

APPENDIX X1a: Brockley Residents Feedback and Queries Relating to the Rent and Service Charges Proposed Increase for 2025/26

1 Meeting held at Pinnacle Brockley - Endwell Road, 30 October 2024.

Attendees

Chairperson Resident Panel and eight other residents

Staff

Carol Hinvest (CH)	Director of Housing, Resident Engagement & Services (LBL)
Tony Riordan (TR)	Principal Housing Accountant (LBL)
Erica Turner (ET)	Housing Partnership & Contracts Manager (LBL)
Julie Littlejohn (JLJ)	Administrator (Lewisham Tenants Fund)
Paul Mitchell (PM)	Area Housing Manager (Pinnacle)
Sandra Simpson (SS)	Project Manager Leasehold – (Pinnacle)
Hazel Pryce (HP)	Leasehold Officer – (Pinnacle)

Resident Feedback/Queries and Responses:

	Welcome and Introductions	Action Points
1.	<p>(CH) Welcomed all attendees. All other staff introduced themselves.</p> <p>(CH) – The purpose of this meeting is to discuss the Council’s proposal for Rent and Service Charge increases, and to welcome feedback and answer questions from residents. This includes the Lewisham Tenant Fund (LTF), which has not increased but we will discuss how the funds are spent. The increase in charges will be for all council dwellings for 2025-2026.</p>	
2.	<p>Dwelling rent – (CH) The Mayor and Cabinet will agree the increases at a January meeting in 2025. The proposed rent increase is 2.7%. The Government has a rent policy which allows registered providers such as Lewisham Council to increase the rent annually by applying the Consumer Price Index (CPI) set at September 2024 (which is 1.7%), plus 1%. So far, there is no indication of the cap on the increase for this year, or the coming year, if given later then it will be applied.</p>	
3.	<p>Garage rent – (CH) Garage rent is proposed to raise by 2.7% using the Retail Price Index (RPI) in September 2024. On average, the revised annual rent will rise by 55p per week per garage. Blue badge holders will continue to get 50% discount on weekly garage rent.</p>	

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Q & A For Rent & Garages	
4.	<p>(Tenant) asked if the 1% uplift is discretionary, did anyone at the previous meeting ask why this was being imposed?</p> <p>(CH) yes, there were questions about why we are recommending the maximum increase. The reason is simply that the costs borne from the housing revenue account continue to rise, above inflation in many areas, and so recouping extra income to make up for that overspend needs to happen where it can.</p> <p>(DC) 2.6 of the Rent setting, you say, we are looking at the proposed increase starting 6th May 2025 instead of the beginning of the financial year, is it that because of the error for the last financial year and are we, going forward, taking it back to the beginning of the financial year?</p> <p>(CH) – we have looked at that, we will keep it in May because we can only increase once a year, and so in order to bring it back in line with the financial year would require waiting until the following year and missing an (almost) whole years increase.</p> <p>(TR) When the property becomes void, we may be able to re-let at formula rent.</p>
Lewisham Tenant Fund	
5.	<p>(JLJ) - Every tenant contributes 15p per week from their rent as a tenant levy. This is collected by Council and deposited in the LTF. The funds are administered by Julie. The TRA's can apply for funds/grants. Nuding Close, Shell Road, Ermine Road, Foxborough Gardens, all have TRA's. Grants can be applied for each year, for equipment/training. There is training for Chairs and Treasurers.</p> <p>How the funds are spent:-</p> <p>83% of expenditure on TRA grant/projects 17% is for administration and overheads.</p>
Q & A Lewisham Tenant Fund	
6.	<p>(JL) are there funds available to do other things other than setting up TRA's?</p> <p>(JLJ) yes, there are other considerations for funding, each on their merits. If its anything to do with training we are happy to look at that. Recently funded a cohort of residents to complete CIH (Certificate of Housing) Level 1.</p>
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	<p>(CH) – the fund is there to support people who wants to establish a TRA.</p> <p>(SS) If interested in forming a TRA please email Brockley.customerservice@pinnaclegroup.co.uk and we'll put you in touch with our Resident's Liaison manager.</p>	
Service Charge		
7.	<p>(SS). The Service Charge will be increased in line with September 2024 RPI of 2.7% + 1%, total increase of 3.7% for the coming financial year 2025-2026. The total average weekly increase will be £12.44 per week. Leaseholders are given a list of all things the Service Charge covers.</p>	
Q&A For Service Charge		
8.	<p>(AN) Not seen the window cleaned at Almond House.</p> <p>(SS) not every block has this service and only applied to communal windows.</p> <p>(JL) the communal lighting is on 24/7, is there any to make this more efficient and so drive down electricity costs?</p> <p>(SS) Rydon maintain the lighting in blocks, and are replacing old light fittings on expiry for more energy efficient fittings and bulbs. If the block is dark, the light will remain on for health and safety.</p> <p>(JN) I've received a section 20 notice can this be queried?</p> <p>(SS) all section 20 notices can be queried, once you receive the notice, you have 30 days to make any observations.</p> <p>This should be emailed to Brockley.customerservice@pinnaclegroup.co.uk</p> <p>(Tenant) what is meant by bulk waste?</p> <p>(SS) big items that can be picked up and disposed of by the Estate team. No service charge for this imposed on leaseholders in converted houses, as we do not collect from them.</p>	
AOB		
9.	<p>(CH) please complete the Tenancy Satisfaction Measures (TSM) survey when received which will be reviewed by the Government. Expect a call from an independent provider to carry out the TSM, as LBL will be undertaking the service this year and not Pinnacle.</p> <p>(JL) please clarify who is Regenter?</p> <p>(ET) in 2007 the council entered into a PFI contract. The council at the times used a number of funding options to glean investment, Regenter being one such SPV (special</p>	
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	<p>purpose vehicle). Regenter has two subcontractors - Pinnacle who carry out Housing Management for tenants and leaseholders – and Rydon who deal with lifestyle and major works, as well as day to day repairs.</p> <p>The PFI expires in June 2027, no decision has been made yet as to what will happen, but it is likely the operation will go back in house as they have done with other ALMO's.</p>	
10.	<p>(CH) Thanked all for attending. Meeting ended at 7.30pm with personal questions answered after, closed at 8pm.</p>	

