


<b>Cabinet Decision</b> 4 <sup>th</sup> February 2015	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Aman Dalvi – Corporate Director Development & Renewal	<b>Classification:</b> Unrestricted
<b>Housing Revenue Account – Budget Report 2015/16</b> <b>Adoption of Housing Revenue Account Capital Estimates</b> <b>Adoption of Housing General Fund Capital Estimates</b>	

Lead Member	Councillor Rabina Khan Councillor Alibor Choudhury
Originating Officers	Jackie Odunoye, Service Head Strategy, Regeneration & Sustainability Paul Leeson, Finance Business Partner Katherine Ball, Senior Accountant (HRA & Capital)
Wards affected	All
Community Plan Theme	One Tower Hamlets
Key Decision?	Yes

## Executive Summary

This is the second report on the Housing Revenue Account (HRA) for 2015/16, and follows decisions of the Mayor in Cabinet on 7<sup>th</sup> January 2015 regarding rents and tenant service charges. This report seeks Mayoral approval of the draft HRA budget for 2015/16 as set out in Appendix 1, and of the Management Fee payable to Tower Hamlets Homes.

This report also seeks Mayoral approval for the adoption of various housing capital estimates.

## Recommendations

The Mayor in Cabinet is recommended to:-

### Revenue

1. Approve the draft 2015/16 Housing Revenue Account budget as set out in Appendix 1.
2. Approve the draft 2015/16 Management Fee payable to Tower Hamlets Homes (THH) of £35.116 million as set out in Table 3 in section 7.

3. Subject to 2 above, note that under the Management Agreement between the Council and THH, THH will manage delegated income budgets of £89.818 million and delegated expenditure budgets of £24.345 million on behalf of the Council in 2015/16.
4. Note the HRA Medium Term Financial Plan (2015-18) outlined in Appendix 2.

#### Capital

5. Adopt a capital estimate of £1 million to fund Overcrowding Reduction Initiatives as outlined in paragraph 10.3.
6. Adopt capital estimates for the Aids and Adaptations programme (£750,000), the Capitalisation of Voids (£1.5 million) and the Capitalisation of Fees and Salaries (£650,000) as outlined in paragraph 10.4.
7. Adopt a capital estimate of £250,000 in order to maintain a contingency for urgent works of £1 million, as outlined in paragraph 10.5.
8. Adopt an increased capital estimate for Ashington East new build scheme of £2.450 million, as detailed in 10.7 and 10.8.
9. Adopt a capital estimate of £813,000 for the award of Disabled Facilities Grants, as outlined in paragraph 11.1.
10. Adopt a capital estimate of £550,000 in respect of Private Sector Improvement Grants, including Empty Property Grants, for 2015/16, to be financed from ring-fenced resources received from the East London Renewal Partnership (paragraph 11.2).
11. Adopt capital estimates for the various S106 schemes outlined in section 12.
12. Note that £33 million of resources have been included within the capital programme (Appendix 4) to reflect the necessity to deliver new housing supply in order to spend the currently unallocated 1-4-1 receipts of £14.5 million, as detailed in para 6.17.

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### Consultation and Version Control

[Please state version number and all changes must be tracked or report will not be accepted]

<b>Version Number</b>	1.0	<b>Version Date</b>	26/01/15
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<b>Name</b>	<b>Title</b>	<b>Date Consulted</b>	<b>Date Cleared</b>	<b>Version</b>
Aman Dalvi	Corporate Director			
Paul Leeson	Department Finance			
Barry Scarr	Corporate Finance			
David Galpin	Legal Services			

### Originating Officers and Contact Details

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### Decision Type

<b>Key Decision?</b>	<b>Urgent Decision?</b>	<b>Exempt from Call-In?</b>	<b>Restricted Report or Partially Restricted (e.g. appendix)?</b>
Yes	No	No	No?*

\*If the answer is yes make sure the forthcoming decision on the website states this or else the decision cannot be taken.

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## **REASONS FOR THE DECISIONS**

- 1.1 The Mayor is required by the Local Government and Housing Act 1989 to determine a balanced Housing Revenue Account (HRA) budget prior to the start of the new financial year. The Council must also approve the Management Fee payable to Tower Hamlets Homes (THH) so that it can fulfil its obligations under the Management Agreement to manage the housing stock on behalf of the Council.
- 1.2 In accordance with Financial Regulations, capital schemes must be included within the Council's capital programme, and capital estimates adopted prior to any expenditure being incurred. This report seeks the adoption of the necessary capital estimates for various schemes in order that they can be progressed.

## **2. ALTERNATIVE OPTIONS**

- 2.1 The Council has a statutory duty to set a balanced HRA and provide THH with the resources to fulfil its obligations under the Management Agreement. Whilst there may be other ways of delivering a balanced HRA, the proposals contained in this report are considered the most effective, having regard to the matters set out in the report.

## **3. BACKGROUND**

- 3.1 The HRA relates to the activities of the Council as landlord of its dwelling stock, and the items to be credited to the HRA are prescribed by statute. Income is primarily derived from tenants' rents and service charges, and expenditure includes repairs and maintenance and the provision of services to manage the Council's housing stock.
- 3.2 Since 1990 the HRA has been "ring-fenced"; this was introduced as part IV of the Local Government & Housing Act 1989 and was designed to ensure that rents paid by local authority tenants reflect the associated cost of services. This means that the HRA cannot subsidise nor be subsidised by Council Tax i.e. any deficits or surpluses that arise on the HRA cannot be met from or transferred to the General Fund. In addition, the HRA must remain in balance.
- 3.3 At its meeting on 7<sup>th</sup> January 2015, the Mayor in Cabinet considered the 'Housing Revenue Account and Rent Setting report' which recommended an average weekly rent increase of £2.75 from April 2015. This rent increase has been incorporated into the 2015/16 HRA budget set out in Appendix 1.
- 3.4 This report is also seeking capital estimates for various Housing General Fund elements of the capital programme.

- 3.5 The Council's Housing Strategy includes the following objectives:
- Delivering and maintaining decent homes
  - Place making and sustainable communities
  - Managing demand, reducing overcrowding
  - New housing supply

The investment programme addresses these aims where appropriate.

#### **4. HRA 30 YEAR FINANCIAL MODEL**

- 4.1 Under HRA Self-Financing each Authority is required to develop and maintain a 30 Year HRA Financial Model showing the anticipated income and expenditure each year, the anticipated capital programme over 30 years, and the funding available to finance the capital programme.
- 4.2 Current modelling indicates that annual revenue surpluses will be generated over the first 10-15 years which will subsequently be needed to fund the capital programme over the remaining part of the 30 year plan as the Authority will have reached its debt cap by that point, and will therefore be unable to borrow any further to finance the capital programme. This will enable the anticipated required capital works to be delivered over the life of the Business Plan - including the delivery of the enhanced Decent Homes programme over the early years of the model.

#### **5. PROJECTED OUTTURN 2014/15**

- 5.1 Appendix 1 shows the agreed 2014/15 HRA budget. On 7<sup>th</sup> January 2015, the Mayor in Cabinet considered the 'Performance and Corporate Budget Monitoring Report (Quarter 2)', which reported that the HRA was forecast to underspend by £0.838m; this will be used for future capital investment, as outlined in paragraph 4.2.

#### **6. RISKS**

- 6.1 A number of recent Cabinet decisions relate to the HRA and will affect the viability of the 30 Year Financial Model. In addition the previously identified two main risks to the HRA of Right to Buy and Welfare Reform are still relevant and there have been some further developments in these areas, which are discussed below.

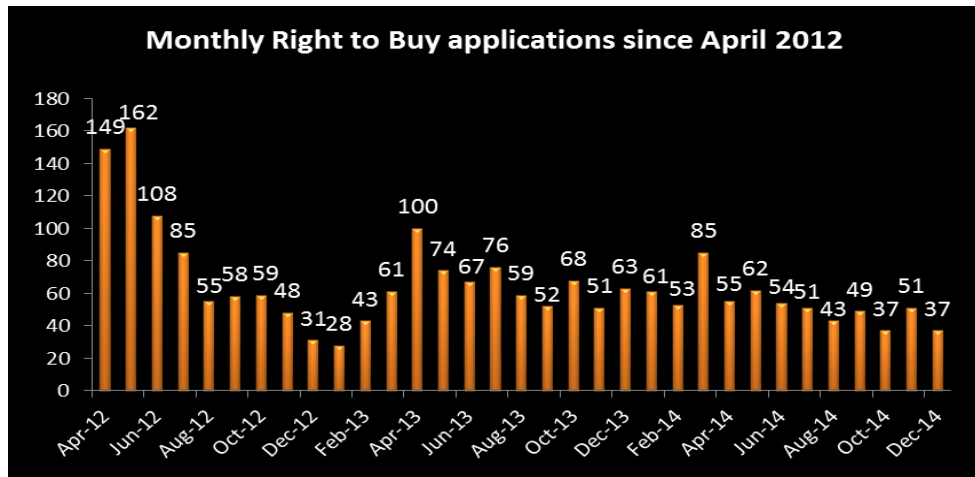
##### **Right to Buy**

- 6.2 Recent changes to Right to Buy legislation have led to a current maximum discount of £102,700 from April 2014, and this will increase annually in line with the Consumer Price Index (CPI).

6.3 The reinvigorated Right to Buy regime is a three year policy, although the government is currently consulting on plans to amend the capital regulations to enable the current system of pooling to continue after 31st March 2015.

### Right to Buy Applications

6.4 The following information was included in the 'Housing Revenue Account and Rent Setting report', considered by the Mayor in Cabinet in January 2015, but has been updated to include information relating to December 2014. As shown in graph 3 below, as at the end of December 2014, 2135 Right to Buy applications had been received since April 2012.

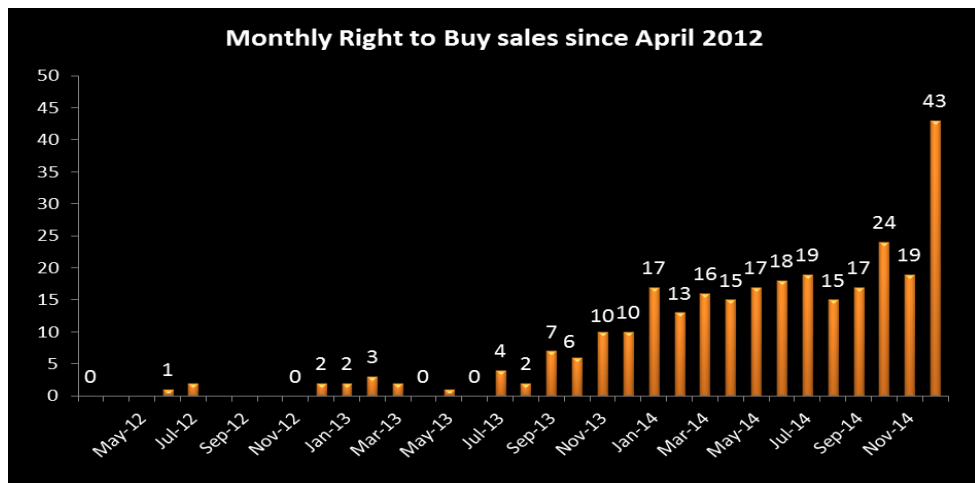


Graph 3 – 2,135 Right to Buy applications have been received since April 2012

6.5 As at the end of December 2014, over 950 live RTB applications were in progress.

### Right to Buy Sales to Date

6.6 Between April 2012 and the end of December 2014 there were 285 RTB sales; Graph 4 shows the number of sales each month since April 2012.



