

Item No. 14.	Classification Open	Date: 12 December 2017	Meeting Name: Cabinet
Report title:		Housing Revenue Account – Indicative Rent Setting and Budget Report 2018-19	
Ward(s) or groups affected:		All	
Cabinet Member:		Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	

FOREWORD – COUNCILLOR STEPHANIE CRYAN, DEPUTY LEADER AND CABINET MEMBER FOR HOUSING

This year's indicative rent setting and budget report for the Housing Revenue Account sets out recommendations and key considerations before formally being agreed by cabinet in January 2018.

Since 2016 we have felt the impact of the National Rent Reduction of 1% a year which forms part of the Welfare Reform and Work Act 2016 and it is estimated that by 2020 this could be the equivalent loss of £62.5m to the Housing Revenue Account. The roll out of Universal Credit has also had an impact as we see rent arrears increase due to the delays in processing applications and the effects of the statutory waiting times. Whilst the commitment of the Government to end the seven day waiting period is welcomed the effects of current rent arrears on the Housing Revenue Account amount to just over £5.8m.

There will be further demands on the Housing Revenue Account for fire safety works and for the Ledbury Estate tower blocks but the full cost of this is not yet known.

We remain committed to ensure that savings are generated through efficiencies and whilst there are some increases in line with CPI to tenant service charges and garage charges we will not be proposing an increase to our sheltered housing services charges or to district heating and hot water charges.

We plan to consult on the recommendations of this report with Tenant Council, Homeowners Council and Area Housing Forums before the final report is presented to cabinet in January and I am asking cabinet to accept the recommendations for the indicative setting prior to this.

RECOMMENDATIONS

1. Cabinet notes on a provisional basis a rent decrease of 1.0% for all directly and tenant managed (TMO) housing stock within the HRA (comprising estate voids, sheltered and hostels), with effect from 2 April 2018. This is in accordance with the provisions of the Welfare Reform and Work Act 2016.
2. With regard to other HRA-wide charges, cabinet notes on a provisional basis the changes to tenant service charges, comprising estate cleaning, grounds maintenance, communal lighting and door entry maintenance as set out in paragraphs 37 – 38 with effect from 2 April 2018.

3. Cabinet notes on a provisional basis no increase to sheltered housing service charges as set out in paragraph 39 with effect from 2 April 2018.
4. Cabinet notes on a provisional basis an increase of 3% (average) in charges for garages, stores, sheds and parking bays as set out in paragraphs 40 –42.
5. Cabinet notes on a provisional basis no increase to district heating and hot water charges as set out in paragraph 43 with effect from 2 April 2018.
6. Cabinet reaffirms its commitment to ensure that savings proposals are primarily based on efficiencies, and where staffing reductions form part of any savings proposal, that due consultation and process is followed with trade unions.
7. Cabinet instructs officers to provide a final report on Rent Setting and the HRA Budget for 2018-19 after due consultation processes with residents have been followed for consideration at their meeting on 23 January 2018.

BACKGROUND INFORMATION

Statutory framework

8. The Housing Revenue Account (HRA) reflects the statutory requirement under Section 74 of the Local Government and Housing Act 1989 to account separately for local authority housing provision. It is a ring-fenced account, containing solely the costs arising from the provision and management of the council's housing stock, offset by tenant rents and service charges, homeowner service charges and other income. The council has a statutory responsibility to set a balanced HRA budget (i.e. all budgeted expenditure must be matched by income).
9. Whilst there were a number of policy changes contained within both the Welfare Reform and Work Act 2016 and the Housing and Planning Act 2016, the only one with immediate and continuing effect is the statutory reduction of rents by 1% each year for four years. The remaining very significant areas of legislation impacting on HRA finance, such as the introduction of "pay-to-stay", the higher-value levy on void sales, and revisions regarding the granting of new social housing tenancies have been sidelined somewhat as other national policy objectives have taken precedence.
10. The housing and modernisation department provides services funded by both the HRA and the general fund for functions that fall outside the statutory ring-fence. The latter form part of the council-wide general fund budget proposals, which are considered separately by cabinet and council assembly.

