PLACE OVERVIEW & SCRUTINY SUB COMMITTEE
SUPPLEMENTARY AGENDA

24 January 2024

The following report is attached for consideration and is submitted with the agreement of the Chairman as an urgent matter pursuant to Section 100B (4) of the Local Government Act 1972

Please note that, whilst the reports are correct at the time of publication, it is possible that they may change significantly by the time they are presented to Cabinet and Council.

4 BRIDGE CLOSE REGENERATION LLP - IN YEAR REVIEW OF 2024/25 BUSINESS PLAN (Pages 3 - 554)

Report attached

5 HRA BUSINESS PLAN (Pages 555 - 614)

Report attached

Zena Smith
Head of Committee & Election Services

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Havering LONDON BOROUGH

Places Overview & Scrutiny Sub-Committee

REPORT

24 January 2024

Subject Heading:	HRA Business Plan and Bridge Close Regeneration LLP Business Plan Refresh 2024/25
ELT Lead:	Neil Stubbings, Director of Regeneration Programme Delivery
Report Author and contact details:	Anthony Clements Principal Committee Officer anthony.clements@onesource.co.uk
Policy context:	The report deals with a statutory process.
Financial summary:	There is no significant financial impact from the statutory processes as these requirements are being met by existing budgets.

The subject matter of this report deals with the following Council Objectives

People - Things that matter for residents

Place - A great place to live, work and enjoy X

Resources - A well run Council that delivers for People and Place X

SUMMARY

Officers will provide the Board with details of the HRA Business Plan and the Bridge Close Regeneration Business Plan Refresh 2024-25.

RECOMMENDATION

That the Sub-Committee scrutinises both reports and agrees any recommendations that it would like to be considered by the Overview and Scrutiny Board for inclusion in the Board's comments to Cabinet on the budget papers.

REPORT DETAIL

1.1 The Places Overview and Scrutiny Sub-Committee has requested to scrutinise two reports that will be included in the budget papers to be considered by Cabinet at its meeting on 28 February. These are the HRA Business Plan and the Bridge Close Regeneration LLP Business Plan Refresh 2024-25.

1.2 Whilst both reports fall under the auspices of the Places Overview and Scrutiny Sub-Committee, they also form part of the budget papers. As such, any recommendations or comments on the reports made by the Sub-Committee will need to be passed to the Overview and Scrutiny Board for consideration for inclusion in the Board's overall comments on the budget papers.

Financial implications and risks: None of this covering report.

Legal implications and risks: None of this covering report.

Human Resources implications and risks: None of this covering report.

Equalities implications and risks: None of this covering report.

Environmental and Climate Change Implications and Risks: None of this covering report.

CABINET	7th February, 2024
Subject Heading:	Bridge Close Regeneration LLP Business Plan Refresh 2024-2025
Cabinet Member:	Councillor Graham Williamson Cabinet Member for Development and Regeneration
SLT Lead:	Neil Stubbings Strategic Director of Place
Report Author and contact details:	Nick Gyring-Nielsen Senior Regeneration Manager nick.gyring-nielsen@havering.gov.uk
Policy context:	The Council has sole ownership of a delivery vehicle, Bridge Close Regeneration LLP (BCR LLP), to deliver the regeneration of Bridge Close, Romford pursuant to the Council's ambitions for regeneration as set out in the Local Plan, the Romford Area Action Plan (2008), the Romford Town Centre Development Framework (2015) and the emerging Romford Masterplan and new Local Plan. The Bridge Close Regeneration LLP Business Plan 2019/2020 was approved by Cabinet on 13 February 2019, including funding provision reflecting 50% Council ownership of BCR LLP operated as a joint venture vehicle at the time. This report provides an update of the Bridge Close Regeneration LLP Business Plan 2023-2024 in light of the Council having acquired full interest in BCR LLP on 29th October 2020 and the approval by Cabinet authorising the update of the Bridge Close Regeneration LLP Business Plan to reflect the approved changes to the funding and delivery arrangements set out in the 16th December 2020 Cabinet report.

Financial summary:	The Council has made provision in the financial year 2023/2024 to provide funding for the Council's capital contributions to meet financial commitments arising from the operation of Bridge Close LLP (BCR LLP) in accordance with the project documents, the BCR LLP Business Plan 2023/2024, and the approval by Cabinet of the recommendations relating to the funding and delivery arrangements set out in the 16th December 2020 Cabinet agenda. This report outlines proposed changes to the Business Plan, and recommends a revised budget to enable its implementation.
Exempt Information & Grounds	Appendices B, C, D and E are not available for public inspection as they contain or relate to exempt information within the meaning of paragraph 3 of Schedule 12A to the Local Government Act 1972. They are exempt because they refer to information relating to the financial or business affairs of any particular person (including the authority holding that information), and the public interest in maintaining the exemption outweighs the public interest in disclosing the information.
Is this a Key Decision?	This is a key decision because the expenditure exceeds £500,000.
When should this matter be reviewed?	December 2024
Reviewing OSC:	Place

The subject matter of this report deals with the following Council Objectives

People – Things That Matter for Residents	X
Place – A Great Place to Live, Work and Enjoy	X
Resources – A Well-run Council That Delivers for People and Place	X

SUMMARY

1.1 The Council established a joint venture development vehicle, Bridge Close Regeneration LLP ('BCR LLP', 'Joint Venture' or 'JV') to bring forward the proposed regeneration of the site known as Bridge Close (see plan with red line at Appendix A). BCR LLP was until October 2020 jointly owned between the Council and a private sector partner. On 16th September 2020, Cabinet approved the proposed acquisition by the Council of the private sector interest in BCR LLP and on 29th October 2020, the Council entered into a purchase agreement to acquire the interest in BCR LLP that it did not already own from the private sector partner.

1.2 In light of the Council acquiring full control of Bridge Close Regeneration LLP, on 16th December 2020, Cabinet considered a number of recommendations relating to the future funding and delivery of the scheme. Approval was granted for the Council to deliver the regeneration of Bridge Close directly, funding the development entirely through Council resources, predominantly using the Housing Revenue Account. Cabinet approved a budget with referral to and subsequent agreement by Full Council on 3rd March 2021. Subsequently, the Bridge Close Regeneration LLP Business Plan 2022/2023 was approved by Cabinet on 16th February 2022 and thereafter adopted by the Bridge Close Regeneration LLP.

1.3 The Business Plan forms part of a comprehensive suite of project documents, including the Members' Agreement, the Land Agreement, the Land Acquisition Strategy, the Security Agreement and the Loan Note Instruments, which amongst others, set out the strategy and the terms and conditions for provision of funding by the Council as principal Member of the Joint Venture (noting that a wholly owned company of the Council acts as second member of the JV). The Business Plan is a suite of strategy and policy documents, including a budget and financial model with detailed forecasts, which provides a management framework for delivering the vision and objectives for the regeneration of Bridge Close.

1.4 In accordance with the Members' Agreement, the Board of Bridge Close Regeneration LLP must prepare, issue and agree a draft Business Plan to the Council as Member. Once agreed, the draft Business Plan would replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.

1.5 This report provides an update of the Business Plan and a review of key work streams underpinning the delivery of the Council's vision for Bridge Close. It provides an update of the budget and financial model approved by Cabinet in December 2020 and recommends that the updated Business Plan be agreed, noting the significant benefits to the regeneration of Romford town centre, the contribution towards Havering's target for housing delivery, including affordable housing, and the expected financial returns anticipated in the plan.

RECOMMENDATIONS

That Cabinet:

1. Approve the draft Bridge Close Regeneration LLP Business Plan 2024-2025 (the Business Plan) as attached at Appendix B.

2. Agree the provision of a budget to enable the funding and delivery of the regeneration of Bridge Close as required and detailed within the exempt Financial Implications and Risks section; this budget to be included within the proposed HRA Capital Programme that will be considered by Cabinet in the Housing Revenue Account Business Plan update.

3. Agree that the Leader of the Council, after consultation with the Strategic Director of Place, the S151 Officer the and the Monitoring Officer, approve detailed business cases, funding arrangements and legal agreements as may be required to deliver the regeneration of Bridge Close as per the Business Plan 2024-2025.

4. Note that the Strategic Director of Place will continue discussions with the Havering Islamic Community Centre (HICC) with a view to relocating HICC within the proposed new development or, if a suitable alternative site could be found, elsewhere.

5. Note that the Strategic Director of Place will continue discussions with the London Ambulance Service (LAS) with a view to relocating the LAS to a suitable alternative site elsewhere.

6. Instruct the Strategic Director of Place, in consultation with the S151 Officer and the Monitoring Officer, to bring forward a report for the making of the Compulsory Purchase Order (CPO) for the Bridge Close Regeneration scheme at the appropriate time in the financial year 2024-2025.

7. Authorises the Strategic Director of Place, acting in consultation with the Monitoring Officer and the Section 151 Officer, to negotiate, finalise and enter into all necessary legal agreements as may be required, and to do anything incidental to bring into effect the proposed arrangements set out in Recommendations 1-6 inclusive.

REPORT DETAIL

2.0 Background

2.1 Bridge Close is a 3.67 hectare site currently occupied by mixed industrial, warehouse and ancillary units under multiple ownerships, an ambulance station, Islamic Cultural Centre and a number of terraced properties which front onto Waterloo Road and Oldchurch Road in Romford.

2.2 The Business Plan, forming part of the legal agreements adopted on establishment of Bridge Close Regeneration LLP in April 2018, sets out a suite of strategies, plans, work streams and activities designed to give effect to the implementation of the Objectives of the Joint Venture (JV).

2.3 Amendments to the Business Plan for the year 2019-2020 were approved by the Council as Member in February 2019 and adopted by the Board of the JV. As set out above, this Cabinet report provides an update to the adopted Business Plan and provides a draft Business Plan for the year 2024-2025 for consideration by Cabinet. The draft Business Plan is included in the exempt agenda Appendix B of this report due to the commercially sensitive nature of the information.

2.4 The Objectives of the JV as set out in the Business Plan are the following:

i. To undertake the regeneration of Bridge Close, by way of housing development and other ancillary beneficial development, for the benefit of the Borough and its residents;

ii. To secure wider social and economic benefits (including employment opportunities) for the benefit of existing and new residents of the Borough;

iii. To incorporate land belonging to other occupiers and owners, both public and private sector, into the development;

iv. To achieve an acceptable return for the benefit of the JV and its Members, having regard to the principal objective remains the regeneration of Bridge Close.

2.5 In pursuing these objectives through the JV, the Council aims to ensure the following:

i. A comprehensive development, which delivers infrastructure for the residents of the new development and for the whole of Romford;

ii. Direct control over the quality, timing, and implementation of development (separate from, and in addition to, its role as planning authority);

iii. Direct control over the housing tenure mix and the ability to maximise the provision of affordable housing, having regard to the needs of the people of Romford and Havering;

iv. A greater influence and control over support given to businesses, community groups and residents displaced or seeking relocation.

2.6 As such, the Council's main objective remains the regeneration of Bridge Close. The development will transform a key part of Romford town centre, delivering a comprehensive development, comprising all of the following:

- Up to 1,070 new homes (incl. between 35% and 50% affordable homes subject to viability)
- A 3-form entry primary school with nursery and SEND provision
- A community and cultural space
- A local health facility
- Commercial floor space, including affordable work space
- Improved east-west links, including a new pedestrian and cycle bridge
- Environmental improvements to the River Rom.

2.7 Save for minor proportional changes as a result of an increase in floor area dedicated to office/work space, and a reduction in residential floor area due to the introduction of additional stair- and lift cores pursuant to emerging fire safety regulations (BS9991), the scope of uses and quantum of development has remained substantially unchanged since the last review and adoption of the Business Plan in February 2022.

2.8 Further details of the financial strategies and policies underpinning the current draft Business Plan, including a detailed budget and forecasts for funding and delivering the regeneration of Bridge Close are provided in the exempt part of the report due to the commercial nature and sensitivity of the information.

3.0 Scheme Review

3.1 In view of the Council's commitment to bringing about a comprehensive redevelopment of Bridge Close, Bridge Close Regeneration LLP is progressing activity in the following key areas:

i. Planning and Consultation
ii. Design Development
iii. Land assembly

3.2 This reflects the Council acquiring full control of Bridge Close Regeneration LLP in October 2020 further to the approvals granted by Cabinet on 16th December 2020.

3.3 Planning

3.3.1 The planning application for Bridge Close has been developed in accordance with the Planning Strategy forming part of the Business Plan. The Planning Strategy and by extension, the planning application, takes account of existing and emerging planning policy and aligns to the vision for the regeneration of Bridge Close. It outlines the approach and scope for the planning application(s) and considers the anticipated planning obligations that will apply to the development.

3.3.2 The planning application was submitted in November 2023. The following sets out the key proposals underpinning the application and the key issues under consideration in the intervening reporting period.

3.3.3 The planning application takes the form of a hybrid planning application submitted for the whole site. The application seeks full planning permission for an initial Phase 1 of the development and outline permission for the remainder of the site. Detailed planning permission is sought for Phase 1, comprising approximately 383 new homes, flexible commercial floor space, a three form entry primary school and nursery, a pedestrian and cycle bridge as well as new public realm works and associated infrastructure, including the revitalisation of the River Rom.

3.3.4 Outline planning permission is sought for the remainder of the site. The outline permission will be accompanied by detailed parameter plans and a design code to inform future detailed proposals for future phases, serving to ensure design continuity and to safeguard the Council's vision and the comprehensive nature of the development. For each future phase with outline planning permission, a detailed (reserved matters) planning application will be submitted to the local planning authority for approval before progressing.

3.3.5 Throughout 2023, the planning application suite of plans and documents have been subject to review in light of the adoption of the new London Plan in March 2021, the Havering Local Plan as well as other existing and emerging planning policy and building regulations. Studies, surveys and assessments have been reviewed to ensure alignment and compliance. Whilst the review has been comprehensive across all relevant areas, the following continue to be in particular focus:

i. Fire risk assessment – minimising risk to life safety through the implementation of a fire strategy for the development in compliance with planning policy, building regulation and relevant codes of practice. Designs and plans have been reviewed in light of proposed amendments to British Standard 9991 Fire Safety regulation, including the inclusion of dual stair cores in residential developments for concurrent firefighting and evacuation purposes.

ii. Transport Assessment – providing additional technical review to ensure compliance with proposals for the crossing at Waterloo Road to Union Road with Highways requirement at this stage of design development. Review and engagement with GLA and TfL further to request for additional modelling of the development's impact on public transport to ensure compliance.

iii. Energy Strategy – focusing on communal centralised energy provision using air source heat pump technology and the opportunity to connect in the future to wider heating distribution networks as required.

iv. Climate change and net zero carbon review – achieving net zero compliance, including reducing CO_2 emissions for both domestic and non-domestic buildings to achieve at least a 35% on-site reduction against the baseline as set out in Building Regulations Part L 2013.

3.3.6 In addition to considering the impact of new and emerging policy and regulation on key physical aspects of the development, such as height and massing in the context of Romford town centre, continued consideration is also being given to the long-term housing needs of local people in Romford and Havering more widely. Whilst provision of approximately 35% affordable housing is proposed, review of the appropriate tenure mix will ensue further to submission of the planning application, having regard to planning policy, the Council's housing needs and how the level of provision may affect the viability of the project.

3.3.7 Recognising the regeneration of Bridge Close is subject to additional stages of design development before commencement of works, further review of proposals will take place in the future to ensure continued compliance with existing and emerging policy, building regulations, codes of practice, and importantly, the needs of local people.

3.4 Consultation

3.4.1 Consultation has continued in 2023 with the Local Planning Authority (LPA), Highways Authority and with other key stakeholders. This follows numerous pre-application meetings with the LPA, the Greater London Authority (GLA), the Strategic Planning Committee, an independent Quality Design Review Panel and internal stakeholders already held since 2019.

3.4.2 A fourth and final public consultation event, split over three days, took place in October 2022 online and at the Brewery in Romford, focusing on the masterplan and key facets of the proposed development. The event was well attended and support was voiced for the regeneration of the site, the look and feel of the architecture and of the place, as well as the provision of a new school and health building. Questions were raised around the plans for the Havering Islamic Cultural Centre (HICC), phasing of the development and the programme for delivery of new homes. On balance, comments were supportive of the proposals.

3.4.3 Upon receiving the planning application, the LPA will commence a further statutory period of consultation, which allows stakeholders, statutory consultees and members of the local community to comment on the proposed development. Future phase detailed planning applications will similarly be subject to extensive public and statutory consultation.

3.4.4 Primary School & Health Building

3.4.5 Consultation also continues with key education and health economy partners in order to meet potential rising demand for services to support growth in the local community. As such, the Council will acquire a new 3-form entry primary school and a health building from the Joint Venture. The Council is proposing to fund the acquisition of the school from the Wave 14 Free Schools funding allocated by the Department for Education (DfE) and through own resources, including borrowing and where possible from S106 and CIL contributions. BCR LLP continues to consult with Children’s Services and the DfE to plan ahead for the delivery of BCR LLP’s proposals, having regard to the demand for pupil places arising from the developments at Bridge Close, Waterloo & Queen’s Street, and the former Ice Rink site as well as new adjoining communities in Romford town centre. The primary school is expected to be delivered in the initial phase of the development

3.4.6 The Council continues its discussions with local healthcare authorities and partners to facilitate the delivery of a new health building on Bridge Close in accordance with integrated healthcare infrastructure capacity planning in Havering. The building will provide services from across the integrated care system, which may include primary and social care, community services and other specialist services, including enhanced diagnostics where appropriate. By bringing services together, the health building will play a vital role in improving access for members of the local community and reducing pressures in other parts of the local health economy. Funded through Council resources, a lease granted to an appropriate primary and community care provider is anticipated to secure a recurring revenue stream to the Council. The health building is expected to be delivered in phase two of the development.

Affordable Housing

3.4.7 It is anticipated that the development will provide approximately 35% affordable housing, subject to viability. This is in accordance with the principles underpinning existing funding support for 35% provision agreed with the Greater London Authority

(GLA). Further to discussions with the GLA in light of the London Plan, affordable housing provision below the 50% policy guidance threshold may be acceptable in circumstances where land has been acquired for regeneration purposes, noting furthermore the achievement of 50% affordable housing provision by the Council across its wider regeneration programme. Through consultation with the GLA in 2023, affordable housing provision is underpinned by the release of funding through the Affordable Homes Programme.

3.5 Design Development

3.6 The design team, consisting of leading firms of architects, landscape architects, masterplanners, technical experts and engineers, has continued to progress and review the proposals throughout 2023 in accordance with client and planning requirements, underpinned by a design brief and development specification approved by the Board of BCR LLP.

3.7 Design development has been informed by the vision and objectives for the regeneration of Bridge Close, and enshrined in key proposals, plans and documents, including:

i. The design and access statement, incorporating:
   a. The masterplan for the site as a whole
   b. Individual plot designs for residential and non-residential uses
   c. Landscape and public realm design
ii. The design code and parameter plans

3.8 The Design and Access Statement describes the design process and proposals at a site-wide masterplan scale covering the entire application boundary. It deals with the landscape strategy and with the detailed proposals for the plots in the initial phase of development.

3.9 The masterplan for Bridge Close builds on the principles established in adopted and emerging policy, proposing a comprehensive, mixed-use residential-led scheme, which will include a new bridge across the River Rom, a new east-west connection to the town centre, non-residential uses to complement the town centre offer and create a well-designed, high- quality neighbourhood.

3.10 Detailed designs for individual plots are being brought forward as part of an initial phase to provide 383 new homes of which approximately 35% will be affordable tenures subject to viability. Plot designs provide a balance of both traditional and more contemporary architecture with use of high-quality materials and immediate access to local retail, play space, public realm and other amenities. The initial phase maintains the provision of a 3 form entry primary school with nursery and special educational needs and disability (SEND) provision. Detailed plans in the planning application set out the internal design of floors and units complemented by sections and external elevations. When fully operational, the school will house 695 children.

3.11 Proposals for landscape design provide for ample high-quality public realm and open space, including the provision of green space and play space for local residents as well as the greening and revitalisation of the River Rom. It sets the parameters for a river walkway along the River Rom, a new junction to Waterloo Road and a new street through the centre of the site, providing a vital east-west connection from the train- and bus stations through to Union Road. More widely, it sets the strategy for the use of materials informing the initial parameters for long-term estate maintenance.

3.12 As set out at paragraph 3.3.5 above, the masterplan, plot designs and landscape architecture have been informed by adopted and emerging policy and regulation, having regard to key issues around energy provision, flood risk and fire risk as well as climate change and environmental impact.

