Guildford Borough Council

Report to: Overview and Scrutiny Committee – Resources
Date: 21 January 2025
Ward(s) affected: All.
Report of Director: Finance and Resources (Section 151 officer)
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Report Status: Open

Housing Revenue Account (HRA) Budget 2025/26

1. Executive Summary

The Council owns and manages over 5,200 Council Houses which it rents to tenants who qualify for social housing or for which it holds the freehold. The Housing Revenue Account (HRA) is the ring-fenced account within which the Council records the income and expenditure for its operations as landlord to its residents and for the day-to-day management, repairs, and maintenance of the council housing stock. This report outlines the proposed Housing Revenue Account (HRA) budget for 2025/26, which has been built on the estimates and assumptions in the updated 2024 HRA Business Plan. The Business Plan has been independently reviewed to reflect changes in relevant legislation and guidance, along with consideration of the Council's declaration of a Climate Emergency and the ongoing challenges of the wider operating environment.

The Direction on the Rent Standard 2019 required the Regulator of Social Housing to set a rent standard for social housing which came into effect from 2020, which would have been CPI +1% from the preceding September rate, this equates to 2.7% and is the recommended rent increase for the year. This rate is to also apply to those in Shared Ownership.

A 5% increase in garage rents is proposed which is in line with the wider Council policy on fees and charges.

The report includes overall details of the proposed investment programme for the properties that are managed within the HRA, additional details of this work are set out within the Capital and Investment Strategy which is to be considered separately on this agenda.

The HRA annual budget and HRA business plan assumes that any surpluses on the HRA are used to invest in redevelopment, upgrading of the existing stock, invest in new build affordable housing to be retained and rented by the Council within the HRA and the repayment of debt taken on under HRA self-financing.

The 30-year business plan, presented to committee as part of the budget papers in January 2025 shows that there are sufficient resources within the HRA to carry out the Council's investment plans as well as repay the debt over the 30-year business plan period and still leave a healthy reserve balance at the end of the 30 years for further investment not yet identified. There are further expected investment needs that are to be fully developed to meet carbon targets and expected legislative and regulatory changes, and work on these continues and they are not currently fully reflected within the current plan, but they will be considered in future reviews.

2. Recommendation to Committee

The committee is asked to comment on the proposals set out and provide any feedback for consideration by the Executive.

Draft Recommendation to Executive

The Executive is asked to recommend the following to Council (at its Budget Meeting on 5 February 2025):

That the Council approves:

2.1. the proposed HRA revenue budget for 2025/26, as set out in **Appendix 1** to this report.

2.2. That a rent increase of 2.7%, be implemented.

2.3. That the fees and charges for HRA services for 2025/26, as set out in **Appendix 2** to this report, be approved.

2.4. That a 5% increase be applied to garage rents which is in line with the wider Council policy on fees and charges.

3. Reason(s) for Recommendation:

3.1. To enable the Council to set the rent charges for HRA property and associated fees and charges, along with authorising the necessary expenditure to implement a budget, this is consistent with the objectives outlined in the HRA Business Plan

4. Exemption from publication

4.1. No

5. Purpose of Report

5.1. This report provides a position statement on the 2025/26 draft budget and makes recommendations to the Council on the Housing Revenue Account (HRA) revenue budget. Details of the HRA capital programme are set out within the Capital and Investment Strategy, which is to be considered separately on this agenda.

6. Strategic Priorities

6.1. The HRA Budget reflects the Council's priority, as set out within the Corporate Strategy 2024-2034 A Greener, Fairer, Thriving Guildford, for **decent and affordable homes** - we will use the powers and means available to us to ensure that local people have access to decent homes that they can afford.

7. Background

7.1. The ongoing regime of self-financing arrangements introduced in 2012, empowers the Council to optimise its resources in management of its social housing services. The Housing Revenue Account Business Plan sets the framework upon which the revenue budget and proposed Housing Investment Programme are prepared.

Budget and Business Plan Priorities

7.2. The budget and Business Plan have been prepared having consideration to the five themes of the 2024-2034 Corporate Strategy:

- A more sustainable borough – We're committed to becoming a more socially and environmentally responsible borough,
- A more prosperous borough – We'll ensure that Guildford borough is a place where business can thrive, and everyone gains from it,
- A more inclusive borough – We aim to make Guildford a place where everyone feels welcome and appreciated,
- Decent and affordable homes – We'll ensure that local people have access to decent homes that they can afford.
- A resilient and well-managed council - We're committed to public service. We exist to serve our residents, businesses, and visitors. We will ensure the services we provide are relevant, innovative, and accessible.

