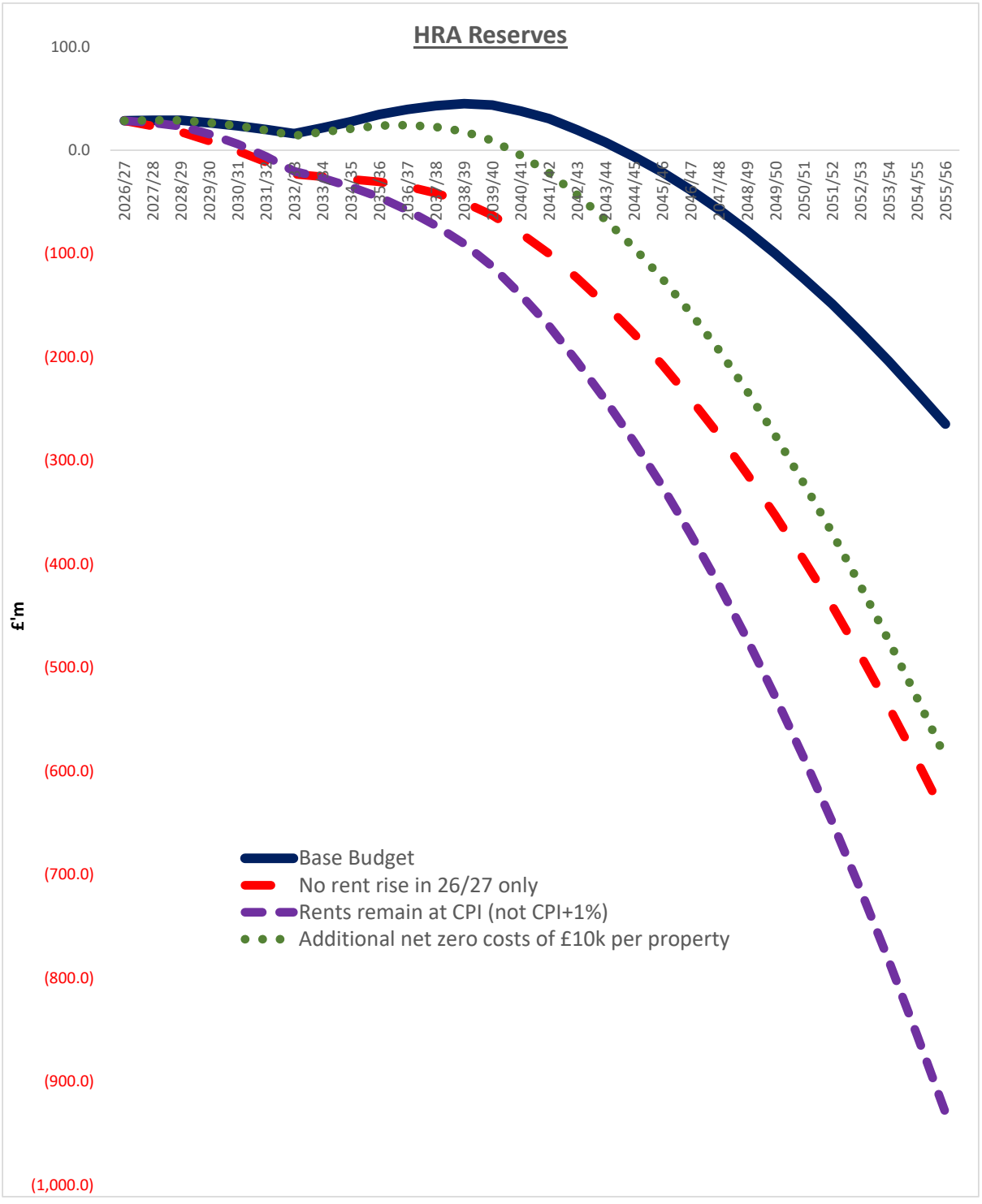
Scenario 3. Rents remain at CPI (not CPI+1%) – for the ten-year period 2026/27 to 2035/26, future years assume CPI only in the Base budget scenario.

Scenario 4. Additional net zero costs of £10k per property – a high-level estimate to achieve carbon net zero in all properties, commencing 2030/31 over 20 years culminating in 2049/50

This analysis shows that the three alternative scenarios bring the point at which HRA reserves become negative closer.