3.13 Design Code provides strategic design guidance and place-making principles for all phases of delivery. The purpose is to ensure that the development is well designed and built to a high standard, providing a coherent framework within which architectural diversity can be achieved and where the public realm is an integrated element which provides continuity with the surrounding area. The Design Code will control development in future phases and be conditioned as part of any grant of planning approval.

3.14 Underpinning the Design Code are parameter plans setting out the application boundary, development plots, indicative heights, open space and illustrative ground floor uses and routes through the site. Together, the Design Code and the parameter plans, provide distinct guidance to ensure the comprehensive development of Bridge Close is progressed across phases consistently underpinned by high-quality design and public realm place-making principles.

3.15 As set out in paragraph 3.4.1 above, the masterplan, plot designs and landscaping have been informed by extensive consultation with the Local Planning and Highway Authority, the Greater London Authority, with elected Members, the Strategic Planning Committee, the local community and the wider public. Importantly, a Quality Review Panel of external urban design experts was established to independently vet and inform the place making qualities of the emerging masterplan and designs. Future phases of development will be require separate planning approvals through reserved matters applications subject to consultation with the Quality Review Panel and Strategic Planning Committee.

3.16 In the next 12 months and beyond, the design will be further developed by the professional team, progressing it from current ‘concept’ RIBA[1] stage 2 through to ‘detailed design’ RIBA stage 4. Detailed designs will be informed by a potential main contractor due to be procured subject to planning approval and Council governance.

3.17 In close consultation with Members and other stakeholders, a planning application has been submitted in November 2023.

3.18 Land Assembly

3.19 Land assembly is undertaken in accordance with the Land Acquisition Strategy forming part of the Business Plan.

3.20 The Council and the JV continue to engage with all owners and occupiers of residential and commercial interests on Bridge Close. All commercial property owners have instructed valuations and private treaty discussions are progressing at various stages of development.

3.21 In November 2018 the Cabinet resolved to approve the acquisition of all remaining residential interests not in Council or JV ownership to be used as temporary

[1] See Royal Institute of British Architects (RIBA) Plan of Works 2020

accommodation until such time as they may be required for development. To date, 32 out of a total of 37 residential properties have been acquired or have terms agreed. Further engagement and communication is underway with the remainder of owners and occupiers.

3.22 Overall, there may be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families, as well as some religious groups. To reduce this impact, the Council is working closely with those affected and offering a full package of support in accordance with individual rights, through access to dedicated advice and assistance, through the offer of financial compensation, and by offering a range of options to help residents move to a new home and providing businesses and other groups with help in finding and relocating to new premises, as well as additional support to mitigate against any potential disturbance.

3.23 A number of acquisitions of commercial property have completed since the establishment of the JV including 2, Bridge Close, 3 Bridge Close, 6 Bridge Close, 8 Bridge Close, 12A-C Bridge Close, 12C-E Bridge Close and 13A Bridge Close. More recently, the freeholds of 4 and 12 Bridge Close as well as the unadopted part of Bridge Close road and other land interests have been acquired. Constructive private treaty discussions continue with the remaining owners and occupiers of commercial property with a number having reached the final stages of agreeing terms.

3.24 Relocation support continues to be provided to businesses where appropriate. Whilst the market for industrial property has been buoyant, it has been possible to maintain business continuity and employment whilst completing on transactions and successfully relocating businesses to new premises. Evidence of a cooling of the market for commercial property may provide further opportunities.

3.25 Other owners of non-residential property include the London Ambulance Service (‘LAS’) and the Havering Islamic Cultural Centre (‘HICC’). Following redeployment of resource at the London Ambulance Service to address demand for its services over the winter period 2021-2022, discussions continue to seek a mutually satisfactory long-term agreement. Review of opportunities for relocation in accordance with LAS operational modelling and wider estate strategy continues.

3.26 Discussions with the HICC and its advisors also continue, recognising the importance of maintaining continuity of services provided by HICC to the community. Whilst provision could be made in the community centre on site, options for alternative relocation off-site are being reviewed where practicable and in accordance with HICC’s reasonable and appropriate relocation requirements.

3.27 With the progress being made on private treaty discussions with owners and occupiers of both residential and commercial property, the table below provides a summary of interests acquired to date, exchanged or subject to contracts with a right to purchase on agreed terms.

Table 1 Indicative Property Interests Held by Havering Borough or BCR LLP (Hectares)[1]			
Interest	**Total (Ha)**	**Held (Ha)**	**% Held**
Residential Property	0.64	0.56	87%
Commercial Property	2.38	1.54	65%
Public & Other Unregistered Land	0.16	-	-
Unregistered Land with Council as Highway Authority	0.49	-	-

Total	3.67	2.10	57%

[1] Freehold interest held in hectares (ha), Ardent Management Limited, 2023. Total area of 3.67 ha corresponds to area within red line of the Bridge Close Site Plan in Appendix A.

3.28 Including unregistered land of 0.49 ha already held with the Council as Highway Authority, the total area acquired to date, exchanged or subject to contracts with a right to purchase on agreed terms increases to 2.59 ha or 71% of the total area within the Bridge Close red line.

3.29 The potential use of the Council's Compulsory Purchase Order (CPO) powers continues to form part of the Council's land assembly strategy as a means of last resort in circumstances where private treaty discussions do not deliver the anticipated outcomes. All private treaty discussions and agreements are completed having regard to the CPO guidance and regulatory framework to ensure appropriate support as well as disturbance and compensation payments are provided.

3.30 The review of key work streams above reflects the planning application stage that the regeneration of Bridge Close is at. As the regeneration progresses, further activity relating to contractor procurement, construction, sales and leasing as well as estate management, amongst others, will form an integrated part of day-to-day activity.

4.0 Indicative Phasing and Delivery Programme

4.1 Bridge Close is anticipated to be developed in three phases as set out below:

- **Phase 1** is expected to deliver approximately 383 new homes of which approximately 35% may be affordable housing with retail and commercial units to serve the local community and provide space for local business. A new 3 form entry primary school will also be delivered, serving as vital educational infrastructure for the new communities at Bridge Close, the Waterloo Estate and the former Ice Rink site at Rom Valley Way, the latter of which is in an advanced stage of development with construction expected to commence in the foreseeable future. Phase 1 would also provide high-quality public realm, including a new bridge to enhance east-west links in the town centre and much needed investment and environmental upgrade of the River Rom.

- **Phase 2** is expected to deliver approximately 262 new homes of which approximately 35% may be affordable housing along with further retail and commercial units to serve the local community and provide space for local business, including where possible, existing businesses at Bridge Close wishing to relocate on site. A new health building would be provided, catering for families at Bridge Close and the wider community, serving to reduce pressures on acute care at nearby Queen's Hospital.

- **Phase 3** is expected to deliver approximately 425 new homes of which approximately 35% may be affordable housing, providing the final addition to a vibrant new community where families may live, thrive and contribute to the wider regeneration of the town centre. A new community centre would be provided early in the phase providing the HICC with the option to relocate to the community centre should the HICC wish to take advantage of this opportunity.

4.2 The table below sets out anticipated dates for each of the key programme milestones underpinning the Business Plan.

Table 2 Indicative Delivery Programme			
Milestone	**Phase 1**	**Phase 2**	**Phase 3**
Submission of Hybrid Planning Application	Quarter 4 ’23	-	-
SPC Resolution to Grant	Quarter 3 ’24	-	-
Cabinet Make the CPO	Quarter 3 ’24	-	-
Planning Approval / S106	Quarter 4 ’24	-	-
Commence Main Contractor Selection	Quarter 4 ‘24	-	-
Public Inquiry	Quarter 2 ’25	-	-
Confirmation of CPO	Quarter 3 ’25	-	-
Issue General Vesting Declaration (GVD)	Quarter 4 ‘25	-	-
Vacant Possession	Quarter 1 ‘26	-	-
Main Contractor – Site Possession Phase 1	Quarter 2 ’26	-	-
Planning Application (Phase 2 and Phase 3)	-	Quarter 2 ‘27	-
Planning Approval (Phase 2 and Phase 3)	-	Quarter 4 ‘27	-
Main Contractor Appointment - Phases 2 & 3	-	Quarter 2 ‘28	Quarter 2 ‘29
Start on Site	Quarter 1 ‘26	Quarter 2 ‘28	Quarter 2 ‘29
New Homes Completed	Quarter 3 ‘28	Quarter 2 ‘30	Quarter 4 ‘31
Final Sales Completed	Quarter 4 ‘29	Quarter 2 ‘31	Quarter 2 ‘33

4.3 All work streams, including planning applications for each phase, acquisition of property and any CPO activity as well as the procurement of a contractor for delivery of each of Phases 1, 2 and 3 fall within the Council's control.

4.4 As set out in paragraph 3.4.1 above, consultation with key stakeholders will continue throughout the delivery programme, including public consultation ahead of reserved matters planning applications for future phases of development. This will allow appropriate time for the Council to further consider the full implications of adopted and emerging planning policy in the form of the London Plan, the Local Plan and the Romford Master Plan as well as changes to Building Regulations, including fire safety regulations, on the masterplan and future plot designs. Further consideration to determine the appropriate housing tenure mix that best meets the long-term needs of the Council and local people will also continue.

4.5 Land assembly will progress in parallel with detailed design development and procurement through private treaty discussions with owners and occupiers, and through the preparation for the potential use of the Council's Compulsory Purchase powers. With the making of the CPO in Quarter 3, 2024 and the public inquiry in Quarter 2, 2025, it is anticipated that the CPO may be confirmed by Secretary of State in late summer of 2025, allowing for vesting declarations to be served and vacant possession to be taken early in 2026.

4.6 With start on site expected in Quarter 1 of 2026, first completions of Phase 1 is anticipated in the summer of 2028 with phased delivery of the scheme to completion in 2033 in accordance with circumstances prevailing at the time.

REASONS AND OPTIONS

5.0 Reasons for the decision:

5.1 The Council has been consistent in promoting and progressing its vision to regenerate Bridge Close, a key site on the edge of Romford town centre, and in so doing, advancing the objectives of delivering new homes and affordable housing as well as key infrastructure, including a new school, a health building, a bridge and high-quality public realm and the revitalisation of the River Rom.

5.2 On 16th December 2020, Cabinet approved the recommendation for the Council to self-deliver the regeneration of Bridge Close funded predominantly through the HRA. The Members' Agreement contemplates the Board of Bridge Close Regeneration LLP preparing, agreeing and issuing a Draft Business Plan as set out in Appendix B for approval by the Council as controlling Member. The Members' Agreement provides that this be done at regular intervals. Once agreed, the Draft Business Plan would replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP. Any potential approval of the Draft Business Plan as set out in this report would therefore be in accordance with the provisions of the Members' Agreement and would continue the cycle of updating going forward, having regard to the Council being in full control of Bridge Close Regeneration LLP.

5.3 The Bridge Close Regeneration LLP Business Plan 2023-2024 was approved by Cabinet on 8th February 2023. The Draft Business Plan for 2024-2025 attached at Appendix B is a suite of policies, processes and operational plans, providing a path for the Council to crystallise its vision and make the regeneration of Bridge Close a reality supported by a robust risk management and governance framework as well as an update to the financial model and forecasts..

5.4 As such, the Draft Business Plan sets out the strategic framework to support direct delivery of the scheme by the Council in accordance with Cabinet's decision in December 2020 and would:

- Accord with the Council's vision and objectives for the regeneration of the site;
- Deliver approximately 35% new affordable homes, subject to viability, at an acceptable net average cost per unit, providing acceptable value for money as a regeneration scheme;
- Provide additional certainty in relation to the funding of the scheme;
- Offering an acceptable payback of the Council's investment;
- Provide greater certainty for affected business and resident communities;

5.5 In summary, the approval by Cabinet of the Draft Business Plan would enable this key regeneration scheme located at a gateway to Romford Town Centre to move forward, underpinned by a comprehensive financial model and accompanying analysis, which substantiates the delivery of regeneration outcomes at a financial return to the Council in excess of its cost of capital. Approval of the Draft Business Plan would accord with provisions in the project documents.

6.0 Other Options Considered and Rejected:

6.1 Not Approve the Draft Business Plan. Whilst this option would not run contrary to provisions in the Members' Agreement, which in these circumstances would allow the existing adopted Business Plan to remain in force; however, not approving the Draft Business Plan would run contrary to the Council's vision and objectives of delivering both affordable housing and the regeneration of Bridge Close, a key site on the edge of Romford town centre. Failure to deliver would include failing to provide the primary school, which is due to support a wider catchment than Bridge Close as part of the Council's strategic plan for school places. Whilst key work streams such as land assembly, the making of the CPO and submission of the planning application could potentially be progressed under the existing Draft Business Plan, it would be without having due regard to the latest planning, land assembly, market, cost and financial advice that would otherwise inform the strategy. Moreover, it could potentially be perceived as a statement of intent not to progress with the regeneration of Bridge Close. Accordingly, there would be significant reputational damage and impediment to implementation of key work streams. The regeneration scheme could be either lost completely or delayed for a significant period of time. This could have reputational implications and potentially impair the Council's investment to date. This option has been rejected.

6.2 **Approve the Draft Business Plan and Pause the Scheme.** Whilst pausing a scheme may be standard practice for a private sector developer, it does not constitute good practice from a regeneration perspective. This is due to the lack of certainty that this strategy entails and the difficulties arising in treating meaningfully with owners and occupiers in private treaty land assembly discussions. A pause to the scheme would in the first instance impede the determination of the planning application , which in turn would prevent a CPO being progressed, assuming that a CPO would be necessary to complete land assembly. No CPO Inquiry can be contemplated before the Acquiring Authority (the Council) can demonstrate that there are no insurmountable funding and planning impediments that would prevent the scheme from being implemented. Without the grant of some form of planning permission this could not be proven. Furthermore, a funding shortfall would be a key consideration. It would also be very difficult to secure meaningful engagement from potential contractors without knowing what the scheme is or is likely to be in planning terms and having a level of programme certainty. A pause would create an element of uncertainty over the scheme, with adverse impact for owners and occupiers within the proposed regeneration area and deny the Council the benefit of the significant progress on planning and land assembly that has been made since reporting to Cabinet in February 2023. There would also be a risk of reputational damage. This option has been rejected.

IMPLICATIONS AND RISKS

7.0 FINANCIAL IMPLICATIONS AND RISKS

7.1 The assumptions underpinning the Business Plan and related financial model have been reviewed and updated to reflect anticipated economic conditions and development in key appraisal parameters, having regard to the early stage of development and the pre-planning concept stage at which masterplans and design development are being progressed.

7.2 Accordingly, the financial model and related budget approved by Cabinet on 8th February 2023 has been revised with an upward adjustment to the budget as set out in the exempt Financial Risks and Implications of this report. The upward adjustment is principally a result of higher cost of funding and anticipated tender price inflation over the forecast period.

7.3 Achieving regeneration outcomes, including the provision of much needed housing, the generation of social value and the creation of a high-quality place where people want to live, work and play continues to be the Council's principal objective. The Council recognises, however, that achieving the regeneration of Bridge Close at the scale envisioned comes with some risks.

7.4 Whilst some risks may relate to the operational implementation of the development, such as planning risk, ground condition and construction risk, cost price inflation, sales price inflation and programme, others relate directly to the funding of the project. The Council recognises that operational risks may have a direct impact on the overall funding envelope and that active risk management may serve to mitigate the Council's exposure by capping, sharing or transferring risks where possible. In relation to the primary school, future operational management and maintenance will reside with the appointed operator, Unity Trust Partnerships.

7.5 The potential adverse impact of the prospect of a material increase in the longer term cost of borrowing is also a risk that requires ongoing review and management. Whilst increased cost of borrowing is included in the Council's contingency planning, the potential for capping interest rate risk is subject to ongoing review.

7.6 The Council continues to monitor and manage identified risks, having regard to each stage of development required to complete the regeneration of Bridge Close. Drawing on the expertise and capacity of an experienced team of internal and external delivery partners forms an integrated part of the Council's risk management strategy. Appropriate application of contractual structuring, insurance and financial contingency planning provides an overlay to core risk management practices.

7.7 The review of financial assumptions, risks and implications are exempt due to the commercial nature and sensitivity of the information.

8.0 LEGAL IMPLICATIONS AND RISKS

8.1 The Bridge Close Regeneration LLP Business Plan 2023-2024 was approved by Cabinet on 8th February 2023 and adopted by the Bridge Close Regeneration LLP. In accordance with clause 14 of the Members' Agreement dated 29th October 2020, the Board of Bridge Close Regeneration LLP shall prepare, agree and issue a draft Business Plan to the "Approving Person", being the Council as Member. Once agreed, the further Business Plan shall replace the then current Business Plan as the formal Business Plan adopted by the Bridge Close Regeneration LLP.

8.2 The Bridge Close Regeneration LLP Business Plan 2024-2025 (the Draft Business Plan) set out in Appendix B has been reviewed and recommended for approval by the Bridge Close Regeneration LLP Board. Subject to the approval by the Council as Member (and Approving Person), the draft Business Plan would be formally adopted by the Board of Bridge Close Regeneration LLP.

8.3 As an Approving Person, the Council relies on a number of powers in considering the proposed strategy and funding envelope underpinning the draft Business Plan.

8.4 In providing funding the Council may rely upon the General Power of Competence ("general power") provided for in Section 1 of the Localism Act 2011 to pursue the proposed development of Bridge Close. The general power is a wide power which allows the Council to do anything that an individual may do (subject to public law principles), but it is subject to certain statutory limitations. The key limitation under the general power is that where a local authority intends to pursue a commercial purpose, it must do so through a company limited by shares (and not a LLP (limited liability partnership)). On setting up the JV as a LLP, legal advice was obtained to confirm that provided the Council's purpose was the regeneration of Bridge Close, a LLP would be lawful; it remains the case. No other statutory limitations in regard to funding of the LLP under the general power apply.

8.5 In establishing BCR LLP, the general power was relied on, as well as the fact that Sections 8 and 9 of the Housing Act 1985 impose a duty on local authorities to review housing needs in their district and provides them with related powers to provide housing accommodation by building and acquiring houses or by converting other buildings into houses. These powers can include provision via third parties. The general power and Sections 8 and 9 of the Housing Act 1985 was also relied on in the setting up of a nominee company by the Council to act as second member of the LLP upon the acquisition of the private sector partner's interest in 2020 (all LLP's must have at least two members under the Limited Liabilities Partnerships Act 2000).

8.6 The Council has investment powers by virtue of Section 12 of the Local Government Act 2003, but the objective of the Council in establishing BCR LLP (and in providing the proposed funding recommended in this Report) is not as an investment. The purpose was, and remains, the regeneration of Bridge Close.

8.7 More widely, the Council has land acquisition powers by virtue of Section 120 of the Local Government Act 1972. This Section 120 power does furthermore support the general position adopted, because it also recognises and allows acquisitions to be made for any authorised purpose "notwithstanding that the land is not immediately required for that purpose; and, until it is required for the purpose for which it was acquired, any land acquired under this subsection may be used for the purpose of any of the council's functions."

8.8 In light of the acquisition of the member interest in BCR LLP held by the former private sector partner, FB BCR LLP, as agreed by Cabinet on 16th September 2021, this report makes reference to, inter alia, the strategy to bring forward the regeneration of Bridge Close directly within the HRA with the primary objective of the scheme being to address housing need in Havering rather than generating a commercial return.

8.9 Based on legal advice on the direct delivery strategy approved by Cabinet on 16th December 2020, the Council utilised its power to deliver the scheme directly through BCR LLP as a delivery vehicle. The key statutory power is Section 9, Housing Act 1985, which is broad enough to empower the Council to provide both affordable and market sale housing where the latter is provided to subsidise the former (as could be the case).

8.10 The Council also has the power in Section 12, Housing Act 1985 to provide other buildings, including retail and commercial uses, subject to obtaining the consent of the Secretary of State for Levelling up, Housing and Communities (SoS) . The SoS has broad discretion in this respect with the criteria being whether the buildings will serve a beneficial purpose for those provided in Part II housing accommodation. There is a clear process in place to apply for consent.

8.11 If the Council were to rely on Sections 9 & 12 (subject to consent) to deliver the regeneration scheme directly, then relevant income and expenditure relating to residential accommodation and other buildings would be subject to the HRA ring fence under Section 74, Local Government and Housing Act 1989. On the basis of what is currently known, the Council is advised that capital expenditure to fund the regeneration scheme would be permitted under Schedule 4, Part II, Item 2 of that Act.

8.12 External legal advice indicates that it is unlikely that there would be any insurmountable impediments to prevent the HRA from delivering up to a 50:50 mix of affordable and open market sale units if that were the option to be selected.

