

CABINET	DATE: 24 February 2021	ITEM NO: 6
TITLE Housing Revenue Account 2021/22 Budget and Rent Setting	WARD(S) All	
CHIEF OFFICER Director of Housing & Safer Communities	CABINET MEMBER Housing	
DECISION CLASSIFICATION - Key decision - Non-Exempt - 28 Days' Notice Yes	IS THE FINAL DECISION ON THE RECOMMENDATION(S) IN THIS REPORT TO BE MADE AT THIS MEETING? To be made at Council on 25 February 2021 on the recommendations in this report.	

I. Decisions Required

The Cabinet is requested:

- I.1 To recommend that Council approves the Housing Revenue Account (HRA) Medium Term Financial Position, as detailed in section 4 of this report.
- I.2 To recommend that Council approves the HRA budget proposals for 2021/22 detailed in the report.
- I.3 To ask Council to agree to a continuance in line with the Government's rent policy as detailed in section 6.2, to increase rents by CPI (Consumer price Index) plus 1%.
- I.4 To agree the overall increase in the average weekly charge by £1.35 per week to an average rent per week of £91.65 (CPI + 1%) as detailed in section 6.4.
- I.5 To agree the overall increase in the average weekly charge by £0.93 per week to £15.08 per week on Tenant Service Charges as detailed in Table Seven of section 8.2.
- I.6 To note, with effect from 1 April 2021, the resulting average rent in Table Seven of section 8.2, including the separation of a service charge as agreed by the Cabinet in December 2016.
- I.7 To agree that all new build properties through Greenwich Builds in the 2016/2021 Affordable Homes Programme are set at London Affordable Rent, following the Rent Standard.

- 1.8 To agree an increase in garage rents by £4 per week to meet demand and assist in improving the maintenance and condition of some garages as well as bring them in line with other boroughs as detailed in section 7.7.
- 1.9 To note the variances in section 5 and the resulting balanced HRA 2021/22 budget position in section 5.2, Table Four.

2. Reasons for Decisions

- 2.1 This report identifies the rent and budget proposals for the HRA for 2021/22. There is a statutory duty to notify residents 28 days in advance of proposed changes in rents and charges which means decisions need to be taken in sufficient time for implementation effective from 1 April 2021.
- 2.2 It also details how the £3.862m budget gap has been met through various proposals as detailed in section 5 of the report.

3. Background

- 3.1 The Housing Revenue Account (HRA) is a ring-fenced account relating to the activities of the Council as a landlord of its dwelling stock and contains all income and expenditure from the provision and management of the housing stock. The Council is required by law to avoid budgeting for a deficit on the HRA (Local Government and Housing Act 1989, Section 76).
- 3.2 The Council has agreed a set of budget principles as part of the Medium-Term Financial Strategy (MTFS) to guide future budget setting and are equally applicable to the HRA as they are to the General Fund.
 - maintaining the highest possible quality and efficient services commensurate with the cuts imposed by Central Government.
 - recognition of front-line service pressures.
 - the maintenance of reserves at a prudent level.
 - investing in and delivering the Growth Strategy.
 - security of the Council's robust financial standing.

4. Medium Term Financial Strategy for HRA

- 4.1 In March 2020 the HRA revenue brought forward balances were £6m: -
 - £3.8 Minimum Working Balance and
 - £2.2m earmarked balances

The Medium Term Financial Strategy position for the HRA was last reported to Cabinet in September alongside the period 6 Monitoring Report. As at period 6 (September 2020) there was a projected overspend of £4.3m. The

main reasons for this were void rent loss and a structural overspend in Repairs.

However, as also reported in September 2020, there are a number of other variations which mitigate this position: -

- increased Leaseholder Income of £2.6m
- Insurance Rebate of £1.1m
- Staffing underspend within Housing Inclusion Support Services and Welfare Reform of £0.4m and
- staffing underspend within Tenancy of £0.7m

The Q3 revenue monitor shows the HRA projecting an estimated overspend at the 31st March 2021 of £0.2m. This will result in the earmarked balances decreasing to £2.0m.

For the period 2021/22 to 2024/25 the forecast medium term financial position for the HRA is shown in Table 1.