KEY ISSUES FOR CONSIDERATION

National rent reduction

11. For the first time in many years the government legislated regarding social rents, by the inclusion of provisions within the Welfare Reform and Work Act 2016 compelling councils and housing associations to reduce rents by 1% each year from April 2016 to April 2019 inclusive (financial years 2016-17 to 2019-20).

12. Notwithstanding the long-term impact of the straight to target policy for council new lets, which will see target rents being achieved over an extended period of time, Southwark has a history of low or inflation-linked rent rises, and has always adhered to government methodology with regard to national social rent policies. The single exception to this was to agree a lower rent increase, equivalent to CPI for that year, as the implied national increase was considered to be too high. This has meant that Southwark's rents remain around 10% lower than the government's assumed target and rank 7th lowest of the 29 London Boroughs with retained housing stock. Under such a reduction, the average dwelling rent across the entire stock for 2018-19 would be £98.54 per week based on the estimated mid-year average stock.
13. Following a period of uncertainty, in October 2017 the Department for Communities and Local Government (CLG) announced that national rent policy would revert to CPI +1% for a period of five years from 2020-21 to 2024-25. Had this policy been in effect for 2018-19 the resultant rent increase at September CPI +1% would have been 4.0% and raised £7.6m, rather than the loss implicit in the rent reduction (excluding stock/void movements).

Pay-to-stay

14. As noted in last year's budget and rent setting report, in November 2016 the then Minister for Housing and London confirmed in a written statement that the policy would no longer be made mandatory from April 2017. Whilst local authorities and housing associations continue to be able to introduce the policy on a voluntary basis, cabinet in January 2017 reaffirmed its earlier decision that it will not be implementing the policy and has no plans to do so in the future.

Lifetime tenancies

15. The Housing and Planning Act 2016 set out changes to arrangements regarding secure tenancies from April 2016 onward. With some caveats, the statutory default position is for new tenancies to be limited to a five year, renewable period. Government intentions are to enable local housing authorities to more efficiently apply their stock, potentially including consideration of the ability of individual tenants to pay more market-related rents. However, it should be stressed that this latter interpretation is not council policy. At the time of writing, the government has not issued any further guidance regarding the implementation of this policy.

Higher-value void property sales

16. The Housing and Planning Act 2016 contains sections setting out the government's intention to require local authorities to remit sums to them equivalent to the value of sales of higher-value void properties in order to finance the introduction of the right to buy in the RSL sector.
17. In late November 2016 CLG indicated that since the voluntary right to buy extension has been supplanted as a policy priority by the need to prepare for the United Kingdom's exit from the European Union, the policy had been formally postponed to some future date. Since this announcement, the government has not issued any further guidance in this regard and the policy objective remains in abeyance.

18. As with other aspects of recent legislation set out above, the consequence of the forced sale of higher-value voids would represent a further deviation from the stock and rental income assumptions underpinning the 2012 self-financing settlement and would be seriously detrimental to the council's housing investment programme (HIP).

Budget position

19. The table below shows the extent of budget pressures/commitments faced by the HRA since it became self-financing. This has been met through savings (predominantly efficiency savings) and budget rationalisation measures, together with relatively modest rent and charge increases, which have successfully delivered balanced budgets as required by statute.

	Budget Pressures/ Commitments £'000	Financing and Rents £'000	Efficiency and Other Savings £'000	Net Change £'000
2012-13	5,500	856	(6,356)	-
2013-14	12,641	(6,609)	(6,032)	-
2014-15	5,758	135	(5,893)	-
2015-16	10,491	(5,029)	(5,462)	-
2016-17	10,676	(349)	(10,327)	-
2017-18	5,184	1,557	(6,741)	-
Total	50,250	(9,439)	(40,811)	-

