

Committee(s): Community and Children's Services	Dated: 28 January 2026
Subject: Housing Revenue Account (HRA) and Capital Budgets 2026/27	Public
This proposal: • provides statutory duties	The report includes decision on the City Corporation's statutory CCS function.
Does this proposal require extra revenue and/or capital spending?	NO
Report of: The Chamberlain and the Executive Director of Community and Children's Services	For Decision
Report author: Goshe Munir, Senior Accountant, Chamberlain's Department	

Summary

1. This report is the annual submission of the revenue and capital budgets overseen by your committee. This report seeks approval for the provisional revenue budget for 2026/27, for subsequent submission to the Finance Committee. The budget does not include funding for potential new health & safety staffing and repairs costs to comply with new legal requirements of up to £2.6m. These are subject to a capitalisation determination agreement from MHLGG or alternative funding arrangements. Details of the HRA draft capital budget are also provided.
2. The provisional nature of the revenue budgets particularly recognises that further revisions might arise from the necessary budget adjustments resulting from corporate projects.
3. There is a significant planned investment in the next year in the major works capital programme to upgrade the fabric of existing HRA social housing. However, the Revenue Reserve position remains tight in the short term but delayed income from new build projects at Black Raven Court, Sydenham Hill and York Way is expected to start in 2026/27. This uplift is partly offset by higher Repairs and Maintenance and salary costs.
4. The General Housing Revenue Reserve position is summarised below: -

Table 1 General Housing Revenue Reserve	<i>Original Budget 2025/26 £000</i>	<i>Original Budget 2026/27 £000</i>	Movement
Service Expenditure	15,996	17,604	1,608
Service Income	(18,591)	(20,702)	(2,111)
Other Movements	363	9	(354)
Transfer to Major Repairs Reserve	2,190	2,095	(95)
(Surplus) in year	(42)	(994)	(952)
Balance brought forward	(212)	(325)	(113)
Balance carried forward	(254)	(1,319)	(1,065)

5. Overall, the 2026/27 provisional budget indicates a surplus for the year of £994k and Revenue Reserves at 31 March 2026 are now expected to be £1319k.
6. The overall Major Repairs Reserve (MRR) position is summarised below: -

Table 2 Major Repairs Reserve	Original Budget 2025/26 £000	Original Budget 2026/27 £000	Movement
Transfer from General Housing Revenue Reserve (see contra Table 1)	(2,190)	(2,095)	95
Net capital expenditure after / grant funding	(13,216)	(2,095)	11,121
City Fund Loan	11,026	0	(11,026)
Movement in MRR in year	0	0	0
Balance brought forward	(591)	(591)	0
Balance carried forward	(591)	(591)	0

- The Major Repairs Reserve (MRR) funds a very significant investment in the capital programme for major works across the 5-year asset management plan, including the decent homes program, window renewal and roof replacements. In order to do so the MRR will start to borrow using a planned loan from City Fund. This borrowing requirement has been forecast and included in the Corporations Medium Term Financial Plan for a number of years.

Recommendation(s)

7. The Committee is asked to:
 - Review the provisional 2026/27 revenue budget to ensure that it reflects the Committee's objectives and, if so, approve the proposed budget for submission to the Finance Committee.
 - Review and approve the draft capital budget.
 - Authorise the Chamberlain to revise these budgets to allow for further implications arising from departmental reorganisations and other reviews.

Main Report

Management of the Housing Revenue Account

8. The HRA is ring-fenced by legislation which means that the account must be financially self-supporting. Although the "capital account" is not ring fenced by law, the respective financial positions of the HRA and the City Fund have meant that capital expenditure is financed without placing a burden on the use of City Fund resources. HRA related capital expenditure continues to be funded from the HRA, including the Major Repairs Reserve, a city fund loan and homeowners making their appropriate contributions.

