CABINET 27 JANUARY 2025

Report title: HRA Budget, Rent and Service Charge setting report

Wards: All

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REPORT SUMMARY

Lambeth Council is the second largest social housing landlord in London with 23,600 socially rented homes, as well as 10,000 leasehold properties. However, the borough's housing is ageing and needs investment, with most homes being flats that are on average more than 60 years old.

The Housing Revenue Account (HRA) is a ring-fenced account used solely for funding of the council's housing stock. It funds council services such as repairs and maintenance for Lambeth's tenants. 76% of the money in the HRA is generated from rents. Like HRAs across London, it continues to face significant pressures following previous government decisions around the four-year rent reduction policy from 2016 and the recent 7% rent rises cap in 2023. These two decisions alone have left the HRA with a shortfall of over £1bn over the course of the 30-year HRA business plan, reducing the resources available to reinvest in our housing stock. These government interventions have undermined the principles of the self-financing settlement from 2012 and Lambeth has responded to the new government's recent rent consultation advocating for a sustainable rent settlement in future years. As a result of HRA pressures, the council is in discussions with the Ministry for Housing, Communities and Local Government to determine what actions will need to be taken to balance the budget over the next few years and how services like repairs, funding improvements such as new windows and doors, and improving estates can continue to be delivered.

In addition, successive Governments have placed considerable additional regulatory requirements on social landlords for building and fire safety, without the funding to cover the costs of these additional requirements. These requirements disproportionately affect boroughs such as Lambeth with higher levels of high-rise blocks and will cost the Council £76 million from 2018 to 2028. Previous government decisions to remove funding on the Decent Homes Standard means that we have had little funding to invest in our ageing stock as its condition worsens. Despite these pressures, Lambeth continues to deliver for residents with the Regulator of Social Housing grading Lambeth a C2 result at their recent inspection, its second highest grading and the highest result for a London local authority. A key factor in their inspections is safety, and the grading reflects that in Lambeth 99.7% of council managed homes have fire safety assessments and 98.7% have gas safety checks.

Each year local authority housing landlords must set rents and budgets for the forthcoming financial year and provide each tenant with statutory notice of any proposed rent and service charge changes. This report sets out the proposals for the Housing Revenue Account (HRA) budget, rents and tenants' service charges for the 2025/26 financial year.

In the face of these significant challenges for the HRA, this report sets out how the council is responding including cost mitigation and income generation proposals to address these growing pressures. This report proposes to increase rents by 2.7% which is in line with the Regulator of Social Housing limit of Consumer Price Index (CPI) +1%, and service charges have been set on a cost recovery basis. This will raise an additional £4.2m of income for the HRA which will be reinvested into improving the condition of homes. This level of increase will see average rents increase by £3.60 per week from £133.50 in 2024/25 to £137.10 in 2025/26. Common service charges, which are calculated on a cost recovery basis, will reduce by £0.76 per week, and heating and hot water charges will reduce by £1.04 per week on average.

FINANCE SUMMARY

This report deals with rent, tenant service charges and other charges, therefore the financial implications are included in the main body of the report.

RECOMMENDATIONS

1. To approve the increase in rents of 2.7%, as set out in 2.9-2.11. This being the maximum rent increase possible according to the Regulator of Social Housing for continuing tenancies and will increase the average rent by £3.60 from £133.50 to £137.10 per week, with effect from 7 April 2025.

2. To approve the approach to setting tenant and leasehold service charges as set out in 2.13 – 2.21, and agree the changes proposed in Appendix 1, with effect from 7 April 2025.

3. To approve the increases in sheltered housing service charges as set out in paragraph 2.18 and 2.19, and Appendix 1, with effect from 7 April 2025.

4. To approve no change to charges for a KeyRing alarm service to continue to support tenants to live independently as set out in paragraph 2.20, with effect from 7 April 2025.

5. To approve the increase in charges for garage rental, and no change in charges for shed and cycle storage rental, as set out in Appendix 2 with effect from 7 April 2025.

1. CONTEXT

1.1 The report recommends the rents and service charge increase for the housing properties in the Housing Revenue Account. This is part of the Borough Plan: Making Lambeth a place we can all call home **-** By 2030, Lambeth will be a lifelong borough, with the best conditions to grow up and age well, where everyone can contribute to an inclusive economy, and have a place to call home.

