

Scrutiny Streets, Environment & Homes Sub- Committee Supplementary Agenda



6. Housing Revenue Account (HRA) Rent Setting and Draft Budget 2022/23 (Pages 3 - 18)

The Streets, Environment & Homes Sub-Committee is asked to consider the information, to be provided, with a view to, as part of the wider budget scrutiny process, forming conclusions on the deliverability and sustainability of the Housing Revenue Account budget, as well as ensuring there is an understanding of the key risks.

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| REPORT TO: | CABINET 7 February 2022 |
| SUBJECT: | HRA Rent Setting and Draft Budget 2022/23 |
| LEAD OFFICER: | David Padfield – Interim Corporate Director of Housing Yvonne Murray - Director of Housing Solutions |
| CABINET MEMBER: | Councillor Patricia Hay-Justice Cabinet Member for Homes |
| WARDS: | All |
| SUMMARY OF REPORT: | |
| <p>The report sets out the Draft Housing Revenue Account (HRA) Budget 2022/23 and requests the increase in rents and charges. The increases proposed follow the Government proposed rates for rent increases and are in line with the Council policy on rents for the period , 2022/23.</p> | |
| COUNCIL PRIORITIES 2020-2024 | |
| <ul style="list-style-type: none"> • <i>We will live within our means, balance the books and provide value for money for our residents.</i> • <i>We will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.</i> • <i>We will focus on providing the best quality core service we can afford. First and foremost, providing social care services that keep our most vulnerable residents safe and healthy. And to keep our streets clean and safe. To ensure we get full benefit from every pound we spend, other services in these areas will only be provided where they can be shown to have a direct benefit in keeping people safe and reducing demand.</i> | |
| FINANCIAL IMPACT | |
| <p>The Housing Revenue Account's (HRA) main source of income is tenant rents. This report sets out increases to rents and other charges required in order to deliver the management and maintenance of Croydon council housing and to set a balanced HRA Budget for 2022-23.</p> | |
| KEY DECISION REFERENCE NO.: | |
| 0822CAB | |
| 1. RECOMMENDATIONS | |
| <p>That Cabinet approve the following increases for charges within the HRA:</p> | |
| <p>1.1 Increase rent levels in 2022/23, increase by 4.1% against the 2021/22 rate in line with the Government guidance on the limit on annual rent increases for 2022-23</p> | |

- 1.2 Service charges applied to tenants that receive the services will increase by 4.1% against the 2021/22 rates
- 1.3 Garage rents increase by 4.1%
- 1.4 Parking spaces rents increase by 4.1%
- 1.5 Caravan plot rents to increase by 4.1%
- 1.6 Heating charges to to increase by 4.1%

2. EXECUTIVE SUMMARY

- 2.1 The report sets out the proposed increases in rent and other charges made to council tenants and leaseholder and the HRA Budget for the financial year 2022/23. The proposed increased are as per the Government annual rent increase precentages
- 2.2 The increase in rents and other charges are required to support the Housing Revenue Account (HRA) Draft Budget 2022/23 presented in section 5 of the report.
- 2.2 The increases to tenant rent levels are in line with the Council's Rent Setting Policy that was approved by Full Council in February 2021. The Rent Setting Policy will be reviewed at a minimum of every 5 years, or when appropriate as required.
- 2.3 The proposed increases reflect financial assumptions that have been and will continue to be included as a baseline in the Council's HRA Business Plan and the HRA budget. The HRA Budget 2022/23 will support the HRA 30 Year Business Plan which will be submitted in a separate paper in March 2022.
- 2.4 Each year, the Council reviews and sets rents for homes within the HRA and must issue a statutory notice to notify tenants of any proposed change in the rent they will pay, in accordance with legislation. Once approved this report will be used to inform the tenants of the changes in charges for 2022/23.

