

	<p align="center">Resources & Public Realm Scrutiny Committee 24 February 2026</p>
	<p align="center">Report from the Corporate Director of Resident and Housing Services</p>
	<p align="center">Lead Member: Cabinet Member for Housing - Councillor Donnelly-Jackson</p>
<p align="center">Housing Revenue Account (HRA) Update</p>	

Wards Affected:	All
Key or Non-Key Decision:	Non-Key
Open or Part/Fully Exempt: <small>(If exempt, please highlight relevant paragraph of Part 1, Schedule 12A of 1972 Local Government Act)</small>	Open
List of Appendices:	None
Background Papers:	None
Contact Officer(s): <small>(Name, Title, Contact Details)</small>	<p>Spencer Randolph Director, Housing Services Tel: 020 8937 2546 Email: Spencer.Randolph@brent.gov.uk</p> <p>Jekaterina Popova Head of Finance, Finance and Resources Tel: 020 8937 1463 Email: Jekaterina.Popova@brent.gov.uk</p>

1.0 Executive Summary

- 1.1 This report provides an overview of the Housing Revenue Account (HRA), highlights its financial position and set out key risks and challenges facing this fund.
- 1.2 Budgets for the Housing Management function are contained within the ring-fenced Housing Revenue Account (HRA) account, which is required by statute to have a balanced budget. For 2025/26 the budget is made up of £69.9m of income matched by expenditure. The forecast at Quarter 3 is a projected overspend of £2.3m, which is, if materialises, expected to be covered from reserves at the end of the financial year.
- 1.3 In the context of continued uncertainty surrounding inflation and interest rates, alongside rising costs associated with major works and the increasing

complexity of regulatory and building standard requirements, including fire safety, energy efficiency and decarbonisation, the HRA is subject to significant financial pressures. As a result, investment plans must be developed and implemented with caution, incorporating sufficient flexibility to allow for reprioritisation, scaling back or modification where necessary to ensure ongoing financial sustainability.

2.0 Recommendation(s)

- 2.1 That the Committee notes the overall financial position of the HRA, the actions being taken to manage the issues arising and provides comment on the performance and position as necessary.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

- 3.1.1 The Council's HRA makes a significant contribution to the Borough Plan priority of Prosperity and Stability in Brent by maintaining a financially sustainable housing service that supports residents during ongoing cost-of-living pressures. Effective financial management enables the Council to keep rents affordable, provide tenancy support and welfare-focused interventions, and reduce the risk of rent arrears and homelessness, helping to tackle inequality and promote financial stability for tenants.
- 3.1.2 A strong HRA financial position also underpins the Council's ambition to increase the supply of genuinely affordable housing. Through prudent long-term planning, responsible borrowing and careful maintenance of reserves, the HRA supports investment in new council homes, property acquisitions and the ongoing improvement of existing estates. This directly contributes to the delivery of safe, secure and decent housing, while reducing reliance on temporary accommodation and associated financial pressures.
- 3.1.3 In addition, the HRA supports the Council's Cleaner, Greener Future objectives by funding capital investment in energy efficiency, estate regeneration and planned maintenance programmes. These investments improve housing quality, reduce carbon emissions and help lower household energy costs, supporting both environmental sustainability and improved health and wellbeing outcomes.
- 3.1.4 Overall, strong financial stewardship of the HRA ensures that housing services remain resilient, affordable and aligned with the Council's wider strategic priorities. By balancing tenant affordability with long-term investment, the HRA plays a key role in supporting thriving communities, reducing inequality and promoting sustainable growth across the borough.

3.2 Background

- 3.2.1 The Housing Revenue Account (HRA) is a ring-fenced account that records all income and expenditure associated with the Council's landlord responsibilities. This relates to a total housing stock of 12,537 dwellings, comprising 8,683 tenanted properties and 3,854 leasehold properties.
- 3.2.2 The HRA self-financing system for Council housing was introduced in April 2012. Under this framework, the HRA continues to operate as a ring-fenced account within the General Fund, capturing all income and expenditure attributable to council dwellings. The self-financing model enables local authority landlords to manage, maintain and invest in their housing stock using the rental income generated.
- 3.2.3 The HRA budget is set annually within the context of a 30-year Business Plan. This Business Plan is reviewed each year to support horizon scanning and to identify and mitigate risks across the short, medium and long term. Early identification of risks supports effective financial planning and the implementation of mitigating actions, ensuring the ongoing financial sustainability of the HRA and the delivery of its key objectives, namely to
- Expand and accelerate the development of new council homes;
 - Continue to maintain and improve existing council homes; and
 - Transformation and continuous improvement of front-line services to tenants and leaseholders.
- 3.2.4 Regular review of assumptions is important in order to help the Council make early decisions that help keep the HRA in balance, whilst also delivering substantial levels of investment in Council housing.

HRA Forecast 2025/26

- 3.2.5 Budgets for the Housing Management function are held within the ring-fenced HRA. The HRA has a balanced budget for 2025/26, with £69.9m of income matched by £69.9m of expenditure.
- 3.2.6 The HRA is experiencing material cost pressures arising from sustained high inflation and interest rates, which are increasing both operational and capital costs. Repairs and maintenance budgets are under particular strain due to elevated demand, complex repairs, and issues such as damp and mould, alongside uncertainty associated with newly implemented contracts. For 2025/26, the Housing Revenue Account is forecasting a net overspend of £2.3m. This position is primarily attributable to a £5.8m pressure on repairs and maintenance and additional management costs, partially offset by £3.6m of additional rental income arising from new homes. Mitigation actions are underway, and reserves have been identified to address any year-end shortfall if required. The fund continues to face significant financial challenges.
- 3.2.7 Further risks relate to the capital programme, where insufficient government funding for statutory and environmental requirements, including fire safety and carbon reduction, places additional pressure on HRA resources. The interest

charge on borrowing for the year is forecast to be £1m higher than initially projected.