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APPENDIX X1b: Brockley Residents Meeting Services Charges Rise for 2025/26

1.	<ul style="list-style-type: none"> • May Pinnacle please confirm that this report and relevant documents was sent to ALL residents at least two weeks before the meeting? <ul style="list-style-type: none"> ○ How many residents are on Pinnacle’s email distribution list? ○ Are you confident that all other residents have access to the internet and documents online and were aware that they were posted there? ○ How did Pinnacle ensure that residents without internet and email access received the information in time before the meeting? ○ How did Pinnacle ensure that all residents were aware of the meeting? Were letters sent to residents not on the distribution list?
2.	<p>Service Charges 25/26 – dated Thursday 17 October but posted online Tuesday 22 October. Even if a resident requested the documents on 16 October, they probably would not have received these by post until Monday 21 October at the earliest. That’s only 7 full working days before the meeting.</p>
3.	<ul style="list-style-type: none"> • 3.2 - Is the 1% discretionary or part of the “uplift under RegenterB3 contract”? It has been applied for all years. • 4.1 - Was the annual audit of actual costs shared with all residents? If so, when and how? • 4.4 – The range of leasehold numbers is so large but the management fee the same regardless that many leaseholders are receiving varying levels of services based on their specific blocks. <p>Please explain why the management fee is the same, if some leaseholders are not receiving the full range of services why do they get charged the same as residents who do?</p> <ul style="list-style-type: none"> • May leaseholders opt out of service provision if Pinnacle/Rydon continue to fail to deliver these services?

Lewisham Council Dwelling Rents 2024/25

1.	<p>The document states “residents are invited to consider this report” but as Pinnacle and the Council knows from previous years, this document and the others have not been sent to all residents. There is uncertainty if Pinnacle sent the document or made it available to all panel members let alone all residents. The chair of the residents committee previously complained that they were bypassed on discussions.</p>
2.	<p>Was the heating and hot water charge changes report shared with residents? If not, why not? This was requested last year and the request ignored.</p>
3.	<p>Policy Context – The increase in service charges may be detrimental to Corporate Strategy Objectives and may mean that a decent home is not</p>

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	<p>secure or affordable and may lead to an increase in homelessness. It is unclear how the action of an increase will help to develop the objectives.</p> <ul style="list-style-type: none"> • How is success measured and what were the results and impact of last years' increase?
4.	<p>How does the rent increase directly contribute to the 4 bullets and how is this measured?</p> <ul style="list-style-type: none"> • How does raising charges help deliver Council objectives? • If Lewisham Council states there are no direct efficiencies or savings and there are no value for money indicators to assess effectiveness how does the Council measure that quality of homes has been improved? • How does increasing charges strengthen communities and embrace diversity? What baselines does the Council use to measure success / failure? What were the results from last year?
5.	<p>Efficiencies and savings proposals – No examples are provided, only generic paragraphs. What direct efficiencies/savings are currently being considered?</p> <ul style="list-style-type: none"> • The Brockley Service Charge Report 2023/24 Para 5.3 stated that one of the key principles for setting service charges is value for money. There was no evidence that value for money was considered and that efforts will be made to improve the quality or quantity of services or to make any efforts to reduce costs for the same services. • The Council had a similar line for the 2022/23 charge increases. Please may the Council confirm what opportunities for cost reductions and efficiencies it identified and implemented for 2021/22 and 2022/23? Or is this just another generic Council line without any substance? • What are the referred to savings and targets? Were these met in previous years? • The report does not stipulate or define value for money and how it is measured. What economic, efficiency, effectiveness and equity indicators are used to measure value for money? • The key principles for setting service charges do not refer to the levels of profits made by contractors. Why is this not a key principle? Without knowing this how can Lewisham Council and residents test if the contract delivers value for money?
	<p>2023/24 rent increase proposal documents included additional sections on crime and disorder, equalities, and environmental implications. These were omitted in the 2024/25 reports and no explanation provided. Are these no longer council objectives? If they are please provide the documentation highlighting where Pinnacle is held to account to deliver these through service charges?</p>

