

## LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Cabinet

**Date:** 10/10/2022

**Subject:** Housing Revenue Account (HRA) Strategic Review – Delivering Future Sustainable Services in light of Significant Increases in Inflation

**Report of:** Cabinet Member for Housing and Homelessness – Councillor Frances Umeh  
Cabinet Member for Finance and Reform – Councillor Rowan Ree

**Report Author:** Sukvinder Kalsi, Director of Finance

**Responsible Director:** Jonathan Pickstone, Strategic Director of Economy

---

### SUMMARY

The Housing service at LBHF (as with other local authority services) is facing significant financial challenges due to a national economic situation that has deteriorated substantially and to an unexpected extent in 2022. This includes annual Consumer Price Index (CPI) inflation at 9.9% in August 2022, with other measures of costs relating to housing provision including tender price inflation, pay, and energy, also showing substantial increases.

With more than 12,000 tenanted homes (about 14% of all homes in LBHF) providing housing to an estimated 30,000 residents, housing is one of the Council's key services. The Council has committed to build more than 1,100 new homes within the next few years, to invest more than £600m over 12 years for major improvement works to existing homes, and additional investment to support its energy efficiency programme. This programme is important for de-carbonising the housing stock and reducing energy costs in the future, helping to tackle fuel poverty.

The economic situation presents significant challenges to providing essential services to tenants, building affordable homes, and investing in these vital housing improvements. The Housing Revenue Account (HRA), which accounts for all associated housing services and management costs, is continuously reviewed by the Council to ensure that crucial services are delivered efficiently. The continuing monitoring and review have confirmed there are significant service and financial pressures, which must be urgently addressed.

By law, the HRA must be ringfenced and kept separate from other Council budgets. General Council funds cannot be used to support the HRA, so solutions to inflation and other budgetary challenges must be found within the HRA.

This report sets out proposals to ensure that we can deliver a balanced budget and maintain reserves at an acceptable level. The proposals to be introduced from November 2022 are for a rent increase and to move to variable service charges in order to fully recover the costs for service charges for tenants and leaseholders going forward.

The Council has done everything possible to resist rent increases including exploring other options - however there is no other practicable solution that will protect the investment needed to keep homes safe and decent.

The proposed November increase will bring the aggregate 2022/23 LBHF rent increase to 3.1%, still well below the 4.1% ceiling allowed by central government (via the Rent Standard 2020 and associated guidance) and typically applied by other London Boroughs. More than 50% of tenants will be supported through Housing Benefit and Universal Credit to meet the new charges, and payment plans and financial support will be offered, where appropriate.

The Council has worked hard to keep rents and service charges as low as possible over the past decade and this strategy will continue to ensure that ours remain some of the lowest cost homes in London and provide value for money to residents.

---

## Recommendations

1. That Appendix 1 is not for publication on the basis that it contains information relating to the financial or business affairs of a particular person (including the authority holding that information) and/or information in respect of which a claim to legal professional privilege could be maintained in legal proceedings as set out in paragraphs 3 and 5 of Schedule 12A of the Local Government Act 1972 (as amended).
2. To approve an increase to the current rents that are charged to tenants, effective from 14 November 2022. This will be an additional 4.1% for the rest of 2022/23, bringing the total annualised rent rise for 2022/23 from 1.5% to 3.1%. Details are set out in paragraph 3.1.
3. To approve a change from fixed to variable service charges for tenants based on the up-to-date actual costs of providing tenant services, which will mean a variable level of increase for the majority of tenants (as set out in paragraph 3.2).
4. To approve the above changes to service charges with effect from 14 November 2022 and for future years.