8.13 Based onexternal legal advice on Subsidy Control (formerly known as State Aid), given that the Council's objective is to develop the site for regeneration purposes and not as a commercial undertaking, the strategy to deliver the scheme directly by the Council is likely to be able to comply with Subsidy Control requirements given the Council is a public undertaking. Moreover, no subsidy control concern currently exists because BCR LLP is not an economic actor or enterprise (i.e. it is not offering goods or services on a market) and thus, in terms of the Subsidy Control Act 2022, is not capable of receiving a "subsidy"; and as noted, the Council is carrying out the project for public function purposes, This Subsidy Control position will be kept under review as the scheme progresses and in order to ensure (with appropriate legal advice) that no unlawful subsidy is in play.

8.14 The key risks are financial and commercial, as described in the preceding "Financial Implications and Risk" section at paragraph 7.0 above. In making a lawful decision, the Council should weigh up and consider these risks and whether they are acting prudently in public law terms. In reaching a decision, Cabinet members should consider whether resultant expenditure (and other financial consequences) is prudent, having regard to the Council's general fiduciary duties. It must also reach a decision by reference to all relevant considerations, disregarding irrelevant ones, and be satisfied that the recommended course of action is a rational course of action for the Council. The Report details the justification for the regeneration of Bridge Close including the financial implications involved..

9.0 HUMAN RESOURCES IMPLICATIONS AND RISKS (AND ACCOMMODATION IMPLICATIONS WHERE RELEVANT)

9.1 There are no Human Resource implications of, or risks relating to, the proposed decision.

10.0 EQUALITIES AND SOCIAL INCLUSION IMPLICATIONS AND RISKS

10.1 The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

i. the need to eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Equality Act 2010;
ii. the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
iii. foster good relations between those who have protected characteristics and those who do not.

10.2 Note: 'Protected characteristics' are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

10.3 The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

10.4 Whilst officers consider there are no implications or risks associated with the Councils statutory duty and the decisions recommended for approval relating to the Bridge Close Regeneration LLP Business Plan, the Council has continued to monitor and implement measures to ensure management policies and practices are aligned to the Public Sector Equality Duty.

10.5 The Equality Impact Assessment for Bridge Close, reported to Cabinet in November 2017, subsequently reviewed in September 2019, November 2021, June 2023 and flows from the Council's Equality Impact Assessments for the Havering Estate Renewal Programme and the Local Lettings Plan. To inform the Bridge Close Equality Impact Assessment, engagement with affected residents and businesses has been undertaken, alongside a review of the wider Romford Town ward to establish a demographic profile of those affected. This broadly considered the impact of the proposal on these stakeholders, within the context of the protected characteristic. The Equality Impact Assessment will continue to be monitored and updated as part of a process of continuous engagement with stakeholders as proposals for the scheme are developed.

10.6 Overall, there may be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families, and some religious groups. To reduce this impact, the Council is working closely with those affected and offering a full package of support, through access to dedicated advice and assistance, through the offer of financial compensation, by offering a range of options to help residents move to a new home and providing businesses and other groups with help in finding and relocating to new premises, as well as additional support to encourage business improvement and sustainability in the future.

10.7 The Council believes that the benefits of the Bridge Close redevelopment will outweigh some of the adverse impacts identified. The redevelopment of Bridge Close is predicted to be largely positive, presenting far reaching benefits and opportunities for Romford, Havering and its diverse communities. This includes making a significant contribution to the provision of new and high quality mixed tenure housing, which will be well managed and sustainable, helping to reduce fuel poverty and contributing to the quality of life for people of all ages, genders, ethnicities and faiths/beliefs. Regeneration of the area will also support economic growth and prosperity across Havering, through creating new mixed workspace and community facilities, which will support business growth, enterprise and inward investment, as well as local jobs, apprenticeships and wider employment opportunities. The development will also help to create a greater sense of place and platform for learning, creativity and culture, whilst also supporting education, health, leisure and recreation. The introduction of robust estate management services across the development will also aid in preventing crime and social disorder, whilst the new neighbourhood will encourage social inclusion, community cohesion and equality, helping to foster positive relations amongst existing and new communities.

10.8 The development will also improve the local environment by helping to reduce the barrier effect of the Ring Road, creating a safer and more welcoming environment. The introduction of a new east-west pedestrian and cycle bridge will provide greater access and connectivity to the town centre and rail station, encouraging use of public transport, walking and cycling. A rejuvenated public realm and enhanced River Rom will create an improved blue and green amenity, both for the enjoyment of local people and visitors alike. The development will reintegrate Bridge Close with Romford town centre and in doing so will complement the town centre and help the areas expansion as retail and residential quarter, providing more choice and opportunity for the future and new health and education facilities as well as affordable housing for local people.

10.9 Further to a review officers consider the existing Equality Impact Assessments for Bridge Close, as updated in June 2023, continue to be of relevance to the project and for the purpose of seeking the agreement by Cabinet of the Bridge Close Regeneration LLP Business Plan 2024-2025.

11.0 HEALTH AND WELLBEING IMPLICATIONS AND RISKS

11.1 The Council is committed to ensuring the health and well-being of its residents. The decision relates to approval of the Bridge Close Regeneration LLP Business Plan 2024-2025 and a related budget, which, if approved and fully implemented, are likely to have health and well-being implications for residents.

11.2 In relation to the proposed development arising from the full implementation of the Business Plan, an initial Health Impact Assessment has been undertaken. This indicates that the overall nature of the identified impacts is positive or neutral, including positive impacts on housing provision, mental health and the wellbeing of new residents.

11.3 An updated Health Impact Assessment was undertaken in December 2022 in preparation for the submission of the planning application in due course. The Assessment concludes that the overall nature of the identified impacts is positive or neutral, including positive impacts on housing provision, mental health and wellbeing of the new residents. The proposal provides opportunities for employment and business growth, it provides community floor space, and contains multiple and well connected public spaces. The proposed design is characterised by high quality, accessibility and sustainability. As set out in section 10.0 above, there may also be some adverse impact from the redevelopment of Bridge Close, particularly as a result of the displacement and disruption caused to existing businesses, staff, residents and their families. Again, a framework of support and compensation is in place to mitigate the impact. In circumstances where construction would be commenced, management plans will be in place to reduce noise, dust and other potential sources of disruption to the local community.

11.4 It is anticipated that the longer term benefits outweigh the potential short term adverse impacts. More efficient use of land, high design standards, sustainable solutions and the provision of social infrastructure ensure that the proposed uses are the best uses of the land. The wider socio-economic benefits are likely to enhance the health and well-being impact of the scheme.

11.5 A further Health Impact Assessment will be carried out for the development prior to the commencement of works, covering the period during and post construction to identify and maximise any positive impacts and also to identify and highlight how measures to mitigate against any negative impacts will be put in place to protect the health and wellbeing of residents during construction.

11.6 ENVIRONMENTAL AND CLIMATE CHANGE IMPLICATIONS AND RISKS

11.7 There are no Environmental and Climate Change implications of, or risks relating to, the proposed decision.

BACKGROUND PAPERS

None.

APPENDICES

Appendix A	Bridge Close Site Plan and Indicative Red Line (PUBLIC)
Appendix B	Bridge Close Regeneration LLP Business Plan 2023-2024 (EXEMPT)
Appendix C	Financial Annexes (1A) – (1B) (EXEMPT)
Appendix D	Legal Advice Note – Subsidy Control (EXEMPT)
Appendix E	Relocation Options Review (EXEMPT)

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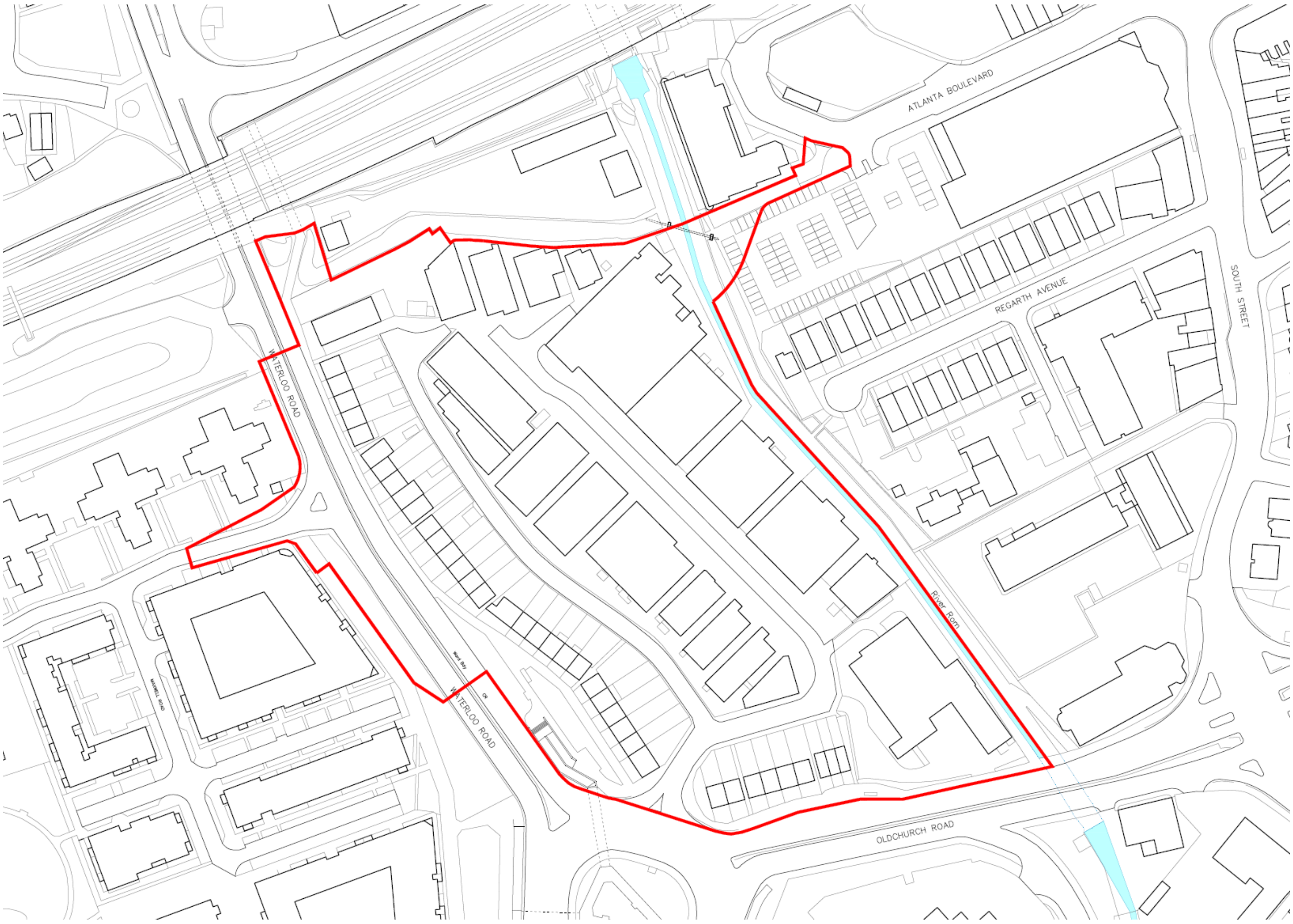
APPENDIX A Bridge Close Site Plan and Indicative Red Line



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Havering
LONDON BOROUGH

CABINET

7th February 2024

Subject Heading:	**HRA Business Plan update, Budget 2024/25 & Capital Programme 2024/25–2028/29.**
Cabinet Member	Councillor Paul McGeary Lead Member for Housing.
ELT Lead:	Neil Stubbings Strategic Director of Place.
Report Author and contact details:	Patrick Odling-Smee Director of Living Well Patrick.Odling-Smee@havering.gov.uk Paul Walker Interim Director of Housing and Property Paul.Walker@havering.gov.uk Ian Saxby Interim Assistant of Housing, Property & Assets Ian.Saxby@havering.gov.uk Katri Wilson Assistant Director of Housing Operations Katri.Wilson@havering.gov.uk John Price Finance Business Partner J.price@havering.gov.uk Makeda Mahoney Senior Financial Accountant Makeda.mahoney@havering.gov.uk Martin Fahy Financial Analyst martin.fahy@havering.gov.uk
Policy context:	This report presents the HRA Budget recommendations for agreement by Cabinet and recommendations on to Council for consideration and approval.
Financial summary:	The Council is required to set an annual HRA Revenue Budget for 2024/25. This report

	includes recommendations to agree the HRA revenue spend budget, the rents and other charges, the HRA Major Works Capital Programme, detailed in Appendix 1a and the Business Plan projections as outlined in Appendix 2a and 2b.
Is this a Key Decision?	**Yes**
Is this a Strategic Decision?	**Yes**
When should this matter be reviewed?	September 2024.
Reviewing OSC	Places.

SUMMARY

This report sets a budget for the Council's Housing Revenue Account (HRA) and HRA Major Works and Capital Programme. Cabinet approved the Housing Asset Management Plan 2021-2051 in October 2021 and the budgets and projections of expenditure required to maintain the stock to a good standard have been used in the preparation of the capital programme in this report. A summary is provided of the HRA Business Plan 2023-2052.

The HRA is a ring-fenced account that is used to manage and maintain the Council's own housing stock. The Council is legally required to not set a deficit budget. The proposed budget will enable the Council to manage and maintain the housing stock to a good standard and provide funding for a significant acquisition, new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders for the year 2024/25.

As part of the new regulatory framework for local government housing services, councils are now subject to the Regulator of Social Housing's (RSH) Rent Standard. This has introduced the CPI + 1% increase arrangement, based on the published rate for September 2023 making an increase for 2024/25 of 7.7%.

In order to change any HRA rent liability, the local authority must notify tenants and give 28 days' notice of any change after the authority has made a properly constituted decision of that change. This means that, following a Cabinet decision on rent levels to be charged in any year, the local authority must write to all tenants to advise them of the new rent liability for the following 12 months.

Should the Cabinet adopt the recommendations, a notification will be sent to tenants in the first week of March 2024**,** to make the new charge effective from the first week of April 2024.

RECOMMENDATIONS

That Cabinet:

1 Approve the Housing Revenue Account Budget as detailed in paragraph 3.45.

2 Agree that the rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be increased by 7.7% from the week commencing 1st April 2024.

3 Agree that the rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, are increased by 7.7% from the week commencing 1st April 2024.

4 Agree the four rent-free weeks for 2024/25 are: the week commencing of 26th August 2024; 16th December 2024; 23rd December 2024 and the 31st March 2025.

5 Agree that service charges and heating and hot water charges for 2024/25 are as detailed in section 2.20 of this report.

6 Agree that charges for garages should be increased by 7.7% in 2024/25 as detailed in paragraph 2.9 of this report.

7 Agree that the service charge for the provision of intensive housing management support in sheltered housing for 2024/25 shall be as detailed in paragraph 20.25 of this report.

8 Agree the Supported Housing Charge for HRA Hostels as detailed in paragraph 2.31 of this report.

9 Agree that the rent charge to shared ownership leaseholders is increased by 8.9% as detailed in paragraph 2.7 of this report.

10 Agree that the Care-line and Telecare support charge should be increased by 7.7% for 2024/25 as detailed in paragraph 2.28 of this report.

11 Approve the HRA Major Works Capital Programme, detailed in Appendix 1a of this report and refer it to full Council for final ratification.

12 Approve the HRA Capital expenditure and financing for the 12 Estates Joint Venture and other acquisition and regeneration opportunities detailed in section 4.4 – 4.12 and Appendix 1b of this report and refer it to Full Council for final ratification.

13 Approve the acquisition of 47 affordable homes by the HRA on the Quarles Campus site from Mercury Land Holdings, as detailed in paragraph 4.10 of this report, and delegate approval of the contract terms and completion to the Strategic Director of Place, acting in consultation with the Strategic Director of Resources Officer and the Deputy Director of Legal & Governance.

REPORT DETAIL

1. BACKGROUND

1.1 This report sets out what HRA income the Council has available to spend on housing, the current HRA financial position and the proposed spending plans for 2024/25.

1.2 The regulation of social housing has changed significantly with the implementation of the Social Housing (Regulation) Act 2023, particularly with the new Consumer Standard being applied to local authority landlords for the first time. Local authorities will be inspected by the RSH to assess how they are meeting the new standards. The Government is also consulting on a new decent homes standard, and the outcome of that consultation will impact on the investment required for the stock in future years. The Government has also implemented a new rent standard for all social housing and issued guidance to local authorities on the implementation of this standard.

1.3 The Council recognises that there is a need for good quality affordable homes, especially for vulnerable residents such as the elderly, those on low income and first-time buyers, and has set out its ambition to meet these needs by using resources generated through the Housing Revenue Account Business Plan. The formula for setting social rent should enable registered providers, including councils, to set rents at a level that allows them to meet their obligations to their tenants, maintain their stock, to at least Decent Homes Standard, and continue to function as financially viable organisations.

1.4 However, there are many influences on the resources available to the HRA. These are all identified and quantified within the HRA Business Plan (HRA BP). The Business Plan is composed of various income and expenditure lines. Some of the lines are under the complete control of the Council, whilst some are affected by market conditions, government policy and legislation.

1.5 The lines in the business plan that have a direct impact on the income into the HRA BP include:

- Rent policy regarding supported housing rents.
- Service charge recovery.

1.6 The elements which affect the levels of expenditure in the HRA BP include:

- Planned maintenance to existing stock.
- Responsive repairs and compliance costs to existing stock.
- Delivery of new build homes.
- Staffing costs.
- Financing costs of the borrowing in the HRA and interest rates.
- Losses from bad debts, voids etc.

1.7 The Building Safety Act 2022 impacts on the HRA are:

- Building Safety and maintaining homes:
  - A strengthened role of the existing Regulator of Social Housing (RSH) in consumer regulation and safety with links to the new Building Safety Regulator.

- Social landlords must identify a nominated person responsible for Health & Safety
- Requirement to register high rise blocks and have data relating to the construction and maintenance of buildings.

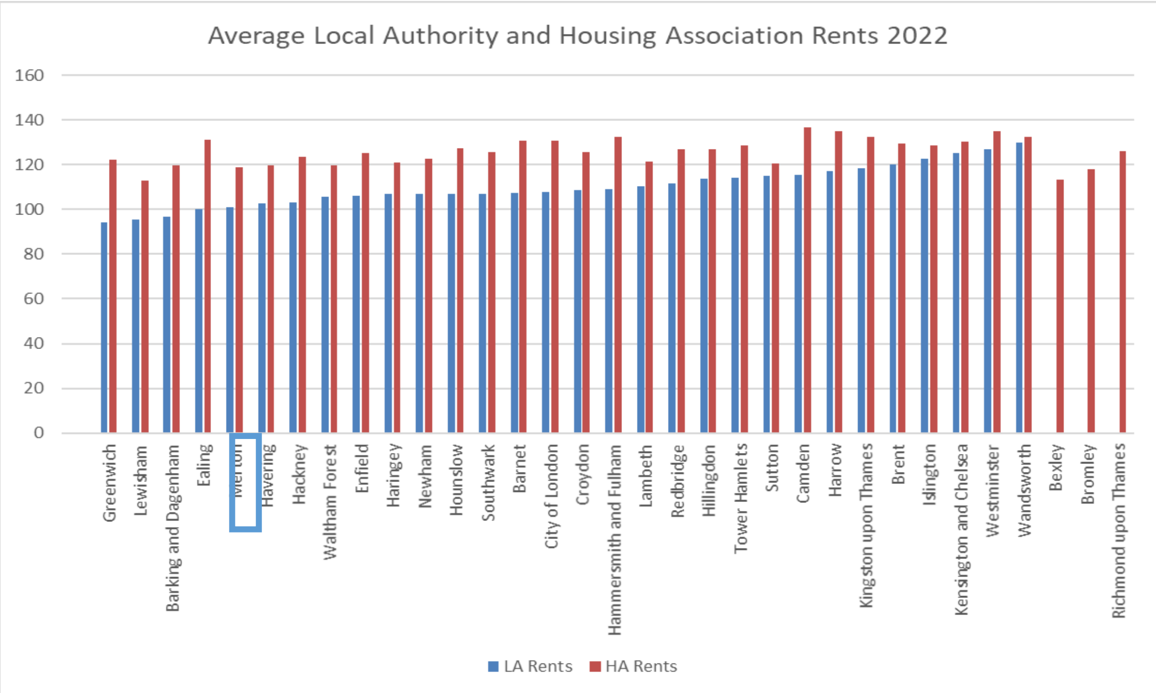
1.8 A separate report was presented to Cabinet in January 2022 setting out in detail the implications of the Act and the actions that the Council, as a landlord, was required to take to prepare for its implementation.