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Inclusive Regeneration Estates Team Report (garage)

	3 Policy Context
1.	<p>How does raising garage rents help to build an inclusive local economy and make Lewisham greener? It is unclear how the action of an increase will help to develop the objectives.</p> <ul style="list-style-type: none"> • Some residents may have garages for personal and not business purposes so there is no impact on the local economy. • What are the green links? Most cars will not be electric. Will the Council prioritise electric cars for garage use? • How many residents have electric cars in garages? • How many garages are used for economic purposes and how many are just residential garages? i.e. taxi drivers, perhaps storage of commercial goods? • Does the council only use funding from garages for green or economic generation projects?
2.	How is success measured and what were the results and impact of last year's service charge increase?
3.	This section states that there are no specific (positive or negative) environmental considerations but the Council's objective is to make Lewisham Greener. Again, the proposal does not match reality, objectives or the strategy.

Council Failings and Costs:

All of the below are on the residents Facebook and link to journalist and official bodies investigating the Council and its suppliers.

1.	<p>Do the service charge increases reflect ongoing Council and contractor failings to deliver compliantly and are these unnecessary costs passed onto residents via service charges?</p> <p>If and how are any of the costs below due to gross negligence and maladministration passed onto leaseholders through service charges or other (council tax, major works etc)?</p>
2.	<p>Why 'no win, no fee' solicitors are taking on councils over social housing Lewisham is the third worst council in the country for paying solicitors fees and compensation rather than carrying out repairs to properties - £4,500,000</p> <p>Why 'no win, no fee' solicitors are taking on councils over social housing – Channel 4 News</p>
	<p>Ombudsman launches special investigation into Lewisham Council due to high failure rate in cases</p> <p>Ombudsman launches special investigation into Lewisham Council due to high failure rate in cases - Housing Ombudsman</p>
	<p>Leaseholders in Lewisham to be recharged due to £7.5m deficit in major works programme</p> <p>Inside Housing - News - Leaseholders in Lewisham to be recharged due to £7.5m deficit in major works programme</p>
	<p>London Borough of Lewisham fails to meet RSH's consumer standards</p>

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	London Borough of Lewisham fails to meet RSH's consumer standards - GOV.UK
	<p>Lewisham Council pay £40,000 to residents after 3 findings of severe maladministration. "The landlord also failed to provide evidence of surveys carried out, as well as clarity on what actual repairs have been done". Ombudsman awards £40,000 in compensation to residents after Lewisham Council's failings in damp and mould complaints - Housing Ombudsman</p>
	<p>Woman unable to use council house shower since March The ombudsman, which deals with complaints about social housing providers, said it had found failings in 85% of housing complaints about Lewisham Council in the last 12 months. Lewisham: Woman unable to use council house shower since March - BBC News</p>

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APPENDIX X1c: Lewisham Council Housing Services – Rent & Service Charge Proposals – Tenant Feedback Meeting

Meeting held on Microsoft Teams, 29 October 2024.

Lewisham Council Staff

Carol Hinvest (Chair) (CH) Director of Housing Resident Engagement and Services
 Clare Hopkins (CHo) Head of Housing & Communities
 Martin Ryan (MR) Head of Environment
 Tony Riordan (TR) Principal Housing Accountant
 Gbenga Olaeye (GO) Estate Surveyor, Property Asset Strategy & Estates
 Sofia Rufai (SR) Assistant Rent Officer
 Emilio Scozzafava (ES) Senior Community Relations Officer (minutes)

