

Cabinet 31 January 2024	 TOWER HAMLETS
Report of: Julie Lorraine, Corporate Director of Resources	Classification: Unrestricted
Housing Revenue Account (HRA) Financial Resourcing Strategy	

Lead Member	Councillor Saied Ahmed, Cabinet Member for Resources and the Cost of Living
Originating Officer(s)	Paul Butler, Head of Strategic Finance - Housing & Regeneration and Communities
Wards affected	All
Key Decision?	Yes
Reason for Key Decision	Approval of this financial strategy will inform future investment in the Council's Housing, both in the General Fund and HRA
Forward Plan Notice Published	2 November 2023
Exempt information	N/A
Strategic Plan Priority / Outcome	Priority 2 – Homes for the Future

Reasons for Urgency

This report was not available 5 clear working days in advance of the meeting due to need for independent legal external review alongside testing of assumptions. This report is integral to the 2024-25 budget process and should be reviewed in conjunction with the previously submitted budget documents elsewhere on the agenda for this meeting.

Executive Summary

This report presents an updated financial resourcing strategy for the Housing Revenue Account (HRA) and if approved by Cabinet will form an integral part of the budget report presented for approval by full council.

The strategy been developed to resource the key housing challenges the Borough currently faces across 3 primary areas under the following headlines:

“**Better Homes**” - meeting the investment requirements for existing stock to ensure compliance with all landlord's obligations, improving customer experience and prioritising our highest risk areas for both tenant and landlord. Enabling the council to also take account of the new Consumer Standards under the Social Housing

(Regulation) 2023, Act, from 1 April 2024. LBTH will need to demonstrate it is preparing “reasonable readiness” steps and has timely mitigation plans to be compliant within the standards of the act. This could result in the Council amending its delivery plans to ensure compliance.

“More Homes” – expediting and increasing the delivery of additional new homes at an affordable rent in the borough.

“Less Homelessness” – reducing the number of households currently reliant on 3rd Party B&B accommodation.

The Council’s HRA, as for a large proportion of local authorities, faces a number of pressures in respect of the net cost of homelessness, and forthcoming proactive regulation for the ownership of affordable housing. seeks to tackle this through “Better Homes”, “More Homes” and “Less Homelessness” with identified approaches.

In summary these include:

- Maintaining required levels of investment in the housing stock.
- Resourcing a risk focused team in the short-term to prioritise immediate works to properties via surveys on high-risk properties.
- Mitigating risk and preparing for a new stronger regulatory requirement.
- Reducing the Council’s reliance on high-cost temporary accommodation by utilising the HRA to support an additional 300 homes rather than placing households in non-LBTH owned housing.

In order to achieve these the following steps have been taken to ensure a viable business plan to support additional investment:

- The Council’s previous approach to Minimum Revenue Provision (MRP) within the HRA is to be discontinued to create additional revenue resources (at the expense of an increasing HRACFR).
- In addition, the ‘golden rule’ in terms of prudential borrowing levels from the HRA has changed from a minimum of an interest cover ratio (ICR) of 1.5 to 1.15.

In terms of changes to investment levels with the plan the following have been made:

- A re-modelled level of up-front investment into the existing stock from 2024.25 to 2026.27 plus an additional safety net of £10million which can be drawn down at any time.
- An indicative acquisition of an additional 600 properties to be let at social rent levels supported by grant from the GLA as part of the recently announced round of funding at an assumed average cost.

This strategy based on understanding the immediate requirements of the stock, investing additional resources to identify those works that are presenting the highest risk in terms of regulation and compliance and the moves to create additional capacity in terms of the removal of MRP and

lowering the minimum interest cover level to create capacity to acquire additional properties, be it for temporary accommodation or secure tenancies.

The delay to consultation on decent homes 2 results in continued uncertainty around the timing of meeting any new requirements and as such the council has ensured capacity in terms of additional headroom and flexibility in changing investment priorities and has specifically stress tested these actions to demonstrate resilience and ability to accommodate changes quickly.

