

# HOUSING REVENUE ACCOUNT (HRA) RENT AND BUDGET SETTING BOOKLET 2026/27

- 1) Medium Term Financial Strategy  
2026/27 - 2030/31
- 2) Final Draft Housing Revenue  
Account Capital and Revenue Budgets  
2026/27

## FOREWORD

We are pleased to introduce Rugby Borough Council's updated Housing Revenue Account (HRA) Medium Term Financial Strategy (MTFS), covering the period 2026/27 to 2029/30. The Medium Term Financial Plan (MTFP) demonstrates that the HRA will remain balanced over the planned period, subject to continued financial discipline, effective budget management, and ongoing monitoring of risks and assumptions.

The Labour Administration continues to work constructively with the Liberal Democrat Group. The 2026/27 budget includes £22.5m of investment in Housing Revenue Account services to ensure that expenditure is aligned with projected service demands for the coming financial year. The budget reflects growth in repairs and maintenance costs, supervision and management expenditure, and an increased revenue contribution to the capital programme. This supports the delivery of the approved capital investment plans while maintaining a balanced HRA position.

Since the transfer of the Property Repairs Service from Operations & Traded Services to Communities & Homes, the team has been transformed and has made significant improvements in the way the service is managed. By the end of 2025, work in progress (repairs) had reduced by 50% and continues to improve.

We will also be investing in five additional posts within the Communities & Homes establishment. This additional resource will strengthen service capacity and ensure continued compliance.

Finally, we wish to place on record our sincere thanks to Councillor Noreen New, our Chief Officer of Communities & Homes, our Chief Financial Officer, the Finance Team, and the Council's Leadership Team for their significant contribution to shaping both the new Corporate Strategy and this budget.

Councillors Claire Edwards and Councillor Ish Mistry



Councillor Ish Mistry

Portfolio Holder Finance, Performance,  
Legal and Governance



Councillor Claire Edwards

Portfolio Holder Communities and  
Homes

## CHIEF OFFICER FINANCE AND PERFORMANCE AND CHIEF OFFICER COMMUNITIES AND HOMES PREFACE

This booklet explains Rugby Borough Council's Housing Revenue Accounts (HRA) medium-term financial strategy. It gives readers a broad overview of the council's Housing Revenue Account budgets which councillors will consider, alongside some background information on Council Tax.

This booklet is set out in two sections:

- 1 to 8 – Medium Term Financial Strategy
- 9 to 10 – Draft HRA Revenue and Capital Budgets

It is intended that this single source of information provides all the key information for all aspects of the budget setting process.

This is a new approach to reporting on the HRA and we hope you find this document useful and informative.

Jon Illingworth CPFA

Chief Officer Finance and Performance

Michelle Dickson CPFA

Chief Officer Communities and Homes

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## Appendix A

### Appendices

- Appendix A – Draft Revenue Budgets 2026/27 Summary – Housing Revenue Account
- Appendix B – Proposed Housing Revenue Account Capital Programme 2026/27 and onwards
- Appendix C – Medium Term Financial Plan – Housing Revenue Account 2026/27-2030/31

# **1. MEDIUM TERM FINANCIAL STRATEGY 2026/27- 2030/31**

## 1. INTRODUCTION

The strategic direction for the authority is set by the Corporate Strategy 2025-2035. This was a new programme of policies and goals which was adopted by Council on 29 November 2024.

The strategy focuses on the following four key priorities:

- A Healthier Rugby - to support residents to live healthier, longer, and more independent lives
- A Thriving Rugby - to deliver a thriving economy which brings borough-wide investment and regenerates the town centre
- A Greener Rugby - to protect the environment and ensure the borough adapts to climate change
- A Fairer Rugby - to reduce inequalities and improve housing across the borough

For each key priority, the strategy sets out what the council plans to achieve and how it plans to achieve it, while also defining successful outcomes.

The Council also has five Commercialisation Pillars, developed in conjunction with the Chartered Institute of Public Finance and Accountancy (CIPFA), which provide a baseline to work towards. This baseline supports officers to have active challenge and ensure projects are undertaken with the best interests of the Council in mind. The five pillars are as follows:



### **Commitment/deliverability**

Ensuring that Rugby has secured appropriate financial commitments; that there is a clear focus on value for money; that the risk profile of the initiative/project is acceptable to Rugby.



### **Value for resource**

Linked to commitment. Ensuring that Rugby has the required resources (internal/external/voluntary) and that resources are prioritised. Ensuring that there is balance between risk and reward to encourage innovation.



### **Innovation**

"Encouraging our staff to be innovative". Creating an environment and the support network for staff to generate and realise new possibilities and ways of doing things.



### **Reward and return**

Striking the right balance to ensure that we maximise the Council's USP as a key enabler for further change. To ensure that we cascade *reward and return* to our communities and the people/business we serve.



### **Aspiration and inspiration**

Ensuring that we aspire and inspire the organisation to do the right things and that we create the right opportunities. Deliver the corporate priorities to get the best value, outcomes and services for our residents and businesses.

## 2. DEMOGRAPHIC CONTEXT

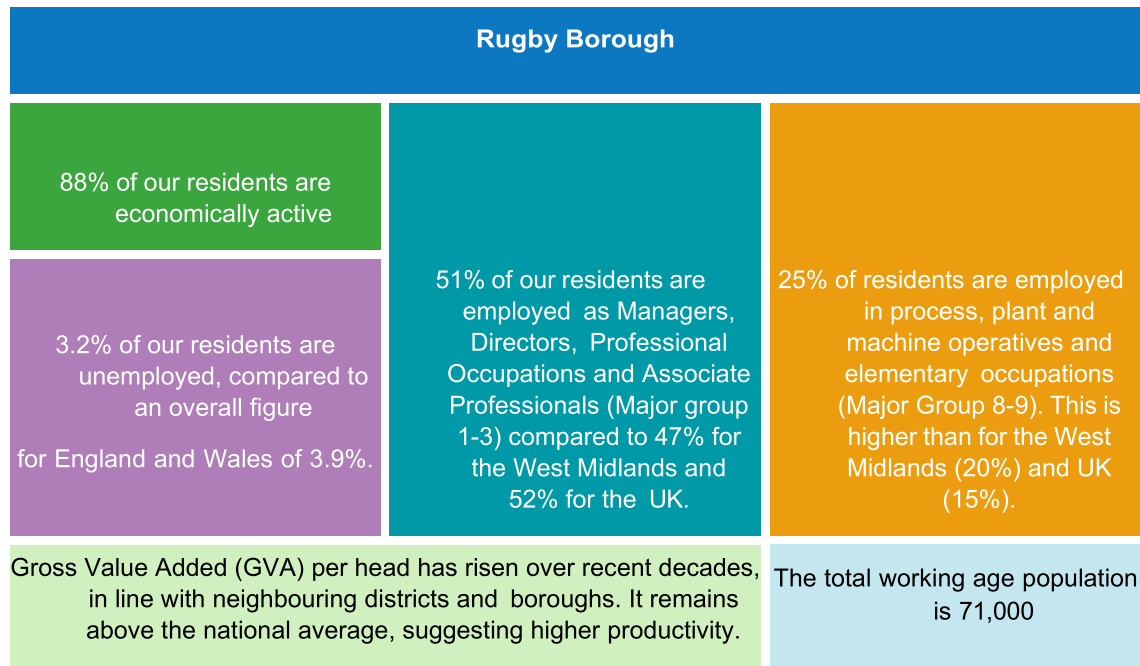
### 2.1. DEMOGRAPHIC SUMMARY

Demographic information provides statistics on the population, age profile, deprivation, occupations and economy, and it gives a picture of the population served by Rugby Borough Council.

