

# Annex O - HRA Pressures, Reductions and Technical Adjustments

## HRA MTFP Budget Pressures

Portfolio Holder	Reference	Lead Officer	Description	Risk Level	Budget	Change				Reason
					2024/25	2025/26	2026/27	2027/28	2028/29	
					£m	£m	£m	£m	£m	
<b>PRESSURES ONE-OFF</b>										
Ed Hume	HOP01	Stuart Proffitt	<b>Housing Maintenance Investment</b> - created to facilitate the tender of the repairs and maintenance contract, originally due to be appointed March 2025 but will now be September 2025. The 24/25 underspend will be used in 25/26, together with a contingency during the mobilisation of the new contractor.	Low	1.000	(0.150)	(0.850)	-	-	CONTRACTUAL CHANGE
Ed Hume	HOP02	Stuart Proffitt	<b>Grounds Maintenance</b> - additional resource for hard standing areas on HRA land to be brought up to a reasonable standard. This role will address the backlogs which will then be maintained on an ongoing basis through service charges.	Low	0.300	0.050	(0.350)	-	-	CONTRACTUAL CHANGE
Ed Hume	HOP03	Stuart Proffitt	<b>Stowe Court Flats</b> - boarding up while the remaining property in the block is being purchased and disconnecting the utilities to the block.	Low	0.126	0.048	(0.048)	-	-	CONTRACTUAL CHANGE
						<b>(0.052)</b>	<b>(1.248)</b>	-	-	

Portfolio Holder	Reference	Lead Officer	Description	Risk Level (RAG)	Budget	Change				Reason
					2024/25	2025/26	2026/27	2027/28	2028/29	
					£m	£m	£m	£m	£m	
<b>PRESSURES PERMANENT</b>										
Ed Hume	HP01	Stuart Proffitt	<b>Asset Team</b> - management staff resource changes to deal with workloads as a result of the R&M tender processes. Roles include coordinator, building surveyor and a contract administrator.	Medium	1.618	0.460	-	-	-	CONTRACTUAL CHANGE
Ed Hume	HP02	Stuart Proffitt	<b>Disrepair Cases</b> - increased volumes from 22/23 (80 cases), 23/24 (158 cases) and 24/25 to October (145 cases). This creates pressure across the housing department in order that cases are dealt with in a timely manner. This pressure is to provide additional resource in the internal legal team to deal with the volume of cases, which in turn will reduce our external legal costs. Settlement and volume of repairs have also been increased. We are looking at our internal processes and policy and will look at creating a panel to triage disrepair cases handling in the near future.	Medium	0.741	0.591	-	-	-	DEMAND: EXCEPTIONAL
Ed Hume	HP03	Stuart Proffitt	<b>Legionella planned preventative maintenance</b> - As a landlord we have to manage the legionella risk in our blocks. This is to allow for proactive legionella assessments and any remedial or improvement works needed. Full assessment in 2025/26, repeated as required by assessor or following works.	Low	0.135	0.037	-	-	-	CONTRACTUAL CHANGE