The strategy is customer centric, focusing on meeting the housing needs and improving current experience of those most in need across our borough and in so doing will achieve the following:

- Increased headroom for capital investment of £224m across the revised 30-year business plan
- Maintaining required levels of investment in existing stock across the 30-year business plan, with an additional £10 million allocated over and above the previous plan.
- Resourcing a risk focused team to prioritise works on existing housing stock to focussing on high-risk properties and issues affecting our most vulnerable residents.
- Ensuring timely updating of robust stock condition data and accurate performance monitoring to inform timely and accurate decisions around future investment / divestment across the HRA asset base.
- Mitigating risk and preparing for the new stronger regulatory environment being introduced from April 2024
- Reducing the Council's reliance on high-cost temporary accommodation by utilising the HRA (under section 9 of the Housing Act 1985 (part 2)) to support an additional 300 households, currently housed on a 3rd party B&B bases into dedicated temporary accommodation. This reduces the financial risk associated with Housing Benefit subsidy loss that the General Fund incurs on each family taken from B&B accommodation and housed in T.A. within the HRA

On 1st November 2023 the Council insourced its ALMO, Tower Hamlets Homes. This budget cycle therefore represents the first opportunity for the Housing Revenue Account to be considered holistically and for historic issues, particularly in relation to works on existing stock to be addressed.

This report seeks the mayor's approval to adopt this financial resourcing strategy to enable the Corporate Director of Housing & Regeneration to develop a delivery plan for consideration by members, that meets the stated objectives of Safer Homes, More Homes and Improved quality of life for those faced with homelessness. The delivery plan developed will also to take account of the new Consumer Standards under the Social Housing (Regulation) 2023, Act, from 1 April 2024.

Recommendations:

The Mayor in Cabinet is recommended to:

1. Agree the financial strategy for the HRA
2. Agree to the acquisition of c600 homes over the next two years within the HRA.
3. Agree an allocation of 200 homes for temporary accommodation from vacated units of existing stock within the HRA. The allocation of the 600 additional new homes will be made available to those on the housing register ensuring both existing tenants and those on the waiting list to become tenants benefit directly from the investment.
4. Request the Corporate Director of Housing to provide a detailed service delivery plan to ensure timely and agile implementation of the agreed strategy and enable elected members to review and approve proposed works within this plan ahead of their commencement.

1 REASONS FOR THE DECISIONS

- 1.1 Like all Council's nationally, Tower Hamlets is experiencing a housing crisis, with significant levels of overcrowding across the Borough, a lack of new homes, an ageing housing stock, homelessness increasing and a lack of temporary accommodation to meet this need. This is resulting in significant budget pressures on both the General Fund and HRA.
- 1.2 This financial strategy aims to better utilise the resources available within the HRA with the aim of providing more homes, better homes and less reliance on 3rd party B&B accommodation for those experiencing homelessness.
- 1.3 It focuses on the three categories of local people in housing need that are a priority to members,;
 - 1) Those housed in existing stock but are in need of alternative accommodation
 - 2) Those on the waiting list for housing that have not been successful in bidding for social housing due to the shortage of houses
 - 3) Those in bed & breakfast accommodation in the borough which places considerable strain on the people occupying such accommodation and the councils general fund budget.
- 1.4 Speed and agility are key, it is important that the Council acts quickly and adopts this financial strategy enabling us to take advantage of a new round of funding, recently announced by the GLA to support the acquisition of both temporary accommodation and social rent housing. Grants of up to £75k per unit will be made available to the general fund for temporary accommodation and up to £200k per unit to the HRA for social rented housing, the amount of grant is dependent on the number of bedrooms in

each property acquired. The application window is open, and funding will be approved on a first come, first served basis. All homes must be acquired within a two-year envelope. Early discussions with the GLA have already taken place and are indicative of their support for a significant bid from LBTH. Securing this GLA grant funding will maximise the number of properties that can be acquired which benefits the Borough.

1.5 The impact of this strategy is illustrated by the graphs below:



1.6 The aim is to provide additional housing to meet the needs of those who are in unsuitable accommodation, those on the waiting list and homeless people in bed & breakfast accommodation on an equal basis, with where possible c200 homes being allocated to each category.

2 ALTERNATIVE OPTION

2.1 Do nothing – The Council would not have any headroom for an acquisitions programme or to fund additional investment requirement in existing stock and as a result will not be able to alleviate the temporary accommodation pressures currently being experienced or demonstrate (as we are required to do) readiness to comply with new Consumer Standards under the Social Housing (Regulation) 2023, Act, from 1 April 2024.