Lewisham Tenant’s Fund

Julie Littlejohn (JL) Lewisham Tenants Fund Administrator

Item 1: Welcome and Housekeeping	
1.1	CH welcomed attendees, went over housekeeping, objection raised for recording so call not recorded
Item 2: Reports	
2.1	CH gave summary of proposals contained in “Housing Revenue Account (HRA) – Rent, Service Charge and Garage Rent Setting”, highlighted service charge part of the report and described report contents
2.2	JL gave summary of “Lewisham Tenants Fund Budget for the Financial Year 2025/26” and reiterated there is no intention to increase the LTF levy and summarised the key points of the LTF budget report
2.3	CH summarised “Rental Increases for Garages from April 2025 – Lewisham Council and Regenter RB3”
Item 3: Q&A (questions grouped by theme for clarity)	
A) Report/proposal clarifications	
i) Comments on Rent & Service Charge increase	
3A.i1- (NR) Dacres Estate	<ul style="list-style-type: none"> What does RP mean in paragraph 2.4 of the HRA report? CH: Registered providers Paragraph 2.6 of the HRA report mentions an admin error. I don’t think this is correct as I was involved in flagging it, what sanctions have been applied to Lewisham Homes (LH) for this error? CH: LH doesn’t manage your properties anymore and there are no board members involved in the management of Council properties. Sanctions weren’t imposed for the admin error, which is what it was. This was from before my time, lessons have been learned and I am leading the project to ensure the rent increase process is done properly going forward.
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	<ul style="list-style-type: none"> Regarding paragraph 2.11 of the HRA report, who has been monitoring the charges referred to? CH: service charges related to leaseholders will be discussed at the Leaseholder Forum. Can I clarify if target rents are calculated on unit price & local average earnings? I think based upon 1999 levels.
3A.i2 – (M) Trinity Estate	<ul style="list-style-type: none"> What is the difference between bulk waste disposal and bulk waste collection? TR: bulk waste collection is collecting it; disposal is actually getting rid of it. Why are different rents charged on the same size properties in the block? TR: Different rents are usually only charged if they're not in formula rent (i.e. rent lower in the past and still catching up, as only able to increase rent by CPI +1 per financial year). If someone is a long-term tenant, then their rent would have started from a particular level and will now be increasing to the target rent, but if a void is let to a new tenant next door, Lewisham Council (LBL) would let that at target rent from the start. That is usually the only reason that the same size properties in the same block may be charged different rents. Is refuse/recycling collection included in the service charge? TR: refuse collection is funded through council tax and is not included in the rent service charge.
3A.i3 – (K) Home Park Estate	<ul style="list-style-type: none"> Is the service charge individually based? Or is it divided by the number of properties on an estate? TR: We look at each estate, how much resources it is using and generally it's an equal share between all properties, the exception is when one block receives additional individual treatments such as window cleaning or pest control, which will be recharged to that block specifically.
3A.i4 – (P)	<ul style="list-style-type: none"> How much was made from the rent increase last year in the HRA and what has that money gone into that residents can actually see? TR: we have quite severe financial constraints which mean rent increases are not in line with the cost inflation of services LBL have to pay for. As a result, LBL lost about £3.5/4m last year due to this issue. We expect a similar situation for the financial year 2025/26, where the rent increase isn't necessarily going to cover the additional costs we're going to incur. The rent goes into paying for the services that the Council provides to tenants and leaseholders e.g. repairs, housing management, major works.
3A.i5 – (T)	<ul style="list-style-type: none"> In the HRA report, why does the rent increase being in May mean a loss of £0.6m? The fact it happened in May and not April affected my Universal Credit. CH: as discussed earlier, there was an error that meant letters went out late which caused this shortfall. TR: clarified that it's a notional loss between raising rents on 1 April rather than 1 May. Theresa: it would be better to say it's a notional loss going forward.

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	<ul style="list-style-type: none"> Is it possible to provide a breakdown of weekly service charge elements?¹
3A.i6 – (J)	<p>Is the increase related to housing construction work that we're seeing around the borough?</p> <ul style="list-style-type: none"> CH: no, new properties are paying higher rents than social rent as they're part of the London Affordable Rate, which we are required to charge where the development is part-funded by the Greater London Authority.
ii) Comments on Garages	
3A.ii1 – (N)	<p>Of the total number of garages how many require investment to make them lettable?</p> <p>GO: We are carrying out a review of the garages atm and should be able to provide an update on the no of units which fall into this category.</p>
iii) Comments on Lewisham Tenants Fund	
3A.iii1- (NR) Dacres Estate	<p>Regarding paragraph 2.1 of the LTF report – if LTF currently has an underspend, would there not be a reason to reduce the LTF levy tenants pay?</p> <p>JL: no, it is prudent to maintain it so that we can maintain LTF funds in next FY.</p> <p>Nigel: regulatory landscape has changed, greater emphasis on tenant skills/training to engage with LBL. We're happy to support residents as and when possible.</p>
iv) General comments on the reports	
3A.iv1 – (N)	<ul style="list-style-type: none"> For the next rent increase meeting, it would be good to have reports provided in a more resident-friendly format without jargon, ideally easy read but if not just simpler and clearer about the proposals. It's important to remember they're homes as well as units.
B) Rent concerns	
3B.1 – (NR)	How well do you reflect affordability in the rent increase?
3B.2 – (P)	<p>The government has allowed a certain amount of social rent increase, but LBLHS can choose not to increase by the maximum amount. LBL has chosen to go for the maximum amount despite the lower earning background of tenants. I don't agree with rent increases</p> <p>CH: that is the recommendation from LBL officers, but councillors will have to approve it and your feedback will go back to them when they are making their decision. It's our recommendation because of the financial pressures that the council is under.</p>
3B.3 – (T)	The rent increase last financial year was big for people who live on benefits, comparatively 2.7% is more manageable than the 7% of the year before.
3B.4 – (M)	Agree with others that we're living in filth, conditions have declined everywhere, why are we being asked to pay more?
3B.5 – (NB)	My general impression is that most tenants don't feel like there is value for money in the current offer. LBL understands that there are issues with quality of service.
3B.6 – (E)	I don't agree with rent increase when you are not doing anything not even to change a sink tap, plus no improvement, my fence at