20. Whilst the funding regimes for the HRA and the council's general fund are different, the budget principles and timelines are broadly aligned. Budget review and rationalisation is unremitting and endeavours to identify savings through more efficient working practices, with particular focus on back-office and departmental/corporate overheads in order to protect front-line services. This is particularly difficult within the constraints of a national rent policy, welfare reform changes, increasing demand and delivery of the council's Fairer Future promises to improve services, build more homes (at council rent) and deliver planned infrastructure/renewal programmes, i.e. kitchens and bathrooms, and crucially fire safety, which has been a council priority since Lakanal in 2009.
21. The indicative budget for 2018-19 is predicated on a number of known budget pressures and assumptions around demand/activity, principally the rental loss arising from the statutory 1% rent reduction together with changes in stock numbers and void rates of £1.8m. Contractual inflation and new commitments add a further £1.9m giving rise to a budget gap of £3.7m. Where possible, general inflation and small-scale cost pressures/commitments are being absorbed to mitigate the size of the budget gap, requiring greater efficiency and management of variable costs.

22. The transition to Universal Credit (UC) is accelerating with a current caseload of around 4,500. Long lead-in times and direct payment has seen a deterioration in collection rates which have dipped to around 91%, compared with non-UC cases which is substantially higher (around 99%), and this is having a negative impact on arrears. This trend is concerning and represents another drain on resources, over which the council has limited control. However, in November the Budget did contain measures in relation to UC which should provide some assistance in this regard (particularly for temporary accommodation cases that will be removed from UC from April 2018). To mitigate the risk of lower collection, officers continue to review and maintain adequate provisions within the HRA to manage the position over the medium-term.
23. Some cost pressures/commitments are neutral in budget terms, such as the price uplift for the homeowner buildings insurance contract which is wholly recoverable through service charges. Similarly, the anticipated reduction in homeowner major works billing is off-set entirely by the compensating reduction in the level of revenue support for the housing investment programme (HIP).
24. Given the constraint on rents, it is incumbent on the council to look to generate additional revenue where possible to ameliorate the budget gap, in preference to reducing service provision. The council's Fairer Futures Medium Term Financial Strategy (FFMTFS) and Integrated Efficiency Plan sets out the requirements in respect of fees and charges. Unless mandatory provision or other over-riding policy/affordability criteria exists, then discretionary fees and charges are set at a level equal to the most appropriate London average. For 2018-19 an increase in line with the Consumer Price Index (CPI), which stood at 3% in September 2017 is being applied. This together with rental income growth from the HRA commercial property portfolio and other income streams detailed elsewhere in this report are expected to generate £1,053m in total.
25. Improved contract management and effective control of high value/high volume budgets continue to deliver better value for money. Lower void turnover and on-going capital investment in the stock help to relieve some of the pressure on the repairs and maintenance budget and with the imminent completion of the WDS programme, transition towards a planned preventative asset management approach through the Quality Homes Investment Programme (QHIP) will provide a greater degree of certainty around budget planning going forward.

26. Close monitoring and scrutiny of key budget drivers and performance indicators provide opportunity to realign budgets to more closely reflect demand and activity changes and correct any budget anomalies that may have arisen over time. The proposed budget changes listed at Appendix A totalling £2.688m and described below are a combination of budget realignments and efficiencies which have no direct impact on service delivery but enable a balanced budget to be set:
- Contingency reserve – removal of unallocated contingency budget increases risk of not being able to cope with unforeseen events.
 - NNDR and utility services – reductions reflecting usage/price changes.
 - Corporate support costs – reduction in council-wide corporate budgets resulting in lower recharge to HRA.
 - Hoarding – a multi-agency approach focussing on early intervention measures including counselling and closer support leading to lower clearance/disposal costs.
 - Supported housing – sprinkler installation and accommodation upgrades funded from capital, requires lower planned maintenance budget.
 - Area management – general realignment of operating budgets across the division.
 - Abbeyfield Road closure – redundant office accommodation pending possible housing development requiring only residual operational budget.
27. However, the reality is that in the current financial environment, resources are unlikely to ever match the needs of the housing stock, particularly the scale of capital investment required, so this inevitably requires the prioritisation, rationalisation and re-profiling of capital works programmes in order to achieve best value and ensure the HRA remains sustainable and able to support the HIP over the long-term. Appendices A to C set out the indicative revenue budget movements as they relate to 2018-19.