Graph 4 – 285 Right to Buy sales have taken place since April 2012

## Future Right to Buy Sales

- 6.7 Although the HRA financial model assumes a certain level of stock reduction, the disposal of significant additional numbers of properties will cause major financial pressures, as the reduction in rental income will outweigh the marginal savings that will be made in management and maintenance costs.
- 6.8 The 2014/15 budget assumed 100 sales in 2014/15, however it is now anticipated that there will be 200 sales, resulting in lower than budgeted rental income. Budget projections for the next few years assume that there will be 200 RTB sales in 2015/16, 100 in 2016/17 and 50 in 2017/18.
- 6.9 It is thought that there may be a surge in the number of applications over the coming months, following the increase to the maximum discount (which now rises annually in line with inflation) and the change to the current eligibility criteria requiring applicants to have been a Council tenant for five years, which is to be reduced to three years.

## Right to Buy Receipts

- 6.10 The Authority has signed an agreement with the Secretary of State to allow it to retain a proportion of Right to Buy receipts to be spent on replacement social housing, with the following conditions:
- i. Retained 1-4-1 receipts can fund no more than 30% of the total spend
  - ii. The receipts cannot be used in conjunction with funding from the GLA/HCA
  - iii. The receipts must be spent within three years or be returned with interest
  - iv. The receipts cannot be given to a body in which the local authority has a controlling interest
- 6.11 Alternatively, the authority may use these receipts to grant fund another body, such as a Registered Provider (RP).
- 6.12 As at the end of Q2 of 2014/15, the Authority has £19.8m of 1-4-1 retained receipts, the breakdown of which is show in Table 1 below:

RTB Sales	Quarter Received	Retained Receipts (30%) £'000	Deadline for use	Spend needed on social housing £'000	Council resources needed (70%) £'000
26	Q3 - 2013/14	1,503	31/12/16	5,010	3,507
46	Q4 - 2013/14	3,508	31/03/17	11,693	8,185
50	Q1 - 2014/15	3,480	30/06/17	11,600	8,120
51	Q2 - 2014/15	4,246	30/09/17	14,153	9,907
86	Q3 – 2014/15	7,064	31/12/17	23,547	16,483
	<b>TOTAL</b>	<b>19,801</b>		<b>66,003</b>	<b>46,202</b>

Table 1 – Summary of current retained 1-4-1 RTB Receipts

- 6.13 Any receipts unspent within 3 years must be returned to the government with compound interest; the interest rate chargeable is 4% above the base rate, and is charged on a daily basis.
- 6.14 The Council has schemes in place to spend £5.2 million of the 1-4-1 receipts, as detailed in section 9. In order to allocate the remaining £14.5 million total spend of £48.3 million on replacement social housing is required, with the Authority needing to fund the balance of £33.8 million (70%) from other resources.
- 6.15 Assuming that the current pace of RTB sales continues the Authority may have close to £20 million of unallocated 1-4-1 receipts by the end of 2014/15. This would mean the need to plan total further spend of £66 million on replacement social housing by the end of 2017/18, with the Authority having to find £46 million to fund 70% of the cost.
- 6.16 The Authority, in conjunction with Tower Hamlets Homes (THH), is currently assessing the potential for the Authority to spend the 1-4-1 receipts, both in terms of the land availability within the HRA, the HRA resources available, and the feasibility of delivering within the timescales set out by the government.
- 6.17 Given the need to spend the time-limited 1-4-1 receipts, as well as the possibility of the Authority being involved in further government grant bidding rounds, the HRA Capital Programme includes a notional sum of £33m to reflect the 70% council contribution needed to deliver new social housing supply in order to allocate the currently unallocated 1-4-1 receipts of £14.5 million. However, it must be stressed that any future new build schemes will require Cabinet approval on a scheme by scheme basis, and will contain a detailed assessment of the financial viability of the project and its affordability within the HRA.
- 6.18 In terms of resources, as part of the ongoing update of the HRA Financial model an assessment is being made of the capacity within the HRA to fund the 70% contribution necessary to spend 1-4-1 receipts. In relation to borrowing to fund the 70% contribution, there are already a number of possible commitments against the HRA debt cap, such as the various new-build schemes already agreed, as referred to in section 9, and the Decent Homes Backlog Programme.
- 6.19 Therefore it is possible that we may be close to the point of not having sufficient HRA resources to contribute towards an ever-increasing amount of 1-4-1 receipts. In this case, the Authority would need to agree to either
- return newly arising 1-4-1 receipts immediately (to avoid any interest charges);
  - pass newly arising 1-4-1 receipts to a third party (i.e. an RP)
- 6.20 In addition we need to be able to fund the revenue costs of borrowing; savings will be necessary within the HRA in future years in order to provide additional resources to support the delivery of new housing provision.



## **Welfare Reform**

- 6.21 Welfare Reform consists of a number of major changes to the benefits system, the main changes that will affect THH tenants are:
- (1) Benefit Cap
  - (2) Under-occupancy Charge
  - (3) Universal Credit and Direct Payments
- 6.22 Universal Credit (UC) is a welfare benefit launched in 2013, which replaces six means-tested benefits and tax credits: Jobseeker's Allowance, Housing Benefit, Working Tax Credit, Child Tax Credit, Employment and Support Allowance and Income Support. Universal Credit will only be applied for online and will be paid monthly directly to only one member of the household, except in exceptional circumstances.
- 6.23 As part of Tranche 1 of the implementation, from March 2015 Universal Credit will be rolled out to new single applicants in Tower Hamlets. It is anticipated that this may affect approximately 300 claimants in the borough in 2015/16, of which a proportion may be Council tenants, although it is not possible to determine the number affected in advance of the implementation.

## **Impact of Welfare Reform changes on the HRA**

- 6.24 It is not yet known when Universal Credit will be rolled out more widely within the borough, and so the cumulative impact on the HRA will not be clear until the various reforms all take effect. Provision was made in the 2014/15 budget for an anticipated increase in the amount of bad debt, but it is now expected that this level of provision will not be fully required in 2014/15 as the implementation dates for Universal Credit and Direct Payments have slipped. However, it is recommended to maintain an increased level of provision for bad debts over the next few years as the reforms take effect.
- 6.25 The extent to which budget pressures caused by welfare changes prove to be temporary in nature will depend on the Council's response to rent arrears; if tenants are unable to pay their rent in full, there will be an ongoing budget pressure in the HRA, and as rent constitutes the main source of income for the HRA, this could have a significant impact on the future viability of the HRA.

## **Interest Rates & Debt**

- 6.26 Over the next few years, the Authority will need to borrow within the HRA in order to finance the capital programme, including new-build schemes. Although interest rates currently remain at 0.5%, when they rise the HRA will be exposed to interest rate risks as its current loan portfolio mainly consists of market loans at variable rates.

- 6.27 The Governor of the Bank of England delivered the Inflation Report on 17<sup>th</sup> November; although he did not detail when interest rates would rise he stated that when rates do start rising it will be slowly and gradually. Market expectations highlighted in the Bank's report are that rates will start to rise in late 2015, moving gradually up to 1.7 per cent in three years' time.

### **Leaseholder Recovery**

- 6.28 Leaseholders represent 40% of the total HRA stock, with leaseholder numbers increasing each time a Right to Buy sale takes place. Where capital works carried out on housing stock are of an external or communal nature, leaseholders are required to contribute to their share of the costs.

### **Leasehold Major Works**

- 6.29 The Tower Hamlets HRA 30 Year Financial Model assumes full recovery of leaseholder major works over a period of seven years. However, this assumed profiling means that a high level of leaseholder major works "forward funding" is required, and it is therefore crucial that leasehold major works debt is pursued in a robust manner, as failure to do so will result in an HRA budget pressure.
- 6.30 In August 2014 the government issued the 'Social landlords reduction of service charges: mandatory and discretionary directions 2014' which introduces a mandatory cap of £15,000 in London on leaseholder major works bills where the local authority has received assistance for works of repair, maintenance or improvement provided by the Secretary of State or the Homes and Community Agency.
- 6.31 Whilst the cap does not affect funding already confirmed, it will apply to allocations made from the 2013 Spending Round Decent Homes funding. The Authority submitted a bid for 2015/16 Decent Homes funding, and initial modelling carried out at the time of the bid submission indicated that the effect of the cap would be minimal. The GLA announced on 19<sup>th</sup> January 2015 that the Authority has been awarded £13.2 million of Decent Homes funding for 2015/16.

## **7. DRAFT BUDGET 2015/16**

### **Inflation**

- 7.1 September 2014's inflation indices were as follows; the Retail Price Index (RPI) was 2.3% and the Consumer Price Index (CPI) was 1.2%. Both CPI and RPI have dropped further since September, with latest reported figures (December) of 0.5% and 1.6% respectively.

## **Rent Policy**

- 7.2 The HRA Settlement assumed that local authorities would aim to achieve rent convergence in 2015/16 in line with the government's rent restructuring policy, and then implement subsequent annual rent increases of RPI + 0.5% each year thereafter.

## **Rent Restructuring – policy to 2014/15**

- 7.3 Rent restructuring was introduced in 2002 in order to align council rents and housing association rents, so that similar social properties in the same location, although owned by different landlords, would charge comparable rents.
- 7.4 Local authorities increased rents annually by a maximum of RPI + 0.5% + £2 per week, and the target date for achieving rent convergence was 2015/16.

## **Updated Social Rent Policy**

- 7.5 As detailed in the 'Housing Revenue Account Rent Setting report 2015/16', considered by the Mayor in Cabinet in January 2015, there have been recent changes to rent policy. In May 2014 the government published its '*Guidance on Rents for Social Housing*' for April 2015 onwards – the updated rent policy is intended to apply for 10 years, and is summarised below:
- rent restructuring has ended in 2014/15 rather than in 2015/16
  - there is an expectation that new tenancies will be let at formula rent
  - future rent rises will be linked to CPI (Consumer Price Index) rather than RPI (Retail Price Index)
  - the current rent caps remain, and will increase annually by CPI + 1.5%
  - social tenant households with incomes over £60,000 can be charged market rent levels
  - rent rebate subsidy limitation will remain in place (until any replacement following the introduction of Universal Credit)

## **Rent Restructuring – policy from 2015/16**

- 7.6 The government's revised rent policy is that, from 2015/16, rents in the social sector should increase by CPI + 1%. This means that rent convergence has ended a year early, in 2014/15.
- 7.7 The Council's HRA modelling to date has assumed that it would aim to achieve rent convergence by 2015/16. The estimated impact of ending rent convergence a year early is a loss of over £1 million of rental income, and an anticipated cumulative loss of £18m (including inflation) over the 10 year period of the policy.

## **Re-Letting at Formula Rent**

- 7.8 As an Authority, Tower Hamlets has followed rent restructuring guidelines; however, as at April 2014, only 2% of our properties have reached formula rent. The government has recognised that not all local authority properties will reach formula rent by April 2015, however they *'expect authorities to adhere to the limit on rent changes, but to move the rent up to formula rent where the property is re-let...'*
- 7.9 Approximately 5% of the Council's stock is re-let each year. At its meeting in January 2015, the Mayor in Cabinet agreed that from April 2015, properties will be re-let at formula rent; this increase in the number of properties at formula rent will help to generate additional rental income to partially offset the loss caused by ending rent convergence a year early.