¹ This has now been provided

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	front of my house is broken down since I 've been here over 19 years. I really hope this meeting is not in vain.
3B.7 – (K)	No more than 1.5% raise
C) Resident services	
3C.1 – (NR)	Regarding paragraph 5.1 of the HRA report, I'd like to challenge the assertion that LBL is providing value for money to tenants.
3C.2 – (KW), Evelyn Estate	LBLHS needs to take action on service areas that are failing, such as the caretaking service for Evelyn Estate. MR: offered to meet with KW to discuss these concerns further.
3C.3 – (M)	Caretaking service on Trinity Estate isn't fit for purpose.
3C.4 – (J)	Can we vote out services that tenants don't use? Costs saved could be put towards refurbishments.
3C.5 – Anon	Caretaking has always been a essentially non-existent in the blocks of flats - it is standard that the lifts are out of order and that the stairwells are full of human and animal urine.
3C.6 – (P)	When will the rent balance service be available because it's embarrassing for a well-founded council not to have a rent balance system for tenants to check their balance without having to spend 30 minutes on the phone. CH: We know that there are issues with the portal I will update on the text balance service in this chat tomorrow FA: Hi All, here is a link to the page on our website that provides details of the new balance check service by text: https://lewisham.gov.uk/myserVICES/housing/council-homes/council-tenants/paying-your-rent The specific info from this page is as follows: "We have also brought back our text message service for rent balance checks. Just text BAL followed by a space and your account reference, e.g. BAL 1234567890, to 07888 863392. Please note, this is a new number – if you previously used this service, update the number in your phone contacts. Texts will be charged at your standard message rate. To use this service, we must have your current mobile phone number on our system. You can update it on the Resident Portal or by email to housingenquiries@lewisham.gov.uk , or call 0800 028 2028 (option 7, followed by option 3)."
3C.7 – (T)	If there is going to be increases, then the services which we pay for need to be looked at because at the moment the standards of caretaking are poor.
3C.8 – €	Why can't we see our rent on the portal anymore? See above
D) Property services	
3D.1 – (P)	<ul style="list-style-type: none"> Where does window cleaning happen? It's not happening on my estate. TR: clarified that window cleaning only covers communal windows, not ones belonging to individual properties. Regarding fire door replacement, I have a received a letter asking me to pay half the fee which to me is ridiculous because it should be Lewisham Homes responsibility to make sure that their property meets the standards of fire hazard regulations

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3D.2 – (C)	<p>More surveyors have come into check the job rather than doing the job itself. I have a broken window and I've reported it so many times but nothing happens. Why is rent being raised when nothing is changing for the better?</p> <p>CH: please email Emilio about your repair issue and we'll pick it up. LBL is clear that our Repairs service hasn't been good enough, that's why we've referred ourselves to the regulator. There's been a lot of work on this and there's still work to go but it is a priority for LBL to address this.</p>
3D.3 – (J)	<p>Agree with others that surveyors are coming too often for jobs that aren't needed – why are we replacing functioning doors and not focusing on refurbishing homes?</p> <p>TR: clarified that rent increase goes into the HRA which goes straight into services and refurbishments, money does not leave the HRA.</p>
3D.4 – (B)	<p>Agree that we get a lot of surveyors and it takes too long for them to visit and then works are delayed. LBL is possibly spending too much on surveyors and not focusing on resolving the repairs as soon as possible.</p> <p>CH: reiterated previous points on improving repairs service.</p>
3C.5 – (S) Sayes Court	<p>Does repairs performance get looked at by tenants?</p> <p>CH: yes, via the SPP – contact Nigel and he can provide you with more information. We also provide feedback to councillors.</p>
3C.6 – (NR)	<p>No window communal cleaning on Dacres Estate whatsoever since I have been her since 2014.</p>
3C.7 – (J)	<p>The main improvements to Repairs, get rid of the remaining LHomes staff</p>
3C.8 – (Y)	<p>What exactly is being done to improve the repair services, because waiting 2 months for a new boiler and having to live in cold with a minor is ridiculous, having a leak in my house which the water is coming through the light bulb and having to wait 2 months for repair is ridiculous</p> <p>CH: we have made improvements in the time it takes to answer calls in the repairs contact centre, at its worst it was taking 70 minutes, the latest is 14 minutes, that is still not good enough, Works in progress has come down from over 18,000 when we self-referred to 9,000 now,</p>
3C.9 – €	<p>How much percentage of rent goes back on to repairing tenants homes. I also had to repair my bathroom and kitchen myself. Also we haven't received the report for the surveyor done last year, what was the purpose.</p>
E) Garage rent concerns	
3E.1 – (G) Jerningham Court	<p>Why are garage and home rents being increased by the same amount when the use of a garage is very different and has not been refurbished or improved anywhere near as often. 2.7% is too high for garages.</p> <p>GO: our increase is linked to RPI, no more than that, we're looking at a works plan to improve garages, we're also looking at how many garages need substantial improvements to make them usable. It's 50p per week so it seems reasonable, but we'll take your feedback on board.</p>

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If anyone would like to be more involved, please contact the Community Relations team to find out more: communityrelations@lewisham.gov.uk

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APPENDIX X2a - Brockley Rent Increase Proposal Report 2025/26

Lewisham Council Dwelling Rents 2025/26		
Report Title	Housing Revenue Account (HRA) – Rent Setting	
Contributors	Director Resident Engagement and Housing Service/Executive Director for Corporate Resources	
Class	Part 1	Date: October 2024

1 Purpose of the Report

1.1 To set out and explain the proposed rent increase of 2.7% for Lewisham Council Dwellings in 2025/26. This reflects the Government’s Rent Policy and the Regulatory Rent Standard, which allows registered providers to increase rents by the annually reported CPI + 1%. Residents are invited to note this report and provide comments on the proposals.

