



**SOUTH  
KESTEVEN  
DISTRICT  
COUNCIL**

# Finance and Economic Overview and Scrutiny Committee

7<sup>th</sup> May 2026

Report of Councillor Ashley Baxter,  
Leader of the Council  
and Cabinet Member for Finance, HR  
and Economic Development

## Review of Housing Revenue Account – Financial Action Plan

### Report Author

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### Purpose of Report

To outline a proposed action plan to respond to ongoing financial challenges facing the Housing Revenue Account (HRA).

### Recommendations

#### The Committee is asked to:

1. Support the actions as set out in the proposed HRA Financial Action Plan.
2. Agree to receive periodic updates on progress.

### Decision Information

|   |           |
|---|-----------|
| Does the report contain any exempt or confidential information not for publication? | No        |
| What are the relevant corporate priorities?   | All       |
| Which wards are impacted?   | All Wards |

## **1. Implications**

Taking into consideration implications relating to finance and procurement, legal and governance, risk and mitigation, health and safety, diversity and inclusion, safeguarding, staffing, community safety, mental health and wellbeing and the impact on the Council's declaration of a climate change emergency, the following implications have been identified:

### ***Finance and Procurement***

- 1.1 The financial challenges facing the HRA and particularly the repairs and maintenance budgets are well understood and have been consistently communicated to the members following the emergence of the pressure.
- 1.2 As a result, there is a potential for the HRA balances to deteriorate further without corrective action being undertaken. In response to this financial challenge, a set of actions and interventions are being put forward for consideration that are designed to provide a multi layered response whilst recognising the prevailing social landlord responsibilities and the Council's overarching Housing priority.

*Completed by: Richard Wyles - Deputy Chief Executive and s151 Officer*

### ***Legal and Governance***

- 1.3 The Housing Overview and Scrutiny Committee (OSC) receives an overview of the HRA; however, the Finance and Economic Overview and Scrutiny Committee (FEOSC) is responsible for 'Budget Monitoring', 'Budget Setting' and 'Medium-Term Financial Planning'. Therefore, it is important that FEOSC has oversight of this action plan and subsequent updates.

*Completed by: James Welbourn, Democratic Services Manager*

## **2. Background to the Report**

### **2.1 Introduction**

- 2.1.1 The recent pressures and financial challenges facing the HRA, and the repairs and maintenance budgets, have been consistently communicated to the Committee. Firstly, via the HRA outturn £2.3m overspend in 2024/25, and more recently to the Full Council meeting of 20 November 2025 when a further £2.7m to the revenue budget was approved.

2.1.2 The HRA has encountered and continues to face financial challenges caused by a combination of: changes to legislation; increasing landlord responsibilities; and improving a range of local performance targets including backlog repairs, repair times, and void times.

2.1.3 However, as has been stated at previous FEOSC meetings, the continued uplift in repairs and maintenance budgets is unsustainable. There was an overspend in 2024/25, an uplift in 2025/26 and three-year budget projections are set at a similar high level. The table below summarises of the budget and outturn figures:

Repairs and Maintenance Spend and Budget Summary

| <b>Financial Year</b> | <b>Budget</b>           | <b>Actual</b> | <b>Latest Forecast</b> |
|-----------------------|-------------------------|---------------|------------------------|
| 2022/23               | £8.9m                   | £9.2m         |                        |
| 2023/24               | £9.6m                   | £10.4m        |                        |
| 2024/25               | £11.9m                  | £13.5m        |                        |
| 2025/26               | £10.6m (Feb 25 Council) |               | £13.6m                 |
| 2026/27               | £10.5m (Feb 25 Council) |               | £13.5m                 |
| 2027/28               | £10.8m (Feb 25 Council) |               | £13.1m                 |
| 2028/29               |                         |               | £13.1m                 |

2.1.4 It can be seen there has been an increase in this budget area of over £8m in a three-year period (25/26 – 27/28) which is not sustainable within the 30-year financial business plan.

2.1.5 The additional budget pressures are not solely a South Kesteven problem. National lobbying with Government has been undertaken via the *Securing the Future of Council Housing group* (of which the Council is a member) and this has led to: a longer-term rent settlement; a review of the Right to Buy Scheme; and the introduction of rent convergence. This lobbying will continue and is supported by national bodies in response to some of the pressures arising where legislative changes have been imposed without additional funding.

2.1.6 Benchmarking is already undertaken with Housemark so the Council can monitor its performance against similar sized Council landlords. It is recommended that further benchmarking and comparative data sharing be undertaken with external benchmarking consultants and similar sized stock holding Councils within the audit family group. The aim will be to share experiences and take learning from actions or interventions that are in place.

## 2.2 Proposed Actions

2.2.1 In response to this financial challenge, the Committee requested that a set of actions and interventions be put forward for consideration that are designed to provide a multi layered response whilst recognising the prevailing social landlord responsibilities and the Councils overarching Housing priority.

### 2.2.3 The proposed actions are:

#### **Expenditure**

- a. Review data from the Stock Condition Survey to prioritise the capital investment programme - having regard to decent homes standard. Establish an annual investment target of circa £5m (or within defined affordability levels).
- b. Review key performance metrics including void turnarounds, repairs response times (by priority category) to ensure there a balance between affordability, statutory obligations and local priorities.
- c. Review contracts with major suppliers of materials to ensure value for money (VFM) and reduce any stock wastage.
- d. Review capital programme contracts, ensure work programmes remain within the allocated budgets and avoid overspends.
- e. Review contracts for externalised revenue works and ensure controls are in place to ensure 'call off' contracts are managed to avoid cost escalation and remain within approved budgets. This requires a particular focus on repairs and maintenance.
- f. Review the 30-year business plan in response to forecast outturn and spending projections – review budget and spend projections, indices, stock levels etc.
- g. Engage external expertise to support the above work and to provide guidance on other potential strategies.
- h. Review and develop a Service Level Agreement between the General Fund (GF) and the HRA to enhance transparency on the charges (and recharges).

#### **Income**

- i. Model the financial impact of rent convergence from April 2027. This is Consumer Prices Index (CPI) +1% +£1 for 2027/28 and CPI+1%+£2 from 2028/29.
- j. Review service charge levels in response to the review of sheltered housing communal areas.
- k. Review collection methodology to ensure maximum recovery rates for tenant arrears.
- l. Review rechargeables policy for repairs where it can be identified that property damage has been caused by tenants.

- 2.3.4 To ensure a positive impact on the financial sustainability of the HRA, it is proposed the majority of the actions are completed by September 2026 to allow for corrective measures to be incorporated into the Budget for FY2027/28.

### **3. Other Options Considered**

- 3.1 If no corrective actions are planned and taken, HRA balances will continue to deteriorate.

### **4. Reasons for the Recommendations**

- 4.1 A number of key actions need to be undertaken involving officers from across the council as well as external expertise. It is important that members understand and endorse the proposed Action Plan.

### **5. Background Papers**

- 5.1 [Housing Revenue Account Provisional 2024/25 Outturn](#)
- 5.2 [Housing Revenue Account HRA Budget Framework Amendment 202526](#)
- 5.3 [Housing Revenue Account HRA Update Report Quarter 3 April to December 2025](#)