## **2015/16 Rent increase**

- 7.10 At its meeting in January 2015, the Mayor in Cabinet agreed an average 2015/16 rent increase of 2.5% - equating to £2.75 per week - and this level of rent increase has been incorporated into the 2015/16 budget figures at Appendix 1.

## **Tenant Service Charges**

- 7.11 At its meeting in January 2015, the Mayor in Cabinet agreed an average 2015/16 increase in tenant service charges from April 2015 of £0.20 per week. This level of tenant service charges is reflected in the 2015/16 budget figures at Appendix 1.

## **2015/16 Inflation - salaries**

- 7.12 The Council remains part of the National Joint Council for Local Government Services for negotiating pay award arrangement. For 2014/15 and 2015/16, a 2.2% pay award was agreed. The agreement will be implemented from 1st January 2015 and will run until 31st March 2016. The General Fund Medium Term Financial Plan anticipates that staffing costs will increase by 1% in each of the three years of the plan.
- 7.13 Salaries constitute approximately £20m of the management fee, and the calculation of the 2015/16 management fee in Table 3 includes sums to reflect the anticipated increase in salary costs resulting from the pay award.

## **2015/16 Budget Reduction- energy**

- 7.14 The 2015/16 energy budget has been reduced by £600k as there is currently extra capacity within this budget, and it is forecast that there will be a reduction in our 2015/16 energy prices. Current forecasts for 2015/16 energy contract prices are shown in Table 2 below.

<b>Gas &amp; Power</b>	<b>Forecast increase / decrease for 2015/16</b>
Gas*	-11.37%
Half Hourly Electricity**	-1.54%
Non Half hourly Electricity***	+/-0.00%
Unmetered supply****	-0.60%

Table 2 - Forecast 2015/16 energy prices

Note - due to the nature of our procurement strategy (variable purchase of commodities over a 12 month period on the wholesale market) the following applies:

\*12% of our anticipated gas supply has already been purchased for 2015/16

\*\*9% of the HH electricity supply has already been purchased for 2015/16

\*\*\*this purchasing strategy varies as the commodity is less volatile than the two above

\*\*\*\*33% of the unmetered supply has been purchased; this is the least volatile of all and increases / decreases tend to be less significant.

### **2015/16 Budget saving - Lettings recharge**

- 7.15 Members have agreed a restructure of the Lettings service as part of the 'Medium Term Financial Plan' report that was considered by the Mayor in Cabinet at its meeting on 3<sup>rd</sup> December 2014. As set out in the saving proposal in that report, in addition to the saving of £134k per year that will accrue to the General Fund, there is an annual saving to the HRA of £249k. The total Council saving as a result of this restructure is therefore £383k

### **Management Fee**

- 7.16 In February 2014, The Mayor in Cabinet approved the 2014/15 Management Fee payable to THH for services provided to the Council. At £33.633 million, the Management Fee represented the largest single expenditure element of the HRA 2014/15. The 2014/15 HRA budget also included £0.205m to provide for the 2014/15 pay award, and £1.3m to provide for an increase in Employer's Pension contributions.
- 7.17 Table 3 below shows the calculation of the 2015/16 Management Fee payable to THH.

<b>Description</b>	<b>Total Fee £'000</b>
Base Budget 2014/15	33,633
Increase to reflect 2014/15 Pay Award	205
Increase to reflect 2014/15 Pension Contributions	1,117
<b>Revised Base Budget 2014/15</b>	<b>34,955</b>
Savings due to reduced capital programme	(332)
Increase to reflect 2015/16 Pay Award	268
Increase in SLA costs	148
Inflation on non salary element of management fee	77
<b>Indicative Management Fee 2015/16</b>	<b>35,116</b>

Table 3 – Calculation of the 2015/16 Management Fee

*\*For the purposes of the management fee, a 2015/16 capital programme of £71m has been assumed compared to a £77m capital programme in 2014/15.*

## 8. MEDIUM TERM FINANCIAL PLAN

- 8.1 Appendix 2 shows the HRA Medium Term Financial Plan (MTFP) for the period 2015-2018.
- 8.2 The MTFP incorporates various income and expenditure assumptions and includes known changes that will affect the budget, including the effects of changes to stock numbers due to assumed right to buy sales and the impact of agreed regeneration schemes. As can be seen, the HRA is balanced over the three year period of the MTFP, with the current planning assumption being that anticipated revenue surpluses will contribute to the financing of the HRA capital programme.
- 8.3 As referred to in paragraph 6.24, the MTFP currently assumes that the level of bad debts will return to historic levels in 2015/16. However, as the cumulative impact of the various Welfare Reforms take effect, this assumption will be kept under review, and the budgeted provision may need to be increased.
- 8.4 As highlighted in paragraphs 6.7 – 6.9, assumptions in the MTFP about the number of future Right to Buy sales will be kept under review. If sales are higher than currently assumed, compensatory savings will need to be made in order to offset the loss of the income to the HRA.

## 9. REGENERATION SCHEMES

- 9.1 The Council is currently undertaking a number of new build schemes which will deliver over 500 units – these are summarised in Table 4 below, with more details in Appendix 3. These new-build properties will be let at ‘POD’ affordable rents rather than at social rents.

Scheme	Units	FUNDING			Other HRA resources £'000	Use of 1-4-1 receipts £'000
		Total budget £'000	HRA borrowing £'000	GLA grant £'000		
Poplar Baths/ Dame Colet	100	15,180	10,626	-	-	4,554
Bradwell St	12	3,058		360	2,698	No – GLA grant
Ashington House	53	11,470	5,796	1,590	4,084	No – GLA grant
Extensions	-	3,610		1,020	2,590	-
Watts Grove	148	26,333	19,533	6,800	-	No – GLA grant

Scheme	Units	FUNDING				Use of 1-4-1 receipts
		Total budget	HRA borrowing	GLA grant	Other HRA resources	
		£'000	£'000	£'000	£'000	
Jubilee St	26	6,582	4,595	-	1,987	Not permitted
Baroness Rd	22	4,707	3,630	-	1,077	Not permitted
Locksley Estate	78	15,071	12,731	2,340	-	No – GLA grant
Hereford St	54	11,797	10,177	1,620	-	No – GLA grant
Brick Lane	3	538	-	-	377	161
Christian St	1	280	-	-	196	84
Spelman St	3	817	-	-	572	245
Mile End Rd	3	525	-	-	367	158
<b>TOTALS</b>	<b>503</b>	<b>99,968</b>	<b>67,088</b>	<b>13,730</b>	<b>13,948</b>	<b>5,202</b>

Table 4 – Agreed HRA New-Build schemes and funding

- 9.2 Going forward, the priority with regards to new supply will be to spend the Right to Buy 1-4-1 receipts that have accumulated to the Authority since December 2013.

## 10. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME

- 10.1 The Council's projected three year capital programme is included with the 'General Fund Revenue and Capital' report elsewhere on this agenda. This incorporates indicative funding of £189.645 million for the Housing Revenue Account element of the capital programme over the three year period from 2015/16 to 2017/18, which is summarised in Table 4 below, and detailed in Appendix 4.

	2015/16 £m	2016/17 £m	2017/18 £m
Indicative HRA Programme	<b>104.339</b>	<b>69.711</b>	<b>15.595</b>

Table 4 – Summary HRA Capital Programme 2015/16 to 2017/18

### Mainstream HRA Capital Programme - Non Decent Homes

- 10.2 Although Members have already approved certain elements of the programme, it will be necessary for a future Cabinet to adopt capital estimates for the remainder of the programme. The HRA Business Plan identifies £10.905m of available resources earmarked for 2015/16 to fund the non Decent Homes element of the HRA capital programme. A report

proposing capital schemes to be financed from these uncommitted resources will be considered by Cabinet in due course.

### **NEW HRA CAPITAL ESTIMATES TO BE ADOPTED**

#### **Overcrowding Reduction Initiatives - £1 million**

- 10.3 Members are asked to formally approve a capital estimate of £1,000,000 for the inclusion within the programme of various overcrowding initiatives. This will include funding of the Cash Incentive Scheme and the Knock-through programmes, as well as providing funding for other initiatives designed to release or create family sized accommodation to relieve overcrowding.

#### **Aids and Adaptations, Capitalisation of Voids, Capitalisation of Fees and Salaries – total £2.9 million**

- 10.4 Members are asked to formally approve capital estimates for the inclusion within the programme of the Aids and Adaptations budget (£750,000), the capitalisation of the major costs involved in bringing void properties back into use (£1,500,000), and the capitalisation from the HRA of fees and salaries associated with the delivery of the Capital programme (£650,000).

#### **Contingency - £250,000**

- 10.5 The programme for 2014/15 incorporated a contingency of £1 million to be allocated towards urgent works. It is anticipated that approximately £250,000 of this contingency will be utilised during the year, with the remaining provision of £750,000 being carried forward into 2015/16. It is suggested that the total contingency available for 2015/16 remains at £1 million, and in order to do this a capital estimate of £250,000 is sought. The utilisation of this contingency will be subject to the approval of the Corporate Director, Development and Renewal.
- 10.6 Approvals are sought for the suggested £0.250 million contingency (paragraph 10.5) and the £3.9 million of expenditure in respect of Overcrowding Reduction Initiatives, Aids and Adaptations, Capitalisation of Voids and the Capitalisation of Fees and Salaries (paragraphs 10.3 and 10.4). In total, approvals of £4.150 million are sought.

#### **Ashington East - £2.450 million**

- 10.7 A capital estimate of £11.470 million was adopted to build 53 units at Ashington East at the Cabinet meeting on 2<sup>nd</sup> April 2014. However, the scheme design has since evolved; this is largely due to an increase in overall floor area, as well as build cost inflation, and additional scheme costs such as the upgrade of the electrical sub-station, additional landscaping to the south side of Orion House, highways improvements and costs relating to the energy strategy. The increased capital estimate also includes an amount of £0.5 million as a contingency sum.



- 10.8 Members are asked to agree an increase to the capital estimate of £2.450 million, this will be funded from a revenue contribution to capital (RCCO). This will bring the total capital estimate to £13.920 million.

## **11. ADOPTION OF HOUSING GENERAL FUND CAPITAL ESTIMATES**

### **Disabled Facilities Grants - £813,000**

- 11.1 Mayoral approval is sought to formally adopt an initial capital estimate of £813,000 for the inclusion of the Private Sector Disabled Facilities Grant (DFG) programme within the General Fund element of the housing capital programme. This is the specified amount for DFG within the Authority's Better Care Fund allocation. Additional funding is being sought to supplement these resources and if successful, supplementary capital estimates will be requested at future Cabinet meetings.

### **Private Sector Renewal Grant - £550,000**

- 11.2 Mayoral approval is sought to formally adopt a capital estimate of £550,000 for the inclusion of the Private Sector Renewal Grant programme within the General Fund element of the housing capital programme. These resources will support the aims and objectives of the Council's Private Sector Housing and Empty Properties Framework, including Home Repairs Grants for minor aids and adaptations, energy efficiency, minor repairs, home security, hazard removal and relocation assistance; Empty Property Grants and Discretionary Disabled Facilities Grants. The scheme will be financed from residual ring-fenced resources received from the East London Renewal Partnership.

