

Title of Report	Housing Revenue Account Budget 2026/27 including Tenants Rents and Service Charges		
Key Decision No	F S531		
For Consideration By	Cabinet		
Meeting Date	26 January 2026		
Cabinet Member	Cllr Guy Nicholson, Deputy Mayor and Cabinet Member for Housing Management and Regeneration		
Classification	Open		
Ward(s) Affected	All		
Key Decision & Reason	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 30%; text-align: center;">Yes</td> <td>Significant in terms of its effects on communities living or working in an area comprising two or more wards</td> </tr> </table>	Yes	Significant in terms of its effects on communities living or working in an area comprising two or more wards
Yes	Significant in terms of its effects on communities living or working in an area comprising two or more wards		
Implementation Date if Not Called In	2 February 2026		
Group Director	Naeem Ahmed Group Director, Finance and Resources		
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1. CABINET MEMBER'S INTRODUCTION

- 1.1. This report recommends a budget for the Housing Revenue Account (HRA) and rents for our Council Homes for 2026/27. The budget proposals have been developed against a backdrop of continuing financial challenges for the Council and Hackney residents.
- 1.2. Amid the country's ongoing housing crisis, social housing serves as a crucial resource, providing people with affordable and stable homes. Our 21,000 council homes play a key role in supporting residents, and it is vital that these homes are well managed, maintained, and have the long-term capacity for investment to expand the available housing stock.
- 1.3. Like many councils and housing associations across the country, we face significant financial pressures due to policy decisions from the previous Government. These pressures include reduced income and rising costs associated with managing our homes, investing in building safety and decarbonisation. At the same time, we are committed to building new council homes and investing in estate regeneration to support our communities.
- 1.4. All financial matters related to our council housing are managed within the Housing Revenue Account, and the Business Plan outlines our assumptions about external factors and how we plan to invest in managing, maintaining, and upgrading our homes to ensure they remain high-quality, efficient, and safe.
- 1.5. We remain dedicated to improving and increasing the number of homes available. We urge the Government to unlock funding streams, provide policy certainty, and collaborate with Hackney and other councils to address the housing crisis collectively.
- 1.6. I continue to be mindful of the wider cost of living pressures and the impact this will have on our tenants ability to pay their rent and service charges. I recognise that it is ever more important that we continue to invest in our tenant sustainability services to provide and signpost to support where it is needed in a timely manner to prevent arrears positions escalating. This investment in tenant sustainability complements the work of the Council's support team, which continues to work proactively to maximise benefit take up as well as provide access to financial support from the discretionary crisis support scheme, the council tax reduction discretionary fund and through discretionary housing support.
- 1.7. The proposals in this budget also ensure that we are able to invest £49.5m in our housing assets. The capital programme, which has been developed with due regard to the Asset Management Strategy, will ensure that we continue to maintain our council homes, invest in essential fire safety works and deliver two net zero pilots on our estates which will contribute to the Council's climate change ambitions.
- 1.8. I commend this report to Cabinet.

2. GROUP DIRECTOR'S INTRODUCTION

- 2.1. Over the past year, local authority Housing Revenue Accounts (HRAs) have continued to face significant financial pressures nationally. Many councils are experiencing considerable difficulties, with projections indicating a reliance on reserves to balance budgets for the upcoming financial years. This strain is exacerbated by sharply increasing capital investment costs and rising day-to-day repair expenses, driven by demand for hazard mitigation under Awaab's Law and broader inflationary trends.
- 2.2. Rent policy changes have played a crucial role in shaping HRA resources. Following a 7% rent cap for 2023-24, the policy returned to CPI plus 1% for 2024/25 and 2025/26. A recent consultation on HRA rent policy convergence concluded, with outcomes anticipated during January 2026. Looking ahead, from 2026/27, social housing rents are permitted to increase by CPI + 1% annually for ten years, which is intended to provide long-term investment stability for Registered Providers, lenders, and investors.
- 2.3. In this budget we are proposing a rent increase of 4.8% from 6th April 2026, in line with the Government's policy of increasing council housing rents by CPI + 1% for ten years. This increase is needed to fund the inflation levels we have experienced over the past year in order to deliver our operational requirements and strategic priorities, from repairs and maintenance to building safety and decarbonisation.
- 2.4. Despite the recommended rent increase our rents remain among the lowest in London and it means that we can continue to deliver the services our tenants need over the next year, to invest in our homes, and continue our drive to tackle issues like damp and mould. Our average rent for 2026/27, £135.37 per week, compares very favourably with the rents charged in the borough by Housing Associations, which average £158.87 per week this year and those charged by the private sector currently averaging £664.85 per week.
- 2.5. In response to regulatory scrutiny, the Council self-referred to the Regulator of Social Housing (RSH) in June 2024 for non-compliance with the new Safety & Quality Tenant Satisfaction Measure, resulting in a 'C3' grading. This indicates serious failings in delivering consumer standards and a need for significant improvement. The Housing Ombudsman Service (HOS) also launched a special investigation into the Council's repairs delivery and complaints handling processes, publishing its final report in May 2025. The Council has accepted the HOS recommendations, integrating them into an updated Housing Improvement Plan. This plan includes workstreams for health and safety compliance, repairs, learning from complaints, knowledge and information management, oversight, workforce development, policy and procedure. The implementation of these recommendations is monitored by the HOS with quarterly advisory reports submitted to Cabinet and the Living in Hackney Scrutiny Commission with further challenge and oversight from the Housing Advisory Panel and the HRA Finance Improvement Board.
- 2.6. As part of this budget we are including savings of £3.220m (previously agreed by July and September Cabinet) in order to protect our core housing services,

continue to invest in our responsive repairs service, invest in the maintenance of our homes and ensure the financial sustainability of the HRA. We have focused our savings plans so that we are protecting our core services and protecting the services residents identified as their spending priorities.

