



## London Borough of Enfield

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<b>Report Title</b>	HRA Budget and Rent Setting and Business Plan Annual Review Report 2025-26
<b>Report to</b>	Council
<b>Date of Meeting</b>	27 <sup>th</sup> February 2025
<b>Cabinet Member</b>	Cllr Ayten Guzel (Housing)
<b>Executive Director / Director</b>	Jo Moore, Executive Director – Resources and Joanne Drew, Strategic Director of Housing & Regeneration
<b>Report Author</b>	Claire Eldred - Head of Finance HRA
<b>Ward(s) affected</b>	All
<b>Key Decision Number</b>	KD5771
<b>Classification</b>	Part 1 Public

### Purpose of Report

1. This report sets out the proposed HRA 30-Year Business Plan, the detailed HRA Revenue Budget for 2025/26 and the ten-year Capital Programme for investment in current stock and development and regeneration. In this context the annual rent increase for Council tenants and service charges for tenants and leaseholders is proposed.
2. Each year we review the Business Plan assumptions for the Housing Revenue Account (HRA) in the light of the external environment (for example interest and grant rates), the progress of our strategy for Council Housing and the forward plan for the period.

## Recommendations

That Council:

- I. Approves The detailed HRA Revenue Budget of £84.6m for 2025/26 as shown in paragraph 56;
- II. Approves the 10-year HRA Capital Development Programme of £576.7m to deliver c. 1,500 new homes and hurdle rates to assess viability for schemes as set out from paragraph 67;
- III. Approves the next five years RTB programme expenditure of £62.1m as set out from paragraph 86;
- IV. Approves the updated HRA debt profile and borrowing requirements (including appropriation) of £228.9m over the next 10 years as set out from paragraph 76;
- V. Approves the revised 10-year HRA Investment in Stock Programme of £264.2m for existing council homes as set out from paragraph 61;
- VI. Approves additional capital budget for the purchase of fleet vehicles for the repairs and caretakers service at a one-off cost of £2.53m;
- VII. Approves a rent increase of 2.7% in line with Government guidelines noting the social, affordable and shared ownership rent levels for the HRA properties in 2025/26.
- VIII. Recognising the significant investment made in existing homes, approves to increase the formula rents on re-let properties by 5%, as part of the rent flexibility included within the Governments Rent Standard;
- IX. Approves the level of service charges for 2025/26 for those tenants and leaseholders receiving eligible services at an average increase of £0.33p per week. These include proposals for new service charge for the enhanced concierge security service and estate enhancement team, these will be implemented from April 2025 subject to resident consultation, as set out from paragraph 37.
- X. Approves the charges for garages, parking bay and community halls rents as set out from paragraph 49;
- XI. Approves a Disposal strategy for the sale of void one bed or studio flats.

Council to note that:

- XII. The heating charges for 2025/26 for those properties on communal heating systems (both electric and gas) as set out in paragraph 43;43
- XIII. The reduction in the Joyce and Snells budget envelope, to reflect the inclusion of phases 0-4 only.

## **Background and Options**

3. This report is presented to Council on annual basis for the following reasons:
  - To ensure that a balanced 30-Year HRA Business Plan is approved by Council;
  - To ensure that the HRA Budget is set by the Council and that this budget does not put the HRA into deficit;
  - To review the financial and investment framework, along with the strategic approach and objectives of the service;
  - To set the affordable and social rent and service charge levels for HRA properties, in line with the Governments Social Housing Rent Policy. This decision must be taken early enough for the tenants to be advised of the change at least 4 weeks prior to the date of that change.

## **Executive Summary**

4. This report provides an update on the HRA 30-year business plan position and summarises the key changes since setting the budget in February 2024:
  - Update on the economic position
  - Financial framework update, including, financial metrics and assumptions
  - CPI update, including rent increase and updated rent standard
  - Revised 10-year capital programme to secure ongoing delivery of new homes and investment in existing homes
  - New service charges to improve communal standards and security on estates
  - Revenue budget update, including savings proposals
  - Updated borrowing profile, including interest rate update
  - Updated RTB receipts spending proposal
  - To ensure that a balanced and viable 30-Year HRA Business Plan is approved by Cabinet which meets the strategic priorities of the service

## **Relevance to the Council Plans and Strategies**

5. Develop affordable homes, ensure we set rents in line with the rent standard, improve existing housing stock to create a lifetime of opportunities in Enfield, providing Good Homes in well-connected Neighbourhoods, and Sustaining Strong and Healthy Communities.

## **Economic update**

6. Like all social housing providers whether they be housing associations or Councils, the HRA is facing significant challenges driven from the following main factors:
  - Inflationary pressures - applying to all costs (both revenue and capital)
  - Rent standard policy containing income below costs
  - Costlier and delayed development programme arising from higher construction cost inflation and building safety regulatory changes
  - Interest rates - impacting on the cost of borrowing
  - Changes in regulatory requirements in decent homes, fire safety and compliance – impacting on stock investment and new build developments
  - RTB regulatory changes - loss of rental income

7. These factors have had an impact on the HRA business plan's affordability to deliver the current plans.
8. The report sets out the plans to manage the impact of market pressures whilst ensuring the HRA Business Plan continues to be remain viable and sustainable.

### Financial Framework

9. The updated HRA Business Plan has been assessed within the approved financial framework. As part of this assessment, financial metrics to assess the financial viability and affordability levels of the HRA have been reviewed.

10. The Business Plan is assessed on the following metrics:

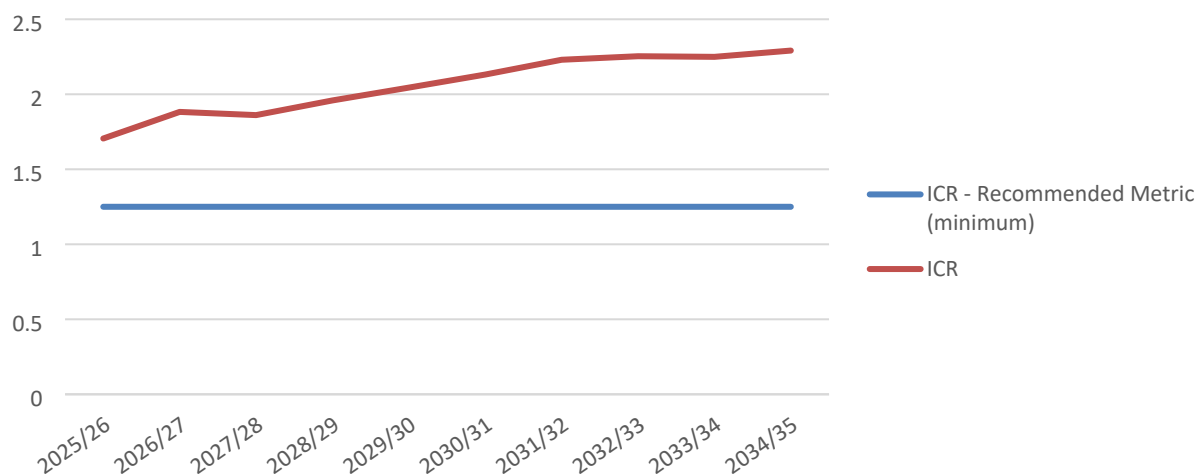
Metric/Ratio	Measure	Description
Interest Cover Ratio (ICR)	1.25 minimum	<ul style="list-style-type: none"> <li>• This ratio determines whether the net cost of services (surplus) covers the borrowing interest expenses</li> <li>• Ratio of operating surplus divided by interest costs</li> </ul>
Loan to Value (LTV)	50% maximum	<ul style="list-style-type: none"> <li>• This ratio measures the level of debt compared to the asset value of our stock</li> <li>• Outstanding debt divided by fixed asset value</li> </ul>

11. These metrics are based on successful operation of similar minimum/maximum metrics in the housing association sector. They represent a sound and effective way of managing borrowing and investment capacity.

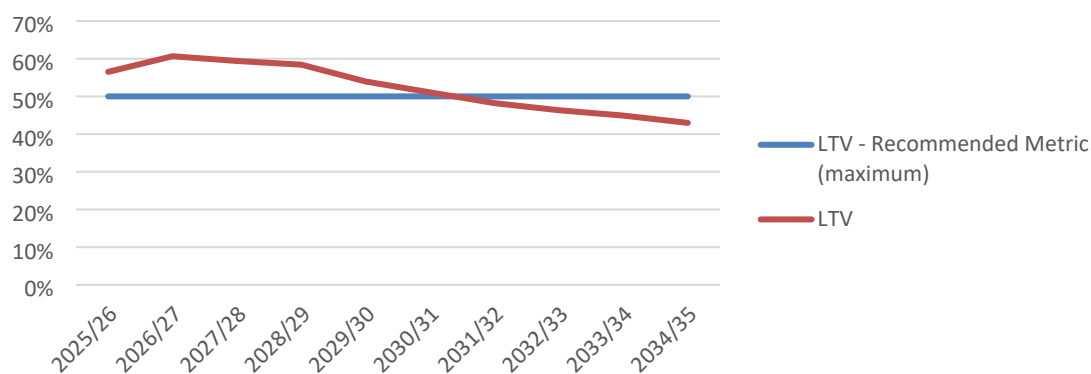
12. However, in the current climate housing providers are projecting a reduction in the ICR ratio in the short term. Reductions in interest cover are particularly driven by widespread forecast increases in spending on maintenance and major repairs. This reflects stock quality improvements – particularly energy efficiency and decarbonisation as safety and decent homes will always be the priority.