## **12. ADOPTION OF SECTION 106 CAPITAL ESTIMATES**

- 12.1 A significant element of the Section 106 resources that are held by the Council relate to capital projects. In order to finance these schemes, they must be incorporated into the capital programme and appropriate capital estimates adopted. Details of the capital estimates sought for Section 106 funded projects managed by the Development and Renewal directorate are set out below.

### **Whitechapel Delivery – £863,392**

- 12.2 This project is currently awaiting approval-consideration at the Planning Contributions Overview Panel (PCOP) and subsequent approval. It covers the procurement of suitable consultants, design and delivery of the Town Hall Square and the Green Spine as part of the delivery of the Whitechapel Vision Masterplan. Whitechapel Delivery is a Mayoral Commitment in terms of developing seven new public squares during the duration of the Delivery project. This funding will enable the development of the first of these squares, the Green Spine that connects development sites to Whitechapel

Road and the Project Management resources required to deliver this project. Funding for the project is derived through Section 106 resources which are already secured and total £863,392. This report seeks the adoption of a capital estimate in order that the scheme can progress, subject to the approval of PCOP.

### **Tfl Bus Stops - £81,193**

- 12.3 Transport for London is undertaking a range of bus stop works at William Guy House (Devas Street) 721-737 Commercial Road/2-22 Lowell Street, and 57-59 Whitechapel Road/85 Whitechapel Road. The proposals to improve the bus shelters comply with the Mayor of London's Transport Strategy, the London Plan and LBTH transport and land use policies. Funding for the project is derived through Section 106 resources and totals £81,193, with all contributions being received. This report seeks the adoption of a capital estimate in order that the scheme can progress.

### **Limehouse Basin improvements - £10,000**

- 12.4 The Limehouse Basin improvement project has been approved at PCOP. The project seeks to provide towpath improvements, fence improvements, graffiti removal, signage improvements and safety equipment improvements. The works will improve the safety and appearance of Limehouse Basin which will encourage increased use of the Limehouse Basin and connecting canal network. Funding for the project is derived through Section 106 resources and totals £10,000 with all contributions being received. This report seeks the adoption of a capital estimate in order that the scheme can progress.

### **Millennium Quarter Public Art project - £86,535**

- 12.5 The Millennium Quarter Public Art project will improve the landscape around Marsh Wall, especially the South Quay DLR station and under the DLR tracks. Mobile potted plants and art works will be created on the walls and pillars of the station so that the space acts like an on-going art exhibition. It is hoped that school children, artists and sculptors will engage in the process. Other stakeholders such as TfL, the Canal and River Trust (C&RT) and Ballymore are anticipated to be involved in the process. Funding for the project is derived through Section 106 resources and totals £86,535 with all contributions being received. This report seeks the adoption of a capital estimate in order that the scheme can progress.

### **Hertford Union Canal Bridge Improvement project - £20,504**

- 12.6 The Canal and River Trust is undertaking a project to improve the listed bridges along the Hertford Union Canal to improve towpath users' experience and the environment quality. Works include removing the graffiti, repointing the brickwork and landscaping the large area by the wing walls of Gunmaker's Lane/Three Colts bridge. Traditionally designed handrails will be installed and an interpretation panel will be provided to raise awareness of the bridges' significance. The eastern side at Parnell Road will be fenced

off. The project aims to preserve these historic structures and reduce anti-social behaviour. Funding for the project is derived through Section 106 resources and totals £20,504 with all contributions being received. This report seeks the adoption of a capital estimate in order that the scheme can progress.

### **Watts Grove - £868,000**

- 12.7 A capital estimate of £26.33 million was adopted for Watts Grove on 6th February 2014; this included GLA grant funding of £6.8m. Planning consent was granted on 17th December 2014 for 148 units of affordable housing comprising 38 one bedroom, 43 two bedroom, 42 three bedroom and 25 four bedroom units including 13 houses and 13 wheelchair accessible units. Start on site before the end of the financial year is a condition of grant support. The scheme has undergone various stages of design development and further costs have impacted on the budget as a result of an enhanced energy strategy and further planning requirements. The scheme changes necessary to accommodate the revised energy centre and upgraded highways requirements to protect on street parking to the north of the site and enhanced balcony designs have increased construction costs by £903,000.
- 12.8 A value engineering exercise has been carried out to mitigate additional costs, however further savings cannot be identified without affecting the quality of the scheme. Therefore a further £868,000 is required to deliver this scheme; this would increase the capital estimate from £26.33 million to £27.20 million. This project is currently awaiting approval-consideration at the Planning Contributions Overview Panel and subsequent approval.

## **13. COMMENTS OF THE CHIEF FINANCIAL OFFICER**

- 13.1 This report sets out the proposed budget for the Housing Revenue Account for 2015/16 and also asks Members to approve the draft management fee payable to THH to manage the dwelling stock on behalf of the Authority.
- 13.2 The budgets have been prepared by the Authority in conjunction with THH in accordance with the terms of the management agreement.
- 13.3 The Council is required to maintain a reasonable level of reserves in the HRA to mitigate possible financial risks. Since April 2012 the Authority has been responsible for the financing of all HRA expenditure, including the capital works necessary to maintain and improve the housing stock, including completion of the Decent Homes programme. All future capital work will be funded through a combination of, primarily, borrowing (within the constraints of HRA Business plan viability and the HRA's debt cap), contributions from reserves, leaseholder contributions and grants.
- 13.4 Although the 2015/16 budget incorporates savings, it is essential that the process is continued in conjunction with THH, to identify and generate

further efficiencies and savings within this and future years' budgets, to ensure that the Council complies with its statutory requirement to maintain a balanced Housing Revenue Account, and that the capital investment programme, and particularly the new build schemes are fully financed.

- 13.5 This report outlines the indicative HRA Housing Investment Programme for 2015/16 to 2017/18 (Appendix 4). The programme will be financed through available resources identified within the Authority's HRA 30 Year Financial Model. Formal capital estimates for elements of the programme, including the non-decent homes programme, will be submitted to future Cabinet meetings for approval.
- 13.6 The indicative capital programme proposed in this report will be undertaken over the same time period as the currently ongoing substantial Decent Homes programme. In a capital programme of this size over a long period, there will inevitably be changes to the scope and timing of some schemes as they are worked up and detailed consultation takes place. It is therefore important that sufficient flexibility exists within the programme to ensure that schemes can be managed in line with available resources, and to ensure that, in particular, the Authority maximises its external year-specific financing, e.g. Decent Homes backlog funding.
- 13.7 The capital programme will continue to be managed robustly in line with resources available, with commitments only being entered into if they remain affordable within the HRA 30 Year Financial Model.
- 13.8 It should be noted that a significant element of the costs of the capital programme will be chargeable to leaseholders, and although the Authority will be required to finance the works initially, it is vital that all costs are appropriately recharged in accordance with the terms of the lease.
- 13.9 A key aspect of this report, and a significant risk to the Council, relates to the levels of Right to Buy receipts that the Council has retained under the 1-4-1 arrangements. These are detailed in paragraphs 6.2 to 6.20.
- 13.10 Due to the high numbers of Right to Buy completions that are being processed, as outlined in paragraph 6.14 of the report, the Council is now holding approximately £14.5 million of receipts which must be used towards the financing of new supply. In accordance with the retention conditions (summarised in paragraph 6.10), receipts can only represent up to 30% of the costs of the new supply, meaning that if the Council wishes to provide the new supply itself, it will need to identify £33.8 million of resources in order to fund its required share.
- 13.11 It should be noted that the use of the receipts is time limited – in essence they must be spent within three years of the end of the quarter within which that are received (shown in Table 1) or returned to the DCLG with significant interest penalties. In order not to delay the approval of any possible schemes identified, provision has been made within the overall capital resources to provide finance for new housing supply utilising 1-4-1

retained receipts. It must however be stressed, as outlined in paragraph 6.17, that these resources are notional and that any schemes that are proposed will require a thorough assessment of viability and affordability within the HRA prior to adoption within the HRA capital programme.

- 13.12 The report seeks the formal adoption of an initial capital estimate of £813,000 to fund the Authority's Disabled Facilities Grant regime. As outlined in paragraph 11.1, the resources to fund this programme are assumed to consist of the £813,000 specified in the Better Care Fund allocation.
- 13.13 The report also seeks the formal adoption of a capital estimate of £550,000 to fund Private Sector Renewal Grants. As outlined in paragraph 11.2, this programme is fully funded from ring-fenced resources received from the East London Renewal Partnership.

#### **14. LEGAL COMMENTS**

- 14.1 The report proposes that the Mayor approves the HRA budget for 2015/16. The Council is subject to an obligation under Part VI of the Local Government and Housing Act 1989 to maintain a housing revenue account (HRA). 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 repair, 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. The report sets out information relevant to these considerations.
- 14.2 The Mayor is asked to agree the management fee for Tower Hamlets Homes Ltd ("THH"). Schedule 6 of the management agreement with THH provides the method for calculation of the management fee. The report proposes that the management fee reflect specified savings and it is understood that the proposed management fee is put forward as an amount that it would be reasonable for the Council to pay for the services provided by THH.
- 14.3 The report seeks approval for capital estimates in relation to a variety of schemes. In compliance with section 151 of the Local Government Act 1972, the Council has in place Financial Regulations and Financial Procedures. The Financial Regulations set a threshold of £250,000, above for which Cabinet approval is required for a capital estimate. The Financial Procedures supplement this requirement.
- 14.4 The various capital schemes must be capable of being carried out within the Council's statutory powers. To the extent that the details of the schemes appear from the body of the report, it does appear that the proposed works meet this requirement. In particular, the Council is empowered by section 9

of the Housing Act 1985 both to build homes to meet housing need in the borough but also to alter, enlarge, repair or improve its housing stock.

- 14.5 The Council administers the disabled facilities grant scheme under Part 1 of the Housing Grants, Construction and Regeneration Act 1996. The Secretary of State makes a contribution to the expenditure incurred, but there is no barrier to a further allocation being made by the Council if the cost of the scheme exceeds the government contribution. The Council has obligations to provide aids and adaptations under a variety of legislation.
- 14.6 It will be for officers to ensure that individual commitments are carried out in accordance with legal requirements. The terms of specific grant funding must be complied with, as must the terms of any section 106 agreement under which funding is to be made available. Any procurement associated with works or projects must be carried out in accordance with the Council's procurement procedures and the requirements of the Public Contract Regulations 2006. If the costs of works are to be recharged to leaseholders must comply with the statutory consultation requirements.
- 14.7 The Council is required as a best value authority under section 3 of the Local Government Act 1999 to "make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness". Before agreeing the budget, management fee and capital estimates in the report, Cabinet should consider the information provided in the report, particularly the finance comments, with a view to whether they proposals relevantly reflect value for money.
- 14.8 Before agreeing any of the report's recommendations, the Council must have due regard to the need to eliminate unlawful conduct under the Equality Act 2010, the need to advance equality of opportunity and the need to foster good relations between persons who share a protected characteristic and those who don't (the public sector equality duty). Information relevant to these considerations is contained in section 15 of the report.