---

**Wards Affected:** All

---

| <b>Our Values</b>                              | <b>Summary of how this report aligns to the H&amp;F Values</b>   |
|--|--|
| Building shared prosperity                     | The provision of an extensive range of day-to-day repairs, estate and investment services is undertaken by external companies and these proposals will maintain and support local businesses and employment. |
| Doing things with local residents, not to them | The tenants are extensively engaged and take part (through Resident Liaison Groups) in the provision of existing housing services.   |
| Creating a compassionate Council               | Our tenants and leaseholders will be supported by being offered advice on maximising entitlement to Housing Benefit/   |

|   |   |
|---|---|
|   | Universal Credit and rent and leasehold payment plans to assist in mitigating the effects on household finances, along with further support to residents impacted by high inflation and the cost of living crisis. It is estimated these changes will be fully covered by housing benefit/ universal credit for more than 50% of tenant households. |
| <b>Our Values</b>   | <b>Summary of how this report aligns to the H&amp;F Values</b>  |
| Being ruthlessly financially efficient                          | The proposals in this report will ensure the future sustainability of the HRA and ensure the continued provision of services valued by tenants. It will be complemented by the Housing Transformation Programme that will generate significant future efficiencies in the delivery of services.   |
| Taking pride in H&F   | The planned capital investment in the properties will improve the building standards and promote greater well-being of residents.   |
| Rising to the challenge of the climate and ecological emergency | The considerable capital investment in energy efficiency over the next 12 years will significantly improve the energy efficiency for the existing stock (new build properties will be constructed in line with new building standards).   |

## Financial Impact

The HRA Business Plan and Budget for 2022/23 was considered in detail and approved by Cabinet on 7 February 2022.

In summary, the proposed Budget for 2022/23 was balanced based on utilising reserves of £4m and a further £3.9m of planned interventions. These interventions were set out in the report to Cabinet on 7 February 2022 and were expected to be delivered through initiatives including a review of management costs, the Housing Transformation Programme, income opportunities and other plans including a review of the repairs system and benchmarking reviews.

Since the budget was approved, there has been a significant increase in inflation that will result in further significant pressures on the HRA in 2022/23 (as reported to Cabinet on 5 September as part of the CRM 2 Report for 2022/23).

The Housing Transformation Programme has delivered significant savings of £4.7m from 2018-21 and further savings are expected in future years, but these will not be sufficient to deal with the current and expected financial pressures on the HRA.

A review of the Council's service charges has revealed a gap between the actual cost to the Council of delivering the services and the amount charged in the region of £3.8m per annum (see the table at 3.2.4 below). In other words, the Council is substantially undercharging tenants and leaseholders for the services provided, resulting in a significant drain on HRA income every year.

The proposals in this report will provide a contribution of £2.45m to the planned interventions (in the relevant part of 2022/23) and of £6.3m for a full year (from 2023/24).

This will help secure the HRA's financial resilience and ensure adequate reserves that will help to ensure the long-term financial sustainability of the HRA and the continued provision of services valued by tenants. The short and medium-term financial implications of not implementing these proposals are set out in Section 4 of the Detailed Analysis.

Danny Rochford, Head of Finance (Economy) Dated 23 September 2022  
Verified by: Andre Mark, Head of Finance (Acting deputy S151 officer), Dated 23 September 2022

## **Legal Implications**

The principal statutory provision governing the fixing of rents (including service charges) for Council property is contained in Section 24 of the Housing Act 1985.

Sub-section (1) provides that authorities may “...*make such reasonable charges... as they may determine*”. Sub-section (2) provides for rents to be reviewed and varied “from time to time”. This provision does not limit local housing authorities to one rent increase per year.

However, this section has to be considered in the light of Section 76 of the Local Government and Housing Act 1989, which imposes a duty on local housing authorities to prevent a debit balance arising in their Housing Revenue Account (“HRA”) and which also imposes “ring-fencing” arrangements in respect of such account. It is not possible for a local housing authority to subsidise the HRA from its General Fund. The Council is under what is often referred to as its “fiduciary duty” to operate its finances on a prudent basis.