Business Planning Priorities

9. A number of development opportunities and major works projects will require considerable resource input but will result in increased social housing capacity and improvements to our properties, particularly in terms of energy efficiency.

Proposed Budget Position 2025/26 and 2026/27

10. The detailed budgets are set out in table 3.

Actual 2024-25 £000	Table 3 - HOUSING REVENUE ACCOUNT	Original Budget 2025-26 £000	Latest Budget 2025/26 £000	Original Budget 2026-27 £000	Movement 2025-26 to 2026-27 £000	
	LOCAL RISK Expenditure					
5,002	Repairs, Maintenance & Improvements	4,496	3,937	4,876	380	Appendix 1
61	Supplementary Revenue Budgets	224	0	25	(199)	12
2,343	Technical Services and City Surveyor's Costs	1,794	2,215	2,447	653	13
4,739	Employee Cost	5,183	5,375	5,852	669	14
41	Premises & Other Support Cost	657	786	624	(33)	
3,632	Specialised Support Services	3,642	3,630	3,780	138	15
15,818	TOTAL Expenditure	15,996	15,943	17,604	1,608	
	Income					
	Rent					
(12,735)	Dwellings	(14,257)	(13,539)	(16,219)	(1,962)	16
(387)	Car Parking	(430)	(430)	(430)	0	
(128)	Baggage Stores	(128)	(128)	(128)	0	
(1,461)	Commercial	(1,614)	(1,563)	(1,606)	8	
	Charges for Services & Facilities					
(175)	Community Facilities	(123)	(142)	(142)	(19)	
(3,158)	Service Charges	(2,029)	(2,338)	(2,167)	(138)	17
(45)	Other	(10)	(10)	(10)	0	
(18,089)	TOTAL Income	(18,591)	(18,150)	(20,702)	(2,111)	
(2,271)	NET INCOME FROM SERVICES	(2,595)	(2,207)	(3,098)	(503)	
0	Loan Charges – Interest	218	0	0	(218)	
210	Interest Receivable	0	0	9	9	
(2,061)	NET OPERATING INCOME	(2,377)	(2,207)	(3,089)	(712)	
0	Loan Charges – Principal	145	0	0	(145)	
2,062	Transfer to Major Repairs Reserve	2,190	2,190	2,095	(95)	
1	(Surplus) / deficit FOR THE YEAR	(42)	(17)	(994)	(952)	
(309)	Surplus brought forward	(212)	(308)	(325)	(113)	
(308)	SURPLUS CARRIED FORWARD	(254)	(325)	(1,319)	(1,065)	

11. Members should note that income and favourable variances are shown in brackets which is a change from previous reports. This change shifts focus to adopting the new SAP system instead of adapting. Only significant variances (generally those greater than £50,000) have been commented on in the following paragraphs.
12. The Supplementary Revenue decrease in cost of £199k is based on a smaller number of projects being charged to revenue for supplementary works in 2026/27.
13. The increase of £653k in Technical Services and City Surveyor costs is due to the technical recharge cost, which is based on time spent (worked) on setting up HRA Projects, expecting to increase in the forthcoming years due to the increased programme of capital works
14. The increase in Employee Costs of £669k includes a 2% uplift for inflation and the full year impact of pay increases to staff arising from the pay deal effective from July 2025, and increased agency support staff cost.
15. Specialised Support Services Cost have increased by £138k due to higher Energy cost unit prices (tariffs) and standing charges than previously allowed for.
16. The Rent Increase of £1,962m reflects the CPI + 1% (total 4.8%) uplift which has been applied to existing dwellings for 2026/27. Further increases in rent income is attributed to the expected additional income in year from the 66 new flats at Black Raven Court, as well as the budgeted income for the 110 new flats at Sydenham Hill and the 91 new flats at York Way.
17. The Service Charge has an increase of £138k compared to the original budget profiled, this is mainly due to additional reimbursements from long lessees charged for major works.