## **15 ONE TOWER HAMLETS CONSIDERATIONS**

- 15.1 The Council is required to agree a balanced HRA, which means striking a balance between maximising resources available to the Council for social housing purposes and avoiding undue additional hardship to vulnerable tenants. In conjunction with Officers from THH, an Equalities Impact Assessment (EQIA) was undertaken in relation to the rent increase; the analysis was provided to the Mayor in Cabinet in January 2015 and is attached in Appendix 5. The analysis of THH tenants provided a detailed understanding of the most vulnerable tenants, and the action plan set out in the EQIA has identified a number of mitigating actions which, once implemented, would ensure that the most vulnerable tenants are supported. Actions include enhancing the provision of advice and guidance for the most vulnerable tenants, ensuring that there is continuous analysis of the impacts on tenants,

particularly the non-housing benefit claimants as well as continuous analysis and assessment of the Welfare Reforms once the proposals are implemented in earnest post 2014. The Action Plan will be continuously monitored to ensure that these actions are being progressed.

## **16. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT**

16.1 There are no specific implications arising from the recommendations in this report.

## **17. RISK MANAGEMENT IMPLICATIONS**

17.1 Since the introduction of Self-Financing, the London Borough of Tower Hamlets is responsible for running its HRA as a viable business, using HRA income in order to fund all HRA expenditure, including the capital works necessary to maintain and improve the housing stock, and the funding of the Decent Homes programme.

17.2 Various areas of risk and uncertainty are highlighted in section 6. Over the next few months, it will be essential to review and update the HRA MTFP to reflect economic conditions and policy changes.

## **18. CRIME AND DISORDER REDUCTION IMPLICATIONS**

18.1 There are no significant implications arising from these specific recommendations.

## **19. EFFICIENCY STATEMENT**

19.1 Savings have been incorporated into the draft budget in order to ensure that the HRA remains in balance. Projects will be undertaken in partnership with Tower Hamlets Homes to identify further ongoing efficiency savings to ensure that the HRA remains sustainable in the longer term.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None

### **Appendices**

- Appendix 1 – HRA Draft Budget 2015/16
- Appendix 2 – HRA Medium Term Financial Plan projections 2015-2018
- Appendix 3 – HRA New Build Schemes agreed to date
- Appendix 4 – Indicative HRA Capital Programme – 2015/16 to 2017/18
- Appendix 5 – Equality Impact Assessment – Rent Review 2015/16

**Background Documents – Local Authorities (Executive Arrangements)(Access to Information)(England) Regulations 2012**

- None

**Officer contact details for documents:**

- n/a

**Originating Officers and Contact Details**

<b>Name</b>	<b>Title</b>	<b>Contact for information</b>
Katherine Ball	Senior Accountant (HRA)	020 7364 0997



**APPENDIX 1****HOUSING REVENUE ACCOUNT****DRAFT BUDGET 2015/16**

Housing Revenue Account	2014/15	2014/15	2015/16
	Budget	Projected Outturn	Draft Budget
	£'000		
<b>INCOME</b>			
Dwelling Rents	(69,000)	(68,200)	(69,300)
Non-dwelling Rents	(3,438)	(3,513)	(3,600)
Tenant Charges for Services & Facilities	(6,591)	(6,585)	(6,620)
Leaseholder Charges for Services & Facilities	(11,310)	(11,322)	(12,250)
Contributions towards expenditure	(115)	(115)	(115)
<b>GROSS INCOME</b>	<b>(90,454)</b>	<b>(89,735)</b>	<b>(91,885)</b>
<b>EXPENDITURE</b>			
Repair & Maintenance	22,388	22,233	22,298
Supervision & Management	22,003	21,525	23,622
Special Services	12,701	11,844	12,656
Rents, Rates, Taxes and other charges	3,044	2,961	3,033
Provision for Bad Debts	1,400	1,400	1,400
Interest Payable - Item 8	3,597	3,597	3,850
Depreciation - HRA Dwellings	14,045	14,045	13,839
Depreciation - Non Dwellings	1,552	1,552	1,552
Debt Management Costs	78	76	84
<b>GROSS EXPENDITURE</b>	<b>80,808</b>	<b>79,233</b>	<b>82,334</b>
<b>NET COST OF HRA SERVICES</b>	<b>(9,646)</b>	<b>(10,502)</b>	<b>(9,551)</b>
Amortisation of Premiums & Discounts	(78)	(78)	-
Interest & Investment Income	(168)	(164)	(225)
<b>(SURPLUS)/ DEFICIT ON HRA</b>	<b>(9,982)</b>	<b>(10,744)</b>	<b>(9,776)</b>
<b>Appropriations</b>			
Revenue Contribution to Capital Expenditure	9,892	9,892	9,776
<b>NET POSITION</b>	<b>-</b>	<b>(852)</b>	<b>-</b>
<b>Balances</b>			
Opening balance	(16,805)	(20,041)	(20,893)
Net (Surplus)/ Deficit on HRA	-	(852)	-
<b>Closing balance</b>	<b>(16,805)</b>	<b>(20,893)</b>	<b>(20,893)</b>

**APPENDIX 2**

**MEDIUM-TERM FINANCIAL PLAN 2015/16 – 2017/18**

**INDICATIVE HRA BUDGETS**

<b>Housing Revenue Account</b>	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>
	<b>Draft Budget £'000</b>	<b>Draft Budget £'000</b>	<b>Draft Budget £'000</b>
<b>INCOME</b>			
Dwelling & non dwelling rents	(72,900)	(76,123)	(81,093)
Tenant & Leaseholder service charges	(18,870)	(19,030)	(19,506)
Investment Income received	(225)	(205)	(125)
General Fund contributions	(115)	(115)	(115)
<b>GROSS INCOME</b>	<b>(92,110)</b>	<b>(95,473)</b>	<b>(100,839)</b>
<b>EXPENDITURE</b>			
Repairs & Maintenance	22,298	22,409	22,930
Supervision & Management	23,622	25,305	25,577
Special Services, Rents rates & taxes	15,689	15,791	15,895
Increased provision for bad debts	1,400	1,400	900
Capital Financing charges	19,326	21,218	23,369
<b>GROSS EXPENDITURE</b>	<b>82,335</b>	<b>86,123</b>	<b>88,671</b>
<b>NET COST OF HRA SERVICES</b>	<b>(9,775)</b>	<b>(9,350)</b>	<b>(12,168)</b>
<b>Appropriations</b>			
Revenue Contribution to Capital Outlay (RCCO)	9,775	9,350	12,168
<b>NET POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balances</b>			
Opening balance	(20,893)	(20,893)	(20,893)
(Surplus)/ Deficit on HRA	-	-	-
<b>Closing balance</b>	<b>(20,893)</b>	<b>(20,893)</b>	<b>(20,893)</b>

**HRA NEW BUILD SCHEMES AGREED TO DATE**

**Poplar Baths & Dame Colet House**

A capital estimate of £36m for the development of the Poplar Baths and Dame Colet sites was adopted (£15.180m is the HRA element). It is proposed to use £1.797 million of our currently held Right to Buy 1-4-1 receipts towards the housing element of the Poplar Baths scheme and £2.757 million towards the housing element of the Dame Colet scheme; therefore a total of £4.554 million of 1-4-1 receipts will have been applied

**GLA Pipeline Bids**

The Council was successful in its bid for grant funding from the GLA's Building the Pipeline Supply Fund in respect of two sites, Bradwell Street and Ashington East, and has also secured funding towards an Extensions programme. Capital estimates of £3.058 million, £13.400 million and £3.610 million have been agreed for Bradwell Street, Ashington East and the Extensions programmes respectively. Ashington East will deliver 53 units, and Bradwell Street 12; whilst the Extensions programme will deliver an additional 34 rooms.

The GLA has also awarded the Authority £6.8 million of grant funding for the new-build scheme at Watts Grove which will develop 148 units. A capital estimate of £26.333 million has been adopted for this scheme.

**Mayor's Housing Covenant (Affordable Housing Programme 2015-18)**

The Council was successful in its bid for grant funding in respect of schemes at Locksley Estate and Hereford Street, and capital estimates of £12.731 and £10.177 million have been approved for these two projects. Locksley Estate will deliver 78 units, and Hereford St 54 units.

**Local Growth Fund (HRA Borrowing)**

The Council was awarded £8.225 million of additional HRA borrowing, which will be used to develop a total of 26 units at Jubilee Street and 22 units at Baroness Road sites. Capital estimates for £6.582 million and £4.707 million have been adopted for these schemes respectively.

**1-4-1 Schemes**

Capital estimates totalling £2.160 million have been agreed for the building of 10 units at Brick Lane, Christian Street, Spelman Way and Mile End Road. Right to Buy 1-4-1 receipts of £0.648 million will be used to fund 30% of the cost of these schemes.

**INDICATIVE HRA CAPITAL PROGRAMME 2015/16 – 2017/18**

	2015-16 £m	2016-17 £m	2017-18 £m	Total £m
<b><u>Anticipated Expenditure</u></b>				
<b><u>Capital Estimates already in place:</u></b>				
Decent Homes Backlog Programme	48.601	-	-	<b>48.601</b>
GLA Pipeline Programme – Bradwell	0.875	-	-	<b>0.875</b>
GLA Pipeline Programme – Ashington East	3.530	7.404	-	<b>10.934</b>
GLA Pipeline Programme – Extensions	3.010	-	-	<b>3.010</b>
Watts Grove	10.520	15.780	-	<b>26.300</b>
Poplar Baths / Dame Colet (HRA element)	5.991	9.189	-	<b>15.180</b>
Mayor's Housing Covenant – Locksley Estate	5.469	8.906	-	<b>14.375</b>
Mayor's Housing Covenant – Hereford	3.340	6.410	1.595	<b>11.345</b>
Local Growth Fund – Jubilee St	2.102	4.285	-	<b>6.387</b>
Local Growth Fund – Baroness Road	1.512	3.057	-	<b>4.569</b>
1-4-1 schemes (Christian St, Brick Lane, Spelman St etc)	1.061	0.680	-	<b>1.741</b>
	<b>86.011</b>	<b>55.711</b>	<b>1.595</b>	<b>143.317</b>
<b><u>Capital Estimates sought in this report</u></b>				
Prioritised Investment Programme (overcrowding initiative, aids & adaptations etc)	4.105	-	-	<b>4.105</b>
Ashington East	2.450	-	-	<b>2.450</b>
Watts Grove	0.868	-	-	<b>0.868</b>
	<b>7.423</b>	-	-	<b>7.423</b>
<b><u>Schemes under Development:</u></b>				
Housing Capital Programme	10.905	14.000	14.000	<b>38.905</b>
<b>Indicative HRA Capital Programme</b>	<b>104.339</b>	<b>69.711</b>	<b>15.595</b>	<b>189.645</b>
<b><u>Summarised Assumed Financing</u></b>				
Decent Homes Grant Backlog Funding	13.270	-	-	<b>13.270</b>
Major Repairs Reserve	42.236	15.894	1.447	<b>59.577</b>
GLA Pipeline Grant/ Mayor's Housing Covenant grant	1.417	1.700	1.980	<b>5.097</b>
Revenue Contribution to Capital (RCCO)	9.775	9.350	12.168	<b>31.293</b>
Net Use of HRA Balances / Unsupported Borrowing	30.782	32.930	-	<b>63.712</b>
Right to Buy 1-4-1 receipts - allocated	1.797	3.405	-	<b>5.202</b>
Credit Approvals	4.194	6.432	-	<b>10.626</b>
S106 resources	0.868	-	-	<b>0.868</b>
	<b>104.339</b>	<b>69.711</b>	<b>15.595</b>	<b>189.645</b>
<b><u>Funding needed to use current 1-4-1 receipts (£14.5 million)</u></b>				
*Assumed Council contribution (70%)	16.858	16.858	-	<b>33.716</b>
Currently held unallocated 1-4-1 receipts (30%)	7.225	7.225	-	<b>14.450</b>
	<b>24.083</b>	<b>24.083</b>	-	<b>48.166</b>

\*Note that, as referred to in para 6.17, this notional sum represents the Council contribution required to spend the necessary amount on replacement social housing, in order to use the £14.5 million of unallocated 1-4-1 receipts currently held by the Authority. It must be stressed that any future new build schemes will require Cabinet approval on a scheme by scheme basis, and will contain a detailed assessment of the financial viability of the project and its affordability within the HRA.