2. INCOME

2.1 Rents

2.2 Since 2020/21 the RSH has followed rent setting formula of up to CPI +1%, which was intended to apply for 5 years. This provided certainty for rents in council housing up to 2025. The Council does have discretion to set a lower rent however, due to the significant strain on costs on the HRA next year it is recommended to implement the maximum increase allowed. The analysis of the Business Plan in Section 7 demonstrates that given the inflationary impact on building and maintenance costs, and the likely salaries increases, the proposed rent increase keeps the HRA in balance within the performance measures.

2.3 Following the implementation of Universal Credit a new social housing rents cap at LHA levels was introduced in 2019/20 to replace “limit rents”. In Havering, given the historically low level of council rents, the LHA levels for each bedroom size are above the proposed levels of the 2023/24 social rents and so there is no impact on the HRA BP. Future announcements on LHA levels may have a future impact and this will be kept under review and reported annually as part of the rent setting report. The table below shows the Havering rent levels compared to other London boroughs and the housing association rents in 2022 (the latest year for which data is available).



2.4 The Table shows that Havering Council rents are some of the lowest in London compared to other councils as well as being significantly lower than housing associations rents.

2.5 The 2024/25 average weekly rent, applying the 7.7% increase to all General Needs properties and Sheltered Housing units is £132.24. Individually, the average weekly rent for the general needs properties is £133.45 and £113.72 for the sheltered housing.

2.6 The rent charged to hostel residents will be increased in line with new general needs rents for 2024/5 – 7.7%.

2.7 Shared ownership leaseholders pay rent for the proportion of the equity of the property that they do not own. The lease stipulates that the increase is in line with the retail price index plus 0.5% (RPI). Changes to the shared ownership lease introduced by the government, to limit the increase to CPI, will affect new leases only.

2.8 **Garages**

2.9 It is proposed to increase the level of charges for garages in 2024/25 by 7.7%. There are a range of charges for garages within the high, medium and low demand bands. Over one third of our garages have low rates of occupancy. This is due to a combination of poor condition and low marketability. Continued investment will be needed to bring the buildings and sites up to a good standard that will enable better utilisation of these assets and increase revenue whilst at the same time improving the amenities for residents. The increased charges will enable revenue to be raised to carry out a number of much needed improvements and support a review of the garages and parking arrangements. This issue is one of our tenants' key priorities. The increase means that the average charge for a high-demand garage will be £18.68 per week (£17.35 in 2023/24), £17.40 per week (£16.16 in 2023/24), for a medium demand garage and £13.54 per week (£12.57 in 2023/24) for a low-demand garage.

2.10 Service charges

Service Charges	2023/24 Weekly charge (£)	2024/25 Weekly charge (£)
Caretaking	4.83	4.62
Internal Block Cleaning	5.15	4.90
Bulk Refuse Collection	0.87	0.90
Door Entry	0.41	0.39
Grounds Maintenance	5.30	5.72
TV access	2.30	2.18

2.11 **Caretaking, Internal Block Cleaning & Bulk Refuse Collection**

2.12 There is an overall reduction in the cost-of-service charges payable for the provision of this service, resulting from the increase in the number of properties in our portfolio due to buy backs and the development of new estates under the regeneration programme. The weekly decrease in the costs of this service is £0.44.

2.13 Enforcement Services & Static CCTV

2.14 Following a review of the CCTV and enforcement services charges and consultation with tenants and leaseholders, it is recommended that these costs continue to be met from the rent pool rather than being recovered as service charges.

2.15 Tenants and leaseholders will benefit from not paying the CCTV and enforcement charges, which were £3.14.

2.16 Grounds Maintenance

2.17 This is recommended to increase by 8% to cover increased cost of staffing, contract inflation and the cost of tree maintenance.

2.18 Communal Electricity

2.19 Charges from April 2024 will be made based on the consumption at individual blocks in the previous calendar year. The price charged per kWh will be capped at the price cap set by OFGEM. The communal electricity charge is full recoverable through Housing Benefit and Universal Credit.

2.20 **Heating & Hot Water Charges**

2.21 LBH is part of a consortium of 25 local authorities which enables the Council to continue to deliver considerable efficiencies and cost savings for our residents in the current volatile market conditions.

2.22 Charges for heating and hot water will be made based on the consumption at individual blocks and schemes in the previous calendar year. From April 2024, prices per kWh will be capped at the domestic price cap set by OFGEM.

2.23 **Sheltered Intensive Housing Management Charge**

2.24 Charges for cleaning sheltered schemes reflect the actual costs of providing the cleaning service at each scheme. The average charge of £11.89 per week, for 2023/24, will change to between £9.67 and £13.74, depending in which scheme the tenant is resident.

2.25 The costs of providing a consistent level of intensive housing management (IHMS) across all schemes will reduce from £23.17 in 2023/24 to £21.00. This represents a 9% reduction in the cost-of-service charges payable for this service in 2024/25.

2.26 The charge for cleaning and IHMS is fully recoverable through Housing Benefit and Universal Credit.

2.27 Service charges – Careline and Telecare support

2.28 It is proposed that the Careline and Telecare service charges will be increased by 7.7%, for 2024/25 as detailed below:

Service	2023/24 Weekly charge (52 Wks) (£)	2024/25 Weekly charge (53 Wks) (£)
Careline – sheltered tenants	5.66	6.09
Careline – community users	6.05	6.51

Service	2023/24 Weekly charge (52 Wks) (£)	2024/25 Weekly charge (53 Wks) (£)
Telecare – base unit plus two sensors	8.78	9.45
Additional Telecare sensor	1.45	1.56

2.29 Hostels in the HRA

2.30 Abercrombie House closed in April 2023 and a temporary hostel provision opened in Maygreen pending the redevelopment of the Harold Hill site. Due to the current cost of living crisis and the impact it has had on homelessness however, an additional interim provision had to be put in place at Royal Jubilee Court to meet the increasing homeless demand, which includes families.

2.31 The service provides security and facilities across three sites with 24-hour coverage. The service charges are fully recoverable through Housing Benefit and Universal Credit.

Additional Hostel Support

Service	2023/24 Weekly charge (£)	2024/25 Weekly Charge (53 Wks Full Recovery)
Hostels - Additional Staffing Support (ASS)	38.91	42.79
Hostels – Service Charges (HSC)	75.96	77.87

3. THE HRA BUDGET 2024/25

3.1 The major expenditure from the HRA Business Plan is the investment in existing stock or the capital programme. The level of expenditure is controlled by each local authority and is dependent on the investment levels in the Asset Management Strategy (AMS). During 2020/21, the council carried out a new stock condition survey, and this has been supplemented through in-house systematic stock condition surveys, the results of which have informed investment decisions in the new Asset Management Strategy.

3.2 As detailed in the AMS, this level of expenditure allows decent homes levels to be maintained and health and safety requirements to be met. In order to meet the decent homes target, planned expenditure on new kitchens, bathrooms and electrical systems broadly remain at previous levels.

3.3 The level of expenditure also begins to address the zero-carbon journey, bring the worst performing stock up to EPC C and maximising available grant where available.

3.4 As the main source of income to the HRA BP is from rents, it is important that the number of rental properties is maximised. The current HRA BP expects to lose 50 properties per year through RTB and other stock due to regeneration. This reduces rental income by around £0.160m per year, assuming a full year loss of income per property. Rent loss will also be incurred from the loss of properties through the regeneration programme. These losses have been factored into the business plan income projections.

3.5 Proposed HRA Budget 2023/24.

	2023-24 Final Budget	2024-25 Final Budget	Variance
Income and Expenditure		£	£
Income			
Dwelling rents	(52,814,450)	(57,797,270)	(4,982,820)
Garages	(395,470)	(362,300)	33,170
Charges for services and facilities - Tenants	(7,023,610)	(7,990,910)	(967,300)
Charges for services and facilities - Leaseholders	(3,196,650)	(3,442,790)	(246,140)
Shared ownership	(485,380)	(485,380)	0
Other	(745,960)	(780,440)	(34,480)
Total Income	**(64,661,520)**	**(70,859,090)**	**(6,197,570)**
Expenditure			
Repairs and maintenance	14,550,740	14,527,050	(23,690)
Supervision and management plus recharges	27,232,170	28,549,230	1,317,060
Depreciation and impairment	16,590,400	16,590,400	0
Debt management costs	47,820	47,820	0
Bad debt	665,080	665,080	0
Total Expenditure	**59,086,210**	**60,379,580**	**1,293,370**
Net cost of HRA services	**(5,575,310)**	**(10,479,510)**	**(4,904,200)**
Interest payable and similar charges	12,164,130	15,853,190	3,689,060
Interest and investment income	(35,640)	(35,640)	0
Surplus or deficit for the year on HRA services	**6,553,180**	**5,338,040**	**(1,215,140)**
Statement on movement of HRA balances			
Surplus or deficit for the year on HRA services	**6,553,180**	**5,338,040**	**(1,215,140)**
Capital expenditure funded by the HRA	500,000	0	(500,000)
Reversal of impairment charge	(6,128,160)	(6,128,160)	0
Net (income)/Expenditure	**925,020**	**(790,120)**	**(1,715,140)**

3.6 Depreciation & Impairment

3.7 Depreciation is the decline in the value of assets over time due to wear and tear. The Housing Revenue Account receives an annual charge, but an adjustment is also made for the same amount to the Major Repairs Reserve. This can be used to fund capital expenditure, or to pay off debt.

3.8 Impairments are reductions/increases in the book value of capital assets, compared with their market value. In accounting for these annual entries, the Housing Revenue Account is allowed to reverse these amounts out to the Capital Adjustment Account, removing the impact on the HRA. The impairment is only realised if the asset is sold.

4. Capital programme

4.1 There have been significant changes to the regeneration programme, in response to the current challenging economic situation, some of which include the following:

- Inflationary pressures, driven by the factors below have led to a rise in costs across the economy impacting on developers where costs have risen and households, which have experienced a rise in the cost of living, reducing disposable incomes. There are two main drivers behind the rise in prices.

- The recovery from the COVID-19 lockdowns, which led to a sharp rise in consumer and business demand, which created severe supply side pressures.

- The ongoing war in Ukraine, which has had a significant impact on the supply chain and energy markets.

- The Bank of England have, in response to the inflationary pressures in the economy, raised the base rate several times, driving up the cost of borrowing for households and businesses.

- Regulations, the introduction of the new building safety regime alongside the mandating of a second stair for new residential buildings 18 metres and above.

4.2 In general, the impact of both rising interest rates and costs, have extended the payback of the various schemes, to the Council HRA, resulting in higher level of borrowing over the long-term 30-year forecasts.

4.3 12 Sites Joint Venture Funding (Including Farnham & Hilldene)

4.4 The remaining provisions for expenditure below relate to the 12 sites joint venture proposals. An update report on the Havering and Wates Regeneration Joint Venture (HWR JVLLP) Business Plan and Budget 2024/25, is to be presented at March Cabinet

4.5 The proposal is to retain the current capital approval, meaning any modifications to the programme would need to be managed within the existing funding limits. An initial evaluation of the programme, considering possible significant changes, suggests that a gross capital requirement of £623 million is necessary to deliver 1,204 units of affordable housing. The HRA borrowing for the scheme is expected to reach its highest at £355 million. Upon the completion of the scheme, the borrowing is projected to decrease to £325 million, which amounts to £352 million when including interest.

4.6 The following summarises the potential key changes that have been included in the latest refresh of the HWR JVLLP Business Plan and Opportunity Site Assessments:

- Farnham & Hilldene: Phase 1 and full Masterplan for redevelopment of Farnham Hilldene estate.
- Chippenham Road: Incorporate output from the design and pre-planning work.
- Waterloo & Queen Street: Review of Phase 1 and subsequent phases linked to ongoing development of building safety regulations.
- Waterloo & Queen Street: Modular Temporary Housing scheme.
- Park Rise: Review of prospective purchase offer and amended acquisition budget.
- Review of risks and project contingency.

4.7 Bridge Close – Council Direct Delivery

4.8 Cabinet approved the provision of a gross HRA capital budget of £451 million to progress the scheme, to fund site assembly and construction activities.

- HRA Borrowing for the scheme is set to peak at £254 million. At scheme completion, scheme borrowing is projected to fall to £105 million (£153 million including interest).

- The proposed budget incorporates the outputs from the latest refresh of the Bridge Close Business Plan, reflecting the following changes:

    - Update of costs reflecting latest estimates from external advisors.
    - Review of site assembly commitments.
    - Re-profiling of cash flows to optimise Council borrowing exposure.

4.9 Quarles

4.10 £13m has been included for the acquisition of 47 units of affordable housing on the Quarles development & St Georges developments. The scheme currently under construction is led by Mercury Land Holdings/Bellway Homes Joint Venture and is included in its current Business Plan. The gross budget will be funded by a combination of initial disposal receipts, RTB receipts, GLA grant, and HRA borrowing.

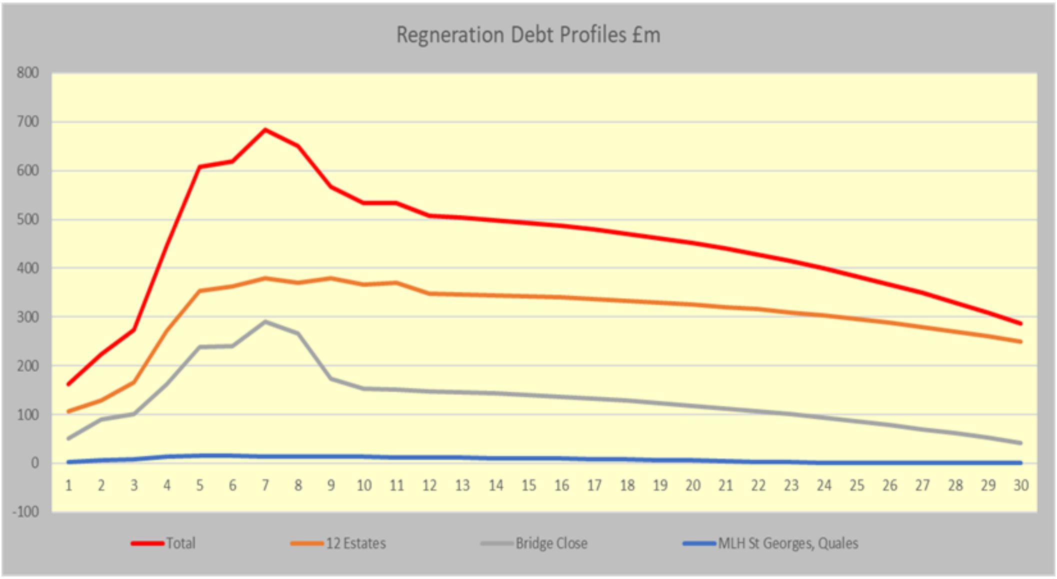
4.11 Regeneration Programme

4.12 The table below sets out the peak borrowing requirement along the number of homes for the regeneration programme.

Scheme Name	Years of deliver	No. of units	Total HRA (peak) borrowing requirements
12 Estates (including Farnham Hilldene)	2022-2031	1,204	£355m

Family Welcome Centre	2023-2025	74	£17m
Bridge Close	2023-2032	487	£254m
St Georges Hospital & Quarles	2020- 2025	83	£17m

4.13 The graph below shows the financial impact of the various regeneration schemes to the HRA in isolation, incorporating the latest assumptions on borrowing rates and inflation. This includes the updated 12 estates programme covering work packages 1&2 with Oldchurch Gardens, Maygreen Crescent, Dell Court, Delderfield, Brunswick Court paused.



4.14 In overall terms it is contributing to the wider HRA business plan with overhanging debt balances continuing to reduce over the life of the HRA Business plan but would require significant capital investment in the early years to deliver the long-term benefits to the HRA.

5.0 Major Works Budget – HRA 2023/4 – 2028/9 major works resources and proposed spend.

5.1 Appendix 1a sets out proposed the investment needs for the stock over the next 5 years as agreed by Cabinet in the Housing Asset Management Strategy in October 2021. In principle, the investment in existing stock should be funded through revenue contributions to capital rather than borrowing as the investment maintains the value of the asset rather than creating an asset**.**

5.2 This 30-year plan has been updated to reflect the Housing Asset Management strategy which will include our continued approach to Decent Homes, our continued programme of asset improvement across our estates, the continued focus on building safety and compliance programmes plus our commitment to decarbonising our housing by 2040.

5.3 The Table shows spend broken down by some core themes including our statutory requirements in maintaining the current Decent Homes standard for both internal elements (kitchens, bathrooms, heating etc.) and external elements (roofs, wall finishes, and windows and doors), this level of spend will maintain our near 100 decent home compliance position.

5.4 We have also included some newly arising projects, including replacing soil stacks in blocks and works to the blocks above the shop units at Petersfield Avenue as our increased asset intelligence have identified these as works which will have a significant benefit to residents, whilst reducing responsive repairs and maintenance works.

5.5 We have included monies for the continued refurbishment of our garage sites, which will help address void issues and bring sites back into use. These monies will be used to improve access, refurbish the hard standings and improve lighting and security where possible.

5.6 We acknowledge that our housing stock does not always match the demand profile of our residents, especially in regard to larger family properties. As part of the Asset Management Strategy, we will develop approaches to how we can better match the need through active asset management and have therefore included some funding to undertake extensions, infills, rooftop development or loft conversions where feasible. We are working up a full scheme to add additional rooftop properties on the Ongar Way estate, whilst refurbishing the blocks, maximising opportunities and grant available to deliver additional units which are delayed through the regeneration programme.

5.7 Also included, are the ongoing projects such as the environmental works and a number of replacement lifts across the estate, including the addition of a number of lifts to sheltered properties, both improving accessibility for residents and improving desirability to support lettings.

5.8 Budgets have been included for the provision of additional cyclical programmes of work, including gutter and drain clearance. These programmes will allow us to proactively manage our stock and move from a predominantly responsive service to a more planned approach, which will improve the service for our customers, and provide better long-term value for money. The cyclical decorating procurement has had to be restarted but we have planned to catch up with the programme once contractors have been appointed.

5.9 The addition of pro-active cyclical programmes will also ensure we minimise legal disrepair claims, however we have seen an increasing trend across the sector of claims and are working to manage these effectively.

5.10 The Regulator for Social Housing, in its consultation on the new Consumer standards, said that;

‘Registered providers must have an accurate record at an individual property level of the condition of their stock, based on a physical assessment of all homes, and keep this up to date’.

5.11 Accordingly, we have developed an in-house stock surveying team of six staff to undertake a full programme on a 5-year cycle and an Asset management team to collate and evaluate the data which flows from the surveys and drives programmes going forward.

6.0 Repairs, Maintenance and Compliance Budgets

6.1 We have undertaken a comprehensive review of our repairs, voids, maintenance and compliance budgets to ensure they adequately reflect current and future needs. This reflects a reduction in budget requirement despite the impacts of inflation as we have been able to continue to hone our service to ensure accurate forecasting of needs.

6.2 The Social Housing (Regulation) Act 2023 is now in force and we have ensured that our budgets allow for the proactive approach to the regulation of social housing landlords on consumer issues - such as safety, transparency and tenant engagement.

6.3 Cabinet will be aware of the tragic death of Awaab Ishak. Like all landlords we have been reflecting on our approach to tackling mould in our properties and have included sufficient monies to support residents with solutions, including longer term approaches to addressing inherent, as built, issues through our zero carbon approaches.

6.4 We have included sufficient monies to continue to address our compliance regimes, both to support our current approaches and to address the new requirements flowing from the Fire Safety Act 2021, and the Building Safety Act and Regulatory Reform (Fire Safety) Order 2005, including the likely need for an annual check of all fire doors and improved building safety information.

6.5 We have also included specific budgets for other compliance areas, over and above the core six areas which will help ensure we meet all of our statutory duties as a landlord and comply with the Regulator of Social Housing consumer standards. Included is the budget required for a full asbestos survey of our domestic properties which will help us with improved risk management of homes. Additionally, monies are allocated to provide third party assurance on compliance going forward.

6.6 The new repairs, maintenance and voids contract with Mears started in April 2022. This is working well and delivering above KPI performance, and we see this in reduced complaints across the service. We have also mobilised the Mears Call Centre in May 2023, taking over the handling of calls from LBH call centre, and have seen average call waiting times reduce from over 6 minutes to 19 seconds. This has significantly improved the diagnosis of issues. The cost for this service is included in the budgets and is offset by a reduction in the internal Service Level Agreement.

