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|------------------------------------|-------------------------------|---|---------------------------------|
| Item No. 11. | Classification Open | Date: 8 December 2020 | Meeting Name: Cabinet |
| Report title: | | Housing Revenue Account – Indicative Rent Setting and Budget Report 2021-22 | |
| Ward(s) or groups affected: | | All | |
| Cabinet Members: | | Councillor Rebecca Lury, Finance and Resources and Councillor Leo Pollak, Housing | |

FOREWORD – COUNCILLOR REBECCA LURY, CABINET MEMBER FOR FINANCE AND RESOURCES, AND COUNCILLOR LEO POLLAK, CABINET MEMBER FOR HOUSING

We are proud to maintain and manage the Council's 53,000 rented, leasehold and freehold homes across the Borough.

The money we use to do this sits within our Housing Revenue Account (HRA) which is made up of rents and service charges paid by tenants and homeowners and used to fund all the activity needed to ensure our homes and estates are well run and in good condition.

This report sets out an indicative budget for next year's HRA (2021-22) so we can seek tenant and homeowner views on it before a final budget is agreed. The report also considers what the appropriate charges should be for a variety of housing services. Final decisions will be taken by cabinet in January 2021.

The ongoing Covid-19 pandemic has had huge ramifications for our tenants and homeowners, and will continue to do so for the foreseeable future. This has impacted on the HRA for 2020-21 and will continue to impact on our budget for 2021-22. This includes the Council having suspended arrears recovery procedures, granting rent waivers to mitigate the financial pressure on commercial tenants, the impact of lockdown on capital works and new build programmes, and increasing costs to provide support to those finding themselves homeless, and accessing support through the Council's community hub.

However, what we have presented here sets out to continue to provide support to all of those individuals whose homes we have the privilege of managing. We are asking Cabinet to consider the recommendations set out in this report and then allow consultation on its proposals before we take our final decisions in January.

RECOMMENDATIONS

1. Cabinet notes on a provisional basis a rent increase of 1.5% for all directly and tenant managed (TMO) housing stock within the HRA (including estate voids, sheltered and hostels), with effect from 5 April 2021. This is the maximum permitted under the Rent Standard 2020.

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 system maintenance as set out in paragraphs 22 – 23 with effect from 5 April 2021.
3. Cabinet notes on a provisional basis the proposed changes to sheltered housing service charges as set out in paragraphs 24 – 26 with effect from 5 April 2021.
4. Cabinet notes on a provisional basis the changes to charges for garages and other non-residential facilities as set out in paragraphs 27 – 29 with effect from 5 April 2021.
5. Cabinet notes on a provisional basis no increase to district heating and hot water charges as set out in paragraphs 30 – 33 with effect from 5 April 2021.
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 2021-22 after due consultation processes with residents have been followed, for consideration at their meeting on 19 January 2021.

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.
9. The Welfare Reform and Work Act 2016 compelled councils and housing associations to reduce rents by 1% each year for the financial years 2016-17 to 2019-20. In October 2017 MHCLG announced that national rent policy would revert to CPI+1% for a period of five years from 2020-21 to 2024-25. This was followed by a rent policy statement from government reaffirming that in September 2018.
10. In February 2019, following consultation, the government issued a direction on the Rent Standard from 1 April 2020 to the Regulator of Social Housing. The Regulator is required to take into account the government commitment to a five-year settlement of rent increases up to September CPI+1%. This direction also for the first time brought local authority registered providers within the scope of the Regulator's Rent Standard.

KEY ISSUES FOR CONSIDERATION

Impact of the National Rent Reduction Policy

11. Southwark has a history of low or inflation-linked rent rises, and has always adhered to the government's rent formula when setting rents, with the single exception to agree a lower rent increase in 2014-15, equivalent to CPI for that year, as the implied national increase was considered to be too high. Southwark's rents remain between 8% – 9% lower than the government's assumed target, though the effect of the "straight-to-target" policy, coupled with the requirement of the Rent Standard 2020 that all new lets be at target rent will reduce this gap over an extended period of time. Council rents rank 8th lowest of the 29 London Boroughs with retained housing stock.