3. LEGAL AND REGULATORY FRAMEWORK

- 3.1 The affordability of rents is one of the fundamental benefits of social housing and setting social housing rents in line with legislation and Government policy is an essential requirement for a Registered Provider (RP) such as the Council.
- 3.2 The [Direction on the Rent Standard 2019](#) ("The Direction") was issued by the Secretary of State in February 2019 and required the Regulator of Social Housing (RSH) to comply with the Policy Statement on Rents.
- 3.3 The [Rent Standard - April 2020 - GOV.UK](#) was issued in November 2021 by the Department for Levelling Up, Housing & Communities and supports [The Policy Statement on Rents for Social Housing](#) that was issued in February

2019. The Government's policy on rents for social housing to which the RSH must have regard to in setting the Rent Standard and to which the Council must similarly have regard to the Policy Statement as the Rent Standard itself must require registered providers, such as the Council to comply with the rules about the levels of rent set.

- 3.4 The [Limit on annual rent increases 2022-23 \(from April 2022\)](#) was issued in November 2021 by Department for Levelling Up, Housing & Communities. It sets out the Government's annual rent percentage increase in recognition of the Consumer Price Index figure. For 2022-23 the increase is 4.1%
- 3.5 In February 2021, the Council adopted a comprehensive Rent Setting Policy. The adoption of this policy followed several changes to Government guidance and legislation on rent setting following the introduction of HRA self-financing in 2012, including the compulsory reduction of social rents by 1% per year for 4 years from 2016 to 2019. The Croydon policy aims to ensure that that rents are set at levels which maintain the financial viability of the HRA, allow continual service improvement, are fair and affordable for all residents, and are compliant with statutory and regulatory requirements. In summary, this policy is that the Council will follow the current Government guidance that rent levels should be increased by (September) CPI + 1%. It is expected that this policy will be reviewed every 5 years. The policy only applies to dwelling rents, and does not apply to garages, parking spaces, caravan plots or tenant service charges.
- 3.6 [Section 21 of the Landlord and Tenant Act 1985](#) sets out the basic rules for service charges. Landlords may not charge more than the actual cost of the service plus a reasonable management fee.
- 3.7 [Garage rents, parking spaces and heating charges increases are permitted by Section 93 of the Local Government Act 2003 of the Landlord and Tenant Act 1985](#) to charge the costs of the provision of the services.
- 3.8 Caravan plot rental increases are permitted by the Mobile Homes Act 2013 which gives overriding consideration to the local authority to set levels of fess that cover the costs incurred under section 23 and 24 of the Act.

4. PURPOSE AND SCOPE OF RENT INCREASE REQUEST

- 4.1 To increase tenant rent levels in 2022/23 by 4.1% on the 2021/22 amounts in line the Government issued guidance. If approved, the increase will apply to 13,432 homes which are currently within the Council's HRA dwellings.

Table 1 – Impact of the changes in rents charged

| Room Size | Average rent 2021-22 - £ p/w | Average rent 2022-23 with Increase - £ p/w | Increase - £ p/w |
|-----------|------------------------------|--|------------------|
| 0 Bedsit | 77.11 | 80.27 | 3.16 |
| 1 | 92.89 | 96.70 | 3.81 |
| 2 | 110.88 | 115.42 | 4.54 |
| 3 | 133.02 | 138.47 | 5.45 |
| 4 | 152.98 | 159.26 | 6.28 |
| 5 | 168.13 | 175.03 | 6.90 |
| 6 or more | 194.56 | 201.50* | 7.97 |

*subject to rent setting cap see Appendix 1 for table

- 4.2 The full cost of caretaking, grounds maintenance and bulk refuse collection services will continue to be recovered via service charges applied to tenants that receive the services. A full review of the services provided will be carried out in 2022 in the interim they are proposed to increase by 4.1% against the 2021/22 rates. If approved, will be applied to 8,466 properties that are currently listed as in receipt of the services provided.

