

City of London Corporation Committee Report

Committee(s): Children's and Community Services – For discussion	Dated: 19/06/2025
Subject: Housing Investment Programme	Public report: For Discussion
This proposal: • delivers Corporate Plan 2024-29 outcomes • provides statutory duties	Diverse Engaged Communities. Providing Excellent Services. Leading Sustainable Environment
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	
What is the source of Funding?	
Has this Funding Source been agreed with the Chamberlain's Department?	
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Report author: Peta Caine - Director of Housing	

Summary

This report sets out the financial challenge of the 10-year Housing Investment Programme. It identifies a capital funding shortfall of £84m that cannot be met by the Housing Revenue Account. It also identifies the need for revenue – estimated at £1.5m per annum - to support additional staff to meet regulatory compliance and deliver the programme.

The report notes the progress of the Golden Lane Investment Programme and the establishment of a Golden Lane Transformation and Advisory Board.

Recommendations

Members are asked to:

- Note the identified shortfall in capital and revenue funding

- Note the progress on the Golden Lane investment Programme and the establishment of a Golden Lane Advisory Board to support that work

Main Report

Background

1. The City of London Corporation (City Corporation) is the local authority landlord for a stock of just over 1900 social rented homes and 900 leasehold properties. While not all London local authorities are council landlords among the 29 who are, the City of London holds the smallest housing stock – compared to the average holding of just under 33,000 council homes. Uniquely the City Corporation's housing stock is situated across seven London local authority areas.
2. The City Corporation supports - and is required to account for - the delivery of its landlord function through the ring-fenced Housing Revenue Account (HRA). The main items of expenditure included in the HRA are management and maintenance costs, major repairs, loan charges, and depreciation costs. The main sources of income are from tenants in the form of rents and service charges. The HRA cannot budget for a deficit, but local authorities can borrow against their expected rental income in line with the 'Prudential Code' set by government.
3. The large majority City Corporation's social homes were built in the post war period. Their age, the methodology of their construction, and under-investment in major works and maintenance has resulted in a housing stock requiring significant investment to secure the quality of home to meet tenants' needs, meet regulatory standards and requirements, and alleviate the financial reliance on repairs.
4. The high proportion of leaseholders on some estates, the listed status of the Golden Lane Estate and the limited stock into which tenants could be decanted, constrains the ability of the City Corporation to undertake the wholesale regeneration of post war estates that has been a feature in many local authority areas.
5. The City Corporation has set out a 10-year investment programme of major works to address disrepair and cyclical works requirements in its housing stock. It identifies a need for £205m of investment in works such as windows, roofing, heating, fire safety compliance, external decorations and electrical compliance work across the estates. Just over half of this investment - £105m – is required on the Golden Lane Estate. The programme also includes investment in Avondale Estate (£29m), York Way (£18m), Southbank (£14m), William Blake (£12m) and Middlesex Street £9m) (with smaller programmes on other estates).
6. The HRA's business plan - projecting income, contributions to depreciation, capacity for borrowing and leaseholder recharges - identifies a significant shortfall in funding to meet this investment need across the whole programme.

7. Both stock condition and the financial challenge of addressing that are common across London's local authorities. Disrepair and its impact on tenants have gained significant attention by the media and Housing Ombudsman, and in some cases resulted in highly critical reports from the Housing Regulator.

Current Position

Housing Investment Programme resourcing

8. The 10-year Housing Investment Programme is estimated to cost £205m. The sum is based on current intelligence but may change following a full stock condition survey. The cost includes provision for risk and inflation. Works to some homes will be rechargeable to the leaseholder, where properties are occupied in that manner. The amount that can be secured by recharging is subject to a range of conditions and legal tests. It is currently estimated that £47m of the planned investment will be recovered through recharge.
9. Based on current income projections from rent and service charges it is estimated that £42m will be contributed to this cost from annual transfers from the HRA. It is calculated that an additional £32m can be obtained through HRA borrowing within the boundaries of the Prudential Code.
10. In totality these amounts provide £121m of the estimated cost and identify a shortfall in the programme's funding of £84m.

Housing Investment programme	
Estimated total cost	£205m
Annual revenue transfers from HRA	(£42m)
HRA borrowing	(£32m)
Recharges to leaseholders	(£47m)
Shortfall	£84m

*figures rounded based high level estimates

11. Elements of the programme aimed at decarbonisation may attract funding from the City Corporation or government streams that support this wider objective. However, the programme of these works falls outside of the current City of London Climate Action Strategy timeline, and therefore future funding from that initiative cannot be relied upon.
12. Announcements from the government spending review have increased the threshold by which rents can be increased by 1%, which will – if applied – increase rental income to the HRA, alongside rental income from new build. Both should enable an increase in annual transfers and the borrowing capacity of the HRA. However, the delivery of this programme and the wider increase in regulatory burden, requires additional staffing resource (see below) which will need to draw on the HRA.
13. However, the estimates put forward remain high level and based on partial information. There is a risk of optimism bias. It would therefore be prudent to

identify a need for an additional £100m of funding to ensure the programme is deliverable once fully costed.