Table One: Forecast MFTS for HRA 21/22 – 24/25

Description	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Business Plan Opening Balance	1,498	(348)		
Repairs and Pay Inflation	619	1,710	1,517	1,546
Vehicle Rates	119	0	0	0
Stock Loss	505	536	538	546
Budget Realignment, Planned Maintenance and Contribution to in year deficit	1,121	50	50	50
Total	3,862	1,948	2,105	2,142

4.2 As part of the Medium Term Financial Strategy Report in September 2020, the Director of Housing and Community Safety agreed to bring forward proposals to ensure that the HRA remained within budget over the course of the MFTS. These proposals included:-

- a fundamental review of tenant and leaseholder service charges to ensure that all benefitable areas are charged at full cost recovery
- a review of other fees and charges for services
- further increases in repairs staff productivity to reduce the repairs service cost base

- a review of staffing levels in other core services
- a reduction in void turnaround times and associated income loss
- a review of corporate overheads and recharges.

4.3 A number of proposals have been identified to mitigate the forecast deficit position. These are summarised in Table 2 including the impact on the medium-term financial position.

Table Two: HRA MFTS Savings Proposals 21/22 to 24/25

Description	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Balance b/f	-	(0)	(1,600)	(1,578)
Effect from Business Plan	3,862	1,948	2,105	2,142
CECs and Recharges Reduction	(1,000)	(1,000)	0	0
Efficiencies in Tenancy Services (PID 1)	(180)	0	0	0
CPI+1% Rent Increase and Relets	(1,152)	(1,401)	(1,547)	(1,393)
Increasing Leaseholder collection rates	(780)	(811)	(200)	(210)
Caretaking Income	(500)	0	0	0
Garages Income	(250)	(336)	(336)	(336)
Total	(3,862)	(3,548)	(2,083)	(1,939)
(Surplus) / Deficit c/f	(0)	(1,600)	(1,578)	(1,375)

4.4 The HRA has on-going in year pressures of £1.750m. The table below shows management actions that have been identified to manage these pressures. These proposals are detailed in Appendix A – the PID reference refers to that Appendix.

Table Three: HRA MFTS Overspend Reduction Proposals 21/22 to 24/25

Description	2021/22 £000	2022/23 £000	2023/24 £000	2024/25 £000
Structural Deficit	1,750	101	(1,618)	(3,047)
Tenant Service Charge review - PID4	(1,178)	(17)	(17)	(18)
Void Subcontractor unit cost reduction - PID2	(50)	(325)	(462)	0
Rent and FTA Arrears Reduction - PID3	0	(300)	(200)	0
Repairs Productivity - PID6	(250)	(625)	(560)	(485)
Digital Repairs Offer - PID7	0	(100)	(100)	0
Improved Void Rent Loss - PID8	(171)	(136)	(90)	(135)
Repairs & Investment Structure - PID9	0	(216)	0	0
Total	(1,649)	(1,719)	(1,430)	(638)
Net over / (under) spend forecast	101	(1,618)	(3,047)	(3,685)

5. Budget Position 2021/22

5.1 As set out in the MTFs, after applying the 1.5% rent increase, the financial effects of changes to stock numbers, the 1.5% increase on Tenant Service Charges, inflationary pressures for staffing and repairs and 1.5% construction inflation, there remains a budget gap of £3.862m. Not all the MTFs proposals have an effect in 21/22, but the gap and the proposals to close the gap are shown in Table Four.

5.2 The HRA Budget Gap / Surplus is shown in Table 4.

Table Four: HRA Budget Gap/Surplus 2021/22

Description	2021/22 £000
Opening BP Gap/Surplus	1,498
Pay Inflation	301
General & Repairs Inflation	318
Vehicle Rates	119
Stock Loss (RTB disposals)	505
Budget Realignment	271
Contribution to in year projected Structural Deficit	850
Total	3,862
Proposals to meet Gap	
Rents & Service charge 1.5% increase & relets	(1,152)
CEC and Recharges Reduction	(1,000)
Increasing Leaseholder Collection	(780)
Caretaking Income	(500)
Efficiencies in Tenancy Services	(180)
Increased Garage Income	(250)
Total	(3,862)
Gap/ Surplus	0

5.3 The opening Business Plan gap is based on the assumptions made in 2020/21 and will be addressed as part of the budget process detailed in this report.

A 2% pay increase was allocated to staffing budgets for 20/21 but the actual pay increase was 2.75% so the additional 0.75% requires funding of £301k. Repairs inflation of 1.5% has been applied to all Repairs budgets at a cost of £318k.