Note: In October 2017 cabinet rescinded their earlier decision made as part of budget setting for 2017-18 to introduce the 0300 repairs phone line following resident representations. A compensating movement in the contingency reserve preserves the balanced HRA budget for the current year.

Future budget risks

28. Elsewhere on this agenda is a gateway zero report outlining the strategic delivery options for housing repairs and maintenance from October 2018 following the cessation of the Mears contract. The proposal is to in-source all non-rechargeable works comprising internal responsive repairs, emergencies, voids, disrepair and aids and adaptation repairs for the whole borough, to Southwark Building Services (SBS) under a service level agreement (SLA). This would be for an initial trial period of twelve months, but subject to a six-month progress review.

29. All chargeable works contracts comprising communal, roofing and rainwater, fire protection and metal works will be tendered and packaged by area – north and south, with the exception of metal works which is borough-wide. Procurement has already commenced in order to meet the October deadline and legal obligations under s.20 legislation. SBS will also be invited to tender for these works contracts.
30. This represents a significant structural change to the delivery of these services and for an operation of this scale (contract value c. £14.4m) will inevitably carry risk. These will include the management of the transition to the new arrangements, stabilisation of the new service and the on-going management of performance and cost.
31. Historically, SBS trading performance has been variable with trading losses being repatriated to the HRA and the risk remains that this will continue given the scale of organisational transformation required within what is a relatively short timeframe. Officers are instructed to develop a full project plan and detailed service delivery model and report back to cabinet in March 2018.
32. For budget planning purposes, it is assumed that the new arrangements will operate within the same budget parameters and the impact to the HRA in 2018-19 will be neutral. However, in the event of trading losses and/or cost over-runs, these will have first call against HRA reserves.

HRA financing

33. The self-financing settlement assumed that residual debt would be extinguished over the thirty-year life of the business plan. Whilst there is no statutory requirement for a minimum repayment set-aside (unlike the general fund), £58.3m has been repaid since 2012 providing greater flexibility to meet budget pressures and increasing HRA borrowing headroom which is critical to achieving the council's new homes target.
34. Up until now, the necessity to borrow to fund capital investment has been avoided, but going forward that position is no longer sustainable and borrowing will be required possibly within the current financial year (2017-18), dependent on programme delivery. The tragic event at Grenfell and subsequent council response to fire safety, specifically Ledbury and across the wider stock will inevitably increase the investment need and the extent of this will become clearer over the next few months, which exacerbates the pressure on already stretched capital resources. Whilst some relaxation of local authority borrowing controls would be welcome, that is not a panacea for unfettered resources as the revenue financing costs of new borrowing need to be sustainable over the long-term.
35. Borrowing is subject to the provisions of the Local Government Act 2003 which requires the local authority to have regard to the Chartered Institute of Public Finance and Accountancy's *Prudential Code for Capital Finance in Local Authorities 2011* when determining how much money it can afford to borrow. The objectives of the Prudential Code are to ensure, within a clear framework, that the capital investment plans of local authorities are affordable, prudent and sustainable, and that decisions are taken in accordance with good professional practice. The council's treasury management strategy is regularly reviewed and reported to council assembly twice a year.

HRA reserves

36. In accordance with the FFMTFS and in common with other local authorities and the council's general fund, the HRA holds reserves to manage demand driven budget volatility, to fulfil future commitments and mitigate risk. The level of reserves and working balances at 31 March 2017 stood at £14.3m, down from £16.6m the previous year. This is a continuation of the downward trajectory experienced over the medium term, primarily as a result of the water refunds policy and the on-going requirement to support the capital programme and avoid borrowing. It should be noted that around three-quarters are earmarked for specific purposes, with the remainder held as a contingency against exceptional or catastrophic events. Given the size of the HRA and HIP, this is considered to be below the optimal level required and it remains a priority to establish a more prudent reserve position when resources permit.