The Council is a registered provider of social housing and has a duty to have regard to relevant standards set by the Regulator of Social Housing under section 193 of the Housing and Regeneration Act 2008. The Regulator of Social Housing has issued the Rent Standard April 2020 that requires registered providers (including local authorities) to set rents from 1 April 2020 in accordance with the Government's Policy Statement on Rents for Social Housing 2019 (“the Policy Statement”).

The Policy Statement states at 2.15 that from 1 April 2020 registered providers may not increase rents by more than CPI +1% in any year. This limit is a ceiling and providers are free to apply a lower increase. Guidance on the limit on annual rent increases 2022-23 updated on 15 November 2021 states in the table at 2.1 that for 2022-23 the maximum increase is thus 4.1%.

In addition, the Policy Statement advises at 2.36 that (all) registered providers “should endeavour” to keep increases to service charges within the same limit that is set for annual rent increases, to help keep charges affordable. This advice does not purport to set a mandatory ceiling for service charge increases.

The Council's standard form of tenancy agreement does not limit the Council to one rent or service charges increase per year. If Cabinet agrees to the proposals to increase rent and (average) service charges, the Council will need to provide notice in writing of the increase, four weeks in advance as per its tenancy agreement.

Where the Council has a settled and uniform practice that directly affects individuals, they may have a legitimate expectation that the Council will not depart from that practice. It appears that the Council has a settled practice of only increasing rents once a year, in April. Therefore, before deciding to depart from its usual practice, the Council must be satisfied that there are overriding policy considerations which justify this. This is a decision for Cabinet to make.

The Council must, when carrying out its functions, have due regard to the needs set out in section 149 of the Equality Act 2010 (the Public Sector Equality Duty, "PSED"). This duty includes having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. The Council must consider the duty, which is personal to decision makers. In order to assist the Council to comply with section 149, an Equality Impact Assessment ("EQIA") is attached as Appendix 2 to this report. The relevant decision-maker must carefully consider the EQIA as applicable to the decision they are asked to approve. In summary, the PSED requires the Council, when exercising its functions, to have "due regard" to the need to:

- a) Eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act (which includes conduct prohibited under section 29);
- b) Advance equality of opportunity between people who share a relevant protected characteristic and those who don't share it;
- c) Foster good relations between people who share a relevant protected characteristic and those who do not (which involves having due regard, in particular, to the need to tackle prejudice and promote understanding).

Changes to rent and service charges are excluded from the duty to consult with tenants on matters of housing management under section 105 of the Housing Act 1985 and section 137 of the Housing Act 1996.

However, the Housing Representatives Forum has been contacted for their views on the proposals set out in the report. Members must carefully consider their responses as well as the Equality Impact Assessment before reaching a decision on the recommendations in this report.

Verified by: Grant Deg (Chief Solicitor – Legal Services)

Dated: 23 September 2022

---

## **Background Papers Used in Preparing This Report**

None

---

### **DETAILED ANALYSIS**

#### **1. Strategic Housing Operating Environment**

- 1.1 The provision of social and affordable housing is one of the key services the Council provides to residents and the Building Homes and Communities Programme is intended to increase the supply of new homes to meet the expected demand for homes.

1.2 The strategic operating environment for this service is complex and challenging and will be affected by a number of national factors including:

- the increasing national inflationary pressures (The Bank of England expects inflation to peak at 11% in October and then remain above 10% for a few months) and this is expected to lead to considerable service impacts including higher expenditure on contracted services, demand for housing advice and management services, pressures on homelessness and possible reduction in rent income collected
- the need to continue to invest in our existing homes to ensure good standards of properties (with a programme for the replacement of key property components including windows, kitchens, heating, roofs, electrical re-wires)
- the need to keep residents safe - new building safety standards (learning lessons from the Grenfell tragedy) will require supplementary investment to keep residents safe (no significant national funding is anticipated and this is expected to be mainly self-funded)
- the continued focus on greater tenant empowerment and engagement from the Department of Levelling Up, Housing and Communities and the Regulator of Social Housing (the details were set out in the recent White Paper)
- increases in energy efficiency in line with the implementation of climate change policies (with the anticipated phasing out of gas-powered heating boilers and systems)

1.3 It is also important that tenant concerns about the current repairs service are addressed. A Housing Transformation Programme is in progress to improve services. The latter will continue to be monitored separately and reflected in the HRA Business Plan and Budgets for 2023/24+.