Vehicle rates increased by 10% in 20/21 but no funding was given as the

increase was not known at the time of setting the budget. The main areas within HSC that have vehicles are Caretaking and R&I and the cost of the increase is £119k. These charges include a contribution to the replacement fund.

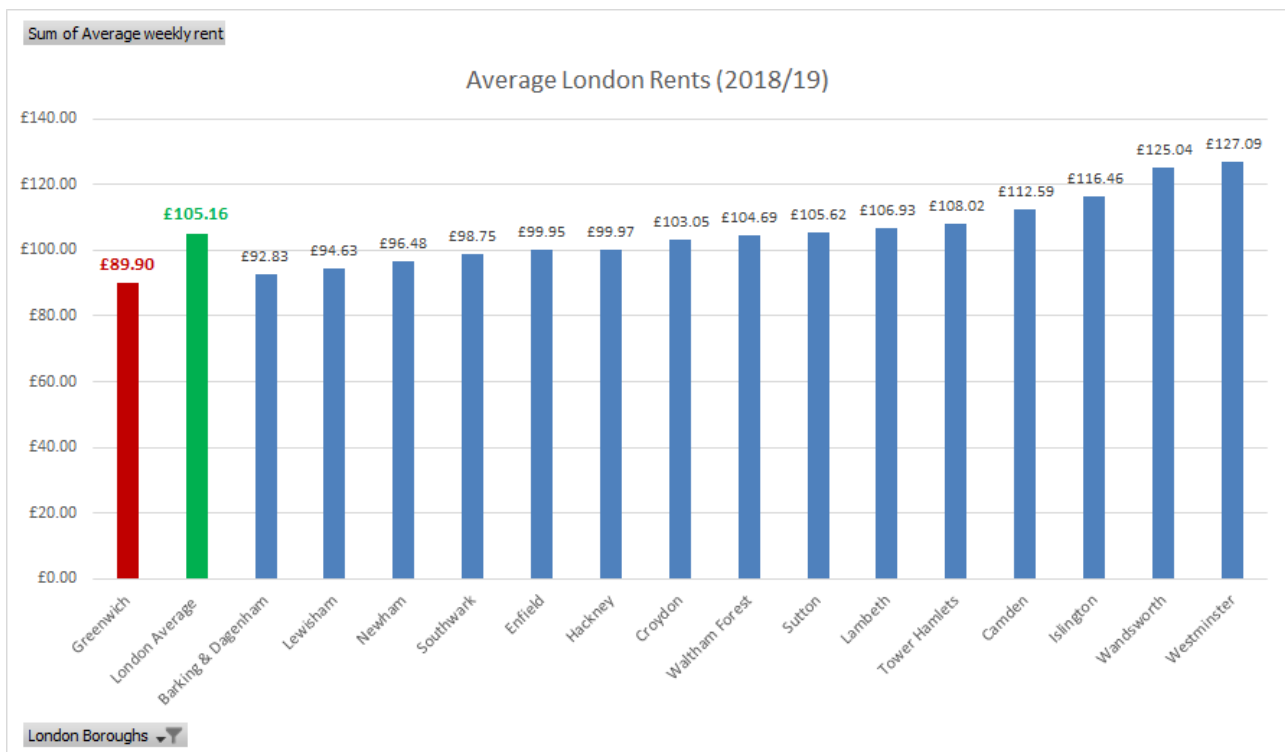
It is estimated that by the 31st March between 80 – 100 RTB sales will be completed. The impact on loss of rental income is estimated at £505k. As with the General Fund a review was carried out on all budgets and realignment was carried out where needed at a cost of £271k.

There is an on-going budget deficit within R&I to help reduce this deficit in 2021/22 £850k has been allocated against these budgets.

All the above have resulted in a gap of £3.862m.

6. Rent Policy

6.1 In March 2016, the Government introduced the Welfare Reform and Work Act 2016 which saw the imposition of a four-year 1% rent reduction for each year for the financial years 2016-17 to 2019-20. This reinforced the gap between rents in the Royal Borough of Greenwich and other London Boroughs, as shown in Graph One which shows the average council rents across a selection of London Boroughs in 2018/19. As can be seen, the Royal Borough of Greenwich has the lowest rents in London.