# Equality Analysis (EA)

## Section 1 – General Information

Name of the proposal including aims, objectives and purpose:

### 2015/16 Rent Review

An average weekly increase of £2.75 in Council rents is being proposed from 1st April 2015.

Under HRA Self-Financing, the Council is responsible for financing all council housing expenditure from its HRA income streams. In the current economic environment any rent increase can be considered to have an adverse effect on social tenants, however under HRA Self-Financing, rental income is the main source of income to the HRA, and the proposed rent increase is needed to fund the expenditure necessary to manage, maintain and improve the Council's housing stock, including the capital investment programme that will bring the Council's stock up to the Decent Homes standard and maintain that standard over a 30-year period. In addition, the rent increase will generate resources to support the revenue costs associated with providing new build properties

Even with the proposed increase, the social rents charged by the Council for its housing stock will remain the lowest in Tower Hamlets by a large margin.

The government has issued an updated social rent policy in August 2014, entitled '*Guidance on Rents for Social Housing*'. According to this guidance, rent increases should be limited to CPI+1% for the 10 years that the policy relates to, starting in 2015/16. The effect of the government's revised guidance is that the previous rent policy of rent convergence has ended a year early in 2014/15 rather than 2015/16. The continuance of rent convergence until 2015/16 was assumed in the government's HRA Self-Financing calculations, and underpinned the rental income assumptions made by the government when it calculated the value of our HRA 'business' over 30 years.

We estimate that the proposal to end rent convergence a year early in 2014/15 will cause a loss of rental income in 2015/16 of over £1m, and approximately £18m (including inflation) over the 10 years of the policy compared to continuing with rent convergence in 2015/16. The proposed 2.5% rent increase in 2015/16 will help to compensate for this reduction.

#### Notes:

Under **HRA Self Financing**, there has been a substantial change in the way in which Tower Hamlets' HRA is financed. The annual HRA subsidy system has been abolished, and the Council now retains all HRA income but is responsible for financing all HRA expenditure.

**Rent Convergence** Under the original proposals announced in 2000, similar properties would be charged similar rents by 2012 (the date was subsequently moved to 2015), regardless of whether the property was owned by the local authority or a social housing provider; this is known as rent convergence. Under the HRA Subsidy system each year, the Department of Communities and Local Government issued a "guideline" rent level to which councils should move their present rents in order to help them reach rent convergence in 2015/16. The HRA Self-Financing Final Settlement assumed that Authorities would continue with rent restructuring, and then implement rent increases of RPI (retail price index) + 0.5% each year after that.

The formula for calculating rent increases in order to follow rent restructuring for local authorities was a maximum of RPI + 0.5% plus £2 per week. The reference point for RPI is the September in the year

preceding the start of the financial year to 31 March.

**Who is expected to benefit from the proposal?**

The rent increase will directly benefit all tenants in properties to which the rent increase is applied. (i.e. council tenants), as all rental income is used to fund housing management services and the Housing Capital Programme. The Housing Capital Programme is the means by which the housing stock is bought up to, and maintained at a Decent Homes standard.

The rental income is “ring-fenced” to the Housing Revenue Account, ensuring that it is used for no other purpose.

Is this a policy or function? Policy  Function

Is this a new or existing policy or function? New  Existing

Is the policy or function strategic, developmental or operational/functional?

Strategic  Developmental  Operational/Functional

**Date when the original policy/function was initiated:** Council housing, for which tenants paid a lower market rent, was developed as early as 1919 when council homes were built to meet general needs.

**Date on which the policy/function is to be reviewed:** Rent levels are reviewed on an annual basis. The last rent review was approved by Cabinet in February 2014.

Names and roles of the people carrying out the Equality Analysis:

Dyana Browne – Directorate Equalities Lead  
 Katherine Ball – Senior Accountant  
 Aman Berhanu – Resources and Business Support Analyst, Tower Hamlets Homes  
 Beverley Greenidge – Head of Rents, Tower Hamlets Homes

**Section 2 – Evidence****Key Findings**

From the perspective of the tenant, the rent increase will be viewed as having an adverse impact. The Equalities Assessment is undertaken from this perspective and has been assessed as not having a disproportion adverse effect on any specific group.

An average weekly rent increase of £2.75 in Council rents is being proposed from 1st April 2015. This will make the average weekly rent in the borough £111.40.

The actual amount of increase as a proportion on current rent will vary across property sizes. Smaller properties tend to have a greater rent increase than larger units e.g. (studio and one bed units). (See Annex A: Table 10 – Average Increase per dwelling - by bedsize). There will be a reduction in rent for 8 bed properties.

The rent increase is applied to all Council dwellings. The increase is applied to the property in that it has no bearing on the profile of the tenants, age, race gender etc. The rent increase does not target or disproportionately affect any group of people based on any of the protected characteristics

Whilst the rent increase does not target any specific group, the increase will have more of an impact on households on lower incomes.

There are 12,233 LBTH dwellings, managed by Tower Hamlets Homes (ALMO). The profile of Council tenants is set out in Annex A to this document.

In 2013 the median gross income of Tower Hamlets residents was £30,850. (Source: Median household income CACI Paycheck data).

Tenants on low incomes are able to obtain Housing Benefit (HB) to assist with rent payments. Just under 70% of tenants are on Housing Benefit: of the tenants who are on HB, 61% are on Full HB and 39% are on partial HB.

Recent welfare reforms mean that benefits will be capped. The benefit cap was implemented from April 2013 in four local authorities in London, with the remaining local authorities implementing the cap from 15th July 2013.

Prior to its implementation, it was estimated that this would affect 106 (approximately 1%) of tenants. LBTH Housing Benefit records indicate that over 700 households across Tower Hamlets are affected, and approximately 52 LBTH tenant households (0.4%) are currently affected by the benefits cap.

From March 2015, Universal Credit & Direct payments will be implemented for single, new applicants. It is projected that this may affect approx. 300 people in Tower Hamlets in 2015/16, some of which may be Council tenants, although this is likely to be a very small percentage.

Tenants aged over 65 who are reliant on state benefit can expect a pension increase in April 2015 of approx. 2.5%.

**Evidence Base**

The following evidence was considered to help us to think about the impacts or likely impacts on service users.

**Tenant Profiles**

Tenant profile by Ethnicity  
Tenant profile by Gender  
Tenant profile by Age  
Tenant profile by Disability  
Tenant profile by Religion & Belief  
Tenant profile by Sexual Orientation  
Tenant profile by Gender Re-assignment  
Tenant profile by Marriage/Civil Partnership  
Pregnancy & Maternity

**Rent Analysis**

Average Increase per dwelling - by bedsize (2015/16)  
Social Rent Cap Levels (Registered Social Landlords)  
Comparison of Average Rent & Social Rent Cap Levels 2015/16  
HB/ Welfare Reform figures as of 2014  
Rent Charge Comparison (2015/16)  
Average actual rent /average rent charge (2015/16)

**Housing Benefit Analysis**

Nos. & % Tenants claiming Housing Benefit  
Tenants on Full Housing Benefit  
Partial Housing Benefit.  
Tenant on HB aged 65+  
Tenant on HB by Age  
Tenant on HB Gender  
Tenant on HB by Ethnicity

**Property & Tenant Profile Analysis**

Stock Profile by bedsize  
Gender & Property Bed Size  
Age & Property Bed Size

**Community and Population Data (Tower Hamlets, 2011 Census)**

Population by ethnic group  
Population by Religion  
Gender Proportions



**Section 3 – Consideration of data and research  
Identifying Differential / Adverse Impacts**

<b>Target Groups</b>  What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	<b>Impact – Positive or Adverse</b>	<b>Reason(s)</b> <ul style="list-style-type: none"> <li>• Please add a narrative to justify your claims around impacts and,</li> <li>• Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making</li> <li>• Can the negative impact be justified on the grounds of promoting equality?</li> </ul>
Race	A	The rent increase does not have a disproportionately adverse effect on tenants on the grounds of race.  People of Asian Origin make up the largest percentage of tenants at 49.6%, people of white ethnicity making up the second largest group at 29.1% and White British & Irish people make up 21.6% of tenants. This is reflective of the general make-up of the wider Tower Hamlets population, which comprises Bangladeshi as the largest group at 32% and White British as the second largest ethnic group at 31%.  Whilst all households are affected, those in smaller properties 0-1 bed sized properties are likely to face a slightly larger increase. Families of Bangladeshi descent tend to occupy larger family sized accommodation where the percentage increase is likely to be lower than for studios & one bedroom properties.
Disability	A	The rent increase does not have a disproportionately adverse effect on tenants on the ground of disability.  Records indicate that approximately 18.2% of residents have a disability. Whilst the rent is

<b>Target Groups</b>  What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	<b>Impact – Positive or Adverse</b>	<b>Reason(s)</b> <ul style="list-style-type: none"> <li>• Please add a narrative to justify your claims around impacts and,</li> <li>• Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making</li> <li>• Can the negative impact be justified on the grounds of promoting equality?</li> </ul>
		calculated on the property properties, no additional charges are levied to take account of and disabled adaptations. This is indicated by the fact that if an abled bodied person was to occupy the flat, the rent charge would be the same.
Gender	A	<p>The rent increase does not have a disproportionately adverse effect on tenants on the ground of gender.</p> <p>Females make up 55% of tenancy holders. Gender is not a consideration in the way the rent increase is applied. Whilst women comprise the greater proportion of those impacted by the rent increase this is because women make up more than half of the tenancy holders,</p> <p>It is noted that the rent increase is proportionately larger for occupants of bedsit and one bedroom properties. These tend to be occupied by young males. The proportion of male:females occupying bedsits is 69.4% male: 30.5% female.</p> <p>It is noted that the male:female ratio of tenancy holders is the reverse of the wider population, in that the population of Tower Hamlets is 51.5 % men and 48.5 % women - a gender ratio of 106 male residents per 100 female residents. (Census 2011).</p>