13. In addition, increases in the LTV ratio have been identified in the sector from low stock valuations and debt requirements. The financial metrics on the updated Business Plan are shown in the graphs below:

**Graph 1 – Interest Cover Ratio**

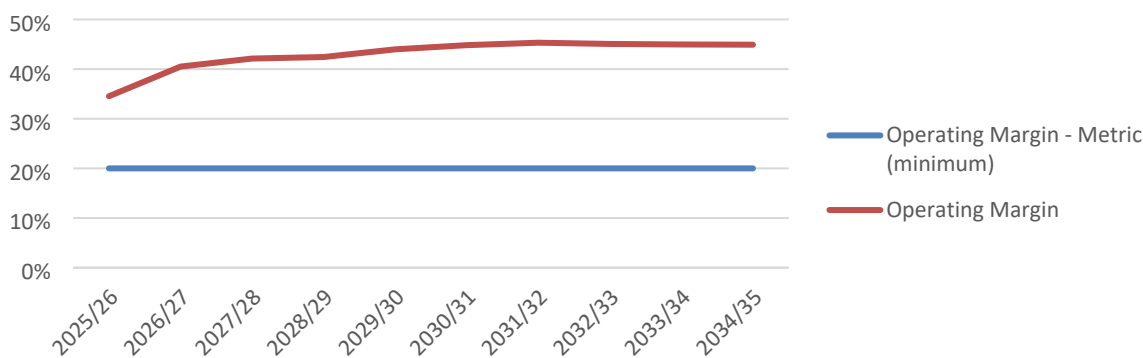


**Graph 2 – Loan to Value ratio**



14. The review of the business plan has been measured against these metrics and shows in 2025-26 the ICR is 1.71 and the LTV is 57%.
15. The ICR is above the recommended metric showing that the net cost of the housing service can service the debt required to deliver the development programme. It should be noted that remaining above the recommended level is dependent on the revenue budget achieving the proposed savings as set out in the revenue section of this report.
16. The Loan to Value metric measures total debt of the HRA when compared to the value of its assets. The metric exceeds the benchmark levels for the next six years due to borrowing for major redevelopment projects including Joyce & Snells. It is forecast that from 2031/32 the metric would fall back to within the recommended levels as developments complete, increasing the asset value. The interest cover ratio shows that, at current interest assumptions, this level of debt is affordable for the HRA. However, peaking at 60% loan to value brings an increased level of exposure to interest rate changes. To mitigate this, the Council will secure HRA debt fixed for a longer period of time to provide stability, although that may increase interest costs in the shorter term. In addition, the HRA will build its own capital financing reserve to mitigate this risk. It will also be essential to tightly manage the development programme so that homes are completed and tenanted as quickly as possible. This will ensure that the increased interest payments are covered from the rental income for the newly developed properties rather than falling to the rest of the HRA. Reducing the loan to value ratio to 50% in the longer term is important so that the HRA can sustain the level of debt. Close monitoring of capital commitments and Net Present Value of development up to 2031 will be required so that the LTV is kept to a minimum and HRA debt is affordable over the long term.
17. As well as funding metrics, we use the operating margin as an efficiency metric to allow us to compare to industry averages within the Local Authority and Housing Association sectors. The industry average is between 20-25%, and the following graph shows the Enfield's position against this average:

**Graph 3 – Operating Margin**



18. This shows that Enfield is above the recommended operating margin and grows positively, this is driven in part by the net addition in stock over the long-term serviced from the same operating cost base. This assumption will need to be kept under review and relies on progress being made on delivering improved, more efficient ways of working.
19. A minimum balance of 5% of the total revenue income (plus interest less depreciation) and 5% of the capital expenditure for the existing financial year, provides the Council with an 'assurance buffer' against unforeseen short-medium term variations to income and expenditure.
20. The current minimum balance is £8m per annum, with a target of £15m to allow an additional risk buffer due to the uncertainty of the economic climate and emergencies like decanting blocks, balances will not go below this level.

## Assumptions

21. The updated HRA Business Plan remains affordable and sustainable. This position is underpinned by the following assumptions:

Assumption	Current	Proposed
Rent Inflation (CPI)	6.7% +1% = 7.7%	1.7% +1% = 2.7%
Salaries pay award	2%	Estimated 2%
Efficiency savings per annum	£1m	£1m
Capital Expenditure – 10-year programme	£900m	£843.4m
Borrowing levels (10 years)	£654m	£595.6m
Borrowing Rate - reflects actual debt costs and Treasury Management Strategy	4.9% for 23-24, then 5%	5.3% for 24-25, then an average of 4.65%
Repayment of debt	Guidance states local authorities may judge that depreciation and Major Repairs Reserve is prudent provision for debt repayment.	Guidance states local authorities may judge that depreciation and Major Repairs Reserve is prudent provision for debt repayment. HRA will also build a capital financing reserve.
Interest rate on balances - estimated 7 Day London Inter Bank Bid (LIBID) rate	4.9% for 23-24, then 5%	5.3% for 24-25, then an average of 4.65%
Income from disposals	£1m	£2m
Build cost per unit	New build £400k (AHP) Regeneration £450k New build £400k post AHP	New build £400k (AHP) Regeneration £450k New build £400k post AHP

Assumption	Current	Proposed
Net Present Value (NPV) assessment criteria	Positive NPV-£60k per unit – if 100% affordable Positive NPV – if cross subsidy	Positive NPV up to -£60k per unit – if 100% affordable on a scheme by scheme basis Positive NPV – if cross subsidy
Repayment period	50 years (60 years for Joyce & Snells)	50 years (60 years for Joyce & Snells)
Grant Levels per unit	Average Affordable £200k & Shared Ownership £50k	Average Affordable £200k & Shared Ownership £50k
Private Sale & Shared Ownership sale value per unit	£400k	£400k
Shared Ownership rents	6.7% on unsold share, increased annually by CPI	2.7% on unsold share, increased annually by CPI
Minimum reserve levels	£8m-£15m	£8m-£15m
RTB sales	40	150

22. The proposed changes in assumptions are based on market knowledge and will enable the service to manage the risk of the future programme. The assumptions have been reviewed in the wider Housing sector to ensure they are reasonable in the current climate.

### Proposed Rent Charges for HRA Properties 2025/26

23. The Rent Standard published by the Regulator of Social Housing set out that Councils could set a maximum actual rent increases of CPI + 1% per annum until 2024/25 based on the preceding September published CPI.

24. The Autumn budget 2024 confirmed an updated rent standard which will see rents increase by CPI+1% for the next five years. The Consumer Price Index (CPI) for September 2024 determines the increase in the rent for social and affordable rent properties which was 1.7%. In following the rent standard, the rents will increase by 2.7% (CPI+1%) in 2025/26.

25. The table below shows examples of the rents for 2025/26 for different HRA property types and sizes across the borough. Our rents are low relative to other Boroughs being 17% away from the formula rent. It should be noted that these will vary for each tenant. The new rents will be operative from 7th April 2025 (the first Monday in the month) and apply to approximately 9.982 properties on social rents.

Social Rents	Average Rent 2024/25	Average Rent 2025/26	£ Increase	% Increase
	£	£	£	%
Bedsit	94.38	96.93	2.55	2.70%
1 Bed Flat	100.12	102.83	2.70	2.70%
1 Bed House	113.46	116.53	3.06	2.70%
2 Bed Flat	110.88	113.87	2.99	2.70%
2 Bed House	125.59	128.98	3.39	2.70%
3 Bed Flat	122.95	126.27	3.32	2.70%

3 Bed House	138.21	141.94	3.73	2.70%
4 Bed Flat	146.62	150.58	4.07	2.70%
4 Bed House	150.62	154.69	3.96	2.70%
5 Bed House	157.07	161.31	4.24	2.70%
6 Bed House	181.80	186.70	4.91	2.70%
<b>Average Rent</b>	<b>131.06</b>	<b>134.60</b>	<b>3.54</b>	<b>2.70%</b>

26. Within the formula rent calculation there is the ability (rent flexibility) to charge up to 5% more on the base social rent levels, this report is proposing to increase the formula rents on re-let properties by 5%. This is in recognition of the significant investment that has been made in homes and the need to ensure that standards are maintained going forward. The proposals for the general rent increase and the relet rent increase were discussed with Enfield500 at the end of January and 4 written comments were received seeking clarification on service charges. We note that feedback from residents more generally is that they recognise the need for services that are important to them.
27. Properties that have been decanted as part of regeneration projects are currently being used as temporary accommodation for homeless families on a short-term basis. The advantage of this is that the HRA continues to receive rental income whilst these units are awaiting regeneration.
28. In October 2016, Cabinet agreed Affordable Rent levels to apply to all New Homes built or acquired by the Council. The Rent Setting Policy agreed that 'When the Council builds or acquires new or additional properties then consideration will be given to letting these at the higher affordable rent level inclusive of service charges.' Affordable rents are based on Local Housing Allowance (LHA) rates and median income in Enfield.
29. Rents for re-provision in regeneration projects will be charged at re-based social rent levels, plus the 5% tolerance recognising the wider financial benefits of living in a home with a higher thermal comfort rate. This has been agreed with residents as part of the proposals for regeneration schemes.
30. As part of the GLA grant conditions all future development schemes will be charged the 'London Affordable Rent' or 'Social Rents' instead of 'Enfield Affordable Rent'. Tenants currently on Enfield Affordable rents will remain and increased as part of the Social Rent Policy.
31. The Enfield Affordable Rents, which applies to approximately 172 properties, are inclusive of service charges and have been increased in line with the Governments rent cap which is 2.7%, the rents for 2025-26 are as follows:

<b>Enfield Affordable Rent</b>	<b>Rent 2024/25</b>	<b>Rent 2025/26</b>	<b>Increase per week</b>
	<b>£</b>	<b>£</b>	<b>£</b>
1 bed	196.10	201.39	5.29
2 bed	237.77	244.19	6.42
3 bed	258.61	265.59	6.98
4 bed	276.99	284.47	7.48



32. The Mayor of London introduced the London Affordable Rent on all new schemes funded with Greater London Authority (GLA) grants. These affordable rents will only be applicable on properties delivered through the BCHL GLA programme which have received grant.
33. The London Affordable Rents, which apply to approximately 629 properties exclude service charges. and have been increased in line with the Governments rent cap which is 2.7%, the rents for 2025-26 are as follows:

<b>London Affordable Rents</b>	<b>Rent 2024/25</b>	<b>Rent 2025/26</b>	<b>Increase per week</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Bedsit and one bedroom	193.99	199.23	5.24
Two bedrooms	205.38	210.93	5.55
Three bedrooms	216.80	222.65	5.85
Four bedrooms	228.21	234.37	6.16
Five bedrooms	239.60	246.07	6.47
Six or more bedrooms	251.02	257.80	6.78

34. When purchasing a shared ownership home, you need to pay rent to the Landlord (the Council) for the share you do not own. It's proposed to increase the rent to 2.7% on the share owned by the Council. This rent charge will increase annually based on the RPI for the last 12 months plus up to 0.5%.
35. The private sector rents for Enfield are shown in the table below together with the Local Housing Allowance (LHA) rate. LHA is the maximum benefit that can be claimed towards housing costs in the private rented sector. Private sector rents continue to significantly outstrip LHA.

<b>Private Sector Rents</b>	<b>Local housing allowance rate</b>	<b>Average private rent</b>
	<b>£</b>	<b>£</b>
1 Bed	264.66	346.00
2 Bed	322.19	419.00
3 Bed	390.08	625.00
4 Bed	506.30	932.00

36. The below table shows the increase in Council owned properties over the next 10 years, based on Council Housing's development programme.