Graph One: Average London Council rents, 2018/19 (extract of London council landlords)

- 6.2 In October 2017, the Government announced that at the end of the four-year reduction period, it would return to annual increases of up to CPI plus 1% for a period of five years from 2020-21 to 2024-25. This would be implemented through the Regulator for Social Housing's Rent Standard 2020 rather than through legislation. The direction also, for the first time, brought local authority registered providers within the scope of the Rent Standard. The Royal Borough of Greenwich will apply this rent standard and increase its rents by 1.5% effective from 1st April 2021. This 1.5% rise equates to an additional £1.152m in the HRA including relets.
- 6.3 Council rents are calculated with reference to 'formula rent'. This calculation, set out in Government's Policy Statement on Rents for Social Housing 2018, is derived from a number of measures including median household incomes, and is the Government's recognised 'benchmark' for affordability in any local authority area. The average formula rent in Greenwich is £102.84, and so is £12.54 above average council rent in Greenwich. Most London Boroughs have reached formula rent, which accounts for Greenwich's position in Graph One.
- 6.4 Cabinet at its meeting in December 2016 agreed to the introduction of Service Charges in 2016/17 and this has resulted in the separation of this element from the average rent breakdown. It is also proposed to increase service charges by 1.5% in line with the rent policy. This will mean a weekly increase of £0.21 a week and an annual increase of £10.92 per household.

Table 5 below shows the 1.5% increase for Rents and Service Charges.

*Table Five - Indicative Average Rent and Service Charge 2021/22**

	2021/22
Current Average Rent per week	£90.30
1.5% Increase	£1.35
Assumed Average Rent per week	£91.65
Current Service Charge per week	£14.15
1.5% Increase	£0.21
Proposed Service Charge per week*	£14.36
Total Average Rent and Service Charge 2021/22	£106.01

* prior to other decisions (see 8.2)

London Affordable Rent

- 6.5 As part of the Mayor of London, Sadiq Khan's, Building Council Homes for Londoners programme published in May 2018, a new rent product was created which was London Affordable Rent (LAR).

To be applicable for LAR, the homes being built need to be under the Mayor for London's Affordable Homes Programme and a request to the GLA needs to be agreed so that properties can be let at LAR levels.

The Greenwich Builds Programme is supported with a mix of GLA Grant and RTB receipts on a scheme by scheme basis. However, all the schemes are still under the GLA affordable homes programme and the GLA would be willing to allow the LAR product to be used on the Greenwich Builds programme.

As per the RSH's Rent Standard, affordable rent may only be charged "where the property in question is provided by a....c) local authority, and the Secretary of State, Homes England or the Greater London Authority has agreed that it is appropriate for the accommodation to be let at an affordable rent."

The GLA have indicated that they would agree the use of LAR rents on the Greenwich Builds "phase 1" homes.

For new units being let for the first time in 2021/22, LAR rents are:

- 1 Bed - £161.71
- 2 Bed – £171.20
- 3 Bed - £180.72
- 4 Bed - £190.23

The rents will follow the general settlement on rent increases in future (i.e. up to CPI +1%), as decided each year by Council.

The table below shows the breakdown of the different options around rents plus the Local Housing Allowance (LHA) rate. This is an example from the "The Underwood" a Greenwich Builds Scheme. Up to this point, new council homes have had rents set at formula rent +5% in Greenwich. As can be seen, LAR rents sit above formula rent but below LHA, so will be fully eligible for the housing component of Universal Credit.

2019/20 comparison	Formula rent +5%	LAR	LHA Rate (Inner London)	LHA Rate (Outer London)	Market Rent
2 bed	£132.60	£164.24	£281.45	£210.17	£288.46
3 bed	£148.11	£173.37	£340.64	£257.16	£334.61

It is recognised that the Royal Borough of Greenwich would like to keep rents low and affordable to help those most in need throughout the borough.

However, the rental income from any development is balanced against the build and maintenance costs of that development over 40 years. Where the build costs are high, this means that rents at formula rent + 5% are not enough to finance the build; the scheme drains the HRA and is a drag on the maintenance of existing council homes. This low rental income also inhibits RBG's ability to invest money into new build properties and the viability of those new homes.

To illustrate this point, the long-term viability of the initial 376 homes in the Greenwich Builds programme has been assessed against both formula rent +5% and LAR. The long-term viability is expressed as the net present value (NPV) of the build, financing, management and maintenance costs less rental income, over 30 years. The 30 year NPV at LAR reduces the discounted pressure on the HRA business plan by around £12m, compared to formula rent +5%.

