

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE Housing Revenue Account Budget, Rent Review 2023/24 (CS/2023/01)	
REPORT OF Cabinet Member for Better Homes	
FOR SUBMISSION TO Housing Scrutiny Committee Cabinet	DATE 17 January 2023 18 January 2023
STRATEGIC CONTEXT We Make Camden is our joint vision for the borough, developed in partnership with our community. One of the four missions within We Make Camden is Estates and Neighbourhoods, which reinforces the importance of housing- how they are designed, managed and lived in is at the heart of a healthy and sustainable community. This report also relates to three of the six challenges: <ul style="list-style-type: none"> - Housing - the need to have enough decent, safe, warm, and family-friendly housing to support our community. - Safety - Everyone is safe at home and safe in our communities. - Climate Emergency - Camden’s local economy tackles the climate emergency The Way We Work is the Council’s response to We Make Camden. Strong financial management of the Housing Revenue Account including setting rent and other charges enables the Council to maintain its stock and fund front line housing services for its residents in line with We Make Camden aspirations for Housing.	
SUMMARY OF REPORT This report sets out how the Council intends to continue to invest in its housing stock and services despite the increasingly challenging financial climate that the Housing Revenue Account (HRA) is operating in. It sets out a balanced budget and proposed levels of rent and service charges for 2023/24, which includes savings as part of the Medium-Term Financial Strategy (MTFS) <p>The report is coming to the Cabinet because the Council is required to set a balanced HRA budget for each year and set levels of rent and charges for the HRA. To balance the budget, a level of savings is required so this paper should be considered in conjunction with the Medium-Term Financial Strategy paper (CS/2022/20) also being discussed at January Cabinet 2023.</p> Local Government Act 1972 – Access to Information No documents that require listing were used in the preparation of this report	

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RECOMMENDATIONS

The Housing Scrutiny Committee is asked to note the report and make any recommendations to the Cabinet.

Having considered the views of the District Management Committees (Appendix E), the Housing Scrutiny Committee and the results of the Equalities Impact Assessment (Appendix D) and having due regard to the obligations set out in section 149 of the Equality Act 2010, the Cabinet is asked to agree the following recommendations:

- a) Approve the Housing Revenue Account budget for 2023/24 (Appendix A) to ensure a balanced HRA budget for 2023/24.
- b) Agree to increase council rents by 7% (New rent cap for 2023/2024) from April 2023 (paragraph 3.3).
- c) Agree to the revised tenant service charges for Caretaking, CCTV, Communal Lighting, Communal Mechanical and Electrical Maintenance, Grounds Maintenance and Responsive Housing Patrol (paragraph 3.6-3.8).
- d) Agree to the revised service charges in the HRA hostels and supported housing (paragraph 3.9).
- e) Agree the approach to the Heating Pool set out in paragraphs 3.10 – 3.18 including a 220% increase in the Heating Pool scales
- f) Agree to increase Temporary accommodation property purchase 2 scheme (TAPP2) rents by 10.1% at Affordable levels within the existing benefit system in line with the associated Greater London Authority funding agreement. (paragraph 3.5)
- g) Agree to increase resident garage rents from £12/week to £14/week from 2023/24 and to increase £2/week each year for the following 2 years in line with the Medium Term Financial Strategy savings strategy. (paragraph 3.22)
- h) Agree the Medium Term Financial Strategy savings plan as set out in paragraphs 3.19 – 3.21 and Appendix B
- i) Agree that the decisions (i-viii) above be exempted from call in, subject to the agreement of the Chair of Housing Scrutiny Committee, in order to facilitate the notice of rent change being given to tenants within the necessary timescales.



Signed: Daniel Omisore, Director of Finance

Date: 5th January 2023

1. CONTEXT AND BACKGROUND

- 1.1. This report provides an update on the difficult and volatile economic environment in which the Housing Revenue Account (HRA) is currently operating, and the decisions needed to balance the budget and ensure Camden can continue to meet its objectives set out in We Make Camden of providing sustainable housing and housing services for its residents over the medium term.
- 1.2. The Housing Revenue Account (HRA) is a ring-fenced account containing the income and expenditure arising from a housing authority's landlord functions. In April 2012, the HRA became a 'self-financing' account with the main government subsidy removed. This enabled all Councils with housing stock to develop longer term plans identifying investment and resourcing requirements for the housing stock. Alongside the self-financing rules, local authorities continue to have a statutory duty to maintain a balanced housing revenue account.
- 1.3. The events of the past few years have created an almost perfect storm for the HRA. The period from 2016-2020 saw enforced annual rent reductions of 1% as part of the government's efforts to reduce welfare expenditure. This meant that the HRA entered the current period of economic volatility with its finances in a weakened state. Brexit, Covid and the war in Ukraine have all contributed to inflation reaching a 40 year high with CPI at 11.1% in October, which has put unprecedented pressure on the costs of energy, repairs, maintenance, and housing services. This is alongside increased regulation for fire and building safety and increased legal compliance required of social landlords in the Social Housing Regulation Bill introduced to Parliament earlier this year. Alongside this we are actively addressing instances of damp and mould are constantly emerging.
- 1.4. Furthermore, the HRA budget includes interest on the borrowing necessary to finance estate regeneration in the Community Investment Programme. The Bank of England base rate has more than tripled over the course of 2022 which puts the interest budget under a great deal of pressure. At the same time funding for the HRA has consistently failed to keep pace with these rising costs.
- 1.5. All this means that the finances of the HRA are now at a very precarious point. With no central government support available, the Council will need to make some difficult decisions to secure the long-term viability of the HRA while meeting the ambitions of We Make Camden, the Council's vision for the borough.

Investment in Housing

- 1.6. Investment in its housing stock is a fundamental objective for the Council and its landlord duties. The HRA funds capital investment in its existing Housing Stock through annual contributions to the Major Repairs Reserve. The value

transferred (£37m) is equivalent to the cost of depreciation of the stock, which is the minimum prescribed requirement.

- 1.7. The Better Homes programme was established in 2013/14 and since then has delivered £486m in investment in our Council homes at an average of £54m per annum. This covers internal works (e.g., kitchens and bathrooms), external works (e.g., roofs and windows), mechanical and electrical works (e.g., communal heating and lifts) and fire safety works. Table 1 shows that budgets for the next five years total £281m with £128m identified for external works, £54m for fire safety works and £69m identified for mechanical and electrical work (heating and lifts). An additional £9m has been identified for Energy Efficiency/Retrofit works with grant funding also being bid for wherever possible.

Summary	2022/23	2023/24	2024/25	2025/26+	Total
HRA	£000s	£000s	£000s	£000s	£000s
Better Homes	15,363	35,179	34,900	43,108	128,550
FRA Works (excl Chalcots)	12,578	24,315	18,020	-	54,913
M&E/Energy Efficiency	19,764	19,905	17,358	20,193	77,220
Major Repairs/Miscellaneous Projects	4,400	4,000	-	-	8,400
Other (including Programme Management and Contingency)	3,174	4,206	250	4,350	11,980
Total	55,279	87,605	70,528	67,651	281,063

Table 1: Better Homes Programme

- 1.8. Over 3,000 homes will receive external works in the next two years. 27 new lifts are in the process of being installed and are on site currently, adding to the 370 lifts already installed through Better Homes. Large heating schemes continue to progress, tackling those in acute need of replacement such as the St. Silas estate and the Weedington Road estate. Next year we will be procuring large schemes at Rowley Way, Maiden Lane and Mayford.
- 1.9. There will be newly arising need in relation to fire safety as our assessments continue and new requirements arise from the Fire Safety Act (2021) and the Building Safety Act (2022), alongside the need for significant investment in communal heating beyond the budgets currently set aside. There are currently two large Fire Safety projects on site delivering fire alarms inside over 5,500 homes with a further three contracts due to be let shortly delivering a further 5,000 Fire Doors and Alarms to residents' homes. Five additional contracts will be tendered shortly delivering a further 2,800 Fire Doors, 550 Communal Alarms for street properties and multiple of FRA across 450 blocks in the borough.
- 1.10. There is also the Council's strategic aim to improve energy efficiency and achieve Carbon Zero through retrofit. Extensive research is underway at present as to which strategies and policies need to be put into place to achieve this as well as the approach to investment models that are required. There has been limited funding announcements from central government on capital pressures arising from Fire Safety Act, Building Safety Act or the need to retrofit stock and no readily available funding for revenue pressures including the need

to do quarterly checks on all communal fire doors and annual checks on all residents' front entrance fire doors in any building over 11m in height – for Camden Council, this represents over 15,000 doors to be checked annually.

- 1.11. Following the tragic death of Awaab Ishak in Rochdale, the Council is investing in proactive measures to make sure the Council identifies damp and mould in its homes and takes appropriate actions to manage risks to health. The Council set up a dedicated team addressing damp and mould problems in September 2021 and since then £2.4m has been spent on remedial works.
- 1.12. Camden also builds new homes and other assets through the Community Investment Programme (CIP), which includes estate regeneration, investment in schools and community assets. The Council expect to complete over 300 new homes for social rent in the next four years. Expenditure on estate regeneration adds to the Councils borrowing costs, which is within the HRA's revenue budget. Receipts from the sale of private units and from grant funding reduce overall borrowing and associated borrowing costs. The CIP programme continues to expand - with strategies for two new schemes, West Kentish Town and Bacton Phase II approved at July and September 2022 Cabinets respectively.