Current stock numbers (December 24)	10,611
RTB sales	(95)
GLA grant funded & RTB programme	1,584
<b>Expected stock numbers</b>	<b>12,100</b>

### **Proposed Tenants Service Charges 2025/26**

37. Councils are entitled to recover the costs of these services from tenants and ensuring that residents pay only for the services they receive is a priority. Whilst service charges are not governed by the same factors as rent, authorities are required to comply with expectations to help keep charges affordable for tenants with reference to the agreed rent indexation level.

38. Service charges totalling over £5m, have been set for 2025/26 in accordance with Council policy to recover the costs from all tenants receiving the services. Where new or enhanced services are introduced, an additional charge may need to be made, in this instance the Council should consult with tenants.

39. It is recommended that the following service charges per week are made to those tenants in receipt of the services below:

Tenants Service	2024/25	Proposed 2025/256	Overall change
	£	£	£
Concierge	13.52	13.87	0.35
CCTV	From 0.22 to 2.68	From 0.32 to 2.81	Average 0.11
Grounds Maintenance	3.09	3.12	0.03
Caretaking Service	From 3.37 to 8.34	From 4.15 to 10.85	Average 1.64
Sheltered Caretaking	From 1.92 to 4.21	From 1.97 to 4.33	Average 0.08
Sheltered Housing Management Charges	26.52	27.45	0.93
Sheltered Cleaning	From 1.08 to 3.56	From 1.11 to 3.66	Average 0.06
Landlord Communal Service Charge	From 0.42 to 4.92	From 0.46 to 5.41	Average 0.26
Bulk Refuse Collection	From 0.16 to 1.71	From 0.16 to 1.76	Average 0.05
Lift Maintenance	From 0.61 to 3.08	From 0.64 to 3.82	Average 0.38
Aids and Adaptions	From 1.25 to 1.44	From 1.27 to 1.47	Average 0.02
Resident Engagement	0.7	0.81	0.11
Retrofit comfort plan	Average 8.08	Average 8.30	Average 0.22
<b><i>New proposed service charges</i></b>			
Enhanced concierge security service	N/A	0.28	N/A
Estate enhancement team	N/A	0.98	N/A

40. The table above shows the increases to the service charges from 7<sup>th</sup> April 2025.

### **New Service charges**

41. In response to resident feedback, we have reviewed the security provision on estates. In 2024/25 we piloted a mobile security team which has enabled patrols on a flexible needs' basis, acting as a rapid response service on our estates as needed. The pilot was run for six months resourced from existing budgets. Given the very positive feedback from residents, it's proposed that this service – called enhanced concierge security, will continue from 2025-26 and a service charge will be recoverable from tenants and leaseholders, following consultation.

42. It's also proposed that an estate enhancement service will be established from 2025-26 following a pilot in 2024-25. This service will be responsible for providing improved communal standards across the councils housing stock through a comprehensive package of maintenance, landscaping and support. This service will help improve conditions, safety and aim to increase the level of satisfaction for residents. This service charge will be recoverable from tenants and leaseholders, following consultation.

## **Heating Charges**

43. The Council has in the region of 1,700 properties in 51 blocks of flats serviced by communal heating systems, this includes a mix of electric and gas.

## **Electricity Charges**

44. The electricity charges are made up of two elements, the non-commodity standing charge and the non-commodity charges of delivering electricity, balancing the grid, all network costs including maintenance and development and government taxes and levies.
45. This year, we have seen decreases and stabilisation across the energy market, although they are still higher than average. LASER (energy procurement consultants) are continuing to actively hedge future energy volumes to ensure we mitigate the risk as much as possible. The current Housing energy contract was secured until September 2025. We were able to procure a lower rate by 32% in this period, however from October 25, the increase is expected to be higher, which means tenants will experience an average energy increase of 20% in the 2025-26 charges. The actual charges to tenants have been estimated on usage based on the previous year's bills.
46. It should be noted that whilst prices are increasing, Enfield Council have in the past made significant savings on energy through consortium purchasing via LASER (part of Kent County Council) who are experts in energy procurement. They purchase energy for many public bodies enabling Enfield to benefit not only from their expertise but also from cost and price reductions gained through bulk buying. This continues to be the case even in a market with this level of uncertainty.

## **Gas Charges**

47. The current Gas contract is secured until September 2025, with great uncertainty in the market for the following contract period. Due to the volatile market the proposed average increase from April 2025 will be 18%, and the charges to tenants have been estimated on usage based on the previous year's bills.

## **District Heating Charges**

48. Energetik operates four of Enfield Council's District Heating Networks; namely: Arnos Grove, Oakwood, Ponders End, and Meridian Water. Up until October 2024, Energetik purchased its gas via the Laser framework, operated by Kent County Council but now procures via its own specialist broker. Although Energetik's district heating functions on a communal and district level, tenants pay bills directly to Energetik for their heating charges, rather than being recharged by Enfield Council.

## **Garages**

49. The garages which are let to Council tenants, leaseholders and private tenants are standard lock-up. A non-Council tenant premium is charged on all lets to private tenants, and any Council tenant or leaseholder who rents more than two

garages. The garage charges have increased by an average of 2.7% in 2025/26, the charges per week are as follows:

	<b>2024/25 Charges</b>	<b>2025/26 Proposed</b>	<b>Change</b>
	£	£	%
Standard lock-up Garages	16.48	16.92	2.7%
Private Garage Rental	32.37	33.24	2.7%
Private Garage Rental Concessionary	25.61	26.30	2.7%
Garage Storage	32.37	33.24	2.7%
Garage Storage Concessionary	25.61	26.30	2.7%
Parking Bay	10.32	10.60	2.7%

## Community Halls

50. The HRA Community Halls hire charges have increased by 10%, the hourly charges are as follows:

<b>Community Hall Hourly Rate</b>	<b>2024/25</b>	<b>2025/26 Proposed</b>	<b>Change</b>
	£	£	%
Private Hire	40.20	44.22	10%
Charitable	24.12	24.12	
Council Housing resident	29.64	32.60	10%
Enfield resident rate	32.77	36.05	10%

51. As approved previously, nursery providers will continue to be charged the private hire rate when operators are charging a commercial rate for childcare.

## Leaseholder Service Charges

52. The cost of administration and management for 2025/26 is estimated at £1.24m and it is therefore recommended that the charge is set at £251.10 per leasehold unit per annum to cover this cost. This charge covers the preparation of estimates and actual costs, billing consultation on repairs and improvement works and estate management.

53. At the end of each financial year, the actual cost is determined, and an appropriate adjustment made to the charge. The charges below totalling £6.7m, will vary for each leaseholder depending on the services they receive. Adjustments will be made mid-year to reflect actual charges.

<b>Leaseholder Service</b>	<b>Charge per week 2024/25</b>	<b>Proposed charge per week 2025/26</b>	<b>Change per week</b>
	£	£	£
Administration & Management	4.64	5.11	0.47
Caretaking Service	From 3.37 to 8.34	From 4.15 to 10.85	Average 1.64
Communal Electricity	From 0.53 to 6.38	From 0.53 to 6.38	Average 0.69
Concierge	13.52	13.87	1.75
CCTV	From 0.22 to 2.68	From 0.32 to 2.81	Average 0.11
Grounds Maintenance	3.09	3.12	0.03
Bulk Refuse Collection	From 0.16 to 1.71	From 0.16 to 1.76	Average 0.05
Lift Maintenance	From 0.61 to 3.08	From 0.64 to 3.82	Average 0.38
Insurance - 1 Bed	4.56	4.43	-0.13

Insurance - 2 Bed	9.12	8.85	-0.27
Insurance - 3 Bed	13.69	13.28	-0.41
Insurance - 4 Bed	18.23	17.70	-0.53
Flat Repairs (Annual Charge)	0.02	0.02	0.00
Ground Rent (Annual Charge)	0.19	0.19	0.00
Estate Charge (Annual Charge)	0.25	0.25	0.00
Digital communal aerial maintenance	From 0.20 to 1.60	From 0.21 to 1.64	Average 0.02
Door Entry Maintenance	From 0.04 to 4.33	From 0.04 to 4.45	Average 0.06
Dry Riser Maintenance	From 0.09 to 2.39	From 0.09 to 2.45	Average 0.03
Emergency Lighting Maintenance	From 0.22 to 7.87	From 0.23 to 8.08	Average 0.11
Fire Alarm Maintenance	From 0.87 to 1.28	From 0.89 to 1.31	Average 0.03
Garchey Maintenance	From 10.94 to 13.98	From 11.24 to 14.36	Average 0.34
Ground rent	From 0.83 to 20.83	From 0.85 to 21.39	Average 0.29
Lighting Conductor Maintenance	From 0.03 to 1.44	From 0.03 to 1.48	Average 0.02
Microbicide Water Treatment	From 2.49 to 15.57	From 2.56 to 15.99	Average 0.24
Plant Maintenance	From 0.10 to 6.59	From 0.10 to 6.77	Average 0.09
Solar Panels	From 1.69 to 22.25	From 1.74 to 22.85	Average 0.32
Water Safety Monitoring	From 0.19 to 23.05	From 0.20 to 23.67	Average 0.31

## Insurance

54. It is anticipated there will be an increase of 10% in property Insurance due to higher costs for building materials and inflation.

## Under Occupation Project

55. This project started in 2020/21 to ensure best use of Council stock by moving tenants that are under-occupying Council Homes into suitably sized accommodation thereby freeing up larger accommodation. There was an increase in the incentive and flexible bespoke packages including support that meet the needs of tenants. The incentives offered remain at the 2024/25 levels:

	£
Giving up 1 room	1,250
Giving up 2 rooms	2,000
Giving up 3 rooms	2,500
Giving up 4 bed or larger property	3,000

## 2025/26 Revenue Budget

56. The table below sets out the base budget for 2025/26 compared to 2024/25 figures:

Category	2024-25	2025-26 Proposed	Reason for differences
S&M General	26.7	28.4	Increase to reflect pay award and additional resources for new services
Repairs	17.6	18.3	Increase in repairs budget to reflect inflation and regulatory compliance works
Bad Debts	0.7	0.7	Reflects the latest arrears position
Cost of Capital	15.5	17.1	Increase in borrowing costs to reflect additional borrowing in 25-26

Depreciation	5.5	5.0	The amount set aside for depreciation has reduced to reflect the actual outturn position
Rent Rates and other Charges	0.4	0.8	Increase in council tax on void properties - to reflect three blocks that have been decanted
Contribution to Reserves	14.7	14.3	Surplus - net revenue cost
<b>Total Expenditure</b>	<b>81.1</b>	<b>84.6</b>	
Rents Dwellings	-71.8	-73.9	Rent increase 2.7% and new properties
Rents Shops/Commercial/Garages	-3.3	-3.2	Increase in void garages - income reduction
Interest on Balances	-0.3	-0.7	Higher level of reserves and interest rates
Service Charges	-5.7	-6.8	Inflation and new service charges
<b>Total Income</b>	<b>-81.1</b>	<b>-84.6</b>	

57. We are continually reviewing the management and maintenance service budgets and monitoring the inflationary pressures to the revenue budget. The cost per unit of these services is being measured against Housemark benchmarks/industry standards to ensure we offer value for money and assist in measuring performance and driving down costs.