2.2 The Council will also miss out on applying for GLA subsidy funding towards the acquisition costs of new properties. The current proposed investment in the existing stock and new build programmes would be unaffordable and require a reduction to prevent the HRA falling into deficit.

2.3 Land Led Development Programme – Developing schemes internally or through a development agreement with a JV partner remains an important element of the council's investment strategy but it is time consuming and will therefore not alleviate the immediate housing pressure in Borough. The

Council will not be able to bid for this tranche of GLA grant funding to support land led development schemes.

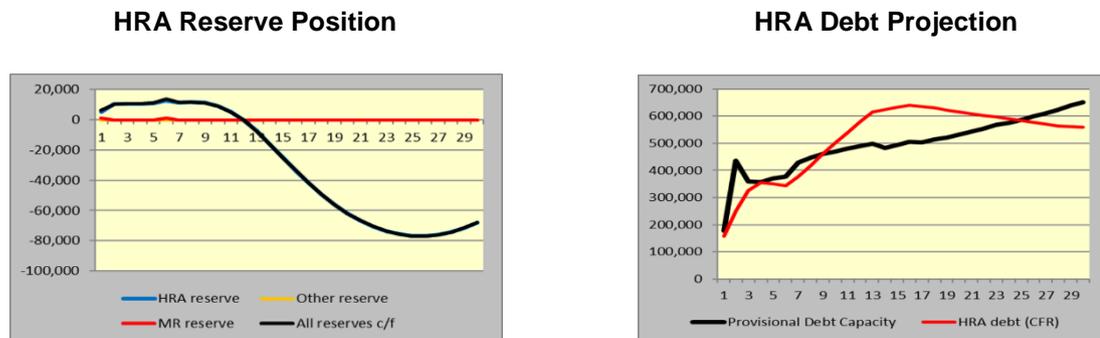
- 2.4 Fund Temporary Accommodation acquisitions through the General Fund. The scale of acquisitions would be dependent on the resources available within the General Fund to deliver it. The Council would only be able to take advantage of up to £75k GLA grant funding per property if acquiring new dedicated T.A. but can receive up to £200k per property if for social housing within the HRA. Therefore, the Council's contribution would be greater and the number of properties it could acquire would be less.

3 DETAILS OF THE REPORT

- 3.1 The Housing Revenue Account (HRA) was introduced as part of the Local Government & Housing Act 1989. It is a ringfenced account that contains the income and expenditure relating to the activities of the Council as landlord of its dwelling stock.
- 3.2 Being a ringfenced account means that any surplus or deficit on the HRA cannot be transferred to the General Fund and must remain within the HRA. The HRA cannot subsidise or be subsidised by the General Fund and must remain in balance.
- 3.3 From April 2012, the Localism Act abolished the previous subsidy grant system and replaced it with self-financing, under which local authorities took a one-off share of the national housing debt in return for retaining all rental income collected. Therefore, since this date the HRA has retained all benefits associated with its property portfolio but also incurs the risk and costs associated with them.
- 3.4 The HRA business plan is a requirement of self-financing and is a 30-year plan that models both revenue and capital income and expenditure and assesses the affordability of current and future plans and their impact on HRA reserve balances. The HRA business plan is updated annually as part of the budget setting process to ensure current and future activities within the HRA are affordable.

HRA Business Plan - Current Position

- 3.5 The graphs below show the current position for the HRA. This position is based on a new build capital programme to deliver 817 new properties and stock conditions work based on the outputs of a 10% sample stock conditions survey. This stock conditions survey front loads the investment programme and does not take account of risk or vulnerability of residents.



- 3.6 The graphs above show that the levels of current estimated levels of investment requirement are unsustainable and the HRA cannot afford to deliver the arising capital programme, with reserves falling into deficit and borrowing exceeding debt capacity in 2027/28 (year 4 of the business plan) and again in 2035/36 (year 13 of the business plan) where the plan remains unaffordable until 2047/48. The HRA would be unable to repay its interest on the levels of borrowing required. The estimated capital investment requirements are difficult to place reliance on because of the absence of accurate stock condition data which is driving “accountancy based “assumptions on investment modelling for the existing stock. This accountancy driven model is a blunt instrument, blind to areas of greatest risk. The current business plan assumes borrowing to fund these relatively “un-informed” investment requirements and generates no corresponding increase in rental income to meet the cost of borrowing.