1.2 The Housing Revenue Account (HRA) is a ringfenced account for Local Authority housing provision under Section 74 of the Local Government and Housing Act 1989. Tenant focused services arising from the Council's role as a landlord are delivered through Housing Management.

1.3 Each year local authority housing landlords must set rents and budgets for the forthcoming financial year and provide each tenant with statutory notice of any proposed rent and service charge changes. This report sets out proposals regarding the rents, service charges, budgets and other charges to tenants for the 2025/26 rent year.

1.4 Four years of enforced rent reductions between 2016/17 and 2019/20 under the Welfare Reform and Work Act 2016 resulted in an estimated £28.5m cumulative loss to the HRA. This was followed by three years of rents being allowed to rise as per the national rent policy before being capped at 7% in 2023/24. These decisions together have resulted in a permanent loss of over £1bn to the HRA over the 30-year business plan period.

1.5 The Council is required by law to avoid budgeting for a deficit on the HRA (Local Government and Housing Act 1989, Section 76). This means that the budget must be based on the HRA Balance remaining at zero or above. In practice the Council is expected to maintain a reasonable balance of revenue reserves; a minimum of between 5% and 10% of turnover is good practice and this provides a contingency against known risks and unforeseen events. The external auditor will review the level of reserves in forming a view on the overall standard of financial management across the Council.

1.6 The Localism Bill 2011 included plans to abolish the then subsidy system supporting the HRA and move to a model known as 'self-financing.' Self-financing has meant that the Council can borrow against the value of their housing stock to invest in capital improvements to that stock. This borrowing must be financed from HRA income and so must be affordable within the HRA Business plan. A total borrowing limit (cap) was therefore set for each landlord, which for Lambeth was £408m.

1.7 In the Government's Autumn Budget announcement in October 2018, the requirement for a borrowing cap was abolished. The public sector accountancy body Chartered Institute of Public Finance and Accountancy (CIPFA) confirmed that the extant Prudential Code which governs the framework to ensure capital investment by Local Authorities is affordable, prudent and sustainable will not be changed as a direct consequence of the abolishment of the borrowing cap.

1.8 The self-financing arrangements have led to the development of a 30-year business plan supporting the delivery of the HRA. This makes assumptions regarding the level of income available based on the expected levels of rent and the key risks facing housing service delivery within this timeframe. The main areas of this are the management and timing of debt use, affordability, fire risk work post Grenfell and the impact of changes as Government policies are enacted, including the Building Safety Act 2022.

1.9 The four years of enforced rent reductions as well as the rent cap for 2023/24 have resulted in a permanent loss of income to Lambeth and its tenants of over £1bn over the 30-year business plan period. These compound effects result in financial pressure over the medium term in seeking to accommodate the revenue effects of necessary capital investments in improving residents' homes, and increased service demand and regulation for instance relating to the Building Safety Act 2022.

1.10 Exceptional general inflation during 2022-23 resulted in Government consulting on a cap on rents for 2023/24 and whilst this did set a ceiling on rents, it constrained the underlying resources available to meet contractual and wage related inflation pressures.

1.11 Exceptional inflation on utility costs was experienced in the economy in 2022/23 with gas prices more than doubling from 2021/22 and continuing upwards in 2023/24 before being predicted to ease in 2024/25.

1.12 The usual rent setting process follows the Rent Standard which allows an annual uplift of the Consumer Price Index (CPI) plus 1%. CPI as at September 2024 was announced at 1.7% which enables social housing providers to raise rents by up to 2.7% from April 2025.

2. PROPOSAL AND REASONS

Current HRA position

2.1 The HRA's current 2024/25 financial position shows a budget pressure principally due to a significant programme of investment to modernise housing management and performance. Legal disrepair claims have risen during the pandemic but are now being managed effectively with caseload reducing but works, legal costs and compensation are placing additional pressure on the HRA budget. There is also an extensive programme of stock and fire surveys being done for a medium to long term capital programme.

2.2 In April 2022 there were £17.9m of HRA Balance (non-specific reserve) and £21.7m of specific reserves (Insurance, PFI and other potential service liabilities) as shown in table below.