Tenant service charges

37. Tenant service charges (TSC) originated from the government's rent restructuring regime in 2002-03 with the intention of engendering greater consistency and transparency between local authority and RSL sectors. They were first de-pooled from rents (i.e. rents were reduced by the same amount as the cost of the service charges) in Southwark in 2003-04 and have been rebased on several occasions since.
38. Charges are determined by actual costs; the costs are pooled and divided by the estimated number of service recipients to derive a standard charge across the borough. In order to ensure that costs and charges remain aligned, they are now subject to annual rebasing and the existing and proposed rates are set out below. The overall increase in percentage terms for a tenant in receipt of all four services is 3.2% and crucially they remain eligible for support under Universal Credit.

Tenant service charges	2017-18 £ per week	2018-19 £ per week	2018-19 £ change per week
Estate Cleaning	5.21	5.52	0.31
Grounds Maintenance	1.16	1.22	0.06
Communal Lighting	1.33	1.30	(0.03)
Door Entry Maintenance	0.70	0.63	(0.07)
Total	8.40	8.67	0.27

39. Sheltered housing service charges are subject to a separate charging review following an expansion of the available supported units (Tayo Situ House). It is not proposed to alter existing charge rates (£30.20 per week) until the review is complete.

Garage and non-residential charges

40. At its meeting on 7 February 2017 and in response to resident concerns, cabinet considered alternative garage charge proposals and agreed lower increases than originally presented at the meeting on 24 January 2017 as part of the HRA rent setting and budget report. Garage assets provide a valuable revenue stream to the HRA which helps to ameliorate the budget gap through modest charge increases and an increase in the number of lettable units. This is as a direct result of the ongoing programme of maintenance/renewal and large-scale refurbishment to bring obsolete garages back into use. Going forward however, this trend may slow or cease as resources become more restricted and policy priorities for garage sites shift towards the provision of new housing development and new affordable business/creative work space, which reduces the opportunity to expand the lettings base and generate further revenue growth.
41. Benchmarking shows that Southwark's rents are competitive in the market place, although higher than a number of other local authorities across London. However, the budget situation dictates that all sources of income are closely examined and it is proposed to apply a standard CPI uplift of 3% to garages, garage service charges and other miscellaneous non-residential facilities such as stores, sheds and parking bays from 2 April 2018 (subject to a de-minimis value of 5p). The existing and proposed garage charge rates are set out below.

Garage charges	2017-18 £ per week	2018-19 £ per week	2018-19 £ change per week
Standard rate	19.62	20.20	0.58
Concessionary rate (£5 reduction)	14.62	15.20	0.58
Small sites rate	10.50	10.80	0.30
Private sector rate	32.50	33.50	1.00
Larger than average garage	5.00	5.15	0.15
Additional parking	5.00	5.15	0.15
Water supply	0.50	0.50	–
Additional security	1.00	1.00	–

42. Research into the potential for a zonal pricing regime for private sector renters has identified 2,147 garages within a quarter of a mile of transport hubs in the borough. On average there are around 3,000 applicants on the garage waiting list, of which around 1,400 are private sector applicants. Whilst demand is high across the board, there is a statutory requirement that garages must be offered to tenants and resident homeowners first and whilst affordability may be a factor, the opportunity for private sector applicants to acquire a garage is relatively low. As such, this is unlikely to generate any meaningful uplift in income.

District heating charges

43. Council-wide utility contracts have and continue to deliver savings for gas and electricity and charges remain lower on average than retail market prices. Periodic review of the budget is necessary to align the anticipated cost and income during the forthcoming year arising from fluctuating prices, spikes in demand due to poor weather and changes in the recoverable stock base. Energy costs are pooled and standardised 'fuel only' charges set on a borough-wide basis for tenants, depending on the number of bedrooms and type of heating installation. On-going investment in the infrastructure to increase energy efficiency/reduce consumption also contributes to the financial sustainability of the heating account which has enabled charges to remain static over an extended period and can be held at existing levels once again for 2018-19. Homeowners are charged actual costs, comprising energy and repairs and maintenance as determined by their lease.