Creating headroom and additional borrowing capacity

- 3.7 This Council, along with all other Council’s in the UK is facing a housing crisis with overcrowding, a need for more housing, greater investment in an ageing stock, increasing levels of homelessness and a lack of temporary accommodation available to meet this demand which is increasing the use of expensive 3rd party B&B providers, in the main commercial hotels in turn and putting significant pressure on budgets.
- 3.8 The experience for those occupying such accommodation is not a good one, for example, cooking facilities are often not available. The cost of this type of accommodation is high and not all elements can be recovered by the council as a result, a considerable burden falls to local council taxpayers. In the current year the General Fund is forecasting a Housing Benefit Subsidy loss of £14.3m against a budget of £7m, a pressure of £7.3m.

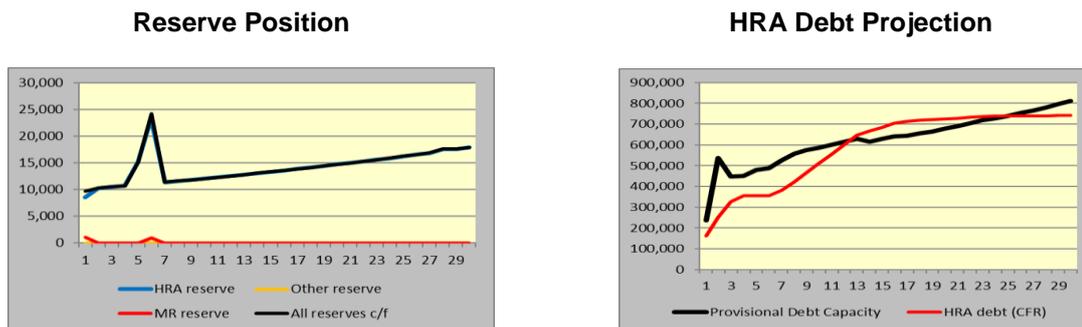
- 3.9 This financial strategy aims to utilise resources within the HRA to tackle these challenges by reviewing and amending the accounting treatment applied to the HRA, in line with contemporary practice and developing a deliverable risk-based stock investment programme that's takes into account current market supply chains. The aim is to create headroom and borrowing capacity to implement a property acquisition programme, taking advantage of GLA funding that is available to part fund these acquisitions over the next two years. The acquisition programme will provide additional housing on a secured tenancy bases and enable some older stock to be allocated as Temporary accommodation on non-secure tenancies.

Accounting Treatment

- 3.10 In October 2018 the Government abolished the debt cap as it was felt to have been set artificially low and was restricting Local Authorities in their new homes programme which was contributing to the shortage of available housing. As a result, the HRA is now able to borrow at higher levels than the debt cap and monitors the affordability of its current and planned future borrowing through parameters set by the s151 Officer within the HRA business plan.
- 3.11 The main parameter used to control debt capacity is the Interest Cover Ratio (ICR). This ratio measures the HRA's ability to repay the interest on its borrowing from its income, primarily rents and service charges collected. This ratio was set at 1.5. Therefore, to comply, the HRA needed to have available £1.50 for every £1 of interest repaid on its debt.
- 3.12 Discussions with the Council's specialist HRA advisors and benchmarking against other Local Authorities deemed this level to be overly prudent and restrictive and after careful consideration the s151 officer has approved a revised ICR of 1.15. This is in line with peers and increases the HRA's borrowing capacity without putting its financial position at risk.
- 3.13 The HRA also makes Minimum Revenue Provision contributions, in effect making provision to pay off debt not yet due. Unlike the General Fund, which has a legal obligation to make such provisions, it is a voluntary contribution in the HRA. Currently the HRA is paying c£2.9m per annum in revenue provision, which represents 2% of its current debt. The s151 officer has approved the cessation of minimum revenue provision contributions within the HRA, freeing up revenue resources.
- 3.14 The equivalent resource will be ring fenced in the short-term to contribute towards funding a risk-based team to identify priorities and develop a data led approach to the investment programme for existing stock, reflective of best practice. In future years it will provide additional capacity for servicing debt, increasing the borrowing capacity within the HRA. As more stock is acquired the rent base grows and the ability to fund further investment increases. This further investment is not limited to new housing it will also fund the investment requirements in existing stock, which are likely to increase as a result of the age of the stock and changes to legislation, such as decent homes 2.