	HRA Reserve
Apr-22	39,584
Apr-23	26,848
Apr-24*	14,381
01/04/2025 (forecast)	5,381

2.3 For 2022/23 reserves reduced by £13m reducing the reserves from £40m to £27m. At the time of writing this report, the 2023/24 Statement of Accounts had not been published, however the HRA outturn position for 2023/24 shows a further diminishing of reserves due to ongoing investment, inflation and Legal Disrepair cases resulting in all HRA reserves reducing to £14.4m at 1 April 2024.

2.4 The 2024/25 budget was set assuming a savings target of £10m. During the year, additional pressures from Legal Disrepair and change of maintenance contractor has resulted in a forecast overspend of £17m. This will be offset by the following identified savings totalling £7.84m:

- £2.5m Right to Buy (RtB) administration allowance (one-off).
- £4.34m PFI refinancing credit (one-off)
- £1m Arial mast income reappropriated to HRA

2.5 There will still be a need to use £9m of available reserves in 2024/25 will leave HRA balances at £5.3m (2.6%) at 1 April 2025, which is significantly lower than the generally accepted level of between 5% and 10%.

2.6 For 2025/26, in addition to the £10m of savings within the base budget and the increased pressure from legal disrepair, a further £7m of savings are required as a minimum in 2025-26 to replace the one-off savings being delivered in 2024-25. Inflationary pressures continue to impact on expenditure above the CPI level of rent increase and so an initial estimate show a £25m overspend for 2025/26 which would take the HRA into a deficit budget, if further management action is not taken.

HRA budget setting 2025/26

2.7 The approach to HRA budget setting focuses on three distinct areas:

a. expected income and proposals on rent and service charge levels;
b. affordable expenditure plans that reflect local priorities, the impact of the self-financing business model on service delivery; and,
c. the reserves and provisions needed to ensure that the HRA is financially viable, delivering strong financial performance over the medium to long term.

Each of these is discussed in turn with the proposed approach for each set out.

Income budget setting

2.8 The HRA receives income from tenant rents and service charges levied on tenants and leaseholders.

2.9 For 2025/26 the Council can increase rents at a maximum of CPI plus 1% without Government permission. It is proposed to increase rents at that maximum rate to cover inflationary uplifts in costs, continued disrepair claims and maintained investment in housing stock.

2.10 CPI for September 2024 is 1.7% and so applying the Rent Standard policy, rents can increase by 2.7% which will generate an additional £4.2m of income. The low level of CPI inflation does not reflect the specific cost inflation seen in wages and construction/repairs and so will limit the resources available to fund expenditure.

2.11 For 2025/26, the average stock level across Lambeth is expected to be 22,674 tenanted properties. This is based on planned changes to the current stock profile including adjustments for projected disposals and voids.

Hostel and Sheltered Property rents

2.12 Hostel and Sheltered Property rents will increase according to the allowable CPI plus 1% in line with tenant rents.

Tenant service charges

2.13 Tenant service charges are not affected by the rent setting policy and are calculated to recover the cost of providing the service. A summary of changes to service charges is shown in Appendix 1.

2.14 Overall, common/pooled service charges for tenants are reducing by £0.76 per week. Previously the cost of Bin Hire and Tree Maintenance had not been included in service charge costs charged to tenants as part of the Estate Cleaning and Grounds Maintenance charge, this has been added for 2025/26. Estate lighting costs have reduced. There was a shortfall in recovery of cost in 2023/24 and so the charges were increased in 2024/25. The 2023/24 shortfall has now been recovered and so the service charges have been reduced.

2.15 Heating and hot water is also reducing by £1.04 (4.4%) per week on average. Severe inflation has been experienced across gas and electricity costs since 2021/22. Reconciling the energy accounts shows that energy costs were not fully recovered in 2023/24 and so service charges were increased in 2024/25, where the shortfall was recovered. The cost of gas and electricity reduced in 2024/25 and remain lower to reflect a stable forecast cost.

2.16 The following table shows indicative past, current and future costs of gas and electricity for the Housing Revenue Account. The Council's utilities are purchased over the preceding twelve-month procurement window for the forthcoming year commencing on 1 April 2025. This can provide for protection from general market volatility and can benefit from downward movements in market prices. The energy rates achieved over the twelve-month period of procurement then determine the fixed rate of supply for the coming financial year. Not all the energy needs for 2025/26 have been purchased yet as the procurement window is open until 31 March 2025, but there are indicative budgeted costs as shown below.