Given that LAR is an affordable rent product across London, the recommendation is that all new build properties through Greenwich Builds in the 2016/2021 Affordable Homes Programme are set at London Affordable Rent. This is a reflection of the quality of home that is being provided, the energy efficiency of the home, and is significantly cheaper than 'intermediate' rents.

7. Financing the HRA Budget

7.1 The proposals to meet this gap and which have been applied to the HRA Business Plan are detailed in Table Six.

Table Six: HRA Savings proposals 21/22

Proposal	2020/21 (£000)	Report section
Increasing Rents and Service Charges by 1.5% + Relets	1,152	6.2
A reduction in CEC's to the HRA	1,000	7.2
Increasing leaseholder collection rates	780	7.4
Caretaking Income	500	7.5
Efficiencies in Tenancy services	180	7.6
Garage rents	250	7.7
Total	3,862	

CEC and Recharges

- 7.2 The HRA bears a share of the corporate centre costs and overheads, for services as wide ranging as democratic services, finance, legal and the costs of buildings. This share is calculated using apportionment formulas (for example, headcount, number of transactions, m² of floorspace etc). In addition, some services are directly recharged to the HRA where a service provided (for example, communications or horticulture and grounds maintenance). The apportionment formulas and recharges are reviewed periodically, and as a result of the 2020 review, there is a reduction of £1m to the HRA.

Relet properties

- 7.3 In July 2020, Cabinet agreed to relet properties at Formula rent + 5% for 3 years. This decision has now been implemented, and, dependent on the number of re-lettings in 2021/22, there will be additional rental income forecast at £502k.

Increasing leaseholder collection rates

- 7.4 A review was carried out in early 2020 on Leaseholder charges/rates to ensure all legally appropriate costs were recharged. The charges were adjusted to take the review into account. This meant that the average Leaseholder charge is calculated at £1k per property, resulting in additional income of £780k.

Increasing Caretaking Income

- 7.5 The Caretaking Service has been carrying out void clearance of HRA properties for a couple of years and the income they receive was not included in the Business Plan previously because it was uncertain if R&I would continue to use this service. Both R&I and Caretaking Service want to continue with this arrangement; the income received each year covers the cost of the team and like other services where income is received to off-set staffing costs, this has now been included as a budget line and in the Business Plan.

Efficiencies in Tenancy Services

- 7.6 A budget saving of £180k will be released from Tenancy Service within 2021/22. This will formalise efficiencies that have been created over the last couple of years leading to underspends in the service area. Tenancy Services have not backfilled vacant posts over the previous few years and have continued to provide the same level of service throughout.

Garage Rents

7.7 Royal Greenwich have 3,247 garages to rent over 247 sites across the borough, of which there is occupancy rate of about 50%. The garage stock condition like many other Local Authorities across London, have suffered from lack of investment and maintenance. The stock has been managed on an ad hoc approach to garage maintenance and refurbishment and some of the more problematic sites have either been disposed of or demolished. Royal Greenwich had extremely low rents which benchmark lower than similar authorities:

Southwark	Lewisham	Croydon	Newham	Ealing	Islington	RBG
£16.30 - £35.50	£11.41 - £16.77	£14.00	£13.99 - £16.75	up to £20	£10.84 - £46.84	£1.86 - £8.69

There is currently significant demand across the borough for Garages, either for car parking or storage for residents.

An annual increase of £4 per week per garage, will bring RBG more in line with rental across London. This will increase income by a maximum of £336k per year.

A prudent estimate of £250k has been included in the budget; any excess will contribute into investment for garage refurbishment.

The new rates would be £5.86 for unpopular location, £8.35 for moderate location and £12.69 for popular location.

RBG will also change the Garages Allocation policy to allow greater use of garages across the stock within the borough and bring more garages back into use. Investment to improve homes is typically prioritised over works to garages. With the additional income as an investment, more garages could be refurbished, and a further income stream created by letting more garages in the borough to meet current demand.

8. Actions to manage in year pressures

8.1 The HRA is forecast to overspend by £1,750m in 2021/22, which reflects structural cost pressures in the repairs service and a level of void rent loss above what is budgeted for. There are four additional proposals that are proposed to manage these pressures as set out in 8.2 to 8.5.

Tenant Service Charge Review

8.2 In 2020 The Royal Borough of Greenwich commissioned a desktop review of tenant service charges to determine whether there are options for increasing the level of these to ensure full cost recovery and, if so, what these options might be and the merits and demerits of each.