Service charges are as per the Landlord and Teanant Act guidance charged based on the costs of the provision of the services. Table 2 sets out the proposed increase in amounts charged against the 2021/22 rates

Table 2 – Impact of the changes in service charges

| Dwelling Type | 2021-22 | 2022-23 with Increase | Increase - £ p/w |
|---------------|---------|-----------------------|------------------|
| Flats | £10.54 | £10.97 | £0.43 |
| Estate Houses | £2.16 | £2.25 | £0.09 |

- 4.3 Garage rents are proposed to increase on the 2021/22 rates by 4.1%, if approved will apply to all HRA garages the most recent listing that this covers is 2,633 garages. The increase of September CPI +1% from April 2022 will will offset the increased costs and therefore there is no net financial benefit to the HRA

Table 3 – Impact of the changes in garage rents

| Garages | 2021-22 | 2022-23 with Increase | Increase - £ p/w |
|-------------------|---------|-----------------------|------------------|
| Average Rents p/w | £13.34 | £13.88 | £0.54 |

- 4.4 Charges for parking spaces are proposed to increase by 4.1%, if approved will apply to all parking spaces which fall within the HRA. Currently there are 109 within the HRA. There are two charges the higher rate being for non Council tenants. The increase of September CPI +1% from April 2022 will will offset the increased costs and therefore there is no net financial benefit to the HRA

Table 4 – Impact of the changes in parking spaces

| Parking Spaces | 2021-22 | 2022-23 with Increase | Increase - £ p/w |
|-------------------|---------|-----------------------|------------------|
| Average Rents p/w | £7.00 | £7.29 | £0.29 |
| Average Rents p/w | £9.62 | £10.01 | £0.39 |

- 4.5 Caravan Plots charges which fall within the HRA are proposed to increase by 4.1%, if approved will apply to all plots, currently there are 19 within the HRA. The increase of September CPI +1% from April 2022 will will offset the increased costs and therefore there is no net financial benefit to the HRA

Table 5 – Impact of the changes in Caravan plots

| Caravan Plots | 2021-22 | 2022-23 with Increase | Increase - £ p/w |
|-------------------|---------|-----------------------|------------------|
| Average Rents p/w | £57.00 | £59.47 | £2.34 |

- 4.6 The proposed 2022-23 increase to heating charges by 4.1% on the 2021/22 amounts is intended to manage short-term exposure to the exceptional market volatility currently being experienced. This should allow time for markets to stabilise, but clearly there can be no guarantee and in the event that costs remain above the budgeted income level, then further consideration of charge rates may be necessary during 2022-23. The heating charges are a recharge of expense paid by the council that have been incurred on behalf of tenants. The principle ensures that the council is only recharging what has actually been charged.
- 4.7 The Council has 183 properties within the HRA where the rent level is set to be London Affordable Rent (LAR), rather than the social rent set out above. These properties include the recent development at Malcolm Wicks House. LAR properties within the HRA stock are treated in the same methodology as above with the proposed increase of 4.1% applying.

Table 6 – Impact of Impact of the changes in rents charged on LAR properties

| Bedroom Size | Average rent 2021-22 - £ p/w | Average rent 2022-23 with Increase - £ p/w | Increase - £ p/w |
|--------------|------------------------------|--|------------------|
| 0 Bedsit | 161.71 | 168.34 | 6.63 |
| 1 | 161.71 | 168.34 | 6.63 |
| 2 | 171.20 | 178.22 | 7.02 |
| 3 | 180.72 | 188.13 | 7.41 |
| 4 | 190.23 | 198.03 | 7.80 |
| 5 | 199.73 | 207.92 | 8.19 |
| 6 or more | 209.24 | 217.82 | 8.58 |

4.8 The rent uplifts set out in this report will not apply to dwellings owned by Croydon Affordable Homes or Croydon Affordable Tenures. These properties do not sit within the Council’s Housing Revenue Account and rents are set against the Local Housing Allowance (LHA) rates which are fixed by Government depending on bedroom size and postcode. LHA rents are not increased as per above methodology.

5 Draft HRA Budget 2022/23

5.1 The Housing Revenue Account (HRA) is a ring-fenced account used to manage income and costs associated with managing the Council’s owned housing stock and related assets which includes shops and garages on council housing estates. It is funded primarily from tenants’ rents and service charges. The services provided to tenants and leaseholders which includes responsive repairs, management and supervision services and caretaking as examples are resourced from this account.

5.2 Croydon’s HRA consists of approximately 13,432 homes. In addition to the HRA, there are approximately 800 homes that are managed on behalf of the General Fund, Private Landlords and Croydon Affordable Homes. These properties similarly require repair, maintenance and investment to maintain good quality accommodation, and offer temporary accommodation to families most in need.

