City of London Corporation Committee Report

Committee: Community and Children's Services Committee	**Dated:** 30/06/2026
Subject: Housing Revenue Account (HRA) and Capital Budgets 2024/25	**Public:** For Information
This proposal: • **provides statutory duties.**	The report includes information on the City Corporation's statutory housing function
Does this proposal require extra revenue and/or capital spending?	No
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of:	The Chamberlain and the Executive Director of Community and Children's Services
Report author:	Goshe Munir, Senior Accountant, Chamberlain's Department

Summary

1. This report compares the outturn for the Housing Revenue Account (HRA) in 2025/26 with the final agreed budget for the year.

- The total net revenue surplus for the year was £0.171 million, £0.154 million higher than the final agreed budgeted of £0.017 million, mainly as a result of reduction in recharges and expenditure costs. This was partly offset by higher service charge income than budgeted. As a result, Revenue Reserves ended the year with a balance of £0.205 million.

- The Major Repairs Reserve ended the year with a £0.591 million balance, £0.000m balance than budgeted, due to no changes on major works projects and higher than expected receipt of capital grants.

Table A – Summary Comparison of 2025/26 Outturn with Final Agreed Budget			
	Final Agreed Budget £000	**Outturn £000**	**Variation Underspend / (Overspend) £000**
HRA Revenue (see Table B)			
Expenditure	15,941	15,695	(246)
Income	(18,148)	(17,971)	177
Other	0	4	4
Transfer to Major Repairs Reserve	2,190	2,101	(89)
Surplus in year	(17)	(171)	(154)
Opening Reserves	(308)	(34)	274
Closing Reserves	**(325)**	**(205)**	**120**
Major Repairs Reserve (see Table C)			
Opening Reserve	(591)	(591)	0
Net Capital Expenditure in year	2,190	2,101	(89)
Transfer from Revenue	(2,190)	(2,101)	89
Closing Reserves	**(591)**	**(591)**	**(0)**

Recommendation

It is recommended that Members note this outturn report for 2025/26.

Main Report

Housing Revenue Account (HRA)

2. The HRA is ringfenced by legislation which means that the account is financially self-supporting. Although the Capital Account is not ringfenced by law, the respective financial positions of the HRA and the City Fund has meant that capital expenditure is financed without placing a burden on the use of City Fund resources. All HRA-related capital expenditure continues to be funded from the HRA, including the Major Repairs Reserve and certain capital receipts from sales of HRA assets, with homeowners making their appropriate contributions. In practice, therefore, the capital account is also ringfenced.

HRA Revenue Outturn for 2025/26

3. The HRA revenue outturn has a net surplus of £0.171 million, £0.154 million higher than the expected surplus in the budget, for the reasons set out in detail in Table B below.

Table B

Table B	Original Budget 2025/26 £000	Final Agreed Budget 2025/26 £000	Revenue Outturn 2025/26 £000	Variation (Underspend) / Overspend 2025/26 £000	Paragraph Number
Expenditure					
Repairs, Maintenance & Improvements					
Breakdown and Emergency Repairs	2,891	2,193	2,979	786	**5**
Contract Servicing	985	1,403	1,250	(153)	**6**
Cyclical and Minor Improvements	620	341	348	7	
Supplementary Revenue	224	0	330	330	**7**
Technical Services and City Surveyor's Costs	1,794	2,215	2,425	210	**8**
Total Repairs, Maintenance & Improvements	6,514	6,152	7,332	1,180	
Supervision and Management	5,840	6,159	4,868	(1,291)	**9**
Specialised Support Services					
Central Heating	668	668	247	(421)	**10**
Estate Lighting	596	596	546	(50)	
Caretaking and Cleaning	1,841	1,782	2,029	247	**11**
Community Facilities	152	189	194	5	
Welfare Services	52	57	104	47	
Garden Maintenance	333	338	375	37	
Total Expenditure	15,996	15,941	15,695	(246)	
Income					
Rent					
Dwellings	(14,257)	(13,539)	(13,251)	288	**12**
Car Parking	(430)	(430)	(405)	25	
Baggage Stores	(128)	(128)	(128)	0	
Commercial	(1,614)	(1,563)	(1,478)	85	
Community Facilities	(123)	(142)	(147)	(5)	
Service Charges	(2,029)	(2,338)	(2,555)	(217)	**13**
Other	(10)	(8)	(7)	1	
Total Income	(18,591)	(18,148)	(17,971)	177	
Loan Charges – Interest	218	0	0	0	
Interest Receivable	0	0	4	4	
Net Operating Income	(2,377)	(2,207)	(2,272)	(65)	
Loan Charges – Principal	145	0	0	0	
Transfer to Major Repairs Reserve	2,190	2,190	2,101	(89)	
	(42)	(17)	(171)	(154)	
Opening Reserves	(212)	(308)	(34)	274	
Closing Reserves	(254)	(325)	(205)	120	