2. PROPOSAL AND REASONS

- 2.1. The Council is required to agree a balanced HRA budget for each year. The proposed budget for 2023/24, which is balanced, is set out in Appendix A.
- 2.2. This budget considers the following expected cost pressures for the 2023/24 financial year. These include:
 - **Inflation and Corporate** - Inflation indices are high - October CPI (released mid-November) is 11.1% and RPI is 14.2%. The HRA inflation is much higher for 2023/24 than in previous years which reflects the much higher material and labour costs and the volatile inflationary economy within which it is operating. This is a challenge being faced across not just the wider Council but also by many other businesses and organisations.
 - **Energy costs** - The Council has benefitted in the past through its procurement strategy, however, the worlds energy market prices continue to grow rapidly. Further detail is set out in paragraphs 3.10 to 3.18 below. Therefore this represents the largest cost pressure to the HRA's budgets in 2023/24.
 - **Energy Fund** - Camden recognises the need to provide help and support to residents facing fuel poverty in the face of rapidly increasing energy prices. As such, £0.3m has been set aside to invest in an additional home energy officer post and a revenue budget to invest in smaller revenue measures to reduce heating bills.

- **Interest** - In 2020/21, £3.3m of the interest budget was temporarily reduced whilst interest rates remained low so that budgets for fire safety and other regulatory cost pressures could be funded. However, from 2023/24, interest rates are expected to return to higher levels so the budget has been reinstated.
- **Building Safety** - The Building Safety Act received Royal Assent on 28th April 2022. The Council included budget in 2022/23 to fund resources in place to deliver the Building Safety Manager function and the start of IT project work to establish the “Golden Thread” data. However, there will need to be further budgets added to meet all the requirements set out in the legislation. No new burdens funding has been provided by Government for these revenue costs (other than small amounts that fall within the General Fund for surveying buildings in the private sector).
- **Medium Term Financial Strategy (MTFS) Savings** - As the income that can be raised for the HRA is insufficient to cover the costs, it is necessary to identify further savings either by increasing income or reducing costs within the HRA’s budget. Further details are set out in paragraphs 3.19-3.21 and Appendix B.

2.3. A summary of the HRA pressures and funding for 2023/24 is shown in Table 2 below:

Table 2: pressures and potential funding

	Pressures £'m	Potential Funding £'m
Inflation & corporate (NI)	7.21	
Restore interest budget used in 20.21 for fire safety	3.37	
Building Safety	0.59	
Energy Costs	26.49	
Energy Fund	0.30	
Heating charges leaseholders and metered	-	8.38
Heating pool charges- 220%	-	16.04
Rent increase- 7%	-	8.25
Tenants Service Charges increases	-	2.31
MTFS savings	-	2.86
Other efficiencies	-	0.11
	37.96	- 37.96

2.4. Section 3 explains in more detail what options have been identified to fund the pressures set out in Table 2. If it is decided to not increase rents or service charges, options would need to be considered on where to make further cuts to set a balanced budget for 2023/24.

3. OPTIONS APPRAISAL

- 3.1. There are generally only a few ways that the Council can fund budget pressures and restore the HRA reserve to more sustainable and prudent levels – mainly by increasing rents and charges or by reducing budgets.

Rents

- 3.2. For 2023/24, Central government announced a maximum cap of 7% on social rents as part of the autumn statement on 17 November 2022, as an outcome from the rent consultation launched in October. This overrides the Rent Standard which permits a maximum increase of inflation (Sept CPI 10.1%) plus 1% (i.e. 11.1%).
- 3.3. It is recommended to increase rents by 7%, to generate £8.25m to continue to invest sufficiently to Camden’s housing stock and services. The increase would cost tenants an additional £8.59 per week for a two-bed property based on average rents – see Table 3.

Table 3: Average rents with the recommended 7% increase

Bed size	Average Rent 22/23	Increase in 23/24 7%	Average Rent 23/24
0	£90.55	£6.34	£96.89
1	£108.03	£7.56	£115.59
2	£122.72	£8.59	£131.31
3	£137.66	£9.64	£147.30
4	£152.99	£10.71	£163.70
5 +	£169.16	£11.84	£181.00

- 3.4. Rents are eligible for Housing Benefit and Universal Credit – around 70% of Council tenants are eligible for these benefits which will cover the proposed increases. The government recently confirmed that the “triple lock” would remain in place for pensioners, meaning that pensions will increase by 10.1% in 23/24. All of these affordability considerations, along with the other decisions for HRA charges are assessed in detail in Appendix D. The Council has to balance the affordability for its residents of increases with the potential for increased rent to fund HRA expenditure which is invested for the benefit of all residents.
- 3.5. **TAPP 2 rents:** In response to growing need for temporary accommodation, Camden entered into a GLA funding agreement to repurchase ex-right to buy homes on its estates. In January 2022, Cabinet approved that these rents would be set at an affordable level, within the constraints of the Government housing benefits system and the benefit cap. A flat rate charge of £233 per week is proposed (an increase of 10.1% or £21 which reflects the increase in the benefit cap) and care will be taken to ensure that any household offered a

property is able to afford the rent within the Government's wider welfare benefits regime.

Tenant Service Charges

- 3.6. Cabinet is recommended to increase tenants' service charges by various levels as shown below for Caretaking, CCTV, Communal Lighting, Communal Mechanical and Electrical Maintenance, Grounds Maintenance and Responsive Housing Patrol to fund the cost of providing these services. These service charges are eligible under housing benefit and universal credit.
- 3.7. The effect of the proposed increases on current weekly service charge levels is detailed in Table 4 below. This could generate c.£2.2m of additional income to fund the services received by tenants in 2023/24. The largest proposed increase is to the communal lighting charge to reflect the large increase in electricity costs discussed in more detail below.

Table 4: proposed increases in tenant service charges

Service Charge	2022/23 weekly Charge	2023/24 increase	2023/24 weekly charge	Additional Income from increase
Caretaking	£10.73	£0.54	£11.27	£485,171.86
Communal Lighting	£1.15	£1.64	£2.79	£1,457,647.42
CCTV	£1.04	£0.05	£1.09	£7,884.81
Communal M&E maintenance	£1.26	£0.13	£1.39	£100,629.59
Ground Maintenance	£1.90	£0.15	£2.05	£115,469.01
Responsive Housing Patrol	£0.67	£0.03	£0.70	£33,297.86
				£2,200,100.54

- 3.8. Although not included in the table above, some tenants will also start to pay for the enhanced CCTV service (as agreed at January 2019 Cabinet) from April 2023 once the new cameras are installed. The charge is £1.12 per week (on top of the CCTV maintenance charge) for 7 years. The original approved amount was £2.10 per week including CCTV maintenance which was then 98p. Therefore, the incremental charge for enhanced CCTV service was agreed to be £1.12 per week (£2.10-£0.98).

Charges for Supported Housing

- 3.9. In order to ensure that the Council's hostels remain self-financing and remain affordable for residents, taking into account continuing pressure on welfare benefits, it is recommended that service charges for cleaning, concierge and communal amenities, along with the enhanced housing management charges for sheltered housing are increased by 7%. This would raise an additional £0.2m per annum and revised charges are set out in table 5 below:

Table 5: proposed increases in supported housing charges

Weekly rental charges to residents	2022/23	2023/24	Increase 7%
Cleaning	£53.30	£57.03	£3.73
Cleaning self-contained	£33.88	£36.25	£2.37
Concierge (where applicable)	£84.32	£90.22	£5.90
Amenity Charge Single	£16.15	£17.28	£1.13
Amenity Charge Couple	£27.71	£29.65	£1.94
Amenity Charge Communal	£4.24	£4.54	£0.30
Sheltered Housing Enhanced Management Charge	£47.44	£50.76	£3.32

Heating Pool

- 3.10. The heating pool is a ring-fenced self-financing account within the HRA. 10,936 tenanted and 3,763 leasehold properties receive district-heating services and/or gas supplies from the Council. The Council's procurement strategy for gas supplies includes buying gas in advance from the wholesale markets, to even out fluctuations in wholesale prices.
- 3.11. However, we have continued to see unprecedented price movement and volatility with wholesale gas prices by approximately 1,500% higher than the average market prices. The main drivers have been due to the security fears heading into the winter period, relating to Russian gas flows, the ongoing war on Ukraine and the geopolitical uncertainty.
- 3.12. As of 1 December 2022, the Oct 22 – Sep 23 supply gas and electricity prices are showing an increase of 261% and 83% respectively. This includes the government Energy Bill Relief Scheme (EBRS) discount which will be applied to Oct 22 – Mar 23 gas billing, an estimated saving of £930k. At the time of writing this report there has been no confirmation if there will be any Energy Bill Relief Scheme (EBRS) from April 2023 onwards.
- 3.13. At present, the Council continues to benefit from purchasing energy at wholesale prices in advance - the Council has purchased all energy required up to September 2023 and this price is fixed. However, the Council still needs to purchase energy from October 2023 to September 2024 (six months of which falls within the 2023/24 financial year) and is therefore exposed to the ongoing price volatility for that period.
- 3.14. It is proposed that this increase is funded by a 220% increase in heating scale rates, which raises c.£16m as well as contributions from tenants on meters and leaseholders who pay for their actual usage. It is recognised that this represents a significant increase to tenants and brings their charges more in line with charges of tenants in domestic contracts. For 2022/23, an average 2 bed A1 scale for heating, hot water and cooking gas (365 days per week 24

hours 7 days a week) is £19.71/week. An increase of 220% is £43.36 and would take the charge up to £63.07/week.