HRA Budget Background

12. Whilst the funding regimes for the HRA and the council's general fund are different, the budget principles are aligned, whereas the timeline for setting rents is abridged such that notification of changes in rents and charges can be served in line with the statutory deadline.
13. Budget review and validation is unremitting and endeavours to identify savings through service rationalisation and more efficient working practices, with particular focus on back-office and departmental/corporate overheads in order to prioritise resources to where they are most needed and deliver the council's policy objectives. This has been particularly difficult within the constraints of a national rent reduction policy and welfare benefit reforms, along with inflationary and contract cost pressures and unavoidable commitments arising from exceptional events such as Grenfell and latterly Covid-19. The table below illustrates the extent of these pressures since 2012 when the HRA became self-financing and wholly reliant on its own resources.

| | Budget Pressures and Unavoidable/ Commitments | Financing and Non-Rental Income Streams | Efficiency Savings, Rent Increase and Budget Rationalisation |
|----------------|--|--|---|
| | £'000 | £'000 | £'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) |
| 2018-19 | 3,741 | (1,053) | (2,688) |
| 2019-20 | 6,226 | (1,673) | (4,553) |
| 2020-21 | 9,423 | 2,568 | (11,991) |
| Total | 69,640 | (9,597) | (60,043) |

Budget Framework and Key Issues for 2021-22

14. The ongoing Covid-19 pandemic has affected virtually every aspect of modern lives throughout 2020 and will continue do to so in some form or other for the foreseeable future. With regard to the provision of social housing services by the council, there are a number of particular areas that require emphasis in the context of the HRA budget and rent-setting process:
 - Arrears recovery procedures have been suspended to assist Southwark residents during this challenging period, which will inevitably lead to higher arrears at year-end. This is primarily an issue of cash-flow with the expectation that the income position will continue to show gradual improvement, but take some time to normalise to pre-Covid-19 collection levels. There is an expectation that the level of write-offs will be higher over the medium-term and that the budget provisions set aside for bad debts will be fully utilised in the current year.
 - A further impact has been in relation to the council's commercial property portfolio, which contains HRA-funded assets, such as shops on estates, etc. The council has looked to grant rent waivers to mitigate the financial pressure on commercial tenants as the various national measures for containing the spread of the virus come and go. However, given the financial uncertainty, the likelihood of businesses failing is increased with the consequent risk of higher irrecoverable bad debts requiring write-off. No income growth has been assumed for next year.
 - The lockdown of construction sites in the early phase of Covid-19 has also impacted the capital works and new build programmes, with consequent contract time delays and additional costs arising from site closures and PPE and social-distancing measures following re-opening. These costs are largely of a capital nature which adds pressure to an already under-resourced programme.
 - Notwithstanding the financial contribution provided by government towards meeting some of the council's Covid-19 costs, this has been directed entirely at general fund services, particularly homelessness, rough sleeping and the community hub. However, as noted in the monitoring report received by cabinet in October 2020, it is important to recognise that there has been no financial support from central government for HRA services arising from the pandemic.
15. The indicative budget for 2021-22 is predicated on a number of known and anticipated budget pressures and commitments and assumptions around demand/activity totalling £9.9m and a rent increase at September 2020 CPI+1% (1.5%) which raises £2.7m net. Other income streams are estimated to contribute a further £2.1m and a range of budget savings and rationalisation measures delivers £5.1m. These proposals are sufficient to deliver a balanced budget for 2021-22 as required by statute.

16. One of the most pressing budget pressures is repairs and maintenance, which already consumes the greatest proportion of operational resources. Control of high value/high volume budgets is important and the successful implementation of the housing repairs improvement plan is critical to improving the performance and financial viability of the housing repairs service going forward. For 2021-22, additional resources of £4.85m are being committed to the repair and maintenance of the housing stock.
17. Close monitoring and scrutiny of key budget drivers and performance indicators provide opportunity to realign and rationalise budgets to more closely reflect demand and activity changes and correct any budget anomalies that may have arisen over time. With rent policy still constrained to CPI+1%, the reality is that resources are unlikely to ever fully match the needs of the housing stock. This is particularly true for both the HRA and the housing investment programme, and requires the prioritisation and re-profiling of works programmes in order to achieve best value and ensure long-term financial sustainability. Appendices A to F set out the indicative revenue budget movements as they relate to 2021-22.

