

LONDON BOROUGH OF CAMDEN	WARDS: All
REPORT TITLE Housing Revenue Account (HRA) budget and rent review 2024/25 (All wards) (CS/2024/01)	
REPORT OF Cabinet Member for Better Homes	
FOR SUBMISSION TO Housing Scrutiny Committee Cabinet	DATE 23 January 2024 24 January 2024
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 2024/25, which includes savings as part of the Medium-Term Financial Strategy (MTFS) approved at Cabinet in January 2023. 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. Local Government Act 1972 – Access to Information No documents that require listing were used in the preparation of this report Contact Officer: Emma Cardoso - Team Leader (HRA and Capital Projects) 5 Pancras Square, London, N1C 4AG Emma.cardoso@camden.gov.uk 02079746513	

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 D), the Housing Scrutiny Committee and the results of the Equalities Impact Assessment (Appendix C) 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 2024/25 (Appendix A) to ensure a balanced HRA budget for 2024/25.
- b) Agree to increase social housing rents by 7.7% (CPI + 1%) from April 2024 (paragraph 3.4).
- 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 3.15).
- d) Agree to the revised service charges in the HRA hostels and supported housing of 7.7% increase (paragraph 3.17).
- e) Agree to the approach to the Heating Pool set out in paragraph 3.22 and Appendix B, including to keep scales at same level being paid in 23/24.
- f) Agree to keep Temporary accommodation purchase programme 2 and 3 schemes (TAPP2 and TAPP3) rents at 23/24 levels so that they remain affordable to homeless households (paragraph 3.8)
- g) Agree to increase shared ownership rents by CPI + 1% (7.7%) (paragraph 3.9)
- h) Agree to set rents at Agar Grove at an affordable level for refugee housing and for temporary accommodation as set out in paragraph 3.12.
- i) Agree to increase resident garage rents from £14/week to £16/week from 2024/25 and to increase £2/week each year for the following 1 year in line with the Medium Term Financial Strategy savings strategy. (paragraph 3.26)
- j) In relation to the proposals (with associated budget reductions) set out in section 3.27 to 3.30:
 - Delegate authority to the relevant Director(s) to immediately implement proposals listed as Decision Category A.
 - Agree in principle proposals listed as Decision Category B, and delegate authority to the relevant Director(s), in consultation with the relevant Cabinet Member, to decide whether and how to implement the savings identified within each proposal, having had due regard to the Council's general equality duties, any other applicable legal duties and the results of any consultation

undertaken in respect of the proposal; undertake any necessary consultation; and make any necessary redundancies, including for any proposals involving more than 20 redundancies.

- k) Agree that the decisions (a-i) 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: 11th January 2024

1. CONTEXT AND BACKGROUND

- 1.1. In Camden, we recognise the importance of housing. Through our social housing, we play a big part in the lives of our tenants, estates, and communities. Council homes are an important part of connecting us into the wider Camden community and to services and support. We understand the importance of investing in council homes – to make them warm, sustainable, secure, and accessible.
- 1.2. For us, providing council housing is more than just providing people with a home. We see our housing services as the gateway for people to thrive, forming a big part of a wider family of services that provide early help and support at the point when people need them.
- 1.3. Through our financial planning and budgeting we want to invest in high-quality near-term impactful services, and plan for long-term transformative investments. This report sets out the challenging financial position of the Housing Revenue Account (HRA), and makes a number of recommendations 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.
- 1.4. These challenges come against a backdrop of a decade of government-imposed changes and cuts which have made more challenging the management of local housing stock. The most recent of these is the impact of the 2023 “mini budget” which pushed the interest rates on HRA internal borrowing up to 4.6% compared with 1.13% prior.
- 1.5. The HRA is a ring-fenced account containing the income and expenditure arising from a housing authority’s landlord functions. In 2012 the government ended the HRA subsidy system and imposed the “self-financing” model on local authorities, which involved councils paying a considerable “exit payment” to Treasury to effectively buy their local HRA rental streams for the next 30 years. Camden inherited £516m in HRA debt as part of the transition. In order to arrive at this figure, a valuation of Camden’s housing stock was made. The model was based on assumptions made by government about the rental income and expenditure required to maintain each council’s housing stock over 30 years.
- 1.6. At the time, it was promised that if any of the components that were used to calculate the exit payment price changed, then the settlement would be reopened. However since then, there have been a series of austerity-driven policy changes that have made HRAs more difficult to manage. These include the bedroom tax, rent increase guidelines changed from the Retail Price Index (RPI) measure of inflation to Consumer Prices Index (CPI) as a base, removal of rent convergence, government-increased Right to Buy discounts, roll-out of Universal Credit and enforced rent reductions in the period 2016-2020. Government policies are estimated to have resulted in a cumulative loss in rental income by 2023/24 of £135m. Our annual rental income is now £30m

lower than it would have been had the government not sought to impose these measures – all of which is funding that would have been available for the maintenance and improvement of our existing stock as well as supporting the council's housebuilding programme.

- 1.7. Despite the negative financial impact of these various policies on HRA budgets, the government has not revisited the assumptions behind the settlement, nor offered additional HRA funding. This has meant that councils are carrying a disproportionate level of debt in the HRA compared to its income. In turn, this creates revenue pressures and constrains the capacity to build new affordable homes and invest in existing stock as was originally intended.
- 1.8. In recent years, the pressures on the HRA have intensified. This is not an issue exclusive to Camden – across the country, many councils are experiencing extreme challenges on their HRA budgets. This is particularly true for inner London councils, which have large housing stocks of a particular type and tenure alongside ambitions to build more affordable housing. Indeed, one other London borough has said publicly that its level of reserves is below the optimal level necessary. There are several national and local issues, which are contributing to this position, including:
 - In the wake of the Grenfell tragedy and the Chalcots evacuation in Camden itself, the Council has confirmed its commitment to the highest levels of tenant safety. This has meant that the Council has had to find additional funding for fire and building safety works – a forecast £296m capital expenditure in the 10 years from 2017 to 2027. The Council has only received £88m in government grant for the fire safety works on the Chalcots and Cromer Estates but the remaining £208m capital expenditure and an annual revenue budget of £4.5m has had to be funded entirely from the HRA's own resources – rent and service charges paid by tenants and leaseholders.
 - There has been an impact on the HRA from Covid – we saw a rise in demand for repairs during the periods of lockdown and debt rose as tenants and business owners faced financial difficulties and the number of tenants claiming universal credit increased during that time. No direct government support was provided in the same way we saw financial support for our universal services within the General Fund.
 - Brexit, Covid and the war in Ukraine all contributed to inflation reaching a 40 year high in November 2022 with the Consumer Price Index (CPI) at 10.7%, which has put unprecedented pressure on the costs of energy, repairs, maintenance, and housing services.
 - For many years, we have benefitted from low interest rates. Bank of England base rates were 0.75% on 1 April 2022 and in response to the 2023 Mini Budget and subsequent changing economic conditions, there were 8 increases in 2022/23 with rates finishing the year at 4.25%. Since then, the Bank has raised rates at each successive meeting ending up at 5.25% in August and leaving them on hold at its September meeting. The rise in interest rates has added further pressure on the HRA.

- For 2023/24, the government capped rent increases at 7% rather than the standard CPI+1% or 11.1%. Whilst an increase of this magnitude would have been unaffordable and undesirable, the Government decided against providing additional financial support for social landlords. This meant that the Council's funding and resources failed to match cost increases and so was another real term resource reduction. This limited the Council's ability to increase its budgets to match cost inflation and other pressures such as damp & mould, disrepair and increasing regulatory costs. The Council also had to increase the interest budget on the HRA's borrowing to fund regeneration, the buying back of homes lost to the Right to Buy policy and wider capital investment due to rapid increases in the Bank of England base rate.

1.9. The impact of the above has meant that it has become increasingly difficult for the HRA to remain within its financial means on an annual basis. Expenditure has exceeded income in each of the past four years – see table below. 2022/23 was by far the worst, predominantly due to the material increase in energy costs when heating pool scale charges increased by 15%. Repairs was the other main source of overspend (£5.6m). The use of reserves to fund overspend is not a sustainable approach but has been necessary due to specific pressures as referenced above. The Council's strategy is to continue building the reserve to a more sustainable level in order to be financially resilient.