## **2. Strategic Financial Operating Environment**

2.1 The HRA Business Plan 2022+ and the Budget 2022/23 were considered and approved by Cabinet on 7 February 2022. In summary, there was a base budget deficit of £7.9m and the budget for 2022/23 was balanced by utilising £4m of reserves combined with other planned interventions of £3.9m including a review of management costs, the Housing Transformation Programme, income opportunities and other plans including a review of the repairs system and benchmarking reviews.

2.2 A combination of limits to savings that could be secured in-year without recourse to drastic service cuts and a revised assessment of the costs and risks associated with the continuing escalation of inflation means that the budget approved on 7 February 2022 has turned out to be unduly optimistic due to the difficult to predict deterioration in national economic circumstances. Further, in July 2022 our external auditor pointed to reliance on reserves to balance the budget as an issue that needed a stronger plan for resolution.

- 2.3 The Base Budget deficit of £7.9m in 2022/23 was equivalent to almost 9% of spend and it will not be sustainable to use reserves to support the annual budget beyond 2023/24. The current reserves of £11.6m (as at 31 March 2022 equivalent to 13% of total annual spend) would be fully utilised.
- 2.4 The expenditure on the HRA has been (and continues to be) subject to detailed scrutiny to ensure that costs are minimised and services delivered as efficiently as possible. Significant efficiencies have been delivered in prior years (estimated at £4.7m from 2018-21) and will be continued through the Housing Transformation Programme. However, these will not be sufficient to deal with the current and expected financial pressures on the HRA. In order to achieve a balanced HRA without making drastic service cuts, opportunities need to be taken to improve the financial resilience of the HRA as soon as is reasonably possible.
- 2.5 The proposals in this report will allow the recovery of the costs of providing services funded through service charges (there is an estimated current shortfall of £3.8m – see table at 3.2.4 below). This will promote the resilience of the HRA and ensure that this is sustainable so that social and affordable housing services valued by tenants can continue to be provided.

### **3. Detailed Proposals and Evaluation – Rents and Service Charges**

#### **3.1 Rents**

- 3.1.1 Rents for Council properties are set with reference to national guidelines and formulas (these are based on CPI+1%). The current national policy will be continued until 2024/25 (although it is possible – and suggested by a current government consultation - that this will be restricted for 2023/24 given the forecast inflation levels). The rent policy thereafter from 2024/25 will need to be set out by national government in due course.
- 3.1.2 The significant levels of national inflation (expected to continue for the foreseeable future) will provide major challenges for national government going forward and the rent proposals set out in this report are a reflection of that macro-economic operating environment. The rent cap for 2022/23 is 4.1% (being CPI inflation in September 2021 plus 1%).
- 3.1.3 A supplementary rent increase of 4.1% from 14<sup>th</sup> November 2022 is proposed. This is equivalent to 1.6% spread over the financial year. Therefore, the total rent that will be paid by tenants in 2022/23 will only increase by 3.1% compared to total rent paid in 2021/22. This is equal to the September 2021 inflation figure and a full percentage point below the limit of 4.1% set by government, balancing the reality of increasing costs with protecting household budgets. These proposals will mean that the rent increase for tenants in LBHF for 2022/23 will be lower than 23 other London Boroughs, equal with one and only more than one other Borough (based on information available from 26 Boroughs).
- 3.1.4 The current average weekly social rents after taken into account the proposed increase in November 2022 are estimated at £116 per week (substantially less than rents charged by non-local authority Registered Providers). Our rents continue to represent good value for money for tenants.