3.2.8 Rent arrears present an ongoing risk to the HRA’s financial sustainability, with the bad debt provision forecast to increase by £0.9m. Mitigation measures are being explored to improve collection rates. In addition, a remediation programme arising from a self-referral is expected to cost £1m in 2025/26, with further details to be confirmed. Other pressures, including decants, council tax, insurance and pest control, are forecast to add £1.2m of costs.

3.2.9 Although additional rental income is expected from continued housing growth, the planned £4m revenue contribution to capital expenditure for 2025/26 is no longer forecast to be achievable. This eases immediate revenue pressures but increases reliance on borrowing, resulting in an overall projected HRA deficit of £2.3m.

HRA Business Plan

3.2.10 The HRA budget is set annually within the context of the 30-year Business Plan, which is reviewed each year to support forward financial planning and the identification and mitigation of risks. The HRA business plan provides long-term financial forecasts resulting from the implications of the Council’s spending, investment and rent-setting decisions, based on the authority’s current income, expenditure and investment expectations. The data is combined with key assumptions on how costs and income might change in the future to illustrate what the authority can reasonably expect to happen, using the best available information at the time. Regular review of assumptions is important to help the Council to make early decisions that help keep the HRA in balance, whilst also delivering substantial levels of investment in Council housing.

3.2.11 A summary of the key assumptions that underpin the 30-year Business Plan are presented below:

Description	How it impacts the Business Plan	Assumptions used in the Business Plan
HRA stock movements	Projected rental income is based on stock numbers at different rent designations (low-cost social/affordable/London affordable rent/other)	Baseline stock numbers in the current year are adjusted for projected RTB sales and new affordable housing supply

Description	How it impacts the Business Plan	Assumptions used in the Business Plan
Inflation on supplies and services	Income and expenditure are adjusted for inflation to reflect general cost increases. CPI forecast is based on rate in September of previous year.	Rental income uses CPI+1%. All other expenditure is assumed at RPI. CPI 3.8% in year 1, reducing to 2% from year 4 onwards. RPI 3.2% in year 1, reducing gradually to 2.85% from year 3 onwards.
Minimum Working Balance	Target level of minimum reserve for any overspends	Working balance requirements assumed at 5% of income giving circa £3.7m
Rental Income	Tenant rent projections are driven by stock numbers and average rent. Tenant rent is the largest source of income for the HRA.	Average rent is currently set at £145.28 per week. Rent is adjusted as per government policy. Assumed CPI+1% for duration of business plan.
Supervision and Management Costs	Rental income is allocated to management costs of providing a landlord service	Cost assumed to increase by RPI each year
Service Charges	Cost of specific services are charged back to tenants and leaseholders	Service charge uplift is in line with anticipated cost increases at RPI
Voids	Level of void properties have an impact on rental income that can be charged	Rent loss through voids estimated at 3.5% of rent for 2026/27 and 3% thereafter
Bad Debts	Rent arrears that are not collected results in loss of income	Assumed 2.5% in 2026/27 and 2% thereafter
Repairs and Maintenance Costs	Rental income is allocated to repairs budgets	Expenditure is adjusted in line with RPI and stock movements
Right to Buy Sales	Stock reductions reduce rental income and set a target for the Council to achieve 1-4-1 replacements	Projected 50 sales in 2025/26, 80 sales in 2026/27, and 7 sales per year thereafter

Description	How it impacts the Business Plan	Assumptions used in the Business Plan
Interest rate on borrowing	Rental income is allocated to financing debt	New debt is assumed at average interest rate of 4.8%.
Capital Programme - Major Works	Investment to maintain housing stock	Profiling over 5 years based on Asset Management Strategy.
HRA Debt Balance	The HRA debt balance as at 31 March 2025 was £348m	Accumulated reserve balances will determine capacity for debt repayments
RTB Receipts	Rolling five year spend targets are set by MHCLG based on RTB sales	It is currently assumed in the business plan that spend targets will be met to achieve 1-4-1 replacement of homes.
Affordable Housing Supply	834 affordable homes will have been completed in the financial years 2025/26 and 2026/27.	583 of these homes will complete in 2025/26 and a further 251 will complete in 2026/27. Of these, 594 are at London Affordable Rent and 240 at Low-Cost Social rent.

3.2.12 Alongside the baseline assumptions, a sensitivity analysis is undertaken to explore the impact on reserve balances from a range of assumptions. Considering each of these in turn enables to read the baseline financial projections in the context of potential changes and so gives an indication of key risks. The key sensitivities analysed are:

- A) Baseline assumptions
- B) RPI cost inflation plus 0.5%: 3.7% in 2026/27, 3.56% in 2027/28, 3.35% in 2028/29, and 3.34% thereafter.
- C) Voids 0.5% higher than baseline
- D) Bad debt 1% higher than baseline
- E) Rent at CPI from year 11 onwards

3.2.13 The sensitivity analysis demonstrates that:

- A) Baseline assumptions provide consistently small surpluses over 30 years, with a projected reserve balance of £154.7m in year 30, which could potentially be used to reduce debt.
- B) Cost inflation at RPI plus 0.5% is projected to result in year-on-year deficits from 2034/35, and HRA reserves running out by 2042/43.
- C) Voids 0.5% higher than baseline leads to reduced surpluses, with a reduction of the projected reserve balance to £139.4m in year 30. A net impact of £15.3m over the 30-year period.
- D) Bad debt 1% higher than baseline leads to reduced surpluses, with a net reduction of the projected reserve balance to £113.6m in year 30. A net impact of £41.1m over the 30-year period.
- E) Rent increasing at CPI from year 11 (rather than CPI+1% in the baseline assumptions) results in increasing deficits from year 15 with reserves depleted by 2049/50.

3.2.14 In summary, if voids run 0.5% higher than baseline, bad debt write off is 1% higher than baseline, and RPI is 0.5% higher than baseline, there will be consistent deficits on the HRA with a negative reserve of £0.9m by 2035/36.

3.2.15 While the HRA's operating reserve currently stands at £4.5m (6% of the turnover, against the target level of 5%) and the fund has £5.9m set aside in earmarked reserves, this figure remains relatively low compared to the Council's peers. In absolute terms, the operating reserve balance is £9.6m lower than peer average. The average reserve balance per unit of stock for peers is also higher at £1,351 per unit, which is £807 higher than Brent at £544 per unit of stock.