Financial Year	Expenditure £m	Income £m	Pressure funded from reserve £m
2019/20	198.2	(192.2)	6.0
2020/21	192.7	(190.1)	2.6
2021/22	187.2	(185.8)	1.4
2022/23	209.8	(197.8)	12.0

HRA Medium Term Financial Strategy

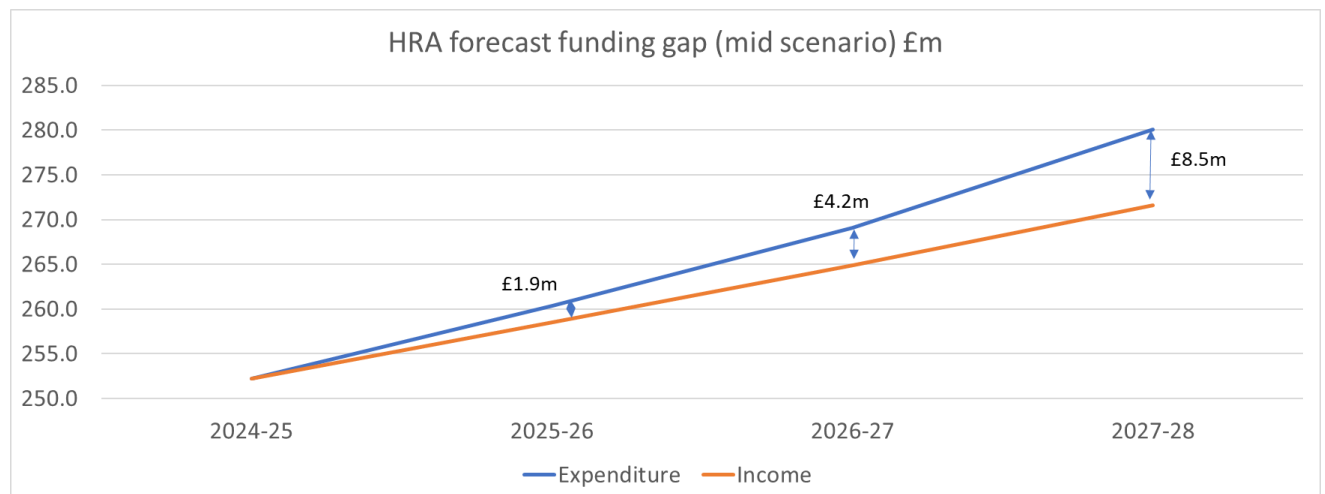
- 1.10. Recognising the financial challenge ahead and the need to bolster our financial sustainability, the Cabinet agreed as part of 2023/24 budget and rent setting a Medium Term Financial Strategy (MTFS) to deliver cumulative savings of £2.93m in 2023/24, £6.03m by 2024/25 and £7.51m by 2025/26.
- 1.11. Despite the increases in rent, service charges and heating pool charges and the MTFS savings, the HRA's financial position has continued to deteriorate since April 2023. As at the end of September 2023, an overspend of £4.1m is forecast, driven by damp and mould and disrepair cases, further regulation of the social housing sector and further increases in interest rates. The Council is taking steps to contain this overspend with a number of in-year measures.

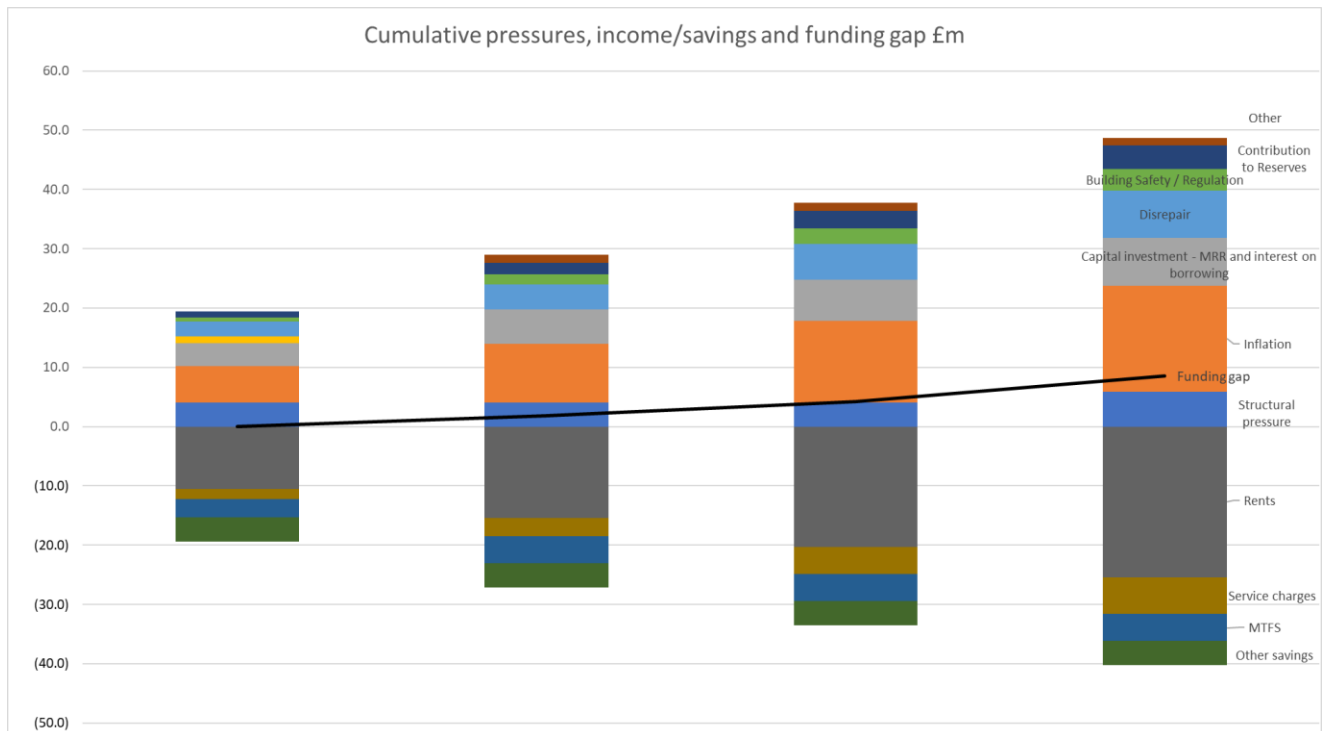
1.12. All this means that the finances of the HRA are now at a very challenging point. A two stage approach is proposed to eliminate overspends and start to build the HRA reserves back up:

- Set a balanced and realistic budget for 2024/25, factoring in pressures while continuing to make savings and supplemented with measures to eliminate overspends.
- An update to the HRA's Medium Term Financial Strategy in Summer 2024 with further proposals to make savings over the medium term.

1.13. Many of the pressures identified in following section are forecast to continue over the medium term. It is anticipated that inflation in repairs will continue to remain higher than general inflation, and that the cost of disrepair cases will continue to grow. Borrowing costs are expected to continue to rise albeit at a slower pace. Increased contributions to the Major Repairs Reserve (MRR) for the Better Homes Programme and to the general reserves are built into the forecast.

1.14. Rents are assumed to increase by CPI+1% and service charges by inflation. However even with these increases in income, a funding gap of £8m to £10m is forecast in the three year period 2025/26 to 2027/28 – see graphs below. This gap will need to be closed with new savings in addition to the existing MTFS savings programme described in paragraph 3.26 and the new savings proposals in paragraph 3.27.





Investment in Housing

- 1.15. 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 (£38m) is equivalent to the cost of depreciation of the stock, which is the minimum prescribed requirement. As noted above, the HRA has been limited by its income and had revenue pressures in recent years and therefore has been unable to increase capital investment above this minimum level. However, for 24/25, it is proposed to increase this investment by £1m per annum over the statutory level to start to build up the capital resources available to invest in improving the quality of stock over time.
- 1.16. A key element of Camden's investment in stock strategy is the Community Investment Programme (CIP), which includes estate regeneration, investment in schools and community assets. CIP has bold and ambitious targets for housing delivery, with 4850 new homes to be built throughout the lifetime of the programme. Through CIP the council has now completed nearly 1,500 new homes, with 495 on site and over a thousand more in the approved pipeline. Expenditure on estate regeneration adds to the Council's 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.
- 1.17. The Better Homes programme was established in 2013/14 and since then has delivered £565m in investment in our Council homes at an average of £56m 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.

- 1.18. Table 1 shows that budgets for the next five years total £319m with £111m identified for external works, £69m for fire safety works and £76m identified for mechanical and electrical work (heating and lifts) and £17m has been identified for Energy Efficiency/Retrofit works with grant funding also being bid for wherever possible.