Actual 2024/25 £'000	Table 4 - HOUSING REVENUE ACCOUNT	Original Budget 2025/26 £'000	Latest Budget 2025/26 £'000	Original Budget 2026/27 £'000	Movement 2025/26 to 2026/27 £'000	Paragraph Ref
	MAJOR REPAIRS RESERVE (MRR)					
(2,062)	Transfer from HRA (depreciation agreed by HRA)	(2,190)	(2,190)	(2,095)	95	
46,792	Capital Expenditure	44,247	47,559	11,735	(32,512)	
(39,752)	Section 106 / Grants	(6,442)	(38,622)	(2)	6,440	
(1,296)	Reimbursements from homeowners	(5,914)	(1,392)	(1,688)	4,226	
(500)	RTB Receipts	(500)	(500)	(500)	0	
(114)	GF Contributions	0	(3,405)	(7,450)	(7,450)	
(209)	GLA Grant	(3,660)	0	0	3,660	
0	City Fund Loan	(11,026)	0	0	11,026	
(3,450)	City Fund Capital Receipt	(14,515)	(1,450)	0	14,515	
(591)	Transfer from/to reserve for year	0	0	0	0	
0	Balance Brought Forward	(591)	(591)	(591)	0	
(591)	MRR BALANCE CARRIED FORWARD	(591)	(591)	(591)	0	

18. Analysis of the movement in manpower and related staff costs are shown in Table 5 below. These costs are spread across Direct Employee Cost, Technical Services and Specialised Support Services.

Table 5 Manpower statement	Original Budget 2025/26		Original Budget 2026/27	
	Manpower Full-time equivalent	Estimated cost £0	Manpower Full-time equivalent	Estimated cost £0
Supervision and Management	33	2,189	31	2,178
Estate Officers	11	548	11	603
Porter/Cleaners	26	1,132	25	1,148
Gardeners	6	264	6	279
Wardens	0	20	0	20
Technical Services	40	3,043	46	3,723
TOTAL HOUSING REVENUE ACCOUNT	116	7,196	119	7,951

Potential Further Budget Developments

19. The provisional nature of the 2026/27 revenue budget recognises that further revisions may be required.

Revenue Budget 2026/27

The forecast outturn for the current year is in line with the Latest Approved Budget.

1. The latest estimated costs for the Committee's draft capital and supplementary revenue projects are summarised in the tables below.

2. Pre-implementation costs comprise feasibility and option appraisal expenditure which has been approved in accordance with the project procedure, prior to authority to start work.
3. The anticipated funding of this major works programme is indicated above, with the 2025/26 and 2026/27 financial impact on HRA resources being reflected in the revenue estimates figures included elsewhere in this report. In addition, the HRA will need to borrow from the City Fund in order to finance its current capital programme.
4. The latest Capital and Supplementary Revenue Project budgets will be presented to the Court of Common Council for formal approval in March 2026.