HRA RESERVES	**2026/27**	**2027/28**	**2028/29**	**2029/30**	**2030/31**	**2035/36**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Base Budget	28,508	28,842	29,030	26,494	23,604	34,403
No rent rise in 26/27 only	28,508	23,344	17,656	8,823	(784)	(30,523)
Rents remain at CPI (not CPI+1%)	28,508	26,548	23,102	15,458	5,873	(45,339)
Additional net zero costs of £10k per property	28,508	28,842	29,030	26,494	23,604	23,822

Sensitivity Analyses Scenarios – HRA Reserves



Section 4 – Prudential Indicators

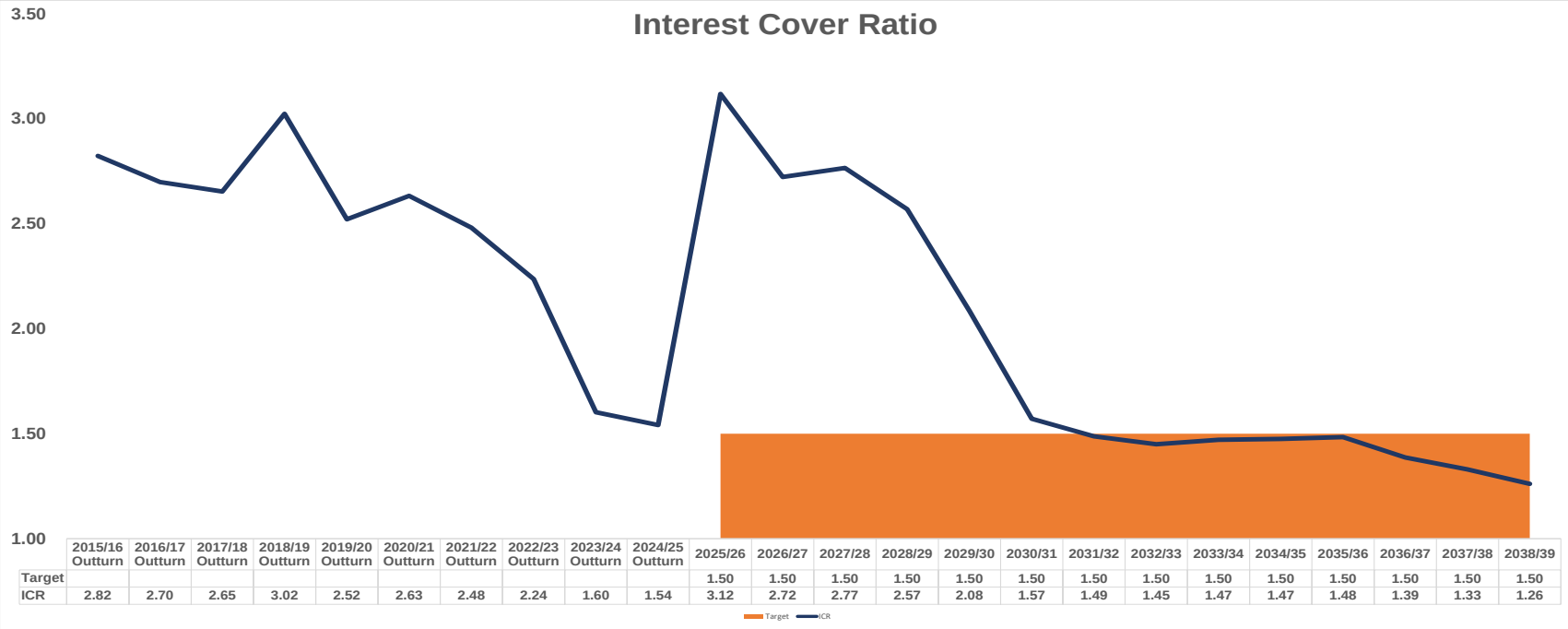
The HRA budget is subject to reporting on specific Prudential Indicators in addition to those provided within the overall Treasury Management Strategy for the Council, in line with CIPFA Prudential Code.