The HRA Business Plan

7.3. The objective of the Business Plan is to optimise HRA resources to ensure quality, suitable accommodation for residents, stock growth and to transfer surpluses to the various reserves for future investment in pursuance of its business. It is not limited to management of the housing stock, but also wider issues such as community development and improving the environment.

7.4. The Business Plan not only concentrates on the financial related strategy and objectives, but also the service priorities of the Council's Landlord function to its tenants and leaseholders. The longer-term perspective is crucial to ensure that the service and its primary assets, the housing stock, are fit for purpose for the whole period of the plan and beyond.

7.5. The Plan is based on stock condition data and the regulatory framework in which the council operates as a social landlord. It also considers the Regulator of Social Housing Consumer Standards which sets out key areas of service and involvement that every social housing tenant should expect.

7.6. The proposed changes will strengthen existing services and will support the Council in improving the safety and quality of our homes, improve local communities and to create increased opportunities for residents to become involved. It also looks to enhance the communal areas, open and green spaces within the estate.

7.7. The Council has declared a Climate Emergency, and it is essential that we continue to develop and improve our housing and services to meet the targets that the Council has set, and this budget builds on existing work by increasing investment to increase energy efficiency whilst also looking to reduce carbon emissions.

Potential pressures

7.8. Nationally since the self-financing arrangements were established the economic and fiscal environment has been favourable to the HRA. This has however changed dramatically with the combined impact of the Pandemic, the war in Ukraine, increases in energy costs, increasing safety requirements, the current cost of living crisis, the increased levels of inflation, coupled with increased inflation rates. Together these and other factors have created unprecedented pressures, risks, and uncertainty that impact upon the Councils ability to undertake medium term financial planning, particularly when the planning horizon for the HRA Business Plan is 30 years.

7.9. These factors combined with the Councils continued aspirations for its housing stock and its management have been taken into consideration when setting the HRA Budget 2025/26 and the HRA Business Plan.

7.10. The council operates as a social landlord with clear obligations and duties. This means that many of our residents are supported by other agencies and organisations. As a result of these wider pressures on social and healthcare services mean that residents are experiencing challenges in accessing services, and some provision has become difficult to access. As a result, the complexity and cost of managing tenancies and providing services is seeing continued pressure as we are forced to deal with situations we are less well equipped to manage.

7.11. The economic situation continues to have an impact and despite government support, there is an increased demand for social housing, which puts pressure on our limited resources and time in responding to this new demand.

7.12. Following the tragic events at Grenfell, the Government has rightly continued to focus on the health and safety of residents and has introduced new legislation and guidance in a range of areas. To ensure compliance with new legislation and guidance the Council is undertaking its widest ranging programme of works to improve the health and safety of residents that will exceed current statutory requirements. To achieve this will require a continued investment in the capital programme for major works to the existing stock, with work covering fire safety and precautions delivered in partnership with Surrey Fire and Rescue.

7.13. The funding framework available to meet the cost of supported housing remains fragile. In 2025/26 we are expecting to receive just £102,751 in Supporting People Grant funding.

7.14. The Councils duties to provide support and assistance with housing to residents is resulting in an ongoing rise in the number of households at risk. Many of those at greatest risk, not only have housing issues but also have a range of complex needs. Together they are placing greater demands on the Housing Service that in turn flows through to the teams managing our properties and their residents.

7.15. The wider social housing sector continues to become increasingly commercial. Some housing associations are focusing on minimising risk by being selective as to who they house, and they are also moving to rents that are higher than those charged by the Council despite their large portfolio of properties. The Council is fortunate to have retained its stock, which gives us greater flexibility in helping those in housing need. It does, however, create a cost pressure.

7.16. Shared ownership properties enable residents to join the home ownership ladder, but for some the reality is that they are unable to staircase (acquire further equity shares) or move to a larger property as their household grows. Increasing the provision in our shared ownership is currently still part of the Council's plans. In such cases, shared ownership in most cases will contribute to the overall viability of large developments and does assist many households in meeting their housing need.

7.17. The estimates, consistent with the Business Plan, continue to attach a lower priority to the repayment of debt principal inherited as part of the self-financing HRA settlement, reflecting the Council's determination to provide new additional affordable homes and increase the investment in housing stock.

7.18. The last few years have presented unique challenges for managing our housing stock and as a result we have been unable to undertake all the work that we would have expected to the homes we manage. This budget continues with the work started last year to help redress that issue.