3.2.16 In 2025/26, Brent's HRA is forecasting a requirement of £2.3m from the operating reserve in order to deliver a break-even outturn. This would leave £2.2m within the operating reserve and £5.9m in earmarked reserves. The operating reserve would then represent approximately 3% of total rental income, below the 5% target incorporated into the Business Plan. However, total reserves, including earmarked reserves, are projected to represent around 11% of total rental income, compared with a sector-wide adequacy benchmark of 10%.

3.2.17 The comparatively smaller reserve base, when compared to peers, presents a financial risk, limiting the Council's capacity to respond effectively to unforeseen financial pressures or emergencies. The level of reserves is currently not projected to increase while the fund is experiencing significant financial pressures and the tower block programme and affordable housing supply require significant investment. However strengthening reserve levels in future years will be important to enhance financial resilience and ensure greater flexibility in managing future budgetary challenges.

Rent Convergence

3.2.18 The government confirmed at the Spending Review that it will implement a rent convergence mechanism as part of the new rent settlement. Social rent convergence aims to align rents for social housing properties that are currently below the 'formula rent', which is the maximum rent allowed for a property when let to a new tenant. The convergence mechanism allows rents on properties below formula rent to increase by an additional amount each year, over and above the Consumer Prices Index (CPI) + 1% cap, until they reach the formula rent level. This mechanism was previously introduced in 2002 but was discontinued in 2015. The government has now confirmed the details and the increase will be implemented from 2027/28 at £1 per week above CPI + 1%, increasing to £2 per week from 2028/29 until formula rent is reached.

3.2.19 This helps to increase the sustainability of the HRA and adds £18.6m of income over the first ten years of the Business Plan starting from 2027/28, net of voids and bad debt provision, or £1.86m per annum. Within the current Business Plan, rent convergence is projected to reach 56% by Year 5 and 81% by Year 10.

3.2.20 If further changes are implemented, or if the convergence period is shorter than anticipated, it is likely that annual savings targets will need to be introduced to maintain a balanced financial position.

Risks and Uncertainties

3.2.21 As mentioned earlier in the report, Brent's HRA is facing significant financial pressures driven by escalating maintenance and repair costs and increasing demand for affordable housing. These challenges are compounded by rising borrowing costs, which have increased debt servicing expenses and limited the councils' capacity to finance new housing developments. Additional regulatory requirements related to building safety and energy efficiency standards are also resulting in considerable additional compliance costs. Rising inflation and supply chain disruptions have further exacerbated expenditure, while welfare reforms and demographic shifts continue to impact rental collection rates, increasing the risk of arrears. As a result, the HRA is encountering considerable financial difficulties in balancing its obligations to provide safe, affordable housing while maintaining fiscal sustainability, necessitating urgent strategic financial planning, service adjustments and cost mitigations.

3.2.22 The level of additional rental income from new builds that are being added to the HRA portfolio as part of the capital programme (the majority are also at the London Affordable Rent (LAR) level rather than Social/Formula rent) and the recently confirmed rent convergence help to alleviate financial pressures within the HRA considerably and no deficits are being projected over the duration of the 30-year business plan. However the position remains highly volatile, and factors such as increased borrowing, higher-than-expected void losses, or lower-than-forecast debt recovery rates may impact the fund's financial position.

- 3.2.23 The main variables that could affect the long-term viability of the Business Plan are rent levels and long-term major works and repairs. There has already been a change to the Council's power to increase rents annually up to a maximum of CPI plus 1%, with an introduced rent rise limitation of 7% in 2023/24, however the government has now provided a 10-year settlement on social housing rent policy allowing social housing rents to increase by CPI plus 1% each year for 2026 - 2036. However, collection rates remain volatile.
- 3.2.24 The main source of income for the HRA is rent. These are forecast to generate £62.4m of income in 2025/26. Therefore, effective management of rent debt levels is crucial to maintaining the HRA's overall financial health. Rising rent arrears increase the risk of bad debt provisions, which directly impact revenue streams and the Council's ability to fund essential services and maintenance. Persistent or growing rent debt strains financial planning and necessitate higher bad debt write-offs, thereby affecting the HRA's budgetary position. Consequently, robust ethical debt recovery processes and proactive tenant engagement are essential to minimising rent arrears and safeguarding the financial stability of the housing service.
- 3.2.25 As of January 2026, the tenants debt balance is £13.5m, of which £4.6m relates to former tenants and £8.9m to current tenants. The debt is increasing by approximately £176k per month and is forecast to increase the total outstanding balance by £2.1m by the financial year end. In 2024/25, the amount of total debt has increased by 21%. For Brent, total cumulative arrears as a percentage of the rent roll represent 22% against the London average of 9.9%. The collection rate currently stands at 94.91% against the current year's debt and 10.19% against prior years' debt. The 30-year HRA Business Plan currently assumes a 98% collection rate.
- 3.2.26 The current leaseholder debt stands at £5.7m, representing a reduction of £1.5m since the start of the financial year. However, no charges have yet been raised for the current financial year. To account for the risk of non-collection, a provision is applied as follows: 20% for debt raised within the current year, 70% for debt that is one year old, and 100% for debt older than two years.
- 3.2.27 It is estimated that for every 1% reduction in rent collection, there is a corresponding income loss of approximately £0.6m. For 2025/26, the required allowance for non-collection is £2.3m. Any improvements in debt recovery performance could help reduce this provision and potentially release funding to support other service areas.
- 3.2.28 Effective voids management is also crucial for maintaining the financial health of the HRA. Minimising the length of time properties remain vacant directly impacts rental income, helping to reduce revenue losses and ensuring a steady cash flow. Additionally, efficient voids management supports the timely re-letting of homes, which not only meets housing demand but also optimises asset utilisation. By carefully managing voids, the Council can control associated costs such as repairs and maintenance, ultimately ensuring that resources are maximised to support ongoing housing services and investment in stock quality.