4. Breakdown and Emergency Repair costs were overspent by £786,000. The increased expenditure was driven by increased demand for breakdown and emergency repairs and an additional contractual one-off contract cost associated with the mobilisation of the Chigwell R&M contract.

5. Contract Servicing underspend by £153,000 is mainly due to the new water safety contract going live from January 2026. This has resulted an adjustment to the annual service contract cost.

6. Supplementary Revenue Projects overspent by £330,000 due to projects coming in over budget and some slippage in planned works – a detailed breakdown by project is provided in Appendix A.

7. The overspend of £210,000 in Technical Services and City Surveyor costs is due to a technical recharge cost, which is based on time spent (worked) on HRA projects, expecting to increase in the forthcoming years due to the increased programme of capital works.

8. Supervision and Management cost had an underspend of £1,291,000 mainly due to the reduction in management fees by £96,000 and reduction in recharges by £718,000 following a review, and other Contributions £198,000. There was a further reduction in support services by £155,000 and reduction in Rent & Rates charges by £124,000.

9. Central Heating had an underspend of £421,000 which is due to the actual charge being lower than expected across all the estates for the use of Gas.

10. Caretaking and Cleaning is overspent by £247,000 due to costs for cleaning and domestic supplies, and cleaning and caretaking employees.

11. Dwellings rental income had an adverse variance of £288,000, mainly due to lower than budgeted income expected from Black Raven Court and Bean Tree Court due to delays in the occupation of the new units.

12. The Service Charge has a favourable variance of £217,000 compared to the latest budget profiled. This is mainly due to the balancing recovery of higher than expected repairs expenditure in the year, and additional reimbursements from long lessees charged for major works.

13. Comparison of the 2025/26 Major Repairs Reserves Outturn with Final Budget is set out in Table C.

Table C

Table C	Original Budget	Final Agreed Budget	Revenue Outturn	Variation (Underspend) Final Agreed Budget	Notes
	£000	**£000**	**£000**	**£000**	
HRA Reserves					
Major Repairs Reserve					
Balance Brought Forward	(591)	(591)	(591)	0	
Transfer from HRA	(2,190)	(2,190)	(2,101)	89	Table B
Capital Expenditure	44,247	47,559	33,648	(13,911)	Appendix A
Section 106 funding	(6,442)	(38,622)	(27,676)	10,946	
Capital Receipts applied	(14,515)	(1,450)	0	1,450	
Right to Buy Receipts	(500)	(500)	(500)	0	
Greater London Authority and City Cash Grants	(3,660)	0	0	0	
Reimbursements from Homeowners	(5,914)	(1,392)	(981)	411	
Climate Action Strategy	0	0	(110)	(110)	
City Fund Loan	(11,026)	(3,405)	(2,280)	1,125	
Major Repairs Reserve Balance Carried Forward	**(591)**	**(591)**	**(591)**	**0**	

Appendices

- Appendix A – CAPITAL PROJECTS

Caroline Al-Beyerty
Chamberlain

Judith Finlay
Director of Community & Children's Services

Contact officers:

Peta Caine
Assistant Director Housing – Community and Children's Services

T: 020 7332 3015
E: Peta.Caine@cityoflondon.gov.uk

Goshe Munir
Senior Accountant – Chamberlains

T: 020 7332 1571
E: Goshe.Munir@Cityoflondon.gov.uk

Mark Jarvis
Head of Finance – Chamberlains

T: 020 7332 1223
E: Mark.Jarvis@Cityoflondon.gov.uk

Core Project	Project Number	Type	Budget 25/26	Actuals 25/26	Variance (Slippage	Comments on main variations
L5-Dron House - Fire Door Replacement	29100169	Capital	3,847	3,847	(0)	Project complete, retention
L5-Dron House Windows Replacement	29100105	Capital	0	(2,189)	(2,189)	Project complete, in closedown
L5-Fire Door Replacement - Avondale	29100167	Capital	484,649	4,215	(480,434)	Project delivery in progress, completion delayed due to over-running sprinkler project
L5-Fire Safety Doors - Great Arthur House	29100113	Capital	89,311	262,319	173,008	Project delayed for rescoping and integration within wider works programme
L5-Great Arthur House Window Cladding	29100010	Capital	8,738	8,738	0	Project complete
L5-Harman Close Decent Homes	29100111	Capital	0	11,807	11,807	Project complete
L5-Middlesex Street Play & Ball Games Areas Refurbishment	29100161	Capital	1,980	0	(1,980)	Project complete
L5-Installation of Sprinklers - Avondale Square Estate	29100159	Capital	58,654	111,574	52,920	Project delivery in progress
L5-Installation of Sprinklers - Great Arthur House	29100157	Capital	0	20,139	20,139	Project delayed for rescoping and integration within wider works programme
L5-Installation of Sprinklers - Petticoat Tower	29100158	Capital	625,110	857,763	232,653	Project delivery in progress
L5-Isleden House Additional Housing	29100079	Capital	422,004	417,789	(4,215)	Project complete
L5-Middlesex Street Estate - Replacement of Heating & Hot Water	29100130	Capital	308,319	318,436	10,117	Project complete and retention
L5-Petticoat Tower - Fire Door Replacement	29100172	Capital	207,882	3,967	(203,915)	Project delivery in progress, completion delayed due to over-running sprinkler project
L5-Richard Cloudesley Housing	29100098	Capital	142,874	154,494	11,620	Project delivery in progress
L5-Sumner Buildings - Fire Door Replacement	29100170	Capital	0	(5,988)	(5,988)	Project complete, retention
L5-Sydenham Hill - Provision of Social Housing	29100067	Capital	17,881,602	12,561,978	(5,319,624)	Project delay due to asbestos removal and building regulation change
L5-Tenants Electrical Services Testing & Smoke Detector Installation - Phase 5	29100150	Capital	129,750	9,554	(120,196)	Project to be closed
L5-William Blake Estate -Fire Door Replacement	29100171	Capital	0	10,787	10,787	Project complete, retention
L5-York Way Estate - Replacement of Heating & Hot Water	29100129	Capital	49,702	83,671	33,969	Project complete
L5-York Way Estate Provision of Social Housing	29100141	Capital	20,542,146	13,925,827	(6,616,319)	Completion expected Oct 2026
L5-Sydenham Hill Windows Replacement	29100106	Capital	37,925	0	(37,925)	Project complete, retention
L5-Windsor House Windows Replacement	29100108	Capital	116,105	16,580	(99,525)	Project complete, retention
L5-Renewal of Flat Roof Coverings - Various Blocks	29100152	Capital	35,000	0	(35,000)	Project to be closed as abandoned
L5-Southwark Estate Windows Replacement	29100104	Capital	105,985	20,369	(85,616)	Project now complete, completion slightly delayed in 25/26, retention sums held
L5-William Blake Windows Replacement	29100107	Capital	117,500	36,877	(80,623)	Design work now progressing following delayed procurement to update scope of works