6.7 We have tendered and are in the process of awarding a new 16-year heating contract to deliver heating servicing, repairs and installations. The budgets incorporate the new tendered prices and an increased specification, but the new contract has been secured at a below inflationary increase from the previous arrangements.

7.0 30-year Business Plan 2023/24 to 2053/54

7.1 Attached at Appendix 2a and 2b are extracts from the HRA 30-year Business Plan financial model. Year 1 of the business plan is based on the 2023/24 budget.

7.2 Savills have worked with officers to update the last iteration of the HRA business plan that was produced commencing in financial year 2022/23. There have, however, been significant external factors affecting the social housing sector as a whole since this last plan namely:

- Increased repair and capital costs due to high levels of inflation and shortages in the labour sector
- increased development costs in respect of the estate regeneration schemes that are currently being undertaken due to the same reasons as above
- A significant increase in interest rates, where below 2% long-term borrowing rates were achievable at the beginning of 2022 (and not expecting to increase significantly until 2025) are now currently c5%
- An increase to utility costs due to rising gas and electricity prices, which may not be fully recovered by service charges.
- The costs of increased regulation.

7.3 Given that uncertainty with regards to future interest rates, build costs and other inflation aspects Savills have not arrived at a formal baseline position on which they can recommend the business plan as viable, rather one that sets the scene as to how these factors can have an impact to the overall forecasts.

7.4 The plan for the HRA is based on keeping a minimum equivalent to 10% of annual operating income in working balances and using current reserves above this figure to invest in the major works programme. It has been assumed that all available resources over and above those required for revenue spend, payment of interest on debt and maintaining reserves at £10m, are available for major works, for as long as the Asset Management Strategy requires it.

7.5 The Business Plan projections are based on the following assumptions:

- **Rents, Voids and bad debts**
  Rents, follow current guidance, with an assumed increase of 7.7% for April 2024, and re-lets to new tenancies at the property's formula rent (rather than the outgoing rent). An increase of 3.5% for April 2025 (CPI only + 1%), followed by CPI +1% for April 2026 then 2.0% (parity with CPI for prudence) thereafter. Void rates of 2% and Bad Debt provision of 1% have been modelled throughout the plan. It is likely that the current social rent policy will be revisited in light of both its conclusion in April 2024.

- **Inflation**
  - 4.0% for 2024.25
  - 2.5% for 2025.26
  - 2.0% for 2026.27 and onwards

- **Stock Numbers**
  As at 31st March 2023, the stock numbers were 9,135 tenanted properties. The level of sales is modelled at 50 per annum over the next 30 years which accounts for a stock loss of 16.4% over the plan period (excluding the regeneration schemes). Increase in stock due to regeneration and acquisitions are based on the numbers set out elsewhere in this report.

- **Interest rates**
  All new borrowing for development and refinancing of existing loans if they cannot be fully repaid within the plan has been set at:
  - 5.0% for loans drawn down in 2023.24.

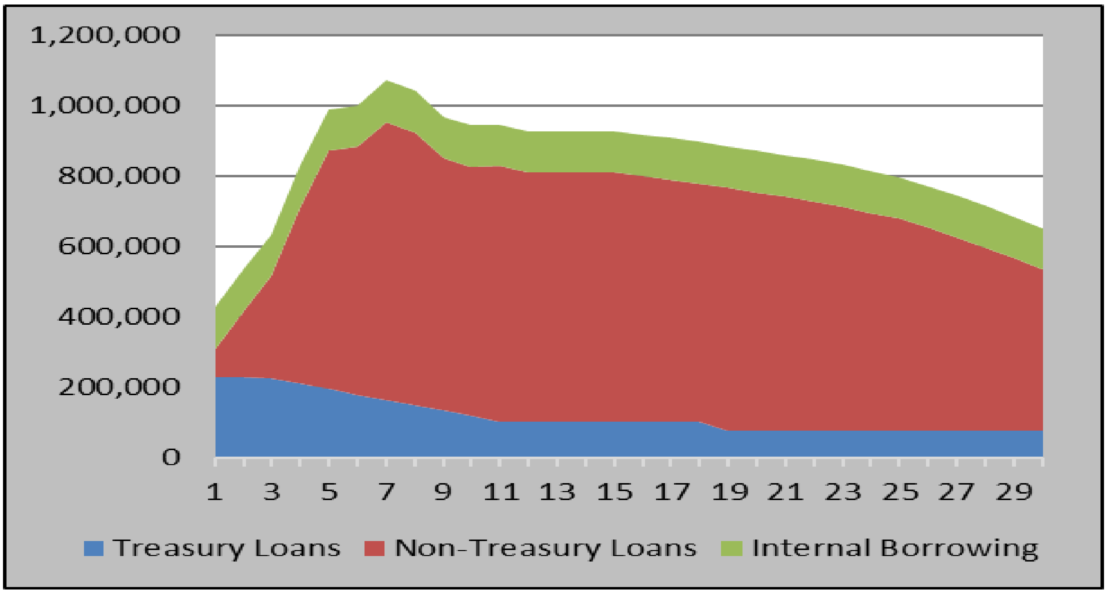
- 4.3% for loans drawn down in 2024.25 (given the extension for HRA borrowing discount of 0.4% until June 2025).
- 3.6% for loans drawn down in 2025.26.
- 3.5% for loans drawn down in 2026.27 and thereafter.

If existing loans cannot be repaid then they are refinanced at the above rates and the model is set to demonstrate repayment of loans where surpluses allow.

7.6 The HRA Business Plan forecasts borrowing to peak at £1.072bn in year seven (2029.30). The borrowing is against the following projects, some of which is funded by HRA reserves, land, and reinvestment of capital receipts:

- Waterloo & Queen Street
- Bridge Close
- Chippenham Road
- Farnham & Hilldene
- Acquisitions Programme.

HRA Debt Analysis 2024/25



7.7 As set out above, debt is expected to reach its highest point at £1.072 billion in year 7 (2029/30), compared to £823 million in year 13. In contrast to the 2022/23 forecast, however, debt is forecast to decrease more rapidly, resulting in a balance of £685 million in Year 29 (2050/51). This figure is £29 million lower than the previous projection.

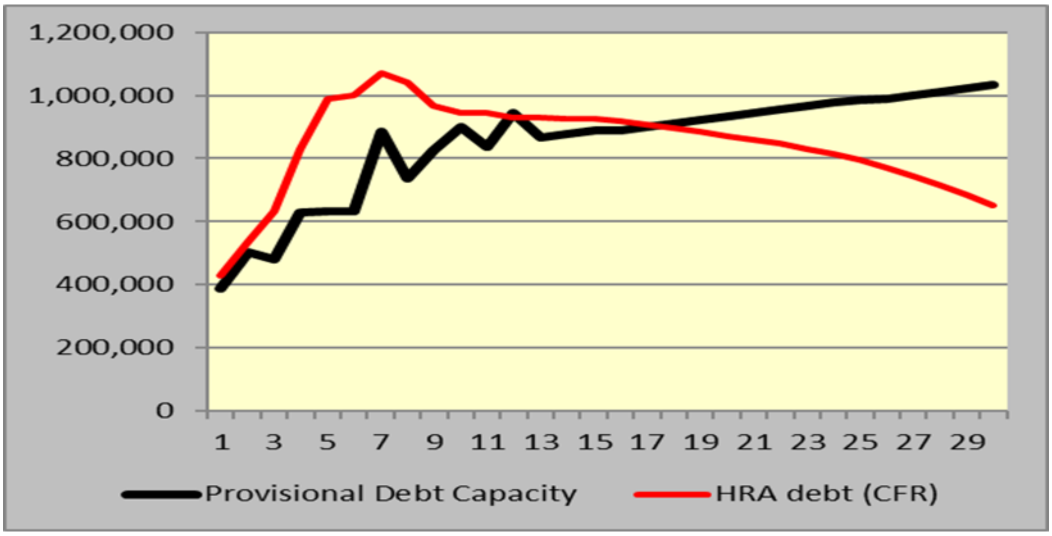
7.8 The provisional debt capacity, also known as prudential borrowing, does not adhere in all years to the established "golden rule" where the interest cover ratio should not fall below 1.25, as previously agreed upon. The most significant strain on this capacity is projected to occur in year 6 (2028/29), where the minimum level of borrowing headroom reaches a deficit of **minus £367 million**.

7.9 The Interest Cover Ratio (ICR) is calculated as the operating surplus divided by interest costs, and it indicates the Housing Revenue Account's (HRA) ability to cover its interest cost liabilities in any given year. Setting the ICR to a minimum ensures that there is adequate buffer to continue covering debt interest, even if there is a sudden decrease in income or an increase in operating costs. In the 2021/22 period, the average ICR for the housing association sector was around 1.8. The typical lending covenants for housing associations range between 1.10 and 1.50, depending on their size and nature, with 1.25 being a common expectation. This level of 1.25 was the one agreed upon by Cabinet in 2021.

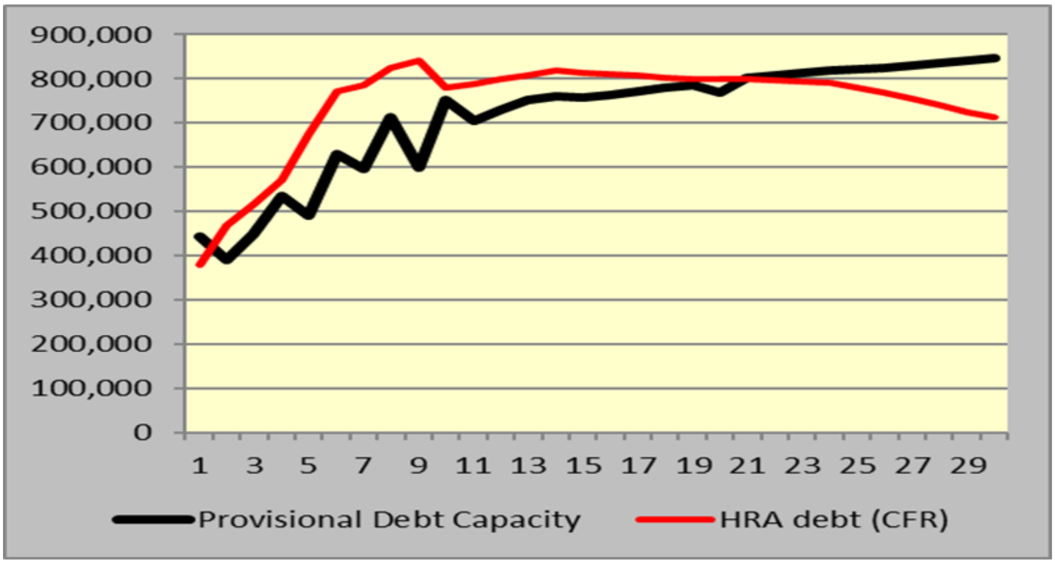
7.10 The debt gap reflects the significant capital investment required for the Council's regeneration programme. Generally, there is a 2 to 3-year gap between the start of construction and the delivery of new homes. In this period, the Council allocates capital, funded by borrowing, to support construction efforts. As a result, the Council bears financing costs prior to the completion of the new homes. The completion of these homes is anticipated to generate increased revenue (rent and charges) and enhance the Council's ability to service its debt.

7.11 In the early years of the plan, it is difficult to mitigate against a significant debt gap. As a result, it is necessary to apply an additional financial safeguard.

7.12 **HRA Debt Profile 2024/25**

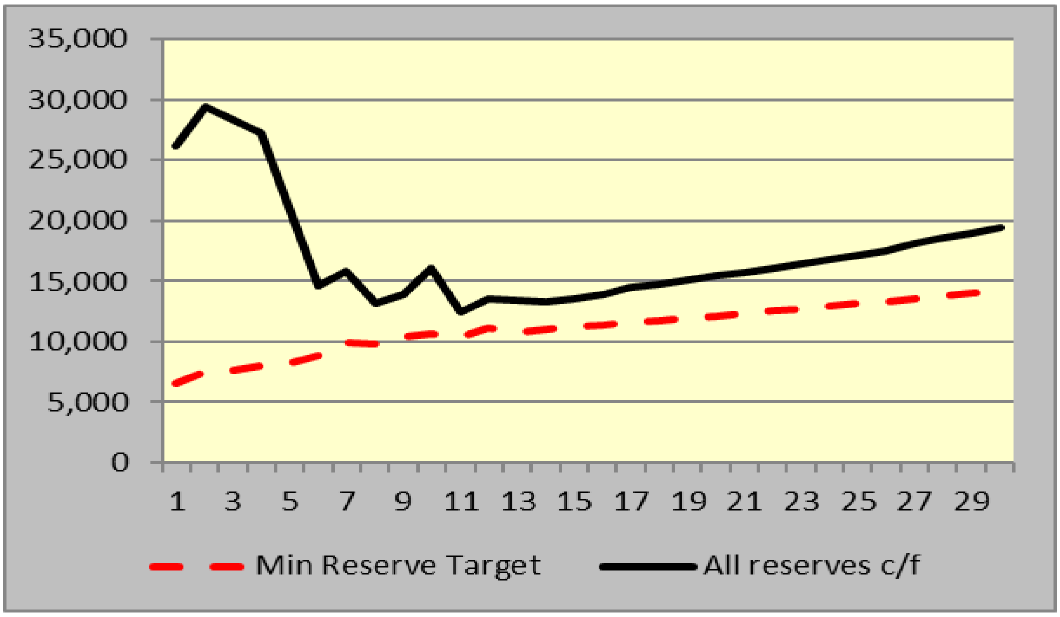


7.13 **HRA Debt Profile 2023/24**



7.14 Future borrowing would be drawn down on a fixed rate basis, with the rates effectively locked in at the point of drawdown. On that basis, the HRA exposure to variable rates risk is low as such provided schemes are progressed on sound Value for Money criteria, the key financing risk is on the sustainability of the net operating incomes derived from the existing asset base. To mitigate this risk, a target has been set to maintain a working reserve balance of at least 10% of operating income for the life of the plan.

7.15 **HRA Working Balance 2024/25**



7.16 As set out above, in all years the minimum balance exceeds the 10% target, which indicates that the Council is forecast to maintain an adequate reserve to manage revenue risks and sustain the projected borrowing profile.

7.17 The Business Plan makes provision for the repayment of some of treasury debt. It would be prudent, in future Business Plans, once projects have been completed, to make provision to reduce debt levels. This level of debt needs to be sustainable in the long term and supported through the Council's Treasury Management policy.

7.18 Furthermore, the Council can refinance some of the debt portfolio later, when rates are lower, reducing the long-term financing costs on the HRA. No assumptions about this have been made.

7.19 The plan demonstrates a broadly similar outcome to the previous iteration but highlights increased strain on borrowing and revenues, reflecting the impact of continuing economic uncertainty and regulatory changes. While the debt gap has increased, adequate reserves are forecast to be maintained to manage risk on operating income and the ability to service the associated debt. While debt is forecast to peak at a higher level, over the life of the plan the debt falls more rapidly than in the previous forecast.

7.20 In respect of the regeneration programme, the Council maintains a significant degree of control over both the timing and commitment of capital spend. Aside from Park Rise, the remaining sites are still in the pre-construction phase, with the bulk of the capital commitment linked to construction is dependent on future decisions. Any decision to proceed would be based on sound Value for Money considerations, taking account of the general economic outlook and the sustainable and long-term interest of the HRA and Council. In practice, the Council retains significant control here as it has the ability, as necessary and appropriate, to direct the shape, extent, phasing and pace of the regeneration programme.

7.21 The HRA business plan forecast has set out the modelling and shows both forecasts for reserve balances, forecast debt (HRACFR) and future potential borrowing capacity. The plan is based on a relatively sound financial basis but given the potential for greater than normal variances in respect of rent increases, inflation and interest rates this could be considered an “initial” plan. Therefore, this must be seen as a position statement rather than something on which to make firm strategic decisions.

REASONS AND OPTIONS

Reasons for the Decision

The Council is required to set the housing rent, service charges and a budget in accordance with the Local Government and Housing Act 1989 and set a budget that is not in deficit.

Alternative Options Considered

There are no alternative options in so far as setting a budget is concerned. There are however options in respect of the various elements of the budget. These are considered in preparing the budget and cover such things as the rent and service charge increases, budget growth and major works programme proposals. The rationale for the levels of investment and levels of charges are contained within the body of this report.

IMPLICATIONS AND RISKS

Financial implications and risks:

HRA Revenue

This report largely concerns the financial implications and risks concerning the setting of the HRA budget for 2024/25 and the revision of the figures for the 30-year Business Plan. The HRA is sufficiently robust to generate a minimum estimated annual working balance reserve of £26.2m at the end of 2023/24 and for the following 3 years.

In addition to £26.2m reserves on the HRA, there is a bad and doubtful debt provision of £4.363m.

The revised projections for the 30-year HRA Business Plan indicate several negative shifts in the fundamental assumptions. These changes are attributed to the ongoing uncertainty in the UK's economic outlook and anticipated regulatory modifications. These factors are expected to exert additional cost pressures on the capital and revenue budgets in the short to medium term.

The forecast for council borrowing rates indicates they will stay elevated for an extended period, with the anticipated long-term borrowing cost rising from 3.2% to 3.5% throughout the plan's duration. This increase is particularly noteworthy considering the extensive scale of the Council's Regeneration program. During the construction phase, this situation becomes especially pertinent, as the Council will need to commit substantial capital and bear the related financing expenses until the new homes are finished and ready to be let.

The assessment of the Regeneration Programme has highlighted cost pressures, mainly due to the need to include a second staircase in buildings over 18 metres and persistent inflationary pressures within the construction industry. As a result, additional expenses are expected to materialise across the entire programme, without an automatic corresponding increase in capital grant funding to offset these costs.

Moreover, the review underscores the necessity to align the budget with the updated timelines for programme delivery. This adjustment leads to an earlier capital requirement and, consequently, accelerates the completion of new homes. Consequently, the projected borrowing needs are higher in the initial years of the plan, coinciding with a period of relatively high borrowing rates. Although there exists a potential to refinance at projected lower rates in the future, this possibility has not been factored into the baseline forecast.

In 2023, the actual inflation rate surpassed the initial forecasts, which is now accounted for in the proposed rent increase for the year 2024/25, set at 7.70% instead of the previously forecasted 7.0%. While this additional 0.7% increase offers some financial advantage over the duration of the plan, it is not enough to fully offset the pressures stemming from the aforementioned factors.

These factors, alongside the revenue pressures, highlighted in the main report have resulted in a considerable adverse effect on the projected financial outlook, with notable implications for both the Debt Gap and Minimum Reserve estimates. In the absence of corrective measures, the expected debt gap in the early stages of the plan is projected to escalate significantly, increasing from £241 million to £434 million. Moreover, the minimum reserve level is now anticipated to decrease to 6.63%, a drop from the earlier projection of 9.65%. These two indicators underscore the heightened financial strain on the HRA during the initial years of the plan.

As such, it is necessary to implement a series of measures to bring one of both key financial metrics back within target. These include:

<u>Review of the core stock capital programme</u>
Analysis of the Core Stock Capital Programme: The core capital maintenance and replacement programmes are experiencing a structural financing deficit of approximately £31 million annually for the first 5 years, and falls to an average of £15 million over the life of the plan. This deficit arises because the capital maintenance and replacement budgets surpass the designated revenue contributions, leading to an ongoing borrowing need. While this investment is needed to maintain existing revenues, and therefore would be applied against an ever-increasing level of associated borrowing.

Following a recent review of this programme, there have been some reductions identified which total £82.7million, spread over 29 years of the plan and these have been factored into the revised baseline position.

The largest saving relates to rooftop developments and infill sites. The revised model retains funding for these up until 2028. However, beyond this point, the funding for these schemes has been removed, which will result in a £25 million saving. Although this will reduce the number of additional properties being developed through this particular route, it will be offset by the planned regeneration programme and the acquisition of street properties contained elsewhere within the overall programme.

The second largest saving relates to energy efficiency measures. The overall budget for this has been reduced from £96 million to £75 million. There are government targets to improve the energy efficiency by 2030 and beyond. In addition to this, the Council has stated its intention to become net zero carbon by 2040. This may need to be further reviewed in the longer term in order to ensure that these targets are met.

In addition to the above a 7.5% saving has been made in relation to planned Decent Homes and Environmental Improvement works. These elements are based on our 2020 stock condition data, which is currently being updated and may require further review, once this exercise has been completed.

Rent Rises

Over the past five years, rent increases have adhered to a formula of CPI (Consumer Price Index) plus 1%. Future guidance on this matter is expected from the Government, but as of now, no official announcement has been made, leaving the outcome uncertain. As a matter of prudence, the plan assumes that beyond April 2024 rent increases will be at CPI plus 1% for two years, as the sector anticipates a short-term extension and then onto CPI only.