- 3.15. Last year, to shield tenants from the start of extremely high energy prices and limit the increase to 15%, the heating pool utilised all of the remaining heating pool reserve during 2022/23. However fuel and energy costs continue to rise which is predicted to lead to a deficit in the heating pool during 2022/23 meaning the heating pool reserve is unable to offset the price increases. To recover the deficit and raise enough charges to balance the heating pool income and expenditure in 23/24, charges would need to be increased by 290%.
- 3.16. There is an option to carry the deficit forward into future years and limit the impact on residents to 220%. In a volatile price market this does create a higher level of risk so prices will need to be continuously monitored during the year and it may be necessary to report back to Cabinet as part of a mid-year review.
- 3.17. It is therefore recommended to increase heating charges by 220% to ensure the heating pool is balanced within 2023/24. This will result in a heating pool reserve deficit being carried forward into 2024/25. In line previous approaches which has enabled the smoothing of energy price movements this position will be supported by a recovery plan and gradually balanced over time. As set out above, should the position change significantly a further update can be provided in a mid-year review. It is also recommended that where eligible and applicable to refund surpluses generated by residents in “Bulk gas” Heating sites so that annual charges reflect expenditure incurred on these blocks. (Appendix C).
- 3.18. Officers are continuing to explore all possible options to reduce the impact on Council’s heating pool charges and tenants, it is therefore proposed to provide a supplementary update for Cabinet on the 18 Jan summarising the outcome of this work (Appendix F). It will also consider any changes to the Government Energy Bill Relief Scheme (should any announcements be made before then) which as it stands is scheduled to end in March 23.

MTFS/Savings plan from 2023/24-2025/26

- 3.19. The Council is developing a new three-year Medium Term Financial Strategy which seeks to bridge the funding gap in both the HRA and the General Fund through a range of measures. As part of the MTFS, the Council is working hard to find savings to help offset some of these pressures.
- 3.20. It is an incredibly difficult and unpredictable financial climate. The base case funding gap for the HRA is c.£8m between 2023/24 to 2025/26 but this could be far higher depending on the economy, inflation and government policy on rents. Officers have been developing savings proposals to start to address this gap. In doing so, we have sought to balance the need for financial savings

alongside the need for and importance of maintaining high quality services and putting tenants at the heart of what we do.

- 3.21. The savings options set out in more detail in the MTFs Cabinet paper (elsewhere on the agenda) focus on the following themes:
- **Purchase Programme for Family Friendly Housing:** an approach to funding and delivering a purchase programme for family friendly housing to address directly the overcrowding crisis and eliminate severe overcrowding within the next five years [was agreed at the Cabinet meeting](#) of 14 December 2022. This strategy will help reduce repairs costs on hard to maintain or unsuitable properties.
 - **Void performance improvement:** The aim would be to reduce void turnaround time and overall level of voids of HRA dwelling stock.
 - **Top tier review/ Housing Transformation:** The housing service is reviewing its structure to consider how tenants can access services they need more easily and is seeking to eliminate duplication from service delivery.
 - **Efficiency in Repairs/ property management:** The property service would make small changes in the delivery of repairs to generate savings.
 - **Temporary removal of some of the spring clean budget (to be reinstated at the end of Chalcots project):** Spring Clean is something valued by tenants but in order to generate the significant savings required, it is proposed to reduce this budget temporarily until the Chalcots project ends.
 - **Rent Collection- Bad Debt Provision:** Saving anticipated through improved rental arrears management.
 - **Reviewing Our Services to Leaseholders:** Project underway to review where Camden can maximise further income from leaseholders where this is due but not claimed.
 - **Garage Rents:** See 3.21 below.
 - **Rental income from reletting properties in the commercial property portfolio:** This would aim to ensure that the Council's commercial assets secure income through a reduction in voids or identify under-utilised assets that could provide commercial opportunities.
 - **Refinancing Council debt:** Interest savings anticipated as older PWLB loans expire.

The amounts of savings to be delivered are set out in Appendix B.

Garage rents

- 3.22. It is proposed that garage rents are increased by £2/week from 2023/24. The prices have been fixed now for many years, whereas the cost of providing the garages has been steadily growing. An average garage rental cost in Camden is £30/week, the average garage rental cost in London for a local authority garage is £18/week. An increase of £2/week would mean garages cost £14/week instead of the current £12/week for tenants. This extra income is

part of the savings strategy for the HRA, which will raise £0.13m in 2023/24 towards the costs of running these assets.

4. WHAT ARE THE KEY IMPACTS / RISKS? HOW WILL THEY BE ADDRESSED?

- 4.1. **Rent limits** - the Rent standard in place from 2020/21- 2024/25 which permits social landlords to raise rents by CPI + 1% has already been overridden for 2023/24, to a fixed cap of 7%. It is not clear if in 2024/25 the rent standard will revert to CPI + 1%, in line with Camden's medium term plan and consultation is about to begin regarding the Rent Standard from 2025/26 onwards. The risk is that the government can suddenly limit, freeze or cut rental income, leaving the HRA exposed to large funding gaps in the medium term. Camden seeks to mitigate this risk through its medium term financial strategy.
- 4.2. **Cost Inflation** has been rising for many years but the increase has been rapid and sharp during 2022/23, and is expected to continue into 2023/24. The cost increases have been most notably in energy prices, exacerbated by the war in Ukraine. Building costs have also been increasing particularly rapidly with materials costs increasing by over 20% during 2021/22¹. Many contracts are index linked. Where cost inflation exceeds CPI and combined with the Rent Standard being limited to a cap of 7%, the risk that has materialised is that the rent increases are insufficient to fund the budgets. The only mitigation is to cut expenditure budgets or identify additional income sources.
- 4.3. Although the **Building Safety** Bill is now an Act, the total impact of the costs have not been fully clarified yet. Where estimates are clear, the Council budget and add in the additional cost requirements to each year's new budget. As these are legally required measures, if this risk materialises, the director of finance could agree to fund from the HRA reserve, followed by a request for the new budget to form part of the following years' budget.
- 4.4. The Council is committed to investing in existing Housing Stock as well as building new homes as part of the **Community Investment Programme**. The debt cap was removed in 2018 to encourage house building, however the Council must still comply with the prudential code and ensure that all borrowing it enters into is affordable and in line with Treasury Management Strategy. With rising interest rates forecast in 2023/24, there is a risk that the interest budget is insufficient to meet its capital plans over the medium term. There is a recommendation to restore the £18.5m interest budget back to £21.8m (see 2.2) to reflect this increase in interest rates. The mitigation is to manage debt profiling and increase budget allocation over the medium term.
- 4.5. **Retrofit:** As part of Camden's pledge to the climate emergency and to meet government targets to achieve net zero from social housing, the Council is reviewing options. There is a risk that without significant central government funding it is unaffordable to retrofit the entire housing stock.

¹ BCIS Materials Cost Index

- 4.6. In recent years, the Council has not had enough budget headroom to make additional revenue contributions to the capital budget, increasing the likelihood of higher reactive repairs costs in future years. The council is contributing the minimum amount, equal to that year's depreciation charge, as set out in regulations governing the HRA.
- 4.7. The Council has seen an increase in the level of arrears in the wake of the Covid 19 pandemic – the percentage of tenants in 7 or more weeks arrears has risen from 10.7% in 2019/20 to 15.1% in Q2 2022/23. The number of residents claiming Universal Credit has more than doubled over the same period. Unlike Housing Benefit, in most cases Universal Credit is paid directly to the tenant rather than to the Council to cover the rent therefore represents a higher risk to the rental arrears collection. However, the Council is working hard to mitigate this risk via the Landlord Service where staff are trained to work closely with residents as early as possible to understand and address the underlying reasons for arrears and to support people to access training and work, as well as to manage their personal finances and debt. During 2022/23, an interim working structure has been put in place to target neighbourhood officers to this important workstream.
- 4.8. The Council is holding a number of void (empty) properties as a result of large-scale housing development ongoing across the borough. The level of rent loss is partly offset from guardian income at some CIP sites and it is necessary in order for the Council to develop new and replacement social housing. The operational voids are being very closely monitored and interventions made to expedite the turnaround time and minimise the financial loss to the HRA.
- 4.9. Overall, the medium-term outlook for the HRA is extremely challenging, but the financial strategy will remain focused on delivering efficiency improvements to protect front-line services and build in longer-term financial resilience.