The 2021 census (available from [ons.gov.uk](https://www.ons.gov.uk)) provided information on the population and age profile factors that impact the services provided by Rugby Borough Council.

<https://www.ons.gov.uk/visualisations/censuspopulationchange/E07000220/>

A summary of the relevant demographic information for social housing is shown in the diagrams below.



### 3. BACKGROUND – HOUSING REVENUE ACCOUNT OPERATING AND FINANCIAL ENVIRONMENT

#### 3.1. GOVERNMENT POLICY

The Autumn budget/Local Government Finance Settlement (LGFS) 2026/27 provides Local Government with the annual determination of funding for the forthcoming year. Full details of the announcement are available at

[Local government finance policy statement 2025 to 2026 - GOV.UK](#)

[Local government finance policy statement 2026-27 to 2028-29 - GOV.UK](#)

In April, the Government announced that the current rent settlement would be rolled over for another year. Therefore, for 2026/27, the indicative maximum permitted rise in rents is 4.8%, using prior years guidance of CPI (at September) +1%. For financial planning within the Medium-Term Financial Plan, rent uplifts are estimated at 3% from 2027/28 (Bank of England CPI target of 2% + 1%).

The government is currently consulting on re-introducing a policy of social rent convergence, acknowledging this as necessary for securing increased investment in new and existing social housing. The key proposal within the consultation is, where the actual rent for any property is currently below formula rent, to permit all providers to increase the rent by a set amount above CPI+1% annually until the rent reaches formula. The convergence options are limited to two: £1 a week or £2 a week, plus a third option at £3 a week, proposed in response to previous consultations.

At the Autumn Budget, the government stated that it will announce details of its rent convergence policy – including the convergence rate – in January 2026.

As part of the autumn statement 2024, the government announced changes to the Right to Buy Scheme. These changes considerably reduced the amount of discount available to tenants who wish to buy their Council homes. The maximum discount for the West Midlands is now £26,000, which has reduced from £102,400. Tenants who applied to purchase their home prior to 21 November 2024 were still able to obtain the old discount.

## 3.2. FUNDING THE HOUSING REVENUE ACCOUNT

The Council's core corporate funding streams that support the Housing Revenue Account budget are:

- Home/Garage Rents
- Service charges
- Individual heating system charges

## 3.3. RENT

The Housing Revenue Account (HRA) is a ring-fenced account for Local Authority Housing provision under Section 74 of the Local Government and Housing Act 1989. It is a statutory obligation to maintain a revenue account for the Council's housing provision, ensuring that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. The HRA is ring-fenced by the rest of the General Fund, meaning that rents cannot be subsidised from council tax and vice versa.

Since April 2020, rent policy has permitted annual rent increases on both Social Rent and Affordable Rent housing of up to CPI plus 1 percentage point – other than year in the 12 months from 1 April 2023 to 31 March 2024, when this was replaced by a 7% 'ceiling', with the exception of supported housing. During those 12 months, registered providers were only allowed to increase rents by up to 7% due to exceptional high CPI figures.

The current Policy Statement on Rents for Social Housing includes a proposal from the 2024 Autumn Budget allowing social housing providers to increase rents by up to consumer price inflation (CPI) plus 1% annually, for the period between 2026/27 and 2030/31. Additionally, the policy statement indicates that the rent policy will remain in effect for at least 10 years starting from April 2026. This aims to provide stability in social housing rents over the coming years.

[Annex B - draft policy statement on rents for social housing.pdf](#)

CPI at September 2025 was 3.8%. This means rents could rise by a maximum of 4.8%. The increase in rent is critical to the delivery of the social landlord function as this income is also used to provide household repairs for example plumbing and electrical repairs and improvements such as energy efficient boilers replacements at no additional cost to the tenant.

Each 0.5% of rent increase up or down has an impact on the income budget of approximately £90,000. The table below shows the effect of an increase below the government guideline of 4.8% and its impact over the next 3 years.

Possible % rent increase 2026/27	Loss of income with subsequent 3% increase in future years				Total Accumulative Loss
	2026/27	2026/27	2027/28	2028/29	3 Years
	£000s	£000s	£000s	£000s	£000s
4.80%	871	0	0	0	0
4.30%	781	90	93	95	278
3.80%	691	180	186	190	556
3.30%	601	270	279	285	835

Rent estimates for 2026/27 assume a stock level of 3,510 available to let HRA properties at the start of December 2025. An average void rate of 2.70% is estimated for 2026/27. The 100 properties at Navigation are now included in the stock figures.

### 3.4. RENT CALCULATION

The calculations for rents are based on average rents over the entire year.

	2025/26	2026/27	Average Increase	Average Increase
	£	£	%	£
Average Weekly Rent 52-week basis	107.42	112.58	4.8	5.16
Average Weekly Rent 48-week basis	116.37	121.96	4.8	5.59
Total annual rent	19.229m	19.983m		

Estimated rental income from dwellings of £19.983m for 2026/27. The estimate is based on the central business case of:

- An average 2.70% void rate across the stock (compared to current void rate of 1.27% January 2026)
- 5 Right-to-Buy sales
- Acquisition of 15 properties
- Generating rent from 100 units at Navigation way

### 3.5. VOID PROPERTIES

When one of the units is vacant, it is classed as void. As the landlord not only does the Council not generate the income, but it is also liable for Council tax and utility standing charges due on the property. The table below shows the impact of voids on the income levels. As well as the loss in income, the Landlord also becomes liable for the Council Tax and utility standing charges between tenancies. The “cost” is borne by the HRA account, so it is essential that properties are re-let as soon as possible.

	Loss of income £000s	Additional Council tax (based on a band D property – Rugby Town Area) £000s	Total impact £000s
1%	192	83	275
2%	384	168	552
3%	577	248	825

Each additional Right to Buy sale produces an average rent loss of £5,586 in a full year. The average target rent in 2026/27 (52-week basis) will be £120.33 as compared to the average actual rent of £112.58.

Target rent refers to a calculated maximum rent level for a social or affordable dwelling, based on a standard formula used nationally.

The actual rent is the amount currently set and paid by the tenant for a dwelling. For properties managed under the HRA, this typically aligns with either:

- **Formula Rent (Social Rent):** Determined by central government formula based on property value, local income levels, and number of bedrooms—then adjusted annually (e.g., CPI + 1%).
- **Affordable Rent:** For properties designated as such, actual rent can be set at up to 80% of local market rent, including service charges.