Should the CPI + 1% rent setting formula be continued for two more years, it would yield a considerable positive impact on the financial forecasts.

Internal Financing Rates

A substantial part of the HRA (Housing Revenue Account) Capital Programme is funded through internal Council resources or assets, which are allocated to generate an investment return for the General Fund. Previously, it was assumed that the Council would provide these funds at an annual cost of 2.0%. However, due to a significant rise in the Council General Fund's borrowing costs, there is now a need to increase the cost of these internal funds from a blended average of 2.0% to 4.0% for the upcoming two years. After this period, the rate is expected to revert to a long-term average of 2.50%.

Projection – After Mitigations

The proposed mitigations are expected to positively influence the financial projections, particularly the minimum revenue balance. This minimum reserve balance over the life of the HRA BP is projected to rise from 6.63% to 11.98% of operating income, surpassing the target of 10%. Additionally, the peak Debt Gap is anticipated to decrease to £367 million and is forecasted to be eliminated by 2040/41.

The Debt Gap will remain substantial in the early stages, reflecting the significant investment in estate regeneration. As the new homes are delivered, this gap is expected to narrow. Nonetheless, during the investment phase, it will be crucial to meticulously manage the delivery of the regeneration programme and its associated risks. This careful management is essential to ensure the sustainability of the HRA position until the new homes are completed and delivered.

Other options considered

The possibility of halting all regeneration activities after fulfilling current contractual commitments was considered. In this scenario, all further regeneration efforts beyond the year 2024/25 would be paused. This would allow for the completion of Park Rise but would result in the suspension of projects on other sites, including Waterloo & Queen Street, Bridge Close, Chippenham Road, and Farnham Hildene.

Ceasing progress on these projects would jeopardise the investments already made in these estates and impose a long-term debt burden on the core stock. Additionally, halting the new regeneration programme would likely have a substantial negative impact on the General Fund, leading to increased homeless pressures and a lost opportunity to increase the Council Tax revenue base.

Under such a scenario, the income generated from the core stock would be inadequate to sustain the accumulating debt. To address this situation, it would be necessary to implement a similar range of cost-saving measures to those highlighted above to stabilise the financial situation. But debt would remain persistently high under this scenario and is not projected to fall significantly over the life of HRA BP.

TABLE – KEY MOVEMENTS

	2023.24 Plan Approved	**2024.25 Plan Initial Position**	**2024.25 Plan Mitigations Applied**
Debt Gap	£241m 2030.31	£434m 2028.29	£370m 2028.29
Ratio Revenue Reserves to Operating Income (Minimum) – Target 10%	9.65% 2031.32	6.63% 2029.30	11.39% 2034.35
Key Assumptions			
Regeneration Schemes		Review Reflecting effect of building regulations and re-profiling	Review Reflecting effect of building regulations and re-profiling
Rent Increase 2024.25	7.00%	7.70%	7.70%
Rent Increases Post 2024.25	CPI	CPI	CPI + 1% for 2 years, CPI thereafter
PWLB long term borrowing cost	3.20%	3.50%	3.50%
Internal Financing Rates	2.00%	2.5%	4.00% 2 years and 2.50% thereafter
Core Stock Capital Programme	Base Position	Base Position	Savings of £82.7 million over 29 years

Risks

Legal implications and risks

Under Part VI of the Local Government and Housing Act 1989 ("the 1989 Act"), any local authority that owns more than 200 units of housing stock is obliged to maintain a Housing Revenue Account. The HRA is a record of revenue expenditure and income in relation to an authority's own housing stock. It is a ring-fenced account within the authority's General Fund, which means that local authorities have no general discretion to transfer sums into or out of the HRA.

Under section 74 of the 1989 Act, the Council is required to keep a separate Housing Revenue Account of sums falling to be credited or debited in respect of its housing stock. Sections 75 and 76 of the 1989 Act set out the rules for establishing and maintaining that account.

By section 76 of the 1989 Act, the Council is required in January and February each year to prepare, and make available for public inspection, proposals 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 made 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.

Section 76 of the 1989 Act also places a duty on local housing authorities: (a) to ensure that the annual budget for their HRA avoids a deficit; (b) to review and if necessary, revise that budget from time to time and (c) if it seems that an end-of-year deficit may occur, to take all reasonably practicable steps to avoid it. The proposed HRA budget fulfils these requirements. Putting it simply, the Housing Revenue Account must be maintained in balance throughout the year and the Council is under a duty to prevent a debit balance in the HRA pursuant to Section 76 of the Act 1989.

The report seeks approval for major investment 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 that provide appropriate arrangements for the approval of major works estimates. The various major works 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 maintenance and repair of dwellings may be considered consistent with the Council's repairing obligations under Sections 9A and 11 of the Landlord and Tenant Act 1985.

The Regulator of Social Housing may under section 194(2A) of the Housing and Regeneration Act 2008 set standards for registered providers requiring them to comply with specified rules about their levels of rent (and the rules may, in particular, include provision for minimum or maximum levels of rent or levels of increase or decrease of rent). The current Rent Standard allows for a rent increase of CPI +1% and so the proposed rent increase as set out within in this paper is in line with the Rent Standard.

Once Cabinet decides on the setting of the rents in respect of the Council's housing stock, notices of variation will be served on the tenants pursuant to section 103 of the Housing Act 1985 to give them notification of the changes in rent which will come into effect from 1 April 2024.

The Equality Act 2010 requires the Council to have due regard to the public sector equality duty when carrying out its functions and have due regard to the need to eliminate discrimination and advance equality of opportunity. They must also show they have carried out an Equality Impact Assessment in reaching such decisions as introducing charges to tenants.

Human Resources implications and risks

There are no HR implications arising from this report.

Equalities, Health and Well-being implications and risks

The Public Sector Equality Duty (PSED) under section 149 of the Equality Act 2010 requires the Council, when exercising its functions, to have due regard to:

(i) the need to eliminate discrimination, harassment, victimisation, and any other conduct that is prohibited by or under the Equality Act 2010.
(ii) the need to advance equality of opportunity between persons who share protected characteristics and those who do not, and;
(iii) foster good relations between those who have protected characteristics and those who do not.

Note: ‘Protected characteristics’ are: age, sex, race, disability, sexual orientation, marriage and civil partnerships, religion or belief, pregnancy and maternity and gender reassignment.

The Council is committed to all of the above in the provision, procurement and commissioning of its services, and the employment of its workforce. In addition, the Council is also committed to improving the quality of life and wellbeing for all Havering residents in respect of socio-economics and health determinants.

An equalities impact assessment has been carried out and is attached as Appendix 3. Of note, central government influences rent levels and the rent increases proposed within this report will be affordable to households on welfare benefits. Furthermore, best practice and guidance dictates that service charges should be set at a level that covers the cost of providing the service to which the charge relates. Therefore, the Council cannot operate in an unfettered way within regard to the rents and service charges it sets. That said, the Council has examined the proposals in this report from an equalities perspective.

68% of council tenants are in receipt of welfare benefits and this rises to 75% for tenants over 65 years old. The proposed rents and service charges eligible for housing benefit, or universal credit, are within the benefit caps for Havering, therefore those in most financial hardship, which can include particular minority groups, will be protected.

The investment in new homes through the HRA will benefit those in housing need in the borough and will therefore have a positive impact on households with protected characteristics. With the higher percentage of people with disabilities and disadvantages, the ongoing partnership working and future opportunities for engaging with those groups to improve overall health and wellbeing is essential.

The Council will monitor the impact of the increase across protected characteristics. We will ensure that anyone affected by the increase has equal access to advice and information in relation to income maximisation should they be unable to meet their rent/service charge liabilities. We will follow the guidelines set out in the income maximisation policy. The EqHIA will be updated in 6 months with information provided through the monitoring process and if required further activity will be undertaken to mitigate any adverse impact.

The report proposes increases in charges to tenants to ensure the continuing financial sustainability of the HRA. The HRA directly benefits the health and wellbeing of local residents. It funds the delivery of new high quality affordable housing and thereby alleviates levels of overcrowding and households living in poor housing. It also funds the maintenance of existing stock to ensure they do not fall into disrepair and expose tenants to consequent risks to health e.g. associated with damp and mould.

Rents charged in Havering are relatively low and will remain so after the proposed increases. Nonetheless, any increase is charges is likely to put additional financial stress on residents given the ongoing cost of living crisis. Vulnerable residents such as the elderly and those on low income make up the majority of tenants. Most will be shielded from the impact of the proposed increase in charges by a proportionate increase in benefits. Residents with incomes and or savings above the threshold for housing benefits are most likely to struggle. They will be signposted to available support and advice to ensure they receive any benefits available to them.

BACKGROUND PAPERS

Appendix 1a	Draft 2024/25– 2028/29 HRA Major Works
Appendix 1b	Draft 2024/25– 2028/29 HRA Regeneration and Acquisition Programme.
Appendix 2a:	Draft HRA Projections from Business Plan - Years 1-10.
Appendix 3	Equalities & Health Impact Assessment

Appendix 1a – Draft 2024/25 – 2028/29 HRA Major Works Capital

CAPITAL	2023/2024	2024/25	2025/26	2026/27	2027/28
Decent Homes Works - Internals	£8,549,402	£9,002,435	£6,854,530	£4,511,166	£4,621,001
Decent Homes Works - External	£9,965,438	£11,866,261	£15,384,749	£6,728,791	£6,825,655
Environment Improvement Works	£6,211,936	£6,252,584	£3,011,052	£3,019,884	£3,080,481
Energy Saving works	£6,000,280	£6,000,000	£7,000,000	£8,000,000	£8,000,000
Garages and garage site Work	£384,142	£400,000	£662,000	£681,860	£702,316
Residents Safety Related Works	£3,750,000	£3,693,350	£3,660,680	£1,165,500	£1,170,465
Stock alignment	£1,150,000	£2,259,000	£9,159,000	£159,000	£159,000
Professional Support Services	£490,000	£440,000	£453,200	£466,796	£480,800
Unidentified Asset Works	£200,000	£212,000	£218,360	£224,911	£231,658
TOTAL	**£36,701,198**	**£40,125,630**	**£46,403,571**	**£24,957,908**	**£25,271,376**

Appendix 1b - 2024/25– 2028/29 HRA Regeneration and Acquisition Programme.

12 Estates	2024/25	2025/26	2026/27	2027/28	2028/29
Affordable Housing	1,651,000	11,847,000	20,967,000	19,356,000	5,705,000
Forward Funding	34,260,000	48,814,000	76,669,000	60,191,000	7,549,000
Partner Loans	2,500,000	2,500,000	5,588,000	14,236,000	10,110,000
Demolition & contingency	2,886,000	2,586,000	2,586,000	2,585,000	2,586,000
Site Assembly	6,515,000	4,844,000	4,025,000	5,050,000	3,050,000
12 Estates Total Budget	**47,812,000**	**70,591,000**	**109,835,000**	**101,418,000**	**28,999,000**

Bridge Close	2024/25	2025/26	2026/27	2027/28	2028/29
Forward Funding	0	9,860,000	59,802,000	89,219,000	49,378,000
Partner Loans	36,286,000	5,239,000	0	0	0
Bridge Close Total Budget	**36,283,000**	**15,099,000**	**59,802,000**	**89,219,000**	**49,378,000**

Other Regeneration	2024/25	2025/26	2026/27	2027/28	2028/29
HRA New Build	0	0	0	0	0
MLH Schemes	5,672,000	2,383,000	5,421,000	5,150,000	0
HRA Acquisitions	20,000,000	20,000,000	20,000,000	0	0
Welcome Centre	8,840,000	2,101,000	0	0	0
Other Regeneration Total Budget	**34,512,000**	**24,939,000**	**25,421,000**	**5,150,000**	**0**

TOTALS	**118,607,000**	**110,629,000**	**195,058,000**	**195,786,000**	**78,377,000**

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Appendix 2: Draft HRA Projections from Business Plan - Years 1-10.

	1	2	3	4	5	6	7	8	9	10
	2023.24	2024.25	2025.26	2026.27	2027.28	2028.29	2029.30	2030.31	2031.32	2032.33
HRA 30 YEAR SUMMARY										
Dwelling rents	54,085,933	59,175,658	62,067,510	64,422,574	66,669,687	70,418,430	74,419,744	76,288,740	78,234,535	80,607,649
Non-dwelling rents	395,470	411,289	421,571	430,002	438,602	447,375	456,322	465,448	474,757	484,253
Service charge income	10,220,260	11,981,070	12,280,597	12,526,209	12,776,733	13,032,268	13,292,913	13,558,772	13,829,947	14,106,546
Other income and contributions	1,340,283	3,102,051	1,955,318	2,144,736	2,720,329	5,117,183	10,803,429	7,237,142	12,078,668	11,625,848
Total income	**66,041,946**	**74,670,069**	**76,724,997**	**79,523,521**	**82,605,352**	**89,015,255**	**98,972,408**	**97,550,102**	**104,617,908**	**106,824,296**
Repairs & maintenance	15,957,288	16,039,873	16,491,816	16,946,005	17,424,249	17,715,929	18,068,519	18,372,515	18,662,176	18,973,095
Management (incl RRT)	28,331,050	29,476,855	30,225,119	30,838,755	31,469,105	32,123,465	32,796,612	33,458,060	34,133,208	34,825,798
Bad debts	639,608	580,813	609,477	632,753	655,152	692,864	733,143	751,653	770,936	794,569
Dwelling Depreciation	9,812,100	10,204,584	10,459,699	10,668,893	10,882,270	11,099,916	11,321,914	11,548,352	11,779,319	12,014,906
Debt management	47,820	49,733	50,976	51,996	53,036	54,096	55,178	56,282	57,407	58,556
Total costs	**54,787,866**	**56,351,858**	**57,837,086**	**59,138,401**	**60,483,812**	**61,686,269**	**62,975,366**	**64,186,862**	**65,403,047**	**66,666,924**
Net income from services	**11,254,080**	**18,318,211**	**18,887,911**	**20,385,120**	**22,121,540**	**27,328,986**	**35,997,042**	**33,363,239**	**39,214,861**	**40,157,372**
Interest payable	-10,019,529	-15,853,185	-20,519,643	-22,375,310	-29,177,687	-34,622,792	-35,186,499	-37,570,899	-36,516,876	-33,731,674
Interest income	658,536	728,948	600,866	855,052	557,546	1,233,966	306,377	1,641,792	264,653	1,225,711
Net income/expenditure before appropriatior	**1,893,087**	**3,193,973**	**-1,030,866**	**-1,135,138**	**-6,498,600**	**-6,059,840**	**1,116,921**	**-2,565,868**	**2,962,638**	**7,651,409**
Set aside for debt repayment	0	0	0	0	0	0	0	0	-2,238,758	-5,579,974
Revenue contributions to capital	-500,000	0	0	0	0	0	0	0	0	0
Net HRA Surplus/Deficit	**1,393,087**	**3,193,973**	**-1,030,866**	**-1,135,138**	**-6,498,600**	**-6,059,840**	**1,116,921**	**-2,565,868**	**723,880**	**2,071,435**
HRA Balance brought forward	**24,819,000**	**26,212,087**	**29,406,060**	**28,375,195**	**27,240,056**	**20,741,456**	**14,681,616**	**15,798,537**	**13,232,669**	**13,956,549**
HRA surplus/(deficit)	1,393,087	3,193,973	-1,030,866	-1,135,138	-6,498,600	-6,059,840	1,116,921	-2,565,868	723,880	2,071,435
HRA Balance carried forward	**26,212,087**	**29,406,060**	**28,375,195**	**27,240,056**	**20,741,456**	**14,681,616**	**15,798,537**	**13,232,669**	**13,956,549**	**16,027,984**

Appendix 2b: Draft HRA Capital Investment Requirement Projection from Business Plan

Year		1	2	3	4	5	6	7	8	9	10
Financial Year		**2023.24**	**2024.25**	**2025.26**	**2026.27**	**2027.28**	**2028.29**	**2029.30**	**2030.31**	**2031.32**	**2032.33**
HRA CAPITAL PROGRAMME											
Stock capital investment	780,972,825	38,981,382	42,477,113	50,472,262	29,355,492	29,554,618	26,829,702	27,264,471	27,575,686	28,021,261	28,473,629
Other Improvements	0	0	0	0	0	0	0	0	0	0	0
Development/Acquisition	226,402,513	34,561,513	42,678,200	41,630,648	50,413,393	29,555,507	8,754,680	5,141,714	3,641,714	3,341,714	3,341,714
Demolition & Forward Funding	645,485,456	25,805,962	37,145,800	61,259,947	139,057,223	151,994,955	59,512,457	111,431,668	42,244,864	9,431,735	4,303,987
Other Regeneration	116,354,544	16,761,385	38,783,359	7,738,801	5,587,738	14,236,135	10,110,172	10,149,387	4,244,655	8,742,913	0
Capital programme	**1,769,215,338**	**116,110,242**	**161,084,471**	**161,101,657**	**224,413,847**	**225,341,215**	**105,207,010**	**153,987,241**	**77,706,918**	**49,537,624**	**36,119,330**
Scheduled Debt Repayment	**0**	0	0	0	0	0	0	0	0	0	0
Financed by...											
Major Repairs Reserve	-210,235,228	-13,675,100	-10,204,584	-10,459,699	-10,668,893	-10,882,270	-11,099,916	-11,321,914	17,298,235	60,663,835	6,717,983
RTB receipts	-38,551,714	-1,113,177	-1,124,309	-1,135,552	-1,146,907	-1,158,376	-1,184,924	-1,212,037	-1,224,157	-1,231,157	-1,235,554
1-4-1 receipts	-59,262,836	-6,596,777	-6,949,130	-6,950,597	-8,141,137	-10,505,361	-5,828,842	-8,209,914	-3,680,851	-932,859	-766,440
Other receipts, Reserves and grants	-708,237,845	-13,777,279	-32,637,438	-46,875,165	-10,484,873	-40,918,570	-75,434,867	-62,854,019	-90,100,146	-108,037,443	-40,835,319
Revenue contributions	-26,764,318	-500,000	0	0	0	0	0	0	0	0	0
HRA borrowing	-726,163,396	-80,447,909	-110,169,011	-95,680,645	-193,972,037	-161,876,637	-11,658,461	-70,389,358	0	0	0
Capital financing	**-1,769,215,338**	**-116,110,242**	**-161,084,471**	**-161,101,657**	**-224,413,847**	**-225,341,215**	**-105,207,010**	**-153,987,241**	**-77,706,918**	**-49,537,624**	**-36,119,330**
Net balance on capital programme	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

<u>Cabinet 8th February 2024</u>

Appendix 3: Equality & Health Impact Assessment (EqHIA)

(See attached)

Equality & Health Impact Assessment (EqHIA)

Document control

Title of activity:	**Housing Revenue Account (HRA) Business Plan update, Budget 2024/25 & Capital Programme 2024/25–2028/29**
Lead officers:	Joe Agius - Strategy & Policy officer
Approved by:	Paul Walker - Director of Housing and Property
Date completed:	January 2024
Scheduled date for review:	January 2025

Did you seek advice from the Corporate Policy & Diversity team?	Yes
Did you seek advice from the Public Health team?	Yes
Does the EqHIA contain any confidential or exempt information that would preventit from being published it on the Council's website?	No

1. About the activity

1	**Title of activity**	Housing Revenue Account (HRA) Budget & Business Plan 2024/25
2	**Type of activity**	This report sets out what HRA income the Council has available to spend on housing, the current HRA financial position and the proposed spending plans for 2024/25.
3	**Scope of activity**	1 Approve the Housing Revenue Account Budget as detailed in paragraph **Error! Reference source not found.**5 of the report. 2 Agree that the rents chargeable for tenants in general needs Council properties owned by the London Borough of Havering be increased by 7.7% from the week commencing 1st April 2024. 3 Agree that the rents chargeable for tenants in supported housing Council properties, such as sheltered housing and hostels, owned by the London Borough of Havering, are increased by 7.7% from the week commencing 1st April 2024. 4 Agree the four rent-free weeks for 2024/25 are: the week commencing of 26th August 2024; 16th December 2024; 23rd December 2024 and the 31st March 2025. 5 Agree that service charges and heating and hot water charges for 2024/25 are as detailed in section **Error! Reference source not found.** of the report. 6 Agree that charges for garages should be increased by 7.7% in 2024/25 as detailed in paragraph 2.9 of the report. 7 Agree that the service charge for the provision of intensive housing management support in sheltered housing for 2024/25 shall be as detailed in paragraph 2**Error! Reference source not found.**.25 of the report. 8 Agree the Supported Housing Charge for HRA Hostels as detailed in paragraph 2.31 of the report.