Table 1: Better Homes Programme

Summary	2023/24	2024/25	2025/26	2026/27	2027/28	Total
HRA	£000s	£000s	£000s	£000s	£000s	£000s
Better Homes	18,855	43,496	10,814	24,874	13,439	111,478
FRA Works (excl Chalcots)	21,248	28,126	12,688	7,000	0	69,062
M&E	13,997	19,825	21,601	13,068	7,258	75,749
Energy	6,740	6,823	3,200	0	0	16,763
Major Repairs/Miscellaneous Projects	7,106	7,729	5,350	4,000	4,000	28,185
Other (including Programme Management and Contingency)	2,850	2,850	2,850	2,850	6,450	17,850
Total	70,796	108,848	56,503	51,792	31,147	319,086

- 1.19. A borough-wide stock condition survey covering 100% of all blocks externals and 10% (c2,300) of tenanted homes internally has just been completed. This will help inform our programme of investment and will be used to refresh the 5 Year Better Homes investment Programme. Large heating schemes continue to progress, tackling those in acute need of replacement. Rowley Way and Maiden Lane schemes are in the process of being developed. Investment in replacing our older remaining lifts continues with a further 21 being started this year. Investment in fire safety across our homes continues with the programme to install smoke alarms in all tenanted homes expected to complete by March 2024.
- 1.20. However, there are significant unmet needs across the housing stock even with these budgets in place. In particular, there will be newly arising need in relation to fire safety as our assessments continue and the new requirements that have arisen from the Fire Safety Act (2021) and the Building Safety Bill, alongside the need for significant investment in communal heating beyond the budgets currently set aside. We are in the process of registering our high rise buildings which will also likely identify further areas requiring significant investment. The reporting from the stock condition survey will inform the likely need over the next 30 years.
- 1.21. The budget for the Chalcots major works project to replace the cladding, curtain wall and windows to the highest standard of safety was increased for the four large towers in July 2023 from £81.8m to £104.4m. The budget for the fifth tower, Blashford, was increase from £19.8m to £30.2m. This was largely due to a decision to change the window system from a “stacked window” system to a “punched window” system taken to mitigate and reduce the risk of future delays and to improve on the quality of the firestopping. The Council has taken steps to offset this increase by reducing expenditure in other areas

of the project and some of this additional expenditure should be covered by GLA grant.

- 1.22. The Council has a 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 is required. There has been limited funding announcements from central government on capital pressures arising from the Fire Safety Act, Building Safety Bill or the need to retrofit stock and no readily available funding for revenue pressures. As a result of limited capital grant funding, the Council has to prioritise and invest in its stock at a much slower rate than it would like to, working within the confines of the affordability of the HRA in line with the Prudential Code.

2. PROPOSAL AND REASONS

- 2.1. The Council is required to agree a balanced HRA budget for each year. The proposed budget for 2024/25, which is balanced, is set out in Appendix A.
- 2.2. This budget takes account of the following expected cost pressures for the 2024/25 financial year. These include:
 - **Inflation** – CPI inflation has fallen considerably since its peak in October 2022 at 11.1% and in September 2023 was at 6.7%. This has continued to fall but is still high by recent historical standards – in the past 30 years it has only been above this level in 2008 and 2011. HRA inflation varies based on cost type which do not directly link to CPI. The inflation pressure on budgets, including salary budgets, is estimated to be £6.11m.
 - **Structural pressures** – as noted above, in recent years the HRA has faced considerable pressure with its income constrained from changes in government-imposed rent policy. These pressures are largely within repairs and dates back to budget reductions that were required due to the enforced rent reductions. These overspends must be tackled if we are to strengthen the financial health and resilience of the HRA. The size of the structural pressures is estimated at £4.05m.
 - **Damp and mould** - the Council continues to invest in measures to identify and tackle damp and mould in its homes. The Council set up a dedicated team addressing damp and mould problems in September 2021 and inevitably, this has added to our financial pressure. It is proposed to add a further £1.04m to the budget for next year.
 - **Interest** – Interest rates have continued to increase during 2023/24. Much of the HRA's borrowing is from the General Fund at a floating rate (so called internal borrowing). While this has been a benefit during a time of low interest rates, the HRA is exposed to the rapid rise in interest rates. The HRA's rate of internal borrowing is now 4.6% compared with 1.13% before

the 2023 “mini budget”. This has caused a major pressure on the HRA’s interest budget estimated at £2.9m for 2024/25.

- **Contribution to the Major Repairs Reserve** – as noted above, due to lack of resources the Council is currently only making the minimum contribution to the Major Repairs Reserve (MRR) to fund the Better Homes Programme. In anticipation of the results of the 2023/24 Stock Condition Survey and subsequent changes to the Better Homes Programme to be agreed in July 2024, an additional annual contribution of £1m to the MRR would start to build up the resources available for capital works. It should be noted that the Council is having to fund all of this work by itself - not transferring stock to an ALMO in 2004 meant a £283m loss of investment for repair and regeneration.
- **Social Housing and Building Safety Regulation costs** - Further regulation has been introduced through the Social Housing (Regulation) Act 2023 which gained Royal Assent earlier in the year, to add to the Fire Safety Act 2021 and the Building Safety Act 2022. While the Council supports the aims of this legislation, compliance with legislation will add to the HRA’s costs. To date the costs have been opportunity costs i.e. officer time and resources focused on regulatory issues and not on other issues. New costs known so far are estimated to be £0.19m to pay fees to the Regulator of Social Housing (RSH). More costs may emerge as the details of compliance become clearer. Similarly, the Council will have to pay fees to the regulator relating to the Building Safety Act at an estimated annual cost of £0.2m. As yet, the Government has not provided any further funding for the impact of their reforms.
- **Stock Condition Survey** – the Council recently completed a new stock condition survey using its established methodology of surveying 100% of externals including communal areas and a sample of 10% of internals every 5 years. In part prompted by new regulatory requirements, the Council has decided that it should move to a rolling stock condition survey aiming to survey 100% of internals within a 5 year period. This will give the Council better data and allow it to better target the limited resources of its capital programme where it is most needed. While some of the costs can be capitalised as part of the Better Homes Programme, there will be an annual estimated cost of £0.25m.
- **Top up reserve** –the HRA’s reserves have been severely depleted over recent years and these must be strengthened over time. While the budget has included an annual £3m contribution to reserves, this capacity has been eroded by the underlying pressure on the HRA. The HRA will prioritise the continued build up of reserves with an additional £1m contribution.
- **Disrepair** – the increasing number of disrepair cases are driven in many cases by “no win no fee” lawyers. They create multiple pressures on the HRA – the costs of carrying out court-ordered repairs, legal costs and compensation payments. The total pressure is estimated at £2.49m.

In looking to 2024/25, it is estimated that the pressures total £19.24m and are summarised in Table 2 below along with potential funding to meet their cost.

Table 2: pressures and potential funding

	Pressures £'m	Potential Funding £'m
Inflation	6.11	
Disrepair related costs	2.49	
Damp and Mould	1.04	
Structural pressures	4.05	
Social Housing Regulation costs	0.19	
Stock Condition Survey	0.25	
Building Safety	0.20	
Interest pressure	2.90	
Contribution to MRR for Better Homes funding	1.00	
Top up reserve	1.00	
Rent increase 7.7% (CPI + 1%)	-	10.57
Tenants Service Charges increases incl. sheltered	-	1.18
Leaseholder day to day	-	0.49
MTFS savings	-	3.10
Proposed new measures	-	3.90
	19.24	- 19.24

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 2024/25.

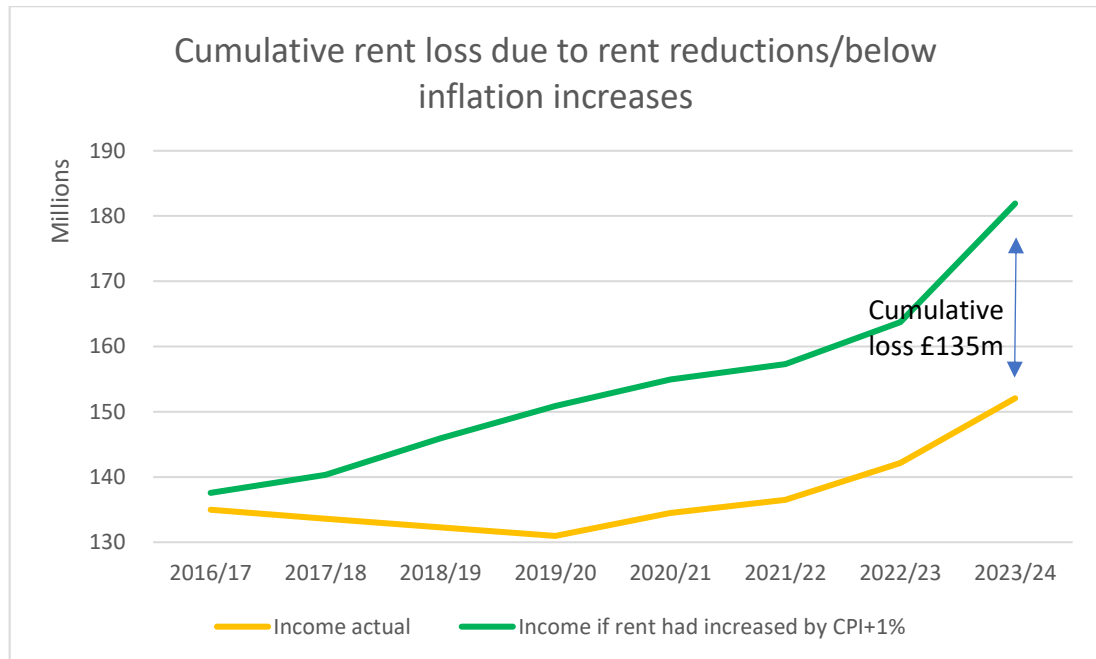
3. OPTIONS APPRAISAL

3.1. The HRA receives no government subsidy even related to new revenue pressures such as Building Safety, Fire Safety, Damp and Mould or Social Housing regulations. The only source of funding is from rents (predominantly) and service charges. As such, there are limited options available to the Council to fund budget pressures and restore the HRA reserve to more sustainable and prudent levels; the principal option is by increasing rents and charges or by reducing expenditure.