#### Void management

The purpose of this Void Management is to set out the Council’s approach to managing empty Housing Revenue Account (HRA) properties (“voids”). To ensure that:

- Council homes are relet quickly, safely, and to a consistent standard
- Rental income loss to the HRA is minimised
- Properties are safe, secure, and ready for occupation
- The Council meets its statutory and regulatory responsibilities
- The process is fair, transparent, and customer focused

Void Management involves Housing Services, Assets, Property Repairs and Housing Advice and Enabling Teams. An end-of-end review of the voids process was carried out in 2025 to enable joined up void

management. Performance continues to improve with void rental losses for Quarter Three 25/26, being £36,486, an improvement of £16,106 in the same quarter for 24/25.

### 3.6. RENT COLLECTION/BAD DEBT PROVISION

The collection rate for rent and service charges and the performance in managing rent debt is critical to the financial position of the HRA and has a direct impact on the amount of bad debt provision that must be set aside.

The Council's bad debt provision for HRA rents is currently £0.738m. This figure is reviewed as part of the year-end process and adjusted appropriately. Each year the Council includes a budget relating to the increase of this provision and for 2026/27 this budget will marginally increase by £0.069m. The level of rent arrears will be reviewed and will be monitored throughout the year.

Arrears amounted to £0.774m as at 31 March 2025 for current tenants or 38%. The overall debt owed to the Council has increased due to bad debt. The bad debt management will be moving to a debt collection agency in 2026.

#### **Rent Policy**

For budget setting purposes, the proposed rent for the year will be based on the maximum permitted as per government guidance.

In the years following this, the forecast will be based on the government's target for inflation (2%) plus 1% - therefore a forecast of 3%.

### 3.7. WOODSIDE PARK RENTS

Woodside Park is a local authority-run gypsy and traveler site located in Ryton-on-Dunsmore within the Rugby District of Warwickshire. The site consists of 19 pitches rented to pitch holders by the council, as well as a similar number of privately owned pitches that fall outside of the control of the Council.

It is proposed that Pitch fees for the council owned pitches at Woodside Park are to rise in line with HRA rents. The current pitch fee is £152.70 and will rise in 2026/27 to £157.59 - an increase of £4.89 Per Week, CPI (3.2%) as at 18 December 2025. Changes to pitch fees are governed by the Mobile Homes Act 1983.

#### **Woodside rent policy**

The proposed rent increases will be based on the latest CPI available in time for the annual rent setting meeting in February.

### 3.8. SERVICE CHARGES

A service charge is a payment made by a Tenant or Leaseholder for services received in connection with occupation of their home. The Landlord and Tenant Act 1985, defines service charges as: *"An amount payable by a tenant of a dwelling as part of or in addition to the rent which is payable directly or indirectly*

## Appendix A

for services, repairs, maintenance, improvements or insurance or the landlord's costs of management and the whole or part of which varies or may vary according to the relevant costs”.

In line with government guidance, service charges are de-pooled from rent charges which enables tenants to see the estimated amount spent on services. Income from service charges is estimated at £1.253m in 2026/27 including a void allowance of 2.70%.

The average weekly impact upon utilities and cleaning service charges arising from the estimates of costs associated with those services in 2025/26 (on a 52-week basis) is as follows:

Charge Type	Average Charge p/w (52 wk basis) 2025/26 (£)	Average Charge p/w (52 wk basis) 2026/27 (£)	Average Change p/w (£)
<b>Communal Lighting –</b> Electricity (Rebateable – eligible for Housing Benefit)	1.64	1.68	0.04
<b>Communal Heating – Gas</b> (Rebateable – eligible for Housing Benefit)	0.81	0.69	(0.12)
<b>Communal Cleaning</b> (Rebateable – eligible for Housing Benefit)	3.35	3.84	0.49
<b>Independent Living Co-ordinator</b> (to be increased in line with rent rise)	10.59	11.10	0.51
<b>Water</b>	7.33	7.75	0.42

**Service Charge Policy** - Service charges are required to ensure that the Council recovers the cost of Housing Revenue Account (HRA) services provided to HRA tenants, HRA licensees (of accommodation), HRA Leaseholders and RTB Freeholders and their successors in title, for the cost of services which are not already included within the rent, licence fee, ground rent or purchase price paid for their home. The costs of which could go up or down, but will be adjusted accordingly on an annual basis based on the forecast costs for the forthcoming year.

### 3.9. INDIVIDUAL APARTMENT HEATING COSTS

The recovery of heating costs only relates to 3 Independent Living schemes

(Albert Square, Tanser Court and Lesley Souter House. Unlike a service charge, this is the heating charge for the tenants as the sites have a centralised heating system, which feeds the domestic supply of each individual property within the housing scheme. Tenants are responsible for their domestic utility costs as are other households within the HRA. According to the Housing Benefit guidance for supported housing claims (Section 184), heating, lighting, and hot water charges are considered ineligible for housing benefit.

This is also a fixed charge so the affected tenants will be insulated from any in year price Fluctuations.

Charge Type	Average Charge p/w (52 wk basis) 2025/26 (£)	Average Charge p/w (52 wk basis) 2026/27 (£)	Average Change p/w (£)
<b>Individual Apartment heating cost – Communal Heating – Gas</b> (Non-Rebateable – Very Sheltered Housing only – not eligible for Housing Benefit)	15.43	14.65	(0.79)

**Individual Apartment heating policy-** the charges for this will be assessed based on the forecast cost of the service each year. There will not be any in year changes, but the new years costs will be adjusted accordingly

### 3.10. TRANSFORMATION AND CORPORATE STRATEGY DELIVERY PLAN

Delivering the Corporate Strategy and the aspirations of the housing service will require transformation; the plans for the MTFs are shown below.

#### Transformation of Landlord Services

In 2026/27 Rugby Borough Council propose to deliver a programme to transform the delivery of landlord services.

The programme will deliver the following:

- A clear plan for service transformation
- A new asset management system that integrates with the housing management and repairs systems
- Efficiencies in delivering responsive and quality landlord services
- An Independent Living service offers better understood by tenants
- Introduction of a new Choice Based Lettings System for allocating council homes

The reasons for the programme scope and deliverables are as follows:

- Improved and more responsive services for our tenants
- Increased productivity through increasingly efficient processes

In line with Decent Homes Standards, the minimum standard for Social Housing properties required by law, is essential; all properties are compliant with the big 6 safety requirements; Gas, Electrical, Water, Fire, Lifts and Asbestos. Other stock investments are required, determined by planned & cyclical maintenance programmes, for example kitchen, bathroom and roofing replacement programmes. Energy efficiency improvements are also required to ensure all properties reach EPC Grade C by 2030.

## Appendix A

We have known stock condition data in respect of 86.6% of properties, which were inspected as part of a stock condition survey programme that started in 2025. The remaining 13.4% will be surveyed in 2026 with 20% of properties thereafter surveyed year on year. This ensures stock is surveyed every 5 years and data is current and compliant with the Regulator for Social Housing's Safety & Quality Standard. Results of the stock condition survey will feed into the HRA 30 Year Business Plan and Asset Management Strategy.