	2022/23	2023/24	2024/25	2025/26
			Forecast	Budget
Gas	£5.247m	£7.947m	£5.617m	£5.400m
Electricity	£4.680m	£7.598m	£4.463m	£4.500m

2.17 Existing specific service charges are subject to a reduction of £0.97 per week, this reflects the reduction in Heating and hot water charge. Note that the actual charge is specific to the block or estate and that most tenants would not receive all the services and therefore the sums are only indicative.

2.18 As part of the Age Friendly Lambeth action plan, the Council is undertaking a review of our Sheltered Housing provision, including support levels and pathway. The current charges for sheltered schemes shows there is a significant shortfall in cost-recovery. Whilst this review is finalised, the proposed increase in the additional management charge for tenants in sheltered housing for 2025/26 is £10 per week (up to £25 per week). For 2026/27, the charge will be fully refined to full cost recovery and will exceed £25 per week and therefore allows an incremental increase to be applied in 2025/26 without over-recovery. These charges are eligible for benefits and so will not impact on tenants in receipt.

2.19 The Careline service charge is proposed to increase by 14p to £5.14. The Council continues to subsidise the provision of Careline. For many individuals this service is part of a number of support services they receive to maintain their independence.

2.20 The service of a KeyRing alarm relates to a small subset of tenants who have a learning disability and receive a specialist tenancy sustainment and housing management service helping them to live independently. The charge is currently £28 per week, based on a full cost recovery, and no change is proposed for 2025/26.

2.21 In line with tenant service charges, leasehold service charges are required to be transparent and reflect the actual cost of the services incurred. It is recommended to set leaseholder service charges in line with actual expenditure plans. This means that service charges will be based on 2024/25 expenditure levels with an estimate for inflation, with estimates issued around April 2025 for amounts to be paid in 2025/26, and final charges for 2025/26 being confirmed by September 2026.

Expenditure budget setting

2.22 As a result of rent and service charge changes, the overall income budget for the HRA is expected to increase in 2025/26 by £4.2m.

2.23 There is a planned capital programme of stock maintenance; this is currently set at a requirement of approximately £35m annual capital investment. A large stock condition survey programme has been completed and the results will be taken into account in the future capital investment programme, which will be informed by an Asset Management Framework to be published later in the year.

2.24 Since the Grenfell tragedy, Lambeth has undertaken a significant programme of fire safety measures on its council housing stock in order to ensure residents can be confident their homes are safe and secure. All structures that have needed a Fire Risk Assessment (FRA) have one and 100% are compliant as at September 2024. Maintaining Fire Safety is a shared obligation between residents and the Council and costs arising from enhanced Fire Safety have not been fully met by central Government funding.

2.25 Where service delivery plans have changed, the budget setting process must reflect the subsequent impact on resources and also recognise known risks for the HRA and ensure there are adequate budgets in place. The following risks and opportunities within the HRA are being considered, reflecting changes in service delivery and legislative changes as well as efficiency savings. Any overall efficiencies and savings will be used to replenish reserves to secure financial stability and the HRA's financial health moving forwards.

Cost Pressures

2.26 **Housing Management and Support Functions** - growth is needed for increases in salary costs for the 2025/26 pay settlement. There are also support functions from the wider Council that are recharged to the HRA and these would increase as a result of the pay settlements.

2.27 **Service Costs and Inflation –** The budget needs to reflect repairs, voids and technical/compliance services contracts. The costs of communal heating is not forecast to increase in 2025/26. Communal electricity costs were under-recovered through service charges in 2022-24. This shortfall is now recovered and service charges can be reduced in 2025/26.

2.28 **Revenue repair costs** - inflationary pressures are being felt in supply chains and in material and labour costs

2.29 **Potential increase in Interest Costs –** With a substantive capital investment and regeneration programme, including buybacks, that requires HRA borrowing will result in an increased revenue charge for interest.

2.30 **Depreciation** - this is a cost to rent-payers for the use of the housing assets. This charge is transferred to capital to fund the capital investment. Changes in the market valuation could also increase depreciation costs to tenants.