2 Context

2.1 Lewisham Council is a Registered Provider (RP) of social housing and is required to comply with the Government’s Rent Policy. The Rent Policy stipulates the maximum increase which may be applied each financial year.

2.2 The current Rent Policy permits RPs to increase rents by a maximum of CPI (Consumer Price Index) + 1%. The CPI figure is taken from the nationally published CPI figure each September for the year preceding the rent increase.

2.3 The CPI figure for September 2024 was 1.7%. This means that the Council can increase rents for 2025/26 by 2.7% (1.7% +1%).

2.4 For 2023/24 financial year the Government ruled that rent increases to be applied that year should be capped at 7%, even though the CPI figure was 10.1%, during a year of exceptionally high inflation. The aim of the cap was to reduce the burden on households. The effect of this though was to move the burden to RPs, who were still impacted by high inflation in funding their service delivery.

2.5 The Government did not cap the increase for 2024/25 and has not currently capped the increase for 2025/26. The Council recognises the fact that tenants still face high

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living costs, however the Council will need to apply the maximum allowable increase of 2.7% for 2025/26, to be able to afford to continue to deliver services to residents, maintain and invest in the housing stock and make sure that the Housing Revenue Account is sustainable in the medium and long term.

- 2.6 Due to an admin error related to the increase in rents to be applied for financial year 2023/24, rents were not increased until 1 May 2023, as opposed to 3 April 2023. This resulted in a loss of £0.4m of rental income. Due to constraints applied to annual increases rents have not yet moved back to an increase in April each year. The proposed rent increase for 2025/26 will therefore become effective from 6 May 2025, resulting in £0.6m of lost rental income when compared to an April increase.
- 2.7 The report below sets out the resulting impact on rents.
- 2.8 The potential average service charges and heating and hot water charge changes for 2025/26 are contained in a separate report.
- 2.9 No proposals have been received to vary the current levy for the Tenants' Fund contribution. The detail is covered in a separate report and summarised below.
- 2.10 The proposed increase to garage rents is covered in a separate report and summarised below.
- 2.11 Residents are invited to comment on the proposals. Residents' comments will be included in the Mayor and Cabinet budget report due in February 2025. Mayor and Cabinet will be requested to approve the increase of 2.7%.

3 Policy Context

- 3.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the following corporate strategy objective:
- Tackling the housing crisis – Everyone has a decent home that is secure and affordable.
- 3.2 The contents of this report also support the objectives of the Housing Strategy 2020-26, as ensuring an appropriately funded HRA will work towards the delivery of the following objectives:
- Delivering the homes that Lewisham needs
 - Improving the quality, standard and safety of housing
 - Supporting our residents to live safe, independent, and active lives
 - Strengthening communities and embracing diversity.

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4 Proposal for rent increases

- 4.1 In line with the formula rent calculation policy, rents for 2025/6 will rise by 2.7% based on CPI of 1.7% (as of September 2024) + 1%, as allowable under the Government's Rent Policy.
- 4.2 A 2.7% increase in average rents for HRA dwelling stock 2025/26 equates to an average increase of £3.32pw over a 52-week period. This will increase the full year average dwelling rent for the London Borough of Lewisham from £120.63pw to £123.89pw. The proposed increase will result in additional income of £1.80m for the HRA.
- 4.3 It should be noted that the HRA cost base for management and maintenance, materials and capital investment will be inflated based on increases similar to or based on the CPI output data. Supply chain and labour supply remains challenging due to the difficult economic climate and the ongoing impact of Brexit and the geo-political situation in the world. There are also additional cost pressures associated with the zero-carbon agenda and the increased regulatory burden arising from the Social Housing Regulation Act 2023 and other legislative changes such as the Building Safety Act 2022. In addition, debt interest charges will also increase based on the need to borrow for HRA investment needs and the increase in interest rates applied to debt.
- 4.4 The following table provides details of the 2.7% average rent rise by bedroom numbers for housing stock in the HRA as at 1 April 2024. Service charges are not included in this table – please refer to the Services Charges Proposal Report, as referred to in Point 6 below.

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Bed size	Average Rent 2024/24	Average Rent 2025/26	£ Change	% Change
Bedsit	£90.62	£93.07	£2.45	2.7%
1	£106.14	£109.00	£2.87	2.7%
2	£119.40	£122.63	£3.22	2.7%
3	£138.97	£142.72	£3.75	2.7%
4	£156.17	£160.39	£4.22	2.7%
5	£178.97	£183.81	£4.83	2.7%
6	£183.75	£188.71	£4.96	2.7%
7	£189.27	£194.38	£5.11	2.7%
Average Total	£120.63	£123.89	£3.26	2.7%

4.5 For the purpose of business and financial planning, it is assumed that rental charges for the period 2025/26 to 2026/27 will be increased in line with the previous guidance of CPI + 1%.