## 3.2 Service Charges

- 3.2.1 The current national policy guidance on tenant service charges is that these should be separated from rents and that the direct costs of these services together with reasonable overheads should be recovered through charges for these services. The Government’s Policy Statement on Rents for Social Housing 2019 advises at 2.36 that (all) Registered Providers “should endeavour” to keep increases to service charges within the same limit that is set for annual rent increases, to help keep charges affordable.
- 3.2.2 The current methodology for the recovery of tenant service charges was approved by Cabinet in 2011. In summary, tenant service charges were fixed based on recorded levels of past expenditure and indexed for future years. Individual bills were to be based on the type of property (e.g. flat, maisonette, house), size (number of bedrooms) and location. The 2011 Cabinet report indicated (at 4.6) that a review would take place in three years’ time to determine whether a move to variable service charges would be appropriate.
- 3.2.3 The 2011 Cabinet report indicated that tenant service charges would be inflated each year by RPI+0.5%. This has not been applied every year. The service charges have failed to keep up with the actual costs of delivering the services. A review of the Council’s service charges has revealed a gap between the actual cost to the Council of delivering the services and the amount charged, in the region of £3.8m per annum. In other words, overall the Council is substantially undercharging tenants and leaseholders for the services provided, resulting in a significant drain on HRA income every year. It is proposed that the costs used to calculate the charges will be brought up to date to include all applicable service costs as set out in 3.2.4, and that the Council moves to a variable service charge, reflecting up to date actual costs. This is in line with the principle that each tenant should pay the landlord a fair proportion of the costs and in line with existing tenancy conditions.
- 3.2.4 The types of service charges, current average charges, estimated proposed average charges (from November 2022) and the estimated number of homes affected are set out in the table below. This reflects a full review of the cost base for services and modelling to apportion costs in line with tenancy and leaseholder agreements.

| <b>Service Charge</b>         | <b>Average Current Charge</b> | <b>Average Increase to Cover Costs</b> | <b>Current Deficit</b> | <b>Number of Homes</b> |
|-------------------------------|-------------------------------|--|------------------------|------------------------|
|                               | <b>£pw</b>                    | <b>£pw</b>                             | <b>£m</b>              |                        |
| TV Aerials                    | 0.14                          | 0.05                                   | 0.02                   | 6,105                  |
| Caretaking                    | 4.19                          | 1.77                                   | 1.33                   | 13,280                 |
| CCTV                          | 0.52                          | 0.21                                   | 0.02                   | 1,671                  |
| Communal Lighting/Electricity | 1.14                          | 1.22                                   | 0.46                   | 13,967                 |



|                     |             |             |             |        |
|---------------------|-------------|-------------|-------------|--------|
| Concierge           | 5.91        | 3.23        | 0.54        | 2,185  |
| Controlled Access   | 0.48        | 0.37        | 0.28        | 11,501 |
| Grounds Maintenance | 1.02        | 0.54        | 0.42        | 13,058 |
| Lifts               | 4.82        | 1.18        | 0.73        | 6,290  |
| <b>All</b>          | <b>8.43</b> | <b>5.23</b> | <b>3.80</b> |        |

3.2.5 The proposed changes will ensure that these services valued by tenants (and leaseholders) can continue to be provided whilst ensuring a fair and equitable framework across tenants who receive chargeable services. These charges are an average and tenants will be potentially paying less or more depending on the property type, size and location (these are exemplified in the Equalities Impact Assessment in Appendix 2). A cap or limit is not proposed on the potential higher range of increases as this would be inequitable representing a subsidy to some, not all, tenants and not properly targeted at those most in need. A potential cap may also be affected by Universal Credit considerations. Payment plans will be offered and financial support will be considered in cases of hardship (for example, from the Household Support Fund and Discretionary Housing Payments fund), where appropriate, to help mitigate the impact on those who may struggle to manage their budgets.