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					2024/25	2025/26	2026/27	2027/28	2028/29	
					£m	£m	£m	£m	£m	
Ed Hume	HP04	Stuart Proffitt	<b>Fire Door Surveys</b> - Our landlord responsibilities require us to do proactive fire door surveys for individual front entrance doors and fire doors in communal spaces in our blocks. Following fire safety works in 2024/25, we have identified additional resources needed to do the fire door surveys as set by fire safety legislation.	Low	0.239	0.251	-	-	-	CONTRACTUAL CHANGE
Ed Hume	HP05	Stuart Proffitt	<b>Condition Surveys</b> - to identify any component replacements due and help forecast our investment demand over the medium and longer term. Regulatory direction is requiring increasingly current information on social homes. This is an accelerated condition survey aiming to access and survey all our homes over 3 years, before settling onto a regular 5 yearly cycle of surveys.	Low	0.073	0.314	-	-	(0.158)	CONTRACTUAL CHANGE
Ed Hume	HP06	Stuart Proffitt	<b>Fire Risk Assessments</b> - The regulations around fire safety have changed so more of our council homes need assessments, with assessments needed to be kept under review. This is a forecasted spend on fire risk assessments and any specialist fire risk input into how fire risk is managed across	Low	0.057	0.173	-	-	-	CONTRACTUAL CHANGE
Ed Hume	HP07	Stuart Proffitt	<b>Asbestos Survey &amp; Inspections</b> - As we continue to prioritise investing in keeping our communal spaces safe, we need to refresh our asbestos surveys and checks on any asbestos containing materials in our blocks.	Low	0.040	0.052	-	-	-	CONTRACTUAL CHANGE
Ed Hume	HP08	Steve Richardson	<b>Tenant Support Fund</b> - available to support tenants in financial difficulties once other avenues of support have been exhausted.	Low	0.050	0.050	-	-	-	POLICY CHOICE
Ed Hume	HP09	Stuart Proffitt	<b>Reema blocks</b> - repair costs as phase one has accelerated quicker than anticipated, as at October only 7 of the 48 properties were tenanted. 1 leasehold flat from phase 2 and 3 leasehold flats from phase 3 have been purchased to date.	Low	0.640	(0.074)	0.058	0.021	(0.209)	DEMOGRAPHY
Ed Hume	HP10	Stuart Proffitt	<b>Serpentine Court</b> - to board up and secure the building as it deteriorates quicker than anticipated. As residents are moved out, whole sections including communal areas will be secured, this includes disconnection of the utilities and any stripping out to make the individual flats safe.	Low	-	0.344	-	(0.223)	-	DEMOGRAPHY
						<b>2.197</b>	<b>0.058</b>	<b>(0.202)</b>	<b>(0.367)</b>	

Risk level	Description
<b>HIGH</b>	Very Likely to change and the impact could be significant >£200k in any one year
<b>MEDIUM</b>	Likely to change and impact could be up to but not more than £200k per annum
<b>LOW</b>	Fixed or unlikely to change and impact less than £50k in any one year

## HRA MTFP Budget Reductions

Portfolio Holder	Reference	Lead Officer	Description	Risk Level (RAG)	Budget	Change				Reason
					2024/25	2025/26	2026/27	2027/28	2028/29	
					£m	£m	£m	£m	£m	
<b>SAVINGS - PERMANENT</b>										

Portfolio Holder	Reference	Lead Officer	Description	Risk Level	Budget	Change					Reason
					2024/25	2025/26	2026/27	2027/28	2028/29		
					£m	£m	£m	£m	£m		
Ed Hume	HS01	Steve Richardson	<b>Removal of software budget</b> (Keystone) which was used as our stock condition database, this data will now be captured in NEC. Introduction of NEC universal credit checker with a one off set up cost of £0.013m which will save staff time in the long run as more of our tenants move to universal credit and their data will need to be validated every year.	Low	0.667	(0.132)	(0.032)	(0.255)	(0.046)	Being Smarter	
Ed Hume	HS02	Stuart Proffitt	<b>Council Tax Reduction</b> as serpentine court is due to be boarded for demolition. Handover of the new build on the lakes estate is 17th March 2026.	Low	0.562	-	(0.092)	(0.001)	-	Thinking Differently	
Ed Hume	HS03	Steve Richardson	<b>Leaseholder service charges</b> have been increased to reflect the increased cost of insurance (linked to inflation and national increases in the cost of insurance premiums) - these costs are fully rechargeable and will offset insurance premiums on HC01.	Low	(2.540)	(0.114)	-	-	-	Being Smarter	
Ed Hume	HS04	Steve Richardson	<b>Leaseholder Major Works</b> this is to recognise income we will receive for S20 works which will be completed and recharged, consultation for these works example fire doors and emergency lightning is ongoing.	Low	(0.051)	(0.518)	0.518	0.000	0.000	Being Smarter	
						<b>(0.763)</b>	<b>0.394</b>	<b>(0.256)</b>	<b>(0.046)</b>		

Strategy Category	Description
Thinking Differently	Long term planning, innovation, new technologies and ways of working, reducing failure demand, commercialism
Being Smarter	Reducing costs, value for money, managing expectations, improving customer services.
Working Together	Co-op council, partnerships, integration, parishes, VCSE sector, growth deals.