8. 2025/26 revenue and capital programme budget

8.1. The 2025/26 budgets have been prepared having regard to the recent policy announcements and the impact they might have. At the same time, we are conscious of various cost pressures along with the implications of our debt financing profile.

8.2. The Capital and Investment Strategy sets out the approved and provisional HRA capital programme along with a financing strategy (HRA Resources). The programme reflects the latest information we have on the condition of the stock and the developing asset management framework for our housing stock.

8.3. In preparing the HRA revenue budget, officers continue strategies undertaken in previous years to ensure we provide value for money for our residents. In particular:

- We will continue to evaluate all staff posts that fall vacant to determine whether it is appropriate to recruit to the role or whether an alternative approach could be considered,
- Increasing use of IT, remote working, and virtual meetings continues where appropriate, and are delivering benefits for the service,
- The Allpay system and mobile payment App has been useful, particularly with remote working, in our drive for rent collection,
- Rent collection analytics technology has helped colleagues focus and manage rent collection,
- Introduction of modern technologies such as Salesforce and the Choice Based lettings system as part of our Future Guildford Programme continues to deliver service efficiencies and benefits to tenants,
- As part of the ICT and Digital change programme for the Council, officers will look to upgrade or replace systems that deal with housing and asset management over the medium-term period.
- A new procurement activity aligned with the new procurement legislation will bring additional VfM.

Budget assumptions

8.4. The total HRA debt stands at £167 million which is due to Central Government imposing the self-financing settlement in April 2012. It is projected that the interest charge for 2025/26 will be £5.59 million. Provision is included in the budget for the repayment of debt from 2025/26 in line with the overall HRA business plan strategy.

8.5. The revenue budget for 2025/26 is predicated around several key assumptions. The most important of which are set out in the table below. The current void rate of 5.3% will be for this year only. We are working hard to reduce this to bring back in line with the sector average.

Item	Assumption
Opening stock - Units of Accommodation	5,243
HRA external borrowing	£167 million
September CPI %	1.7%
Recommended Rent increase CPI + 1%	2.7%
Actual Rent Increase + 1%	2.7%
Garage income increase	5.0%
Bad debt provision 2025-26 2%	£188,435
Void / empty homes rate	5.3%
Service charge increases	Linked to contractual arrangement with suppliers
Housing units lost through Right to Buy (RTB)	15 per annum
Retained receipts	Held in reserves
HRA ring fence	Policy of strong ring fence continues
Debt repayment	No provision made for the repayment of debt
Operating balance	£3.9 million

8.6. The proposed budget set out in Appendix 1 is based on a 52-week rent year.

8.7. Rents will increase by 2.7%, which is in line with the government guidance in 2024/25.

Summary of Revenue Account Budget 2025/26

8.8. The table below summarises the proposed 2025/26 revenue budget, which reflects our current Treasury Management Strategy – in effect an interest only mortgage rather than a repayment mortgage. The timing of debt repayment will be a treasury management decision aligned to the overarching objectives of the HRA Business Plan.

Gross Expenditure alternatively analysed as:	**£’000**	
Direct cost of managing and maintaining the stock	24,286	54%
Transfer to reserves (surplus)	6,742	15%
Depreciation	6,730	15%
Interest payable	5,591	12%
Other	1,933	4%
Total expenditure	**45,281**	**100%**
Received from:	**£’000**	
Council house rents	(35,627)	80%
Recharges	(5,468)	12%
Fees, charges, and miscellaneous income	(1,700)	4%
Other rent income	(1,503)	3%
Interest Received	(793)	2%
Other Grants and Reimbursements	(190)	0%
Total income	**(45,281)**	**100%**

8.9. Based on the assumptions as contained in paragraph 8.5 and as summarised in the table above it is estimated that the HRA will have an operating surplus of £6.742 million for 2025/26 which is reflected in the tables above by the proposed transfer to reserves. The reserves will be used to fund the capital programme for major repairs and investment in existing stock as well as the development of new build housing.

8.10. Spend on managing and maintaining the stock equates to 54% of the expenditure incurred in the HRA, 15% depreciation which is put aside for future works to properties and 12% for interest costs.