### **The 30 Year HRA Business Plan:**

The Communities and Homes and Finance Teams have been working with external specialists to determine a new 30-year HRA Business Plan together with a complementary 30-year HRA Investment Plan.

The HRA Business Plan provides a long-term financial framework that enables the Council to:

- Safeguard the financial viability of the HRA, ensuring that income from rents and other sources can sustainably support housing services, maintenance, and investment.
- Plan for future investment needs, including decarbonisation, building safety, and compliance with evolving housing standards.
- Support strategic decision-making, such as regeneration, new build programmes, or stock rationalisation.
- Demonstrate financial stewardship and transparency to tenants, stakeholders, and regulators.

The Investment Plan translates financial strategy into a practical roadmap for maintaining and improving the housing stock. It enables the council to:

- Prioritise capital works based on asset condition, risk, and tenant need.
- Align investment with strategic goals, such as achieving net zero, improving tenant satisfaction, and ensuring compliance.
- Maximise value for money through efficient procurement and delivery.
- Adapt to emerging challenges, including climate resilience and demographic shifts.
- A long-term investment plan ensures that resources are targeted effectively, and that the housing stock remains safe, decent, and future ready. Elsewhere within the service, an in-depth review identified some single points of failures which teams are working to address, this includes:

Recording, monitoring and reporting of

- Out-of-hour emergency repairs
- Fire Risk Assessment Actions
- HHSRS (Housing Health & Safety Rating System) actions
- Data sharing between different departments
- Capability of related IT systems

### **Transformation of Asset & (PRS) Property Repairs Service**

On 6 January, a report was presented to Cabinet outlining the first 12 months of the Property Repairs Service transferring from Operations & Traded Services to Communities & Homes.

Achievements include:

- Improvements to the KPI Framework
- Eight compliance policies created & approved
- Procurement policies completed
- New contract management process introduced to increase accountability of material and labour suppliers
- Procurement of new Asset Management Module to improve ability to interrogate stock data to inform strategic investment planning. The new module will also allow increased integration with other systems, including finance, to provide additionality in terms of efficiencies to be derived further across the organisation
- Through review of commercial contracts
- Proposed Changes to Team Structures
- Work in progress (repairs) reduced from 1,234 repair jobs to 526 repair jobs at the end of October 2025
- Housing Health and Safety Rating Systems Hazards reduced from 931 to 30 as of November 2025.

Building on the work undertaken to date, the Property Repairs Service continues to evolve in response to operational learning, regulatory expectations, and wider sector change. A key area of development is the transition towards a Schedule of Rates aligned to NHF principles, which is being explored alongside contractors. This work is intended to support greater transparency, consistency, and value-based decision-making in the delivery of repairs, while recognising that implementation will be iterative and subject to ongoing refinement as the operating environment changes.

Alongside this, improvements in management information and reporting are enabling better visibility of performance, trends, and pressures across the service. These insights are being used to highlight areas of relative strength as well as those requiring further attention, helping to inform priorities and support more evidence-led discussions around focus and resource allocation. As data quality and system integration continue to develop, reporting will remain a key tool in supporting informed decision-making rather than a static measure of performance.

The service is also making progress in working in a more joined-up way across teams, systems, and partners, recognising that effective asset and repairs management relies on collaboration rather than siloed approaches. This includes learning from recent changes, testing new ways of working and adapting as national policy, regulation and local circumstances continue to evolve.

Overall, the transformation journey remains dynamic. The service is responding to emerging information, regulatory feedback, and operational experience, with an emphasis on continuous improvement, adaptability, and maintaining oversight in a period of rapid and ongoing change.

### 3.11. ONGOING CHALLENGES IN SOCIAL HOUSING

- Ageing stock
- Decarbonisation – Tackling climate change, improving energy efficiency & saving tenants money.
- Minimum Energy Efficiency Standards (MEES) – EPC C by 2030 (proposed): Consultation signals a new minimum energy performance standard in the social rented sector.
- Awaab's Law – Hazards in Social Housing: Requires timely inspection and remediation of hazards (e.g., damp and mould), with defined response times for significant or emergency hazards.
- The Social Housing Regulation Act 2023 – as response to tragedies such as Grenfell
- Increased powers of regulators – unlimited fines, inspections & professionalisation of services and increased emphasis on tenant involvement.
- Housing Ombudsman – powers increased after October 2022
- Tenant Satisfaction Measures (TSMs): Annual publication and regulator submission (for landlords with ≥1,000 homes) covering repairs satisfaction, building safety, complaints handling and tenant engagement.
- LGR –on the 5th February 2025, the government has announced that it will facilitate a programme of local government reorganisation for two-tier areas and for those unitary councils where there is evidence of failure or where their size or boundaries may be hindering their ability to deliver sustainable and high-quality services for their residents. The Government will follow the established assessment and decision-making process, with a view to undertake elections in May 2027 ahead of the establishment of new local authorities in April 2028.
- At the time of writing, the service was awaiting confirmation of its grading following a formal inspection of the service, undertaken by the Regulator of Social Housing in Autumn 2025

## 4. POLICY UPDATES

### 4.1. RIGHT TO BUY

The Right to Buy scheme is governed by the Housing Act 1985 and is designed to give eligible tenants the opportunity to purchase their homes at a price lower than the full market value, because the length of time as an eligible tenant entitles them to a discount.

The government announced changes to the Right to Buy Scheme in the autumn statement 2024, The maximum discount for the West Midlands is now £26,000, which has reduced considerably from £102,400

How the current system works

#### **Right-to-Buy (RTB) Capital Receipts**

The Council has a 1-4-1 retention agreement with MHCLG allowing it to retain a greater proportion of receipts upon the condition that they are utilised in provision of replacement housing within 5 years. Receipts that are not utilised must be returned to His Majesty's Treasury (HMT) and incur an interest charge of Bank of England Base Rate plus 4%. (7.5% as at January 2026)

In July 2024, the Government announced changes to rules surrounding Right to Buy receipts to increase flexibility from previous system.

- The maximum contribution of Right to Buy receipts for replacement of affordable housing was increased from 50% to 100%.

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- Right to Buy receipts can now be used alongside Section 106 contributions
- The cap on the number of replacement properties delivered as acquisitions (as opposed to built) has been removed.

Following a Government consultation response published in July 2025, the Government confirmed its intention for these flexibilities to continue beyond 2025/26, rather than being limited to the original two-year period.

From 2026/27 onwards, councils are expected to be able to combine RTB receipts with other grant funding (such as Homes England grant), subject to the implementation of the necessary legislative changes.

Under the changes to the Right to Buy discount allowable from November 2024 it is likely that amount of capital receipts becoming available will reduce along with the balance on the reserve.

The total amount of capital receipts relating to HRA sales at the beginning of 2025/26 was £12.023m.

## 5. DELIVERING EXCELLENT VALUE FOR MONEY SERVICES

Given the financial challenges facing the sector, it is essential that officers demonstrate value for money for the costs that we incur. In delivering this, the savings targets to balance the budget will not be unnecessarily inflated, which would put additional pressure into delivering a balanced budget.