2.31 **Bad and doubtful debts –** this is a provision for the non-payment of rent and service charges. The % of bad debts has increased in recent years and takes account of the impact of the cost of living crisis and the ability to recover debt.

Mitigations

2.32 **Dwelling rents increase** - to reflect the increase in rent expected for 2025/26 from the policy of CPI plus 1%. This equates to a circa £4.2m increase. The council also makes full use of flexibility within the Rent Guidance to increase rents of new general needs tenancies by 5% above Formula Rent (and 10% for Sheltered tenancies).

2.33 **Tenant Service charges** - to reflect (i) the reduction in common service charges by £0.76/week in 2025/26 (ii) the decrease in the Heating and Hot Water service charge (iii) the changes in specific service charges where applicable to each property, but at a combined indicative total of £0.97/week.

2.34 **Leaseholder day-to-day service charges** - to reflect changes here that would mirror the pattern in tenant service charges.

Capital budgets

2.35 As we transition into a more limited planned capital programme of stock maintenance, this will be supported by an overarching asset strategy which will be informed by the recent stock condition surveys. The new building and fire safety regulations increase the building works and information requirements which will need to be considered in the ongoing capital programme to maintain decent homes and contribute to our commitments to deliver more energy efficient homes. All these elements will inform the 30-year Business Plan and the future profile of required investment.

Future HRA Balance and Reserves

2.36 The Council aims to maintain General HRA reserves at a minimum balance of £10m and the HRA business plan tries to reflect this where possible across the 30 years. There are pressures in the near-term in maintaining sufficient reserves and balances. Holding general reserves of between 5% and 10% of HRA turnover is considered prudent. This would mean balances of between £8.6m and £17.1m based on the proposed 2025/26 budget. As at 31 March 2024 the HRA Balance have been depleted to zero with £14m of specific reserves.

3. FINANCE

3.1 The financial implications of the proposed increases are set out in the main body of the report. The estimated £4.2m income will be used to contribute towards the increased costs, in addition to the savings and management actions that will be required to ensure the budget does not overspend.

3.2 The level of reserves is a concern and replenishing reserves to a minimum level of £10m needs to be a key priority.

3.3 The request to MHCLG for a capitalisation direction is a critical part of the management action to enable the HRA budget to be balanced for 2025-26. The outcome of the request and the level of capitalisation is not yet confirmed, but will need to be at least £40m.

3.4 Approval of the rent increase and service charges in this report will inform the HRA budget setting report to be included with the Overall Council Tax and Budget setting report to be presented to Cabinet on 24 February and Full Council on 5 March.

4. LEGAL AND DEMOCRACY

4.1 Section 21 of the Housing Act 1985 provides the Council with powers for the general management, regulation and control of its dwelling stock.

4.2 Section 111 of the Local Government Act 1972 provides powers for a local authority to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

4.3 Section 24 of the Housing Act 1985 states that the Council may make such reasonable charges as it determines for the tenancy or occupation of its dwellings and that it must review rents from time to time and make such changes as circumstances require. In exercising their functions under this section, the Council is required to have regard in particular to any relevant standards set for them under section 193 of the Housing and Regeneration Act 2008 [Standards relating to consumer matters set by the Housing Regulator i.e. maintenance, estate management etc.].

4.4 The apparent discretion available to the Council to determine rent levels is effectively controlled by Part VI of the Local Government and Housing Act 1989 which governs, inter alia, the Council's duties in relation to the HRA. In particular, Section 76 of the 1989 Act places a duty on the Council to secure that the HRA for any year does not show a debit balance. However, there is no absolute duty to prevent a debit balance as this may occur, for example, as a result of unforeseen circumstances. Any debit balance that does occur in any year must be carried forward within the ring-fenced HRA to the following year.

4.5 Section 76 of the 1989 Act requires the Council in the January or February preceding the relevant year to formulate proposals relating to (a) income from rents and other charges, and (b) the expenditure on repairs, maintenance, supervision and management of its houses. In formulating these proposals, the Council must secure that, on implementation, the HRA will not show a debit balance, assuming the following:

a. that the best assumptions that they are able to make at that time as to all matters which may affect the amounts falling to be credited or debited to the HRA in the year prove to be correct; and,
b. that the best estimates that they are able to make at that time of the amounts which, on those assumptions, will fall to be so credited or debited, also proves to be correct.