### Efficiency Savings

58. For the Business plan to remain sustainable, efficiency savings are required. A £1m per annum efficiency saving in Management and Maintenance has been built into the HRA Business plan until 2026/27. The efficiencies will be partly achieved by:

- a. The better use of our new housing management system to target the right services aiming to take a preventative approach
- b. The investment in technology initiatives in the repairs service to aid repair diagnosis and post inspections
- c. Campaigns to encourage tenants to work with us to improve how we collectively manage places and homes including, reducing the number of missed repairs appointments and unauthorised and poor-quality home works

59. At a time of pro-active regulation, the sector faces challenges in managing within a reduced cost envelope whilst responding to the Regulatory Consumer Standards and the needs of residents. This requires a focus on landlord priorities, therefore, services that do not relate to an improvement to our core landlord service and resident wellbeing will be discontinued.

### Capital Programme

60. The table below sets out the overall capital expenditure planned for the next 10 years, and the funding associated with the £843.4m proposed budget:

Capital Programme	2025-26	2026-27	2027-28	2028-29	2029-30	2030-35 (5 years)	Total
Expenditure:	£m	£m	£m	£m	£m	£m	£m
Investment in existing stock	54.7	37.4	29.2	22.6	20.9	99.4	<b>264.2</b>
Fleet-vehicle replacement	2.5	0	0	0	0	0	<b>2.5</b>

Development	70.4	94.7	103.9	72.1	58.7	175.7	<b>575.5</b>
Estate regeneration	0.6	0.4	0.2	0	0	0	<b>1.2</b>
<b>Total Expenditure</b>	<b>128.2</b>	<b>132.5</b>	<b>133.3</b>	<b>94.6</b>	<b>79.6</b>	<b>275.1</b>	<b>843.4</b>
<b>Funded by:</b>							
Grant	52.5	53.6	59	46	31.9	11.1	<b>254</b>
Capital receipts	20.5	15.9	37.3	22.8	37.4	65.5	<b>199.4</b>
Major repairs reserve	5	5.2	5.4	5.6	5.9	32.6	<b>59.7</b>
Earmarked reserve	16.2	16.8	11.7	20.3	4.4	145.5	<b>214.8</b>
Borrowing	34	41	20	0	0	20.5	<b>115.5</b>
<b>Total Funding</b>	<b>128.2</b>	<b>132.5</b>	<b>133.3</b>	<b>94.6</b>	<b>79.6</b>	<b>275.1</b>	<b>843.4</b>

## Investment in Existing Stock

61. The proposed investment in the Councils housing stock will improve decency in homes, achieve regulatory requirements, invest to support the retrofitting of homes reducing the small number of below EPC C homes, reducing tenants heating costs whilst addressing the Council's climate action plan and address building safety risks all of which contribute to reducing the need for responsive repairs.
62. Continued investment in Council Homes is critical as will be making asset management decisions. The council has a plan to achieve the Decent Homes Standard by 2026 and is making considerable investment to achieve this. We must also invest in safety and in driving out damp and mould where building fabric issues are the cause. The 10-year capital programme is as follows:

HRA Capital Programme	2025/26	2026/27	2027/28	2028/29	2029/30	2030/35 (5 years)	Total
	£m	£m	£m	£m	£m	£m	£m
Decency	34.5	24.5	18.2	12.1	10.4	53.3	153.0
Energy Efficiency	5.8	1.0	1.0	0.0	0.0	0.0	7.8
Building Safety	4.5	2.3	2.3	3.0	3.0	15.0	30.1
Statutory Compliance	4.6	7.1	5.2	5.0	5.0	18.6	45.5
Other investment	5.3	2.5	2.5	2.5	2.5	12.5	27.8
<b>Investment Programme</b>	<b>54.7</b>	<b>37.4</b>	<b>29.2</b>	<b>22.6</b>	<b>20.9</b>	<b>99.4</b>	<b>264.2</b>

63. This programme will move the stock to the desired decency targets as part of a three-year programme meaning targets will be reached in 2026 and sustained thereafter.
64. In 2023-24 we successfully secured £3.5m funding from the Social Housing Decarbonisation Fund (SHDF) (wave 2.2). In 2024-25 the next round of funding was launched (wave 3) to support upgrades to a significant amount of housing stock currently below EPC standards, to deliver warm, energy-efficient homes, reducing carbon emissions and fuel bills, tackling fuel poverty, and supporting green jobs. A bid for £10.4m has been submitted which would fund additional works to the already planned energy efficiency works in the capital programme.
65. In order to support investment in our current stock and make decisions on whether we should invest in stock or take an alternative approach i.e. disposal, last year we introduced a new financial indicator, the indicator is unchanged:

<b>Hurdle Criteria</b>	<b>Current</b>	<b>Proposed</b>
Net Present Value (NPV)	Positive NPV	Positive NPV
Repayment period	over the useful economic life of the capital expenditure	over the useful economic life of the capital expenditure

66. The future assessments will be based on works costs, on-going major works and the average rent over a 30-year period.

### **Development and Estate Regeneration Programme**

67. In 2024-25 the new homes programme continued to experience challenges arising from the current volatile market conditions and additional fire safety requirements on new developments. As a way to mitigate these risks in the short term and in order to maximise the benefits of the flexibilities around the use of RTB receipts and maximise grant income, we have achieved new homes targets by acquiring additional homes.

68. The table below details the project budgets included within the development and estate regeneration programme:

<b>HRA Capital Programme</b>	<b>2025/26</b>	<b>2026/27</b>	<b>2027/28</b>	<b>2028/29</b>	<b>2029/30</b>	<b>2030/35 (5 years)</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
GLA AHP Projects	10.9	40.0	30.6	15.2	10.0	30.0	136.7
GLA AHP Acquisitions	13.3	14.3	14.3	16.1	16.1	0.0	74.1
Joyce & Snells	13.4	31.4	41.2	30.8	22.8	135.4	275.0
HRA Acquisitions	5.5	9.0	17.8	10.0	9.8	10.3	62.4
TA Acquisitions	20.0	0.0	0.0	0.0	0.0	0.0	20.0
Buybacks	7.3	0.0	0.0	0.0	0.0	0.0	7.3
<b>Development</b>	<b>70.4</b>	<b>94.7</b>	<b>103.9</b>	<b>72.1</b>	<b>58.7</b>	<b>175.7</b>	<b>575.5</b>
Alma	0.5	0.4	0.1	0.0	0.0	0.0	1.0
Ladderswood	0.1	0.0	0.1	0.0	0.0	0.0	0.2
<b>Estate Regeneration</b>	<b>0.6</b>	<b>0.4</b>	<b>0.2</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>1.2</b>
<b>Total</b>	<b>71.0</b>	<b>95.1</b>	<b>104.1</b>	<b>72.1</b>	<b>58.7</b>	<b>175.7</b>	<b>576.7</b>

69. New build development units will be charged at London Affordable Rent levels as part of Building Council Homes for Londoners (BCHL) GLA funding programme and social rents will be charged as part of the new 2021-26 Affordable Homes (AHP) GLA funding Programme. The social rents will be based on the 1999 valuation of the property and will be calculated on a formula rent basis.

70. This programme will deliver c.1,500 new homes starts over the next 10 years, funded through a mix of GLA grant, Right to Buy (RTB) receipts, HRA borrowing and cross subsidy from sales.

71. The financial framework for assessing the viability of the development projects has been reviewed, with the main updates are summarised below:



- a. The programme has been reprofiled to reflect the latest financial position of projects in contract.
- b. The build cost per unit has been increased from £400k to £450k per unit to reflect the latest market assessments.
- c. The Net Present Value (NPV) on future development projects (if cross subsidised) will need to achieve a positive position. This is to ensure the business plan isn't subsidising new stock against current stock requirements, until our stock fully meets regulatory requirements in decency and fire safety requirements the income from existing stock can't afford to subsidise future development projects on an ongoing basis.
- d. The IRR rate (post-financing) will continue to be based on cost of capital plus 0.5%, this will ensure the development projects add value to the plan and the investment makes financial sense.
- e. Each scheme will be assessed on a scheme-by-scheme basis and will follow the Council's Governance approval procedures at key milestones.

<b>Hurdle Criteria</b>	<b>Current Approved</b>	<b>Proposed</b>
Build cost per unit	£400k new build £450k estate regeneration	£450k new build £450k estate regeneration
Net Present Value (NPV)	-£60k per unit – if 100% affordable Positive NPV – if cross subsidy e.g. through sales is forthcoming	-£60k per unit – if 100% affordable Positive NPV – if cross subsidy e.g. through sales is forthcoming
Internal rate of return (IRR)*	Cost of capital plus 0.5%	Cost of capital plus 0.5%
Repayment period	50 years (60 years for Joyce & Snells)	50 years (60 years for Joyce & Snells)

*\*IRR is that discount rate which will generate zero NPV; submarket rents used as the schemes have wider social benefits therefore it is acknowledged the IRR will not be met in all circumstances*

72. We have secured £166.5m as part of the GLA's Affordable Housing Programme, following a successful funding bid. This funding will contribute towards funding 822 new affordable homes in the Borough.
73. The GLA will be announcing the next round of AHP funding in 2026, at this point a review of the budget requirements will be completed to ensure we maximise the opportunity for funding and delivery of new homes.
74. The J&S budget envelope within the business plan has been reduced to include phases 0-4 only (shown in table below), to reflect the phases we have secured GLA grant as part of the AHP and land fund grant programmes. The enabling and PCSA works have commenced, and a full review of the delivery options and financial position is currently underway.