In addition, the Royal Borough of Greenwich wanted confirmation that all elements included in the service charge are eligible for payment by Housing Benefit / Universal Credit to reduce any undue financial burden on residents. Eligible Service charges that are fully covered by Housing Benefit/Universal Credit for those tenants who receive it fall into 2 categories, these are:

- payments of, or towards, the costs of or charges for providing services or facilities for use or benefit of persons occupying the accommodation
- fairly attributable to the costs of or charges for providing such services or facilities connected with accommodation, as are available for the use or benefit of persons occupying accommodation

A recommendation from the report identified that we do not apply an administration (admin) charge or management fee to our charges which may represent under recovery. Admin costs of eligible services are fully covered by Housing Benefit/Universal Credit.

Across the social housing sector, tenant administration fees are typically set at 15% of service costs. The fee is charged for managing and administering activities related to service charges. The Royal Borough of Greenwich are proposing a reduced 5% admin charge which, if applied across all elements of the service charges would represent an increase of £0.72 per week per tenant (£37.44 per year) and an overall additional increase in income for the Royal Borough of Greenwich of £ 1,178m.

Table Seven: Total average service charge and rents

Indicative Average Rent and Service Charge	2021/22
Current Average Rent per week	£90.30
Increase	£1.35
Assumed Average Rent per week	£91.65
Current Service Charge per week	£14.15
Increase	£0.93
Proposed Service Charge per week*	£15.08
Total Average Rent and Service Charge	£106.73

The R&I service recently re-tendered its backup contracts with 3 new contracts let from December 2020. The new contracts result in an overall

reduction in costs for void works. This is budgeted to yield a £50k reduction for 2021/22.

- 8.3 Changes in working arrangements, improved systems and reforms to the trade staff Pay and Reward Scheme are expected to generate improved productivity to enable more work to be done in-house. Part of this capacity will be utilised to start delivering planned maintenance programmes. Changes to the staff structure are needed in order ensure the necessary capacity to develop planned maintenance programmes, which will be progressed this year. The target of £250k savings is achievable subject to the risks set out at 8.8.1.
- 8.4 Significant work undertaken in 2019/20 to reduce rent loss from voids has been set back as a result of the fallout from Covid-19. Voids rent loss as a percentage has risen from 1.33% at 31st March 2020 to 1.57% as at December 2020. During the initial lockdown, all works to voids were suspended. Post lockdown, extensive changes had to be made to develop safe working arrangements, which also resulted in works being progressed more slowly. Voids have been prioritised and significant work is underway to get properties refurbished and let. The target of 1.25% for 2021/22 is achievable subject to the risks of the on-going Covid situation which may impact on the ability to carry out void works, as described in 8.8.2.

Housing Digital Workstream (PID 10)

- 8.5 In November 2020, the Royal Borough of Greenwich published their first Digital Strategy, setting out how we plan to put services online, use technology to change how we work and build sustainable digital skills.

The Housing Digital workstream is an ambitious programme of improvements to our housing systems and processes, reversing years of lack of investment and will be delivered in cross-functional project teams, with colleagues in Digital & Customer Services.

Initiatives include new digital services, improved data quality and more efficient internal processes. We will also focus on building the capacity of all housing teams, and training colleagues to use our systems most effectively.

The programme underpins and enables the delivery of key service changes & cost reduction proposals, specifically, work on Rent and FTA Arrears Reduction (HRA 3), Repairs Productivity (HRA5), the Digital Repairs Offer (HRA 7) and Void Rent Loss (HRA8).

The programme will be funded initially from earmarked HRA balances and thereafter from the effects of delivering the overspend reduction programme, as set out in Table 3.

- 8.6 Put together, these initiatives will manage the deficit to within a reasonable tolerance, as set out in Table Eight, which the housing management team will keep under review during the year to ensure the HRA remains within budget.

Table Eight: HRA deficit reduction measures 2021/22

Description	2021/22 £000
Structural Deficit	1,750
Tenant Service Charges Review	(1,178)
Void Subcontractor Cost Reduction	(50)
Repairs Productivity	(250)
Improved Void Rent Loss	(171)
Total	(1,649)
Forecast Potential Overspend	101

- 8.7 In summary the HRA budget position for 2021/22 is set out in Table Nine.