3.2.6 The change for leaseholder charges (moving to full recovery) will be for the full year for 2022/23 and charged in line with the leasehold agreements. Payment plans can be used to help mitigate the impact. The estimated bills for 2022/23 have already been sent to leaseholders and so the shortfall will be billed in September 2023 (for the actuals for 2022/23).

3.2.7 It is important that work continues with residents on discussing these services, establishing service standards, potential changes to delivery models and that real costs of these services are reflected in all future charges. These could potentially either decrease or increase depending on resident preferences and the required service standards.

### 3.3 Increasing rents and service charges mid-year

3.3.1 To officers' knowledge, the Council has not previously increased rents or service charges mid-year. Legal advice (see above) is to the effect that tenants have a legitimate expectation that rents and/or service charges will not be increased for a second time in one financial year. Therefore, Cabinet must decide whether there are overriding policy reasons which justify departing from this legitimate expectation. For the reasons set out in this report, officers consider that there are.

3.3.2 Hardship experienced by residents as a result of an unexpected increase in rent and service charges mid-year will be mitigated by offering flexible payment plans for service charges and financial support, where appropriate.

3.3.3 In addition, the same inflationary pressures in the wider economy that are putting significant pressure on the HRA are causing a drop in real incomes, which is affecting the Council's tenants in particular. However, as stated above, these

proposals will mean that the rent increase for tenants in LBHF for 2022/23 will be lower than 23 other London Boroughs, and our rents continue to represent good value for money. The increase in average service charges bills that will result from moving to variable service charges is a result of substantial undercharging in the past, which needs to be addressed going forward, and it is not possible to do so while pegging increases to the current levels of service charges. Support is available for those families who are struggling financially: see 6.2 below.

#### 4. Analysis of Options

4.1 A number of options were considered in developing these proposals including:

- A rent change of 6.7% from 14 November (equivalent to 2.6% for the full year in 2022/23). This combined with the approved change of 1.5% from April 2022 would have resulted in an annual change of 4.1% (in line with the **national formula** of CPI+1%). This option is not being pursued in order to mitigate the impact on tenants' household finances.
- Phasing the implementation of the service charge changes for tenants in two stages (in November 2022 and April 2023). This option is also not being pursued as it will significantly reduce in year income, by £0.7m, the second increase would take place within five months of the first (therefore providing a limited benefit for tenants) and the move to full cost recovery would be complicated and compromised.
- Not to pursue both the rent and service charge proposals in 2022/23. This will mean that additional reserves of £2.45m will be needed in 2022/23 and so reducing those to less than £9m at the end of March 2023 (after taking into account pressures in 2022/23). This level of balances is considered as a minimum requirement (being 10% of annual income) given the high levels of inflation that will significantly increase operating costs. In addition, it will necessitate the reduction in spend on providing these services so that operating costs are recovered. This will be required to ensure that the concerns raised by our external auditors in the Annual Audit Report for 2020/21 on the need for a sustainable HRA strategy that would reduce the reliance on reserves can be complied with.
- Considering the implementation of charges to only recover the full cost from leaseholders in the interim. This option is not suggested as it will not fully protect services delivered to tenants and will be inequitable.