3.15 Timeliness is key to secure the available external funding however, current interest rates are relatively high, resulting in HRA potentially borrowing at these higher levels, even when applying the discount that the Government has applied to the PWLB rate for borrowing in the HRA for new social housing. Therefore, it is proposed that debt is structured to enable it to be refinanced at a time that is beneficial, for modelling purposes that is assumed to be in three years' time.

3.16 The impact of these changes can be seen on the graphs below.



3.17 Changes to the accounting policies result in an improved position within the HRA business plan and mitigates the financial risk in the historical plan. Reserve balances NOW remain positive and above the agreed £10m de minimus threshold throughout the 30-year planning cycle. However, although improved the debt projections continue to exceed debt capacity. HRA debt exceeds capacity in 2035/36 with a maximum headroom deficit of £69m in 2039/40. The HRA cannot afford to fund its existing capital programme and cannot meet any future ambitions above these levels of investment due to existing stock investment forecasts being based on historic stock data which uses age rather than condition or risk as a measure of investment, the effect of which drives up the investment requirement in the early years of the programme to unaffordable levels. Further, we have no assurance the data is reliable and as such we could be blind to additional more urgent investment requirements outside of those determined by age alone. Currently there would be insufficient headroom to address any such arising issues, the updated strategy strengthens the council's position considerably.

Investment in the Existing Stock Portfolio

3.18 The main reason for the pressure on debt capacity highlighted in para. 3.16 results from high levels of proposed investment in the existing stock during the early years of the business plan. These levels of investment are based on the current stock condition data which, as has been highlighted, does not currently reflect best contemporary practice. Placing reliance on this data could result in significant failings in terms of those properties at highest risk in the early years. Overall, the total amount indicated as being required over the period may not be sufficient to accommodate current and emerging additional needs around building safety, environmental sustainability and energy efficiency. Currently, the HRA would utilise its borrowing capacity to fund

these costs but in the absence of growth, no additional rental income is generated to meet the additional interest payments should these costs escalate.

- 3.19 The programme of works on the Council’s existing housing stock has been informed by the outputs of a 10% stock conditions survey sample. The outputs do not consider risk and focuses significant “age based” rather than “risk based” investment in the early years of the business The current data drives an approach informed primarily by the age of the stock and not its state of repair or actual useful residual life.
- 3.20 Planned works done on this basis are neither informed or deliverable, as a combined result current reliance on limited cloned data alongside limitations in internal & external capacity alongside (there is a known and significant lack of supply chains in the current market). Therefore, available financial resources in the current business plan would be allocated for expenditure unlikely to take place and with little if any capacity to deal with emerging additional works requirements. The table below outlines the capital works delivered against budget on the existing stock programme over the past five years. The historical shortfall in delivery against plan could be indicative of underinvestment or unreliable data or perhaps a combination of both. Only comprehensive updated stock condition data can inform the actions to be taken.

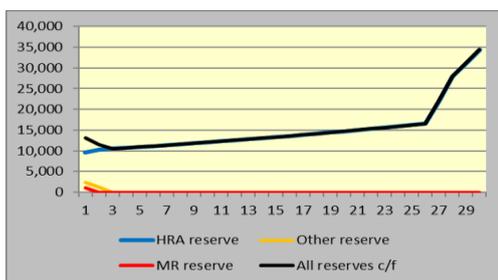
Year	Revised Budget	Spend	Outturn Variance
2022/23	20,435,001	15,236,256	-5,198,745
2021/22	25,503,639	16,700,339	-8,803,300
2020/21	23,334,000	21,215,729	-2,118,271
2019/20	32,600,000	25,458,581	-7,141,419
2018/19	29,286,000	25,815,646	-3,470,354
	131,158,640	104,426,551	-26,732,089
Average	26,231,728	20,885,310	-5,346,418

- 3.21 The primary risk to this strategy is speed of the acquisitions. Its success is highly dependent on acquiring properties in a timely manner in a competitive market where other Local Authorities will be doing the same. Recent interest rate falls could result in the housing market becoming more buoyant and both prices and competition increasing.
- 3.22 Developing a data driven plan of works that is both accurate and deliverable will take time. As a result, in the short-term it is proposed to take a risk-based approach to programming works on the existing stock, focusing resources on blocks and individual properties that are in the poorest condition and where our residents at their most vulnerable. Therefore, this approach provides resources for planning works resulting from damp and mould surveys, fire safety and building safety surveys will be prioritised over traditional cyclical works such as replacement bathrooms and kitchens. Work has been undertaken with the Director of Asset Management to identify spend levels