4.6 The Council is further obliged to keep the proposals referred to in this report under review to see if the requirement to avoid a debit balance continues to be satisfied during the year. In the event that the Council, on review, determines that this requirement will not be satisfied then the Council is, by virtue of Section 76(6), required to "make such revisions of the proposals as are reasonably practical towards securing that the proposals (as so revised) satisfy those requirements". The duty in relation to "best assumptions and estimates" referred to in this report applies equally to such revised proposals.

4.7 Members are therefore required to satisfy themselves as to the "reasonable practicability" of adopting any particular proposals. Members should not reject any proposal without being able to demonstrate that they have fully considered it and are satisfied that the proposal in question would be inferior to the proposal they agree.

4.8 The provisions of Section 103 of the Housing Act 1985 require the Council to serve a notice of variation on its tenants if it wishes to vary the terms of tenancies, including any increase or decrease in rent and other charges. The notice of variation must be served at least four weeks before it is to take effect. Section 103(2) is concerned with the requirement to serve a preliminary notice on tenants which affords the opportunity for tenants to comment. However, this requirement does not apply to a variation (which includes both addition and diminution) of the rent, or of payments in respect of services or facilities provided by the landlord.

4.9 Similarly, the Council's duties in relation to the consultation of tenants on matters of housing management, as set out in Section 105 of the Act, do not apply to rent levels, nor to charges for services or facilities provided by the authority.

4.10 When Members of the Cabinet consider whether to adopt the recommendations of this report, they will be exercising discretion within the constraints of the duties referred to above and should therefore have in mind the following principles of administrative law:

a. the decision must be within the Council's powers;
b. all relevant information and consideration, including the Council's fiduciary duty to the council tax payer, must be taken into account; and,

c. all irrelevant considerations, including unauthorised purposes, must be ignored.

4.11 Pursuant to Part II of the Equality Act 2010, public authorities must, in the exercise of their functions, have due regard to the need to:

a. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
b. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and,
c. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

4.12 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment; pregnancy and maternity, race, religion and belief, sex and sexual orientation) and persons who do not share it involves having due regard, in particular, to the need to:

a. remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
b. take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and,
c. encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

4.13 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.

4.14 This proposed key decision was entered in the Forward Plan on 23 December 2024 and the necessary 28 clear days' notice has been given. The report will be published for five clear days before the decision is considered by Cabinet (Constitution, Part 7, Chapter A). Should it be approved and following the publication of the Cabinet minutes, a further period of five clear days, the call-in period, must then elapse before the decision becomes effective. If the decision is called-in during this period, it cannot be enacted until the call-in has been considered and resolved.

5. CONSULTATION AND CO-PRODUCTION

5.1 As set out in paragraphs 4.8 and 4.9 above, there is no statutory duty to consult with secure tenants concerning changes to rent levels or charges services. A rent setting Question and Answer session with residents took place on 21 January 2025 to provide residents with the opportunity to discuss rent and service charge changes.

6. RISK MANAGEMENT

6.1 It is essential that rent, service charges and other charges at least match projected expenditure to set a balanced budget. This is a legal and operational requirement. Within the budget, there are risk, options and mitigations that will be monitored and addressed throughout the year. The HRA budget is under pressure from enforced rent reductions, Covid costs and unfunded New Burdens which has resulted in the HRA Balance being lower than the recommended level.

6.2 Further stock losses from enfranchisement or for regeneration requires careful management of financial risk. Any continued volatility in utility costs will affect the HRA, albeit these are broadly recovered from service charges. The annual rent setting process is a major undertaking which affects all Lambeth tenants.

6.3 There are no risks specifically arising as a result of this decision.

7. EQUALITIES IMPACT ASSESSMENT

7.1 There is a rent increase of 2.7% for 2025/26 as allowed by the Policy set out by Government. As such all tenants will see an increase in their rent for 2025/26.

7.2 It is recognised that the impact of the rent rise will be felt especially by those who do not receive Housing Benefit or Universal Credit for the entirety of their rent bill. This impacts upon residents' disposable or marginal funds.