Rents

3.2. Under the current rent standard, the Council can increase rents up to a maximum of inflation (Sept CPI 6.7%) plus 1%. The maximum permitted rent increase for 2024/25 would therefore be 7.7%. The rent standard recognises that the HRA needs to be able to fund more than inflation each year to operate due to being ringfenced and without external funding for items as referenced in the pressures section above.

- 3.3. The graph below illustrates how changes in rent policy can have enduring impacts on available funding for HRA to invest in its stock and services over time.



- 3.4. It is recommended to increase rents from April 2024 by 7.7%, which would generate £10.5m in income for the HRA, to continue to invest in Camden’s stock and services. The increase would cost tenants in a two bed property £10.12 extra per week based on average rents- see table three.

Table 3: Average rents with the recommended 7.7% increase

Bed size	Average Rent 23/24	Increase 7.7%	Average Rent 24/25 7.7%
0	£97.28	£7.49	£104.77
1	£115.87	£8.92	£124.79
2	£131.49	£10.12	£141.62
3	£147.40	£11.35	£158.75
4	£163.77	£12.61	£176.38
5 +	£180.19	£13.87	£194.06

- 3.5. Average rents for Camden if increased by 7.7% next year would still be c.£12 per week lower than they would be if increased just by CPI since 2015/16 (due to four years of 1% reductions and fixed cap at 7% vs CPI 10.1% for 23/24).
- 3.6. The median private rented sector rent for a 2 bed property in Camden for the period April 2022 to March 2023 was £500 a week, compared with £141.62 a

week for Council rents proposed above making the average Council rent for a 2 bed 28% of the median private sector rent.

- 3.7. Rent is eligible under housing benefit and universal credit. Information on Camden's website on support for residents is available here: <https://www.camden.gov.uk/cost-of-living-support>
- 3.8. **TAPP 2 and TAPP3 rents:** over the summer the Council secured £19.38m in Local Authority Housing Fund grant from Department for Levelling Up, Housing & Communities (DLUHC) to purchase 57 temporary accommodation units under the latest phase of the Council's Temporary Accommodation Purchase Programme (TAPP). TAPP3 properties will become available for homeless families over the course of 2024/25. It is proposed that they will have the same rents as TAPP2 properties. 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. The benefit cap for 2024/25 is unchanged from 2023/24, so it is proposed that the rents for TAPP2 and TAPP3 properties remain a flat rate charge of £233 per week 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.
- 3.9. **Shared ownership rents:** Camden has a very small number of shared ownership properties, which under terms of the lease permits an increase of RPI + 0.5%. This would be 9.4% for 24/25 (8.9% RPI plus 0.5%). In consideration of affordability and in line with government guidance for new shared ownership rent increases, Camden proposes to voluntarily limit the increase to 7.7% (CPI + 1%) the same as social rents.

Refugee Housing

- 3.10. Camden stands ready to welcome refugees, and always has. We have a long and proud history of welcoming people who are displaced from all around the world as they flee conflict, disaster, and persecution.
- 3.11. In addition to TAPP3 funding, the Council has secured funding from DLUHC through its Local Authority Housing Fund (LAHF) which has enabled it to convert two housing blocks originally intended for private sale and intermediate housing at the Agar Grove redevelopment to provide 64 units of housing, 57 for refugees and 7 for homeless families. This allows the housing to remain in public ownership and in the short-term, provides much needed housing for refugees who have been living in hotels in our borough for over 2 years. In the longer term these houses will remain as social/affordable housing in Council ownership.
- 3.12. The units will be ready for occupation early in the 2024/25 financial year. The 57 refugee units are classed as temporary accommodation rather than social housing. The proposed rents are set at a level which will be affordable for

households in receipt of benefits i.e. the maximum rent that can be claimed under the Local Housing Allowance (LHA) for temporary accommodation. The Cabinet are asked to agree proposed rents as set out in the table below and any future increases in line with changes to government policy. The rents include all service charges except energy. The properties will be subject to metered energy charges.

Bed size	Studio/1 bed	2 bed
Weekly rent £	234	306

The proposed rents for the 7 units of temporary accommodation for homeless families are the same as the TAPP2 and TAPP3 rents in paragraph 3.8 above, £233 a week for both 1 bed and 2 bed units.

- 3.13. The properties at Agar Grove will add to the refugee housing located at the Highgate Newtown Community Centre funded through the GLA's Refugee Housing Programme. The rents for this General Fund site were agreed at the December 2023 Cabinet meeting.

Tenant Service Charges

- 3.14. Tenants pay fixed service charges for caretaking, grounds maintenance, CCTV, mobile security, concierge, maintenance of mechanical and electrical equipment in communal areas and block and estate lighting, if they receive that service.
- 3.15. An important feature of service charges is that they should support full cost recovery to avoid creating further financial pressure. Therefore, it is proposed that service charges are raised by their underlying inflationary pressures for the relevant service. The proposed increase are shown in **Table four below, generating c. £1.044m**. These service charges are eligible under housing benefit and universal credit.

Table 4: proposed increases in tenant service charges

Tenant weekly service charges	2023/24 weekly charge	2024/25 weekly increase	2024/25 weekly charge	% change
Caretaking	£11.27	£0.56	£11.83	5%
Communal Lighting	£2.78	£0.31	£3.09	11%
CCTV	£1.09	£0.05	£1.14	4.7%
Communal M&E Maintenance	£1.39	£0.06	£1.45	4.7%
Ground Maintenance	£2.05	£0.21	£2.26	10%
Responsive Housing Patrol	£0.70	£0.05	£0.75	7%
	£19.28	£1.24	£20.52	

- 3.16. Some tenants pay for the enhanced CCTV service (as agreed at January 2019 Cabinet) once the new cameras are installed. The charge is £1.12 per week (on top of the CCTV maintenance charge) for 7 years.

Charges for Supported Housing

- 3.17. To ensure that the Council's hostels remain self-financing and remain affordable for residents, considering 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 CPI + 1%= 7.7%. This would raise an additional £0.14m 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	2023/24	2024/25	Increase 7.7%
Cleaning	£57.03	£61.42	£4.39
Cleaning self-contained	£36.25	£39.04	£2.79
Concierge (where applicable)	£90.22	£97.17	£6.95
Amenity Charge Single	£17.28	£18.61	£1.33
Amenity Charge Couple	£29.65	£31.93	£2.28
Amenity Charge Communal	£4.54	£4.89	£0.35
Sheltered Housing Enhanced Management Charge	£50.76	£54.67	£3.91

Garage rents

- 3.18. It is proposed that garage rents are increased by £2/week from 2024/25. An increase of £2/week would mean garages cost £16/week instead of the current £14/week for tenants. This will continue to ensure that the charges meet the costs of running these assets.

Heating Pool

- 3.19. The heating pool is a ring-fenced self-financing account within the HRA. About half of Camden's tenanted properties and just over 40% of 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. This has been a successful strategy for many years, but in times of significant gas price increases driven by factors such as geopolitical uncertainty and war in Ukraine, it affects the price Camden has to pay, which in turn needs to be recovered from tenants and leaseholders.
- 3.20. For 2023/24, had the full price rises been passed onto residents to keep the heating pool reserve in balance, tenants on heating scales would have faced an increase of 175%. In January 2023, Cabinet recognised the significant

impact this would have had on tenants and their ability to pay. As such, Cabinet decided to limit the increase to residents to 125% - by applying £3.5m of temporary credits to accounts mitigating the expected high impact to HRA reserve. It was also agreed that the heating pool deficit (created by heating charges being less than actual costs to the HRA of gas and electricity during 2022/23) would be carried forward and recovered in later years.

- 3.21. Current supply gas prices (Oct 23 – Sep 24) are showing a decrease of 21.5% (or 16.5% including EBRS (Energy Bill Relief Scheme) and EBDS (Energy Bill Discount Scheme) discounts), but electricity prices continue to increase between 8 to 9% higher than previous contract period. The Council continues to benefit from purchasing energy at wholesale prices in advance - the Council has purchased all energy required up to September 2024 and this price is fixed. However, the Council still needs to purchase energy from October 2024 to September 2025 (six months of which falls within the 2024/25 financial year) and is therefore exposed to the ongoing price volatility for that period.
- 3.22. It is therefore recommended to freeze heating charges to tenants at the same level being paid in 2023/24 (i.e. net of credits but the charges will reset at this lower level) as shown in Appendix B. As an illustration, a tenant on scale A1 in a two bedroom home on the highest heating charge level (for heating, hot water and cooking gas) would continue to pay £44.35 per week from April 2024. This is necessary to recover the deficit incurred in previous years to the HRA reserve and to avoid a negative heating pool reserve. 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 B).