Average Rent Levels

18. The table below sets out the comparative average rent by bed-size for 2020-21 and the indicative average rent after the proposed increase and including stock movements year-on-year. As noted above, the council is following the 'straight-to-target' policy regarding new lets, which became mandatory under the Rent Standard 2020.

| Bedrooms | Average weekly rent 2020-21 | Average weekly rent 2021-22 | Average increase per week |
|------------------|------------------------------------|------------------------------------|----------------------------------|
| 0 | £80.33 | £81.59 | £1.26 |
| 1 | £92.06 | £93.49 | £1.43 |
| 2 | £101.64 | £103.27 | £1.63 |
| 3 | £111.16 | £112.98 | £1.82 |
| 4 | £120.03 | £122.07 | £2.04 |
| 5 | £131.53 | £133.65 | £2.12 |
| 6+ | £144.80 | £147.52 | £2.72 |
| Total/Ave | £101.57 | £103.24 | £1.67 |

HRA Financing

19. 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), £55.1m has been repaid since 2012. This would have been higher were it not for the enforced rent reduction which necessitated re-prioritising service delivery over debt repayment. Up until recently, it has not been necessary to borrow additionally to fund the capital programme, but that position is no longer sustainable and borrowing will increase exponentially as the new homes, heat network and high-needs estates programmes ramp-up. Whilst the relaxation of local authority borrowing controls is welcome and market interest rates are low,

it is not a panacea for unfettered borrowing as the revenue financing costs of new debt need to be sustainable over the long-term (thirty to fifty years).

20. Borrowing remains 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

21. In accordance with the Fairer Futures Medium Term Financial Strategy (FFMTFS) and in common with other local authorities and the council's general fund, the HRA holds reserves to manage demand volatility, fulfil future commitments and mitigate budget risk. The level of reserves and working balances at 31 March 2020 stood at £23.0m, up from £20.8m the previous year. This is a continuation of the gradual replenishment of reserves following the downward trajectory experienced in prior years. 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 still considered to be below the optimal level required and it remains a priority to build a more prudent reserve position as resources permit.

Tenant Service Charges

22. 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 an equivalent amount as the cost of the service charges) in Southwark in 2003-04 and have been rebased on several occasions since.
23. The principle underpinning the calculation of charges is that they are set at a level to recover the estimated cost of providing the service; borough-wide costs are pooled in order to moderate any area cost differentials and divided by the estimated number of service recipients to derive a standard charge. 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. Crucially they remain eligible for welfare benefit support.

| Tenant service charges | 2020-21 | 2021-22 | Change |
|-------------------------------|-------------------|-------------------|-------------------|
| | £ per week | £ per week | £ per week |
| Estate Cleaning | 5.99 | 6.13 | 14p |
| Grounds Maintenance | 1.26 | 1.42 | 16p |
| Communal Lighting | 1.34 | 1.46 | 12p |
| Door Entry | 0.66 | 0.66 | – |
| Total | 9.25 | 9.67 | 42p |

Sheltered Housing Service Charges

24. Sheltered housing service charges were first implemented in 2013-14 and reflect the cost of enhanced housing management services provided to residents. Whilst core service provision has largely remained unaltered over the period, charge rates have not kept pace with costs. Following a rebasing exercise during the last financial year, charge rates were proposed to increase markedly to fully reflect the cost of provision. However, in order to avoid any potential hardship for clients, cabinet resolved to cap the increase for 2020-21 at the same level as the dwelling rent increase (2.7%), pending a wide service review.
25. This review has been concluded, and the anticipated charge for 2021-22 has been calculated as being £34.69. However to retain the phasing element promised previously, the charge has been capped at £33.20 (an increase of £2.18 per week). Given the phasing, the anticipated charge in 2022-23 will be £35.38 (based on current inflation indices).
26. Service charges like rents are eligible for welfare benefits and currently over 90% of all residents are in receipt of full or partial support or receive transitional funding from Adult Social Care, a long-standing agreement emanating from the Supporting People funding regime, which is gradually falling out as residents leave sheltered care. Around 9% of residents self-fund.