<b>J&amp;S Budget</b>	<b>Current Budget £m (all phases except phase 7)</b>	<b>Update Budget £m (phases 0-4 only)</b>
Expenditure	999.0	502.9
Income	1,115.5	264.2
<b>Net budget</b>	<b>-116.5</b>	<b>238.7</b>

75. The renewal of the HRA fleet for the Housing repairs and caretakers' teams is required in 2025-26. The following table sets out the replacement requirement and cost:

<b>Vehicle</b>	<b>No. of vehicles</b>	<b>Cost per vehicle</b>	<b>Total cost £m</b>
Medium size vehicles	45	30,000	1.35
Large vehicles	3	26,900	0.08
LWB high top large vehicle	1	29,000	0.03
Small vehicles	10	19,200	0.19
Small automatic	1	21,000	0.02
Void team medium vehicles	2	30,000	0.06
Drainage van	1	55,000	0.06
<b>Repairs team</b>	<b>63</b>		<b>1.79</b>
Tipper Cages	12	48,333	0.58
Small vehicles	5	19,200	0.10
Small automatic	1	21,000	0.02
Medium size vehicles	1	24,000	0.02
Jest wash Van	1	25,000	0.03
<b>Caretaking Total</b>	<b>20</b>		<b>0.75</b>
<b>Total Vehicle replacement cost</b>	<b>83</b>		<b>2.53</b>

### **Capital Finance and Debt update**

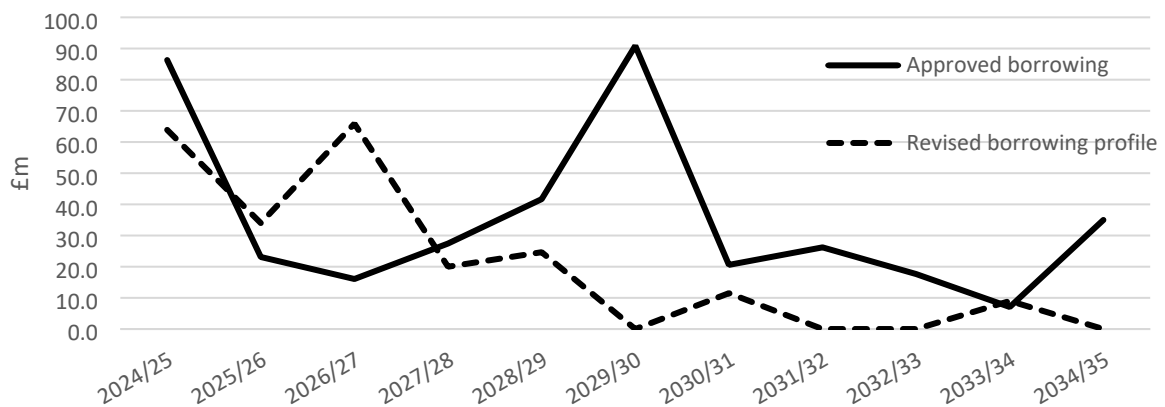
76. The Prudential Code for Capital Finance requires the authority to have regard to affordability, prudence and sustainability when considering its capital investment plans and to set and keep under review a range of prudential indicators. In December 2017 the prudential code changed, and It is recognised that indicators of affordability are best determined in the light of local constraints around precepts and ring-fenced and statutory funds such as the HRA and Police Fund. Authorities are encouraged to use local indicators that reflect how capital finance is permitted to be financed locally. For example, for those authorities with an HRA, the ratio of financing costs to net revenue budget should be calculated within the HRA ring-fence and an impact on rents calculated.
77. The General Fund Budget report for 2025/26 along with the Treasury Management Strategy report elsewhere on the agenda sets out the background to the prudential code and shows the indicators for the HRA and the General Fund.
78. The capital programme is supported by borrowing from the PWLB. As at 31st December 2024, the average borrowing rate for 24-25 was 4.18% which is 40 basis points (0.4%) lower than the PWLB certainty rates available.
79. Central Government announced that there will be a reduction in borrowing rates for HRA's which will be 0.4% discount on borrowing from June 2023 and has been extended to June 2026. The Council will continue to borrow at the HRA concessionary rates to support the HRA until the concessionary rate expires, this is in accordance with the Treasury Strategy.
80. The below table shows the new and cumulative debt over the next 10 years:

	<b>Opening Debt</b>	<b>New Borrowing</b>	<b>Cumulative Debt</b>
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2024/25	371.6	63.9	435.5
2025/26	435.5	34.0	469.5
2026/27	469.5	65.9	535.3
2027/28	535.3	20.0	555.3
2028/29	555.3	24.6	580.0
2029/30	580.0	0.0	580.0
2030/31	580.0	11.5	591.5
2031/32	591.5	0.0	591.5
2032/33	591.5	0.0	591.5
2033/34	591.5	9.0	600.5
2034/35	600.5	0.0	600.5

81. The graph below shows the projected 10 year borrowing profile compared to last years approved borrowing profile, this shows a reduction in borrowing of £163m:

**Graph 4 – debt profile comparison**



82. HRA debt is currently forecast to increase from £371.6m as at March 2024 to £600.5m, an increase of £228.9m over the next ten years.

83. The borrowing profile has decreased overall, the main reason is due to reduced capital requirement for J&S development project in the next 10 years. This is due to the removal of phases 5 onwards and re-profiling of the project to reflect delays due to additional regulatory requirements.

84. The HRA has introduced a more formal annual voluntary revenue provision for the repayment of borrowing subject to this meeting good treasury management practice. This means that rents could repay borrowing over the life of the asset if that was the optimum approach having regard to the existing depreciation approach. The Council's Minimum Revenue Provision policy has been updated to clarify how it applies to the HRA. Provision for repayment of borrowing begins when an asset becomes operational which means that for construction of new housing, income from rents is available to start repaying debt associated with those assets.

85. A voluntary provision for repayment of debt (subject to good treasury management practice) is budgeted to be set aside annually. It should be noted that this could affect capacity and flexibility within the HRA and actual repayment will need to be considered on an annual basis. The provision for repaying debt is £1.4m in 2025/26.

### Right to Buy (RTB) Receipts

86. On 30th July 2024, the Deputy Prime Minister announced a series of housing and planning proposals including immediate changes to the way in which councils can use their receipts from Right to Buy sales for two years (24-25 and 25-26), with key changes were as follows:

- a. The maximum permitted contribution from RTB receipts to replacement affordable housing has increased from 50% to 100%
- b. RTB receipts will be permitted to be used with section 106 contributions
- c. The cap on the percentage of replacements delivered as acquisitions each year (currently 50%) has been lifted

87. On 30th October 2024, following the Autumn budget it was announced that there would be a reduction in the RTB maximum cash discounts and an update on retention of RTB receipts, the key changes are as follows:

- a. Return maximum discounts to their pre 2012 levels – reducing from £136,400 to £16,000, effective from 21st November 2024
- b. The maximum discount will no longer increase annually by CPI
- c. Retention of 100% of RTB receipts by councils for financial years 2022-23 and 2023-24 will now be extended indefinitely into future financial years

88. These changes will impact the following:

- a. Sales have increased in year from a projected 40 to c. 150, with over 500 applications received since the announcement on 30<sup>th</sup> October 2024.
- b. Sales expected to reduce from 26-27 from an estimated 20 to 5 per annum which will reduce the funding that can be used for replacement stock

89. In order to maximise the use of RTB receipts it is proposed these receipts will contribute towards the HRA's acquisition programme and support future development schemes.

90. The proposed five-year programme is shown in the table below, this could be subject to change as there may be delays or unavoidable changes within the programme.

<b>RTB spend profile</b>	<b>2025.26</b>	<b>2026.27</b>	<b>2027.28</b>	<b>2028.29</b>	<b>2029.30</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Actual capital spend required	5.51	8.95	22.82	14.99	9.79
RTB receipts that can be applied to spend - 100% for 25-26 and 50% thereafter	5.51	4.48	11.41	7.49	4.90

91. The Council will continue to assess schemes on the basis of grant as % of total scheme costs against the use of unspent Right to Buy receipts to ensure that available resources are directed to the key priorities and grant is maximised on newbuild developments.

## Disposals

92. The Business Plan assumes a target of £2m for disposals for 2025-26, reducing to £1m from 2027-28. This year we have exceeded the target and sales of £2.2m are expected by the end of March 2025. Going forward the Business Plan will be supported by sales of void properties that are high cost to maintain (-NPV) or high value. This will provide investment to reduce the call on borrowing to maintain existing stock or to provide cross subsidy for development schemes.
93. In addition, this report is proposing to sell one bed or studio void flats rather than letting at relet stage. As the development programme is replacing poorer quality one beds with new homes and the housing need is for larger sized properties, this proposal would allow investment in acquiring larger sized homes in the HRA.
94. The following criteria will be set to determine whether these properties might be considered for disposal:
- The property is a bedsit or one-bedroom
  - The property's Net Present Value (NPV) is negative or is below the average level of debt attributed to each property
  - The property falls below the accepted quality standard; and
  - Disposal would not compromise the development potential of the block or estate within which it is located

## HRA Balances

95. The estimated position on balances is set out below:

Reserves	Balance at 01/04/2024	Movement (net of capital financing)	Estimated Balance at 01/04/2025
	£m	£m	£m
HRA Balance	22.6	-7.3	15.4
Insurance	0.7	0.3	1.0
Capital reserve	1.0	-1.0	0.0
Major repairs reserve	0.2	0.0	0.2
Capital receipts	1.3	-0.1	1.2
<b>Total</b>	<b>25.9</b>	<b>-8.0</b>	<b>17.8</b>
RTB one for one receipts	21.8	-5.6	16.1
<b>Total Reserves</b>	<b>47.6</b>	<b>-13.7</b>	<b>33.9</b>

## Financial Risks

96. The Base case is predicated on a suite of assumptions which can, if changed in isolation or in concert, have a significant impact on the position of the Council's HRA.
97. Adverse changes in these assumptions therefore present a risk to the HRA, the key risks are as follows:
- Long term future rent uncertainty – any rent reductions or freezes will have a significant impact on the Business Plan.

- b. If assumed capital receipts are not achieved in any given year, this will impact the cashflow of the business plan and could impact minimum reserve levels
- c. The build cost is based on market intelligence and may in some circumstances be higher as the market is extremely volatile due to constrained supply chains having an impact on the delivery of the programme. Market conditions will be monitored closely as any impact on build costs would impact the number of units we are able to deliver, contingency will be built into all future project budgets to mitigate this risk.
- d. Changes in grant conditions could impact the future development programme i.e. reduction in rent levels and grant receivable. The new AHP has been agreed but this is predicated on grant conditions being met in full. Beyond 2026 there is no confirmed grant allocations
- e. Interest rate uncertainty – the risk of additional interest rates increases above that currently assumed will affect borrowing capacity and will impact on the viability of the business plan.
- f. The business plan is based on achieving reductions in Management and Maintenance costs (c. £1m per annum). If these savings aren't achieved it could impact on the affordability of the proposals included.