The following four indicators are

1. Interest Cover Ratio
2. Operating Margin
3. Average Debt per Property
4. Debt Compared to Turnover

Interest Cover Ratio

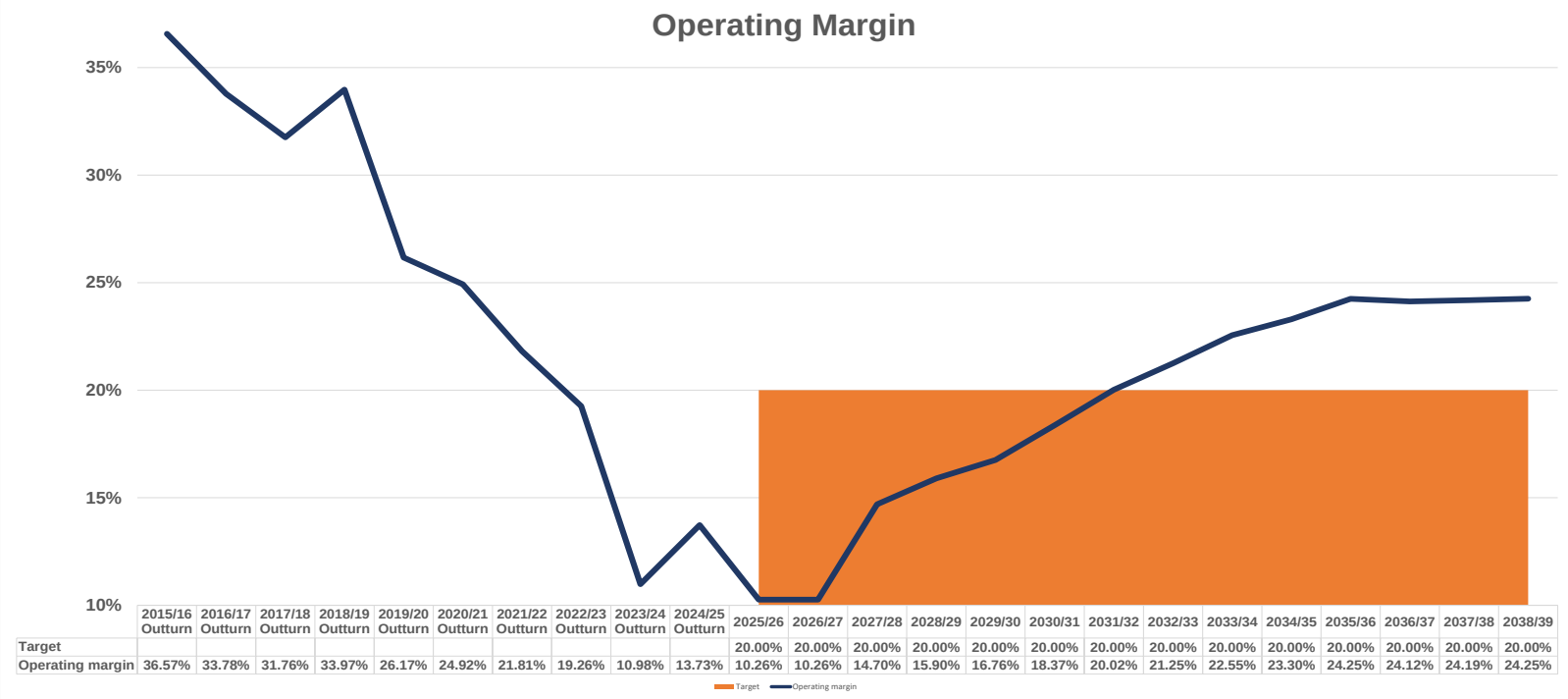
This indicator measures the interest cost relative to operating surpluses before capital financing charges. It is a measure traditionally used in the housing association sector and therefore represent robust benchmarks to measure ourselves against. The orange box shows the target.



	2015/16 Outturn	2016/17 Outturn	2017/18 Outturn	2018/19 Outturn	2019/20 Outturn	2020/21 Outturn	2021/22 Outturn	2022/23 Outturn	2023/24 Outturn	2024/25 Outturn	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39
Target											1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50
ICR	2.82	2.70	2.65	3.02	2.52	2.63	2.48	2.24	1.60	1.54	3.12	2.72	2.77	2.57	2.08	1.57	1.49	1.45	1.47	1.47	1.48	1.39	1.33	1.26