### 5.1. VALUE FOR MONEY REVIEWS

To demonstrate strong financial management, all areas of the organisation will be reviewed to ensure resources are being used as effectively as possible. Initial work will focus on the highest-risk and most high-profile areas. Using intelligence from the budget monitoring process, Finance Business Partners will work closely with Budget Managers and Chief Officers to ensure value for money is achieved.

A squad-based approach will be adopted, with officers deployed to projects based on the skills and expertise required, and project management principles applied throughout. This will be supported by consistent reporting, using standard templates to provide both detailed and strategic insight, including the opportunities and risks associated with any proposed changes to service delivery.

The outcomes of this work will initially be reported to the Medium Term Financial Strategy Group, but may be escalated to the Programme Board where recommendations involve the delivery of a transformation project.

#### **Value for Money reviews policy**

The Value for Money (VFM) policy ensures the council secures economy, efficiency, and effectiveness in its resource use. This is assessed under the Local Audit and Accountability Act 2014, and the Council is required to report on its VFM arrangements in its annual report and accounts. The Council's Corporate Strategy 2025-2035 outlines plans to create a sustainable economy and focuses on key priorities such as health, economy, and reducing inequalities. Additionally, the Council is committed to improving its financial management practices and ensuring transparency in its operations.

### 5.2. RECHARGES/CENTRAL OFFICE OVERHEADS

## Appendix A

Although the HRA is a separate fund, some costs are incurred by the General Fund that relate directly to housing services. In these circumstances, a recharge is required. The General Fund to Housing Revenue Account (HRA) recharges procedure sets out how costs are allocated between the Council's General Fund and the HRA where services benefit both areas.

As the HRA is a ring-fenced account, the Council must ensure that:

- the HRA is charged only for costs that properly relate to council housing;
- the General Fund does not subsidise the HRA, and vice versa; and
- all recharges are transparent, evidence-based, and defensible.

Typical examples include:

Service	Why It's Recharged to HRA
Finance	Rent accounting, HRA Budget Support
HR	Staff working on Housing Functions
ICT	Housing Systems, Devices, Support
Legal	Tenancy enforcement, Housing litigation
Corporate Management	Strategic oversight of Housing
Customer Services	Housing Enquiries
Property Services	Repairs, Compliance, Asset Management

### Recharges Policy

The HRA is charged only for costs that properly relate to the provision, management, and maintenance of council housing. The General Fund is not subsidised by the HRA, and the HRA is not subsidised by the General Fund. All recharges are transparent, evidence-based, and compliant with statutory requirements, including the Housing Revenue Account ring-fence. The Council maintains a consistent, fair, and auditable methodology for allocating shared costs.

## 5.3. PROCUREMENT STRATEGY

The Procurement Strategy 2023-2027 has been developed as part of our partnership with Nuneaton and Bedworth Borough Council. The strategy focusses on the following five themes:

- Compliance
- Strategic Procurement & Purchasing
- Value for Money
- Collaboration
- Social Value

The Council will collaborate with its partners to engage in supplier and market development and packaging of contracts to ensure the most effective purchase is made. This strategy seeks to provide clear direction

## Appendix A

and a coordinated strategic approach that avoids duplication or increased bureaucracy, interfaces with the Corporate Strategy, and delivers improvements to our procurement process for the period 2023–2027.

In terms of Social Value, the Council, through its procurement processes, can engage key stakeholders involved in the commissioning, designing, specifying, procuring, and managing of requirements, to apply climate change requirements in a relevant and proportionate manner. Considering the potential for carbon reduction as early as possible in the process can effectively mobilise procurement to deliver relevant local and climate change priorities.

The Procurement Act 2023 went live from 24 February 2025. The changes will place value for money, public benefit, transparency and integrity at the forefront of the procurement process. It will more effectively open up public procurement to new entrants such as small businesses and social enterprises so that they can compete for and win more public contracts. As well as changes for the Procurement Team to incorporate into their processes, there will be implications for Contract Managers too. Training will continue to take place for all relevant staff to ensure their understanding of the requirements the Act places on them.

### 5.4. PAY INFLATION

The increase in the pay cost budget considers anticipated increases in pay inflation and other pay cost increases such as changes in staffing numbers, increments, and employer costs. However, as the organisation is part of the national pay negotiations, employee pay is set at a national level and implemented regardless of the allocated budget.

#### **Pay Inflation Policy**

The pay award for 2026/27 has been budgeted at 3%, in each of the following 3 years of the MTFP 2% has been used. This will be reviewed each year of the budget setting process.

### 5.5. CONTRACT INFLATION

The HRA currently has live contracts with a value of in the region of £16.4m and these are funded from existing budgets where possible, but also Cabinet and Council approval when this is not the case. A number of the contracts that we enter into span multiple years and once the contract has been signed the HRA will need to cover the cost for the entire length of the contract.

#### **Contract Inflation Policy**

The contracts register will be used to understand the inflationary impact of annual contract increases and it is the responsibility for the contract manager to ensure that this information is provided to the Procurement Team.

Where a Cabinet/Council report is presented for multi-year contracts, details of the annual inflationary increases must be identified as part of the approval process.

## 6. KEY PRINCIPLES FOR FINANCIAL MANAGEMENT

### 6.1. STRATEGY, PRINCIPLES AND PROCESS

It is essential that the Council's financial resources are aligned to support the delivery of the Corporate Strategy. The following documents outline the overall strategy, principles, and processes for the Council and Officers.

- Scheme of Delegation to Officers (Constitution Part 2) – this outlines the delegated authority to the Leadership Team and what they may delegate within their service area.
- Budget and Policy Framework (Constitution Part 3) – this outlines the responsibility of Cabinet for leading on the development of the Framework and putting forward proposals for the draft budget, plans and strategies to the Council for consideration.
- Financial Standing Orders (Constitution Part 3) – this provides the framework for managing the Council's financial affairs and apply to every Councilor and Officer. It covers a range of financial activities and outlines responsibilities.
- Contracts Standing Orders (Constitution Part 3) – these provide the framework for the procurement process to ensure integrity and probity.
- Financial Regulations – these set out the key actions that must be taken to implement Financial Instructions and deliver a Financial Accountability Framework.
- Financial Instructions – these are the detailed expansion of the Financial Standing Orders and provide specific guidance and instruction to officers on a wide range of financial activities to ensure:
  - Good working practices;
  - Consistency of approach;
  - Financial conventions are followed

All this information can be found centrally within the Council's internal constitution, which has direct links to all the policies as well as guidance on how to use them.

### 6.2. GOVERNANCE

The council has a strong system of financial control and procedures. Financial Regulations are now embedded and identify the roles and responsibilities for the whole of the leadership team. This is complemented by financial instructions and the internal constitution which applies to all officers in the organisation.

As part of our commitment to being a transparent and effective organisation, we are committed to bringing together our financial performance, with our performance against each of our strategic priorities. This will give us a rounded and comprehensive view of how we are using our resources to deliver outcomes for our residents and will be presented using Key Performance indicators throughout the year and through the Annual Report of the delivery of the Corporate Strategy Delivery plan.