Savings

- 3.23. In developing our financial strategy and our response to the financial challenge, careful consideration has also been given to our current areas and levels of investment. Aligned with our wider approach to financial planning, we have sought to develop a budget that focuses on outcomes and identifies opportunities for change and transformation that will improve delivery and identify inefficiencies. We are continuing to think about how we can use our limited resources, aligned with We Make Camden and The Way We Work, as a stimulant to long term change in the direction we believe we need to move to deliver housing services in a complex and volatile environment, whilst maintaining our values and our ambitions.
- 3.24. Our approach to this budget is anchored in our wider housing transformation effort, including:
- creating value for our tenants - identifying ways in which we can ensure that services are as effective and efficient as possible while delivering the best support for tenants and communities when they need it

- ensuring we are ready for the future –transforming the way we work and with our tenants and partners to be the most effective public sector authority to deliver on our ambitions

3.25. Our priorities for strategic investment as part of this financial strategy are:

- creating high quality housing support - creating a human centred service which gets the basics right, is streamlined, and works alongside tenants in a participative way
- designing our services for a digital future – designing our services and our Council to be accessible, equitable and effective for our tenants,
- improving our front door - improving the accessibility of our housing services by making the most of our front doors and our contact channels including making digital contact easier alongside investing in face-to face and advice
- the future of work and our workforce – ensuring we recruit, retain and support the best workforce to meet our ambitions and we continue as a progressive and just employer looking to provide the best working conditions for staff
- supporting a just transition and tackling the climate emergency – Using our Climate Action Plan as a base, moving faster with bold initiatives that focus on improving the lives of our tenants, including retrofitting, and
- supporting effective neighbourhoods - continuing to improve our services as a landlord, while shaping places to be healthy, sustainable and creative. Bringing services across the Council together at a hyper-local level, starting with adult social care and local neighbourhood based regeneration teams.

3.26. In line with the above approach, Cabinet agreed a savings programme of £7.5m across the three years to 2025/26 in January 2023 of which £3.10m of new savings will be delivered in 2024/25. The programme consists of:

- **Purchase Programme for Family Friendly Housing:** an approach to funding and delivering a purchase programme for family friendly housing to directly address 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. It also involves a business case analysis of freehold only properties and properties with one remaining tenanted unit.
- **Void performance improvement:** The aim is to reduce void turnaround time and overall level of voids of HRA dwelling stock through reviewing the current process, improving data management and creating a performance management structure.
- **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. There has been a reduction of 3 housing heads of service as part of the top tier review during 2023/24.

- **Efficiency in Repairs/ property management:** as part of our continuing work to improve our housing repairs service including through digital transformation this proposal will provide savings by prioritising repairs work more effectively, by making better use of staff resource through work planning and using data and insight to target resources.
- **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. The proposal is to delay the decoration of communal areas to meet other higher priority demands within the Repairs Service Area.
- **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:** Prior to 2023/24, rental charges for garages had not increased since 2016/17 meaning they are now no longer aligned with other local authority charges and the cost of providing services. Increasing by £2.00 each year for three years will bring rental charges in line with comparable charges across London as identified in a recent benchmarking exercise. The proposal is therefore to increase rents on garages by £2.00 each year for three years. See 3.18 for details of the impact in 2024/25.
- **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. It also involves an increase in the number of surveyors in the commercial property team to enable us tackle outstanding lease events to achieve increased income.
- **Refinancing Council debt:** The Council has four separate Public Works Loan Board loans that will be reaching maturity between October 2022 and July 2026. The loans which total £48.5m in value were originally entered into in the 1990s at an average rate of 6% costing over £3m a year in interest costs. The proposal is to allow:
 - The loans to run to maturity and repay the principal using existing cash balances; or
 - Refinance the borrowing from the PWLB in advance, locking in low rates now but incurring a cost of carry until maturity; or
 - Refinance on a forward funding basis to lock in rates now and draw down funding in four tranches

The savings from these projects are set out in Table 6 below. Further details can be found at in [Appendix A](#) of Review of the Camden Medium Term Financial Strategy (CS/2023/20), a report to the Council's Cabinet in January 2023.

Table 6: Existing MTFs Savings programme

	23/24 £m	24/25 £m	25/26 £m
Savings proposals	Additional savings each year		
Rental income from reletting properties in the commercial properties portfolio	0.05	0.05	0.05
Garage Rents	0.13	0.13	0.13
Reviewing Our Services to Leaseholders	0.00	0.35	0.35
Rent Collection - Bad Debt Provision	0.25	0.50	0.25
Top Tier Review	0.18	0.00	0.00
Voids Improvement	0.50	0.50	0.00
Housing Transformation	0.00	0.30	0.30
Efficiency in property management	0.10	0.10	0.00
Family Friendly Strategy	0.20	0.30	0.40
Repairs efficiency	0.30	0.00	0.00
Re-allocation of Spring Clean Budget 2023/24 and 2024/25	1.00	0.00	-1.00
Re-allocation of Chalcots funding from 2025/26 upon completion of Works	0.00	0.00	1.00
Refinancing Council Debt	0.22	0.87	0.00
Total savings proposed	2.93	3.10	1.48

3.27. However as mentioned above, the financial challenge has intensified and as such, we have had to develop further proposals as part of this year's budget setting process, guided by the approach outlined above. These are set out below and are included for Cabinet consideration and approval as part of balancing the budget in 2024/25.

- We have made a detailed assessment on our repairs work. There is a range of reactive, discretionary work that could be better delivered in a more efficient manner as part of a targeted capital programme, for example roof renewals. There is also discretionary work such as decorations, flooring or works to gardens which although very limited at present will be further controlled. Alongside this, greater support will also be provided to tenants to help them tackle some works themselves and will align with our wider Cost of Living support and sustainability measures. The estimated saving is £0.290m.
- We have considered our approach to roofing and drainage. Through the recruitment of additional inhouse roofing resources we will reduce the level of sub-contracted repairs and also through an in house jetter service, we will make better use of our resources. The estimated saving is £0.315m.
- We are reviewing our rental policy for existing tenants moving within our housing stock. In line with the majority of other London boroughs, it is proposed that relets will be charged at target rent for existing tenants.

The policy will have exclusions such as tenants downsizing and tenants moving on grounds of domestic abuse. This is estimated to generate further income of £0.24m.

- In line with our commitments to tackle the climate crisis, we will adopt a vehicle pool. This will enable us to eliminate unnecessary vehicle usage and allow a more efficient use of the vehicles we have. The estimated saving is £0.4m.
- We are undertaking a review of our HRA estate playground assets and it is evident that some assets have become part of our broader universal leisure and parks offer. As such, it is no longer appropriate to charge the associated maintenance costs to the HRA and therefore, this cost will need to be met within the general fund budget. The estimated saving is £0.2m. This will result in no changes to the playground offer.
- As set out in a report to Cabinet in September 2022, the Community Investment Programme continues to evolve its approach to ensure that it can continue to deliver much needed affordable housing in the borough. Such an approach includes the evolution of Camden Living and the use of the General Fund to support our wider housing development initiatives. The estimated saving to the HRA is £0.527m.
- We have reviewed our activity levels across our property voids and day-to-day repairs team. By ensuring that we have the appropriate levels of staffing to match the level of anticipated need, it is proposed to reduce current levels of agency staff. The estimated saving is £0.213m.
- We will review the level of decoration and renewals in our void properties. The estimated saving is £0.209m.
- We are reviewing a number of practices for the delivery of repairs, maintenance and housing management to reduce the annual cost of these services to the HRA. This is anticipated to make savings to the HRA of £1.056m and will include measures such as a change in approach for refuse containers - the HRA will own them and remove hire costs.
- Policy change for parking service to exempt Camden repair fleet from parking permits, in line with practice elsewhere in London. £0.45m estimated saving.

The proposed savings are summarised in Table 7 below.

Table 7: proposed savings

Savings description	2024/25 saving £m	Category
Programme reactive works & limit discretionary repairs	0.290	B
Changes to roofing and drainage resourcing	0.315	B
Relet at target rents for existing tenants (with exceptions)	0.240	B
Eliminate unnecessary vehicle usage	0.400	A
Review of playground charges	0.200	A
Review of charges for CIP resourcing	0.527	A
Reduction of agency staff in repairs	0.213	B
Review of decoration & renewals in void properties	0.209	B
Review of practices such as refuse containers	1.056	A
Policy change- parking exemption for Camden's repairs fleet	0.450	B
Total	3.900	

3.28. A summary of the decisions that are being requested are identified on the above table with the decision being sought categorised as A or B in line with the approach to previous MTFs proposals. Cabinet is recommended to review the savings proposals shown above and to agree one of the following types of decision:

A The proposal is suitable for immediate implementation (it doesn't require consultation or equalities consideration) and delegated authority should be given to the relevant Director(s) for immediate implementation.