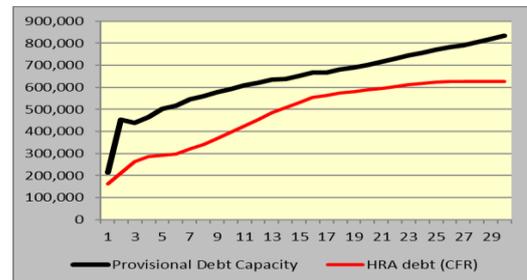
that are deliverable in the short-term and budgets have been set based on these levels (£20m in 2024/25; £25m in 2025/26; £30m in 2026/27). These amounts exceed the levels of work currently being delivered. The programme of works will be drawn up using industry experts including Pennington’s health check and Savill’s Shape programme and real time data technology to monitor performance of 3rd party contractors which currently adversely impact customer satisfaction.

- 3.23 An additional £10m safety net has been put in place in the form of a contingency budget for the first three years of the business plan which can be drawn on at any time to complete urgent works that have arisen but have not been built into the capital programme.
- 3.24 The current stock conditions survey identifies £1.1bn of works required on the existing stock over the next 30 years. Proposed investment levels remain at £1.1bn within the revised programme (plus the additional £10 million safety net), with expenditure being smoothed across the years, rather than being front loaded on the current relatively uninformed bases.
- 3.25 It is proposed to use revenue funding that will be saved from ceasing to make minimum revenue provision contributions to fund a team on a temporary basis to develop this data led programme of works. It is planned that this team will complete this work over the next two years. This change will be applied to the current year and £2.9m ringfenced in a dedicated reserve to fund this team.
- 3.26 Overall, the impact of these changes focuses funding on properties and residents at highest risk, ensuring compliance with the new regulatory framework and prioritising safer homes.
- 3.27 The impact of revising the stock conditions programme on affordability within the HRA business plan is detailed below.

Reserve Position



HRA Debt Projections



- 3.28 The graphs above demonstrate that through amending the accounting treatment and revising the stock investment levels to those that are deliverable within the current supply chain constraints, capacity has been created for further investment on top of the 817 new units already built into the capital programme. The pinch point (year in which the red and black lines in the HRA debt projections graph above are closest) is in year 17 of the plan,

where there is capacity to borrow an additional £131m. Investment in new stock will generate an income stream to repay the interest on borrowing.

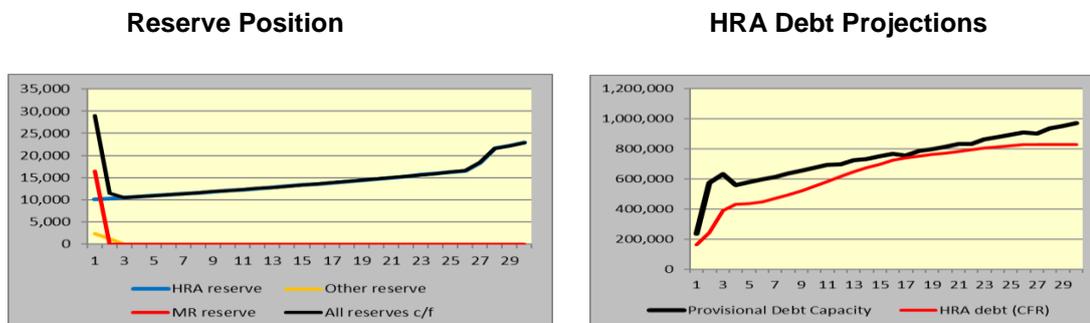
Temporary Accommodation

- 3.29 The Council has taken external legal advice from Trowers & Hamblins and has assurances that it can legally provide T.A. from within the HRA. The properties remain HRA assets but are let through a non-secure tenancy and the rents received remain within the HRA.
- 3.30 There is a benefit to both the HRA and to the General Fund from this arrangement. The HRA benefits from the rental income. Properties will be let at social rents and the tenant will only pay the social rent. The General Fund benefits from a reduction in Housing Benefit Subsidy loss by reducing the number of clients housed in high-cost commercial hotels and other expensive nightly booked accommodation. The table below details the potential saving against the Housing Benefit Subsidy loss.