- 2.7. Furthermore, new regulatory requirements related to energy efficiency, damp and mold works, and expected updates to the Decent Homes Standard and Awaab's Law are adding to the financial burden. High inflation continues to cause expenditure to outpace income, while elevated interest rates negatively affect the viability of new housing supply schemes.
- 2.8. This report sets out the current HRA position after updating and reviewing the 30-Year HRA Business Plan for 2025/26 onwards. The 30-Year Business Plan is a statutory requirement, and the HRA needs to demonstrate that it is financially viable whilst continuing to deliver the Council's housing priorities.
- 2.9. The report outlines the financial plan for the HRA based on assumed rent changes, service budget requirements and other variables, also highlighting decisions made in relation to HRA reserve levels designed to improve the resilience of the HRA. Acceptance of the proposed financial strategy and approach to risk management adopted by the Business Plan will help the Council to deliver its strategic housing objectives in a manner that is sustainable and keeps the HRA on a secure financial footing.

3. RECOMMENDATIONS

Cabinet is recommended to:

- 3.1. To approve the HRA budget proposals as set out in paragraphs 5.12. to 5.38.**
- 3.2. To approve the increase in rent of 4.8% in line with the Social Housing Regulator's rent ceiling and agree that rents will increase on average by £6.50 a week from £128.87 to £135.37 per week with effect from Monday 6th April 2025.**
- 3.3. To approve the increase in HRA Fees and Charges as set out in Appendix 3.**
- 3.4. To approve the increase in tenant service charges as set out in paragraph 5.20; and the service charges for the Concierge service as set out in paragraph 5.21.**
- 3.5. To approve the increase in Travellers charges at 4.8% as set out in paragraph 5.26.**
- 3.6. To approve the increase in Shared Ownership rent at 4.8% as set out in paragraph 5.27.**
- 3.7. To delegate to the Group Director, Finance and Resources the setting of communal heating charges to reflect the unit costs of utilities.**

3.8. To agree the Housing Capital Programme budget as set out in Appendix 2 to be included in the overall Council Capital budget for approval as part of the Council Budget and Council Tax Setting Report to Council in March 2026.

4. REASON(S) FOR DECISION

4.1. Section 76 of the Local Government and Housing Act 1989 requires Local Authorities with a Housing Revenue Account (HRA) to set a budget for the account that avoids a deficit, whilst using robust and valid assumptions. Furthermore, there is a statutory requirement for the Council to prepare a 30 Year Business Plan for the HRA on an annual basis. The purpose of this exercise is to keep the long-term financial viability of the HRA under regular review.

4.3. The report also provides the approval needed to set HRA tenant rents and other charges for the financial year 2026/27. The Council is required by law to give tenants at least 28 days' notice of any variation to the rent charged.

5. BACKGROUND

5.1. The HRA covers all income and expenditure relating to the portfolio of housing stock owned by the Council. It is required by the Local Government and Housing Act 1989 to be ring-fenced from the Council's General Fund. The legislation specifies that only expenditure relating to the Council's landlord role can be charged to the HRA and, by extension, funded by the rents charged to tenants. The Council has a legal duty to ensure that the account remains solvent and to prepare a long-term business plan annually that keeps this under regular review.

5.2. Preparing the 30-Year HRA Business Plan involves a long-term assessment of the funding needed to deliver landlord duties alongside wider strategic housing objectives. This involves detailed modelling of operating resource requirements, capital investment plans and external funding streams against wider environmental factors such as macroeconomic assumptions and potential legislative changes.

5.3. The 2026/27 budget, based on the 30-Year HRA Business Plan, includes forecasts for essential expenditure, maintenance, and investment. The plan's assumptions about income, rent increases, inflation, and interest rates are crucial, as changes could impact the HRA's long-term viability and potentially lead to a deficit. Therefore, continuous review and updates of key assumptions and risks are essential.

5.4. The HRA continues to face significant financial pressure in the immediate and longer term. These pressures arise from a range of factors including an historic underinvestment, increased consumer and regulatory standards, general inflation, restricted rent increases, net zero expectations, disrepair claims, complaint resolution, high void and decant costs and other issues. This situation is not unique to Hackney, with similar cost pressures being seen amongst other housing providers and stock holding local authorities.

5.5. As members will be aware, the 2024/25 HRA budget outturn far exceeded the planned budget. This necessitated the contribution from HRA earmarked revenue reserves. Improved budget management, monitoring and controls mean that the 2025/26 forecast outturn is forecast to be less than the 2024/25 outturn but still

exceeds the allocated budget. This represents an improvement on the previous year and reflects improvements in financial planning and management of the HRA.

STRATEGIC POLICY CONTEXT

- 5.6. The 30-Year Business Plan is a statutory requirement, and the HRA needs to demonstrate that it is financially viable whilst continuing to deliver the Council's Housing priorities. The Business Plan considers revenue from all sources, principally tenant rents, tenants' service charges and leaseholder service charges, set against anticipated expenditure on stock (revenue and capital), staffing and all other running costs (including recharges from the General Fund).
- 5.7. The Business Plan sets out how the Council will manage the range of services delivered under the HRA, using the income raised locally through council rents and other sources of HRA income for revenue and capital purposes. Rent is the fundamental income stream for the HRA. The new Government announced a long-term plan for housing, including a new 10-year settlement for social housing rents to be introduced from April 2026. This aims to provide long-term certainty for social housing providers, giving the sector the confidence to build tens of thousands of new social homes. This social housing rent settlement will continue until April 2037, with annual rent increases capped at Consumer Price Index (CPI) plus 1% each year. In addition the government consulted on how to implement a convergence measure for social housing rents. The final decision on implementation will be announced in January 2026 after considering the benefits to housing supply and quality, and the impact on rent payers and affordability. Additionally, a new £39 billion Social and Affordable Homes Programme has been announced, with an ambition to deliver around 300,000 social and affordable homes, with at least 60% for social rent.
- 5.8. While the financial landscape for council housing presents significant challenges, Hackney is proactively managing its Housing Revenue Account (HRA) to maintain financial sustainability. By navigating the cumulative effects of national policy shifts and broader economic trends, the Council remains committed to ensuring the long-term viability of our housing services. The future of council housing finances continues to hang in the balance with rising costs and increasing pressures pushing budgets to the brink. Hackney's HRA is facing the same pressures due to the cumulative impact of historic and proposed Government policies and wider economic factors on the viability of council HRA's.
- 5.9. There is the risk of HRAs going into deficit or failure to meet statutory repair obligations, including the newly proposed Awaab's Law which will require landlords to fix reported hazards, such as mould and damp, within specified timescales. The increase in the amount of capital investment needed for existing council housing also places pressure on already depleted resources: the need to maintain and repair existing homes to bring them into line with current and proposed future requirements, for instance building and fire safety requirements, a new Decent Homes Standard, as well as minimum energy efficiency and net zero carbon requirements. Day-to-day repairs costs are spiralling well above the rate of CPI inflation, as demand increases in light of Awaab's Law and the need to address problems with damp and mould, and cost increases due to labour and supply

chain shortages. Pressures arising from enhanced regulation and proposed requirements for professional qualifications for housing staff.