Expenditure

8.11. Expenditure details are set out within Appendix 1, but additional information and background is set out below.

8.12. **General Management**: Budgeted expenditure on delivering continuing HRA services has increased on the previous year's budget, reflecting growth in services in response to changes in the regulatory and legal framework. Several key areas and initiatives have been identified such as:

- Increased support for vulnerable tenants to help maintain their tenancies and to co-ordinate the service's safeguarding role for those households at risk,
- Increased support to work with tenants and partners in dealing with and preventing increasingly complex anti-social and criminal behaviour,
- Increased support for the number of households who continue to move to Universal Credit and to support tenants to avoid rent arrears whilst increasing rent collection, including Discretionary Housing Benefit top up,
- Broaden opportunities for resident engagement and involvement,
- Increase in capacity to ensure compliance with evolving regulatory and compliance framework,
- Improving choices, information, and communication with residents, with enhanced contact handling, monitoring, and feedback,

- Expanded building safety and compliance roles to meet current and planned legislative and regulatory changes,
- Improve estate management with improvements to landscaping, paved and communal areas,
- Increase in capacity to deliver both additional housing and the redevelopment of existing properties.

8.13. **Repairs and maintenance:** This budget covers a wide range of work including minor adaptations, day to day repairs across all housing types along with cyclical works.

8.14. **Interest payable:** The whole portfolio is at a fixed rate from the Public Works Loan Board, with varying maturity dates. The table below sets out our current loan portfolio and broad maturity dates.

Maturity period	Principal amount	Proportion
Less than 10 years	£110,000,000	66%
10-15 years	£25,000,000	15%
15-20 years	£32,435,000	19%
Total	**£167,435,000**	**100%**

8.15. **Depreciation:** To safeguard future rental streams, we need to ensure our properties and assets are adequately maintained. This will involve the replacement of ageing components at the appropriate time. To do so, it is important that we set aside adequate funds each year to meet future liabilities.

8.16. The depreciation charge is one of the key mechanisms we use to do this. The proposed 2025/26 charge represents, in officers' view, a realistic amount having regard to the outcome of the stock condition survey. A charge of £6.7 million is considered both appropriate and affordable.

Income

8.17. The Secretary of State made a Direction on 25 February 2019 under powers set out within section 197 of the Housing and Regeneration Act 2008 which required the regulator of Social Housing to set a new Rent Standard for social housing including that owned and managed by local authorities with effect from 1 April 2020.

8.18. This framework meant that as a landlord the Council would be able to increase rents by CPI +1% and the Business Plan was developed having reference to this. The increase for 2025/26 is therefore 2.7%.

8.19. For those in shared ownership the is the Council is proposing to increase by 2.7% in line with the general needs rent.

8.20. Currently just over 60% of Council tenants are in receipt of either Housing Benefit or Universal Credit the majority will have their rent covered in full by these benefits, whilst just under 40% may have had their income assessed and will not be eligible for any assistance as their income will have been considered sufficient to be able to meet their housing costs. For those eligible the proposed increase will have the additional cost covered by their benefits.

8.21. Approximately 92% of tenants are on social rents and the average expected change to their weekly rent on average will be £3.61. Based on the proposed 2.7% rent increase this will give a billing dwelling income £35.62 million for the coming year.

8.22. Arrears levels for Council housing are low with about 1% in arrears which is well below levels in most social housing. This would indicate that for most households their rents remain affordable. Most arrears cases are associated with households who have moved to Universal Credit, and they make up more than 65% of arrears although again in most instances these arrears are at low levels of arrears with just thirty-four accounts with arrears in excess of £2,000.

8.23. A provision for bad debt charge of £188,435 is included in the estimates. This charge will remain under review, but it is considered appropriate - it represents 0.5% of the annual tenanted income.

Right to Buy

8.24. RTB activity increased during 2024/25 due to Government announcement of reduced discount rates for RTB properties in November 2024. The Council has in place a formal agreement with the Government regarding the use of the capital receipts arising from the sale of Right to Buy properties.

8.25. The table below outlines activity as of December 2024:

Activity	Number
Properties sold since 1 April 2024	2
Applications being processed	50

8.26. Under the agreement receipts will be accounted for annually rather than quarterly and the Council is able to fund up to 100% of additional social housing from the receipts for 2024/25 and 2025/26. The time limit for using the funds is now 5 years. However, going forward a limit has been introduced for buying existing properties on the open market and this is being phased in over a 3-year period. Our current development plan fully commits the one-for-one retained receipts we have accumulated to date. The ambition remains to utilise the receipts we are anticipating in future years.

8.27. On current levels of activity, we project a loss of units to be in the region of five units per year. Our new build and property acquisition programme is helping mitigate the impact of the ongoing right-to-buy programme, but it is unfortunate there are, to date no proposals to amend the scheme to prevent the ongoing loss of much needed social housing in the area. The announcement by Central Government in November 2024 to reduce discounts for RTB properties is expected to have an impact on the number of RTB sales going forward and this is reflected in the ongoing assumptions.