4.6 At the present time, the financial models used by the council forecast CPI to be an average of 2% for 2026/27 onwards. This will be constantly monitored and updated when necessary.

5 Efficiencies & Savings Proposals for 2025/26

5.1 The HRA strategy and self-financing assessments are continually updated and developed, to ensure resources are available to meet costs and investment needs for 2025/26 and future years.

5.2 There are ongoing discussions regarding appropriate savings and target management and maintenance costs per unit across all council-owned housing. Any savings and efficiencies that are delivered against the current financial budget will be reinvested back into the HRA.

5.3 An update of the HRA Strategy and proposed rent & service charge increases will be reported to Mayor and Cabinet as part of the HRA Rents and budget strategy report. Mayor and Cabinet will make the final budget decisions in the New-Year.

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6 Service Charges & Garage Rents

- 6.1 The agreed policy on Service Charges is that charges should reflect full cost recovery for the type of service undertaken. Heating and hot water costs are also recovered by a charge to tenants and leaseholders.
- 6.2 A separate report to residents giving further details of the increase to be applied for 2025/26 is provided.
- 6.3 Garage rents are proposed to rise by 2.7%. This represents an average increase of £0.55pw and would raise the average basic charge from £20.40pw to £20.95pw. The proposed increase will raise an additional £55,575 of revenue income after blue badge discounts have been applied.
- 6.4 The authority continually reviews rental values across the garage stock to ensure they remain on a sound commercial footing and reflect market rents. Any additional changes are likely to be consulted on and implemented for financial year 2025/26 onwards.
- 6.5 Property Estates Services have provided a separate consultation report giving further details of the increase to be applied for 2025/26.

7 Tenants' Levy

- 7.1 As part of the budget and rent setting proposals for 2005/06 an allowance was 'un-pooled' from rent as a tenant service charge in respect of the Lewisham Tenants' Fund. The current levy is £0.15pw.
- 7.2 No proposals have been put forward by the Tenants Fund Committee to vary this levy for 2024/25. Therefore, the charge will remain at £0.15pw for 2024/25.
- 7.3 The tenants' fund has provided the panels with an update report regarding the accounts of the fund and budget proposals for 2024/25.

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8 Housing Select Committee

8.1 Housing Select Committee will consider the proposals on 21 November 2024.

9 Conclusion

9.1 From April 2020, councils were able to return to the previous method of rent increases, which was CPI plus 1%.

9.2 Whilst Lewisham Council implemented this method to determine the rent rises from that date, Government capped rent increases for 2023/24 at 7%. Rents for 2024/25 were increased by 7.7%. Rents for 2025/26 are not currently subject to capping from government and will rise by CPI + 1%. CPI as of September 2024 was 1.7%. Therefore, using the formula increase, rent will rise by 2.7% resulting in an average increase of £3.26 per week.

9.2 The budget report will be presented to Mayor and Cabinet on 8 February 2025.

If you require any more information about this report, please contact Simone Russell via email: Carol.Hinvest@lewisham.gov.uk

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APPENDIX X2b – Regenter Service Charge Proposal Report 2025/26

Committee	Brockley Residents Meeting		Item No	
Report Title	Service Charges 2025/26			
Contributor	Regenter Brockley Operations Manager			
Class	Information	Date	17 October 2024	

1 Purpose of Report

- 1.1 The report sets out proposals for resident’s service charges in 2025/26.
- 1.2 The report requests Brockley Residents to note the proposals to increase the service charges for leasehold and tenanted properties in 2025/26. Resident’s comments will be fed back to Mayor and Cabinet as part of the Council’s overall budget setting process.

2 Recommendations

- 2.1 To inform Brockley Residents on the service charge proposals and feedback comments to Mayor and Cabinet.

3. Background of the Report

- 3.1 The Council’s Housing Revenue Account is a ring-fenced account. The account can only contain those charges directly related to the management of the Council’s housing stock. By implication leaseholders must be charged the true cost of maintaining their properties, where the provision of their lease allows. This prevents tenants subsidising the cost to leaseholders, who have purchased their properties.
- 3.2 The service charges will be increased in line with the September 2024 RPI (Retail Price Index) of 2.7% plus 1% (uplift under Regenter B3 contract) making a total increase of 3.7%. This percentage will be applied to the actual cost of each service element of the 2023/24 figures. These costs have been audited and the actual average cost of each service arrived at.
- 3.3 Each year a review of the actual service charge costs is undertaken as part of the budget setting process and recommendations made to the Council in respect of proposed charges.

