Open Agenda

Housing Scrutiny Commission

Tuesday 14 July 2026
7.00 pm
Ground Floor Meeting Room G02A - 160 Tooley Street, London SE1 2QH

Supplemental Agenda No. 1

List of Contents

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Financial Appendix - Housing Scrutiny Commission

The Housing Revenue Account (HRA) remains under significant financial pressure as a result of historic rent policy changes, inflation, increased compliance requirements, higher borrowing costs and the investment needs of an ageing housing stock. Whilst the 2026/27 budget has been balanced, the HRA Recovery Plan remains in an extended Phase 1, focused on containing expenditure, delivering savings and restoring financial resilience before progressing to the longer-term objectives of rebuilding reserves and reducing borrowing.

Against this backdrop, the HRA is able to support delivery of the current phase of the Good Landlord Plan (GLP), but only within a constrained financial position. The 2026/27 budget includes a savings requirement of £8.25m, of which £7.1m has been identified. The remaining £1.4m has been met through contingency, leaving limited flexibility to absorb additional unfunded commitments.

The table below summarises the updated HRA position across the extended Phase 1 period and the transition into Phase 2 of the Recovery Plan.

Table 1 – HRA Budget 2025-26 to 2033-34

	PHASE 1		PHASE 2					
	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32	2032-33
	£m	£m	£m	£m	£m	£m	£m	£m
Income	-344	-365	-377	-388	-400	-412	-425	-438
Service Expenditure	242	244	250	255	261	267	272	278
Debt Financing Costs	41	45	47	50	54	55	54	54
Depreciation and CERA	66	72	73	68	65	65	65	65
Contribution to (from) Reserves	-5	4	3	10	7	8	15	30
Repay non New Homes temporary b	0	0	4	5	13	18	18	10
Reserves	-16	-20	-23	-34	-41	-49	-64	-94
Phase 1								
Reset service expenditure limits.								
2025-26 is based on P8 Forecast.								
Phase 2								
Reserves increase prudently - backloaded to achieve £50m by end 2031-32								
Completion of some existing committed new builds								
Asset Management borrowing repaid within Phase 2								

The budget-setting process has also identified a pipeline of longer-term savings and improvements which will inform future financial planning and the development of the 30-year HRA Business Plan.

The GLP is a regulatory and service improvement priority, particularly in response to the failings identified by the Regulator of Social Housing. However, the full cost of future actions, especially those arising from the stock condition survey, Decent Homes requirements, compliance works, repairs improvements and asset management priorities, is not yet fully quantified.

Table 2 – Key GLP financial risks

Risk area	Description	Risk Detail

Stock condition and Decent Homes	The full stock condition survey will determine the scale of future investment needed	Major long-term capital risk not yet fully quantified
Repairs and maintenance	Repairs remain a key area of financial pressure and are central to GLP delivery	Risk of further revenue pressure if demand or costs increase
Compliance and safety	GLP responds to regulatory failings including electrical safety, smoke alarms, fire actions and stock condition data	Non-delivery could create legal, regulatory and financial risk
Savings delivery	Some savings are dependent on transformation, productivity and demand reduction	Benefits may not fully materialise in 2026/27
Long-term HRA sustainability	HRA remains under pressure from rent policy, inflation, borrowing costs and asset condition	Later GLP phases need to be tested through the 30-year HRA Business Plan

The current assessment is therefore that the HRA can fund the GLP only if delivery remains within approved resources, savings are achieved, investment is prioritised towards the highest-risk areas, and further financial commitments are tested through the 30-year HRA Business Plan and Asset Management Strategy. Additional unfunded GLP actions would require further savings, phasing, reprioritisation or external funding.

Background Information:

- Policy and Resources Strategy Report: 2026-27 - 2nd February 2026
- Policy and Resources: Out-turn revenue monitoring - 20th July 2026
- Policy and Resources: Financial Remit report - 20th July 2026