<b>Target Groups</b>  What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	<b>Impact – Positive or Adverse</b>	<b>Reason(s)</b> <ul style="list-style-type: none"> <li>• Please add a narrative to justify your claims around impacts and,</li> <li>• Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making</li> <li>• Can the negative impact be justified on the grounds of promoting equality?</li> </ul>
Gender Reassignment	A	<p>The rent increase does not have a disproportionately adverse effect on tenants based on gender re-assignment.</p> <p>The collection of data is continually improving in this area, however a large percentage of tenants still prefer not to provide this information. Of the data collected 0.1% have declared a re-assignment of gender.</p> <p>On the basis that the increased rent charge applied to the property, not the occupant, i.e. it applies to the tenant regardless of gender; the increase is not considered to have a disproportionately disadvantage effect on the grounds of gender re-assignment.</p>
Sexual Orientation	A	<p>The rent increase does not have a disproportionately adverse effect on tenants of a specific sexual orientation.</p> <p>54.4% of tenants indicate a sexual orientation of heterosexual; with a large percentage (27.5%) preferring not to say, however, sexual orientation has no bearing on the application of the rent increase.</p>
Religion or Belief	A	<p>The rent increase does not have a disproportionately adverse effect on tenants based on their Religion or Belief.</p> <p>The 2011 Census revealed that 35% of LBTH citizens are of the Muslim faith, with the second largest faith in LBTH as Christian (27%). The tenant profile information confirms this trend is similar</p>

<b>Target Groups</b>  What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	<b>Impact – Positive or Adverse</b>	<b>Reason(s)</b> <ul style="list-style-type: none"> <li>• Please add a narrative to justify your claims around impacts and,</li> <li>• Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making</li> <li>• Can the negative impact be justified on the grounds of promoting equality?</li> </ul>
		although the percentages differ, with 46.9% of tenants of a Muslim faith and 15.2% of Christian faith. The faith of approx. 30% of tenants is unknown as a number chose not to disclose this information.
Age	A	<p>The rent increase does not disproportionately disadvantage tenants based on their age.</p> <p>The profile of our tenants shows that the largest proportions of tenants are in the following age bands: over 60 = 29.6%, between 30-39 = 21.7% , between 40-49 = 22%.</p> <p>Older people who rely on state pensions are not expected to be more disadvantaged than those in work or on other benefits as it is estimated that (under the terms of the Triple Guarantee) the basic state pension is likely to increase by 2.5%. This is favourable when compared to the ONS Data (<i>Annual Survey of Hours and Earnings, 2014 Provisional Results</i>) that “in April 2014 median gross weekly earnings for full-time employees were..... up 0.1% from.....2013.”</p> <p>For the year ending 5 April 2014 median gross annual earnings for full-time employees (who had been in the same job for at least 12 months) were £27,200, an increase of 0.7% from the previous year.</p> <p>The number of tenants over the age of 65 who are in receipt of Housing Benefit is 80%.</p>
Socio-economic	A	Social Housing is generally the preferred option for people on lower incomes. This is reflected in the fact that just under 70% of tenants are in receipt of some Housing Benefit.

<b>Target Groups</b>  What impact will the 'new' or 'significantly' amended policy or function have on specific groups of service users?	<b>Impact – Positive or Adverse</b>	<b>Reason(s)</b> <ul style="list-style-type: none"> <li>• Please add a narrative to justify your claims around impacts and,</li> <li>• Please describe the analysis and interpretation of evidence to support your conclusion as this will inform members decision making</li> <li>• Can the negative impact be justified on the grounds of promoting equality?</li> </ul>
		<p>The Benefits Cap is now being applied and those tenants who will be affected have already been identified and are being supported to explore suitable options.</p> <p>Research shows that Somali tenants in receipt of housing benefit are 10 times more likely to be impacted by the Housing Benefit cap than other groups. Work to support this group is already underway.</p> <p>Between 2010 and 2013 rent arrears by this group fell by 6% demonstrating that the support to assist this group in meeting their rent payments is effective. This work will continue alongside other mainstream support.</p>
Marriage and Civil Partnerships.	A	The rent increase does not have a disproportionately adverse effect on those tenants in a marriage or civil partnership.
Pregnancy and Maternity	A	<p>The rent increase does not have a disproportionately adverse effect on tenants with regards to pregnancy or maternity status.</p> <p>The application of the rent increase cannot be affected by the tenant's situation regarding pregnancy or maternity responsibilities.</p>

**Section 4 – Conclusions and Recommendations**

From the analysis and interpretation of evidence in Section 2 and 3 – Is there any evidence of or view that suggests that different equality or other target groups have a disproportionately high/low take up of the service/function?

Yes?  No?

**Section 5 – Action Plan and Monitoring Systems**

<b>Recommendation</b>	<b>Key activity</b>	<b>Progress milestones including target dates for either completion or progress</b>	<b>Officer responsible</b>	<b>Progress</b>
Inform all tenants of Rent increase in February.	Mandatory notice February		THH Rent Teams	
Inform tenants in March what they need to pay taking into account their new housing benefit entitlement from April	<p>Work with Housing Benefit to identify new awards.</p> <p>Have all letters checked and ready to be posted prior to the increase to ensure tenants know what to pay from April.</p>		THH Rent Teams	
Provide tenants with explanation of the rent increase with the offer of support.	Design and prepare insert to be sent out with the mandatory notice in February and with the notice in March. Leaflet to offer support where tenants feel they will struggle with the increase.		THH Rent Teams	
Provide adequate staffing levels when notices are sent out in order to deal increased contact generated.	Create customized rota and reduce annual leave for the selected period to ensure adequate staffing levels.		THH Rent Teams	
Inform front line staff from other departments of the increases in order to manage enquiries.	Provide front line Staff with FAQ's in order to respond to queries and sign post tenants to the relevant department.		THH Rent Teams	

<b>Recommendation</b>	<b>Key activity</b>	<b>Progress milestones including target dates for either completion or progress</b>	<b>Officer responsible</b>	<b>Progress</b>
Identify new impacted cases early as possible to provide advice to tenants on benefits on potential on entitlements	Work with Housing Benefit to identify cases as and when they are impacted and not when they fall into arrears.  Hold 'Welfare Reform surgeries' 3 times a week.  Book appointments with tenants		THH Rent Teams	
Revisit and monitor all cases affected by the Benefit Cap and the Bedroom Tax, provide help, support and advice	<ul style="list-style-type: none"> <li>- Assess if any exemption apply.</li> <li>- Help tenants register to downsize.</li> <li>- Help tenants to apply for DHP where applicable.</li> <li>- Make referrals to partner advice agencies for budgeting, income maximisation and debt advice.</li> </ul>		THH Rent Teams	

Have monitoring systems been put in place to check the implementation of the policy/function and recommendations?

Yes?  No?

How will the monitoring systems further assess the impact on the equality target groups?

The above activities will be reviewed alongside measures that are in place to monitor the effectiveness of the rents pilot and impact on target groups.



<b>Name:</b> (signed off by)	
<b>Position:</b>	
<b>Date signed off:</b> (approved)	

**Section 7 Appendix – FOR OFFICE USE ONLY**

**Policy Hyperlink :**

<b>Equality Strand</b>	<b>Evidence</b>
<b>Race</b>	
<b>Disability</b>	
<b>Gender</b>	
<b>Sexual Orientation</b>	
<b>Religion and Belief</b>	
<b>Age</b>	
<b>Socio-Economic</b>	
<b>Other</b>	

<b>Link to original EQIA</b>	<b>Link to original EQIA</b>
<b>EQIAID</b> (Team/Service/Year)	

## Annex A - Tenant Profile by Protected Characteristics

Table 1 - Tenant profile by Ethnicity

Ethnicity	% of Residents*	% of Tenants
Any Other Ethnic Group	2.3%	0.6%
Asian Or Asian British:Bangladeshi	32.0%	43.4%
Asian Or Asian British:Chinese	3.2%	0.6%
Asian Or Asian British:Indian	2.7%	0.6%
Asian Or Asian British:Other Asian	2.3%	1.3%
Asian Or Asian British:Pakistani	1.0%	0.4%
Asian Or Asian British:Unknown		2.6%
Asian Or Asian British:Vietnamese		0.7%
Black Or Black British:African	3.7%	2.2%
Black Or Black British:Caribbean	2.1%	2.7%
Black Or Black British:Other African		0.4%
Black Or Black British:Other Black	1.5%	1.3%
Black Or Black British:Somali		3.0%
Black Or Black British:Unknown		0.2%
Dual:Asian & White	1.2%	0.1%
Dual:Black African & White	0.6%	0.5%
Dual:Black Caribbean & White	1.1%	0.3%
Dual:Other	1.2%	0.3%
Prefer Not to Say		8.1%
Unknown		1.6%
White: Any Other White Background		4.2%
White:British	31.2%	20.2%
White:Irish	1.5%	1.4%
White:Other White	12.4%	0.3%
White:Unknown		3.0%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

\*Source: 2011 Census (Table KS201); 2001 Census (Table KS06)

Table 2 - Tenant profile by Gender

Gender	% of Residents*	% of Tenants
Female	48.5%	55.0%
Male	51.5%	44.9%
Unknown		0.1%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

Table 3 - Tenant profile by Age

Age Group	% of Tenants
Under 16	0.70%
16-19	0.1%
20 -29	7.8%
30-39	21.7%
40-49	22.0%
50-59	17.4%
60-69	12.3%
70+	17.3%
Prefer Not to Say	0.6%
Unknown	0.1%
<b>Total</b>	<b>100.0%</b>

Table 4 - Tenant profile by Disability

Disability	% of Tenants
No Disability	76.3%
Unknown	5.5%
Disabled	18.2%
<b>Total</b>	<b>100.0%</b>

Table 5 - Tenant profile by Religion &amp; Belief

Religion & Belief	% of Residents*	% of Tenants
Buddhist	1.1%	0.4%
Christian	27.1%	15.2%
Hindu	1.7%	0.2%
Jewish	0.5%	0.5%
Muslim	34.5%	46.9%
No Religion	19.1%	5.8%
Other	0.3%	0.4%
Prefer Not to Say	15.4%	18.0%
Sikh	0.3%	0.1%
Unknown	-	12.6%
<b>Total</b>	<b>100.0%</b>	<b>100.0%</b>

\*Source: ONS, 2011 Census (Table KS201)

Table 6 - Tenant profile by Sexual Orientation

Sexual Orientation	% of Tenants
Bisexual	0.3%
Gay	0.3%
Heterosexual	54.4%
Lesbian	0.1%
Other	0.0%
Prefer Not to Say	27.5%
Unknown	17.4%
<b>Total</b>	<b>100.0%</b>

Table 7 - Tenant profile by Gender Re-assignment

Gender Reassignment	% of Tenants
Gender Reassigned	0.1%
Prefer Not to Say	11.9%
Unknown	66.2%
Gender Identity Same as that at Birth	21.8%
<b>Total</b>	<b>100.0%</b>

Table 8 - Tenant profile by Marriage /Civil Partnership

Marriage & Civil Partnership	% of Tenants
Co-Habiting	0.1%
Divorced	0.1%
Married	20.9%
Prefer Not to Say	0.1%
Same-Sex Registered Civil Partnership	0.0%
Separated Marriage/Civil Partnership	0.3%
Single	1.5%
Unknown	76.8%
Widowed	0.2%
<b>Total</b>	<b>100.0%</b>

Table 9 – Maternity &amp; Pregnancy

Pregnancy & Maternity	% of Tenants
Baby Expected	0.2%
Unknown	99.8%
<b>Total</b>	<b>100.0%</b>