Garage and Non-Residential Charges

27. Garage assets provide a valuable revenue stream to the HRA and help avoid the need for even greater savings. Charges are determined by reference to inner London quartile rates, demand and stock availability. A limited programme of renewal and refurbishment to bring obsolete garages back into use continues, but this is likely to slow or cease as resources become more constrained and policy priorities for garage sites shift towards the provision of new homes and where appropriate and financially viable, more affordable business/creative work space.
28. Following a review of the garage portfolio and charging regime it is recommended that standard charges for council residents (secure tenants, resident leaseholders/ freeholders) are increased by 2.1%; and by for 5% for private sector renters. The resultant charges are set out in the table below.

| Garage charges | 2020-21 £ per week | 2021-22 £ per week | Change £ per week |
|-----------------------------------|-------------------------------|-------------------------------|------------------------------|
| Standard charge | 21.30 | 21.75 | 0.45 |
| Concessionary rate (£5 reduction) | 16.30 | 16.75 | 0.45 |
| Small sites rate | 11.30 | 11.50 | 0.20 |
| Private sector rate* | 35.50 | 37.30 | 1.80 |
| Additional charges: | | | |
| Larger than average garage | 5.30 | 5.40 | 0.10 |
| Additional parking | 5.30 | 5.40 | 0.10 |
| Water supply | 0.50 | 0.50 | – |
| Additional security | 1.00 | 1.00 | – |

* N.B. the private sector charge is liable for VAT at the standard rate

29. Under normal circumstances these increases would generate additional income of around £150k. However, this is offset by the likely effects of the pandemic depressing letting activity.

District Heating Charges

30. The council's procurement strategy for the purchase of gas and electricity for the district heating network is provided through the LASER purchasing consortium that has over a sustained period delivered very competitive utility prices, primarily gas. This has enabled pooled charges to tenants to be maintained at the same level for a number of years and on average, these are lower than retail market rates. However, notwithstanding the advantage of this arrangement, utility prices remain subject to market fluctuations over which the council has no control.
31. The council's pooled charging policy for district heating and hot water commenced in 1995 with the establishment of the district heating account, with the purpose to smooth-out the impact of price fluctuations over an extended period, mitigate any deficit periods and minimise the requirement for frequent charge movements.
32. Review of the ring-fenced heating account takes place annually as part of HRA budget-setting to align the anticipated cost and income for the forthcoming year, taking into account price and consumption, poor weather and changes in the recoverable tenanted 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. This ensures equilibrium between tenants across the piece regardless of the age and condition of the heating system to which they are connected. On-going investment in energy efficiency measures to reduce consumption also contributes to the financial stability of the heating account. For tenants, the cost of repairs and maintenance is integral in their rent.

33. For homeowners connected to the district heating network, the situation is different as under the terms of the lease they become liable for the actual energy costs incurred and will experience fluctuations in their charges year to year. In addition, and in line with other communal services, they are liable for a proportion of the actual cost of repairs and maintenance to the heating system in the block/estate in which they reside.

Other Income Streams

34. Whilst tenant rents and service charges constitute over three-quarters of HRA income; the remainder comprise homeowner service charges, commercial property rents, interest receivable, recharges, costs recovered, capitalised expenditure and discretionary and mandatory fees and charges.
35. Homeowner revenue service charges are the second-largest income stream to the HRA and represent the actual cost of services provided to homeowners that are fully recoverable under the terms of the lease. Whilst right-to-buy activity remains relatively low, price and volume increases across a range of recoverable services are forecast; the base budget needs to be realigned for 2021-22 to reflect this. Overall this is net neutral to the HRA. Capital works service 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, and given the delays arising from the pandemic in the current year, there is no realistic expectation of budget growth in this area for 2021-22.