5.3 Longer term planning for the HRA is continuing to take place through the 30-year business plan. This will be reviewed in a separate paper in March 2022.

5.4 The draft budget for 2022/23, Table 6, shows a balanced position which is required by statute. It is currently in draft pending consideration and approval of the changes in this report before being considered by Full Council as part of the budget setting process. . The table is in the format of the GF budget book requirement for consistency with an explanation of the elements that make up each area of cost.

Table 7 – Draft 2022/23 HRA Revenue Budget

| DESCRIPTION | ORIGINAL | BUDGET |
|---|-----------------|-----------------|
| | 2021/22 | 2022/23 |
| | £'000 | £'000 |
| Employees | 15,162 | 18,579 |
| Premises related expenditure | 17,740 | 18,494 |
| Supplies and Services | 3,081 | 3,636 |
| Third Party Payments | 363 | 401 |
| Transfer Payments | 656 | 663 |
| Transport related expenditure | 44 | 91 |
| Capital Charges | 35,824 | 34,235 |
| Intangible Charges | 122 | 122 |
| REFCUS | 180 | 180 |
| Corporate support services bought in | 6,705 | 7,034 |
| Recharges from other services | 8,988 | 6,944 |
| TOTAL EXPENDITURE | 88,865 | 90,378 |
| Government Grants | - | - |
| Other Grants, reimbursements and contributions | - 185 | - |
| Customer and Client Receipts(Rents & Service Charges) | - 86,591 | - 88,278 |
| Interest Receivable | - | - |
| Recharges to other services | - 2,089 | - 2,100 |
| TOTAL INCOME | - 88,865 | - 90,378 |
| NET EXPENDITURE | - | - |
| Contributions to / (from) Reserves | - | - |

- 5.5 The employee budget for 2022/23 is based on the actual staffing costs and structure as at November 2021 and assumes a cost of living/inflation increase of 2% for all staff. The pension charge is also include however there is no additional pension deficit charge made in the 22/23 year assumptions. There is also an investment assumption made to meet the increased staffing resources required within the compliance team of £500k, to ensure the existing duties as a result of regulatory reform are implemented i.e. (Fire Safety Bill).
- 5.6 Premises related expenditure includes costs Concord Sycamore and Windsor rental payment of £2.6m as well as costs for fire insurance on HRA properties of £1.2m and public liability insurance. This draft budget assumes an inflationary increase on the existing expenditure as well as a recognition of the need to increase where the actual in year forecast expenditure exceeds the existing budgets.
- 5.7 Supplies and services spend within the HRA includes consultancy and legal fees. Both areas have had considerable cost pressures in the current financial year and there has been a requirement to right size some areas of expenditure

budgets to reflect the current costs. The current year costs include additional legal and compensation expenses. The budget for 2022/23 makes an assumption that there will be an ongoing liability and further compensation payments and as a result an increased legal and compensation payments budgets have been set.

- 5.8 Third party payments includes the payment for the PFI Street lighting scheme of £85k and other compensation payments which will be moved going forward to all come under one area
- 5.9 A 3% inflationary assumption has been applied to existing budget for transfer payments while further work is required to determine the ongoing need for this budget.
- 5.10 Transport related expenditure includes vehicle leases as well as fuel and other costs. A right sizing of the existing budget was required as well as an inflationary assumption has been made.
- 5.11 The council's HRA capital programme of works projects will be funded through the transfer from the HRA revenue budget of £34m. There is no assumed borrowing in the above. There is a requirement for the HRA to meet the interest payments on the existing borrowing. The HRA Business Plan will set out the repairs programme of works that will be carried out in the 22/23 year and an estimate of the needs for future years will also be included.
- 5.12 The assumed amortisation of fixed assets charge to the revenue budget remains unchanged for 2022/23. The HRA Business plan will inform this going forward
- 5.13 REFCUS – Revenue expenditure funded from capital under statute expenditure remains as per the prior year at £180k. Items that are allowable to be charged to this include computer programs and the payment of levy on disposals, which is the main area of spend in prior years.
- 5.14 Corporate services bought in are the SERCOP charges that are levied to all departments within the LA as a recharge of the central costs. Central costs include finance, HR, ICT and legal departmental costs.
- 5.15 Recharges from other services are charges made to the HRA from the GF departments for carrying out activities in respect of the HRA. Included in the costs are utilities charges refuse and waste collection. The budget for 2022/23 compared to the stated prior year shows a reduction this is a result of reclassification of charges in the current year between the corporate and other recharges to the HRA. The recharges budget for 2022/23 is set based on the actual recharges for the current financial year.
- 5.16 Other grants and reimbursements in the prior year budget assumed insurance payments would be received. There is no assumption for the 2022/23 year.
- 5.17 Customer and client receipts is the rental income received to the HRA and income from service charges as set out in section 4 above.