14. There is no obvious and available source for such funding. Most local authorities are constrained by similar challenges – and the wider demands and pressures on their public finances - resulting in considerable public, political and regulatory challenge.
15. This substantial investment into the City Corporation's housing stock will secure better homes meeting resident's needs and the regulatory standards required. It will deliver stock improvements that provide financial sustainability for the HRA over its 30 year business plan.
16. Officers are preparing submissions for discussion at the Policy and Resources Away Day, so that Members can discuss the implications of the funding shortfall set out and any potential resources.

Golden Lane Investment Programme

17. Phase 1 and Phase 2 of the Golden Lane Investment Programme are commencing. The £30m cost for these elements is contained within the total programme costs set out above, and is met by the HRA. As set out, the 10-year programme cost for Golden Lane is £105m.
18. The progression of works at the Golden Lane Estate is complex and impactful. To strengthen engagement with residents to inform the delivery of these projects and mitigate impact, a 'Transformation and Advisory Board' is being established. It will be chaired by a Member and include tenant and leaseholder representation – including representation from the Golden Lane Residents Association (GLERA).
19. Decision making in relation to the programme must sit within the City Corporation's governance and procurement code – therefore the Transformation and Advisory Board cannot hold a formal status. However, the board will allow for more detailed consultation and engagement to inform and shape issues for formal decision, and help define more operational and local decisions in support of the programme.
20. The Programme's timelines is set out in high level below:

Crescent House:

- Start on Site September 2027
- Completion July 2031

Crescent House Package 3 tender - February 2026

Cuthbert Harrowing House – Package 3

- Estimated Start on Site September 2027
- Estimated Completion March 2029

Great Arthur House – Package 4

- Estimated Start on Site June 2028
- Estimated Completion June 2031

NB – separate roof refurbishment contract – October 2026 – January 2028

Basterfield, Bayer, Bowater and Stanley Cohen Houses:

- Estimated Start on Site November 2030
- Estimated Completion December 2034

Cullum Welch and Hatfield Houses Package 3

- Estimated Start on Site April 2032
- Estimated Completion September 2035

Revenue pressures

21. The Housing Investment Programme is an ambitious, complex and multi-year programme. It is delivered in the context of increased regulatory and legislative demands and required service improvement and contract management. Delivering the programme and to wider requirements will need additional staff resourcing including in estate services, information and data, contract management, fire safety, resident engagement, service improvement, operational financial management and procurement support
22. The constraints on the HRA (well understood as a national issue and impacted further as a consequence of the City Corporation's small stock holding) have resulted an under resourced staffing base. It is estimated that the additional resources needed will cost £1.5m per annum, with some tapering down following compliance in some areas. An element of this cost may be met by permitted rent increases, but even if fully utilised, a 1% additional uplift would yield less than £150,000.
23. Proposals for additional revenue needs to increase staffing capacity will be included in the submissions for Policy and Resource Away Day.

Corporate & Strategic Implications

Strategic implications

24. The Housing Investment Programme set out supports the delivery of the Corporate Strategy objectives to Providing Excellent Services, Diverse Engaged Communities and Leading Sustainable Environment

Financial implications

25. As set out, the funding needs for the proposed programme exceed the resources of the HRA and its capacity to borrow. An estimated shortfall of £84m is identified over the 10 year period, with the proposal that £100m could be required if additional issues are identified by a full stock condition survey has been completed. Additional funding may be reduced if efficiencies in delivery and procurement are found.

Resource implications

26. The report identifies the need for additional staffing resourcing that cannot be met by the HRA. These are estimated at £1.5m per annum – with some reduction once compliance in some areas has been achieved.

Legal implications

27. none

Risk implications

28. Failure to invest in the City Corporation's housing stock presents a risk to the health and wellbeing of residents. It risks regulatory challenge and reputational damage.

Equalities implications

29. Those with protected characteristics are over represented in social housing. Improvement in housing quality has a positive impact. Disrepair in housing has a disproportionate impact on those with protected characteristics.

Climate implications

30. The Housing Investment Programme will deliver significant decarbonisation of the housing stock, contributing to the City Corporation's sustainability objectives.

Security implications

none

Conclusion

31. Investing in the City Corporation's housing stock is crucial not only for the welfare of its residents but also for the organisation's reputation and regulatory compliance. Enhancing housing quality has a positive and equitable impact on those with protected characteristics and aligns with the City Corporation's sustainability goals by significantly reducing carbon emissions.

Appendices

- None

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