8.28. RTB Sales has three negative impacts. It:

- reduces the number of affordable homes,
- removes the long-term positive contribution each property makes to our operating costs,
- increases the unit costs of managing and maintaining properties. Invariably tenants buy the better properties.

HRA capital programme and reserves

8.29. Full details of the Capital Programme are set out within the Council's Capital and Investment Strategy which is to be considered separately on this agenda. We will be developing a new Asset Management Strategy for housing during 2025/26 which will inform future capital investment decisions in the stock. This strategy and the Business Plan are based around four strands which are:

- replacing ageing components such as roofs and kitchens,
- improving and enhancing existing properties – for example, installing double glazing,
- stock rationalisation – Replace or redeveloping properties,
- expansion – the provision of new additional affordable homes.

8.30. Key issues that have been considered as part of the overall development of the budget have included changing wider economic position, continuing to work through the suspension of capital programmes etc. To continue to meet targets for these planned programmes we continue with the catch-up work which was started in the last financial year to ensure we remain on track with maintaining existing homes.

8.31. In addition to these areas and with additional background and detail being provided within the Capital and Investment Strategy we continue to invest in properties to ensuring the safety of residents and this approach is now being influenced by the new and developing fire and building safety legislation, guidance, and good practice.

8.32. The Council has developed its approach to ensure ongoing compliance with the changing requirements and relevant standards and all Fire

Risk Assessments have been reviewed and the new work plan that has resulted from this will continue to be delivered through this programme. The risk assessments reflect both changing legislation and good practice that has developed and continues to develop over the last few years.

8.33. This investment represents the Councils continued commitment to ensure that the homes that the Council manages meet not only the legislative requirements but also reflect good practice in ensuring the health and safety of residents.

8.34. The Council continues with its programme of delivering additional affordable homes with full details of the proposed programme again set out within the Capital and Investment Strategy.

8.35. Our investment in improving the energy efficiency of properties continues with new heating systems, low energy lighting, insulation and new door and windows. Whilst provision has been included to improve the energy efficiency modern technology continues to be developed, in many instances the cost of this technology remains high although it is reducing.

8.36. To reduce carbon emissions and improve energy efficiency work is underway to develop a programme of work that will allow the Council to move towards to meeting its targets in coming years but also having consideration to expected predicted cost and the availability of suitable technology. Once completed this work will then be integrated into the future HRA Business Plan. This is however a complex and challenging area, and there is no one size fits all, national research by the Building Research Establishment estimates that it will cost between £3,000 and £70,000 to make each property zero carbon, with an average of more than £20,000 needed for each property. Whilst some provision has been made within the plan the way in which targets will be meet and the cost of this work has yet to be established. In addition to which there is a need to consider the impact of such a wide-ranging plan on residents.

8.37. The funding sources that will enable us to deliver the expanded capital programme are as follows:

- HRA rental stream,
- Capital receipts generated from the disposal of HRA assets including land and right to buy sales,
- HRA reserves,
- HRA borrowing.

8.38. The HRA has built up significant revenue reserves and, on 31 March 2025, are estimated to be in the region of £88 million. These can be used for specific HRA related purposes. It is proposed that these reserves are set aside to support the major repairs and improvements and new build programme as set out within the Capital and Investment Strategy and in anticipation of future requirements. The HRA also has usable capital receipts, generated from the sale of HRA land and housing assets.

8.39. The table below shows the available reserves that can support the HRA Business Plan. The contribution into the reserve for future capital programmes is maintained.

Year ended	Future capital	Major repairs	New build	Total reserves	Capital receipts	141	Debt	Total capital receipts	Total resources
2022/23	32,609	6,427	66,068	**105,104**	(0)	6,183	5,859	**12,041**	**117,145**
2023/24	18,180	(0)	64,714	**82,894**	301	8,009	6,548	**14,857**	**97,751**
2024/25	15,861	(0)	72,274	**88,134**	312	9,509	7,400	**17,221**	**105,355**
2025/26	22,127	(0)	65,156	**87,282**	324	6,997	8,122	**15,444**	**102,726**

8.40. The business plan is most sensitive to the following assumptions:

- income trends
- legislative changes
- inflation rates
- cost of debt
- capital investment.
- right-to-buy sales.