5. CONSULTATION/ENGAGEMENT

- 5.1. In line with previous years, feedback has been sought from District Management Committee members at their individual January meetings. Views of the District Management Committees will be circulated separately to Cabinet after the meetings have taken place (Appendix E).
- 5.2. An Equality Impact Assessment has been carried out (Appendix D) and it concludes there is no potential for discrimination. The impact of the increase in rent and service charges means that some council tenants would have less disposable income. However, for most of the 70% of tenants on housing benefit or universal credit, the increase is covered by their benefit. Advice will be offered to all tenants who believe they will need support to pay the increased charge. Raising the rent and charges provides resources to improve the quality of housing in the borough, to provide housing services including support services to vulnerable tenants and budget for the energy fund (paragraph 2.23). Good quality housing is a generally accepted key determinant of health and general well-being.

- 5.3. The annual rent and service charge notification letter advises tenants on where to apply for housing benefit and other support. The landlord service has a Welfare Rights team which is available to support tenants with their money matters and training has been provided to neighbourhood housing officers in holding open conversations about money management and debt. When appropriate, tenants are signposted for employment support to Good Work Camden. The floating support service is available to assist hostel residents and the Camden Advice Partnership provides another source of support.

6. LEGAL IMPLICATIONS

- 6.1. Under section 74 of the Local Government and Housing Act 1989 (“the 1989 Act”), the Council is required to keep a separate Housing Revenue Account of sums falling to be credited or debited in respect of its housing stock. Sections 75 and 76 of the 1989 Act set out the rules for establishing and maintaining that account. Under section 76 of the 1989 Act, the Council is required to formulate in January and February of each year proposals for the HRA for the following year which satisfy the requirements of that section and which relate to income, expenditure and any other matters which the Secretary of state has directed shall be included. In formulating these proposals, the Council must secure that upon their implementation the HRA will not show a debit balance assuming that the best assumptions and best estimates it can make at the time prove to be correct. The 1989 Act also requires the authority to review the proposals from time to time and make such adjustments as are necessary to ensure that the requirements, as set out above, continue to be met.
- 6.2. The Council may make such reasonable charges as it so determines for the tenancy or occupation of their dwellings and shall review those rents and charges from time to time, as circumstances may require (s24 Housing Act 1985). In so doing the Council must have regard to any relevant standards set for them under section 193 of the Housing and Regeneration Act 2008. In addition, although the Government’s Guidance on rents for social housing is non statutory, it is a relevant consideration for the Council to have regard to the guidance when deciding on its approach to rent/service charge setting and the options being considered in this report should, where applicable, consider the matters set out within it.
- 6.3. The Council’s conditions of tenancy permit a variation relating to rent or payments in respect of services by the landlord in accordance with a provision in the lease or agreement creating the tenancy. The formal statutory steps to vary the terms of contract contained in sections.102-103 of the Housing Act 1985 do not apply to a variation of the rent, or of payments in respect of services or facilities provided by the landlord and therefore all that is required is the issue of a notification letter of the new annual charges signed by an officer with the appropriate delegation.
- 6.4. The Council must take into account in coming to any decision its equality duties under s149 of the Equality Act 2010 and have due regard to them. In summary

these legal obligations require the Council when exercising its functions to have 'due regard' to the need to eliminate discrimination, harassment and victimisation and other conduct prohibited under the Act, advance equality of opportunity between people who share a relevant protected characteristic and those who don't and foster good relations between people who share a relevant protected characteristic and those who don't (which involves tackling prejudice and promoting understanding). Under the Duty the relevant protected characteristics are: Age, Disability, Gender Reassignment, Pregnancy and maternity, Race, Religion, Sex, Sexual orientation. "Due regard" means the regard that is appropriate in all the particular circumstances in which the authority is carrying out its functions. There must be a proper regard for the goals set out in s.149. Members should be aware that the duty is not to achieve the objectives or take the steps set out in s.149 but to bring these objectives into consideration when carrying out public functions. In summary, the EIA analyses the equalities impact of the individual proposals and anticipates there will be no adverse impact to those with relevant protected characteristics.

- 6.5. On 10 November 2020 the Ministry of Housing, Communities and Local Government introduced new Guidance headed 'Operation of the Housing Revenue Account ring-fence' which replaced the long-standing Circular 8/95. There are no changes of substance as is stated in the introduction to the guidance: - 'This guidance restates ministers' established policy for the HRA and introduces no new issues of principle. However, it does highlight the need to be fair to both tenants and council taxpayers and that there should be a fair and transparent apportionment of costs between the HRA and General Fund.

7. RESOURCE IMPLICATIONS

- 7.1. The comments of the Executive Director Corporate Services are incorporated throughout the report. It is important that the Council has a sustainable HRA which balances the need to provide housing services with current spending pressures and future financial resilience.

8. ENVIRONMENTAL IMPLICATIONS

- 8.1 The Council continues to commit to environmental sustainability across the borough building on the We make Camden challenge "Climate Emergency-Camden's local economy tackles the climate emergency". Through estate management and green space initiatives all homes and communities aim to have useable and family friendly resources, the need for which was made more acute due to COVID-19 restrictions impacting residents extended use of local amenities. The Council continues to support residents in all homes to improve energy efficiency tackling the impacts of climate change. With resources such as free home energy visits from the Well and Warm service and the Green Camden helpline promoted. Staff have access to support residents financially via our warmth income safety and health services (WISH). Investment in housing via estate regeneration as well as better homes, energy efficiency and retrofit work are central to meeting this challenge. (See 1.6-1.12 for details).

9. TIMETABLE FOR IMPLEMENTATION

- 9.1. Any decisions made by Members regarding rents and service charges will be implemented from April 2023. The required legal notification letters will be sent to tenants at least one month before the implementation of any changes to rents and service charges.

10. APPENDICES

Appendix A – DRAFT Housing Revenue Account BUDGET 2023/24

Appendix B – MTFs Savings

Appendix C – Heating Pool Charges

Appendix D – Equality Impact Assessment

Appendix E – Views of the District Management Committees (to follow after Joint DMC meeting on 11 January 2023)

Appendix F – Heating Pool Options (to follow).

REPORT ENDS

Appendix A

DRAFT HRA BUDGET 2023/24

Expenditure:	2022/23 Budget latest £'000s	2023/24 Budget £'000s	Change in Budget £'000s
Repairs and Fire Safety	60,126	61,770	1,644
Housing Management Services	25,914	27,758	1,845
Commercial Properties	1,758	1,778	19
Housing Needs	1,309	1,321	12
Supported Accommodation	2,587	2,941	354
Estate Management	17,558	18,939	1,381
Power	11,182	38,593	27,411
Rent and Rates	5,669	5,141	(528)
Tenant Mgmt Organisations	2,537	2,570	33
Debt/Capital Outlay/Contingency	63,880	68,830	4,950
Bad Debts Provision	3,570	2,694	(876)
Corporate & Democratic Core	4,399	4,470	72
Total Expenditure	200,489	236,806	36,317
Income:			
Dwelling Rents	(140,405)	(140,836)	(432)
Shops, Garages, Sheds and Parking	(13,530)	(13,813)	(284)
Charges for Services	(45,704)	(54,446)	(8,741)
HRA Investment Income	(850)	(1,000)	(150)
Total Income	(200,489)	(210,096)	(9,607)
Proposed rent increase		(8,254)	(8,254)
Proposed garage increase		(131)	(131)
Proposed increase in tenant service charges		(2,280)	(2,280)
Proposed increase in heating charge	-	(16,044)	(16,044)
Total HRA budget	0	0	(0)

Appendix B

MTFS Savings

	23/24	24/25	25/26
Savings proposals	Cumulative Savings in £m		
Rental income from reletting properties in the commercial properties portfolio	0.05	0.10	0.15
Garage Rents	0.13	0.26	0.39
Reviewing Our Services to Leaseholders	0.00	0.35	0.70
Rent Collection - Bad Debt Provision	0.25	0.75	1.00
Top Tier Review	0.18	0.18	0.18
Voids Improvement	0.50	1.00	1.00
Housing Transformation	0.00	0.30	0.60
Efficiency in property management	0.10	0.20	0.20
Asset Management Strategy - Delivery Phase	0.13	0.50	0.90
Repairs efficiency	0.30	0.30	0.30
Re-allocation of Spring Clean Budget 2023/24 and 2024/25	1.00	1.00	0.00
Re-allocation of Chalcots funding from 2025/26 upon completion of Works	0.00	0.00	1.00
Refinancing Council Debt	0.22	1.09	1.09
Total savings proposed	2.86	6.03	7.51

Appendix C- Heating Pool

Financial summary

The following table sets out the expected costs and income, based on the changes outlined above, for the Heating Pool.

HEATING POOL	2021/22	2022/23	2023/24
	Actual	Forecast	Estimate
	£'000	£'000	£'000
Average weekly increase	0%	£2.57	£43.36
Increase (Decrease) in charges from 1 April	0.0%	15.0%	220.0%
Fuel Costs	6,810	19,254	30,837
Bad Debt Costs	353	437	1,093
Maintenance & Infrastructure Costs	682	821	813
TOTAL EXPENDITURE	7,845	20,511	32,743
TOTAL INCOME	(8,506)	(12,027)	(32,762)
(Surplus)/Deficit for Year	(661)	8,484	(19)
Movement in Reserves			
(Surplus) / Deficit Brought Forward	(3,405)	(3,858)	4,935
Surplus/Deficit in year	(661)	8,484	(19)
Heat Compensation Loss of Service	120	150	150
Heat Refunds	88	159	104
Investment in energy efficient works	0	0	0
Reserves Carried Forward	(3,858)	4,935	5,170

Bulk Gas sites will be refunded according to consumption data as outlined in the table below.