#### 5. Reasons for Decision

5.1 The proposals set out in this report will ensure:

- that estate services provided and valued by tenants can continue to be available (these will continue to be reviewed with the engagement of tenants and any service changes either enhanced or reductions that are agreed with tenants will be reflected in all future service charges)

- a fair and equitable charging framework for tenants who receive chargeable services
- the financial resilience of the HRA will be strengthened (there will be adequate reserves and balances to mitigate against the potential effects of national public finance constraints and further austerity)
- it will improve the long-term sustainability of the 40 Year HRA Business Plan and allow the delivery of the Building Homes and Communities Programme and maintain the investment in the existing stock to ensure good property standards

## **6. Equality Implications**

- 6.1 The provision of social housing is important for the residents, who include the most disadvantaged and economically vulnerable members of society, including many with protected characteristics. Tenants will be supported by the Council to maximise entitlement to financial welfare benefits and it is estimated that around 50% will be able to cover these additional costs through Housing Benefit and Universal Credit.
- 6.2 People with protected characteristics, including age, disability, gender, race and pregnancy are likely to be disproportionately affected by any measure that impacts on low-income families just above the level of eligibility for mainstream benefits. It is not possible or appropriate to set rent or service charges for tenants or leaseholders on the basis of protected characteristics. However, our rent and service charge collection system and the roll-out of these changes will work to identify and support those struggling to make ends meet, and this help will benefit those protected groups who are overrepresented within low-income families just above the level of eligibility to benefits. The available help includes the provision of support with money management, debt and arrears, flexible payment plans for service charges and referral to the wider and developing range of services that are available to help with wider related issues such fuel and food poverty and the cost of living crisis. Additional data on the impacts of the proposals in practice will be gathered and set out in future annual HRA Business Plan, Budget and Service reports as appropriate.
- 6.3 Rent increases will impact the household finances of tenants and leaseholders on low pay. For that reason, the administration limited rent increases in the annual financial plan. However, the significant increase in inflation, when combined with the other challenges to balancing the HRA, has necessitated the changes proposed in this report. The need to ensure the HRA budget is secure and available to deliver the essential services and improvements that are needed is a key means of supporting tenants.
- 6.4 The Equality Impact Assessment (EIA) is attached at Appendix 2.

## **7. Risk Management Implications**

- 7.1. The proposals in this report are intended to provide some mitigation of the financial risks to the HRA to support its resilience and sustainability. Further

detailed mitigations and actions will be set out as necessary in the annual report to Cabinet on the HRA Business Plan and Budget (due February 2023) to further protect the long-term sustainability of the HRA.

- 7.2 Further risk management implications are contained within the Exempt Appendix 1.

Verified by: David Hughes, Director of Audit, Fraud, Risk and Insurance  
Dated 23 September 2022

## **8. Climate and Ecological Emergency Implications**

- 8.1 Much of our investment in making our stock more energy efficient is reliant on a sustainable HRA as this supports the funding of interest costs on any borrowing that is undertaken for investment in improvements. Further details will be set out as necessary in the annual report to Cabinet on the HRA Business Plan and Budget (due February 2023).

Verified by: Hinesh Mehta, Strategic Lead – Climate Emergency  
Dated: 25<sup>th</sup> August 2022

## **9. Local Economy and Social Value**

- 9.1 The implementation of these proposals will ensure valuable services are delivered for residents, allow the continuation of investment plans in existing homes and building of new social and affordable homes, as well as promote the HRA's long-term sustainability. This will have major long term strategic and economic benefits for tenants. Further details will be set out as necessary in the annual report to Cabinet on the HRA Business Plan and Budget (due February 2023).

## **10 Tenant Engagement**

- 10.1 The tenants and leaseholders will continue to be engaged in the provision and development of housing services. A meeting of the Tenants and Residents Association took place in September 2022 to engage with residents on these proposals and this will be continued as the budget proposals for 2023/24 are developed.
- 10.2 Additional supporting communications will also be put in place. This will provide for awareness raising of the prospective changes and the support that is on offer through and four weeks' notice on the proposed changes. The process will focus on and work to identify those residents that are most in need and most affected by the cost of living crisis i.e. those on low and moderate incomes that do not qualify for Housing Benefit or universal credit and/or in significant arrears/debt.

## **LIST OF APPENDICES**

Appendix 1 - Supplementary Risk Management Implications (**Exempt Appendix**)  
Appendix 2 - Equality Impact Assessment