- 5.10. Over the past year, local authority Housing Revenue Accounts (HRAs) have continued to face significant financial pressures nationally. Many councils are experiencing considerable difficulties, with projections indicating a reliance on reserves to balance budgets for the upcoming financial years. This strain is exacerbated by sharply increasing capital investment costs and rising day-to-day repair expenses, driven by demand for hazard mitigation under Awaab's Law and broader inflationary trends.

HRA FORECAST POSITION FOR 2025/26

- 5.11. The HRA budget is monitored monthly and reported to Cabinet in the Overall Financial Position reports. As at September 2025 the HRA is forecasting an overspend on Operations expenditure of £6.886m, In order to address this overspend and to balance the HRA in year for 2025/26 the following mitigations have been taken and included in the forecast:

- The centrally held funds for the 2025/26 pay award have now been allocated across the HRA to the relevant cost centres:
- The budgeted contribution to reserves of £2.059m in 2025/26 has not been forecast;
- A drawdown from earmarked reserves of £982k has been forecast to partially offset the overspend. This will completely deplete all balances available in earmarked reserves for the HRA.
- With effect from April 2025 the rents charged on HRA Dwellings being used for Temporary Accommodation have been restructured as part of the Council's overall TA rent policy. This will generate additional income for the HRA whilst HRA Dwellings are being used for this purpose. This is not a base budget adjustment and is directly linked to the availability and use of void and regeneration properties for TA purposes. The additional income forecast for 2025/26 is £4.3m.
- A drawdown of £2.043m from general reserves is required to balance the HRA in 2025/26. It is prudent to hold a general HRA reserve of approximately 10% of income (turnover). The level of HRA general reserves is currently set at 8% of turnover but with the removal of the budgeted contribution this level will fall to 6% in 2025/26. The HRA Business Plan sets out how the reserve levels will be built up over the next two financial years with the aim to be at 10% by the end of 2027/28.

Original Budget	Virements	Revised Budget	Service Unit	Actuals to Date	Sept Forecast	Variance from Revised Budget	August Forecast	Change in Forecast since last month
£000's	£000's	£000's		£000's	£000's	£000's	£000's	£000's
1,270	108	1,377	Strategic Director Housing	1,002	1,931	554	1,314	617
(131,812)	807	(131,005)	Operations Director - Tenancy & Home Ownership	(63,277)	(133,175)	(2,170)	(134,540)	1,365
54,011	336	54,347	Operations Director - Property Services	29,444	62,537	8,190	61,660	877
1,375	192	1,568	Housing Transformation	875	1,697	130	1,510	188
476	165	641	REHD	4,084	823	182	817	6
74,680	(1,608)	73,073	Central HRA	(7,923)	66,186	(6,886)	69,239	(3,052)
0	0	0	NET HRA (SURPLUS)/DEFICIT FOR THE YEAR	(35,795)	0	0	0	0

2026/27 HRA BUDGET INCOME

- 5.12. The revenue outlook for the HRA includes an expectation that rents will increase by 4.8% in 2026/27 (as per the existing rent policy) and by 3% in 2026/27 and 2% thereafter across the plan.
- 5.13. Rent assumptions are a critical element of the HRA Business Plan. One of the important points to note about Hackney's plan is that the rent uplifts from 2025/26 have been held at a prudent assumption level in comparison to other social housing providers. The Government has announced a 10 year rent policy that limits uplifts to CPI+1% until 2036/37. The Hackney plan adopts a prudent outlook based on forecast levels of future inflation after this date. This can be considered one of the resilience measures built into the plan and will therefore get the potential benefit of any upside that comes from confirmation of the Government's future rent policy after the consultation concludes.
- 5.14. The Council advocates for supporting tenants where many are facing financial difficulties, however there is also the need to balance inflationary pressures within the HRA to deliver operational requirements and strategic priorities.
- 5.15. The increase in income in 2026/27 arising from the 4.8% rent increase will be £5.3m and this income will be used to invest in the Council's housing stock, and deliver improvements to services. The HRA budget is continuing to invest in tenant sustainability services to support households maintain their tenancies through working in partnership across the Council, with the DWP, advice providers, and other partners to co-design ways to boost benefit take up and income maximisation (involving the Here to Help Service), prevent debt, as well as consolidating approaches to debt collection and preventing evictions. We are committed to working with tenants providing support, income maximisation and debt support.
- 5.16. A 4.8% rent increase will result in an average weekly rent of £135.37, an average increase of £6.50 a week. The Indicative Rents for 2026/27 are set out below.

Beds	Average 2025/26 Rent	Average 2026/27 Rent
0	101.09	105.69
1	114.31	120.63
2	126.09	132.55
3	143.61	151.08
4	168.43	178.19
5	194.56	205.73
6	199.46	210.82
7	224.75	245.69
Average	128.56	135.37

5.17. Rents charged by the Council are 23th in value out of 30 London Boroughs with an HRA putting them in the lowest 7 Council's in London and All HRA Dwellings rents are set as Social Rents. Rents charged by the Council are 7.6% lower by £10.47 on average than the rents charged by RP Providers in the Borough.

5.18. A comparison of the average weekly rent and service charges on a two bedroom property in Hackney is set out below.

Beds	2026/27 Average HRA Rent and SC's	LHA Rate	Market Rent
2	£148.40	£402.74	£664.85

5.19. In Hackney, 71% of tenants are in receipt of full or partial housing benefit or universal credit accounting for just over 60% of the rent debit.