Address	Number of weeks to be refunded
College PI Est 1 & 2	7
Ingestre Road Estate	8
Abbey Estate(Excl Mary Green & Newton House)	5
Gresse St (25, 1-92)	0
Whitton(1-75)	8
Kingsland (1-72)	5
Heybridge 1-35/Widford 1-32 & Roxwell (1-4)	0
Hardington (1-64) & Belmont St (94-102)	8
Webheath 1-55 & 197-207	8
Highgate Rd Estate (Haddo Hse, Ravenswood, Wheatley & Clanfield)	4
Mansfield Road (17-79)	0
Rowstock (1-48)	8
Pooled Gas Sites	0

Equalities Impact Assessment

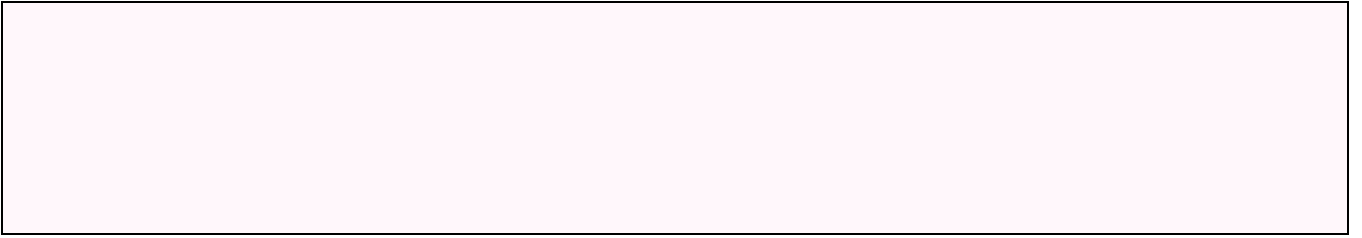
Camden Council

What is an Equality Impact Assessment?

An Equality Impact Assessment (“EIA”) is a way of analysing a proposed organisational policy or decision to assess its effect on people with protected characteristics covered by the Equality Act 2010. The relevant protected characteristics are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

Proposed decisions / policies being reviewed:

- i) A proposed increase in council rents of 7% from April 2023.
- ii) Revised tenant service charges for caretaking, CCTV, communal lighting, communal mechanical and electrical maintenance, grounds maintenance and the Responsive Security Patrol (as set out in paragraphs 3.6-7 of the report and below).
- iii) A 7% increase in charges for HRA hostels and supported housing (as set out in paragraph 3.9).
- iv) An anticipated 220% increase in heating scale rates, subject to review during 2023-24, alongside a proposal to delay recovery of heating pool deficit until 2024-5 and a refund of any surplus generated on bulk gas sites to tenants (paragraphs 3.15 -16 and Appendix C).
- v) A 10.1% increase in charges for residents in Temporary Accommodation Purchase Programme properties (paragraph 3.5)
- vi) A proposed increase in the weekly rental for garages of £2 per week from April 2023 with a further increase of £2 per week each year for the following 2 years.
- vii) A package of other measures, as set out in paragraph 3.19 and appendix B, which together form the Medium Term Financial Strategy savings plan.
- viii) Exemption from call in for the items listed above, provided the Chair of Housing Scrutiny Committee agrees, so that tenants can receive the required four weeks’ notice of any rent increases before the start of the new financial year.



Section 1 - WHAT IS BEING ANALYSED?

Question 1: What is changing and why?

If the issue is going for decision, e.g. at Cabinet meeting, what are the decision makers being asked to decide? If you are reviewing a policy what are its main aims? How will these changes affect people?

The Council's Housing Revenue Account (HRA) includes the Council's housing income (council tenant rents for example) set alongside housing costs. There is a legal requirement for these budgets to balance and, as a result, HRA income and expenditure is regularly reviewed. There is also a requirement that the HRA is kept separate from the other council income and costs in the General Fund.

Current pressures on the HRA are detailed in part 1 of the report that this Equality Impact Assessment (EIA) accompanies. They include the ongoing impact from a Government requirement between April 2016 – March 2020 that tenant rents reduce by 1% each year, increased, and increasing, costs of delivering repairs and improvements to the Council's stock, and a significant increase in tenant rent arrears since the start of the pandemic.

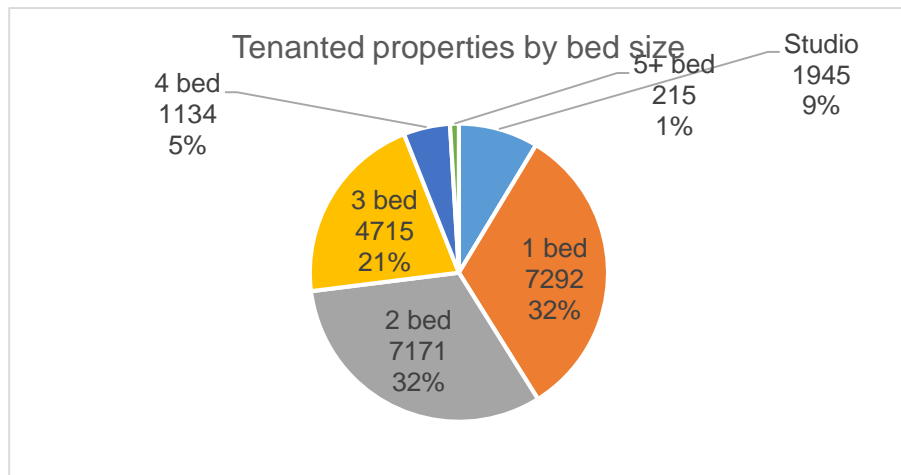
Increasing council rents

As a result of these pressures on the HRA, and to minimize potential impact on housing services, it is proposed that council tenant rents increase by 7% from the start of April 2023. This is the maximum permitted by the Government's current cap on social housing rents. A table in paragraph 3.3 of the report shows what this would mean for tenants on an average rent for each bedroom size:

Bed size	Average Rent 22/23	Increase in 23/24 7%	Average Rent 23/24
0	£90.55	£6.34	£96.89
1	£108.03	£7.56	£115.59
2	£122.72	£8.59	£131.31
3	£137.66	£9.64	£147.30
4	£152.99	£10.71	£163.70
5 +	£169.16	£11.84	£181.00

In theory, a percentage rent increase applies equally to all council tenants. In practical terms however tenants who receive housing benefit (HB) or Universal Credit (UC) which covers the whole of their housing costs will not be impacted so long as they continue to receive those benefits at that level. Tenants receiving benefits to cover part of their housing costs are also unlikely to pay more unless the shortfall is due to a benefit cap or the bedroom tax being in place. The latter reduces payments for housing costs by 14% for tenants who have one more bedroom than they need under the Government's criteria or by 25% if they have two bedrooms, or more, more than they need. This would mean, for example, a tenant on an average three bedroom rent would have an extra £1.35 to pay per week if they are affected by the bedroom tax at the lower rate and an extra £2.41 to pay each week if their housing costs benefit is reduced by 25%.

A percentage rent increase also means that tenants of larger homes with higher rents are asked to pay an equivalent larger increase. To provide context the chart below shows the percentage of homes in each bedroom size; 42% have one bedroom or less. 6% have four bedrooms or more and. Based on average rents, the maximum weekly rent increase for tenants of larger homes would be £11.84 (or £51.31 monthly).



Council tenant service charge increases

These relate to caretaking, CCTV, communal lighting, maintenance of communal mechanical and electrical services, grounds maintenance and the responsive housing patrol.

Service Charge	2022/23 weekly Charge	2023/24 increase	2023/24 weekly charge
Caretaking	£10.73	£0.54	£11.27
Communal Lighting	£1.15	£1.64	£2.79
CCTV	£1.04	£0.05	£1.09
Communal M&E maintenance	£1.26	£0.13	£1.39
Ground Maintenance	£1.90	£0.15	£2.05
Responsive Housing Patrol	£0.67	£0.03	£0.70

The proposed increases will add a maximum £2.54 per week (or £11 per month) to the weekly charge for tenants benefiting from all of these services. Service charges are included within the housing costs paid for by housing benefit or Universal Credit when tenants have their housing costs covered by these benefits.

Additional hostel and sheltered housing service charge increases

Proposed increases in charges for homes that include a support element (hostels and sheltered housing) are set out in paragraph 3.9 of the report. It is intended that charges increase by 7% as set out below:

Weekly service charges	22/23	23/24	Increase 7%
Cleaning	53.3	57.03	3.73
Cleaning self contained	33.88	36.25	2.37
Concierge (where applicable)	84.32	90.22	5.9
Amenity charge single	16.15	17.28	1.13
Amenity charge couple	27.71	29.65	1.94
Amenity communal lighting	4.24	4.54	0.3
Sheltered Housing Enhanced Management	47.44	50.76	3.32

Other than the amenity charges for single people and couples (which is support related and due to increase by either £1.13 or £1.94 per week), these charges are also included within the housing costs that will be covered by benefits so tenants / residents should not have more to pay if their benefits already cover these costs.