Financial reporting will be integrated with performance reporting, to ensure alignment with the council's core existing decision making and as part of this Cabinet will be updated on corporate financial performance quarterly.

Through the implementation of the CIPFA Financial Management code action plan, officers will continue to demonstrate the commitment to delivering robust financial management. With the use of the internal constitution, all officers will have easy access to policies and procedures to support them with delivering the role of budget manager.

### 6.3. OPERATION OF FINANCIAL MANAGEMENT AND CONTROL

The Council's budget setting and monitoring arrangements are decentralised, Budget Managers have direct control and ownership of their budgets, whilst still allowing Financial Services to retain the necessary degree of central control and co-ordination. To support officers' training sessions for Budget Managers, take place on an annual basis, with one-to-one coaching completed through the general finance business partner's offer.

The Financial Services team, through the delivery of the team service plan, and the implementation of the Corporate Strategy delivery plan, will concentrate on the provision of value-added activities. This approach is essential to ensure the Council has a richer understanding of the relationship between our inputs, outputs, and outcomes and that the Council is effective in the scrutiny of the effectiveness of cost and spending overall.

### 6.4. CAPITAL STRATEGY

The Capital strategy sets out the process for budget setting for capital projects and continuation programmes. Schemes are dependent on appropriate resourcing being available. All new proposals require a report to Cabinet setting out the business case and requiring Cabinet approval for the scheme and proposed financing. Once approved, schemes are added to the approved Capital Programme.

All new capital schemes will need to identify how they achieve value for money and that there is a positive impact on the delivery of the Corporate Strategy Delivery Plan.

The 2026/27 Capital Strategy was presented to the Audit and Ethics Committee on 29 January 2026. This continued with the new approach to the management of capital expenditure and projects including:

- The requirement for a report seeking budget approval and presenting a robust business case for all proposals, including any subsequent increases in the overall budget required.
- Capital budget approval not sought from within Finance budget setting, budget monitoring, or year-end reports;
- The principle that projects will be approved as an overall value that is then profiled over a specified time period;
- Approval of several continuation programmes that occur annually with specified annual budgets;
- Delegation to the Chief Officer – Finance and Performance to manage any rescheduling over the years.

## 6.5. TREASURY MANAGEMENT STRATEGY

The 2026/27 Treasury Management Strategy was presented to the Audit and Ethics Committee on 29 January 2026. This detailed:

- The council's prudential indicators for capital
- The Council's Minimum Revenue Provision policy statement
- Treasury Management indicators
- Approved counterparties and limits

There are no significant changes from the previous strategy.

## 7. RISKS AND RESERVES

The Council is required to maintain a sufficient level of financial reserves to meet the needs of the organisation.

Reserves are a vital tool in financial management and are one of the mechanisms for managing financial risk and supporting longer term budget strategies and investment. A level of reserves is a key component of the HRA's financial sustainability and resilience. A reduction in the level of reserves can be seen as a potential indication of future financial instability.

The HRA will seek to optimise the use of its reserve balances by delivering the Corporate Strategy priorities, making decisions on a corporate basis, supporting the value for money and productivity improvements the investment of the reserves can deliver as well as observing opportunities to maintain an appropriate balance between short term expenditure and long-term investment.

The HRA will seek to optimise the use of its reserve balances in delivering priorities, making decisions on a corporate basis, and observing opportunities to maintain an appropriate balance between short-term expenditure and long-term investment.

A summary of total balances is shown below:

Name of reserve / balance	Apr-25 £000	Apr-26 £000	Apr-27 £000	Apr-28 £000
Housing Revenue Account Balances	(4,085)	(4,085)	(4,085)	(4,085)
HRA Capital Balances	(17,621)	(18,582)	(17,341)	(16,178)
HRA Major Repairs Reserve	(6,127)	(6,587)	(5,154)	(3,967)
HRA Climate Change Reserve	(1,512)	(385)	(385)	(385)
HRA - Transformation Reserve	(227)	(208)	(208)	(208)
Sheltered Housing Rent Reserve	(456)	(506)	(556)	(606)
Right to buy Capital Receipts	(12,023)	(13,901)	(12,301)	(10,601)

	(42,051)	(44,254)	(40,030)	(36,030)
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**HRA Revenue Balance:** This reserve is held to fund tenant services and day to day repairs and maintenance of the Council housing stock. It is estimated HRA Revenue balance on 31 March 2026 will be £4,085m. which equates to just over £1,000 per property. This level is considered prudent, similar to what a homeowner might set aside for domestic emergencies, and to ensure the Council is prepared to meet any unforeseen repairs and changes in revenue costs arising relating to the HRA Medium Term Financial Plan.

**Major Repairs Reserve:** The Major Repairs Reserve (MRR) reflects the need to replace major components as they wear out. This funding, together with previous allocations of supported borrowing and revenue contributions, has enabled the Council to maintain the housing stock in good condition. Balances will require reviewing considering any regulatory changes in future years.

**Housing Repairs Account:** The Housing Repairs Account is an earmarked reserve used to mitigate the risks associated with cyclical and responsive repairs over time. The forecast balance over the period of the medium-term financial plan is Zero. In addition to the above, the Council has also made revenue contributions set aside for capital investment in prior years to fund new builds, estate regeneration, and other works.

**Climate Change Reserve:** The reserve has been established to support the Council's objective to move operations towards carbon neutrality by 2030. It is used to seek out matched funding schemes when external funding becomes available. It has been utilised to match fund a £2.2 million project through the Social Housing Decarbonisation Fund, which has been used to fund energy efficiency improvements to 112 of the hardest-to-heat homes across Rokeby and Long Lawford. These two areas have been identified as having a high proportion of Wimpey No-Fines properties with solid concrete walls, amongst the poorest performing in our stock in terms of energy efficiency. Both areas also have higher than average levels of fuel poverty – Long Lawford Lower Super Output Area (LSOA) has a fuel poverty level of 19%, and Rokeby LSOA 20%, compared with a Borough-wide average of 14.4%, and a national average of 13.2%. The scheme is to be delivered over two years, with the final phase of the works expected to be completed by March 2025.

## 8. MTFS CYCLE

### 8.1. REVENUE

The budget setting process is a continuous cycle, and the work begins at the start of every financial year and is led by the Medium Terms Financial Strategy Group. The core membership of the group is the leadership team with officers and members involved at key stages in the cycle.

At the beginning of the cycle, the group undertakes an analysis of the medium-term financial position considering the previous years' outturn position and any external policy or internal strategy development.

The Chief Officer for Communities and Homes and their teams will work with the Portfolio Holder to develop proposals which are then presented to the Budget Working Group. Proposals are then analysed by the group including full Cabinet and then presented to a working group including opposition group leaders (and any other relevant invitees) during November. The agreed proposals are then presented as part of the Draft Budget report in January.