Risk level	Description
<b>HIGH</b>	Very Likely to change and the impact could be significant >£200k in any one year
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## HRA MTFP Technical Adjustments

Portfolio Holder	Reference	Lead Officer	Description	Risk Level (RAG)	Budget	Change					Reason
					2024/25	2025/26	2026/27	2027/28	2028/29		
					£m	£m	£m	£m	£m		
<b>CONTRACTUAL INFLATION</b>											
Ed Hume	HC01	Steve Richardson	<b>Insurance Premiums</b> - the cost of premiums increase annually as a result of inflation but also an assessment of risk within the market(s). The increase for 25/26 is assumed at 21% based on initial review of our premium and future years are assumed linked to RPI. The Leaseholder premium for 24/25 has been confirmed and is an increase of £0.114m which will be covered through service charges (see saving HS03). Insurance year is Oct to Sept.	Medium	0.790	0.417	-	-	-	CONTRACTUAL CHANGE	
Ed Hume	HC02	All Directors	<b>Utilities</b> - contractual inflation for electricity, gas and water. Electricity assumed a 24.4% decrease and Gas assumed a 40% decrease from October 2024 on Purchase in Advance (PIA) contract which has recently renewed, this is reflected in 24/25 forecast budget. 5% inflation is added for future years. This is linked to service charges income where we recover the costs.	Low	3.053	0.108	0.126	0.125	0.141	CONTRACTUAL CHANGE	

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					£m	£m	£m	£m	£m	
Ed Hume	HC03	All Directors	<b>Pay inflation</b> for 2025/26 is assumed at 3% at £0.256m. The National Insurance increase from 13.8% to 15% and lowering of the limits as announced in the budget cost £0.142m. Increments have been calculated for next year at £0.112m and future years assumes pay inflation of 3%.	Low	8.476	0.510	0.256	0.263	0.271	CONTRACTUAL CHANGE
Ed Hume	HC04	Stuart Proffitt	<b>Responsive Repairs Contractual Inflation</b> - for 2025/26 uses a blend of indices from BCIS All in Maintenance (Building Cost Information Services) 3%, BCIS labour rate 3.5% and RPIx 1.5%. This assumes the same volume of activity each year, except where we have seen growth ie disrepair costs, compliance costs (HP02-HP07) and it also assumes PPP rate remains at the 2024/25 rate with a downward adjustment in stock level. This service is also going through a reprocurement, with a new contract due to start September 2025. The budget will be reassessed as part of the procurement/mobilisation process.	High	16.346	0.679	0.434	0.457	0.463	CONTRACTUAL CHANGE
						<b>1.713</b>	<b>0.816</b>	<b>0.846</b>	<b>0.875</b>	