## **Financial Implications**

98. The Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of estimates and the adequacy of proposed financial reserves. The 2025/26 HRA estimates have been prepared considering the following:
  - The estimated impact of inflationary pressures, allowance has been made for cost increases over and above the general rate of inflation where these are known.
  - The estimated impact of increasing demands on resources where these are unavoidable.
  - The estimated impact of underlying costs pressures, evidence by financial monitoring reports in the current year.
  - An assessment of key risks and uncertainties; and
  - The impact of borrowing requirements on the 30-year business plan.
99. It should be noted the HRA Business Plan remains affordable and sustainable, with a robust budget and prudent balances.

## **Legal Implications**

101. Local authorities have the power under Section 24 of the Housing Act 1985 to determine their own rent levels and must review rents from time to time and make such changes as circumstances require but must charge reasonable rents for tenants in its own housing stock. The financial and budgetary considerations underpinning the recommendations are explained in the body of the report.
102. In exercising its functions under this section of the 1985 Act, the Council is required to have regard to any relevant standards issued under section 197 of the Housing and Regeneration Act 2008. The Council is required to set and increase rent in accordance with the Rent Standard 2020 issued by the Social Housing Regulator.

103. The 2020 Standard sets out the formula to be applied to social and affordable rents for existing tenants, to fair rents and for tenants moving between different types of rent. The Welfare Reform and Work Act 2016 required Registered Providers to reduce social housing rents by 1% per year for four years from 2016/17 (the “social rent reduction”). This legislative requirement has now been replaced as directed by Government, as reflected in the new Rent Standard published in line with the MHCLG Policy Statement. The Rent Standard requires that Registered Providers charge rents in accordance with the Government direction to the Regulator of Social Housing, and in accordance with the Government’s Policy Statement on Rents for Social Housing.
104. Under Section 76 of the Local Government and Housing Act 1989, the Council is required to prepare proposals in January and February each year relating to the income of the authority from rents and other charges, expenditure in respect of repairs, maintenance, supervision and management of HRA property and other prescribed matters. The proposals should be based on the best assumptions and estimates available and should be designed to secure that the housing revenue account for the coming year does not show a debit balance. In the event that the Council, on review, determines that this requirement will not be satisfied then the Council is, by virtue of Section 76(6), required to make such revisions of the proposals as are reasonably practical towards securing that the proposals (as so revised) satisfy those requirements. The duty in relation to best assumptions and estimates referred to in this report applies equally to such revised proposals.
105. Leasehold service charges are required to be transparent and reflect the actual cost of the services incurred and where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard in accordance with the Landlord and Tenant Act 1985. Where the service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction of subsequent charges or otherwise. The Leasehold Valuation Tribunal may make a determination of reasonableness in this regard.
106. Regarding the of setting service charges, the Landlord and Tenant Act 1985 sets out the basic rules for service charges, defining what is considered a service charge, setting out requirements for reasonableness and for prior consultation of leaseholders. Section 18 (1) of the Act defines a service charge as 'an amount payable by a tenant of a dwelling as part of or in addition to the rent:
- a. which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management; and
  - b. the whole or part of which varies or may vary according to the relevant costs.
107. With respect to setting rent for parking spaces and garages the Council is permitted by section 93 of the Local Government Act 2003 to charge for discretionary services provided that taking one financial year with another the income from charges for discretionary services does not exceed the cost of

provision. In other words, the Council may not make a profit from the delivery of these discretionary services.

108. The Council is required to act in accordance with the public sector equality duty under the Equality Act 2010 and have due regard to the duty when carrying out its functions, which includes making decisions in the current context. The Council also has a duty to show they have consciously addressed their mind to carrying out an Equality Impact Assessment (EQIA) which includes any decision to increase or introduce charges to tenants. This has been done and a relevant EQIA has been carried out and attached to this report.

*Legal imps prepared by AOM on 07/02/2025*

### **Equalities Implications**

100. The HRA 30-Year Business Plan supports the delivery of high-quality services that promote equality and values diversity.
101. Although the rent increase will negatively impact all local residents, regardless of protected characteristics, the Council must increase rents in line with the government guidelines and in order to be able to continue the provision of services and investment in homes.
102. Work is ongoing to support residents with the increasing cost of living. The council has developed resources and training for housing officers to help signpost residents to employment and skills support initiatives. A Route Map resource has been developed - a page on the Enfield Council Website which provided some information around employment support.
103. The Council is committed to helping residents who are struggling to pay their bills and there is a range of advice and guidance alongside signposting for further advice for residents struggling with the increasing costs on the website. Housing officers are also trained to provide advice and guidance to tenants who need support.
104. An Equalities Impact Assessment has been completed and is appended to this report.

*Equalities implications provided by OA on 3/2/25*

### **HR and Workforce Implications**

105. Additional resources to deliver capital programme and comprehensive developments may be a requirement however there are no requirements to increase the team's capacity to deliver projects in the short term.

### **Public Health Implications**

106. Good quality housing plays an essential role in improving public health and wellbeing. Managing council rental income and mitigating welfare reform is an important part of avoiding debt issues and contributes to the general well-being of residents.

### **Property Implications**



107. The majority of the proposals in this report relate to HRA properties, and the implications for these are to be found throughout the report.

108. There are some property implications that relate to corporate properties. These are the halls and youth centres that are managed under the banner of “Community Spaces” in tandem with the HRA community halls. For consistency, the hire charges for the corporate properties will be increased in line with the HRA properties. The charging arrangements for both corporate and HRA halls will be harmonised as part of the review of the charging policy that is identified in this report’s proposals.

*Property implications provided by KS on 17/2/25*

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## **Appendices**

Appendix A - Equality Impact Assessment

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### Section 1 – Equality analysis details

<b>Title of service activity / policy/ strategy/ budget change/ decision that you are assessing</b>	HRA Budget and Rent Setting Business Plan Annual Review Report 2025-26
<b>Team/ Department</b>	Cabinet
<b>Executive Director</b>	Jo Moore Executive Director Resources and Joanne Drew, Strategic Director of Housing and Regeneration
<b>Cabinet Member</b>	Cllr Ayten Guzel (Housing)
<b>Author(s) name(s) and contact details</b>	Claire Eldred
<b>Committee name and date of decision</b>	Cabinet 26 <sup>th</sup> February 2025 Council 27 <sup>th</sup> February 2025
<b>Date of EqIA completion</b>	16/01/2025

<b>Date the EqIA was reviewed by the Corporate Strategy Service</b>	
<b>Name of Head of Service responsible for implementing the EqIA actions (if any)</b>	
<b>Name of Director who has approved the EqIA</b>	

### Section 2 – Summary of proposal

<p>Please give a brief summary of the proposed service change / policy/ strategy/ budget change/project plan/ key decision</p> <p><b>Please summarise briefly:</b>          What is the proposed decision or change?          What are the reasons for the decision or change?          What outcomes are you hoping to achieve from this change?          Who will be impacted by the project or change - staff, service users, or the wider community?</p> <p>All local authorities with housing stock in excess of 200 social dwellings are required to account for them within their Housing Revenue Account (HRA). Social housing rent setting is determined by central government.</p> <p>We review the Business Plan assumptions for the HRA annually, considering external factors, alongside our Council Housing strategy and forward plan. The HRA is facing significant pressures from economic factors including inflation, delayed and higher cost construction, higher interest rates, increased high-cost regulatory requirements and loss of rental income through Right to Buy regulatory changes.</p> <p>The Rent Standard published by the Regulator of Social Housing set out that Councils could set maximum actual rent increases of CPI + 1% per annum until 2024/25 based on the preceding September published CPI.</p> <p>The Autumn budget 2024 confirmed an updated rent standard which will see rents increase by CPI+1% for the next five years. The Consumer Price Index (CPI) for September 2024 determines the increase in the rent for social and affordable rent properties which was 1.7%. In following the rent standard, the rents will increase by 2.7% (CPI+1%) in 2025/26. Within the formula rent calculation there is the ability (rent flexibility) to charge up to 5% more on the base social rent levels – we are proposing to increase the formula rents on re-let properties by 5%. This is in recognition of the significant</p>
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investment that has been made in homes and the need to ensure that standards are maintained going forward.

Although any rent increase will have a negative impact on tenants, it is a necessary decision in order to fund services and continued investment in homes in the borough.

### Section 3 – Equality analysis

#### Age

This can refer to people of a specific age e.g. 18-year olds, or age range e.g. 0-18 year olds.

Will the proposed change to service/policy/budget have a **differential impact [positive or negative]** on people of a specific age or age group (e.g. older or younger people)?

Please provide evidence to explain why this group may be particularly affected.

As indicated in the 2021 Borough Profile, Enfield’s population is estimated to be 333,587 as at mid-2020.

#### Families, children and young people.

Around 9% of council tenants are under 35 years of age.

There are higher proportions of children and young people (up to the age of 20) than the regional and national averages.

According to official Department for Work and Pensions statistics (2021-22) 16% of children under 16 in Enfield live in low-income families.

#### Adults

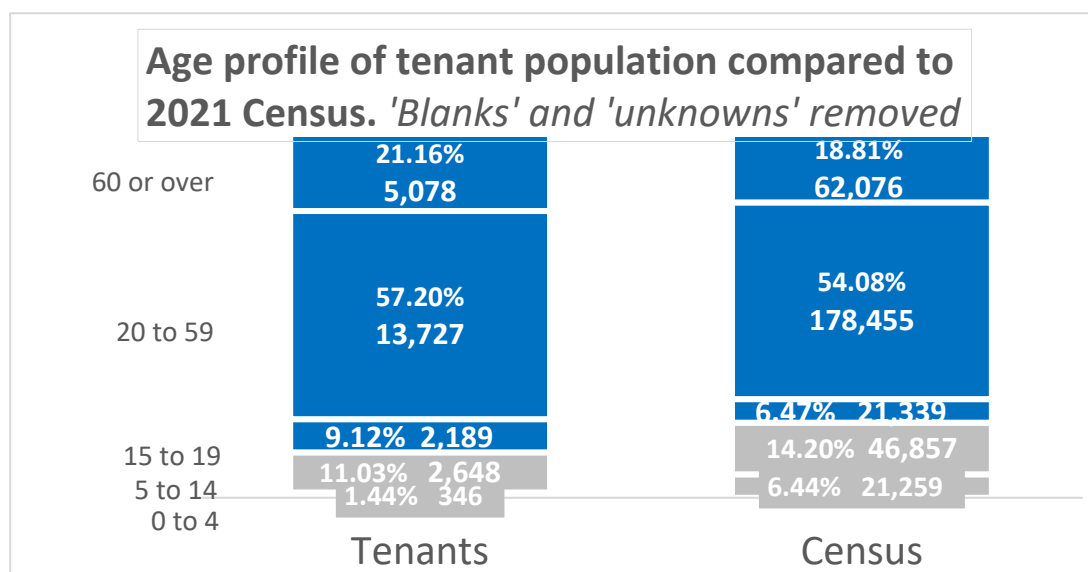
The percentage of younger adults - aged 20 to 44 years - is also higher than in England in general, but below that of London as a whole.