6. FINANCIAL CONSIDERATIONS

Finance comments have been provided throughout this report. The proposed increases in rents set out in this report generate income which is invested in meeting the higher costs of service delivery as the result of annual inflation and to invest in delivering services.

Approved by: Matthew Davis – Interim Director of Finance (Deputy S151)

7. LEGAL CONSIDERATIONS

The Housing Revenue Account and setting rent:

7.1 The Head of Litigation and Commercial Law comments on behalf of the Interim Director of Law and Governance and Deputy Monitoring Officer that, Section 21 of the Housing Act 1985 provides the Council with powers for the general management, regulation and control of its dwelling stock. Section 111 of the Local Government Act 1972 provides powers for a local authority to do anything (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions.

7.2 Local authorities have the power, under Section 24 of the Housing Act 1985 to determine their own rent levels and must review rents from time to time and make such changes as circumstances require, but must charge reasonable rents for tenants in its own housing stock. In exercising their functions under this section, the Council is required to have regard in particular to any relevant standards set for them under section 193 of the Housing and Regeneration Act 2008 [Standards relating to consumer matters set by the Housing Regulator i.e. maintenance, estate management etc.]. The Council must therefore take account of Government guidance (Guidance on Rents for Social Housing, DCLG, May 2014) and the Rent Standard as set by the regulator of social housing when setting rents.

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

7.4 Section 76 of the 1989 Act requires the Council in the January or February preceding the relevant year to formulate proposals relating to

(a) Income from rents and other charges, and

(b) The expenditure on repairs, maintenance, supervision and management of its houses. In formulating these proposals, the Council must secure that, on implementation, the HRA will not show a debit balance, assuming the following:

- that the best assumptions that they are able to make at that time as to all matters which may affect the amounts falling to be credited or debited to the HRA in the year prove to be correct;

And,

- that the best estimates that they are able to make at that time of the amounts which, on those assumptions, will fall to be so credited or debited, also proves to be correct.
- 7.5 The Council is further obliged to keep the proposals referred to in this report under review to see if the requirement to avoid a debit balance continues to be satisfied during the year. In the event that the Council, on review, determines that this requirement will not be satisfied then the Council is, by virtue of Section 76(6), required to “make such revisions of the proposals as are reasonably practical towards securing that the proposals (as so revised) satisfy those requirements”. The duty in relation to “best assumptions and estimates” referred to in this report applies equally to such revised proposals.
- 7.6 The requirement to charge reasonable rents applies to most secure, flexible and introductory tenancies, although there are some exceptions for example for affordable rents and tenants with high incomes.
- 7.7 Reasonable rents are set by a reference to a formula which is set out in Government Guidance (Ch.2 Guidance on Rents for Social Housing, DCLG, May 2014). The aim of the formula-based approach is to ensure that similar rents are paid for similar properties. The current formula is devised on the basis that rents take account of:
- the condition and location of a property
 - local earnings
 - number of bedrooms in a property
- 7.8 A local authority's decision on rent levels is challengeable by judicial review.
- 7.9 From 1 April 2016, the Welfare Reform and Work Act 2016 and amendment regulations required registered providers of social housing, including local authorities in England, to reduce social housing rents by 1% a year for 4 years from a frozen 2015 to 2016 baseline and to comply with maximum rent requirements for new tenancies. The reduction applied only to the rent element and not to service charges.
- 7.10 The local authority must serve a notice of variation on each tenant at least four weeks before the date on which the rent change takes effect. Pursuant to sections 102 and 103 of the Housing Act 1985 the local authority must consult with tenants before serving a notice of variation to the terms of a secure tenancy.
- 7.11 The terms of a secure tenancy may only be varied in the following ways,
- (a) By agreement between the landlord and the tenant;
 - (b) To the extent that the variation relates to rent or to payments in respect of rates, council tax or services, by the landlord or the tenant in accordance with a provision in the lease or agreement creating the tenancy, or in an agreement varying it;
 - (c) In accordance with section 103 (notice of variation of periodic tenancy) of the Housing Act 1985.
- 7.12 If a notice of variation is required, then before serving a notice of variation on the tenant the landlord shall serve a preliminary notice—