Proposed increase in charges for heating, hot water and cooking

The report sets out in detail (at paragraphs 3.10-3.18) why an increase in heating charges is necessary. 10,936 tenanted (50% of all tenants) and 3,763 leasehold properties receive district-heating services and/or gas supplies from the Council. This includes approx. 8600 tenants on fixed heating and hot water charges. For tenants and leaseholders on fixed charges an increase of 220% is proposed from April 2023 more than tripling current charges. For a resident in an average two bedroom flat (A1 scale heating, hot water and cooking gas 365 days 24/7), this would mean an increase of around £43.36 per week resulting in a weekly charge for heating and hot water of around £63.07.

Residents with heat meters who have charges based on usage will see their charges adjusted for the increase at the usual annual review in September. Those who do not pay the Council for their heating and hot water are subject to the market rates charged by their provider. As the Council benefits from bulk purchase arrangements, charges for these residents may be higher although residents on domestic contracts are also covered by the government's Energy Price Guarantee, which will cap prices into 2023/24.

Proposed increase in charges for residents in Temporary Accommodation Purchase Programme (TAPP) properties

The Council's Temporary Accommodation Purchase Programme buys back homes from Camden leaseholders to use as temporary accommodation for homeless families. There are currently 114 homes in the scheme. Paragraph 3.5 of the report explains a proposal to increase the charges for these homes by 10.1% (an increase of £21 per week to a weekly charge of £233). These charges remain within the Local Housing Allowance (LHA) rate which means that residents who rely on benefits to cover their housing costs will continue to have them covered. Affordability checks are carried out before residents are placed in TAPP homes. This means that these homes are only let to those who are considered able to pay the charges.

Increased garage charges

Proposals include an initial increase of £2 per week to the rental charge for garages let by the Council. It is intended to follow this up with further £2 per week increases in 2024 and 2025. The report notes both that there have been no recent increases in garage rents and that the resulting £14 per week charge would still be significantly

lower than the £18 per week average rent for a London Local Authority garage. Camden garage charges have been £12 per week since 2009.

The Council has 1575 tenanted garages. Although the blue badge scheme doesn't apply on housing estates, tenants and leaseholders who hold blue badges because of a disability can apply for the charge for one parking facility (a parking space or garage) to be waived. 314 disabled residents currently have the charge for their garage waived for this reason.

Section 2: EQUALITY ANALYSIS

Question 2: Do those from protected groups benefit or will they experience specific and disproportionate impacts? Will there be any direct or indirect discrimination?

Rent and service charge increases

Council housing is allocated based on housing need. Whilst the specifics of the Council's Allocations Scheme may change over time, depending on council and wider social policy, those in the greatest housing need have in common extra challenges that make it harder for them to access affordable housing. Council tenants tend to be, for example, poorer and in worse health than the general Camden population. According to a House of Commons Library Research Briefing on Poverty published on 29 September 2022, 46% of social housing tenants were in relative poverty in 2019/20 (compared to 33% of private renters). Londoners may have it particularly hard. In October 2022 the Joseph Rowntree Foundation noted a finding from their nationwide survey in May and June that "low-income Londoners are faring worst in the cost of living crisis". They also noted that, at 27%, London has the highest rate of poverty nationally.²

When considering potential increases in rents and charges, the Council considers the potential economic impact on those affected set against the benefits for tenant groups and the tenant body as whole. Detail about the considerations taken into account in formulating this proposal are set out in the main report. This EIA looks at whether the proposed rent, heating and service charge increases could have any potential disproportionate impact on any particular tenant groups.

Age

Tenants over state pension age

Tenant's ages are collected when tenancies begin and the Council is able to extract accurate data on the tenant age profile from our integrated housing IT system, NEC (Northgate). The number and profile of tenancies varies slightly from week to week as tenancies end and new ones begin. 6481 council tenants (26% of all tenants) were aged 66 years old or older on 2 December. 66 is the state pension age.

In his Autumn Statement on 17 November the Chancellor of the Exchequer announced that benefits and the state pension will increase by the rate of inflation. This is measured using the September Consumer Price Index (CPI) of 10.1%. Tenants who started to receive their state pension since April 2016 will see their pensions increase by £18.70 to £203.85 per week in April whereas tenants already receiving a state pension before this date will receive a weekly increase of £14.35 increasing their pension to £156.20.

Approximately 75% of tenants aged 66 and over receive housing benefit for their rent and service charges. As seen above, tenants will not be impacted by the rent and service charge increase if their housing costs are covered by housing benefit. The 25% of tenants in this age cohort who don't receive housing benefit (usually because they have additional work pensions, savings exceeding £16,000 or are still working) will be impacted although the

² [London, the North of England, and Scotland hit hardest by the crisis of spiralling prices | JRF](#) accessed 29 December 2022

impact is mitigated by the increase in state pension.

The bedroom tax no longer applies when tenants reach state pension age but older tenants who have remained in larger homes after children have grown up and moved out may have more to pay as a result of the percentage rent increase than other single tenants or couples in smaller homes. The Council provides support, including incentive payments, to tenants who wish to downsize³ and tenants who have extra space have other options to mitigate the impact of a rent increase. Secure tenants for example have the right to take in a lodger if they choose.

Older tenants who are younger than the state pension age

The Council can no longer be completely certain how many tenants are affected by the bedroom tax because Universal Credit is administered by the Department for Work and Pensions (DWP) who do not share this data with Local Authorities. 557 council tenants receiving Housing Benefit were affected by the bedroom tax on 24 November and, based on this, it is estimated that at least 800 tenants have a shortfall in their benefit for housing costs for this reason. Tenants who have more bedrooms than they need under the Government's definition tend to be older with adult children who have moved out. The maximum additional impact for this group would equate to 25% of the rent increase for their flat (or £2.41p per week for the largest flats).

Tenants who have other adults (usually adult children) living with them may have a "non-dependent deduction" (NDD) from any benefit they receive for their housing costs. Whilst a contribution towards the rent from another earner in the household may benefit many, other tenants with an NDD do not receive their contribution. A rent increase would not however mean that the amount of the non-dependent deduction would increase as it is a set amount (currently a £16.45 weekly deduction from Housing Benefit or a monthly reduction of £77.87 from Universal Credit paid for housing costs). Non-dependent deductions are likely to be higher if there is more than one non-dependent.

Young tenants

Younger people are often on lower wages. The National Minimum Wage for people under the age of 25 varies with people entitled to less the younger they are. Young people are also more likely to be studying or starting out on their career. 282 tenants (just over 1% of all tenants) were aged 25 or younger on 2 December. This includes Camden care leavers. 42 care leavers were rehoused into Camden tenancies in 2021-22.

Disability

Data from the March 2021 census on disability is not expected to be published until 19 January 2023 but data from the previous census showed around one in seven (14%) Camden residents with a long-term health problem or disability limiting day-to-day-activities in some way. The most recent Family Resources Survey, published by the Department of Work and Pensions in March 2022 identified one in five "working age" people reporting a disability.

Prevalence and risk of disability rises sharply with age: almost half of all residents aged 65+ in 2011 had a long-term health problem or disability, rising to more than three quarters (77%) of people aged 85+. The average age of a council tenant is 54, significantly higher than the Camden population as a whole and levels of ill health and disability will be higher too especially given the needs-based housing allocations policy which gives additional priority to applicants on medical grounds.

³ [Downsizing - Camden Council](#)

MIND referred to Covid as a “mental health emergency”. They quoted ONS data showing rates of depression doubling during the pandemic and 84.9% people reporting being stressed or anxious. Their work also shows 1 in 3 social housing tenants suffer from mental health problems. Rates of mental ill health in Camden are significantly higher than the national average.

Residents with long term ill health issues or disabilities may have more expenses than other people, for instance if they are housebound their fuel costs are likely to be higher. Residents with unavoidable higher expenses who don't have their housing costs covered by benefit may be adversely affected by a rent increase. Anxiety about money is one of the key factors that can exacerbate mental ill health conditions like depression, especially when people are also worried that they might lose their home. A December 2022 analysis of tenants in Camden with the highest rent arrears found at least 42% had reported experiencing problems with their mental health. As this can be a difficult issue for people to disclose, the actual rate will be much higher.

At the same time, as well as funding repairs and improvements to council homes, the rents that council tenants pay fund services that support the most vulnerable to keep safe, keep their tenancies and maximise their income – like our neighbourhood housing and welfare rights teams and community safety officers.

Pregnancy, maternity and sex

62% of council tenants are women. This partly reflects a significant number of single parent households largely headed by women. Tenants do not have to share their relationship status or household composition with their landlord so it is not possible to be completely certain about how many single parent households there are at any particular time. The most recent census data from March 2021 shows a total of 10,559 single parent households in the borough of whom around 90% will be headed by women. Taking into account that the costs of raising children are disproportionately born by women, any additional pressures on incomes are also likely to disproportionately affect them.