8.41. The current development programme can be financed, and debt repaid over the course of the 30-year Business Plan. At the end of the

30-year period the plan shows there will still be substantial reserves available for further investment and to support the Councils net zero target and new build on plans which have yet to be developed. The ability to identify further plans will be reliant on the availability of land to be released for such purposes under the provisions of the Local Plan. We will continue to evaluate all potential funding sources for our HRA development programme on a scheme-by-scheme basis.

8.42. Right to buy receipts are being applied to current and proposed new build schemes to minimise the risk of repayment of such receipts. This will enable the retention of future one-for-one receipts, with a reduced risk of repayment, pending the identification of new sites.

8.43. A combination of usable one-for-one receipts, and the new build reserve will be used to fund several schemes on the approved capital programme. Where appropriate, investment will be supplemented by appropriate borrowing.

8.44. **Development Projects:** An update of our current development projects shall be provided during the year.

8.45. **Existing housing stock:** Based on an analysis of our stock condition data, as outlined above and within the Capital and Investment Strategy the budget reflects the proposed investment programme.

Robustness of the Budget and Adequacy of Reserves

8.46. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget and adequacy of the proposed financial reserves.

8.47. Paragraph 7.2 above details the assumptions used in the preparation of the 2025/26 budget.

8.48. Staffing costs have been included based on the Full Time Equivalents (FTEs) included in the approved establishment of 139.5.

8.49. Throughout the budget process, the Corporate Management Board, the Leader, and relevant lead councillors have been involved in what is a deliverable budget.

8.50. A prudent assessment of income has been made and only income that has a high level of certainty of being received is included within the budget. The 2025/26 budget includes a bad debt provision of £188,435. This provision reflects the economic climate and continuing welfare reform changes. The level of operating balance has increase to at £3.9 million.

8.51. Service level risk assessments have been undertaken for both existing major areas of the budget and mitigating actions have been taken and monitored over the year.

8.52. The overarching HRA business plan reflects the changing financial environment in which it needs to operate and to ensure the business plan remains fit for purpose. The HRA will continue to need to balance tenants' needs and expectations in the context of its financial situation.

8.53. The housing related reserves are adequately funded and are projected to be around £88 million as at March 2025. The HRA reserves shall be engaged on value adding expenditure to maintain earnings growth and business stability.

9. Consultations

9.1. The Council remains committed to working cooperatively with Council tenants and leaseholders to shape, strengthen and improve council housing services and sets out a range of options to enable housing customers to be involved.

9.2. All tenants will be notified of changes to their rent and service charges in February/March 2025.

10. Key Risks

10.1. These have been detailed above throughout the report.

11. Financial Implications

11.1. These have been detailed above throughout the report.

12. Legal Implications

12.1. The HRA is a separate account that all local authorities with housing stock are required to maintain. This account contains all transactions relating to local authority owned housing. The Local Government and Housing Act 1989 prohibits the Council operating its HRA at a deficit. The proposed balanced budget meets this obligation.

12.2. Notices of any increase in rent must be sent to tenants 28 days in advance of the new charges coming into effect.

13. Human Resource Implications

13.1. The decision to review vacant posts is outlined within the report and where appropriate additional roles are set out within the report and all relevant decisions and actions will be undertaken in line with the appropriate Council HR policies and procedures.

14. Equality and Diversity Implications

14.1. None

15. Climate Change/Sustainability Implications

15.1. Whilst there are no direct implications because of this report, the expenditure on both the revenue and capital programmes could have implications.

16. Summary of Options

16.1 Government guidance is to increase rents by CPI+1% which equates to 2.7% for 2025/26. Officers are proposing to increase rents by this maximum allowed amount. Any reaction would impact the amount that can be invested in the stock in future.

16.2 Garage rents are assumed to increase in line with the rest of the Council's fees and charges at 5%.

17. Conclusion

17.1 The HRA is expected to make a smaller surplus than in previous years, but still healthy, at £2.8 million for 2025/26 to continue to invest in the existing and new stock in future years, considering a rent increase of 2.7% (CPI+1%) and 5% on garages.

18. Appendices

Appendix 1: HRA Budget Summary

Appendix 2: Fees and Charges for 2025/26

Appendix 3: HRA Business Plan

Please ensure the following service areas have signed off your report. Please complete this box and do not delete.

a) **Service**	b) **Sign off date**
c) Finance / S.151 Officer	d)
e) Legal / Governance	f)
g) HR	h)
i) Equalities	j)
k) Lead Councillor	l)
m) CMB	n)
o) Executive Liaison/briefing	p)
q) Committee Services	r)