Consultation and Statutory/Contractual Notification Requirements

36. Unlike matters of direct housing management there is no statutory requirement to consult on rent and other charges; however the council remains committed to engaging with residents under the terms of the Tenancy Agreement. Specific consultation normally commences with this interim scene-setting report to cabinet in December setting out the indicative budget and implications for rents and other charges in order that information can be disseminated to residents before Christmas.
37. Previous resident involvement arrangements would have meant that this report would have been presented to Tenant Council (TC), area housing forums, Southwark TMO Liaison Committee (STMOC) and Homeowner Council (HOC) during January 2021. However following extensive consultation the council adopted the new Resident Participation Framework earlier in 2020, reforming its consultative bodies and procedures. HRA budget and rent-setting consultation for 2021-22 will be conducted in line with these new arrangements. Homeowner representatives 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.

38. Current intentions are to hold a one-off webinar on 15 December focusing exclusively on HRA rent-setting consultation. Invitations to the webinar will go out two weeks in advance to all TRAs, Southwark Group of Tenants Organisations (SGTO), all online panel members and all people who have previously attended local housing forum meetings. This cabinet report will be circulated to everyone who registers at least a week in advance of the session so that they have a chance to read, consider and formulate any questions.
39. People who would like to take part but are not able to make the webinar itself will be able to register their interest so that they can be sent links to the recording of the session and also to the on-line response/polling arrangements. The local housing forums in December will be informed in order to encourage residents to participate at any stage. N.B. the timing of the forums is such that not all will be before the date of the webinar, but the information item will form part of the agenda dispatch, ensuring that recipients will be aware prior to 15 December.
40. Cabinet will consider the final rent-setting and HRA budget report at their meeting on 19 January 2021. The results of the consultation process will be collated and reported to cabinet at that meeting for their consideration. Subsequent to the approval of the final report, either as set out or as amended by cabinet, and the passing of the necessary date for its implementation, the council will issue the statutory and contractual notification of variation in rents and other charges to all tenants, not less than 28 days prior to the operative date of 5 April 2021 for commencement of the new rent year.

Community impact statement

41. In line with our Public Sector Equality Duty contained within section 149 of the Equality Act 2010, 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 in the event, how such issues can be mitigated. Analysis is also undertaken to consider any cross-cutting and council-wide impacts. To date no cumulative impacts have been identified.
42. Information on the equality analysis is shared with cabinet to enable it to be considered when decisions are taken. Changes to services will be implemented in such a way to not impact disproportionately on any specific section or group in our community or staff cohort, and where necessary, consultation will be undertaken alongside mitigating action.
43. 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 was determined nationally and required authorities to reduce rents by 1% per annum. However, from 2020-21 rents are intended to increase by CPI+1% under the provisions of the Rent Standard 2020 and it is recognised that any increase may present particular difficulties for people on low

incomes. However, rents and tenant service charges remain eligible for housing benefit/universal credit.

44. 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

45. The report sets out an Indicative Budget for the Housing Revenue Account (HRA) for 2021-22. Members are invited to approve officer recommendations for:
 - Rent increases for existing directly managed and TMO managed tenancies by 1.5%
 - An increase in tenant service charges
 - A phased increase in sheltered housing service charges
 - A 2.1% or 5.0% increase in charges for garages and other non-residential facilities dependent on the status of the customer; and
 - No increase in district heating and hot water charges.
46. The financial and budgetary considerations underpinning the recommendations are explained in the body of the report and its annexes.