## Annex B – Rent Analysis

Table 10 - Average Increase per dwelling - by bedroom size 2015/16

Bedsize	Average of Actual Rent 2014/15	Average of RENT CHARGE 2015/16	Average of % Increase 2015/16	Average of £ Increase 2015/16
0	£83.41	£85.52	2.5%	£2.11
1	£96.79	£99.28	2.6%	£2.49
2	£109.42	£112.16	2.5%	£2.74
3	£122.86	£126.01	2.6%	£3.15
4	£137.75	£114.14	2.5%	£3.40
5	£153.03	£156.99	2.6%	£3.96
6	£156.44	£160.34	2.5%	£3.90
7	£162.87	£166.82	2.4%	£3.95
8	£189.56	£179.33	-5.4%	-£10.23

Table 11 - Social Rent Cap Levels (Registered Social Landlords)

Bedsize	Rent Cap in 2015-16	Rent Cap in 2014-15	Rent Cap in 2013-14	Rent Cap in 2012-13	Rent Cap in 2011-12	Rent Cap in 2009-10
	£	£	£	£	£	£
Bedsit & One Bed	141.43	137.71	132.16	127.57	119.67	113.32
2 Bed	149.74	145.80	139.92	135.06	126.70	119.98
3 Bed	158.06	153.90	147.70	142.57	133.74	126.65
4 Bed	166.37	162.00	155.47	150.07	140.78	133.31
5 Bed	174.69	170.10	163.24	157.57	147.81	139.97
6 Bed and above	183.00	178.19	171.01	165.07	154.85	146.64

Source: HCA Guideline rent limit for private registered providers 2015/16 (Dec 14)

Table 12 - Comparison of Average Rent &amp; Social Rent Cap Levels 2015/16

Bedsize	LBTH Average of Actual Rent 2015/16	Rent Cap in Levels 2015/16
	£	£
0	85.52	141.43
1	99.28	
2	112.16	149.74
3	126.01	158.06
4	141.14	166.37
5	156.99	174.69
6	160.34	183.00
7	166.82	
8	179.33	

Table 13 - HB/ Welfare Reform figures as at 2014

HB/ Welfare Reform figures as of 2013		
Total Number of Tenants		11,783
	No.	%
Tenants on HB	8,130	69%
Tenants on Full HB	4,926	42% (61% of those on HB)
Partial HB	3,204	27% (39% of those on HB)
Tenant on HB aged 65+	2,281	19%
Benefit Cap (as of December 2014)	52	0.44%

**Table 14 – Tenants on HB – breakdown by age**

<b>Age Group</b>	<b>% of Tenants on HB</b>
16-19	0.1%
20 -29	7%
30-39	19%
40-49	21.2%
50-59	17%
60-69	14%
70+	21.6%
Unknown	0.1%
<b>Total</b>	<b>100.0%</b>

**Table 15 – Tenants on HB – breakdown by gender**

<b>Age Group</b>	<b>% of Tenants on HB</b>
Female	57%
Male	43%
<b>Total</b>	<b>100.0%</b>

**Table 16 – Tenants on HB – breakdown by ethnicity**

<b>Ethnicity</b>	<b>% of Tenants on HB</b>
ASIAN or Asian British:Bangladeshi	43%
WHITE:British	22%
Refused to state	6%
White: Any other White background	5%
BLACK or Black British:Somali	4%
WHITE:UNKNOWN	3%
BLACK or Black British:Caribbean	3%
BLACK or Black British:African	2%
ASIAN or Asian British:UNKNOWN	2%
WHITE:Irish	2%
ASIAN or Asian British:Other Asian	1%
BLACK or Black British:Other Black	1%
ASIAN or Asian British:Vietnamese	1%
UNKNOWN:Unknown	1%



<b>Ethnicity</b>	<b>% of Tenants on HB</b>
ANY Other Ethnic Group	1%
ASIAN or Asian British:Indian	1%
ASIAN or Asian British:Chinese	1%
ASIAN or Asian British:Pakistani	1%
<b>Total</b>	<b>100%</b>

1

**Table 17 - Rent Charge Comparison (2015/16)**

	Bedsit	1 Bed	2 Bed	3 Bed	4 Bed	5 Bed	6 Bed	7 Bed	8 Bed
	£	£	£	£	£	£	£	£	£
Average rent Charge 14/15	83.41	96.79	109.42	122.86	137.75	153.03	156.44	162.87	189.56
Average rent Charge 15/16	85.92	99.28	112.16	126.01	141.14	156.99	160.34	166.82	179.33
Average of Formula Rent	87.80	101.34	114.48	129.19	146.88	171.89	181.17	180.72	179.33
Average of Capped Formula Rent	87.80	101.34	114.36	128.51	144.43	162.14	166.74	171.57	179.33

## Annex C – Analysis of Tenant Profile & Property Bedsize

**Table 18 - GENDER & PROPERTY BED SIZE**

Gender	PROP BEDSIZE									Total
	0	1	2	3	4	5	6	7	8	
Female	30.04%	43.22%	62.77%	61.37%	57.46%	56.36%	53.85%	50.00%	50.00%	55.70%
Male	69.96%	56.69%	37.21%	38.57%	42.54%	43.64%	46.15%	50.00%	50.00%	44.26%
Unknown	0.00%	0.09%	0.02%	0.06%	0.00%	0.00%	0.00%	0.00%	0.00%	0.04%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Table 19 - AGE & PROPERTY BED SIZE**

AGE GROUP	PROP BEDSIZE									Total
	0	1	2	3	4	5	6	7	8	
1. 16-24	7.79%	4.08%	1.49%	0.28%	0.58%	0.00%	0.00%	0.00%	0.00%	2.11%
2. 25-34	36.34%	17.86%	23.14%	6.37%	2.19%	2.73%	0.00%	0.00%	0.00%	17.45%
3. 35-45	17.43%	16.05%	29.48%	26.95%	14.91%	9.09%	0.00%	0.00%	0.00%	24.16%
4. 45-55	13.97%	16.80%	17.57%	23.02%	25.58%	19.09%	23.08%	16.67%	0.00%	18.88%
5. 55-64	10.51%	15.80%	10.23%	18.53%	27.05%	35.45%	61.54%	50.00%	50.00%	14.59%
6. 65 & OVER	13.72%	28.69%	17.10%	23.96%	28.80%	32.73%	15.38%	33.33%	50.00%	21.97%
REFUSED / UNKNOWN	0.25%	0.72%	0.99%	0.88%	0.88%	0.91%	0.00%	0.00%	0.00%	0.85%
Total	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

**Table 20 - Stock Profile by Bedsize**

Bed Size	Social Housing	Council
Beds 0	801	6.55%
Beds 1	3,320	27.14%
Beds 2	4,885	39.93%
Beds 3	2,630	21.50%
Beds 4	503	4.11%
Beds 5	80	0.65%
Beds 6	8	0.07%
Beds 7	5	0.04%
Beds 8	1	0.01%
<b>TOTAL</b>	<b>12,233</b>	<b>100%</b>

Annex D - Community & Population Data

Figure 2 Population by ethnic group, Tower Hamlets, 2011 Census

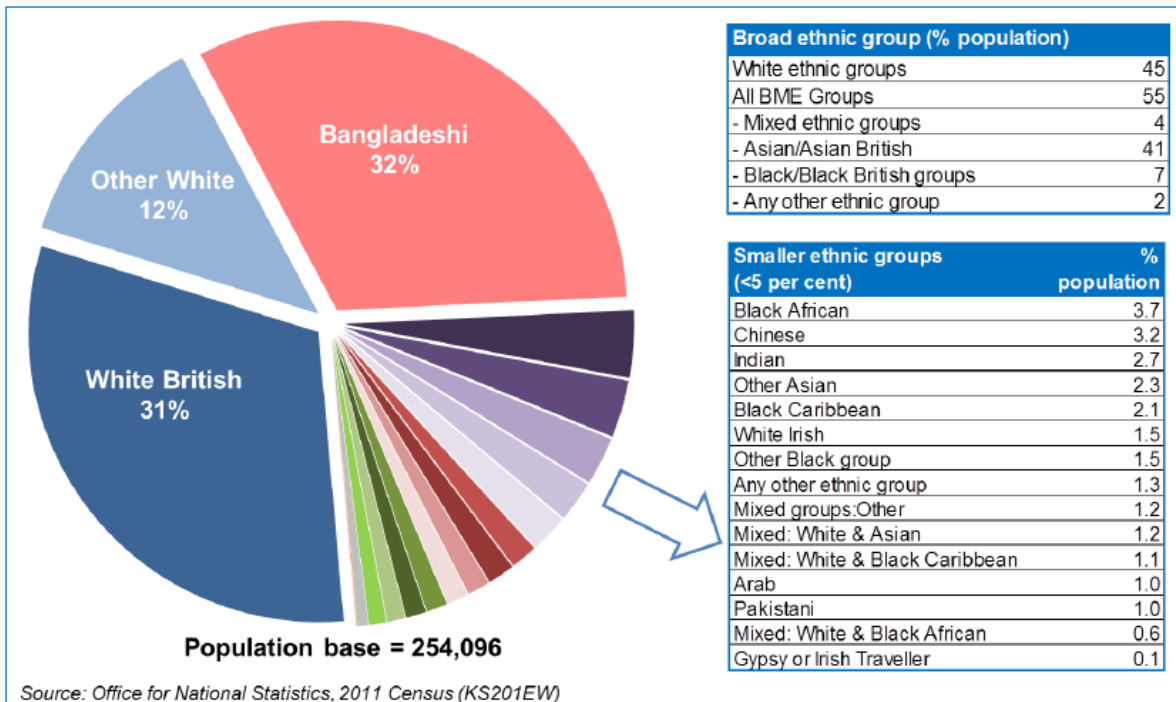


Figure 1 Population by religion, Tower Hamlets, 2011

What is your religion?

This question is voluntary

No religion

Christian (including Church of England, Catholic, Protestant and all other Christian denominations)

Buddhist

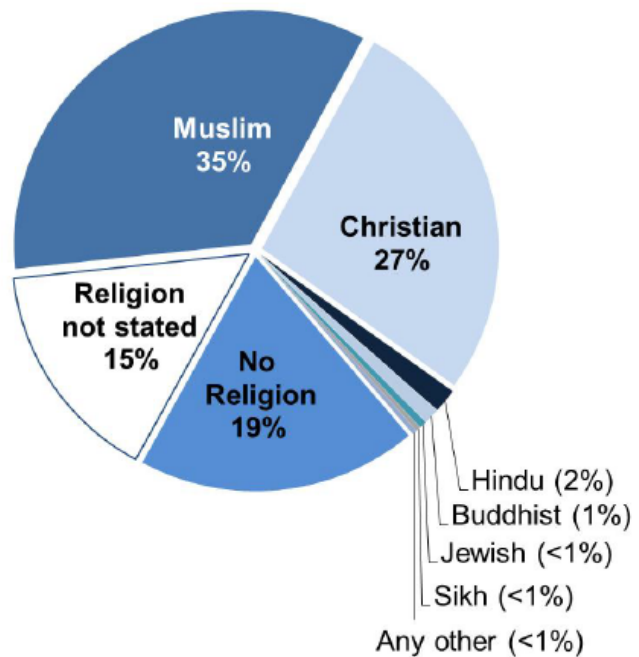
Hindu

Jewish

Muslim

Sikh

Any other religion, write in



Source: Office for National Statistics, Census 2011 (KS209).