A September 2024 view of Lambeth tenants reveals that:

- 3,821 are receiving full Housing Benefit which covers rents and eligible service charges
- 1,811 are receiving partial Housing Benefit
- 8,600 are Universal Credit claimants
- 8,351 are not receiving Universal Credit or Housing Benefit which implies that they are liable for full rents and service charges

7.3 It is recognised that whilst the main content of this report is to do with HRA rents and service charges, residents in the HRA are affected by council tax and wider impacts of poverty. The council aims to support residents in, or at risk of, poverty and those disproportionately impacted by increasing costs through responding to their urgent need, maximising their incomes, reducing their costs and building their financial resilience and ability to manage debt. The support available includes a range of responsive and preventative measures including:

- The Cost of Living Response Plan 2024/25 delivering the following support for residents:
    - Financial support for families in receipt of income-based Free School Meals during the school holidays at a rate of £15 per child, per week of the school holiday
    - Expansion of Free School Meals, including holiday support, to include all families living in the borough with children at a Lambeth primary school who are in receipt of Council Tax Support and/or Discretionary Housing Payments
    - Reductions in service charges for the borough's most vulnerable tenants (including care leavers and those a part of the council's Housing First initiative)
    - Energy advice and guidance to support residents to reduce their bills, install energy saving measures, provide fuel vouchers where appropriate and help residents move to social tariffs
    - Support provided through the council's Voluntary, Community and Faith Sector organisations (VCFS), including at-scale food distribution, advice in community settings and the provision of warm spaces
    - Free period products available in libraries, leisure centres, children's centres, Sanctuary services and refuges
    - Targeted support to residents recognised as being most in need including lone parents, disabled residents and residents with mental ill-health
    - Income maximisation campaigns to ensure residents are accessing support that they are entitled to including Pension Credit, Attendance Allowance and Healthy Start campaigns as well as adopting an auto-award approach to Free School Meals.

- An Emergency Support Scheme for low-income residents struggling with an emergency or crisis, including financial crisis. Residents can access the Emergency Support Scheme if they are in receipt of means-tested benefits or earn less than £30,000 per annum.

- Support to help residents maintain their accommodation including:
    - Tenancy sustainment support through the Neighbourhood Housing Tenancy Support
    - A Housing Support Team offering a range of services including maximising benefits, fuel vouchers and referrals to food banks
    - Supportive approaches to addressing debt through the Income and Rents team utilising appropriate nudge techniques whilst tracking arrears to start a dialogue with and enable residents to pay their rents
    - A Tenancy Sustainment Panel identifying other support available before a case is progressed for eviction.

- A team of Financial Link Workers providing support to residents in outreach settings, referrals with key stakeholders (including health services, no recourse to funds services and housing teams). All residents can access support from the Financial Link Workers by emailing costofliving@lambeth.gov.uk. Digitally excluded residents can access support by attending a drop-in surgery or calling 0207 926 5059.

- Commissioned advice agencies in the borough, providing impartial advice around welfare benefits, debt, housing, legal and immigration advice through a mix of one-off advice and ongoing casework. In addition, there is also an advice network coordinating all organisations offering advice to residents.

- The council's welfare rights service, 'Every Pound Counts', providing support to residents in need. Offer benefits advice for residents with a serious long term health condition and works to maximise residents' benefits as well as offering debt and money advice.

- A range of Skills and Employment offers including:
    - Targeted interventions specifically for tenants, residents impacted by national welfare changes (for example, benefit cap), residents with disabilities, parents returning to work and young people who are not in education, training or employment.
    - Job brokerage support for residents through the council's partnership with Big Issue Recruit
    - Wider support is also available to assist all residents to access education, training and employment opportunities through the council's Be Lambeth service.

- The Housing Revenue Account and the General Fund contract for support to residents with financial and other concerns through free at point of use services including advice, training and advocacy specifically including strategies for debt management, reducing challenging debts and homelessness.

- Within the Housing Online portal, the Council has designed a central portal where all applications for support can be managed in one place, this is in recognition of the fact that there are multiple agencies and support mechanisms and this is another bridge between the Council and support agencies that can help residents more swiftly – this has been done in partnership with Lightning Reach. This is promoted via emails, letters and campaigns. In addition, Lambeth has partnered with a benefits calculation agency such that within the Lambeth portal, a ten minute journey will tell residents what benefits they are entitled to. There is also a means to searching for grants. Feedback from residents has been key in designing and progressing this with 69% of tenants signed up to the portal and the Council expecting it to reach 80% by the end of 2025/26.