B A decision in principle should be sought, with a delegation to the relevant Director(s) (in consultation with the relevant Cabinet Member) to: (i) decide whether and how to implement, and if appropriate thereafter to implement, each of the proposals identified, having had due regard to the Council's general equality duties, any other applicable legal duties and the results of any consultation undertaken in respect of the proposal. (ii) undertake any necessary consultation. (iii) make any necessary redundancies, including any proposals involving more than 20 redundancies.

3.29 This report, in terms of budget reductions and savings, seeks to make decisions now or delegate them to an officer. It therefore follows that the outcome of these decisions may lead to further amendments and/or changes to the proposals including that the proposal may not, as a result of this detailed further consideration, be put into effect.

3.30 With regard to equalities, officers have considered these in the round and it is not considered that the proposals will have an adverse impact. However, given the varied nature and time scales impacting the proposed decisions, this is only a preliminary consideration. For those decisions which are being asked to be taken now (Category A), and therefore the immediate implications arising from this report, there are no equalities impacts associated with those proposals. As can be seen for proposals Category B, further decision-making

is required during which equalities will be fully considered by the decision makers.

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

- 4.1. **Rent limits** - the Rent standard from 2025/26 onwards is currently unknown. The risk is that the government could set a standard lower than CPI + 1% which is assumed in Camden's business plan. Historically, there have been freezes or cuts to rental income from policy changes, leaving the HRA exposed to large funding gaps in the immediate or medium term. Camden seeks to mitigate this risk through its medium term financial strategy.
- 4.2. **Cost Inflation** has been rising for many years and was particularly volatile in the past year with spikes in the energy market but also inflation on building materials and the cost of labour due to supply and skill shortages. This affects the revenue budgets but also the cost of capital schemes which then increases the pressure on HRA interest budgets. Many contracts are index linked. Where cost inflation exceeds CPI there is a risk 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. The total impact of the costs in relation to the Building Safety Act and Social Housing (Regulation) Act have not been fully clarified yet. Where estimates are clear, the Council budget can add in the additional cost requirements to each year's new budget. If further requirements emerge, further discussions will be required on how to fund this activity and the extent to which these can be met from within existing resources.
- 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 high interest rates expected into 2024/25, there is a risk that the interest budget is insufficient to meet its capital plans over the medium term. There is a recommendation to add £2.9m interest budget to reflect this increase in interest rates, but it could be insufficient if rates continue to increase. The mitigation is to manage debt profiling and increase budget allocation over the medium term.
- 4.5. 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 has been contributing the minimum amount, equal to that year's depreciation charge, as set out in regulations governing the HRA. To help mitigate this risk, an additional £1m budget is being added towards the major repairs reserve MRR to fund better homes work.
- 4.6. The Council continues to have a high level of arrears. There are a number of factors which have exacerbated the arrears including covid impact on residents

income, cost of living crisis impact on affordability to residents, rising numbers of residents claiming Universal Credit rather than Housing Benefit. 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 – there is a dedicated team focusing on this important task.

- 4.7. 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.
- 4.8. The medium-term outlook for the HRA remains 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 D).
- 5.2. An Equality Impact Assessment has been carried out (Appendix C) 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 72% 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. 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 to payments in respect of services by the landlord in accordance with a provision in the lease or agreement creating the tenancy. The Council must serve a notice of variation on each tenant at least four weeks before the date on which the rent change takes effect.
- 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. The

EIA at Appendix C analyses the equalities impact of the individual proposals and should be considered by Members.

- 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 annual budget and rent-setting decisions are among the most important of those which local authority social landlords are called upon to make during the course of the year. They affect every tenant and the manner in which decisions must be made, is closely prescribed by law as set out in the legal comments.
- 7.2. In addition, the Local Government Act 2003 places a specific personal duty on the Executive Director Corporate Services in his capacity as the Council's section 151 officer to report on the robustness of the estimates and the adequacy of reserves. A fuller statement on the adequacy of reserves and the council's broader financial position will be provided to Cabinet in February and then to Council in March as part of the revenue estimates and council setting report.
- 7.3. That said, it is felt that an initial reflection is warranted given the importance of this decision.
- 7.4. The budget proposals set out in this report show the position in relation to the development of the 2024/25 HRA budget including the effect of savings proposals agreed as part of our medium term financial strategy by Cabinet in January 2023 and others which have been formulated during the budget setting process in response to the intensification of the challenge we face.
- 7.5. The report sets out the challenging environment in which we are operating – the HRA budget is under extreme financial pressure from a triple threat of high inflation, rising interest rates and the impact of an increasingly prescriptive regulatory burden. This is against a backdrop where, for some time, funding for social housing has been severely constrained by government policy, resulting in real terms reductions in the level of resources available – whether that is as a result of enforced rent reductions or capped rental increases.
- 7.6. This prolonged period of government-led resource constraint has meant that for some time, our income has failed to match the level of need and investment required to maintain our housing stock. This has led to a reduction in our reserves and weakened our financial resilience. While our reserve

levels comply with our reserves policy, they are considered low in the context of our heightened risk environment and so, do require bolstering.

- 7.7. We are not alone across local government and this is a challenge faced by many large stock owning councils. However in the absence of government support, the scale of the financial challenge cannot be underestimated and we will need to continue to build upon our current medium term financial strategy to ensure we are able to live within our financial means.

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”. The Council continues to support residents in all homes to improve energy efficiency tackling the impacts of climate change. Camden has a home energy advice team who provide free energy advice telephone consultations and home visits to support low-income and vulnerable Camden tenants. Investment in housing via estate regeneration as well as better homes, energy efficiency and retrofit work are central to meeting this challenge.

9. TIMETABLE FOR IMPLEMENTATION

- 9.1. Any decisions made by Members regarding rents and service charges will be implemented from April 2024. 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 2024/25

Appendix B – Heating Pool Charges

Appendix C – Equality Impact Assessment

Appendix D – Views of the District Management Committees (to follow)

REPORT ENDS

Appendix A

DRAFT HRA BUDGET 2024/25

Expenditure:	2023/24 Latest Budget	2024/25 Proposed Budget	Change in budget
Repairs and Fire Safety	61,709	70,591	8,882
Housing Management Services	28,392	32,262	3,870
Commercial Properties	1,778	1,797	20
Housing Needs	1,321	1,375	54
Supported Accommodation	2,850	3,237	387
Estate Management	18,802	19,439	637
Power	35,474	29,192	(6,283)
Rent and Rates	5,141	5,170	30
Tenant Mgmt Organisations	1,843	1,881	38
Debt/Capital Outlay/Contingency	68,783	70,406	1,623
Bad Debts Provision	2,694	2,248	(446)
Corporate & Democratic Core	4,470	4,617	146
Total Expenditure	233,257	242,215	8,958
Income:			
Dwelling Rents	(149,091)	(160,460)	(11,369)
Shops, Garages, Sheds and Parking	(13,515)	(13,509)	6
Charges for Services	(69,651)	(67,246)	2,405
HRA Investment Income	(1,000)	(1,000)	-
Total Income	(233,257)	(242,215)	(8,958)
Total	0	(0)	(0)

Appendix B- Heating Pool

Financial summary

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

	2022/23	2023/24	2024/25
	Actual	Forecast	Estimate
	£'000	£'000	£'000
HEATING POOL			
Increase (Decrease) in charges on prior year (net of credits)	15.0%	125.0%	0%
Fuel Costs	17,440	22,772	20,729
Bad Debt Costs	518	1,093	1,093
Maintenance & Infrastructure Costs	632	689	778
TOTAL EXPENDITURE	18,590	24,553	22,600
TOTAL INCOME	(12,562)	(26,439)	(23,421)
(Surplus)/Deficit for Year	6,027	(1,886)	(822)

Movement in Reserves

(Surplus) / Deficit Brought Forward	(3,858)	2,396	666
Surplus/Deficit in year	6,028	(1,886)	(822)
Heat Compensation Loss of Service	65	100	100
Heat Refunds	162	56	56
Reserves Carried Forward	2,396	666	0

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	5
Ingestre Road Estate	0
Abbey Estate(Excl Mary Green & Newton House)	8
Gresse St (25, 1-92)	8
Whitton(1-75)	0
Kingsland (1-72)	8
Heybridge 1-35/Widford 1-32 & Roxwell (1-4)	0
Hardington (1-64) & Belmont St (94-102)	8
Webheath 1-55 & 197-207	0
Highgate Rd Estate (Haddo Hse, Ravenswood, Wheatley & Clanfield)	0
Rowstock (1-48)	7
Pooled Gas Sites	6