#### Older People

There are estimated to be 52,500 people aged 65 and older in 2025.

Older residents are more likely to live in under-occupied homes.

The table below shows Enfield’s known council housing tenant population compared to the Census results:



Base (tenants): 23,998. Census: 329,968

**Mitigating actions to be taken**

It is predicted that the rent increase will negatively impact all local residents, regardless of age. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

The Council continues to provide support and financial assistance to under-occupying tenants who wish to downsize their home and move to a more manageable property with reduced energy bills and maintenance costs. The mutual exchange and under occupation officers are trained to guide and support throughout this process.

Council housing officers are also trained to signpost to extra support for residents struggling with housing costs. Further information on guidance and support available is published on the Council website [Paying your rent | Enfield Council](#)

**Disability**

A person has a disability if they have a physical or mental impairment which has a substantial and long-term adverse effect on the person's ability to carry out normal day-day activities.

This could include: physical impairment, hearing impairment, visual impairment, learning difficulties, long-standing illness or health condition, mental illness, substance abuse or other impairments.

Will the proposed change to service/policy/budget have a **differential impact [positive or negative]** on people with disabilities?

Please provide evidence to explain why this group may be particularly affected.

Just under 45,000 Enfield residents had a declared disability as at 2021 – 13.6% of the population, and a lower proportion than in England and Wales generally.

Research by Inside Housing reports that around 54% of housing association tenants have a long-term illness or impairment and 18% of new lettings are to someone with a defined disability.

Research suggests that households containing a disabled resident are also more likely to be impacted by rising costs. A report by the Joseph Rowntree Foundation shows that households with a disabled person are more likely to face hardship than those without: they are more likely to be in poverty or very deep poverty, have lower rates of employment, and often face additional costs due to having a disability. They found that almost 6 in 10 low-income households with a disabled resident experienced food insecurity in April/May 2023 (57%), 7 in 10 went without essentials between November and May (71%), and almost half were in arrears with at least one household bill (48%).

The impact of rent increase on tenants living with a disability is exacerbated by factors related to having a disability such as poorer access to employment and costs associated with managing their disability.

**Mitigating actions to be taken**

It is predicted that the rent increase will have a negative impact on all residents but may have a more significant negative impact on disability impacted households already facing financial hardship. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

Housing officers are trained to be able to signpost tenants to advice and support in order to ensure they claim all benefits available to them.

The work developed to assist residents with the increased cost of living includes career support initiatives available specifically to people with special educational needs, disabilities or mental health challenges.

- IAPT NHS - a free NHS, psychological therapy service -offers a range of support, including talking therapies, cognitive behavioural therapy and support and advice around employment and mental health.
- There are a range of other national and local services in Enfield who can support tenants with mental health challenges.
- London Working or the Work and Health Program, who can provide support for individuals with significant barriers to help them into work and training

Council housing officers are also trained to signpost to extra support for residents struggling with housing costs. Further information on guidance and support available is published on the Council website [Paying your rent | Enfield Council](#)

### Gender Reassignment

This refers to people who are proposing to undergo, are undergoing, or have undergone a process (or part of a process) to reassign their sex by changing physiological or other attributes of sex.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on transgender people?

Please provide evidence to explain why this group may be particularly affected.

The Census 2021 asked a voluntary question on gender identity to respondents aged 16 years or over - "Is the gender you identify with the same as your sex registered at birth?" and had of the option of selecting "Yes", or "No" and adding their gender identity.<sup>1</sup>

91.42% of Enfield residents aged 16 years and over responded to the question.

Gender identity	Enfield population aged 16 years and over	Percentage of residents aged 16 years and over
<b>Gender identity the same as their sex registered at birth</b>	232,329	90.34%
<b>Gender identity different from their sex registered at birth but no specific identity given</b>	1,652	0.64%
<b>Trans woman</b>	518	0.2%
<b>Trans man</b>	486	0.19%
<b>Non-binary</b>	74	0.03%
<b>Another gender identity</b>	58	0.02%
<b>Did not answer</b>	22,065	8.58%

### Mitigating actions to be taken

It is predicted that the rent increase will negatively impact all local residents, regardless of gender identity. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

<sup>1</sup> ONS, [Gender identity, England and Wales: Census 2021](#)

### **Marriage and Civil Partnership**

Marriage and civil partnerships are different ways of legally recognising relationships. The formation of a civil partnership must remain secular, where-as a marriage can be conducted through either religious or civil ceremonies. In the U.K both marriages and civil partnerships can be same sex or mixed sex. Civil partners must be treated the same as married couples on a wide range of legal matters.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on people in a marriage or civil partnership?

Please provide evidence to explain why this group may be particularly affected.

We don't record the relationship of cohabiting couples who are council tenants.

### **Mitigating actions to be taken**

It is predicted that the rent increase will negatively impact all local residents, regardless of marital status. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

### **Pregnancy and maternity**

Pregnancy refers to the condition of being pregnant or expecting a baby. Maternity refers to the period after the birth and is linked to maternity leave in the employment context. In the non-work context, protection against maternity discrimination is for 26 weeks after giving birth, and this includes treating a woman unfavourably because she is breastfeeding.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on pregnancy and maternity?

Please provide evidence to explain why this group may be particularly affected.

We don't record data on whether or not tenants are pregnant, although 52.3% of Enfield's population and 54.3% of Enfield's tenant population are female.

### **Mitigating actions to be taken**

It is predicted that the rent increase will negatively impact all local residents, regardless of whether they are pregnant or have a child under 1. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

Council housing officers are trained to signpost to extra support for residents struggling with housing costs. Further information on guidance and support available is published on the Council website [Paying your rent | Enfield Council](#)

### **Race**

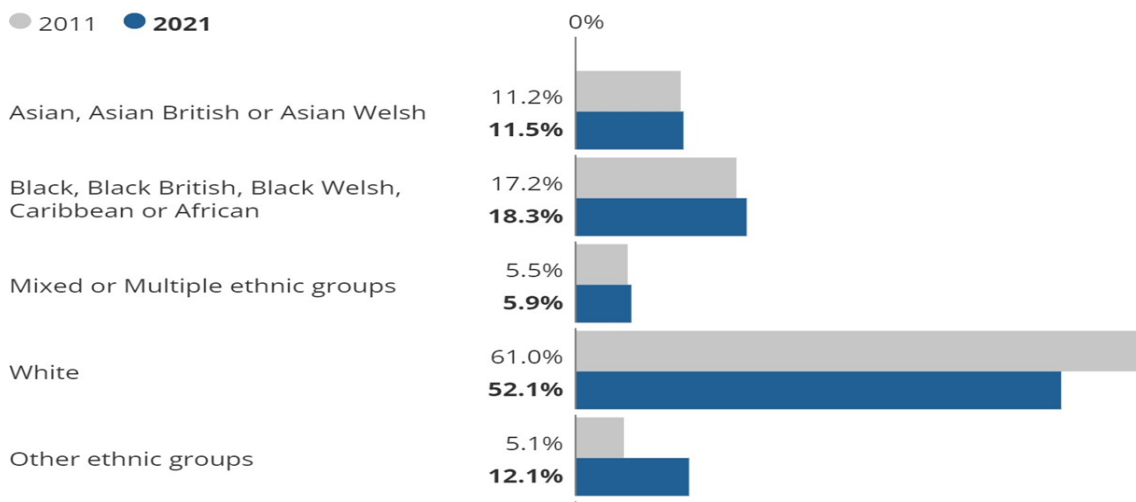
This refers to a group of people defined by their race, colour, and nationality (including citizenship), ethnic or national origins.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on people of a certain race?

Please provide evidence to explain why this group may be particularly affected.

According to the Census 2021, 52.1% of people in Enfield identified their ethnic group within the "White" category (compared with 61.0% in 2011), while 18.3% identified their ethnic group within the "Black, Black British, Black Welsh, Caribbean or African" category (compared with 17.2% in 2011).

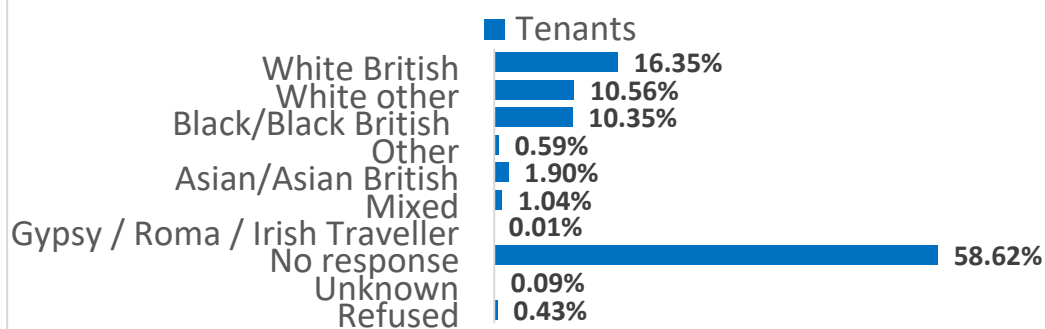
Percentage of usual residents by ethnic group, **Enfield**



Source: Office for National Statistics – 2011 Census and Census 2021

Data on the ethnicity of our council housing tenants is limited as almost 6 out of 10 did not provide this information.

### Ethnic breakdown of tenant population



Research by the Joseph Rowntree Foundation (JRF) finds that more than a quarter of BAME working adults spend over a third of their income on housing compared to only 1 in 10 white workers. Furthermore BAME workers in the lowest paid occupations are much more likely to have unaffordable housing costs compared to white workers in those occupations or white workers on average. The JRF attributes unequal housing outcomes for BAME communities to Immigration policy, discriminatory rental legislation and social welfare policy.