Operating Margin

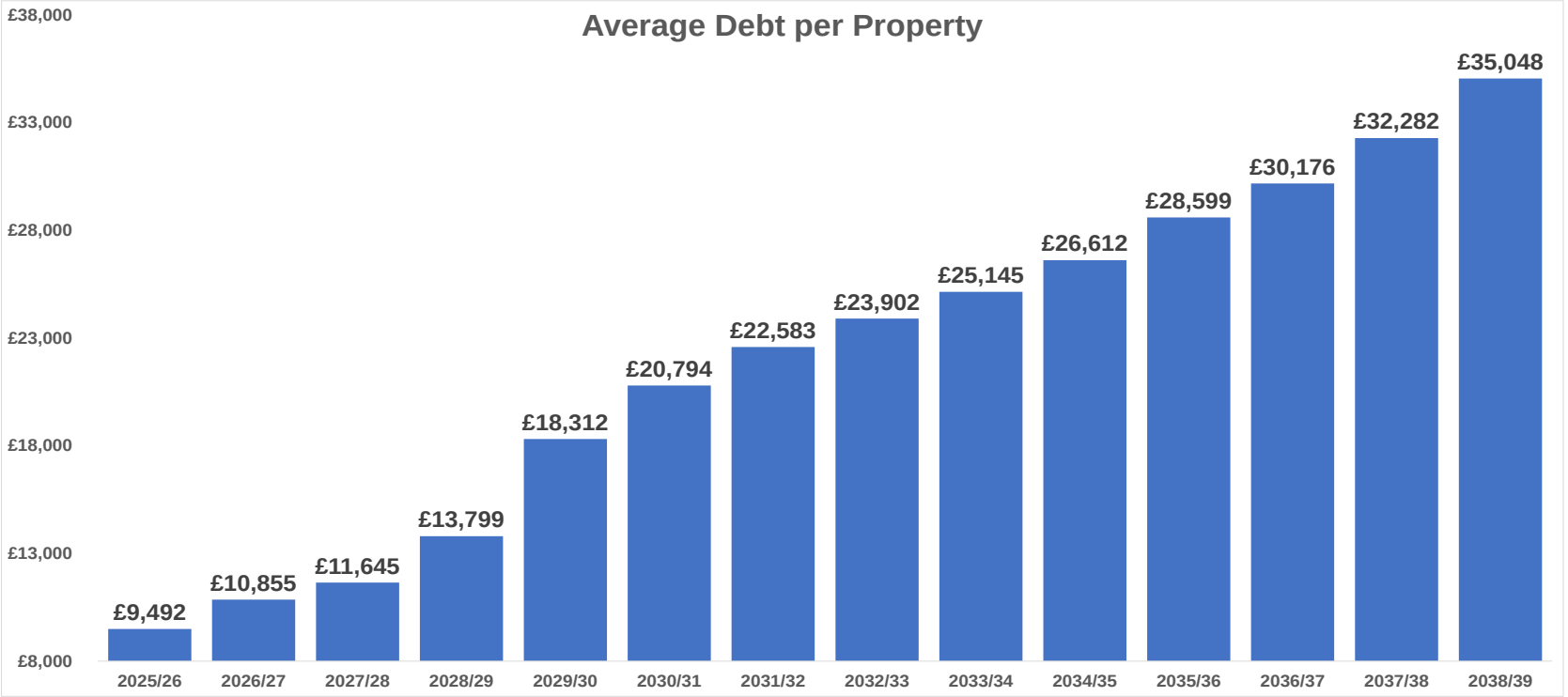
This indicator measures the operating surpluses to turnover. This excludes capital financing charges but includes depreciation and contributions to the Major Repairs Reserve. It is a measure traditionally used in the housing association sector and there are thus robust benchmarks to measure ourselves against. The orange box shows the target.



	2015/16 Outturn	2016/17 Outturn	2017/18 Outturn	2018/19 Outturn	2019/20 Outturn	2020/21 Outturn	2021/22 Outturn	2022/23 Outturn	2023/24 Outturn	2024/25 Outturn	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39
Target											20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%	20.00%
Operating margin	36.57%	33.78%	31.76%	33.97%	26.17%	24.92%	21.81%	19.26%	10.98%	13.73%	10.26%	10.26%	14.70%	15.90%	16.76%	18.37%	20.02%	21.25%	22.55%	23.30%	24.25%	24.12%	24.19%	24.25%