Bulk Gas Scales 2024/25

Scale	Address	Type	Supply	No of Bedrooms						
				0	1	2	3	4	5	6
X1	College Place Estate 1 & 2 -BH	Bulk Gas site, individual boiler	H & HW & C	12.47	16.32	22.93	26.03	30.36	36.25	39.96
Y1	College Place Estate 1 & 2 -BH	Bulk Gas site, individual boiler	H & HW	11.12	14.97	21.11	23.96	28.11	33.33	36.83
X2	Ingestre Road Est -BH	Bulk Gas site, individual boiler	H & HW & C	16.21	21.32	29.96	34.04	39.70	47.32	52.16
Y2	Ingestre Road Est -BH	Bulk Gas site, individual boiler	H & HW	14.45	19.51	27.50	31.27	36.70	43.47	47.99
X3	Abbey Estate 1 (excl Mary Green & Newton Hse)	Bulk Gas site, individual boiler	H & HW & C	14.88	19.53	27.42	31.21	36.36	43.46	47.80
Y3	Abbey Estate 1 (excl Mary Green & Newton Hse)	Bulk Gas site, individual boiler	H & HW	13.28	17.93	25.24	28.73	33.64	39.37	44.06
X4	Gresse St 25 (1-92)-BH	Bulk Gas site, individual boiler	H & HW & C	12.52	16.41	23.04	26.24	30.58	36.50	40.19
Y4	Gresse St 25 (1-92)-BH	Bulk Gas site, individual boiler	H & HW	11.17	15.08	21.22	24.15	28.31	33.60	37.06
X5	Whitton(1-75)-BH	Bulk Gas site, individual boiler	H & HW & C	11.60	15.22	21.43	24.33	28.35	33.86	37.29
Y5	Whitton(1-75)-BH	Bulk Gas site, individual boiler	H & HW	10.36	13.98	19.72	22.39	26.26	31.10	34.34
X6	Kingsland (1-72)-BH	Bulk Gas site, individual boiler	H & HW & C	16.43	21.58	30.32	34.50	40.18	47.95	52.84
Y6	Kingsland (1-72)-BH	Bulk Gas site, individual boiler	H & HW	14.65	19.80	27.91	31.75	37.21	44.10	48.72
X7	Heybridge 1-35/Widford 1-32/ Roxwell 1-4-BH	Bulk Gas site, individual boiler	H & HW & C	15.77	20.68	29.05	33.03	38.57	45.99	50.65
Y7	Heybridge 1-35/Widford 1-32/ Roxwell 1-4-BH	Bulk Gas site, individual boiler	H & HW	14.06	18.97	26.73	30.40	35.57	42.30	46.69
X8	Hardington (1-64) & Belmont Street (94-102)-BH	Bulk Gas site, individual boiler	H & HW & C	15.88	20.84	29.30	33.30	38.81	46.33	51.03

Scale	Address	Type	Supply	No of Bedrooms						
				0	1	2	3	4	5	6
Y8	Hardington (1-64) & Belmont Street (94-102)-BH	Bulk Gas site, individual boiler	H & HW	14.17	19.15	26.96	30.65	35.94	42.64	47.07
X9	Webheath 1-55 & 197-207-BH	Bulk Gas site, individual boiler	H, HW & C	16.99	22.32	31.33	35.67	41.59	49.61	54.63
Y9	Webheath 1-55 & 197-207-BH	Bulk Gas site, individual boiler	H & HW	15.17	20.45	28.85	32.81	38.48	45.65	50.35
X10	Highgate Rd Est-BH (Haddo Hse, Ravenswood, Wheatley, Clanfield)	Bulk Gas site, individual boiler	H, HW & C	15.69	20.62	28.94	32.92	38.39	45.83	50.45
Y10	Highgate Rd Est-BH (Haddo Hse, Ravenswood, Wheatley, Clanfield)	Bulk Gas site, individual boiler	H & HW	14.04	18.95	26.69	30.36	35.62	42.22	46.62
X11	Mansfield Road (17-79)-BH	Bulk Gas site, individual boiler	H, HW & C	23.16	30.36	42.73	48.60	56.63	67.59	74.44
Y11	Mansfield Road (17-79)-BH	Bulk Gas site, individual boiler	H & HW	20.66	27.88	39.29	44.71	52.40	62.17	68.56
X12	Rowstock (1-48)-BH	Bulk Gas site, individual boiler	H, HW & C	14.40	18.95	26.62	30.27	35.28	42.13	46.35
Y12	Rowstock (1-48)-BH	Bulk Gas site, individual boiler	H & HW	12.85	17.40	24.50	27.86	32.67	38.75	42.73
X50	Pooled Gas Sites	Bulk Gas site, individual boiler	H, HW & C	17.78	23.29	32.69	37.24	43.45	51.80	57.05
Y50	Pooled Gas Sites	Bulk Gas site, individual boiler	H & HW	15.87	21.40	30.18	34.31	40.23	47.68	52.63

*** Supply Key**

C Cooking
H Heating
HW Hot Water

HEATING POOL CHARGES (Uncapped) 2024/2025 (£/Week)

Scale	Type	Season	Hours	Supply	No of Bedrooms						
					0	1	2	3	4	5	6
A1	Full Heating	52 Weeks	24 Hours	H & HW & C	24.08	31.60	44.35	50.48	58.87	70.23	77.33
A2	Full Heating	52 Weeks	24 Hours	H & HW	21.49	29.01	40.84	46.45	54.50	64.60	71.30
A3	Full Heating	52 Weeks	24 Hours	H & C	19.13	24.17	33.08	35.49	40.24	44.13	47.36
A4	Full Heating	52 Weeks	24 Hours	H	16.54	21.58	29.57	31.46	35.87	38.50	41.33
B1	Full Heating	52 Weeks	Night Setback	H & HW & C	23.38	30.70	43.11	49.15	57.34	68.61	75.60
B2	Full Heating	52 Weeks	Night Setback	H & HW	20.79	28.11	39.60	45.12	52.97	62.98	69.57
B3	Full Heating	52 Weeks	Night Setback	H & C	18.43	23.27	31.84	34.16	38.71	42.51	45.63
B4	Full Heating	52 Weeks	Night Setback	H	15.84	20.68	28.33	30.13	34.34	36.88	39.60
C1	Full Heating	52 Weeks	Night Shutdown	H & HW & C	21.11	27.73	39.04	44.83	52.39	63.30	69.86
C2	Full Heating	52 Weeks	Night Shutdown	H & HW	18.52	25.14	35.53	40.80	48.02	57.67	63.83
C3	Full Heating	52 Weeks	Night Shutdown	H & C	16.16	20.30	27.77	29.84	33.76	37.20	39.89
C4	Full Heating	52 Weeks	Night Shutdown	H	13.57	17.71	24.26	25.81	29.39	31.57	33.86
D1	Partial Heating	52 Weeks	24 Hours	H & HW & C	25.25	27.73	39.04	43.28	47.26	55.99	60.26
D2	Partial Heating	52 Weeks	24 Hours	H & HW	22.66	25.14	35.53	39.25	42.89	50.36	54.23
D3	Partial Heating	52 Weeks	24 Hours	H & C	20.30	20.30	27.77	28.29	28.63	29.89	30.29
D4	Partial Heating	52 Weeks	24 Hours	H	17.71	17.71	24.26	24.26	24.26	24.26	24.26

HEATING POOL CHARGES (Uncapped) 2024/2025 (£/Week)					No of Bedrooms						
Scale	Type	Season	Hours	Supply	0	1	2	3	4	5	6
E1	Partial Heating	52 Weeks	Night Setback	H & HW & C	23.58	26.06	36.74	40.98	44.96	53.69	57.96
E2	Partial Heating	52 Weeks	Night Setback	H & HW	20.99	23.47	33.23	36.95	40.59	48.06	51.93
E3	Partial Heating	52 Weeks	Night Setback	H & C	18.63	18.63	25.47	25.99	26.33	27.59	27.99
E4	Partial Heating	52 Weeks	Night Setback	H	16.04	16.04	21.96	21.96	21.96	21.96	21.96
F1	Partial Heating	52 Weeks	Night Shutdown	H & HW & C	20.46	22.94	32.44	36.68	40.66	49.39	53.66
F2	Partial Heating	52 Weeks	Night Shutdown	H & HW	17.87	20.35	28.93	32.65	36.29	43.76	47.63
F3	Partial Heating	52 Weeks	Night Shutdown	H & C	15.51	15.51	21.17	21.69	22.03	23.29	23.69
F4	Partial Heating	52 Weeks	Night Shutdown	H	12.92	12.92	17.66	17.66	17.66	17.66	17.66
G1	Background Heating	52 Weeks	24 Hours	H & HW & C	24.24	28.99	40.79	46.65	54.52	65.57	72.34
G2	Background Heating	52 Weeks	24 Hours	H & HW	21.65	26.40	37.28	42.62	50.15	59.94	66.31
G3	Background Heating	52 Weeks	24 Hours	H & C	19.29	21.56	29.52	31.66	35.89	39.47	42.37
G4	Background Heating	52 Weeks	24 Hours	H	16.70	18.97	26.01	27.63	31.52	33.84	36.34
H1	Background Heating	52 Weeks	Night Setback	H & HW & C	23.58	28.25	39.73	45.57	53.24	64.20	70.85
H2	Background Heating	52 Weeks	Night Setback	H & HW	20.99	25.66	36.22	41.54	48.87	58.57	64.82
H3	Background Heating	52 Weeks	Night Setback	H & C	18.63	20.82	28.46	30.58	34.61	38.10	40.88