- (a) Informing the tenant of the landlord's intention to serve a notice of variation,
- (b) Specifying the proposed variation and its effect, and
- (c) Inviting the tenant to comment on the proposed variation within such time, specified in the notice, as the landlord considers reasonable;

And the landlord (i.e. the Council) shall consider any comments made by the tenant within the specified time.

7.13 The notice of variation shall specify—

- (a) The variation effected by it, and
- (b) The date on which it takes effect;

And the period between the dates on which it is served and the date on which it takes effect must be at least four weeks or the rental period, whichever is the longer.

Setting Service Charges:

7.14 In respect of setting service charges, The Landlord and Tenant Act 1985 sets out the basic rules for service charges, defining what is considered a service charge, setting out requirements for reasonableness and for prior consultation of leaseholders.

7.15 Section 18 (1) of the Act defines a service charge as 'an amount payable by a tenant of a dwelling as part of or in addition to the rent

- which is payable, directly or indirectly, for services, repairs, maintenance, improvements or insurance or the landlord's costs of management; and
- the whole or part of which varies or may vary according to the relevant costs.

7.16 Service charges are limited in so far as only relevant costs shall be taken into account in determining the amount of a service charge payable for a period and then only to the extent that they are reasonably incurred, and where they are incurred on the provision of services or the carrying out of works, only if the services or works are of a reasonable standard. (Section 18 of the Landlord and Tenant Act 1985 and section 47 of the Housing Act 1985)

7.17 Where the service charge is payable before the relevant costs are incurred, no greater amount than is reasonable is so payable and after the relevant costs have been incurred any necessary adjustment shall be made by repayment, reduction of subsequent charges or otherwise. The Leasehold Valuation Tribunal may make a determination of reasonableness in this regard.

Garages and Parking Spaces and Heating charges:

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

7.19 In respect of setting rent for parking spaces and garages the Council is permitted by section 93 of the Local Government Act 2003 to charge for discretionary

services provided that taking one financial year with another the income from charges for discretionary services does not exceed the cost of provision. In other words, the Council may not make a profit from the delivery of these discretionary services.

Caravan pitch fees:

- 7.20 In respect of caravan pitch fees and setting thereof section 24 of the Caravan Sites and control of development Act 1960 provides the power to local authorities to provide sites for caravans whether for holidays or other temporary purposes or for use as permanent residences, and to manage the sites or lease them to some other person. In exercising their powers under this section the local authority shall have regard to any standards which may have been specified by the Minister under subsection (6) of section five of the 1960 Act.
- 7.21 The local authority shall make in respect of the use of sites managed by them, and of any services or facilities provided or made available under this section, such reasonable charges as they may determine. Therefore in setting any proposed fees in relation to caravan pitches, the reasonableness of the proposed fees needs to be set out for Members' consideration.
- 7.22 The procedure to be followed in developing the budget proposals are set out in the Budget and Policy Framework Procedure Rules provided in Part 4.C of the Council's Constitution.