3.2.29 Based on current performance, voids account for 5.07% of social/formula rent properties, resulting in an estimated rental income loss of £3m for 2025/26. In comparison, peers report a median void loss rate of 2.2%. A 1% reduction in void losses would generate approximately £0.6m in additional annual income.

3.2.30 The HRA is facing heightened demand for repairs and maintenance services. A substantial volume of complex repairs, alongside an increase in issues such as damp and mould, is placing considerable strain on existing budgets. Appropriate and accurate management of repairs and maintenance expenditure is vital to safeguarding the financial integrity of the Council's HRA. The Repairs and Management spend in 2025/26 is forecast to be £23m, 31% of the fund's total income. The table below provides a comparison of Brent's maintenance costs against the median figures.

	23-24 LB Brent	24-25 LB Brent	Median
Maintenance (Responsive repairs + Void works + Building safety + Other planned works)	£1,457	£2,324	£1,909
• Responsive repairs	£713	£1,452	£1,067
• Void works	£332	£202	£230
• Building safety	£412	£670	£507

3.2.31 In April 2025, the Council self-referred to the Regulator of Social Housing due to breaches in building safety compliance, culminating in a regulatory judgement of C3 issued on 28 May 2025. Health and Safety Specialist have been contracted to support ongoing improvement work, providing additional objective and independent oversight, as well building safety expertise and undertaking an audit and root cause analysis. These have highlighted and clarified several areas that the service had already identified as needing focus as well as some additional key learning and have fed into the development of a robust action plan for improvement to ensure permanent solutions are in place to prevent similar issues arising in the future and will form a key part of the agenda and monitoring for the relevant project board under the newly established Housing and Tenant Improvement Programme. Comparable local authorities have incurred costs of around £2.3m in similar circumstances. As a result of the Council's self-referral, the required remediation programme introduces a material financial risk to the HRA, with additional costs associated with addressing identified compliance issues. These costs and related financing assumptions have been incorporated into the HRA 30-Year Business Plan, and it is essential that spending and investment decisions continue to be approached with caution.

3.2.32 Global conflicts, Brexit, high levels of inflation, labour shortages and rising interest rates present the Council with a volatile and uncertain economic environment. The cost of living crisis impacts residents of Brent and the Council is committed to doing what it can to support those in greatest need. Cost pressures and risk of income collection losses are continuously monitored. A

number of mitigations are in place to help support tenants on universal credit, along with Council Resident Support Fund to help with financial hardship.

- 3.2.33 Inflation over the past few years has experienced such high levels that have not been seen since the 1980's. Besides rising energy costs, other goods are also experiencing increases in prices, due to factors such as labour shortages, pay rises, logistic issues and a general trend to increase prices and restore profit margins where previously slumps in demand had suppressed price levels. In September 2025 CPI stood at 3.8% against a Bank of England target of 2%. The September inflation figures are important as they are used for the following years uplift on formula rent levels, 2023/24 being an exception with a 7% ceiling, as opposed to 11.1%. The gap between inflation on rent levels and inflation on costs is a significant risk to the long-term business plan. Inflation rates assumed in the current business plan is informed by projections from Bank of England, which is currently forecasting CPI inflation to return to the 2% target by the second quarter of 2026.
- 3.2.34 As the Council adds more stock to its portfolio and complexities of new additional requirements to building standards are increasing, such as fire safety works and decarbonisation, the cost of major works are rising. At the moment, there is insufficient government subsidy available to address these changes. The Asset Management Strategy and investment plans must be approached cautiously and allow for flexibility to scale back on schemes where required.
- 3.2.35 Impacts of national housing policies and any changes proposed in future Government papers can have an adverse impact on the HRA and could require additional resources to address any unexpected changes.
- 3.2.36 Whilst the Council is confident in its ability to continue delivering affordable homes for Brent residents, there are social and economic factors, which are increasingly placing pressure on both current schemes that are on site and those in the Council's pipeline. Brexit, inflation, shortage of labour, materials and global events such as the Covid-19 pandemic and wars have had an adverse effect on costs and therefore the financial viability of capital schemes. Developing affordable housing remains challenging within the current market which is resulting in the tenure of schemes being revisited and some pipeline schemes pausing. Though costs of materials have recently stabilised, they remain high.
- 3.2.37 Significant grant funding is essential to pay for new build schemes. The Council has entered into grant agreements with the Greater London Authority governing the award of such funding to include the requirement to deliver specified numbers of new homes with start on site dates specified. Failure to observe grant conditions or achieve specified delivery numbers may lead to a requirement to repay grant funding and therefore efficient and timely delivery approaches are essential to mitigate the risk.
- 3.2.38 The HRA debt cap has been removed and significant borrowing is required to invest in stock to increase housing supply in Brent. The HRA is exposed to interest rate fluctuations, which can have a significant impact on revenue

budgets and the overall business plan. Brent Council operates a one-pool approach to its borrowing, where the HRA receives a proportion of the Council's overall borrowing but with a reduced rate. Having remained at 1% or less since February 2009, base rates began rising in June 2022. The forecast borrowing rate for the HRA is based on the medium to long term PWLB borrowing rate at the discounted value for the HRA, at an average of 4.8%.

3.2.39 Spend targets for 1-4-1 receipts set by Government mean that the Council may need to transfer receipts with compounded interest, if spend targets are not met within 5 years of receiving the receipt. There are currently sufficient schemes in pipeline to be able to utilise receipts towards adding affordable housing in Brent.

3.2.40 There are also demographic changes and a general recognition that there should be better integration of housing, social care and health services. As time goes on, a proportion of the population who are elderly or vulnerable increases and there is an increased need for appropriate housing. However, with limited clarity on the government's funding of supported housing, it is likely that the problem of how to house vulnerable elderly people will intensify.