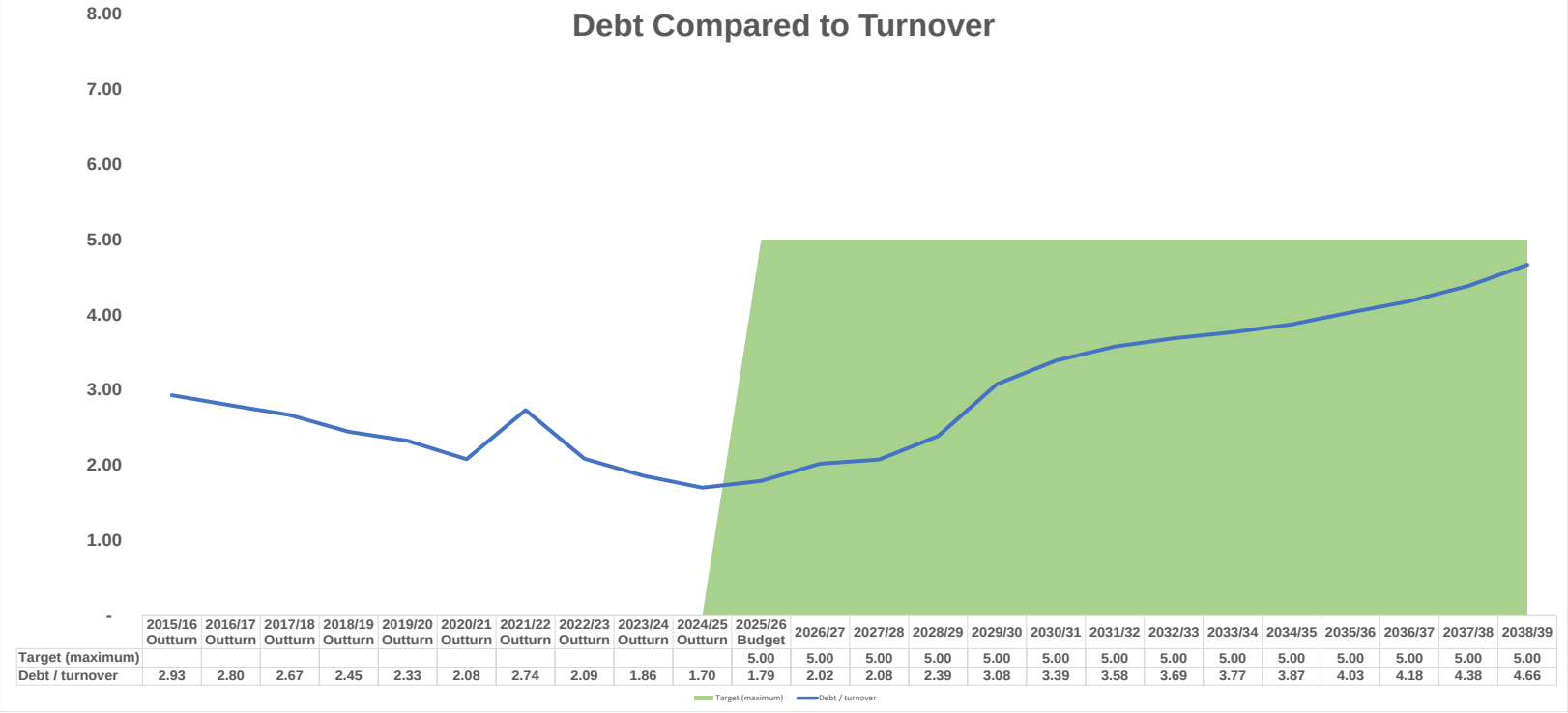
Average Debt Per Property

This indicator measures the average level of debt per property. There are limited external benchmarks to compare this with and the ones that there tend to show marked geographical differences.



Debt Compared to Turnover

This indicator measures the overall level of debt compared to total turnover. It is a measure traditionally used in the housing association sector and there are thus robust benchmarks to measure ourselves against. The green box shows the target.



	2015/16 Outturn	2016/17 Outturn	2017/18 Outturn	2018/19 Outturn	2019/20 Outturn	2020/21 Outturn	2021/22 Outturn	2022/23 Outturn	2023/24 Outturn	2024/25 Outturn	2025/26 Budget	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39
Target (maximum)											5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
Debt / turnover	2.93	2.80	2.67	2.45	2.33	2.08	2.74	2.09	1.86	1.70	1.79	2.02	2.08	2.39	3.08	3.39	3.58	3.69	3.77	3.87	4.03	4.18	4.38	4.66