HEATING POOL CHARGES (Uncapped) 2024/2025 (£/Week)

					No of Bedrooms						
					0	1	2	3	4	5	6
Scale	Type	Season	Hours	Supply							
H4	Background Heating	52 Weeks	Night Setback	H	16.04	18.23	24.95	26.55	30.24	32.47	34.85
J1	Background Heating	52 Weeks	Night Shutdown	H & HW & C	20.48	24.71	34.94	40.44	47.44	57.97	64.17
J2	Background Heating	52 Weeks	Night Shutdown	H & HW	17.89	22.12	31.43	36.41	43.07	52.34	58.14
J3	Background Heating	52 Weeks	Night Shutdown	H & C	15.53	17.28	23.67	25.45	28.81	31.87	34.20
J4	Background Heating	52 Weeks	Night Shutdown	H	12.94	14.69	20.16	21.42	24.44	26.24	28.17
K1	Full Heating	Heating Season	24 Hours	H & HW & C	23.40	30.74	43.18	49.22	57.45	68.68	75.69
K2	Full Heating	Heating Season	24 Hours	H & HW	20.81	28.15	39.67	45.19	53.08	63.05	69.66
K3	Full Heating	Heating Season	24 Hours	H & C	18.45	23.31	31.91	34.23	38.82	42.58	45.72
K4	Full Heating	Heating Season	24 Hours	H	15.86	20.72	28.40	30.20	34.45	36.95	39.69
L1	Full Heating	Heating Season	Night Setback	H & HW & C	22.21	29.17	41.02	46.92	54.77	65.86	72.68
L2	Full Heating	Heating Season	Night Setback	H & HW	19.62	26.58	37.51	42.89	50.40	60.23	66.65
L3	Full Heating	Heating Season	Night Setback	H & C	17.26	21.74	29.75	31.93	36.14	39.76	42.71
L4	Full Heating	Heating Season	Night Setback	H	14.67	19.15	26.24	27.90	31.77	34.13	36.68

HEATING POOL CHARGES (Uncapped) 2024/2025 (£/Week)

HEATING POOL CHARGES (Uncapped) 2024/2025 (£/Week)					No of Bedrooms						
Scale	Type	Season	Hours	Supply	0	1	2	3	4	5	6
M1	Full Heating	Heating Season	Night Shutdown	H & HW & C	21.11	27.73	39.04	44.83	52.39	63.30	69.86
M2	Full Heating	Heating Season	Night Shutdown	H & HW	18.52	25.14	35.53	40.80	48.02	57.67	63.83
M3	Full Heating	Heating Season	Night Shutdown	H & C	16.16	20.30	27.77	29.84	33.76	37.20	39.89
M4	Full Heating	Heating Season	Night Shutdown	H	13.57	17.71	24.26	25.81	29.39	31.57	33.86
N1	Partial Heating	Heating Season	24 Hours	H & HW & C	22.91	25.39	35.84	40.08	44.06	52.79	57.06
N2	Partial Heating	Heating Season	24 Hours	H & HW	20.32	22.80	32.33	36.05	39.69	47.16	51.03
N3	Partial Heating	Heating Season	24 Hours	H & C	17.96	17.96	24.57	25.09	25.43	26.69	27.09
N4	Partial Heating	Heating Season	24 Hours	H	15.37	15.37	21.06	21.06	21.06	21.06	21.06
P1	Partial Heating	Heating Season	Night Setback	H & HW & C	22.30	24.78	34.99	39.23	43.21	51.94	56.21
P2	Partial Heating	Heating Season	Night Setback	H & HW	19.71	22.19	31.48	35.20	38.84	46.31	50.18
P3	Partial Heating	Heating Season	Night Setback	H & C	17.35	17.35	23.72	24.24	24.58	25.84	26.24
P4	Partial Heating	Heating Season	Night Setback	H	14.76	14.76	20.21	20.21	20.21	20.21	20.21
Q1	Partial Heating	Heating Season	24 Hours	H & HW & C	16.83	19.31	27.49	31.73	35.71	44.44	48.71
Q2	Partial Heating	Heating Season	24 Hours	H & HW	14.24	16.72	23.98	27.70	31.34	38.81	42.69
Q3	Partial Heating	Heating Season	24 Hours	H & C	11.88	11.88	16.22	16.74	17.08	18.34	18.74

HEATING POOL CHARGES (Uncapped) 2024/2025 (£/Week)

					No of Bedrooms						
					0	1	2	3	4	5	6
Scale	Type	Season	Hours	Supply							
Q4	Partial Heating	Heating Season	24 Hours	H	9.30	9.30	12.71	12.71	12.71	12.71	12.71
R1	Partial Heating	Heating Season	Night Shutdown	H & HW & C	21.56	24.04	34.00	38.24	42.22	50.95	55.22
R2	Partial Heating	Heating Season	Night Shutdown	H & HW	18.97	21.45	30.49	34.21	37.85	45.32	49.19
R3	Partial Heating	Heating Season	Night Shutdown	H & C	16.61	16.61	22.73	23.25	23.59	24.85	25.25
R4	Partial Heating	Heating Season	Night Shutdown	H	14.02	14.02	19.22	19.22	19.22	19.22	19.22
S1	Background Heating	Heating Season	24 Hours	H & HW & C	23.07	27.66	38.97	44.74	52.32	63.19	69.80
S2	Background Heating	Heating Season	24 Hours	H & HW	20.48	25.07	35.46	40.71	47.95	57.56	63.77
S3	Background Heating	Heating Season	24 Hours	H & C	18.12	20.23	27.70	29.75	33.69	37.09	39.83
S4	Background Heating	Heating Season	24 Hours	H	15.53	17.64	24.19	25.72	29.32	31.46	33.80
T1	Background Heating	Heating Season	Night Setback	H & HW & C	22.37	26.87	37.87	43.61	50.99	61.79	68.29
T2	Background Heating	Heating Season	Night Setback	H & HW	19.78	24.28	34.36	39.58	46.62	56.16	62.26
T3	Background Heating	Heating Season	Night Setback	H & C	17.42	19.44	26.60	28.62	32.36	35.69	38.32
T4	Background Heating	Heating Season	Night Setback	H	14.83	16.86	23.09	24.60	27.99	30.06	32.29
U1	Background Heating	Heating Season	Night Shutdown	H & HW & C	19.74	23.86	33.73	39.18	45.97	56.41	62.46
U2	Background Heating	Heating Season	Night Shutdown	H & HW	17.15	21.27	30.22	35.15	41.61	50.79	56.43

HEATING POOL CHARGES (Uncapped) 2024/2025 (£/Week)					No of Bedrooms						
Scale	Type	Season	Hours	Supply	0	1	2	3	4	5	6
U3	Background Heating	Heating Season	Night Shutdown	H & C	14.79	16.43	22.46	24.19	27.34	30.31	32.49
U4	Background Heating	Heating Season	Night Shutdown	H	12.20	13.84	18.95	20.16	22.97	24.68	26.46
W	Hot Water Only				11.00	11.36	13.25	14.99	18.32	23.74	26.46
Z	Warm Air Units				0.00	0.00	0.00	0.00	0.00	0.00	0.00
Z1	Background Heating	52 Weeks	24 Hours	H	15.03	17.08	23.40	24.89	28.35	30.47	32.72
Z2	Background Heating	Heating Season	Night Setback	H & HW	18.16	24.67	34.90	40.12	47.25	56.81	62.96
Z3	Partial Heating	Heating Season	24 Hours	H	13.82	13.82	18.95	18.95	18.95	18.95	18.95
Z4	Partial Heating	Heating Season	Night Setback	H	13.28	13.28	18.18	18.18	18.18	18.18	18.18
Z5	Partial Heating	Heating Season	Night Shutdown	H	12.62	12.62	17.30	17.30	17.30	17.30	17.30
Z6	Background Heating	Heating Season	24 Hours	H	13.97	15.86	21.76	23.15	26.39	28.33	30.42
Z7	Background Heating	Heating Season	Night Shutdown	H & HW	15.89	19.87	28.33	33.13	39.31	48.31	53.80
Z8	Partial Heating	Heating Season	24 Hours	H	14.29	18.65	25.54	27.20	30.98	33.28	35.71

*** Supply Key**

C Cooking
H Heating
HW Hot Water