Savings

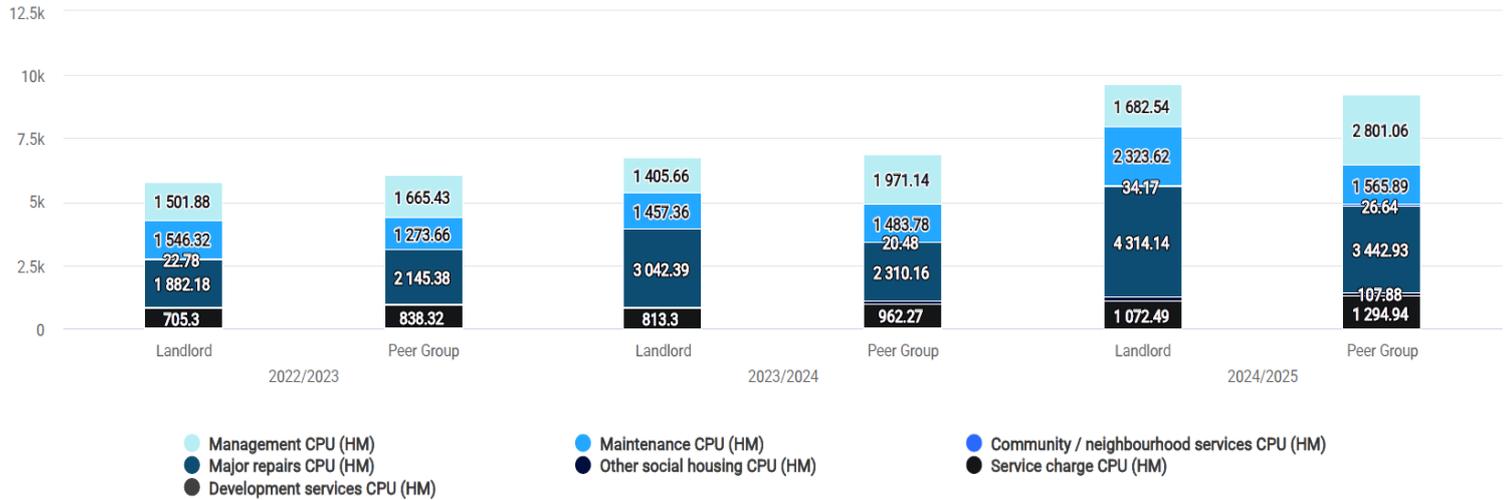
3.2.41 As a result of ongoing uncertainties, risks and sustained financial pressures, there is a continuous requirement for the fund to make savings in order to deliver a balanced financial position. Over the last five years, the HRA achieved £5.6m in recurring savings.

Year	2025/26	2024/25	2023/24	2022/23	2021/22
Savings	£0.7m	£0.8m	£3.1m	£0.5m	£0.5m

Benchmarking

3.2.42 Housemark carries out an annual performance summary and benchmarking analysis designed to help social landlords measure, compare, and improve their services. The below is the latest costs data available for Brent.

Social housing CPU (HM)

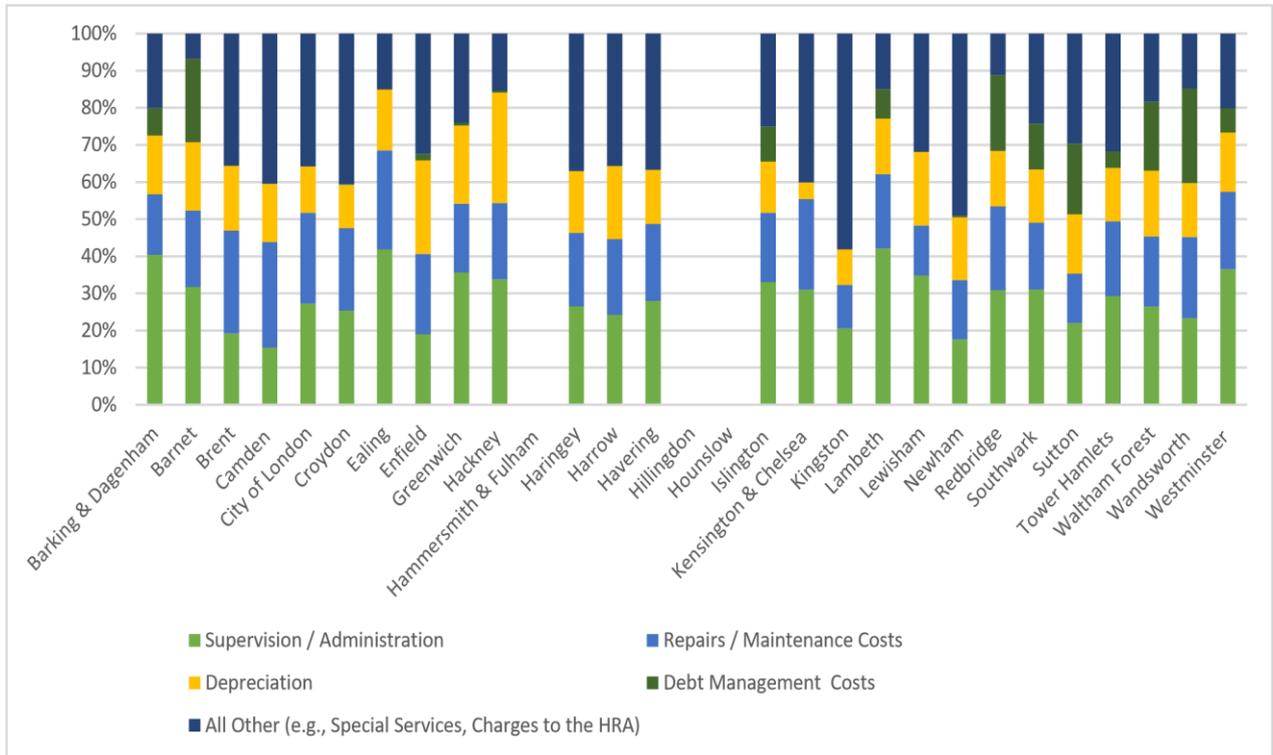


Category	24-25 LB Brent (£)	23-24 LB Brent	Median (£)
Social housing cost per property (£)	£9,651	£6,796	£9,535
Management (Overhead + Customer experience + Housing management + Maintenance management)	£1,683	£1,406	£2,700
└ Overhead	£734	£507	£1,580
└ Customer experience	£127	£115	£149
└ Housing management	£327	£348	£476
└ Maintenance management	£495	£436	£495
Maintenance (Responsive repairs + Void works + Building safety + Other planned works)	£2,324	£1,457	£1,909
└ Responsive repairs	£1,452	£713	£1,067
└ Void works	£202	£332	£230
└ Building safety	£670	£412	£507
└ Other planned works	£0	£0	£105
Service charge costs	£1,072	£813	£1,285
Development services	£0	£1	£19
Community/neighbourhood	£34	£22	£34
Major works (incl capital)	£4,314	£3,042	£3,106
Other	£224	£55	£10