	Households	%
Full Housing Benefit	3,220	15.60%
Part Housing Benefit	1,004	4.86%
Universal Credit claimants	10,386	50.32%
Non HB/UC (full rent)	6,031	29.22%
Total Live Tenancies	20,641	100.00%

5.20. Service charges for tenants are based on a pooled cost approach, where all tenants receiving a service are charged the same amount. The proposed charges will ensure that the income recovered matches the level of expenditure on these services. The proposed service charges for 2026/27 are as follows and are all uplifted by 3.0% to reflect the increase to staffing costs as a result of the pending pay award for 2026/27:

	2026/27 Charge £ week	2025/26 Charge £ week
Grounds Maintenance	2.32	2.25
Block Cleaning	6.59	6.40
Estate Cleaning	2.87	2.79
Landlord Lighting	3.52	3.42
CCTV Monitoring	0.55	0.53

- 5.21. For those blocks with a concierge service, Cabinet approved in January 2018 that increases to charges for the concierge service will include a requirement for the service provider to pay London Living Wage. This year's increase is in line with contract price inflation which is linked to the increases to London Living Wage of 6.9%. There are 823 households across 13 blocks receiving a concierge service and the proposed charges which are the same for all tenants and leaseholders for 2026/27 are as follows:

Block	2026/27 Charge £ Week	2025/26 Charge £ Week
Angrave Court	33.45	31.29
Bryant Court	32.68	30.57
Fellows Court	43.14	40.36
Gooch House	26.97	25.23
Granard House	41.09	38.44
Hugh Gaitskell House - Pathmeads	32.68	30.57
Laburnum Court	33.45	31.29
Regents Court	33.45	31.29
Seaton Point	51.35	48.04
Beckers One	34.24	32.03
Beckers Two	34.24	32.03
Vaine House	41.09	38.44
Welshpool House	31.26	29.24

- 5.22. The energy purchasing consortium that the Council is a member of has a contract year running from April to March and therefore the unit prices for utilities will not be available until February/March and the tariffs for the district heat networks cannot be set until March. We are also undertaking a review of communal heating charges as the cost of providing communal heating is not being fully recovered due to the phasing in the increase in charges over two years to mitigate the impact of the significant increase in gas prices.

- 5.23. Therefore it is recommended to delegate authority to the Group Director, Finance, in consultation with the Deputy Mayor and the Cabinet Member for Housing Management and Regeneration and the Cabinet Member for Finance, Insourcing and Customer Service to approve the 2026/27 charges, calculated in line with the

approved methodology.

- 5.24. Leaseholders' service charges reflect actual costs incurred for their block/estate. So their service charge will be different to that of a neighbour who is a tenant. The increase in income arising from Leaseholder service charges reflects the increase in the number of RTBs over the last year and the sale of private and shared ownership properties on completed regeneration estates. Leaseholders' service charges reflect actual cost incurred for the service to the block/estate and any savings included in the 2026/27 budget that impact on the service to leaseholders will be passed on to leaseholders when calculating the actual service charge after year end.
- 5.25. It is proposed to increase most fees and charges by 5% in line with the Council's overall approach of above inflation increases for setting fees for 2026/27. Some other charges have been benchmarked against a peer group and uplifted accordingly. The proposed fees and charges for 2026/27 are shown in Appendix 3.
- 5.26. Charges for Travellers sites (held in the GF) are set in line with rent policy within the HRA Business Plan, so charges are proposed to be increased by 4.8%. For 2026/27 will equate to an average increase of £7.22 per week.
- 5.27. As set out in the Rent Review schedule of shared ownership leases, shared ownership rents are currently permitted to increase once a year by a maximum of RPI plus 0.5% for existing leases. To ensure that shared ownership rents are increased using a more modern measure of inflation, from 12 October 2023, they instead increase once a year by CPI plus 1% for new shared owners, subject to certain exceptions. This reform brings shared ownership rents into line with the limit that normally applies to annual rent increases in other forms of social housing. Charges are proposed to be increased for all leases by 4.8% in 2026/27 for new leases.

EXPENDITURE

- 5.28. The HRA was required to draw down £7.224m from reserves in order to breakeven for 2024/25. The key area of overspend was housing repairs; this was due to an increase in reactive repairs, increases in material costs and an increase in legal disrepair cases. The current financial position and drawdown of earmarked reserves places the HRA budgets under significant financial pressure and the current level of spend is not sustainable within the HRA MTFs and 30 Year Business Plan. The newly created HRA Finance Improvement Board now oversees and monitors the financial sustainability of the HRA and recommends appropriate action.
- 5.29. Repairs expenditure is one of the largest ongoing costs for local authorities managing social housing under the HRA. Ensuring properties remain safe, habitable, and compliant with legal standards requires a steady flow of funds for both routine and emergency repairs. However, rising costs, ageing housing stock, regulatory demands, and limited income from rents are placing significant pressure on HRA budgets, making it increasingly difficult for local authorities to meet the rising demand for repairs.