#### Mitigating actions to be taken

It is predicted that the rent increase will negatively impact all local residents, regardless of their race. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

Council housing officers are trained to signpost to extra support for residents struggling with housing costs. Further information on guidance and support available is published on the Council website [Paying your rent | Enfield Council](#)

### Religion and belief

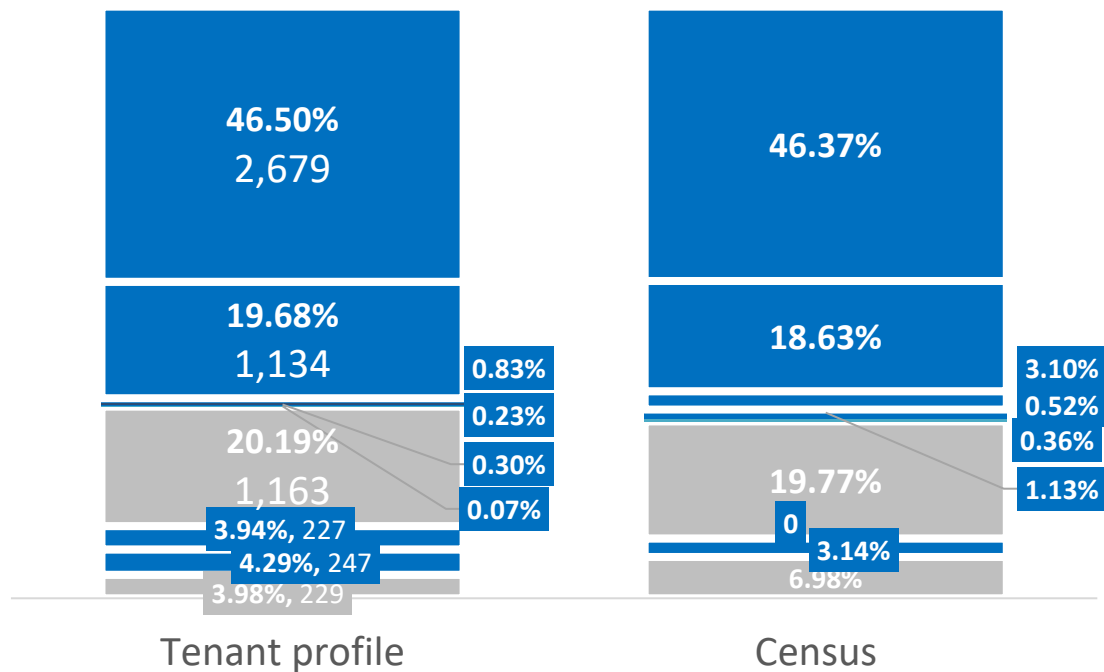
Religion refers to a person's faith (e.g. Buddhism, Islam, Christianity, Judaism, Sikhism, Hinduism). Belief includes religious and philosophical beliefs including lack of belief (e.g. Atheism). Generally, a belief should affect your life choices or the way you live.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on people who follow a religion or belief, including lack of belief?

Please provide evidence to explain why this group may be particularly affected.

According to the Census 2021 data, 43.5% of social rent council tenants in Enfield identified as being of Christian faith, followed by 22.1% with no religion and 21.3% identifying as Muslim. This is proportionately similar in size to the profile of the Borough's population.

#### Religion / beliefs of tenant population compared to 2021 Census



### Mitigating actions to be taken

It is predicted that the rent increase will negatively impact all local residents, regardless of their religion. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

Council housing officers are trained to signpost to extra support for residents struggling with housing costs. Further information on guidance and support available is published on the Council website [Paying your rent | Enfield Council](#)

### Sex

Sex refers to whether you are a female or male.



Will this change to service/policy/budget have a **differential impact [positive or negative]** on females or males?

Please provide evidence to explain why this group may be particularly affected.

According to our data, 52.3% of Enfield's population and 54.3% of Enfield's tenant population are female. Therefore, the rent increase may disproportionately impact female tenants.

Females are more likely to be on lower incomes and lower paid work than men. In 2024, the average annual full-time salary for men in the UK was £34,000 for women.

Females are more likely to be single parents – 94% of single parents on Enfield's Housing Register are mothers. This is likely to impact employment opportunities.

Households requiring a home of 4 bedrooms, with considerably higher costs, are more likely to be headed up by a female rather than a male.

#### **Mitigating actions to be taken**

It is predicted that the rent increase will negatively impact all local residents, regardless of their sex. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

Council housing officers are trained to signpost to extra support for residents struggling with housing costs. Further information on guidance and support available is published on the Council website [Paying your rent | Enfield Council](#)

The Route Map resource which provides some information around employment support, includes specific training and support available to women which includes:

- Smart Works, a UK charity that provides high quality interview clothes and interview training to unemployed women in need.
- Enfield Women's Centre who can offer advice, information and training to women who would like to build their skills and embark on a career. They run a range of courses throughout the year

#### **Sexual Orientation**

This refers to whether a person is sexually attracted to people of the same sex or a different sex to themselves. Please consider the impact on people who identify as heterosexual, bisexual, gay, lesbian, non-binary or asexual.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on people with a particular sexual orientation?

Please provide evidence to explain why this group may be particularly affected.

The Census 2021 included a voluntary question on sexual orientation for all respondents aged 16 and over.<sup>2</sup> The response options were:

- Straight or heterosexual
- Gay or lesbian
- Bisexual
- Other sexual orientation (respondents were then asked to write in the sexual orientation with which they identified)

In Enfield, 90.3% of residents aged 16 and over responded to this question.

<sup>2</sup> ONS, [Sexual orientation, England and Wales: Census 2021](#)

Sexual orientation	Enfield population aged 16 years and over	Percentage of Enfield residents aged 16 years and over
Straight or heterosexual	226,705	88.15%
Gay or lesbian	2,342	0.91%
Bisexual	2,073	0.81%
Pansexual	944	0.37%
Asexual	74	0.03%
Queer	35	0.01%
All other sexual orientations	151	0.06%
Not answered	24,858	9.67%

Our tenant profile based on 6,229 tenants:

Sexual orientation	Percentage of council housing tenants
Straight or heterosexual	89.1%
Gay or lesbian	0.4%
Bisexual	0.3%
Other	0.1%
Prefer not to say	10.1%

#### **Mitigating actions to be taken**

It is predicted that the rent increase will negatively impact all local residents, regardless of their sexual orientation. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

Council housing officers are trained to signpost to extra support for residents struggling with housing costs. Further information on guidance and support available is published on the Council website [Paying your rent | Enfield Council](#)

#### **Care Experience**

This refers to a person who has spent 13 weeks or more in local authority care.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on people with care experience?

Please provide evidence to explain why this group may be particularly affected.

It is estimated that the rent increase will have a negative impact on all residents regardless of whether they have been supported by local authority care.

#### **Mitigating actions to be taken**

It is predicted that the rent increase will negatively impact all local residents, regardless of care experience. However, the Council must increase rents in line with government guidelines and in order to be able to continue the provision of services and investment in homes.

Council housing officers are trained to signpost to extra support for residents struggling with housing costs. Further information on guidance and support available is published on the Council website [Paying your rent | Enfield Council](#)

Care leavers are provided with wraparound support for as long as it is required and this includes support into secure accommodation.

#### **Socio-economic deprivation**

This refers to people who are disadvantaged due to socio-economic factors e.g. unemployment, low income, low academic qualifications or living in a deprived area, social housing or unstable housing.

Will this change to service/policy/budget have a **differential impact [positive or negative]** on people who are socio-economically disadvantaged?

Please provide evidence to explain why this group may be particularly affected.

Enfield's ranking compared with 317 other local authorities in England dropped from 2015 to 2019: Enfield is the 74th most deprived local authority in England overall (out of 317), so still within the most deprived 25% of all districts. Enfield's average deprivation score has not worsened in those four years. However, Enfield has become relatively more deprived when compared with other London boroughs. In 2015, Enfield was the 12th most deprived borough in London, whereas in 2019 it was the 9th most deprived.

### **Children in low-income households**

According to official (but provisional) Department for Work and Pensions (DWP) statistics, as of 2022/23, 10,754, or 15% of all children aged 15 and under were in Relative Low Income households). These measures include families where parents are working, as well as those in receipt of out of work benefits alone.

In the UK as a whole, the proportion of children in relative low-income families is 20.1%. Enfield's proportion is slightly below the London average and is the 18th highest of the 33 London boroughs.

The DWP also measure the number and proportion of children in Absolute low-income households. According to the data, 11.4% of Enfield's children aged under sixteen live in families with Absolute low income –below the proportion for London (12.3%) and the UK as a whole (15.6%).

### **Household Incomes**

Estimates supplied by CACI Ltd for 2024 indicate that the mean average gross household income in the borough was around £57,500.

This is higher than the UK average of £51,000, but lower than the London mean of £61,000.

Enfield's median household income is around £49,000, which is the 9th lowest of the 33 London boroughs and lower than the London average.

Within the borough, there are clear differences in household income between the western and eastern parts. Median incomes in the most affluent neighbourhoods are nearly twice those of the least affluent.

20.9% of households in Enfield have an annual gross income under £25,000. This is higher than the London average of 18.6%, and the 7th highest proportion of all 33 London boroughs.

People living in the social rented sector tend to have a lower income. According to the English Housing Survey 2020/21, 50% of social renters (almost 2 million households) were in the lowest income quintile.<sup>3</sup> Social renters are also less likely to be in full-time employment (25%) than owners (50%) and private renters (58%).

**Mitigating actions to be taken.**

<sup>3</sup> <sup>3</sup> Department for Levelling Up, Housing and Communities, [English Housing Survey](#), 2020/21

Council housing officers are trained to signpost to extra support for residents struggling with housing costs. Further information on guidance and support available is published on the Council website [Paying your rent | Enfield Council](#)

#### Section 4 – Monitoring and review

How do you intend to monitor and review the effects of this proposal?

Who will be responsible for assessing the effects of this proposal?

Metrics concerning social housing delivered by Enfield Council are monitored on a quarterly basis using internal databases. Monitoring information contains demographic data to ensure that the services are not precluding any protected characteristic. This information will be used to monitor and respond to any emerging trends so that our provision is fit for purpose.

#### Section 5 – Action plan for mitigating actions

Any actions that are already completed should be captured in the equality analysis section above. Any actions that will be implemented once the decision has been made should be captured here.

Identified Issue	Action Required	Lead officer	Timescale/By When	Costs	Review Date/Comments
Impact of rent increase will negatively impact on all identified groups of residents	Signpost residents to advice on the council's website using a variety of communication methods i.e. Housing News, public meetings etc	Harjinder Lota/Neil Wightman	June 2025	N/A	July 2025 include in Council Housing communication plan
	Income recovery team and Council Housing Service to continue to provide advice and assistance to residents.	Harjinder Lota/Neil Wightman	Ongoing	N/A	July 2025 monitor level of rent arrears