Camden Women's Forum have highlighted that median pay for women who live in Camden was 86% of men's pay in 2021 and therefore 14% lower on average than that of a man. Women are also far more likely to have unpaid caring responsibilities impacting on their ability to take on full time paid employment. When the costs of child care or social care are prohibitively expensive they can be a barrier to paid employment for unpaid carers.

Race

The Council's report “Building Equal Foundations,” published in the summer of 2020, details the disproportionate impact that Covid-19 has had on Black and Asian people and people from other minority ethnic backgrounds noting that “Black, Asian and minority ethnic workers are more economically vulnerable to the current crisis than white ethnic groups as they are more likely to work in the shut-down sectors such as restaurants, retail and the gig economy”. Analysis of council tenants claiming Universal Credit since 23 March 2020, carried out to help identify the impact of Covid, identified that Black and Asian tenants featured disproportionately in this group. As referred to above higher rents and charges are likely to impact disproportionately on those who are already economically disadvantaged.

Data about ethnicity is only available for 60% of council tenants either because tenancies predate the date that this data began to be collected, because tenants did not wish to share this information or because the data was not collected for another reason. Excluding tenants described as “white” (UK, Other, Irish or gypsy / traveler) 8614 tenants (67% of those for whom there are records) are recorded as Black, Asian, mixed race or Other with the largest categories being Bangladeshi (2111), Black African (1705), Other (1247) and Somali (889).

Across all groups just under 70% of council tenants receive either housing benefit or Universal Credit to assist with their housing costs. Any negative impact can be summed up as reflecting the extra burden of a higher rent on the minority of tenants who will need to find this from their own resources. This is mitigated by the four years of 1% annual rent reductions between 2016 and 2020 and the advice and help the Council provides to tenants who may be struggling with rent or other money issues. This is covered in more detail below.

Increased heating charges

That domestic energy costs have soared since October 2021 is well known. This has been the most significant contributory factor to the current cost of living crisis increasing the cost of food, transport and services as well as heating and hot water bills. The report explains how the Council was able to limit the increase in charges to 15% in April 2022 and why significantly higher increases are considered necessary in 2023.

A report to Cabinet in November from the Cabinet Member for Finance and the Cost of Living on the cost of living crisis and the Council's response ([Cost of Living report.pdf \(camden.gov.uk\)](https://camden.gov.uk/cost-of-living-report)) provided a detailed account of the following:

- How the impact of the crisis is greatest for those who are already struggling
- How there has been a huge increase in working poverty over the last decade
- How benefits (notwithstanding the announcement in the Autumn Statement about increases for April 2023) have failed to keep up with the higher cost of living

There is a high degree of overlap between the areas of highest deprivation in the borough and council homes and council tenants are amongst those who will be at highest risk of financial crisis as a result of all of these factors.

Increases in heating and hot water charges are not necessarily covered by benefits in the way that rent and service charge increases may be. Arrangements can be made for tenants receiving Universal Credit who are struggling with rent payments to have those paid direct to the Council out of their benefit. The same arrangement is not an option when tenants on UC fall behind with their heating and hot water bills. Analysis carried out in early November showed that, at that time, 5005 tenants with a heating and hot water charge to pay were behind with their payments to the Council by at least £5. 2598 owed at least £500.

Everyone is impacted adversely when energy costs increase significantly and the poorest will struggle most. For tenants with heat meters those who use most heating or hot water will have the most to pay. This includes those who spend most time at home because they are elderly or disabled or unwell or because they are caring for young children. These groups will be adversely affected because their costs will be higher. This could exacerbate financial pressures and / or lead to people not using the heating or hot water they need to keep well and warm.

Section 3 of the report explains why the Council is proposing to increase charges for heating and hot water despite the extra burden for tenants which will result. This is necessary because of the increased cost of the fuel the Council will need to buy to provide the service in 2023-24.

Cumulative impact

Whilst increases in rents, service charges and heating and hot water charges have been covered separately above, some tenants with increased heating charges will also be asked to pay more rent including, if they have one, for their garage (and for some

tenants, including those who drive taxis, a vehicle will be necessary for their livelihood). Without household and income data it is not possible to predict how many tenants will experience financial problems as a result but, for some tenants who do not receive help from benefits or family to pay the rent and bills, the impact of the rent increase may be significant in the current economic climate. This applies whether or not tenants pay the Council for their heating and hot water as all tenants face significantly increased energy costs. Whilst the proposed rent increase is less than inflation any adverse impact, for those who will need to pay it, may be more about the increased cost of food and fuel and other essentials and the significant pressures on household budgets at the present time. This wider context is necessary to understanding the impact of the proposed increase in rent and in other charges.

At the same time, the pressures are likely to be greater for the many tenants with two or more of the protected characteristics identified as likely to experience the greatest impact.

Rent arrears for tenants as a whole have increased significantly. There are multiple different reasons for this. Whatever the reason is for rent arrears in any individual case, repaying a debt can present challenges and higher rents and charges are likely to increase those for tenants who have fallen behind. Although the Council regularly underlines that our approach is to work with tenants to provide support with money problems and to agree repayment plans when they fall behind, this will not alleviate the anxiety that debt, or fear of debt, can cause for everyone.

On 11 December 5820 council tenants were receiving Universal Credit (26.6% of tenancies). Whilst many of these tenants have their housing costs covered by benefit, others have a contribution to make for the reasons set out above. Tenants on UC may also still be managing the challenge of having lost the additional £20 per week Universal Credit Covid-19 uplift in October 2021.

Section 3: EQUALITY ANALYSIS AND ASSESSING THE IMPACT

This grid provides a summary of the impacts outlined above.

Protected group	Summarise of possible negative impacts identified for each protected group and the impact of this for the development of the activity	Summary of positive impacts or potential opportunities to advance equality or foster good relations for each protected group
Age	<p>Tenants over state pension age and eligible for a full state pension will receive pension increases greater than the proposed rent increase. 75% of these tenants also receive housing benefit to pay all or part of their housing costs.</p> <p>Some, largely older, tenants under state pension age who have a shortfall in their benefit will pay more. This may also apply to people on lower wages or in insecure work. These are often younger people.</p> <p>Older tenants are more likely to be retired and suffer from health issues or have a disability meaning that they may spend more time at home than other groups. This may mean their heating and hot water costs are higher or they may not use heating and hot water as much as they should to keep warm and well because they are worried about the cost.</p> <p>The 10.1% April 2023 pension increase is significantly less than the anticipated increase in heating and hot water charges.</p>	<p>The positive impact for all groups is in the contribution tenants' rents make to the provision of the Councils housing services including those that help to address inequality and promote financial Inclusion. Whilst these may benefit all tenants, they particularly benefit those with protected characteristics. Neighbourhood based housing teams with a named housing officer as a contact for tenants in a small local area may particularly benefit the older and more vulnerable.</p>

<p>Disability</p>	<p>Disabled tenants are one of the groups who may have higher living expenses and any additional demands on their budgets may impact them more than others.</p> <p>Anxiety levels have risen since the pandemic and a rent increase may be one more thing for tenants to worry about, including the many who experience mental ill health.</p> <p>The most disabled and unwell are likely to be receiving benefit that covers their housing costs. This does not necessarily apply to heating and hot water charges and these are often higher for disabled people.</p>	<p>As above</p>
<p>Gender reassignment</p>	<p>No negative impact identified</p>	<p>As above</p>
<p>Marriage and Civil Partnership</p>	<p>No negative impact identified other than that any additional financial burden can adversely affect those whose budgets are more stretched. This can be the position for single person households and especially single parents.</p>	<p>As above</p>
<p>Pregnancy and maternity</p>	<p>As above</p>	<p>As above</p>
<p>Race</p>	<p>Black and Asian people often experience economic and health inequalities. A rent increase disproportionately impacts people in insecure or low paid work and these are often Black and Asian people and people from other ethnic minority groups.</p>	<p>As Above</p>
<p>Religion or belief</p>	<p>No negative impact identified</p>	<p>As above</p>

Sex	No negative impact identified other than that any additional financial burden can adversely affect those whose budgets are more stretched. Women's jobs and incomes still lag behind those of men. 62% of tenants are women, many are single parents.	As above
Sexual orientation	No negative impact identified	As above

**Question 4: If there is an adverse impact, can it be avoided?
If it can't be avoided, what are we doing to mitigate the impact?**

Council housing is concentrated in many of the most deprived areas of Camden. The proportion of council tenants seeking work is almost twice that of private sector tenants and three times that of owner occupiers, the proportion looking after home or family is more than double that of residents in other sectors and the proportion with a long-term sickness or disability more than five times higher than in other sectors. Lower income households are concentrated in social housing with 70% of council tenants receiving full or partial housing benefit or Universal Credit.

Increased rents and charges will impact adversely on tenants with incomes above the qualifying level for assistance with their housing costs from housing benefit or Universal credit. This largely affects tenants below state pension age but will also affect some older tenants who receive a private pension. There will also be an impact for tenants with capped benefits due to the benefit cap or social sector size criteria (bedroom tax). These tenants will have an increased benefit shortfall and their rent increase will reduce the income they have available for other things.