Saving to General Fund (Social rents)		
	2 Bed	3 Bed
<u>Buyback Units</u>	£	£
Weekly Rental Charged	121	138
HB Subsidy Claimed	121	138
Weekly HB Subsidy Loss	0	0
Annual HB Subsidy Loss	0	0
<u>Commercial Units</u>		
Weekly Rental Charged	910	910
HB Subsidy Claimed	216	216
HB Subsidy Loss	694	694
Annual HB Subsidy Loss / Property	36,088	36,088
Weekly (Benefit) / Cost per Property	-694	-694
Annual (Benefit) / Cost per Property	-36,088	-36,088

- 3.31 The proposal is therefore to acquire new property within the HRA for social housing, taking advantage of the GLA funding that has been made available of up to £200k per property. Tenants will bid for these new properties and where existing properties are vacated, one in every two of the vacated properties will be used for T.A. from within the HRA. For every 100 commercial hotel/BB rooms vacated and clients housed instead in standard T.A. within the HRA, there will be a reduction in the Housing Benefit subsidy loss by about £3.6m, a direct cost saving to the General Fund. As of 31 December 2023, the council currently has 597 households in such accommodation.

3.32 The impact on the HRA Business Plan of acquiring an indicative 600 additional properties over the next two years at an average purchase price of £450k is illustrated below.



3.33 The actual number of properties that can be acquired will be dependent on market availability, purchase price and the level of grant awarded by the GLA for each acquisition. As a result, the target number of 600 new properties could be higher or lower.

3.34 The HRA Business Plan remains affordable, with a pinch point in year 17 where there is additional headroom of £17.164m. Testing different scenarios within the plan identifies the possibility of further investment totalling £10m over the life of the capital programme (years 1-3 of the business plan) in the existing stock programme, providing a further buffer above that already modelled should the cost of surveys be higher than anticipated. Alternatively, the acquisition price can increase from £450k to £475k before the business plan falls into deficit and reductions to the capital programme need to be identified. If capital investment remains as modelled, the plan can withstand an increase in interest rates of 0.2% over the next three years before funding cuts are required.

3.35 This stress testing of the baseline assumptions within the business plan demonstrates it has capacity and a level of flexibility to mitigate unforeseen cost pressures and risks that may occur in the immediate future. This provides a level of contingency within the plan to deal with such events before reductions in funding and changes to assumptions are required.

3.36 The key to success of this financial strategy is in the speed with which we acquire these new properties as they are immediately available for use (unlike development schemes which often take several years to complete) and provide an immediate rental income stream that is used to meet the interest charges on the borrowing required to acquire them.

3.37 Understandably the nature of this paper focuses on financial and asset-based issues. However, supporting local people by meeting their housing needs underpins all that this strategy seeks to achieve. The council's focus on "People First" is more than an internal driver of resource allocation. It impacts all we do. Housing is all about people and the financial capacity released as a

result of this strategy will enable the Corporate Director of Housing & Regeneration to effectively resource significant improvements in a customer focussed way. The following elements of additional resource will be included in the arising delivery plan:

- Additional Case workers dedicated to identifying and supporting tenants most at risk will be mainstreamed into the service via corresponding reductions to the establishment currently within the mayor's office.
- An immediate comprehensive independent "compliance health check will be commissioned to inform the highest areas for priority investment.
- 3rd party contract delivery expectation will be amended to ensure full damp & mould surveys of every property in the shortest possible timescale.
- Technology will be deployed to ensure real time monitoring of critical elements of our service delivery and tenant's experience.