- 5.30. The cost of repairs has escalated in recent years, driven primarily by inflation in construction materials and labour shortages, and higher wages. As a result, the cost of even basic repairs, such as fixing leaks, replacing appliances or conducting general maintenance has outpaced the income generated from rents, creating an unsustainable financial situation.
- 5.31. Hackney, like many other local authorities, oversees ageing housing stock, with properties that may be decades or even over a century old. Older homes require more frequent repairs and often face issues such as deteriorating building fabric and higher maintenance frequency. Because of the older housing stock, Hackney is increasingly spending a larger portion of its HRA budget on repairs, leaving less available for other essential services, including capital improvements or new housing development.
- 5.32. Social housing regulation has a significant impact on Hackney, shaping how we manage, maintain, and deliver housing services. Compliance with national standards, such as the Decent Homes Standard, fire safety regulations, and energy efficiency requirements, requires us to allocate substantial resources to ensure our housing stock meets safety and quality benchmarks. Regulations also impose financial constraints, as Hackney must balance the need to meet compliance obligations with limited budgets, often relying on rental income that is capped by rent control policies. Additionally, regulatory oversight from bodies like the Regulator of Social Housing has led to increased scrutiny of management practices, financial health, and tenant satisfaction, influencing how Hackney prioritises repairs, maintenance, and new developments. While regulations are essential for protecting tenants, they can add pressure to already stretched resources and require careful financial planning and strategic asset management.
- 5.33. Hackney Council is implementing an accelerated improvement plan for its Housing Service, focusing on investment in capacity and service quality. Key improvements include reducing repair times, tackling damp and mould, installing a new ICT system for better housing management, speeding up complaint resolution, and investing in workforce development and training. The HRA Finance improvement Board gave an instruction in May 2025 clearly setting out the need to limit spend and only order the 'musts' i.e.the legal requirements. The new instructions set out the need to work within set budgets during 2025/26 as well as reviewing and setting authorisation limits to improve financial controls. Bi-weekly spend review meetings review all works raised via the surveying function and all follow-on works requested by the DLO. This has resulted in a £2.975m reduction in overall repairs expenditure when compared to the 2024/25 outturn.
- 5.34. The plan sets specific targets, such as eliminating day-to-day repair backlogs by December 2025 and the establishment of a Housing Advisory Panel. It also incorporates feedback from the Regulator of Social Housing and the Housing Ombudsman. Regular updates on the plan's progress and impact will be provided to stakeholders, including residents and councillors. The Housing Advisory Panel comprises three independent members from the social housing sector. Its role is to strengthen governance, provide assurance of quality service delivery, and advise the Council on resident influence and participation in decision-making, including the ability to co-opt residents as required.

5.35. The HRA forecast reserve position is set out below:

HRA Reserves	Closing Balance 31st March 2026
	£000s
General Reserve	(12,957)
Earmarked Reserves	0
Total	(12,957)

- 5.36. It is prudent to hold a general HRA reserve of approximately 10% of income (turnover). The level of HRA general reserves is currently at 8% of turnover, the removal of the budgeted contribution in 2025/26 and the forecast use of general reserves to balance the HRA in year will result in the general reserve falling to between 4% and 7% as at 31st March 2026. The HRA Business Plan sets out how the reserve levels will be built up over the next two financial years with the aim to be at 10% by the end of 2027/28.
- 5.37. Housing Repairs continues to pose the biggest risk to the HRA as there are significant forecast changes from the budget driven by reactive repairs and the Repairs Contact Centre. The total repairs budget for 2025/26 was increased significantly to reflect inflationary pressures, investment in damp and mould repairs and increased volume of general repairs. Despite this increase in the budget the forecast overspend on repairs is £9.6m and we have in part reflected this pressure by increasing the budget still further in 2026/27.
- 5.38. The table below demonstrates that the HRA revenue budget will be balanced in 2026/27. This has been achieved, in part, through the identification of £3.3m of budget savings within the revenue budget (none of which creates any tangible reduction in service levels). This ensures a continued commitment to the efficient use of HRA resources.

Housing Revenue Account (HRA)	2026/27 Budget £000s
Income:	
Dwelling Rents	(150,709)
Non-Dwelling Rents	(5,720)
Tenant Charges	(17,279)
Leaseholder Charges for Services and Facilities	(19,528)
Other Charges for Services and Facilities	(8,127)
Total Income	(201,363)
Expenditure:	
Housing Repairs	42,583
Special Services	28,284
Supervision and Management	72,191
Rents, Rates, Taxes and Other Charges	1,774
Contribution to Bad Debt Provision	1,442
Interest Payable	2,700
Depreciation (transfer to MRR)	41,546
Total Expenditure	190,520
Surplus	(10,843)
Contribution to General Reserve	4,897
Revenue Contribution to Capital	5,946
Net Surplus / (Deficit)	0

5.39. The assumptions made in updating the HRA Business Plan are set out in Appendix 1.

SAVINGS PROPOSALS

5.40. The 2026/27 savings plan prioritises initiatives that do not directly impact essential services. A tenant consultation in summer 2023 guided the development of these savings, with "General repairs inside your home" identified as the top priority. With the continued focus on "General repairs inside your home" as the highest priority from the summer 2023 tenant consultation, the following savings for 2026/27 were agreed upon by the Cabinet in July and September 2025, in addition to previously approved savings for 2026/27:

Savings Proposal	2026/27 £000s	2027/28 £000s	2028/29 £000s	Total £000s
Triennial valuation of the Pension Fund	720	720	360	1,800
Efficiencies across all operational budgets	500	500	500	1,500
Increase general fees and charges above inflation	200	100	100	400
Income from Delivery Lockers on Estates	100	100	100	300
New heads of charge for tenants & leaseholders	1,600	100	100	1,800
Introduce a process for rechargeable repairs	100	200	300	600
Total Savings	3,220	1,720	1,460	6,400

5.41. Details of the agreed proposals are as follows:

- Triennial Actuarial Valuation - an actuarial pension review refers to an assessment of a pension plan that is conducted every three years. The saving is based on a further 5% reduction in the overall employer contribution rate, both primary and secondary. This broadly equates to 5% of payroll.
- General Efficiencies - this proposal outlines a systematic approach to identify and implement operational efficiencies across all operational budgets. By leveraging data analytics, stakeholder collaboration, and strategic planning, the initiative aims to optimise resource allocation, minimise waste, and improve overall performance.
- Fees and Charges - applying an inflationary increase to fees and charges that at a minimum reflects the costs of delivery of the charged-for service. The fees & charges principles set out that fees should be increased annually by CPI as at September at a minimum to ensure the principal cost drivers are recovered. One of the principles agreed for the 2026/27 budget setting process was to approve above inflation increases on Fees & Charges where it makes sense to do so.
- Delivery Lockers - a plan for deploying an automated parcel locker system on Hackney estates that offers residents the following: enhances security and convenience for residents receiving parcels, generates potential revenue for Hackney Council, supports digital and smart city initiatives and reduces last-mile delivery congestion and carbon footprint. It is proposed that a pilot programme in selected areas is the prudent first step before borough-wide implementation. While the potential benefits are clear, there are several considerations undergoing further evaluation before rolling out this programme.
- New Service Charges - charges for some specific housing management services are already in place and both tenants and leaseholders currently pay for those services - this won't change. The proposal contained within this 'New Heads of Charge' is that this principle, of each householder paying for the services they receive, is extended to other services delivered to tenants and leaseholders in specific estates which will be funded in future by charging only those who receive those services. As well as creating a more equitable service charging model, the proposed extension of these charges will generate some additional revenue into the HRA.