		9 Agree that the rent charge to shared ownership leaseholders is increased by 8.9% as detailed in paragraph **Error! Reference source not found.** of the report. 10 Agree that the Care-line and Telecare support charge should be increased by 7.7% for 2024/25 as detailed in paragraph 2.28 of the report. 11 Approve the HRA Major Works Capital Programme, detailed in Appendix 1a of the report and refer it to full Council for final ratification. 12 Approve the HRA Capital expenditure and financing for the 12 Estates Joint Venture and other acquisition and regeneration opportunities detailed in section 4.4 – 4.12 and Appendix 1b of the report and refer it to Full Council for final ratification. 13 Approve the acquisition of 47 affordable homes by the HRA on the Quarles Campus site from Mercury Land Holdings, as detailed in paragraph 4.10 of the report, and delegate approval of the contract terms and completion to the Strategic Director of Place, acting in consultation with the Strategic Director of Resources Officer and the Deputy Director of Legal & Governance.		
4a	**Are you changing, introducing a new, or removing a service, policy, strategy or function?**	No		
4b	**Does this activity have the potential to impact (either positively or negatively) upon people (9 protected characteristics)?**	Yes		
4c	**Does the activity have the potential to impact (either positively or negatively) upon any factors which determine people's health and wellbeing?**	Yes		

Completed by:	Joe Agius, Strategy & Policy officer (LBH)

Date:	January 2024

2. The EqHIA

Background/context:
The Housing Revenue Account (HRA) remains a ring-fenced account that is used to manage the Council's own housing stock. The proposed budget will enable the Council to manage the stock to a good standard, maintain the existing stock to the Decent Homes standard and provide funding for a significant new build and estate regeneration programme. It further sets rents, service charges and other charges for Council tenants and leaseholders. The Council recognises that there is a need for good quality affordable homes, especially for vulnerable residents such as the elderly, those on low income and first time buyers. Thus it has set out its ambition to meet these needs by using resources generated through the Council's HRA Business Plan. The formula for setting social rent should enable registered providers to set rents at a level that allows them to meet their obligations to their tenants; maintain their stock to, at least, the Decent Homes standard and continue to function as a financially viable organisation. Consultation with tenants and leaseholders took place in January 2024. Formal notification was sent out to tenants, giving a four-week notice of the increases. Tenants on Housing Benefit had their payment adjusted automatically, while those on Universal Credit (UC) were notified to the Department of Work and Pensions (DWP) to increase their payments. Separate letters were sent to tenants on UC. Financial and welfare benefits advice was made available to all tenants.

Who will be affected by the activity?
Tenants and leaseholders of Council stock, and occupants of temporary accommodation owned or leased by the Council.

Protected Characteristic - AGE		
		Overall impact: The majority of council tenants in Havering are of working age. 30% of all council tenants in the Borough are of pension age, compared to 18% of the general population. Of the over 65s, 74.9% of tenants are on full or partial benefits, compared to 68% of all tenants. Housing Benefit or Universal Credit payments will cover or reduce the impact for many tenants, although for benefit purposes, heating and water charges are exempt and tenants are expected to pay these costs themselves. The Council also collects these water charges on behalf of the Water Authority which reduces the cost to the residents. The remaining 25% of older tenants will be responsible for meeting all of their rent and service charge costs. The biggest impact is likely to be on low income working households and pensioner households whose income and savings respectively take them above the Housing Benefit threshold. We recognise that the increase in service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit. The decision to increase Telecare and Careline costs may affect those residents who self-fund this service. These services enable tenants to stay in their homes for longer, allowing the tenant to maintain their independence. There is the potential consequence that affected tenants may withdraw their subscription to this scheme. The costs are similar or lower than those charged in other London boroughs. All tenants regardless of their age who are affected by the increase in service charges will be notified of the specific changes to their service charges and will be provided with information and guidance for money and debt advice. Housing services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or supported housing accommodation. Housing Services' will advise tenants to make welfare benefits claims and to refer tenants to sources of support. To this end, as part of 'business as usual', details of the increase in service charges will be included in the end of year rent statement sent out to tenants.
Positive		
Neutral		
Negative	**x**	

We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants. Upon request, Housing Services can provide this information in an appropriate format according the needs of the tenant.

The impact of the increase in fuel costs is likely to affect older people as the majority of those receiving heat and hot water are in sheltered blocks.

The recommendation to cap the increase in heating costs to 50% of the actual will mitigate that impact and will put those residents in a preferable position to other tenants who pay for their own gas and will be subject to the signifianct increases due this year.

Evidence:
The estimated population of Havering is 260,651[1] is the twelfth smallest population in London. It has a median age of approximately 39.2 and the highest percentage of people aged over 65 (18%) out of the London boroughs, although this is below the proportion of over 65's for England as a whole.

Table 1: Population by age range in Havering, London and England including percentage of the population

Age	Havering	%	London	%	England	%
0 - 4	17,167	6.6	595,799	6.6	3,239,447	5.7
5 - 9	17,251	6.6	606,333	6.7	3,539,458	6.3
10 - 14	15,719	6.0	550,753	6.1	3,435,579	6.1
15 - 19	14,105	5.4	474,456	5.3	3,115,871	5.5
20 - 24	14,117	5.4	556,594	6.2	3,472,522	6.1
25 - 29	17,407	6.7	757,848	8.4	3,771,493	6.7
30 - 34	18,900	7.3	822,084	9.1	3,824,652	6.8
35 - 39	18,698	7.2	779,934	8.7	3,738,209	6.6
40 - 44	16,677	6.4	677,463	7.5	3,476,303	6.2
45 - 49	15,913	6.1	598,535	6.7	3,638,639	6.4
50 - 54	17,227	6.6	569,938	6.3	3,875,351	6.9
55 - 59	16,644	6.4	508,722	5.7	3,761,782	6.7
60 - 64	14,308	5.5	405,576	4.5	3,196,813	5.7
65 - 69	11,672	4.5	318,142	3.5	2,784,300	4.9
70 - 74	12,035	4.6	280,432	3.1	2,814,128	5.0
75 - 79	8,509	3.3	196,419	2.2	2,009,992	3.6
80 - 84	6,833	2.6	150,980	1.7	1,449,189	2.6
85+	7,469	2.9	152,480	1.7	1,406,410	2.5

Household types in Havering are mainly composed of pensioners or married couples with dependants[2], with the highest proportion of one person households occupied by a

persons aged 65 years and over, at 48% of one person households. 32% of the over 65 population live in a one-person household.
It is projected that the proportion of people aged 0-15 and over 65 will increase, with a slight decrease in the proportion of working age population [3].

In relation to Havering tenants, 30.4% of main tenants are aged 65 and over[4]. When we look at the proportion of over 65's as part of the Havering adult population, this is almost 7% lower, at 23.7%.

Table 2: Age range of Havering Council's main tenants and the percentage of these as part of the main tenant population.

Age	Main Tenant (Havering)	%
15 - 19	1	0.01
20 - 24	134	1.59
25 - 29	365	4.32
30 - 34	652	7.72
35 - 39	702	8.31
40 - 44	752	8.90
45 - 49	725	8.58
50 - 54	889	10.52
55 - 59	871	10.31
60 - 64	784	9.28
65 - 69	674	7.98
70 - 74	616	7.29
75 - 79	505	5.98
80 - 84	361	4.27
85+	415	4.91

For people at a working age in Havering (16–64), approximately 83% are economically active [5].

Data is limited in terms of the working age population who are Havering tenants, as this is ongoing gathered at the time of applying to the housing register, then at the time of offer if needed.

Most tenants receive a form of benefit (housing benefit or universal credit), an estimated 68% of all tenants. The proportion varies amongst age groups with the lowest proportion at age 55-59 (59% of this age group) and over 65's at 74.9% of tenants. Whilst the highest percentage is in the 15-19 age range, this relates to only one tenant.

As the taper that is applied to UC takes away from the housing element in the first instance, the data received from DWP and uploaded on to the system does not distinguish between those that are in receipt of this element and those that are not, only whether the receive UC.

Table 3: Proportion of tenants within each age range who receive either Universal Credit (UC) or Housing Benefit (HB).

Age	Percentage of main applicants in receipt of UC or HB within each age group (%, rounded)
15-19	100.0
20-24	79.9
25-29	66.3
30-34	71.8
35-39	69.4
40-44	66.2
45-49	61.1
50-54	63.6
55-59	59.0
60-64	64.3
65-69	70.8
70-74	70.8
75-79	79.0
80-84	78.7
85-89	82.3
90-94	73.0
95-99	83.7
100 and over	75.0

Life Expectancy

A new-born male baby in the UK today can expect to live for 79.2 years and a girl to 82.9 years, with 22.6% of new-born boys and 28.3% of new-born girls projected to live to 100 years.

The life expectancy at age 65 years in Havering is 19 years for males and 21.7 years for females. The life expectancy at birth for people living in Havering is 80.2 years for males and 83.9 years for females.

Sources:

1 - Mid-year population estimates (Office for National Statistics (ONS)
2 - Office for National Statistics (ONS)
3 – Projected population growth by age by 2043 (ONS)
4 – Current tenancies, E&D (Open Housing)
5 - https://www.haveringdata.net/business-and-employment/#/view-report/e20793b6fb0647e4980a5868fa1d817c/___iaFirstFeature

Protected Characteristic - DISABILITY		
		Overall impact: There will be some disabled people on low incomes who may find that the rent and service charge increases may cause them financial difficulties, particularly those who may have income or savings which are just above the threshold to qualify for Housing Benefit. Tenants within this protected characteristic who receive a full or partial award of Housing Benefit or UC may find that this covers or reduces the impact of the increase in service charges. We recognise that any increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit. The decision to increase Telecare and Careline costs may affect those tenants who self-fund this service. These services enable tenants to stay in their homes for longer allowing them to maintain their independence. There is the potential consequence that tenants withdraw their subscription to this scheme. The charges are similar or below those charged by other boroughs. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or sheltered housing accommodation. Information on the increase in rent and service charges will be made accessible to disabled people. To this end, details of the increase in service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants. Upon request, Housing Services can provide this information in an appropriate format according the needs of the tenant.
Positive		
Neutral		
Negative	**X**	

Evidence:
At a national level individuals with a disability aged 16-64 were less likely to own their own home 40.9%) than non-disabled people (53.4%), and more likely to have rented social housing (at 24.9% compared with 7.8%).

The following shows the estimated prevalence of various disabilities in Havering in 2020 for working age people[2, 3.]

Table 4: Number of people aged 18-64 with disabilities in Havering by age band, 2020

Age band	Number with learning disability	Number with Impaired mobility	Number with serious visual impairment	Number with moderate or severe, or profound hearing impairment
18-24	519	192	12	347
25-34	911	366	24	791
35-44	882	1,790	23	1,652
45-54	792	1,685	22	4,271
55-64	721	4,438	21	8,143
18-64	3,824	8,471	102	15,204

Table 5: Number of people aged 18-64 with mental health problems in Havering, 2020

Mental health problem	Number
Common mental disorder	29,906
Borderline personality disorder	3,796
Antisocial personality disorder	5,184
Psychotic disorder	1,100
Two or more psychiatric disorders	11,327

Table 6: Number of people aged 65 & over unable to manage at least one mobility activity on their own in Havering, 2020

Age band	Number
65-69	1,023
70-74	1,642
75-79	1,506
80-84	1,740
85 and over	3,410
65 and over	9,321

It is also worth mentioning that research on the impact of COVID-19 shows that the coronavirus pandemic has increased psychological distress both in the general population and among high-risk groups.

Behaviours such as physical distancing, as well as their social and economic impacts, are worsening mental health consequences. Research on the psychological impact of mass trauma (e.g., natural disasters, flu outbreaks) suggests that the pandemic might particularly harm the mental health of marginalized populations who have less access to socio-economic resources and supportive social networks (Galea S, 2020).

There are unique stressors and challenges that could worsen mental health for people with disabilities during the COVID-19 crisis. Research on past pandemics shows that disabled people find it harder to access critical medical supplies which can become even more challenging as resources become scarce (Goldmann E, 2014). Some people with disabilities report higher levels of social isolation than their non-disabled counterparts. They may experience intensified feelings of loneliness in response to physical distancing measures. Data on disabilities in Havering council stock is limited. The Housing Services diversity report in 2017 led to 18% of tenants self-declaring that they had a physical and/or mental disability, and 3% a sensory disability, albeit without any measurement of disability related benefit or medical evidence. Data extracted from Open housing indicates that 21.5% of council tenants have identified themselves as having a disability at some point during the process of applying and holding a tenancy. In terms of demand, of the live applications on the housing register at this time, the primary reason is medical for 77 applicants meaning that they have a severe health condition that is significantly impacted by their current housing situation.
Sources: 1. Outcomes for Disabled People in the UK report 2. Projecting Older People Population Information: https://www.poppi.org.uk/index.phpProjecting Adults Needs and Services Information: 3. https://www.pansi.org.uk 4. Housing Service Diversity report (Open Housing) 5. Housing Waiting list report (Open Housing)

Protected Characteristic – SEX/GENDER		
		Overall impact: The demographic profile of Havering council tenants indicates that an increase in service charges is more likely to affect woman rather than men. Many of these tenants will be the heads of single parent families who may be in lower paid/lower income jobs. The decision to increase rent and service charges might cause an increased financial burden on some of our vulnerable tenants, regardless of gender, when considered alongside other elements of welfare reform. Tenants within this protected characteristic who receive a full or partial award of Housing Benefit or UC may find that this covers or reduces the impact of the increase in rent and service charges. While they will still be responsible for meeting the service charges for heating and water charges.
Positive		
Neutral		
Negative	**x**	

		Tenants will be paying a fuller contribution towards the costs of these services and the increase genuinely reflects, and is required to meet, the actual cost of providing this service. We recognise that any increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit or UC. Housing services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or sheltered housing accommodation. To this end, details of the increase in rent and service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants.

Evidence:
Of the estimated 260,651 people in Havering, 48.2% are male and 51.8% are female [1].

Working aged women are less likely to be economically active in Havering (78%, compared to 86% for men) and when they are in work, there continues earn less than men because of a gender pay gap in Havering (15.4%).

Women are also more likely than men to live in poverty. As a result, women are more likely to be eligible for social housing with 58% of social rented homes nationally are headed by a female.

In terms of demand for local authority housing in Havering, of the main applicant's active on the housing register, 84.3% (of 1502 applicants) identify as female.

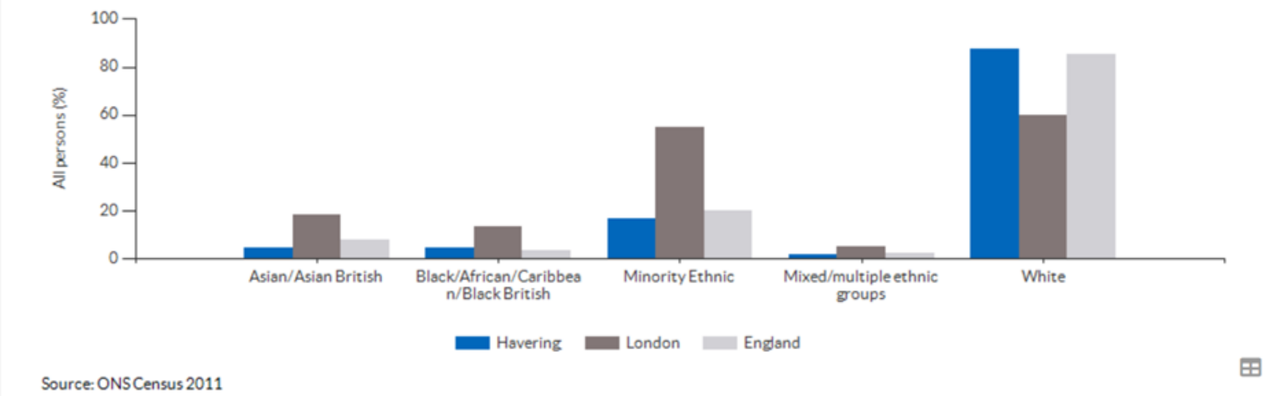
Within current housing stock, 64.5% main tenants identify as female and 35.48% identify as male, with one tenant identified as "other". A slightly higher proportion of female tenants (70%) receive either UC or HB than men (64%). Only one lead tenant identified as "other" and in receipt of a benefit.

Sources:
1 - Mid-year estimates of population (Office for National Statistics)
2 - https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork /earningsandworkinghours/datasets/annualsurveyofhoursandearningsashegenderpaygaptables
3 - Housing Waiting List (Open Housing))
4 - Current tenancies E&D (Open Housing)

Protected Characteristic – ETHNICITY/RACE		
		Overall impact: 17% of Havering's population is from an ethnic minority. For those tenants who have provided us with the information only 8.3% are from ethnic minorities. However 22.0% of households on the Housing Register are from ethnic minorities so it is anticipated that the porportion of tenants from ethnicminotities will grow in future years. We recognise that the increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit or UC. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist all affected tenants to manage this increase in service charges. This applies to all tenants whether in general needs or sheltered housing accommodation. To this end, details of the increase in rent and service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants. Any potential impact to this protected characteristic group is thought to be minimal and will be managed through translation services where necessary. These resources are available to the Council as part of its daily business which will ensure that tenants, whose first language is not English receive the help and support which they may need.
Positive		
Neutral		
Negative	**X**	

Evidence:
Havering continues to be considered one of the most ethnically homogenous places in London, with 83% of its residents recorded as White British in the 2011 census, higher than both London and England.

Table 8 – Population of Havering, London, and England by ethnicity[1]



	Havering		London		England	
	Count	%	Count	%	Count	%
Asian/Asian British	11,545	4.9	1,511,546	18.5	4,143,403	7.8
Black/African/Caribbean/Black British	11,481	4.8	1,088,640	13.3	1,846,614	3.5
Minority Ethnic - Total	39,617	16.7	4,504,657	55.1	10,733,220	20.2
Mixed/multiple ethnic groups	4,933	2.1	405,279	5	1,192,879	2.3
Other ethnic group	1,324	0.6	281,041	3.4	548,418	1
White	207,949	87.7	4,887,435	59.8	45,281,142	85.4

It is estimated that the ethnically homogenous characteristic of Havering is gradually changing due to its growing cultural diversity. In this regard, the Borough's white population is projected to decrease from the current 84% to 78% in 2032.

The BME population, notably those from Black African heritage (though many of whom are likely to be British born) is projected to increase from 4.1% in 2017 to 5.3% of the Havering population in 2032. The number of Black & minority ethnic group residents in the borough is expected to rise from 18% currently to 22% by 2032.

This is further highlighted in the GLA ethnic projections (2020) There are approximately 40,500 (18%) people from BAME (Black Asian Minority Ethnic) groups living in Havering, the majority being of a Black African ethnicity (11,700, 4.5%).

The UK poverty rate is twice as high for black & minority ethnic groups as for white British groups. Nationally, ethnic minority groups are more likely than white British households to spend a high proportion of income on rent, regardless of whether they live in social or private rented housing.

However, the housing they live in tends to be of lower quality, especially among households of Pakistani origin, and overcrowding is more common, particularly among households of Bangladeshi origin.

Within Havering Council stock, we see the current population by ethnicity where the tenant has made the decision to provide this information:

Table 10: Ethnicity of Havering Council main tenants as a percentage of the tenant population [3]

Ethnicity	No. Tenants	Proportion of tenant population (%)
Asian or Asian British Bangladeshi	14	0.2
Asian or Asian British Chinese	10	0.1
Asian or Asian British Indian	16	0.2
Asian or Asian British Other	38	0.4
Asian or Asian British Pakistani	11	0.1
Black or Black British African	262	3.1
Black or Black British Caribbean	86	1.0
Black or Black British Other	52	0.6
Mixed Other	33	0.4
Mixed White & Asian	15	0.2
Mixed White & Black African	41	0.5
Mixed White & Black Carribbean	53	0.6
Other Ethnic Group: Other	4	0.0
Refused	595	7.0
White British	6658	78.8
White Irish	74	0.9
White Other	206	2.4
(blank)	279	3.3

Most tenants are White British as would be expected with a homogenous population and secure tenancies, followed quite distantly by Black or Black British African.

There is, however, quite a notable change in ethnicity based on housing demand. Housing needs, based on the housing register data, see an increase in the proportion of Black or Black British African applicants, making up 9% of households, with White British households at 59.3% of applicants.