Draft Capital and Supplementary Revenue Projects

Estate	Exp. Pre 01/04/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Later Years £'000	Total £'000
Schemes at pre-implementation stage								
L4-Avondale Square	130	201	20	11	-	-	-	362
L4-Golden Lane	-	-	-	-	-	-	-	-
L4-Dron House	-	-	-	-	-	-	-	-
L4-Holloway Estate	-	-	-	-	-	-	-	-
L4-York Way Estate	-	-	-	-	-	-	-	-
L4-Housing General HRA	1,113	5	-	-	-	-	-	1,118
L4-Middlesex Street	-	88	5	-	-	-	-	93
L4-Isleden House	36	-	-	-	-	-	-	36
L4-Southwark Estates	281	440	601	-	-	-	-	1,322
L4-Sydenham Hill	-	-	-	-	-	-	-	-
L4-William Blake	-	-	-	-	-	-	-	-
L4-Windsor House	-	-	-	-	-	-	-	-
Sub-total schemes at Pre-implementation stage	1,560	734	626	11	-	-	-	2,931
Authority to start work granted	Exp. Pre 01/04/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Later Years £'000	Total £'000
L4-Avondale Square	6,575	543	2,237	1,763	-	-	-	11,118
L4-Dron House	1,878	4	-	-	-	-	-	1,882
L4-Golden Lane	12,760	1,724	1,094	2,237	8,716	10,817	80,200	117,548
L4-Holloway Estate	5,124	-	-	-	-	-	-	5,124
L4-Housing General HRA	35,199	1,423	6,193	3,652	3,073	-	-	49,540
L4-Isleden House	3,146	1,092	-	-	-	-	-	4,238
L4-Middlesex Street	5,663	1,159	14	13	-	-	-	6,849
L4-Southwark Estates	5,878	106	134	-	-	-	-	6,118
L4-Sydenham Hill	37,126	17,920	-	-	-	-	-	55,046
L4-William Blake	675	118	2,061	800	-	-	-	3,654
L4-Windsor House	2,790	118	-	-	-	-	-	2,908
L4-York Way Estate	33,851	23,351	-	-	-	-	-	57,202
Sub-total Authority to Start Work	150,665	47,558	11,733	8,465	11,789	10,817	80,200	321,227
	Exp. Pre 01/04/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000	2028/29 £'000	2029/30 £'000	Later Years £'000	Total £'000
TOTAL COMMUNITY & CHILDREN'S SERVICES - HRA	152,225	48,292	12,359	8,476	11,789	10,817	80,200	324,158
Of this,								
Capital	150,665	47,559	11,735	8,465	11,789	10,817	80,200	321,230
Supplementary Revenue	1,560	733	624	11	-	-	-	2,928
	152,225	48,292	12,359	8,476	11,789	10,817	80,200	324,158
Funded by								
Long Lessee contributions		1,392	1,688	2,109	3,543	3,943		12,675
External contributions (S106, grants.)		39,151	601	-	-	-		39,752
GF Contributions		3,405	7,450	3,772	5,651	874	75,190	96,342
Borrowing		-	-	-	-	6,000	-	6,000
Right to Buy Receipts		500	500	500	500	-	-	2,000
HRA balances		204	25	-	-	-	-	229
Major Repairs Reserve		2,190	2,095	2,095	2,095	-	5,010	13,485
Capital Receipt		1,450	-	-	-	-	-	1,450
		48,292	12,359	8,476	11,789	10,817	80,200	171,933

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Appendices

Appendix A: Schedule of Repairs, Maintenance and Improvements.

Appendix A

REPAIRS, MAINTENANCE AND IMPROVEMENTS		<i>Original Budget 2025/26 £000</i>	<i>Revised Budget 2025/26 £000</i>	<i>Original Budget 2026/27 £000</i>
Responsible Officer is the Director of Community and Children's Services				
GENERAL				
BREAKDOWN AND EMERGENCY REPAIRS				
Building	E	2,315	1,507	2,651
Electrical	E	250	290	146
Lifts	E	100	170	200
Heating and Ventilation	E	151	151	175
Recharge and Insurance Claims	E	75	75	75
		2,891	2,193	3,247
CONTRACT SERVICING				
Building	E	91	178	270
Electrical	E	150	290	80
Lifts	E	166	193	189
Boilers	E	240	0	0
Heating and Ventilating	E	425	425	500
		1,072	1,086	1,039
CYCLICAL WORK AND MINOR IMPROVEMENTS				
Elderly/Disabled - Internal Redecorations	E	12	12	0
Asbestos Management Contingency	E	60	116	60
Stock Condition Survey	E	0	0	20
Energy Performance Certification Work	E	5	5	5
Water supply works	E	80	80	130
Asset Management plan	A	28	28	30
Safety Measures	E	195	100	175
Fire Alarm System	E	153	317	(70)
		533	658	590
TOTAL GENERAL		4,496	3,937	4,876