- Rechargeable Repairs - a charge will be made for repairs to a tenanted Council home when it has been established that the repairs required have been brought about outside of normal 'wear and tear' and have been determined as repairs required as a result of wilful damage, abuse, misuse and/or neglect of the fabric of the home or landlord owned appliances that has either been caused by the residents themselves or by visitors to their home. This charge will also include a departing tenant and the resulting void home where the recharge will be applied to the leaving tenant.

5.42. The HRA Business Plan model has been updated to reflect the proposals contained in this report, including the need to address the funding gap in the Planned Asset Management (PAM) Capital programme.

HOUSING CAPITAL PROGRAMME

5.43. The capital programme for housing covers the investment in HRA stock and assets managed by Housing Services, the housing regeneration programmes, and investment in HRA hostels and private homes through housing grants. The HRA 10 Year Capital Programme has been set in line with the resources available in the HRA Business Plan which sets out how the Council will manage the range of services delivered under the HRA, using the income raised locally through council rents and other sources of HRA income for revenue and capital purposes.

5.44. It also considers the values we have as an organisation, the relevant local and national policy context, set out the ambitions that Hackney has for the quality of its homes and the priorities that will be established to ensure that the limited available resources are directed at the greatest need. The proposals in this budget allow for the depreciation charge of £42m to be used along with the relevant grant contributions, contributions from leaseholders for Major Works, and sales receipts from completed Regeneration properties (outright sale and shared ownership).

5.45. There is a borrowing requirement over the 10 Year Capital Programme of £279m predominantly to fund the Housing Regeneration Programmes, Estate Regeneration Programme, Housing Supply Programme and Woodberry Down, until capital receipts are realised through sales of residential properties becoming available through these developments. The capital receipts will be realised once developments are complete and private for-sale and shared ownership units are marketed. Some of the programmes will not complete until after 2033/34 when the capital receipts will be realised. The residual borrowing from the schemes, which equates to circa 30% of the build costs for the social housing units delivered, will be repaid from the rental income streams from the new social housing units over a fifty year period. This residual borrowing for the new social rented homes, as well as interest costs, has been factored into HRA business planning.

5.46. The borrowing will be funded and repaid with future rental income from HRA and sales receipts from regeneration properties. The table below summarises the Housing Capital Programme for 2026/27 based on the HRA Business Plan model. In terms of the Asset Management Plan programme for existing stock, which is predominantly funded from rental income.

HRA Capital Programme	2026/27 £000s
Asset Management	49,529
Other Housing	5,250
Regeneration	235,039
Total Expenditure	289,818

HOUSING DELIVERY

- 5.47. Maintaining stock levels and responding to the needs of our communities and regenerating our estates are key considerations and a priority for the future of the HRA. The Business Plan model incorporates an ability to include our development and estate regeneration aspirations. Modelling suggests that development activity makes a positive contribution to the revenue position, assuming a certain level of Greater London Authority (GLA) grant and other sources of capital funding.
- 5.48. The Council has reviewed its accounting policy in respect of borrowing costs and in future will capitalise borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. These costs will form part of the overall cost of that asset. Capitalising borrowing costs allows the HRA to spread the financial impact of these costs over a longer period, improving short-term revenue cashflows and supporting the funding structure of large capital projects, even though the actual cash outflow for these costs still occurs.
- 5.49. On 23 October 2025, the government and the Mayor of London announced new "London emergency housebuilding measures" to address the housing crisis. These measures include a temporary reduction in affordable housing targets on private developments from 35% to 20% (for projects committing to at least 20% affordable housing, with 60% of those being for social rent), new powers for the Mayor to fast-track housing schemes, and an initial £322 million for a City Hall Developer Investment Fund. The GLA will consult on the terms of the new time limited planning route over 6 weeks from November, with the aim of having guidance in place at the earliest opportunity. The new time limited planning route will be open until 31 March 2028, or the publication of the new London Plan, whichever is sooner. The impact on Hackney's programme will be thoroughly assessed during the consultation period. This assessment will help determine how the new London emergency housebuilding measures will affect the borough's housing initiatives.

ASSET MANAGEMENT

- 5.50. Effective Asset Management is crucial for the long-term sustainability of the Housing Revenue Account (HRA). The Asset Management Plan, currently under development with initial data from Stock Condition surveys, will establish a clear strategy to identify and address underperforming assets, potentially including their disposal. A financial appraisal will link stock condition data to HRA business plan outputs to aid decision-making, inform housing delivery pipelines, and guide potential disposals. This plan will be presented to Cabinet in due course, and the principles of effective asset management are being applied in the interim. By April 2026, 60% of Hackney's stock is projected to be surveyed, with 100% completion

expected by April 2027, and these surveys will directly inform the Asset Management Strategy.

- 5.51. The stock condition data reveals a significant funding gap over the current 10 year capital programme, requiring significant resources. Options to bridge this gap will continue to be explored. Further meaningful revenue savings are limited although the spend controls on revenue repairs should mean resources can be redirected over time to the capital programme. Options for asset disposal and rationalisation could generate capital receipts. The Council will be producing case studies to demonstrate how new burdens in delivery requirements have contributed to this gap, and will work with London Councils to lobby the government to recognise these burdens. The table below shows the gap in resources available within the HRA:

	Annual	Total (9 Years)
	£000's	£000's
Average Need to Invest	61,824	556,416
Backlog	15,380	138,421
Total	77,204	694,838
Resources	44,950	404,553
Gap	32,254	290,285

Please note Year 1 is 2025/26 but the programme has already been set.