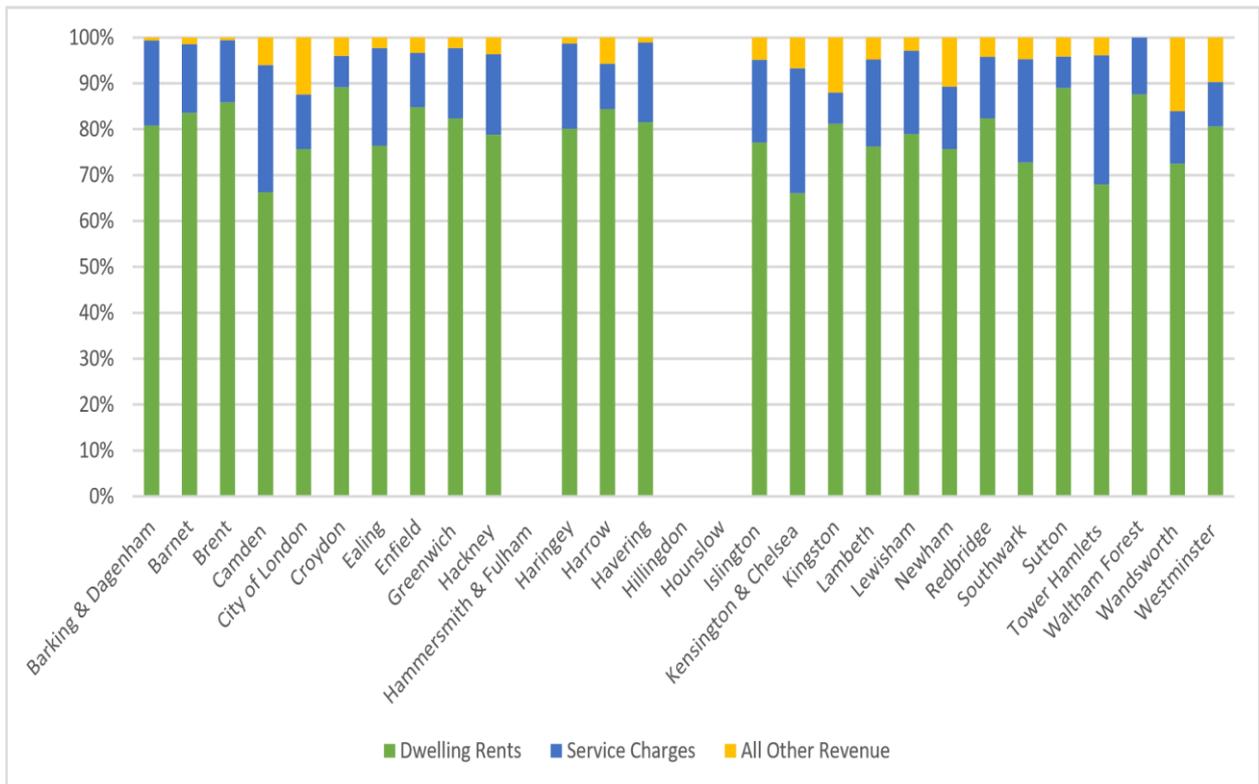
3.2.43 Currently 29 of London's 33 Boroughs have HRAs and London Councils carried out a survey last year where 26 boroughs shared their returns. The survey revealed that a number of HRAs are budgeting an annual deficit.

Local Authority	2025-26	2026-27	2027-28
Barking & Dagenham	1.3	-1.1	2.9
Barnet	-2.5	-4.7	-9.3
Brent	0.0	0.0	0.0
Camden	-0.9	-2.4	-4.0
City of London	-0.7	0.5	0.3
Croydon	-24.1	0.2	0.1
Ealing	-0.4	-2.2	0.1
Enfield	-8.8	-4.1	0.0
Greenwich	2.4	-3.7	0.2
Hackney	0.3	0.7	0.5
Haringey	0.0	0.0	0.0
Harrow	1.3	-0.1	-1.0
Havering	-1.0	-1.1	-6.5
Islington	11.2	10.3	9.9
Kensington & Chelsea	0.0	0.0	0.0
Kingston	1.0	0.0	0.1
Lambeth	-9.0	-10.3	-10.8
Lewisham	0.3	0.6	0.4
Newham	-1.4	-6.9	-2.5
Redbridge	-0.2	0.7	1.4
Southwark	0.0	0.0	0.0
Sutton	0.1	0.0	1.1
Tower Hamlets	5.5	5.8	6
Waltham Forest	-0.5	0.4	1.2
Wandsworth	12.3	-0.4	-9.6
Westminster	0.0	0.0	0.0
# of local authorities in deficit	11	11	7

3.2.44 Half of HRA expenditure is directed to supervision / administration and repairs / maintenance, with significant expenditure also directed to depreciation, special services, and charges to the HRA from other accounts.