3.38 This Strategy reflects innovation and transformational change. These changes have not been suggested lightly. The council has secured extensive specialist 3rd party advice from a number of nationally recognised experts in the field including Savill's, Trowers & Hamlyn, and Pennington's Advisory,

4 EQUALITIES IMPLICATIONS

- 4.1 The Equality Act 2010 requires the Council, in the exercise of its functions to have due regard to eliminate unlawful discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not.
- 4.2 Our Borough's strength lies in its diversity and the different communities and cultures living side by side. The Council is working to make the Borough safe, welcoming and a place of opportunity for all however inequalities still exist. The borough is the most densely populated local authority in the country.
- 4.3 Tower Hamlets continues to experience exceptionally large population increases and since the 2021 census the population has risen from 310,306 in March 2021 to 325,789 just over a year later, the second fastest growing area in England. Research shows that overcrowding can have a detrimental effect on health and well-being and educational attainment.
- 4.4 These inequalities and rapid growth mean that ensuring equality is embedded throughout Council plans, services and activities is the number one priority and at the heart of all decision making.
- 4.5 To help meet its duty under the Equality Act, on all proposed changes, the Council undertakes an Equality Impact Screening and where required a full Equality Impact Analysis to determine whether the proposal will have a disproportionate impact on persons who share a protected characteristic and to also outline actions to mitigate against the equality risks.

- 4.6 The council has a total stock size of 21,771 homes of which 11,794 are tenants and 9,977 are leaseholders. There are 24,339 applicants on the council's housing register seeking affordable homes in council or housing association properties. Over 10,000 of these households are overcrowded and seeking larger homes. There are 2,880 homeless households in temporary accommodation.
- 4.7 The recommendations in this report are seeking to secure investment in existing council homes and to accelerate a programme of new build homes for those who require housing.
- 4.8 An Equality Impact Screening assessment has been completed for the revised Housing Revenue Account Financial Strategy. The screening has concluded that the approach that the council's revised Housing Revenue Account Financial Resourcing Strategy will take is not anticipated to cause any adverse or negative impacts across residents who may identify with one or more of the protected characteristics.
- 4.9 Therefore, concluding that irrespective of ethnicity, age, sex, disability and other protected characteristics, residents will not be disproportionately impacted by the outcomes that the revised strategy is seeking to deliver. Women who head up more homeless households than men and have more council tenancies than men and make up more applications on the housing register will benefit significantly from the investment in new and existing homes.
- 4.10 In prioritising the delivery of better homes by improving the quality and condition of the council's existing social housing stock, positive impacts would be delivered to all residents. The risk-based approach within the strategy to the programming of works on existing stock, will focus resources on blocks and individual properties that are in the poorest condition and where our residents at their most vulnerable.
- 4.11 Investing in our existing homes, should also improve their energy efficiency and indirectly may be of benefit in terms of preventing health issues arising from cold/damp properties, reducing energy costs associated with heating.
- 4.12 Utilising the Housing Revenue Account to acquire additional homes will be to the advantage of all common housing register regardless of one or more protected characteristics. The council and its Common Housing Register Partners Allocation Scheme does not discriminate against any of the protected groups in the allocation of social housing in the borough.
- 4.13 While people of all financial backgrounds can find themselves in genuine housing need (i.e. due to mortgage repossession, high housing costs, the cost of living crisis and evictions), the strategy is likely to have a positive impact on low- income groups who are at a greater risk of homelessness and are therefore more likely to subsequently seek social housing or require assistance under Homelessness legislation to prevent or relieve homelessness.

- 4.14 The positive impacts of this strategy will apply to all residents in the borough who identify with all the protected characteristics whether they are current or future council tenants, those residents who gain from additional properties being made available through the Common Housing Register and those residents who are in need of temporary accommodation.

5 OTHER STATUTORY IMPLICATIONS

- 5.1 The proposals contained in the report will assist in meeting the Councils Best Value obligations under the requirements of the Local Government Act 1999.

6 COMMENTS OF THE CHIEF FINANCE OFFICER

- 6.1 This is a finance report, and the financial implications are considered throughout.

7 COMMENTS OF LEGAL SERVICES

- 7.1 The report confirms that the Council will hold some of the HRA properties for use as temporary accommodation. Section 9 of the Housing Act 1985 provides the power for the Council to build or otherwise acquire accommodation. There is no requirement in that power for the property to be held for any specific purpose. Properties held using that power must be accounted for in the Council's Housing Revenue Account. The report further confirms that the HRA properties used for Temporary Accommodation will be let on non-secure tenancies and this is permissible pursuant to Schedule 1 of the Housing Act 1985 which provides that properties let by the Council for Temporary Accommodation are excluded from security of tenure. The rent to be charged is confirmed as social rent. The Government policy on rent for social housing requires the rent must be the social rent level on any re-let of a property that has previously been let at a social rent level.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE

Appendices

- NONE

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

Officer contact details for documents:

N/A