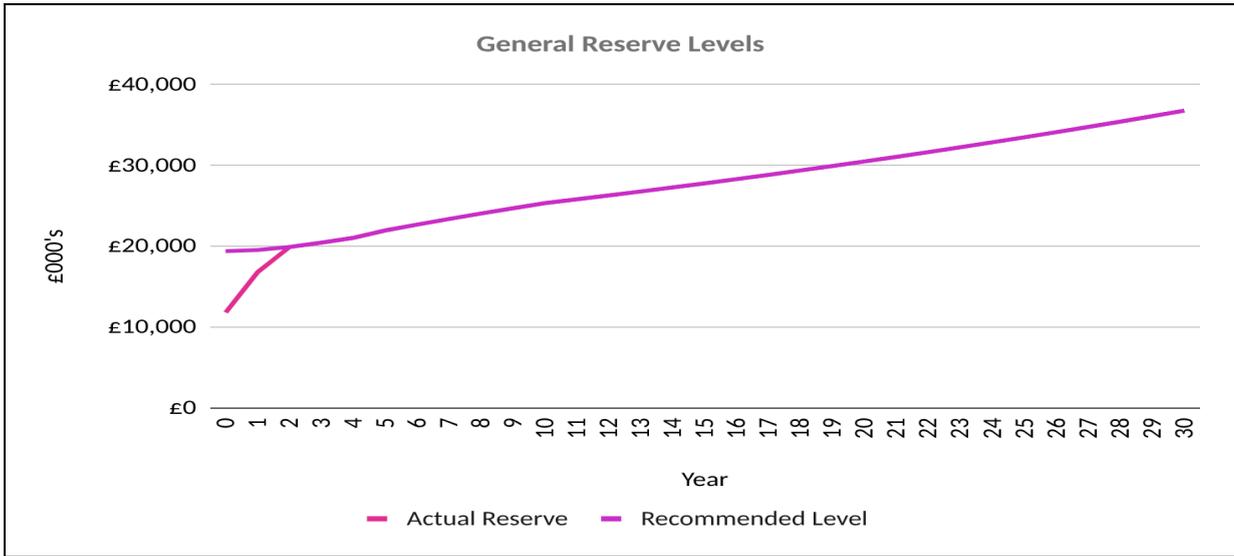
HRA VIABILITY

- 5.52. The HRA Voluntary Code of Practice covers six Principles that describe what the sector considers as essential elements for the continued sustainability of a self-financed HRA's Financial viability. The finance Principle is that the housing authority has put in place arrangements to monitor the viability of the housing business and takes appropriate actions to maintain viability. The following framework continues to be used for assessing the viability of the HRA Business Plan and is being applied within the current model. These metrics are based on successful operation of similar minimum/maximum metrics across the housing sector. They represent a sound and effective way of managing borrowing and investment capacity:

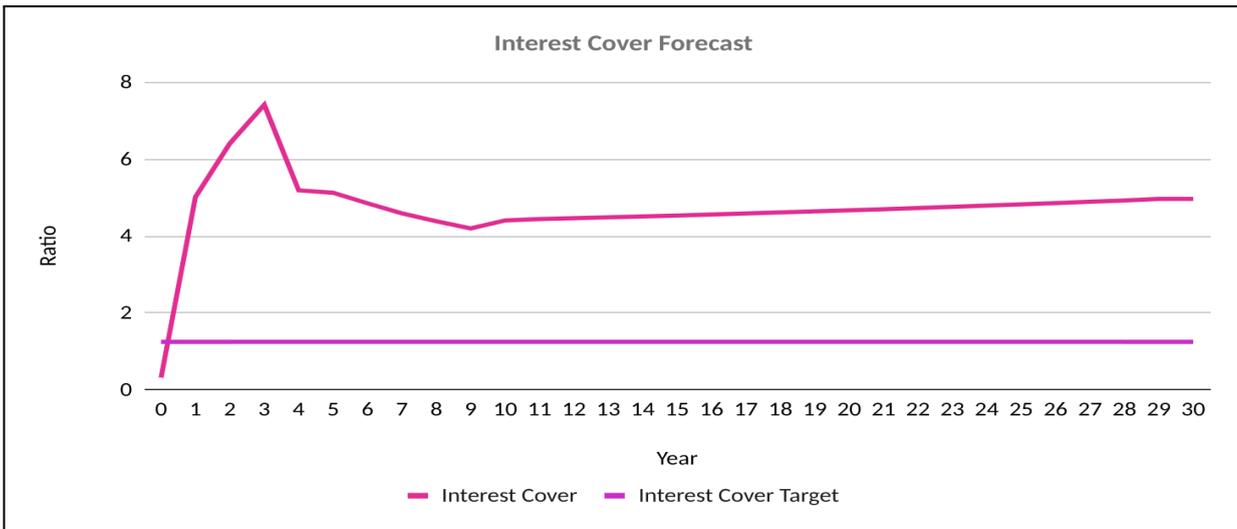
- A minimum closing reserve balance of 10% of total revenue expenditure;
- An Interest Cover Ratio set at a minimum of 1.25, defined as net operating surplus divided by HRA interest costs;
- A Loan to Value ratio set at a maximum of 70%, defined as outstanding HRA borrowing (HRA Capital Financing Requirement) divided by total asset valuation of HRA assets on the balance sheet.

- 5.53. Using these measures and testing changes to the plan against them will enable the Council to maximise its outcomes whilst ensuring a financially sustainable Business Plan is always in place. It will also ensure that decision making on future HRA capital schemes becomes more efficient in terms of considering long-term income and expenditure forecasts.

- The HRA General Reserve increases to 8.6% of turnover in 2026/27 and then recovers to 10% of turnover in 2027/28 in the HRA Business Plan.



- The Interest Cover Ratio returns to 1.25 in 2026/27 and then continues to increase before stabilising from year 10 onwards.



- The loan to Value ratio does not come into consideration for Hackney's HRA as the borrowing levels have been historically low.

EQUALITY, INCLUSION, DIVERSITY AND BELONGING (INCLUDING STATUTORY EQUALITY IMPACT ASSESSMENT)

- 5.54. In respect of the Council's public sector equalities duties where the setting of the capital, revenue and HRA budgets result in new policies or policy change, the relevant service department will carry out an equality impact assessment to secure delivery of that duty, including such consultation as may be required.
- 5.55. Work has also been carried out to ensure that all savings proposals have the appropriate Equality Impact Assessments undertaken, where applicable. The savings proposals protect frontline housing services and are therefore intended, where possible, to have either a neutral or beneficial impact on services, including for groups who share the protected characteristics under the Equality Act.
- 5.56. In terms of the equalities impact of the proposed rent increase we are relying on the Government's impact assessment of August 2022. It concluded that social housing tenants would need to be protected from particularly high nominal rent increases (via the rent standard) whilst social landlords continue to have the flexibility to increase rents to mitigate the rising costs to invest in new and existing social housing services to tenants.
- 5.57. The recommended budget will allow for capital resources by the HRA Business Plan to improve and maintain the quality of the Council's housing stock. Good quality housing is a generally accepted key determinant of health and general well-being, and investment in the housing stock will have a positive impact on tenants including some of the most deprived people in the borough.