The proposed increase in heating and hot water charges significantly exceeds the inflation linked benefit increases due in April 2023. It is likely that most tenants with a heating charge will feel the impact just as tenants who pay an energy provider will have felt the impact of significantly increased charges already. The Government have said that they will continue to provide help with energy costs in 2023 however they have also said that this help will be reduced and targeted at those "most in need". The Government will make a £900 cost of living payment to people receiving means tested benefits next financial year (in three separate installments over the year with the third installment not due until Spring 2024), people over state pension age who get the winter fuel payment will get an extra £300 and people receiving disability benefits will be paid an extra £150.

The Council continues to resource interventions that help to mitigate the impact of money pressures on our tenants. Council policies also ensure that rent arrears recovery has a focus on tenancy sustainability and Landlord Services staff provide practical advice and help to tenants with benefits, budgeting and debt. Support is also provided through the council tax support scheme, discretionary housing payments fund and from the Council's Cost of Living Crisis Fund for people who are experiencing severe hardship.⁴ The Council also funds Camden Advice Network partners to provide advice and support to Camden residents across tenure. Partners include Camden Citizens Advice and Age UK.

The annual rent and service charge notification letter advises tenants how to apply for housing benefit and other support and the Council is in contact with tenants regularly to reassure those worried about paying their rent and to offer support. Two specialist teams were set up in Landlord Services in September 2022 to enable twenty neighbourhood housing officers to focus on establishing contact with tenants behind with their rent. The Council's floating support service is available to assist hostel residents and tenants of tenant managed organisations. Contact Camden have a welfare support telephone service linking Camden residents to sources of help.

The Council's response to the Cost of Living Crisis is set out in the November Cabinet report from the Cabinet Member for Finance and the Cost of Living [Cost of Living report.pdf](#) (camden.gov.uk) and there is comprehensive advice about sources of help and support on

⁴ [Cost of living crisis fund - Camden Council](#)

the Council's website: [Cost of living support - Camden Council](#). In December Winter Housing News, delivered to council homes, also included a supplement on help with the rising cost of living.

Feedback will be sought from District Management Committees (DMCs) on the proposals through a process of engagement and a summary of that feedback will be presented to Cabinet. Consultation with DMCs about the pressures on the Housing Revenue Account and the possibility of increases in rents and charges began in early December.

Question 5: Could any part of the proposed activity discriminate unlawfully? Can we advance equality of opportunity via this decision/policy? Can we foster good relations via this decision/policy?

There is no unlawful discrimination. As described above, periodic rent increases allow the Council to continue to provide tenant services including those that contribute to delivery of Camden 2025 objectives, address social inequality and exclusion and promote stronger communities. The council must ensure that the heating pool remains financially viable so that tenants can continue to benefit from the reduced costs associated with bulk buying.

Section 1 of the main body of the report provides detail about the need for investment in the Council's stock. This includes building safety works, work to make the council homes more energy efficient and to address damp and the Council's Community Investment Programme which is delivering new council homes. All of these initiatives contribute to reducing costs for tenants.

Neighbourhood housing teams and other landlord services work with other services and agencies to help promote financial health and resilience, address issues of anti-social behaviour, and support victims of exploitation, abuse and domestic violence and the most vulnerable, in addition to delivering the Council's responsibilities as a landlord through our repairs and estate services teams. The benefit of these services for tenants with protected characteristics significantly outweigh the potential impact of the proposed increase in rent.

Medium Term Financial Strategy (MTFS) savings plan.

The report (at paragraphs 2.2 and 3.17-3.20) sets out the underlying pressures being faced by the HRA in 2023/24, and beyond, including high levels of inflation and restrictions on rent increases. These pressures require the Council to make savings to balance the HRA and proposals are set out in the MTFs savings plan and listed below.

- Purchase Programme for Family Friendly Housing: This proposal was agreed by Cabinet on 14 December 2022.⁵
- Reduction in the number of empty council homes (voids) and the time taken to re-let them
- Housing Transformation Programme: a review of how housing services are structured to enable tenants to access services more easily and to eliminate duplication from service delivery.
- Minor changes in repairs delivery to increase efficiency and reduce expenditure
- A reduction in the spring clean budget until the end of the Chalcots project
- Improved management of rent arrears including through new specialist staff
- Leaseholder income maximisation project: a review of processes to ensure all rechargeable costs are recovered from leaseholders.
- Increasing rent for council garages to generate income: this proposal is covered above.
- Increasing income from the commercial property portfolio: through a reduction in voids and identification of under-used assets that could provide commercial opportunities.

Full EIAs will be completed on all relevant proposals. These offer the opportunity to consider more deeply and broadly the equalities implications of a proposal and to make the required mitigations, or in the absence of these, to explain the approach adopted where no better alternative is available to the Council. The potential for adverse impact; for indirect or direct discrimination, along with the possibility for advancing equal opportunity and for fostering good relations will be considered in each EIA.

In Camden, we think about equalities in everything we do. Every savings proposal that has been considered for inclusion in the MTFs has been looked at with an equalities lens, focusing on the proposal's possible implications for equality in Camden and for individuals and groups who share the protected characteristics.

The MTFs Programme Team assessed all savings proposals to determine an appropriate course of action and level of equality assessment for each one. An initial filter was conducted in which all of the proposals were screened with a set of criteria (below). The results of this screening determined which proposals would need EIAs on the basis that we think there are, or could be, equalities implications.

All MTFs savings proposals were screened for potential equalities impacts. Savings proposals were assessed as needing an EIA if they met one or more of the following criteria:

- The proposal is for a significant change to a policy or service, including commissioned services
- The proposal is for a removal, reduction, or alteration of a service or policy
- The proposal would result in a restructure or significant change in staffing arrangements
- There are known equality issues associated with the service to which the proposal relates, such as disproportionately low access, worse outcomes among particular communities, or variable impacts on an intersectional basis

On the basis of this screening, all savings proposals were categorised by the MTFs Programme Team as follows:

1. The proposal does not have equality implications and therefore an EIA is not needed

⁵ [Equality Impact Assessment form - May 2019 - Pdf \(browsealoud.com\)](#)

2. The proposal has or may have equality implications, and therefore an EIA that considers the potential impacts on Camden residents and Camden staff is necessary
3. The proposal has or may have equality implications, and therefore an EIA that considers the potential impacts on Camden staff is necessary
4. An EIA has already been carried out on the proposal

The MTFS as a whole is likely to affect all Camden residents. Specific savings proposals within the MTFS are also likely to affect groups of Camden staff. Individual savings proposals will impact different groups of residents and staff in different ways.

Where they represent proportionate steps to enable and demonstrate due regard for the need to achieve the aims of the Public Sector Equality Duty, EIAs will be undertaken on relevant savings proposals so that they can be considered prior to these final decisions being made on whether and how to implement them. Decision-makers will therefore be able to discharge their Public Sector Equality Duty in the course of making decisions on MTFS savings proposals

EIAs will be prepared and considered so that potential impacts can be identified, appropriate mitigations agreed where necessary, and opportunities to further advance equality identified. These will help to ensure that decisions on the savings proposals listed above can be made with due regard for the need to achieve the three aims of the public sector equality duty. These EIAs will set out the equalities profile of the affected groups, including data on socio-economic characteristics in light of the cost of living crisis and the various interplays between socio-economic status, the protected characteristics, and Camden Council's services. Camden will strive to ensure that these savings proposals do not disproportionately impact people who share protected characteristics, and we will use an intersectional lens when undertaking EIAs on relevant savings proposals.

Measures to avoid and/or mitigate potential negative impacts of savings proposals will be set out in the EIAs for those savings proposals that require them as and when they come forward for decisions by Cabinet or Directors under delegated authority and in consultation with the relevant Cabinet Member

Camden Staff

There are savings proposals within the MTFS that may affect certain groups of Camden staff if they are approved. There are no proposals in the MTFS that would affect all Camden staff.

Where savings are to be made through restructures or changes to staffing arrangements, these will be implemented via well-established policies compliant with the Council's statutory responsibilities as an employer.

Any proposal that involves a restructure or change to staffing arrangements will require a separate EIA to be completed as it is developed and considered before approval to implement. These EIAs will set out the data Camden holds on affected members of staff, identify any potential disproportionate impacts, note measures to mitigate these impacts where possible, and identify any further measures to advance equality among Camden staff. These proposals will be developed in line with Camden's workforce policies, which provide a framework for preventing discrimination against any group of staff who share protected characteristics.

Outcome of analysis	Description	Select as applicable
Continue the activity	The EIA shows no potential for discrimination and all appropriate opportunities to advance equality and foster good relations have been taken.	✓
Check and sign off		

EIA prepared by: Jo Adams, Landlord services manager (proposed rents and charges increases)

Date: Updated 29 December 2022

EIA checked by: Emma Cardoso, Team Leader HRA & Capital Projects

Date: 29 December 2022

EIA approved by: Glendine Shepherd, Director of Housing

Date: 4 January 2023

(Relevant Director Sponsor)

What to do upon approval

For organizational change: If your EIA relates to internal staff, please send to your HR Business Adviser.

For all other EIAs: Please add to the discussion on the [Equalities in Camden](#) Yammer group, you can do this by using the "Share something with this group.." box, attaching your draft to your message.