In February, any significant updates are reported to Cabinet before the final rent setting report is presented to Council during February

#### MTFS Policy

## Appendix A

During the duration of the MTF work will take place to achieve a balanced budget for the whole period, not just the next financial year. This will mean that savings for beyond one year may need to be approved

# **2) FINAL DRAFT HRA CAPITAL AND REVENUE BUDGETS 2026/27**

## 9. OUR FINANCIAL CONTEXT

The HRA's budget is most often expressed in net revenue terms. For 2026/27, the net revenue surplus of £3.681m is applied as a revenue contribution to capital expenditure, as shown in Appendix C, the Medium-Term Financial Plan.

The HRA receives income from dwelling and garage rents, service charges, and contributions to shared utility systems. This income enables the Council to fund services that support the delivery of the Corporate Strategy and the various strategies and plans outlined in the Introduction at Section 1. The Council also considers available demographic data (as set out in Section 2) when assessing service needs across Rugby.

## Appendix A

In addition to revenue expenditure, the Council also has a capital programme to fund major projects. This is set out in Appendix B, together with details of how the programme is financed.

The Council is also required to maintain an appropriate level of reserves to manage budget volatility, unforeseen events, and reserves earmarked for specific purposes. This is explained further in Section 7 above.

### 10. INFORMING TENANTS

All tenants will receive written correspondence at least twenty-eight days in advance informing them of changes to their rent and service charges for the coming financial year.

## DRAFT REVENUE BUDGETS 2026/27 SUMMARY

## HOUSING REVENUE ACCOUNT

	2025/26 Draft Budget £000s	2025/26 Revised Budget £000s	2026/27 Draft Budget £000s	Movement
<b>INCOME :-</b>				
Rent Income From Dwellings	(19,229)	(19,229)	(19,983)	(754)
Rent Income From Non - Dwellings	(129)	(129)	(102)	27
Charges For Services	(1,212)	(1,212)	(1,253)	(41)
Contributions Towards Expenditure	(158)	(152)	(153)	(1)
<b>Total Income</b>	<b>(20,728)</b>	<b>(20,722)</b>	<b>(21,491)</b>	<b>(766)</b>
<b>EXPENDITURE :-</b>				
Transfer To Housing Repairs Account	5,881	5,874	6,742	868
Supervision & Management	6,864	7,080	7,234	154
Rents, Rates, Taxes & Other Charges	150	125	125	0
Depreciation and Impairment	3,424	3,368	3,368	0
Debt Management Cost	0	0	0	0
Provision For Bad or Doubtful Debt	69	69	69	0
<b>Total Expenditure</b>	<b>16,388</b>	<b>16,516</b>	<b>17,538</b>	<b>1,022</b>
HRA Share of Corporate & Democratic Core Costs	329	318	318	0
<b>NET COST OF HRA SERVICES</b>	<b>(4,011)</b>	<b>(3,888)</b>	<b>(3,635)</b>	<b>253</b>
<b>HRA SHARE OF OPERATING INCOME &amp; EXPENDITURE INCLUDED IN THE WHOLE AUTHORITY INCOME &amp; EXPENDITURE ACCOUNT</b>				
Interest Payable & Similar Charges	1,104	1,104	1,104	0
Interest & Investment Income	(1,063)	(1,063)	(1,200)	(137)
<b>NET OPERATING EXPENDITURE</b>	<b>(3,969)</b>	<b>(3,846)</b>	<b>(3,731)</b>	<b>115</b>
Contributions to (+) / from (-) Reserves	50	50	50	0
Revenue Contributions to Capital Expenditure	3,919	3,796	3,681	(115)
<b>Surplus(-)/Deficit for year</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>	<b>(0)</b>

Rent estimates based on rent increase of 4.8% and 5 Right to Buy sales, 15 purchases in 2026/27, 100 New Builds handed over in 2025/26 and voids at 2.7%.  
Garage rents have increased based upon current usage and a 4.8% increase.  
Based on Service Charge Estimate for 2026/27  
(1) Based on 174 lettable garages only  
(766)

Primarily driven by a revision to forecast contract income for 2026/27, which has been reduced from £0.86m to £0.05m. This is alongside increases for salaries of £0.064m (incremental and pay award costs), £0.300m increase for planned repairs and maintenance and capital charges, and a £0.115m increase to legal cost and bad debt provision budget lines. The budget increases above are offset by a £0.300m reduction in void external contractor costs and a £0.085m reduction in General Running expenditure (mainly Materials). Further reduction £0.027m due to saving on business rates at Victoria House.  
Includes increases for salaries (incremental and pay award costs) of £0.077m and inflationary increases of £0.058m which are offset by structural changes to staffing establishment. This is alongside increases for internal recharges £0.045m.

MHCLG and CIPFA have produced guidelines regarding council dwelling depreciation to co-incide with the introduction of HRA self-financing. Estimates for 2026/27 have been prepared on this basis.  
There will be no borrowing within the HRA so no broker fees are due.  
The Council's bad debt provision for HRA rents is currently £0.738m

Borrowing to remain consistent with previous years fixed-term estimate  
Based on average HRA capital balances of c.£40m in 2026/27 at 3.25%.

Overall net changes for income and expenditure detailed above are reflected in the amount contributed to capital expenditure.

Proposed Housing Revenue Account (HRA) Capital Programme 2025/26 and onwards					
	Proposed 2025/26 Capital Programme £000s	Proposed 2026/27 Capital Programme £000s	Proposed 2027/28 Capital Programme £000s	Proposed 2028/29 Capital Programme £000s	Proposed 2029/30 Capital Programme £000s
<b>Improvements &amp; Capitalised Repairs per Capital Strategy</b>					
Bathrooms	90	100	100	100	100
Bathrooms - Voids	100	684	684	684	684
Bathrooms - Unplanned Renewals	50	0	0	0	0
Fire Risk Prevention Works	100	101	101	101	101
Fire Risk Prevention Works Voids	70	50	50	50	50
Fire Risk Prevention Works - Unplanned Renewals	60	0	0	0	0
Heating Upgrades	20	772	772	772	772
Kitchen Improvements	1,510	1,138	1,138	1,138	1,138
Kitchen Improvements - Voids	200	60	60	60	60
Kitchen Improvements Unplanned Renewals	52	0	0	0	0
Driveways	25	0	0	0	0
Rewiring	160	160	160	160	160
Rewiring Unplanned Renewals	177	100	100	100	100
Finlock Gutter Improvements	100	0	0	0	0
Roofing Unplanned Renewals	50	0	0	0	0
Major Repairs - Roofing	0	250	250	250	250
Major Repairs - FSG	0	180	180	180	180
Major Repairs - Building	0	182	182	182	182
Replacement Footpaths	100	0	0	0	0
Rebuilding Retaining Walls	50	0	0	0	0
Housing Window Replacement	0	96	96	96	96
Capital roofing programme	500	500	500	500	500
<b>Housing Management System</b>	77	30	30	30	30
<b>Low Carbon Skills Fund</b>	58				
<b>Carbon Management Plan - Wave 2</b>	59				
<b>Carbon Management Plan - Wave 3</b>	3,632	8,764	8,816	0	0
<b>Disabled Adaptations</b>	250	250	250	250	250
<b>Lifeline Renewal Programme</b>	60	30	30	30	30
<b>Purchase of Council Homes</b>	6,740	1,685	1,685	1,685	1,685
<b>Rounds Gardens demolition</b>	338				
<b>Rounds Gardens- Design and Legal Fees</b>	171				
<b>Biart Place</b>	6,655				
<b>Tanser Court Boilers &amp; Roof</b>	450				
<b>Garage Management Plan</b>	275	178			
<b>Tiber Way</b>	53				
<b>TOTAL</b>	<b>22,232</b>	<b>15,310</b>	<b>15,184</b>	<b>6,368</b>	<b>6,368</b>
<b>Draft Financing: -</b>					
HRA Capital Balances	1,049	4,967	5,127	60	60
RTB receipts	6,740	1,685	1,685	1,685	1,685
Climate change reserve	58	0	0	0	0
Grants	4,807	3,857	3,750	0	0
Major Repairs Reserve	4,114	4,801	4,623	4,623	4,623
Borrowing	5,464	0	0	0	0
<b>TOTAL</b>	<b>22,232</b>	<b>15,310</b>	<b>15,184</b>	<b>6,368</b>	<b>6,368</b>