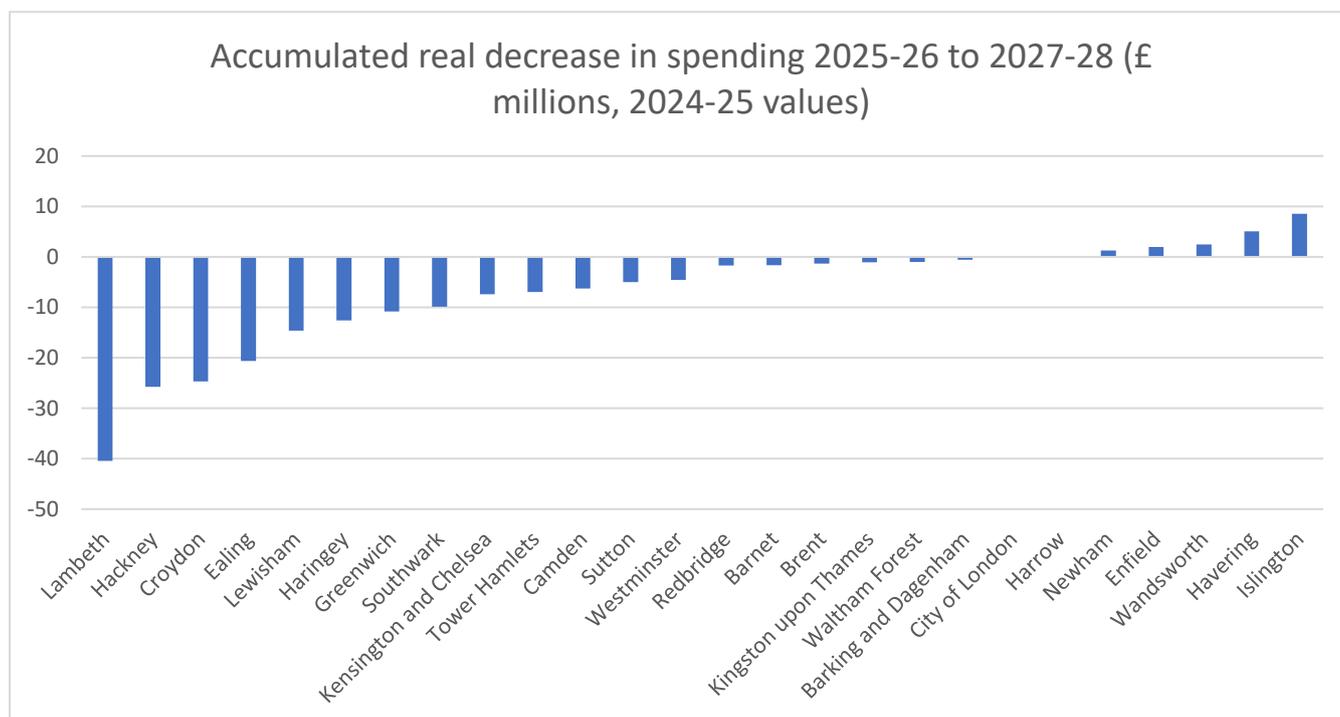
3.2.45 Over three quarters of HRA income was derived from dwelling rents, with significant revenue from service charges to leaseholders and other tenants.



3.2.46 A review of HRA budgets submitted showed many were based on conservative assumptions, with the potential to require significant deferred maintenance / rehabilitation.

Borough	YoY Increase			YoY Increase			YoY Increase		
	Repairs / Maintenance			Depreciation			Supervision / Management		
	2025-26	2026-27	2027-28	2025-26	2026-27	2027-28	2025-26	2026-27	2027-28
Barking & Dagenham	2.5%	2.0%	2.0%	2.8%	2.0%	2.0%	2.8%	2.0%	2.32%
Barnet	0.2%	18.3%	1.5%	3.0%	0.7%	1.1%	3.2%	1.5%	2.57%
Brent	4.4%	3.2%	2.6%	4.3%	4.2%	4.0%	4.7%	2.9%	3.67%
Camden	4.4%	5.0%	5.0%	0.0%	0.0%	0.0%	1.2%	2.0%	1.76%
City of London	2.3%	2.3%	3.7%	9.1%	4.2%	4.0%	2.1%	3.3%	3.24%
Croydon	2.1%	-17.1%	1.7%	2.7%	2.0%	1.9%	2.8%	2.2%	0.31%
Ealing	3.8%	-28.6%	1.7%	2.8%	2.0%	2.0%	-2.7%	1.9%	0.36%
Enfield	6.3%	5.4%	3.6%	7.3%	3.4%	4.9%	7.1%	2.9%	5.41%
Greenwich	3.7%	6.1%	4.7%	0.0%	3.6%	2.2%	-1.7%	2.2%	-0.71%
Hackney	1.1%	0.5%	2.7%	2.7%	3.8%	2.1%	-5.5%	1.6%	-0.76%
Haringey	-1.9%	2.0%	-6.9%	4.7%	4.9%	4.8%	4.2%	2.0%	1.76%
Harrow	3.0%	3.0%	3.0%	3.1%	2.9%	2.8%	2.3%	0.8%	2.04%
Havering	13.5%	2.8%	2.8%	2.4%	2.0%	2.0%	5.9%	2.0%	3.41%
Islington	1.6%	0.8%	3.0%	2.2%	1.9%	2.0%	7.8%	2.0%	4.85%
Kensington & Chelsea	-0.5%	-3.2%	-0.5%	0.0%	0.0%	0.0%	4.1%	2.0%	2.77%
Kingston	2.6%	1.3%	3.8%	3.2%	3.1%	3.0%	6.0%	2.8%	3.76%
Lambeth	-3.2%	1.7%	1.7%	6.6%	4.6%	3.8%	-4.0%	1.5%	-0.35%
Lewisham	1.6%	1.1%	6.4%	1.9%	1.8%	1.8%	-1.7%	-4.4%	-0.99%
Newham	6.2%	5.8%	4.2%	5.9%	6.8%	4.4%	6.0%	3.8%	5.46%
Redbridge	4.9%	5.9%	2.0%	6.8%	9.5%	1.4%	1.7%	2.9%	0.85%
Southwark	2.9%	2.5%	2.6%	0.8%	0.0%	0.0%	3.0%	2.5%	2.71%
Sutton	-1.5%	1.4%	2.7%	-1.1%	1.1%	1.1%	-3.5%	3.6%	-1.40%
Tower Hamlets	2.1%	2.0%	2.0%	1.7%	2.3%	1.7%	-2.0%	1.7%	0.48%
Waltham Forest	5.1%	3.0%	3.0%	4.0%	3.0%	3.0%	6.6%	3.0%	4.75%
Wandsworth	4.3%	2.3%	1.5%	4.6%	2.3%	2.7%	5.0%	3.0%	4.15%
Westminster	2.9%	2.4%	2.4%	3.7%	3.1%	1.7%	1.8%	1.8%	1.96%
Total (AVERAGE)	2.9%	2.4%	2.4%	3.7%	3.1%	1.7%	1.8%	1.8%	1.96%