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<b>TECHNICAL ADJUSTMENTS</b>										
Ed Hume	HT01	Steve Richardson	<b>Rent Increases</b> - Social rent increases for 2025/26 are set out in the Rent Standard (Government Rent policy), and this allows for maximum increases of CPI (September, 1.7%) +1%, an increase of 2.7%. The business plan currently assumes the maximum increase in rents as a result of the wider financial position and impact of Government rent caps, which have substantially reduced investment in the HRA. The HRAs main source of income is from rents and any increase lower than this level, would require additional savings to be identified. Shared Owners will see an increase of 7.7% in 25/26, and 2.7% in 26/27 as per the lease terms, shared owner rent uplifts lag one year behind social rents. We are expecting government to consult on the new rent standard but following from the October Budget announcements we have assumed CPI +1% for the following 5 years only and then back to CPI.	Low	(64.377)	(2.116)	(2.902)	(3.390)	(2.330)	TECHNICAL
Ed Hume	HT02	Steve Richardson	<b>Tenant Service Charges</b> - the reduction in 24/25 recognises the decrease in the utilities costs from October 2024 and the inflation increases for 25/26. The recharge for open space grounds maintenance has been reduced £0.178m along with the transfer of the adult social care administration fee £0.055m in 2025/26.	Low	(4.291)	0.081	(0.078)	(0.124)	(0.109)	TECHNICAL
Ed Hume	HT03	Steve Richardson	<b>Leaseholder Service Charges</b> the adjustment in 24/25 is realignment of the service charge income to the correct place. The 25/26 increase is due to increased utility charges.	Low	(1.677)	(0.074)	(0.039)	(0.002)	-	TECHNICAL
Ed Hume	HT04	Steve Richardson	<b>Tenant bad debt provision</b> is expected to peak in 24/25 due to the migration to Universal Credit due to start in QT3 this year, circa 1,000 will be moved from housing benefit. We expect this to go through the system and any backlogs to be dealt with, hence the reduction in 25/26. The future years increases are due to rent inflation.	Medium	0.649	(0.203)	0.044	0.094	0.019	TECHNICAL
Ed Hume	HT05	Stuart Proffitt	<b>Depreciation charge</b> for 2024/25 was reduced to reflect a review of the economic lives of our assets, in conjunction with Avison Young and identifies those assets that are out of management currently and those that will be out of management over the next 5 years, mainly serpentine and reema stock. The business plan increases depreciation by RPI each year.	Low	16.957	(1.696)	0.366	0.391	0.400	TECHNICAL

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Ed Hume	HT06	Steve Richardson	<b>Expenditure risk contingency</b> remains at £1m to cater for unforeseen event that might arise in the year. The R&M contract currently out to tender and the price of delivering the new contract will increase but its difficult to say how much now. This remains at £1m for the life of the plan. Should the contingency not be used in year, it will be moved to RCCO and fund capital in that year reducing any borrowing.	Low	1.000	-	-	-	-	TECHNICAL
Ed Hume	HT07	Steve Richardson	<b>Interest payable</b> – includes historic loans at various fixed interest rates, some of which will require refinancing as they fall due for repayment. The baseline assumption is for new loans to be drawn at 4.20%. Given market rates are currently elevated, the borrowing strategy will likely see short-term loans draw until rates reduce in line with forecasts and long-term loans become favourable. Given the risk new loan interest rates presents to the business plan financial outlook, an interest rate risk provision has been included at an additional 0.30% (to 4.50%) throughout the plan and a further 0.50% (to 5.00%) short-term provision against new loans expected to be drawn in years 2024/25 to 2027/28.	Medium	12.299	2.462	2.671	1.495	0.654	TECHNICAL
Ed Hume	HT08	Steve Richardson	<b>Interest Receivable</b> - while we receive interest on our cash balances at market rates, this reduces as the reserves and right to buy receipts are used to fund the Planned Investment Programme.	Medium	(1.509)	0.411	0.354	0.089	0.041	TECHNICAL
Ed Hume	HT09	Steve Richardson	<b>Revenue Contribution to Capital (RCCO)</b> - As the HRA is a ring-fenced account any funds left over in year are transferred and then used to fund capital expenditure.	Medium	3.875	(0.652)	(0.442)	1.056	0.859	TECHNICAL
Ed Hume	HT10	Steve Richardson	<b>Prudent Minimum Balance</b> is a statutory reserve to hold sufficient revenue funds to meet unexpected / unplanned expenditure or shortfalls to income not allowed for within the Councils landlord function.	Low	(8.016)	(0.160)	(0.164)	(0.167)	(0.170)	TECHNICAL
						<b>(1.948)</b>	<b>(0.190)</b>	<b>(0.558)</b>	<b>(0.635)</b>	

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