Other income

44. Tenant rents and service charges constitute c.76% of HRA income; the remainder comprise homeowner revenue and capital service charges, commercial property rents, interest, recharges and costs recovered and capitalised costs.
45. Homeowner contributions are the second-largest income source and represent the actual costs incurred within the HRA that are fully recoverable under the terms of their lease. In light of current activity and expected right to buy sales growth the budget has been increased to reflect a marginal volume increase in leasehold stock and an increase in the cost of the buildings insurance policy which is being reproced.
46. Capital works charges are determined by the scale and delivery of investment in the stock and the extent to which it pertains to leasehold property (external and communal works). The base budget is based on a relatively prudent expectation of income in order to avoid frequent budgetary fluctuations due to the variable nature of the works programme. However, as the WDS programme winds down, the level of rechargeable works going forward is projected to be substantially lower and it is necessary to reflect that by reducing the annual income budget from £15m to £10m. However, the position is neutral overall as the amount of revenue contribution made from the HRA to the HIP reduces by the same amount to compensate.
47. Other contributory income elements include a net increase in the rental stream derived from the HRA commercial property portfolio to reflect increased lettings and lease renewals and minor fees and charges.

Consultation and notification

48. Whilst there is no statutory requirement to consult, the council remains committed to engaging with residents under the terms of the Tenancy Agreement. This process commences with this interim scene-setting report to cabinet on 12 December 2017 setting out the indicative budget and implications for rents and other charges in order that consultation with residents can commence before Christmas. This report will be presented to Tenant Council, area housing forums, Southwark TMO Liaison Committee and Homeowner Council (HOC) during December 2017 and January 2018. HOC are unable to make recommendations in the matter of tenant rents and service charges, but may do so in respect of proposals regarding garage charges and in terms of the budget proposals pertinent to the calculation of their service charges.
49. Cabinet will consider the final rent setting and HRA budget report at their meeting on 23 January 2018. As normal, the results of the consultation processes will be reported to cabinet at that meeting for their consideration.
50. As previously noted, the revised HRA budget for 2017-18 and indicative budget for 2018-19 is summarised in Appendix B.

Statutory and contractual notifications

51. Subsequent to the approval of the final report on 23 January 2018, either as set out or as amended by cabinet, and the passing of the necessary date for its implementation, the council will issue a statutory and contractual notification of variation in rents and other charges to all tenants, not less than 28 days prior to the operative date (2 April 2018) for the commencement of the new rents and charges referred to above.

Community impact statement

52. The department undertakes equality analysis/screening on its budget proposals, which helps to understand the potential effects that the proposals may have on different groups and whether there may be unintended consequences and how such issues can be mitigated. Analysis is also undertaken to consider any cross-cutting and council-wide impacts.
53. In line with our Public Sector Equality Duty contained within section 149 of the Equality Act 2010, any changes to services arising from these proposals will be implemented in such a way so as to not impact disproportionately on any specific section or group in our community and where necessary, consultation will be undertaken alongside mitigating action.
54. As specific proposals are brought forward and at each stage of implementation thereafter, the impacts on different categories of staff will be assessed in accordance with the council's reorganisation, redeployment and redundancy procedures.
55. Information on the equality analysis is shared with relevant cabinet members so as to enable it to be considered when decisions are taken. To date no cumulative impacts have been identified.

56. The purpose of this report is specifically to set tenant rents and associated charges (which can also impact homeowners), and set a balanced budget as required by statute. The analysis has established there is no differential effect for any community or protected group. It should be noted that rent policy from 2016-17 to 2019-20 is determined nationally and requires authorities to reduce rents by 1% per annum. However, it is recognised that in normal circumstances a rent increase may present particular difficulties for people on low incomes, although rents and tenant service charges remain eligible for housing benefit/universal credit.
57. The wider impact of welfare reform changes have been considered and measures to mitigate the effects on the community have been implemented together with the provision of additional resources to support tenancy sustainment and financial assistance through the provision of Discretionary Housing Payments (DHP). The provision of further DHP support is subject to annual confirmation from central government.