L5-Fire Door Replacements - Various Estates	29100101	Capital	271,829	17,760	(254,069)	Project delivery in progress
L5-Golden Lane Windows Replacement	29100102	Capital	466,201	10,102	(456,099)	Project delayed for rescoping and integration within wider works programme
L5-Windsor House Play & Ball Games Areas Refurbishment	29100162	Capital	2,208	0	(2,208)	Project Complete
L5-Golden Lane Windows Replacement	29100173	Capital	18,306	166,459	148,153	Project delayed for rescoping and integration within wider works programme
L5-Golden Lane Windows Replacement	29100174	Capital	838,767	1,428,112	589,345	Project delayed for rescoping and integration within wider works programme
L5-York Way Estate - Corridor & Lift Lobby Refurbishment	29100175	Capital	2,758,200	53,889	(2,704,311)	Design work progressing, scope of the project has been expanded.
L5-Isleden House Heating System Improvements	29100176	Capital	670,437	684,143	13,706	Project almost complete
L5-Golden Lane Estate - Lighting Improvements (Climate Action Strategy)	29100177	Capital	80,000	110,176	30,176	Project delivery in progress.
L5-Great Arthur House Roof and Canopy Refurbishment	29100181	Capital	223,000	47,274	(175,726)	Project delivery in progress.
L5-Decent Homes Works 2024-26	29100182	Capital	274,008	280,058	6,050	New budget approved during 24/25 , Project delivery in progress
L5-York Way Estate Office Residential Conversion	29100185	Capital	1,360	5,803	4,443	Early stages of design
L5-Richard Cloudesley Housing	29100178	Capital	276,941	1,115,797	838,856	Project delivery in progress
L5-Harman & Isleden Fire Safety Works	29100187	Capital	232,000	65,865	(166,135)	Project currently in delivery
L5-Electrical Compliance Works - Various Properties (HRA)	29100188	Capital	61,000	63,297	2,297	Project currently in delivery and close to completion
L5-Middlesex Street Estate - CCTV Works	29100189	Capital	16,000	30,754	14,754	Planning application submitted and design
L5-Lammas Green Nursery Windows Replacement	29100193	Capital	0	12,149	12,149	At design stage; progress delayed due to conservation and pre-planning advice
L5-Electrical Upgrade - Phase 1	29100197	Capital	0	4,429	4,429	Project starts June 2026
L5-Fire Door Replacement -Lot4	29100198	Capital	0	14,464	14,464	Project delivery in progress.
L5-Electrical Smoke Detection	29100201	Capital	0	485,546	485,546	Project delivery still in progress with further expenditure expected in 26/27
L5-GLE Flat Roof Upgrade	29100202	Capital	0	219,072	219,072	Project delivery still in progress with further expenditure expected in 26/27
Total			**47,559,340**	**33,647,702**	**(13,911,638)**	

Core Project	Project Number	Type	Budget 25/26	Actuals 25/26	Variance	Comments on main variations
L5-George Elliston & Eric Wilkins Houses Refurbishment	29800156	SRP	110,145	105,852	(4,293)	Design work progressing and electrical works added to the scope
L5-Avondale Square Estate - Provision of Social Housing	29800124	SRP	91,144	37,763	(53,381)	Design work progressing, will be integrated into other projects
L5-Sumner Buildings Proposals	29800115	SRP	101,762	83,289	(18,473)	Design work progressing
L5-Collinson Court New Homes	29800186	SRP	338,000	75,131	(262,869)	Project delivery in progress
L5-Middlesex Street Estate Canopy & Concrete Repairs	29800190	SRP	88,465	20,496	(67,969)	Design work progressing but behind schedule
L5-EPC Survey and Minor Remedial Works Programme	29800179	SRP	5,000	7,560	2,560	Surveys ongoing and minor works to comence from August 2026
Total			**734,516**	**330,092**	**(404,424)**	