- Home visiting officer to reach those tenants not making contact and the most vulnerable

- Holistic support offered to vulnerable residents through the commissioned MYCommunity Gateway service.

- Partnership working with the Department for Work and Pensions (DWP) to assist those in receipt of Universal Credit Housing Costs as well as those migrating to Universal Credit

- Working with Housing Benefit officer targeting the most vulnerable ensuring claims are assessed and paid to maximise tenants income.

7.4 An Equalities Impact Assessment (EIA) is attached in Appendix 4.

8. COMMUNITY SAFETY

8.1 Section 17 of the Crime and Disorder Act 1998 imposes a general duty on local authorities, as follows: "Without prejudice to any other obligations imposed upon it, it shall be the duty of each authority to exercise its various functions with due regard to the likely effect of the exercise of those functions on, and the need to do all it reasonably can to prevent crime, disorder and substance misuse in its area." This report sets out proposals on rent levels, service charges and other charges, which have no direct impact on this general duty. Therefore, there are no direct community safety implications arising from this report; however, any future changes to service levels, particularly if they relate to community safety sensitive services would require further evaluation pursuant to s17 of the Crime and Disorder Act 1998.

9. ORGANISATIONAL IMPLICATIONS

Environmental

9.1 None.

Health

9.2 None.

Corporate Parenting

9.3 None.

Staffing and accommodation

9.4 None.

Responsible Procurement

9.5 None.

10. TIMETABLE FOR IMPLEMENTATION

10.1 The table below details the stages and deadlines for implementing the recommendations:

Activity	Date
Date published on Forward Plan	23 December 2024
Publication on Decisions Online	17 January 2025

Cabinet Member Decision	27 January 2025
End of Call-in Period (key decisions only)	7 February 2025
Execution of Contract	N/A
Mobilisation Period for Contract	N/A
Commencement of Contract	N/A

AUDIT TRAIL

Name/Position	Lambeth directorate/department or partner	Date Sent	Date Received	Comments in para:
Councillor Danial Adilypour	Deputy Leader of the Council (Housing, Investment and New Homes)	08/01/25	08/01/25	Throughout
Councillor David Amos	Cabinet Member for Finance	08/01/25	08/01/25	Throughout
Ruth Hutt, Acting Corporate Director of Housing and Adults' Social Care	Housing and Adults' Social Care	20/12/24	20/12/24	Throughout
Sophie Taylor Director of Housing	Housing and Adults Social Care	20/12/24	20/12/24	Throughout
Chris Flynn Acting Director of Housing Needs and Commissioning	Housing and Adults Social Care	12/11/24	13/11/24	7.3
Cagdas Canbolat Acting Director of Finance and Property	Finance	06/01/25	08/01/25	Throughout
Simon Theobald, Assistant Director of Finance	Finance	30/10/24	20/12/24	Throughout
Greg Carson, Principal Lawyer, Legal Services	Legal and Governance	30/10/24	13/11/24	4.1 - 4.13 and 5.2
Mary Bosah, Democratic Services	Communities, Governance and Change	19/12/24	27/12/24	Throughout

REPORT HISTORY

Original discussion with Cabinet Member	4 November 2024
Report deadline	15 January 2025
Date final report sent	17 January 2025
Part II Exempt from Disclosure/confidential accompanying report?	No
Key decision report	Yes
Date first appeared on forward plan	23 December 2024
Key decision reasons	2. Expenditure, income or savings in excess of £500,000
Background information	Implementing Self-financing for Council Housing (DCLG, February 2011) http://www.legislation.gov.uk/ukpga/2016/22/contents/enacted/data.htm https://services.parliament.uk/bills/2010-11/localism.html Local Government and Housing Act 1989 Welfare Reform and Work Act 2016 Housing Act 1985 Local Government Act 1972 Equality Act 2010

	Local Government Act 2003 Crime and Disorder Act 1998 Universal Credit: service charges - guidance for social landlords - GOV.UK (www.gov.uk)
Appendices	Appendix 1 - Service Charges Appendix 2 - Garages, Sheds and cycle storage Appendix 3 - Rent Flexibility and Affordability Appendix 4 - Equalities Impact Assessment