**MEDIUM TERM FINANCIAL PLAN - HOUSING REVENUE ACCOUNT (HRA): 2026/27 - 2030/31**

	2025/26	2026/27	2027/28	2028/29	2029/30	Notes
	£000s	£000s	£000s	£000s	£000s	
<b>INCOME</b>						
Dwelling Rent	(19,229)	(19,983)	(20,643)	(21,324)	(22,028)	*1 / *2
Non Dwelling Rent (Garages)	(129)	(102)	(100)	(98)	(96)	*3
Service Charges	(1,212)	(1,253)	(1,291)	(1,330)	(1,370)	*2
Contributions towards expenditure	(152)	(153)	(157)	(162)	(167)	*2
<b>TOTAL</b>	<b>(20,722)</b>	<b>(21,491)</b>	<b>(22,191)</b>	<b>(22,914)</b>	<b>(23,660)</b>	
<b>EXPENDITURE</b>						
Repairs & Maintenance	5,874	6,742	6,876	7,014	7,154	*4
Supervision & Management	7,080	7,234	7,378	7,526	7,677	*5
Rents, Rates, Taxes	125	125	128	131	134	
Charges for Capital	3,368	3,368	3,436	3,539	3,645	
Debt Management	0	0	0	0	0	
Provision for Bad Debts	69	69	72	74	76	*6
HRA Share of Corporate & Democratic Core Costs	318	318	324	330	337	
Net Interest Payments	42	(96)	(96)	(96)	(96)	
Revenue Contributions to Capital Expenditure	3,796	3,681	4,023	4,345	4,683	
Contribution to/from(-) reserves	50	50	50	50	50	
<b>Total</b>	<b>20,722</b>	<b>21,491</b>	<b>22,191</b>	<b>22,914</b>	<b>23,660</b>	

Data						
Stock	Stock at 1st April	3,431	3,510	3,520	3,530	3,540
	Purchases	19	15	15	15	15
	Sales	(40)	(5)	(5)	(5)	(5)
	Additional new builds	100	0	0	0	0
	Total before voids	3,510	3,520	3,530	3,540	3,550
	Voids	(85)	(95)	(95)	(96)	(96)
	Chargeable housing stock	3,527	3,425	3,435	3,444	3,454
Rents	Prior year rent £ (52 week basis)	104.60	107.42	112.58	115.96	119.44
	Current year rent £ (52 week basis)	107.42	112.58	115.96	119.44	123.02
	Increase £	2.82	5.16	3.38	3.48	3.58
	Rent Increase % (CPI + 1%)	2.70	4.80	3.00	3.00	3.00
	Prior year rent £ (48 week basis)	113.31	116.37	121.96	125.62	129.39
	Current year rent £ (48 week basis)	116.37	121.96	125.62	129.39	133.27
	Increase £	3.06	5.59	3.66	3.77	3.88
	Rent Increase % (CPI + 1%)	2.70	4.80	3.00	3.00	3.00
Other	Salaries/Cleaning/Contractors/Internal recharges %			2.00	2.00	2.00
Increases	Inflation			2.00	2.00	2.00
	Electricity			2.00	2.00	2.00
	Gas			2.00	2.00	2.00
	Other Supervision and Management %			2.00	2.00	2.00

**Notes**

\*1 Based upon current projections 15 purchases and 5 sales and 95 voids for each financial year.

\*2 Projections from the Bank of England are that inflation is expected to remain above the 2% target during 2025 before gradually easing back towards the Average inflation for each year after 2025/26

	%	%	%	%	%
Inflation as at September 2025 %	1.70	3.80	2.00	2.00	2.00
Including 1% for rent calculations	2.70	4.80	3.00	3.00	3.00

\*3 Decreased garage rental as usage is in decline

\*4 Increases for Repairs and Maintenance:-

	%	%	%	%	%
Direct Employment Costs			2.00	2.00	2.00
Repairs and Maintenance - Planned			2.00	2.00	2.00
Repairs and Maintenance - Unplanned			2.00	2.00	2.00
Transportation Expenses			2.00	2.00	2.00
General Running Expenses (Eg. Materials, Tools, PPE)			2.00	2.00	2.00
Other Income			2.00	2.00	2.00
Other costs			2.00	2.00	2.00
	£000s	£000s	£000s	£000s	£000s
Direct Employment Costs	2,163	2,189	2,233	2,277	2,323
Repairs and Maintenance - Planned	1,350	1,643	1,676	1,709	1,744
Repairs and Maintenance - Unplanned	2,268	2,063	2,104	2,146	2,189
Transportation Expenses	99	102	104	106	108
General Running Expenses (Eg. Materials, Tools, PPE)	778	715	731	748	765
Other Income	-918	-108	-110	-112	-115
Other costs	134	137	140	143	145
Total before change in stock	5,874	6,742	6,876	7,014	7,154

\*5 Increases for Supervision and Management  
Gas/Electricity increase have been based utility price estimates from ESPO

**MEDIUM TERM FINANCIAL PLAN - HOUSING REVENUE ACCOUNT (HRA): 2026/27 - 2030/31**

	%	%	%	%	%
Salaries/Cleaning/Internal recharges			2.00	2.00	2.00
Electricity			2.00	2.00	2.00
Gas			2.00	2.00	2.00
Other Supervision and Management			2.00	2.00	2.00
	£000s	£000s	£000s	£000s	£000s
Salaries/Cleaning/Internal recharges	6,119	6,161	6,284	6,410	6,538
Electricity	228	248	256	261	266
Gas	110	118	120	123	125
Stock Condition Survey	150	150	150	153	156
Other Supervision and Management	473	556	567	578	590
	<u>7,080</u>	<u>7,233</u>	<u>7,378</u>	<u>7,526</u>	<u>7,676</u>

\*6 Provision for bad debt based upon rent debit