3.2.47 A number of boroughs were planning real terms spending reductions in supervision and management, and repair and maintenance. Boroughs were projecting a real term reduction of 4% in spending in these areas across London. The accumulated real terms decrease in spending from 2024/25 to 2027/28 was estimated to be over £170 million across London. A number of boroughs were planning to make accumulated real terms reductions in spend that were greater than their expected HRA reserves by 2027, indicating that they must make these reductions to remain solvent.



4.0 Stakeholder and ward member consultation and engagement

4.1 There are no stakeholder and ward member consultation arising from this report.

5.0 Financial Considerations

5.1 This report sets out the financial position of the Housing Revenue Account (HRA) revenue budget. There are no direct financial implications arising as a result of this report.

6.0 Legal Considerations

6.1 Local housing authorities are required by section 74 of the Local Government and Housing Act 1989 to keep a HRA unless the Secretary of State has consented to their not doing so. The account must show credits and debits arising from the authorities' activities as landlord. The HRA identifies the major elements of housing revenue expenditure, such as maintenance, administration

and contributions to capital costs, and how they are funded by rents and other income.

- 6.2 Section 76 of the 1989 Act requires HRA budgets to be set on an annual basis in January or February before the start of the financial year. A local authority may not budget for an overall deficit on the HRA, and all reasonable steps must be taken to avoid a deficit.

7.0 Equity, Diversity & Inclusion (EDI) Considerations

- 7.1 The Public Sector Equality Duty, as set out in section 149 of the Equality Act 2010, requires the Council, when exercising its functions, to have “due regard” to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, to advance equality of opportunity and foster good relations between those who have a “protected characteristic” and those who do not share that protected characteristic. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation. The Council also internally recognises care experience and socio-economic status as protected characteristics.

- 7.2 The financial pressures outlined in this report have implications for residents who may be more affected by rising demand for repairs and maintenance, issues such as damp and mould, and the building safety and decarbonisation requirements identified. The report notes that investment plans must be approached cautiously, with flexibility to reprioritise or scale back schemes where necessary due to financial constraints. Clear and accessible communication with tenants about any changes to planned works is essential, particularly for residents with disabilities, older people, and families with young children, who may experience greater disruption or health impacts when repairs are delayed or when building safety or improvement works need to be adjusted.

- 7.3 Growing rent arrears and wider cost-of-living pressures also present a risk of worsening inequalities if not managed inclusively. Lower-income households and tenants with additional support needs may be disproportionately impacted by rising debts, making the Council’s continued focus on ethical debt recovery, tenant engagement and targeted financial assistance critical. As demographic shifts increase the number of residents requiring integrated housing, health and care support, the HRA’s long-term planning will need to remain responsive to ensure that services stay accessible, equitable and capable of supporting those with the greatest need.

8.0 Climate Change and Environmental Considerations

- 8.1 The council declared a climate and ecological emergency in July 2019 and pledged to do all reasonable in the council’s gift to aim for carbon neutrality by 2030 and to work with the government to achieve the national 2050 target. The borough’s Climate and Ecological Emergency Strategy also has ‘Homes, Buildings and the Built Environment’ as its third key theme. This theme has its own objective which is: *‘By 2030, as many homes and buildings in the borough*

as possible will be more energy efficient, be powered by renewable sources and be resilient to future adverse weather events caused by climate change – and we will do all in our gift to achieve an average rating of Energy Performance Certificate B in directly owned council stock’.

- 8.2 Emissions from all domestic properties in the borough (not just council housing) remains the highest single emission source within the borough boundary, with 38% of Brent’s total carbon emissions coming from homes. Unfortunately, retrofitting homes remains prohibitively expensive at scale. Our best estimate for retrofitting council housing stock up to an average is EPC B is that it would cost £60m, and it is likely with current inflationary pressure that this figure would be significantly higher.
- 8.3 To date, Brent has relied on securing external capital grant funding for retrofit works within our own stock, alongside utilisation of the council’s Carbon Offset Fund and integrating retrofit measures into existing asset management programmes. This has seen us retrofit 100 council properties as part of the government’s Social Housing Decarbonisation Scheme (phase 2.1) and recently secure funding for a retrofit project on 80 properties for two Tower Block schemes (The Oaks and Pharamond) via the Social Housing Fund. 1,568 council properties have also been retrofitted with at least one energy efficiency measure since the council declared a climate emergency in 2019.
- 8.4 The government has also recently announced £15bn for energy efficiency plans as part of the new Warm Homes Plan. Brent will be monitoring further announcements closely on opportunities to access potential capital funding under this plan to undertake further retrofit schemes within the council’s own stock.
- 8.5 Brent has also recently adopted its Climate Adaptation and Resilience Framework, which sets out under Priority 2 (Adapting Infrastructure, Buildings and the Built Environment) our aspirations to making Brent’s homes, buildings, infrastructure and public spaces more resilient to the impacts of climate change. Including improving and upgrading Brent’s highest risk homes and buildings to be resilient to extreme heat, flood, and drought. The document acknowledges that this is a long term ambition and will similarly likely be dependent on national and regional funding in order to drive this forward.

9.0 Human Resources/Property Considerations (if appropriate)

- 9.1 There are no HR or property considerations arising out of this report.

10.0 Communication Considerations

- 10.1 There are no direct communication considerations arising out of this report.

Report sign off:

Tom Cattermole

Corporate Director, Resident and Housing Services