Table 11: Ethnicity of applicants with an assessed housing need [4]

Ethnicity	Percentage (%) with an assessed housing need
Asian or Asian British Bangladeshi	0.7
Asian or Asian British Indian	0.7
Asian or Asian British Other	1.3
Asian or Asian British Pakistani	0.6
Black or Black British African	9.7
Black or Black British Caribbean	2.4
Black or Black British Other	1.0
Mixed Other	0.7
Mixed White & Asian	0.4
Mixed White & Black African	1.5
Mixed White & Black Carribbean	2.3
Other Ethnic Group: Arab	0.1
Other Ethnic Group: Other	0.1

Refused	4.9
White British	59.3
White Irish	0.5
White Other	4.3
(blank)	9.6

Sources:
1 - Office for National Statistics/Havering Public Health Intelligence
2 - Ethnic group population projections - London Datastore
3 - Current tenancies E&D report (Open Housing)
4 - Housing Waiting List report (Open Housing)

Protected Characteristic – RELIGION/FAITH		
Positive		**Overall impact:** There is insufficient data to suggest that an increase in rent and service charges will have any greater or lesser effect on the grounds of a tenant's faith or religious beliefs. There is a deficit within our data on this protected characteristic with 32% of our tenants preferring not to say or where we have been unable to record this information. A further 30% of our tenants stated that they did not have a faith or religious belief. All tenants regardless of their religion or faith who are affected by the increase in service charges will be notified of the specific changes to their service charges and will be provided with information and guidance for money and debt advice. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or supported housing accommodation. Housing Services' will advise tenants to make welfare benefits claims and to refer tenants to sources of support. To this end, details of the increase in rent and service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants.
Neutral		
Negative	**X**	

Evidence:
Most recent available data shows that most Havering residents are Christians:

Table 12: Religion and Belief, Havering

Faith	Number	%
Christian	155,597	65.6%
Buddhist	760	0.3%
Hindu	2,963	1.2%
Jewish	1,159	0.5%
Muslim	4,829	2.0%
Sikh	1,928	0.8%
Other Religion	648	0.3%
No Religion	53,549	22.6%
No Response	15,799	6.7%
TOTALS	**237,232**	**100%**

However, data is lacking in relation to Havering tenants, with many tenants either refusing to provide this information or the field in Open housing has been left blank, meaning that this may not even have been an option for most tenants to answer. The limited information is as follows:

Table 13: Religion/belief of Havering Council main tenants

Agnostic	6
Another Religion/Belief	49
Atheist	12
Buddhist	6
Christian	459
Hindu	2
Jewish	2
Muslim	35
No religion	565
Prefer not to answer	90
Sikh	2
(blank)	7219

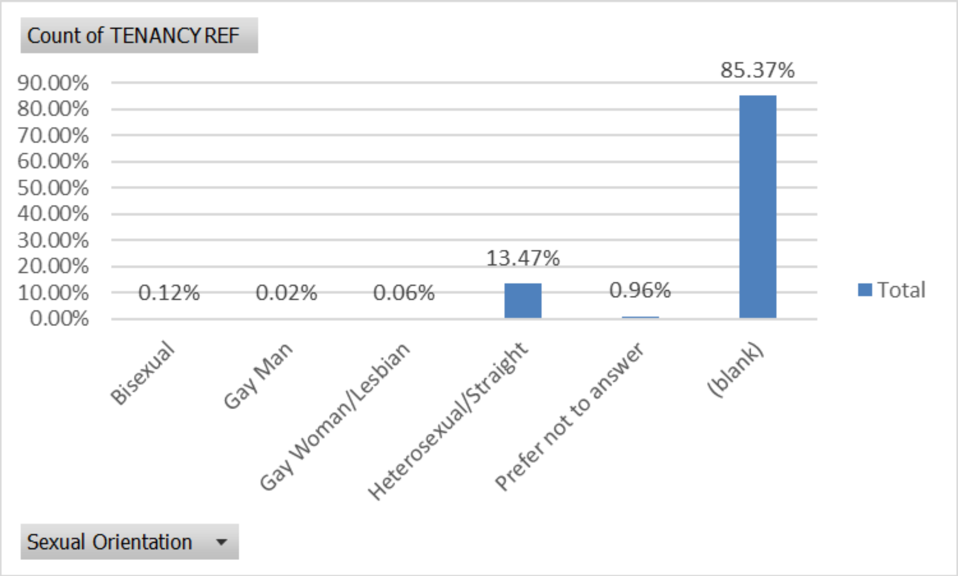
However, the Service recognises that as the demographics of the borough and London are changing, the variety of religious beliefs and faiths among our tenants will widen.

Sources:
1 - Office for National Statistics (ONS)
2 - Current tenancies E&D report (Open Housing)
3 - Diversity Report (Open Housing)

Protected Characteristic - Sexual orientation		
		Overall impact: Although Housing Services has very limited data available, we have been unable to identify where the increase in service charges will have a disproportionate impact on this protected characteristic Sexuality is not relevant to the majority of Housing Services, with the exception of tackling harassment, hate crime or domestic abuse. The increase in rent and service charges will be applied to tenants regardless of their sexual orientation. The increase will not have a disproportionate effect on the ground of this protected characteristic. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges. This applies to all tenants whether in general needs or supported housing accommodation. Housing Services will advise tenants to make welfare benefits claims and to refer tenants to sources of support. To this end, details of the increase in rent service charges will be included in the end of year rent statement sent out to tenants. We will also include information on Housing Services pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants. On request, Housing Services can provide this information in an appropriate format according the needs of the tenant. Housing Services would benefit from a better understanding of service take up by all service users. This information can then be provided to management so that they can have a clear picture of need, and therefore take appropriate action to plan services. It is anticipated that once Housing Services new IT system is embedded, we will be able to do so.
Positive		
Neutral		
Negative	**x**	

Evidence:
There remains a deficit in the data held on the sexual orientation of residents within the Borough. The data held has empty fields for over 85% of tenants.

Table 15: Sexual Orientation of main housing tenants



Nationally an estimated two-thirds (64%) of LGBTQ+ people had experienced anti-LGBT+ violence or abuse and 18% have experienced homelessness at some point in their lives [2]

Additionally, people who are part of the LGBT+ community generally have an increased likelihood of mental health problems which are more likely to be exacerbated by external factors

Sources:
1 - Current tenancies E&D (Open Housing)
2 - Stonewall LGBTQ+ - Facts and figures (Galop - Hate crime report)

<table>
<tr><th colspan="3">Protected Characteristic - Gender reassignment</th></tr>
<tr><td colspan="2"></td><td rowspan="4">Overall impact:
There is no qualitative or quantitative data to suggest that the increase in Rent and Service Charges would have a greater or lesser effect on people from this protected characteristic

Housing Services would benefit from a better understanding of service take up by all service users. This information can then be provided to management so that they can have a clear picture of need, and therefore take appropriate action to plan services. It is anticipated that once Housing Services new IT system is embedded, we will be able to do so.

Gender reassignment is not relevant to the majority of housing services, with the exception of tackling harassment, hate crime or domestic abuse.

The increase in rent and service charges will be applied to the tenant regardless of any protected group they may belong to. The increase will not have a disproportionate effect on the ground of this protected characteristic.

Tenants within this protected characteristic who receive a full or partial award of Housing Benefit may find that this covers or reduces the impact of the increase in service charges.

We recognise that the increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit.

Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist all affected tenants to manage this increase in service charges. This applies to all tenants whether in general needs or sheltered housing accommodation.

Housing Services' will advise tenants to make welfare benefits claims and to refer tenants to sources of support. To this end, details of the increase in rent and service charges will be included in the end of year rent statement sent out to tenants.

We will also include information on Housing Services' pages on the Havering website, the tenant magazine 'At the Heart' and in any direct contact our officers have with tenants.</td></tr>
<tr><td>Positive</td><td></td></tr>
<tr><td>Neutral</td><td></td></tr>
<tr><td>Negative</td><td>X</td></tr>
</table>

Evidence: There is a deficit in the data held on residents who have undergone or are undergoing gender reassignment. In a similar vein to the protected characteristic of sexual orientation, there is a reticence among residents and tenants to disclose this information. We recognise that this is an elective process on the part of the tenant and Housing Services will respect the confidence given to our officers when a tenant discloses this information to us.
Sources: No data is currently available concerning this protected characteristic.

<table>
<tr><th colspan="3">Protected Characteristic - Marriage/Civil partnership</th></tr>
<tr><td colspan="2"></td><td rowspan="4">Overall impact:
There is no qualitative or quantitative data to suggest that the policy would have a greater or lesser effect on people on account of their marital status

The marital status of residents does not have any impact on the management and delivery of Havering’s housing services.

Evidence of marriage or civil partnership holds use only to enable officers to determine if a person has the right to succeed a tenancy when their partner passes away.

It is thought that this policy will not have any negative impact on persons within this protected characteristic.</td></tr>
<tr><td>Positive</td><td></td></tr>
<tr><td>Neutral</td><td></td></tr>
<tr><td>Negative</td><td>x</td></tr>
<tr><td colspan="3">Evidence:
We do not collate data on the marital status of council tenants, only at the point of entry on to the Housing Register and for the purposes of succession of a tenancy.</td></tr>
<tr><td colspan="3">Sources:
No data is currently available concerning this protected characteristic.</td></tr>
</table>

<table>
<tr><th colspan="3">Protected Characteristic - Pregnancy, maternity and paternity</th></tr>
<tr><td colspan="2"></td><td rowspan="4">Overall impact:
An impact on this protected characteristic may be more likely as tenants within this group may be on a lower income, particularly where they are receiving maternity/paternity leave pay or benefits.

Tenants within this protected characteristic who receive a full or partial award of Housing Benefit may find that this covers or reduces the impact of the increase in rent and service charges.

To minimise the effect of any increase in rent and service charges, the Council have applied a cap of 25% on all service charges. Tenants will be paying a fuller contribution towards the costs of these services and the increase genuinely reflects, and is required to meet, the actual cost of providing this service.

We recognise that the increase in rent and service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in rent and service charges.

Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in rent and service charges.</td></tr>
<tr><td>Positive</td><td></td></tr>
<tr><td>Neutral</td><td></td></tr>
<tr><td>Negative</td><td>X</td></tr>
<tr><td colspan="3">Evidence:
The only data which Housing Services collects for this protected characteristic is due dates for pregnancy, usually collated at the point of entry to the Housing Register.

This data is used to ascertain the size of property/ the number of bedrooms a tenant is requires under the ‘bedroom standard’.

However, due to the nature of the protected characteristic, it would be difficult to collect accurate and up to date data.</td></tr>
<tr><td colspan="3">Sources:
No data is currently available concerning this protected characteristic</td></tr>
</table>

<table>
<tr><td colspan="3">Socio-economic status</td></tr>
<tr><td colspan="2"></td><td rowspan="4">Overall impact:
The increase in rent and service charges may have a disproportionate effect on those with a lower income, as they may have a lower level of disposable income available to cover this increase.

An increase in rent and service charges will have a negative impact upon the finance of residents not currently in receipt of full Housing Benefit, or for those tenants who are working in lower paid employment. It could affect tenants of pension age whose income and savings fall just above the threshold to qualify for Housing Benefit.

45% of council tenants will be affected as they do not receive full or partial housing benefit. Approximately 55% of our tenants will have the impact reduced by their entitlement to Housing Benefit.

To minimise the effect of any increase in service charges, the Council have applied a cap of 25% on supported housing service charges. Tenants will be paying a fuller contribution towards the costs of these services and the increase genuinely reflects, and is required to meet, the actual cost of providing this service.

We recognise that the increase in service charges could potentially impact negatively on tenants who are not in receipt of Housing Benefit. Housing Services has a dedicated resource in our Financial Inclusion and Welfare Benefit team who can provide advice and support to assist tenants to manage this increase in service charges.</td></tr>
<tr><td>Positive</td><td></td></tr>
<tr><td>Neutral</td><td></td></tr>
<tr><td>Negative</td><td>X</td></tr>
<tr><td colspan="3">Evidence:
Across London, the raw number of households in poverty in socially rented properties sits at 950,000. Whilst this is similar to the total number of private renters in a similar position (870,000) the actual rate of poverty is higher, at 51% (PRS 33%).

As one of the least deprived boroughs in London, it still has over 8500 (16.6%) of children in households with a relatively low income, and almost 7000 (13.4%) children with absolute low incomes [1.] After housing costs, 30-33% of children would be living in poverty, with the most deprived areas including Gooshays and Heaton. The map below shows deprivation patterns in Havering based on the IMD 2019 child poverty index by Lower Super Output Areas (LSOAs).[2]

Gooshays is the most deprived ward, with an IMD average score rank of 50 out of 633 and 2165 out of 32844 LSOAs, making it amongst the 10% most deprived neighbourhoods in the country. Upminster is the least deprived with an IMD average score rank average of 615 out of 633, and ranked 32563 out of 32844 LSOA's, meaning it is in the top 1% of least deprived neighbourhoods.</td></tr>
</table>

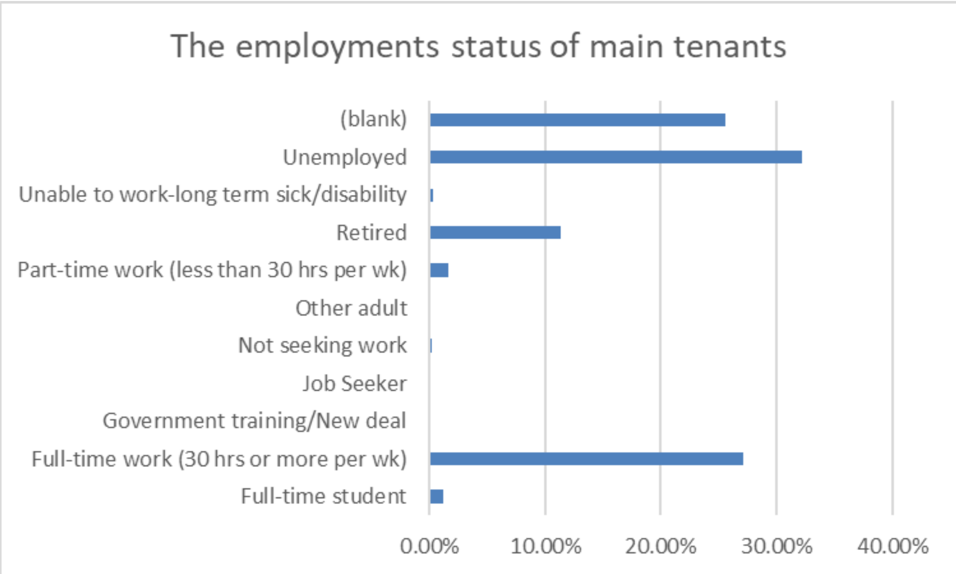
Despite generally low deprivation scores and high employment rates (economic activity 83%, 16 – 64), the median full time annual salary in Havering is £33,836, as measured in 2021, is low in comparison to the London median of £41,017 and slightly higher than the England median of £31,777.

The proportion of working age residents in Havering claiming out-of-work benefits (7.0%) is significantly lower than England (8.6%).

The employment rate within the Borough is higher than the London and England averages. About 79.4% of working age residents in Havering was employed in 2021, compared to 73.8% and 74.7% in London and England respectively.

The proportion of working age residents claiming out of work benefits (12.3%)[4] is significantly lower than England (13.8%).

Table 16: Employment Status of all Council Tenants



Data held on current Council Tenants demonstrates that 28.8% of all Council Tenants are employed on a full-time or part-time basis, while just over 30% are unemployed. The number of tenant's whose employment status remains unrecorded will change as the process of reviews takes place over time.

It is worth adding once more that this data is not reliable in that this data is only picked up at the point where a tenant accepts an offer of council home, and individual circumstances can change over time.

Sources:
1 - HM Revenue and Customs - Personal Tax Credits: Children in low-income families local measure
2 - [Indices of Deprivation (communities.gov.uk)]
3 - Annual Survey of Hours and Earnings (ASHE), ONS and ONS CPI series
4 - People on out-of-work benefits, by London borough (Trust for London)
5 - Current tenancies E&D (Open Housing

<table>
<tr><th colspan="3">Health & Wellbeing</th></tr>
<tr><td colspan="2"></td><td rowspan="4">Overall impact:
Section 210(1) of the Housing Act (1996) requires a housing authority to have regard to the following provisions when assessing the suitability of accommodation for an applicant:

1. (a) Parts 9 and 10 of the Housing Act 1985 (the ‘1985 Act’) (slum clearance and overcrowding); and

2. (b) Parts 1 to 4 of the Housing Act 2004 (the ‘2004 Act’) (housing conditions, licensing of houses in multiple occupation, selective licensing of other residential accommodation, additional control provisions in relation to residential accommodation).

The rent increase and increase in service charges will provide the resources to fund the development programme to deliver new high quality affordable housing in the borough through the regeneration programme. This will alleviate levels of overcrowding and households living in poor housing in the borough thereby improving the health outcomes.

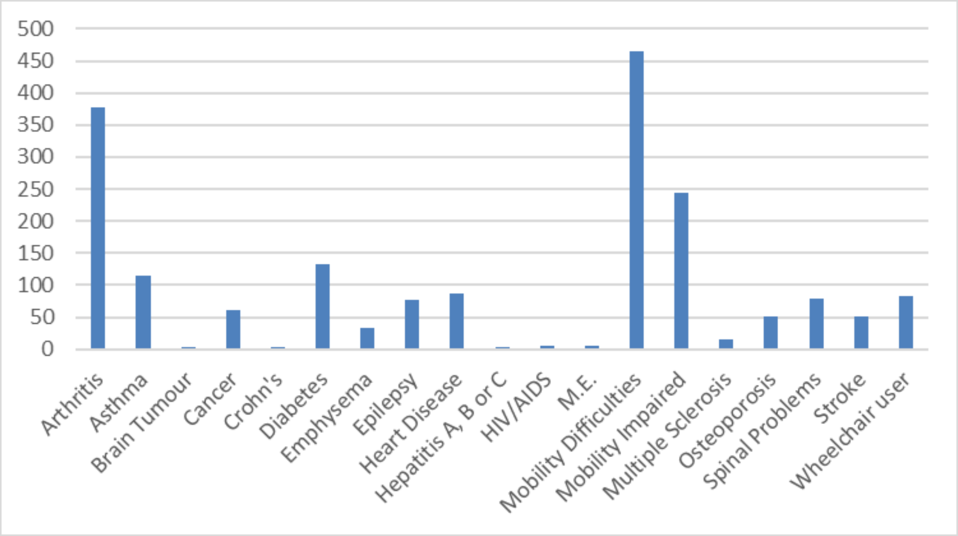
Do you consider that a more in-depth HIA is required as a result of this brief assessment? Please tick (ü) the relevant box
Yes o No X</td></tr>
<tr><td>Positive</td><td></td></tr>
<tr><td>Neutral</td><td></td></tr>
<tr><td>Negative</td><td>x</td></tr>
<tr><td colspan="3">Evidence:
Average self-reported wellbeing in Havering has declined slightly from 2019/20 to 2020/21, decreasing from 7.7 to 7.5 out of 10 for Life Satisfaction, which is still high.

For anxiety, we see a continuation of this increase, seen from 2015/16 (2.6 out of 10) to 2020/21 (3.1 out of 10), albeit this is still in the low category. “Happiness” saw a slight increase to 7.5 in 2020/21 from the previous year and “worthwhile” remained around the same at 8.

Equalities data from the current Housing Register, (as at 2018), shows that 5.1% of applicants accepted on to the Housing Register have a sensory or physical disability which may necessitate the allocation of a property with a level of adaptation to meet their need.

Where the tenant continues to have an ongoing housing need and continues to meet the eligibility criterion for social housing according to the Council’s Allocation Scheme, the Council will offer the tenant a new tenancy for an appropriate property.</td></tr>
</table>

Table 17: Council Tenants who have identified a health issue



Data extracted from Open housing indicates that 21.5% of council tenants have identified themselves as having a disability. This is, however, a figure reliant on the self-reportage of tenants and does not necessarily mean that all instances of physical disability require an adaptation or change in housing.

Sources:
1 - Personal well-being in the UK - Office for National Statistics (ons.gov.uk)
2 - Current tenancies, E&D (Open Housing)

Action Plan

Item	Identified Negative impact	Recommended action/s	Outcomes and monitoring	Timescale	Lead officer
Increase in rent and service charges	Negative impact on most groups.	Increases are covered through welfare benefits. Letters and advice provided to tenants on UC.	Increases in rent and service charges are covered by Universal Credit and Housing Benefit.	Within one month of the increase.	Director of Housing & Property

Review

The assessment will be reviewed on an annual basis.

Scheduled date of review: January, 2025

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