Public Sector Equality Duty:

- 7.23 Finally, Pursuant to Part II of the Equality Act 2010, public authorities must, in the exercise of their functions, including the exercise of the functions pursuant to the setting of fees as proposed in this report, have due regard to the need to:
- A. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act;
 - B. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it; and,
 - C. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 7.24 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment; pregnancy and maternity, race, religion and belief, sex and sexual orientation) and persons who do not share it involves having due regard, in particular, to the need to:
- A. remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - B. take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it; and,
 - C. encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law on behalf of

the Interim Director of Law and Governance and Deputy Monitoring Officer

8. HUMAN RESOURCES IMPACT

8.1 There are no HR implications arising from this report

Approved by: *Dean Shoesmith, Interim Chief People Officer*

9. EQUALITIES IMPACT

9.1 A proposed rent increase will impact on those people most in need. This should take into account that the scale of poverty and inequalities within the capital – and Croydon itself, have widened during the pandemic. London Councils has reiterated the importance of accurately measuring deprivation.

9.2 The Equality Strategy 2020 -2024 states that “Croydon has become relatively less deprived compared to other local authorities in England between IMD 2015 and IMD 2019. There remains geographic inequality in the distribution of deprivation in the borough with the North and East of the borough remaining more deprived. Croydon contains some of the poorest neighbourhoods in the country”

9.3 The Rent Setting Policy – February 2021, referred to in the report states that rent should be fair and affordable for all. It is likely that an increase in rent may have a negative impact on: families, single parents, single people, disabled people, parents of disabled children who for example may need a car and other characteristics who may be adversely affected economically. This includes those who have previously fallen behind with their rent payments and those who may have been adversely affected economically by the pandemic.

9.4 London Council’s state that “around 27 per cent of Londoners live in relative poverty after housing costs are taken into account, the highest figure of any region” In acknowledgement of this one of the Council’s core priorities is, we will focus on tackling ingrained inequality and poverty in the borough. We will follow the evidence to tackle the underlying causes of inequality and hardship, like structural racism, environmental injustice and economic injustice.

9.5 Though services charges, parking spaces, and garages are not taken into account as part of the Rent Setting Policy, increases in both rent and service charges could potentially worsen the impact on those affected.

9.6 Section 149 of Equality Act 2010 outlines the Public Sector Equality detailed in 7.23 and 7.24 of this report states that due regard should be paid in particular to the following provisions:

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act.

9.7 It is necessary to determine if this proposal impacts on some characteristics, or families or single people more than others to determine if it would have a negative impact on any group.

- 9.8 Some wards may have more social housing than other wards, so residents within these wards will be more affected. The demographics of wards are different and the levels of unemployment and deprivation will differ from ward to ward.
- 9.9 It is necessary to assess the impact on residents of this proposal by undertaking an equality analysis. If such data is not available at present, the collection of data should form part of an action plan which will help to identify the implications of this change on equality characteristics or others that may be affected. This report is provisionally approved subject to equality analysis required to determine the impact of the changes on equality characteristics and others who may be affected.

(Approved by: Denise McCausland – Equality Programme Manager
on behalf of the Director of Equalities)

10. ENVIRONMENTAL IMPACT

- 10.1 There is no environmental impact from the Policy proposed.

Approved by: Yvonne Murray Director of Housing - Resident Engagement & Allocations,
Housing Resident Engagement & Allocations

11. CRIME AND DISORDER REDUCTION IMPACT

- 11.1 There are no implications of the Policy proposed in relation to reduction/prevention of crime and disorder.

Approved by: Yvonne Murray Director of Housing - Resident Engagement & Allocations,
Housing Resident Engagement & Allocations

12. DATA PROTECTION IMPLICATIONS

- 12.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

NO

- 12.2 HAS A DATA PROTECTION IMPACT ASSESSMENT (DPIA) BEEN COMPLETED?**

NO

CONTACT OFFICER:

Guarnori, Orlagh, Head of Finance, Resources.

APPENDICES TO THIS REPORT

Appendix 1 – Rent Caps for 2022-23

BACKGROUND PAPERS

None.

Appendix 1 – Rent Caps for 2022-23

<https://www.gov.uk/government/publications/rent-standard/limit-on-annual-rent-increases-2022-23-from-april-2022>

Formula rent caps for 2022-23

| Number of bedrooms | Rent cap |
|---------------------------|-----------------|
| 1 and bedsits | £155.73 |
| 2 | £164.87 |
| 3 | £174.03 |
| 4 | £183.18 |
| 5 | £192.35 |
| 6 or more | £201.50 |