Table Nine: Housing Revenue Account Budget 2021/22

HRA Budget Position	2021/22 £000
Income	
Rent	(96,475)
Tenant Services Charges	(15,297)
Leaseholder Charges	(5,281)
Other rents (non-dwelling)	(2,822)
Other Income	(2,013)
Contribution to Expenditure (Minimum Working Balance)	(3,769)
Interest on balances	(10)
Total	(125,667)
Expenditure	
General Management	28,945
Repairs	21,467
Other Budget, Rates & Commercial Rents	29,131
Capital Financing	17,208
Depreciation Major Repairs Reserve	28,916
Total	125,667
Net HRA Budget	(0)

8.8 Other Financial Risks and Variations:

8.8.1 Achieving the repairs productivity target is predicated on being able to secure final agreement on reforms to the trade staff Pay and Reward Scheme, and a working assumption that the roll out of the vaccine and improvements in the regional Covid Tier status will enable restoration of a normal service. The worsening Covid position since Autumn has impacted on staffing levels through both sickness and self-isolation. At the time of writing this report, due to the national lockdown, current delivery is restricted to emergency and urgent works only.

Discussions on reform to the Pay and Reward Scheme have been extensive and taken place over an 18-month period with a number of key concessions being made. It is a requirement of collective bargaining that both parties agree any proposed changes. The target of £250k assumes that these changes are agreed in time to be implemented from 1st April 2021, if not there is a risk that all of these savings may not be made.

8.8.2 The target reduction in void rent loss similarly assume improvements in the regional lockdown position, and corresponding reductions in sickness and self-isolation levels for both RBG and contractor staff. It also assumes that working restrictions can be scaled back and then lifted in the first 6 months of the new financial year.

8.8.3 Income Collection during 2020/21 has continued to be strong with a forecast of over 99% of in-year rent collected. There was an expectation of the Covid-19 Pandemic having a significant effect on income collection, however due to the furlough scheme (and extension) the pressure has not been felt yet. It is expected that we will see an effect to income collection in 2021/22 depending on the national economic factors. The Income Team have continued to communicate with and offer support to tenants who have found themselves in financial difficulties during the pandemic.

9. HRA Welfare Reform

9.1 Although Income Collection has remained strong throughout the pandemic period, Universal Credit (UC) still poses a significant risk to the HRA. Currently there are 4,680 tenancies in receipt of Universal Credit with an average of £1,300 in arrears. This is comparable to around £750 for those not on Universal Credit.

9.2 Over the year (from April 2020) we have seen an increase of cases on UC from 3,052 to 4,680 and would expect this to be over 5000 tenancies in receipt of UC by the end of the financial year. This would represent around 25% of RBGs Housing Stock.

- 9.3 Where tenants do get into arrears whilst on UC, the Council is able to apply for an APA (Alternative Payment Arrangement) so we are paid directly as a landlord. Currently 27% of our UC claimants are subject to an APA, this figure is generally between 25% - 30%.
- 9.4 The Housing Income Team have ensured that they have been balanced and supportive throughout the Covid-19 period, the approach having been one of guidance and information rather than punitive measures. A continued message has been given to tenants throughout this period, which is that they should contact us as soon as they have any change of circumstances that may affect their income and their ability to pay their rent. To date since April 2020, 1,298 tenants have contacted to say they have been affected by Covid-19 and the team have helped support them apply for UC or additional support through the Council's welfare offers or DHP.

10. Balances

- 10.1 The HRA is expected to start the 2021/22 year with a minimum working balance (MVB) of £3.769m, to safeguard the delivery and sustainability of the budget.

11. Consultation

- 11.1 This year, the authority has engaged in an online consultation regarding its MTFS. The consultation was for the period 23 December 2020 until 17 January 2021.
- 11.2 A total of 270 respondents engaged with the consultation, over 55% of whom were aged 30-44. It provided an opportunity for stakeholders to comment, although there was no opportunity in the survey for respondents to indicate if they were council tenants or leaseholders. Headlines were as follows:
- 83% want front line services to be protected
 - 86% want the council to make efficiencies
 - 66% want to increase income by way of fees and charges
 - 73% want to increase enforcement of parking and moving traffic offences
- 11.3 Other comments made that were relevant to the HRA included:
- Build more council homes
 - Reduce council homes and gentrify estates
 - Outsource repairs to a workers' cooperative
 - Mow lawns more
 - Stop housing benefit fraud
 - Prioritise safety in properties, windows and cleanliness

11.4 Further tenant consultation is taking place at a meeting of the Borough Wide Panel on 17th February and will be reported to the Cabinet.