Policy and Legislative Context

47. The **Local Government and Housing Act 1989** (“the 1989 Act”) sets out legal requirements in relation to housing finance, in particular a duty under Section 74 of the Act to maintain a Housing Revenue Account (“HRA”). The 1989 Act provisions include a duty, under Section 76 to budget to prevent a debit balance on the HRA and to implement and review the budget.
48. The **Housing Act 1985** (“the 1985 Act”) section 24 gives the council power to “*make such reasonable charges as [it] may determine for the tenancy or occupation of [its] houses*”. The council is additionally required by Section 24 of the 1985 Act, from time to time, to review rents and make such changes as circumstances may require.
49. Up to 1 April 2020 the discretion as to rents and charges was subject to restrictions arising from the provisions of the **Welfare Reform and Work Act 2016** (‘the 2016 Act’). The Act and supporting regulations required the council to

ensure (subject to limited exceptions) that for each relevant year the rents (excluding charges made for services) payable by its social tenants reduced by at least 1% year on year from a 2015-16 baseline, for a period of four years . The Act also made 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 applied to tenancies of new homes and re-lets to a new tenant, but not the grant of a new tenancy to an existing tenant.

50. Following consultation by the Ministry of Communities, Housing and Local Government with Registered Providers and Local Authorities, from 1 April 2020 the council must set rents in accordance with the **Rent Standard April 2020** (“the 2020 Standard”). This is issued by the Regulator of Social Housing under direction (the Rent Standard Direction 2019) of the Secretary of State for Housing, Communities and Local Government pursuant to powers given under the **Housing and Regeneration Act 2008** Section 197. Government policy in this respect is set out in the “Policy Statement of Rents for Social Housing”.
51. Under the 2020 Standard the council may apply annual rent increases, over a five-year period, of up to 1% above the general index of consumer prices; CPI. The 2020 Standard sets out the formula to be applied. The council may set rents as recommended in the report provided the council has met its rent reduction obligations over the previous four years.
52. The council must comply with the rules contained in the 2020 Standard; Housing and Regeneration Act 2008 section 194(2A). There is additionally a requirement to provide information to the Regulator of Social Housing when required and a duty to report non-compliance or potential non-compliance.

Consultation

53. Changes in Rent and other charges are excluded from the statutory consultation requirements on matters of “housing management” in respect of which local authorities are required to consult their tenants secure, introductory and demoted tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996. The Council however has undertaken in its tenancy conditions to consult with the Tenant Council before seeking to change rent and other charges. The report indicates that consultation will take place in order to comply with this term.
54. The council is required, by Section 103 of the Housing Act 1985 in relation to its secure tenancies by Section 111A of the Housing Act 1985 in respect of its introductory tenancies and further to the council’s agreement with its tenants, to notify tenants of variations of rent and other charges. The council will need to serve a notice of variation, at least 28 days before the variation takes effect.

Equalities Impact

55. In making a decision the cabinet must have due regard to the council’s equalities duties set out in the Equalities Act 2010, specifically the need to:

- Eliminate discrimination, harassment, victimisation or other prohibited conduct;
- Advance quality of opportunity between persons who share a relevant protected characteristic and those who do not; and
- Foster good relationships between those who share relevant characteristics and those who do not.

56. 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 |
|--|-------------------------------------|--|
| <p>Link (please copy and paste into your browser):</p> <p>http://modern.gov.southwark.gov.uk/documents/s86580/Report%20Approval%20of%20the%20Housing%20Revenue%20Account%202020-21%20and%20rent%20setting.pdf</p> | 160 Tooley Street London SE1 2QH | Paula Thornton, Constitutional Team |

APPENDICES

| No. | Title |
|------------|---|
| Appendix A | Summary of HRA Budget Movements 2021-22 |
| Appendix B | HRA Summary Revised 2020-21 and Indicative Budget 2021-22 |
| Appendix C | HRA Inflation, Budget Pressures and Commitments 2021-22 |
| Appendix D | HRA Income Generation 2021-22 |
| Appendix E | HRA Efficiencies and Improved Use of Resources 2021-22 |
| Appendix F | HRA Subjective Indicative Budget 2021-22 |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Cabinet Members | Councillor Rebecca Lury, Finance and Resources and Councillor Leo Pollak, Housing | |
| Lead Officers | Duncan Whitfield, Strategic Director of Finance and Governance Michael Scorer, Strategic Director of Housing and Modernisation | |
| Report Author | Ian Young, Interim Director of Finance and Departmental Finance Manager, Housing and Modernisation | |
| Version | Final | |
| Dated | 26 November 2020 | |
| 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 | | 26 November 2020 |