SUPPLEMENTARY ADVICE FROM OTHER OFFICERS

Director of Law and Democracy

58. Statutory requirements as to the keeping of a Housing Revenue Account (HRA) are contained in the Local Government and Housing Act 1989 ('the 1989 Act'). The 1989 Act provisions include a duty, under Section 76 of the 1989 Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.
59. Under Section 24 of the Housing Act 1985, local housing authorities have the power to "*make such reasonable charges as they may determine for the tenancy or occupation of their houses*". Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. This provision conferring discretion as to rents and charges made to occupiers, effectively limited by the above HRA provision, is subject to further restrictions arising from the provisions of the Welfare Reform and Work Act 2016 ('the 2016 Act').
60. The Welfare Reform and Work Act and regulations require (subject to limited exceptions) a 1% annual reduction from a frozen 2015-16 baseline, to the rent payable by social tenants for a period of four years. The Act also makes provision, for a period of four years commencing 2016, for the maximum levels of rent for social tenancies commencing after 8 July 2015; these provisions apply to tenancies of new homes and re-lets to a new tenant, but not the grant of a new tenancy to an existing tenant.
61. For social rent properties, the rent reduction requirement applies to the rent element of the charge under the tenancy agreement and not to charges made for services.

62. Rent and other charges are excluded from the statutory definition of matters of housing management in respect of which local authorities are required to consult their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996 in relation to secure, introductory and demoted tenants respectively. As a term of the tenancy agreement with its tenants however, Southwark Council has undertaken to consult with the Tenant Council before seeking to change rent and other charges. The report indicates consultation will take place in order to comply with this term.
63. It is provided by Section 103 of the Housing Act 1985 in relation to secure tenancies, which and, in respect of introductory tenancies by virtue of Section 111A of the Housing Act 1985, and, the council's agreement with its tenants, that tenants be notified of variation of rent and other charges, by service of a notice of variation, at least 28 days before the variation takes effect.
64. In making a decision the cabinet must have due regard to its equalities duties set out in the Equalities Act 2010 and specifically the need to:
- Eliminate discrimination, harassment, victimisation or other prohibited conduct.
 - Advance equality of opportunity between persons who share a relevant protected characteristic and those who do not. The protected characteristics covered by the equality duty are age, disability, gender reassignment, pregnancy and maternity, race, religion, sex and sexual orientation. The duty also includes marriage and civil partnerships in respect of eliminating unlawful discrimination.
 - Foster good relationships between those who share relevant characteristics and those who do not.
65. The report includes a community impact statement which sets out consideration given to the equality duties in the Equality Act.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
January 2017 cabinet report – rent setting	160 Tooley Street London SE1 2QH	Paula Thornton, Constitutional Team
Link: (copy and paste link into browser) http://moderngov.southwark.gov.uk/documents/s66095/Report%20Housing%20Revenue%20Account%20-%20Final%20Rent-Setting%20and%20Budget%20Report%202017-18.pdf		

APPENDICES

No.	Title
Appendix A	HRA Summary Budget Movements 2018-19
Appendix B	HRA Summary Revised 2017-18 and Indicative Budget 2018-19
Appendix C	HRA Indicative Budget 2018-19

AUDIT TRAIL

Cabinet Member	Councillor Stephanie Cryan, Deputy Leader and Cabinet Member for Housing	
Lead Officer	Duncan Whitfield, Strategic Director of Finance and Governance	
Report Author	Ian Young, Departmental Finance Manager, Housing and Modernisation	
Version	Final	
Dated	1 December 2017	
Key Decision?	Yes	
CONSULTATION WITH OTHER OFFICERS/DIRECTORATES/CABINET MEMBER		
Officer Title	Comments Sought	Comments included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	N/a	N/a
Date final report sent to Constitutional Team		1 December 2017