11.5 In addition, any changes to services that may affect tenants such as moving to a digital channel for reporting repairs will be consulted with residents when these detailed proposals are available.

12. Cross-Cutting Issues and Implications

Issue	Implications	Sign-off
<p>Legal including Human Rights Act</p>	<p>This report is asking Cabinet to consider the rent and budget proposals for the HRA for 2021/22 and make recommendations to Council where appropriate.</p> <p>Under Section 21 of the Housing Act 1985, the general powers of management, regulation and control of Council houses is vested in and shall be exercised by the local authority.</p> <p>Under Section 24, of the Housing Act 1985, a Council may make such reasonable charges, as it determines for the tenancy or occupation of its dwellings and it must review rents from time to time and make such changes as circumstances require.</p> <p>The Council 's discretion to determine rent levels is limited by Section 76 of the Local Government and Housing Act 1989 which requires the Council, during the months of January and February immediately preceding the relevant year, to formulate proposals relating to (a) income from rents and other charges and (b) the expenditure on repairs, maintenance, supervision and management of its houses</p>	<p>John Scarborough, Director of Legal Services, 12 February 2021</p>

	<p>The Council is further obliged to keep the proposals referred to in this report under review to avoid a debit balance and continue to be satisfied during the year. In the event that the Council, on review, determines that this requirement will not be satisfied, then the Council is, by virtue of Section 76(6), required to “make such revisions of the proposals as are reasonably practical towards securing that the proposals (as so revised) satisfy those requirements”.</p> <p>Although the Council is not under a duty to consult tenants in respect of rent and other charges under section 105 Housing Act 1985, the Council is nevertheless under a duty to notify tenants of any variations of rents and other charges by serving Notice of Variation at least 28 days before the variation takes effect. It should therefore be noted that the intention is that the variations proposed in this report take effect from 1st April 2021.</p> <p>In terms of recommendation 1.5, the Tenant Service Charge is part of the rent as the Council has (under Section 24) the power to charge for the services associated with the occupation of Council tenancies and that can be on a costs recovery basis.</p> <p>From 1 April 2020 the Council is under a duty to set its rent in accordance with the Rent Standard 2020. The Standard was issued by the Regulator of Housing by Direction issued by the Secretary of State for Housing, Communities and Local Government under the Housing and Regeneration Act 2008. The Standard sets out the formula to be applied.</p>	
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<p>Finance and other resources including procurement implications</p>	<p>The Director of Finance is required to be satisfied that the overall budgets set by the Council are robust. This applies the same discipline to the General Fund in setting the Council Tax and the Housing Revenue Account in decisions regarding rents and the level of balances. This report has been prepared in consultation with the Director of Finance.</p> <p>With regards to Financial Management and Financial Standing, the approach outlined in section 5 is consistent with the budget principles approved for the General Fund Financial Strategy. Providing for known pressures including the effect of rental income reductions and maintaining sufficient bad debt provision to address the effects of welfare reform mitigates the risk to the overall strategy. This is further supported by the maintenance of budget reserves in line with the minimum working balance of £3.769m, which is required to be held separately.</p> <p>The Director of Finance is satisfied that the budget proposals are sufficient to meet the legislative requirements of the Housing Revenue Account, in that the HRA is in balance for 2021/22.</p>	<p>Kim Sullivan</p> <p>Head of Accountancy Partnering Services Housing and Safer Communities</p> <p>28/01/2021</p>
<p>Equalities</p>	<p>This report sets the HRA budget and rent levels for the Royal Borough of Greenwich's council housing. The diversity characteristics of council tenants are known in part, and this information is being refreshed, which will allow more detailed Equality Impact Assessments of the HRA to be undertaken in the future. The council housing is, by virtue of the Council's allocations policy, skewed towards those in housing need and in particularly those</p>	<p>Jamie Carswell</p> <p>Director of H&SC</p> <p>28/1/21</p>

	<p>who were in priority need, including homelessness, when their tenancy started.</p> <p>By balancing the budget, this report secures the advantages of a social rent and of well-managed and maintained secure homes for Council tenants for the forthcoming year.</p>	
Risk management	N/A	
Health and wellbeing	N/A	

Appendices

Appendix A: HRA MTFS Project Initiation Documents (PIDs)

Background Papers:

None

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