SUSTAINABILITY AND CLIMATE CHANGE

- 5.58. This report sets the overall HRA budget for 2026/27. The budget includes a significant contribution to capital which will enable the delivery of the 2026/27 capital programme. The capital planned maintenance budget will continue to include provision for sustainability. We will continue to explore external funding opportunities to invest in programmes to increase energy efficiency in the Council's housing stock.

CONSULTATION/ENGAGEMENT

- 5.59. The Council consults with tenants on the levels of rent and service charge increases every year. This year, consultation has taken place via the Residents Liaison Group (RLG) on 27th November 2025 and via the Council's website and Love Hackney. The consultation ran from 1st December 2025 until 31st December 2025. Three responses were received as a result of the wider consultation,
- 1 agreed with the rent increase proposal
 - 2 disagreed with the rent increase proposal

RISK ASSESSMENT

- 5.60. The HRA Business Plan is built on a series of assumptions about the expected future impact of several variables (including inflation, rent increases, interest rates, etc). The first aspect of risk management within the HRA is to ensure that the assumptions built into the plan are as prudent as possible. This helps to ensure that the plan is viable in the face of a relatively conservative outlook. An overview of key assumptions is included at Appendix 1. The primary area in which prudence has been exercised is on future rent assumptions. A more favourable settlement within any future rent policy would therefore create headroom within the HRA business plan and therefore increase flexibility in terms of its ability to absorb risk.
- 5.61. The second aspect of the risk management approach is to actively build financial cover into the business plan that would allow the HRA to absorb the impact of any adverse movement on key assumptions or the emergence of any more general unforeseen risks. These measures allow the HRA to manage the impact of emerging risks without necessarily having to compromise on service delivery.
- 5.62. There is a significant risk around the ability, or lack of, to support the size of the capital programme needed over the next ten years. Consideration is being given to some alternative approaches to kick start the investment programme to have a positive impact on reducing the demand for responsive repairs.
- 5.63. It is also recognised that current inflationary pressures on the cost of living for our tenants and leaseholders are imposing severe burdens on all households, particularly poorer residents. The current profile of social housing tenants within Hackney shows 66% in receipt of benefits and therefore may impact on rent collections rates over the coming year.
- 5.64. In order to mitigate this risk we continue to invest in tenant sustainability services and work collaboratively across the Council, and in partnership with the Department for Work and Pensions (DWP), advice providers, and other partners to co-design ways to boost benefit take up and income maximisation (involving the local Universal Credit Partnership), prevent debt, as well as consolidating approaches to debt collection and preventing evictions. We are committed to working with tenants by providing crisis support, income maximisation and debt support. We continue to work with partners to support the delivery of the Council's Poverty Reduction Strategic priorities.

6. Financial Implications

- 6.1. The financial implications are included in the report.

Financial Implications prepared on behalf of the Group Director Finance & Corporate Resources by Julie Curtis, Assistant Director of Finance - Housing and Regeneration
Email: julie.curtis@hackney.gov.uk
Date: 8 January 2026

7. HR/OD implications

7.1. No HR Implications.

HR/OD implications prepared on behalf of the Director of HR/OD by
Adenike Fafolu, Strategic HR & OD Business Partner
Email: adenike.fafolu@hackney.gov.uk
Date: 16th January 2026

8. Legal implications

- 8.1. Section 74 Local Government and Housing Act 1989 (“the Act”) requires the Council to keep a separate ring-fenced Housing Revenue Account. Section 75 and Schedule 4 of that Act deal with the items to be credited and debited to the Account, which by virtue of Section 76 of the Act, must not go into deficit. Section 76(2) of the Act requires the Council during January or February of each year to formulate proposals in relation to the likely income and expenditure to the Account to ensure that the Account for the year does not show a deficit
- 8.2. Section 24 of the Housing Act 1985 (“Housing Act”) provides that a local housing authority may make such reasonable charges as they may determine for the tenancy or occupation of their houses and that the authority shall from time to time review rents and make such changes, either of rents generally or of particular rents, as circumstances may require. Under section 24(5), a local housing authority must have regard in particular to any relevant standards set out for them under Section 193 of the Housing and Regeneration Act 2008
- 8.3. Section 102 of the Housing Act 1985 provides that a variation of tenancy conditions that relates to rent or to payments in respect of services provided by the landlord may be varied in accordance with a provision in the tenancy agreement. Condition 3.7 of the tenancy agreement provides that at least four (4) weeks’ notice of a rent and/or service charge increase will be given to tenants.
- 8.4. This report makes recommendations which are designed to fulfil the Council’s duties as set out above and the Cabinet must be satisfied that the proposals recommended are reasonable and achievable and will not result in a deficit to the HRA.
- 8.5. It is also proposed to delegate to the Group Director of Finance & Resources. Paragraph 2.3 of Part 4 of the Cabinet Procedure Rules states that if the Elected Mayor delegates functions to Cabinet, the Cabinet can delegate further to an officer. Therefore, subject to the approval of Cabinet, the Group Director of Finance and Corporate Resources in consultation with the Cabinet Member for Housing Services and Resident Participation and Cabinet Member for Finance, Insourcing and Customer Services, is permitted to agree to the matters delegated to them.

Legal implications prepared on behalf of the Director of Legal, Democratic
& Electoral Services by Georgia Lazari Team Leader (Places)
Email: georgia.lazari@hackney.gov.uk
Date: 8 January 2026

Appendices

Appendix 1 - HRA Business Plan Assumptions
Appendix 2 - HRA Capital Programme
Appendix 3 - Fees and Charges

Reason(s) for exemption

There are no exempt documents.

Background documents

None