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3.4 In the current economic environment, it must be recognised that for some residents this may represent a significant financial strain. Those in receipt of housing benefit will receive housing benefit on increased service charges. Within Brockley PFI managed stock, last year there were approximately 315 live HB claims and approximately 374 tenants on Universal Credit. We say approximately because there are many tenants who are in receipt of UC but manage their finances themselves paying bills and rent directly to us, from their benefits, without the need to ask for guidance from our officers, therefore not on our statistics. Pinnacle, have a team of Income Recovery Officers who offer a personalised service to tenants and leaseholders who would like to discuss welfare benefits. These officers determine the need, whether it be Housing benefit or other Income maximisation benefit, to help residents become aware of benefit and eligibility, amongst many other financial support areas.

4 Leasehold Service Charges

4.1 The basis of the leasehold management charge has been reviewed and externally audited this summer to reflect the actual cost of the service.

4.2 The following table sets out the current average weekly charge and the proposed increase for the current services provided by Regenter B3.

4.3 The proposed service charges for 2025/26 have been aligned to the 2023/24 actual service charges costs.

4.4 The data in the table for leaseholders has been calculated to reflect the charge applied for inflation as allowed for within the contract at a rate of 3.7% (September 2024 RPI of 2.7% + 1.0%) Overall, charges are suggested to be changed to an average weekly charge from £24.51 which is the audited accounts for 2023/24 to £25.41. This considers the charges from the audited accounts for 2023/24 plus the 3.7% increase.

Service	No. of Leasehold properties receiving the service	Actual Weekly Amount (End of Year 2023/2024)	Increase (3.7%)	weekly increase	New Weekly Amount
Caretaking	440	£4.80	3.70%	£0.18	£4.98
Grounds Maintenance	440	£3.30	3.70%	£0.12	£3.42
Communal Lighting	441	£2.26	3.70%	£0.08	£2.34
Bulk Waste	440	£1.47	3.70%	£0.05	£1.52
Window Cleaning	414	£0.03	3.70%	£0.00	£0.03

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Service	No. of Leasehold properties receiving the service	Actual Weekly Amount (End of Year 2023/2024)	Increase (3.7%)	weekly increase	New Weekly Amount
Resident Involvement	593	£0.29	3.70%	£0.01	£0.30
Customer Services	593	£0.47	3.70%	£0.02	£0.49
Ground Rent	574	£0.00	3.70%	£0.00	£0.00
General Repairs	593	£3.46	3.70%	£0.13	£3.59
Technical Repairs	593	£2.30	3.70%	£0.09	£2.39
Entry Phone	140	£1.20	3.70%	£0.04	£1.24
Lift	242	£1.92	3.70%	£0.07	£1.99
Management Fee	593	£3.01	3.70%	£0.11	£3.12
Total		£24.51		£0.90	£25.41

5 Tenant Service Charges

- 5.1 Tenant service charges were separated out from rent (un-pooled) in 2003/04. Tenants pay service charges for caretaking, grounds maintenance, communal lighting, bulk waste collection and window cleaning.
- 5.2 In addition, tenants pay a contribution of £0.15pw to the Lewisham Tenants Fund. At present there are no plans to increase the Tenants Fund charges.
- 5.3 As outlined in this report, the principle to be applied to service charges is that full cost recovery should be maintained wherever possible. The service charge increase applied for 2025/26 once agreed will be applied from the time of the rent change, which is 6 May 2025. Pinnacle review service charges on a regular basis to ensure they are appropriately set and will continue to do so.

The data in the table for tenants as shown below, has been calculated to reflect the charge applied for inflation as allowed for within the contract at a rate of 3.7% (September 2024 RPI of 2.7% + 1.0%) Overall, charges are suggested to be increased by an average of 0.43 pence per week which would move the current

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average weekly charge from £12.01 to £12.44. This new total considers the charges from the audited accounts for 2023/24 plus the 3.7% increase.

Service	Current Weekly Charge based on the Actuals for 2022/23	Increase (3.7%)	weekly increase	New Weekly Amount at 9.9%
Caretaking	£4.80	3.70%	£0.18	£4.98
Grounds Maintenance	£3.30	3.70%	£0.12	£3.42
Communal Lighting	£2.26	3.70%	£0.08	£2.34
Bulk Waste	£1.47	3.70%	£0.05	£1.52
Window Cleaning	£0.03	3.70%	£0.00	£0.03
Tenants fund	£0.15		£0.00	£0.15
Total	£12.01		£0.43	£12.44

Feedback received from residents at the meeting on 30 October 2024 will be included in the Housing Select Committee Report. Other comments received to the end of November 2024 will be included in the Mayor and Cabinet Report.

Please ensure all comments are sent to Brockley Customer Services by email at Brockley.customerservice@pinnaclegroup.co.uk or by post to Brockley Customer Services, 111 Endwell Rd, Brockley, SE4 2PE.

If you require any further information on this report, please contact:
Paul Mitchell, Area Manager or Sandra Simpson, Project Manager-Leasehold
Brockley.customerservice@pinnaclegroup.co.uk
0204 518 1447

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APPENDIX X3 - Rent Increase Proposal Report LBL 2025/26

Briefing for TRA Chairs and the Leaseholder Forum Lewisham Council Rents and Service Charge increase proposal 2025/26 and proposal for the Tenants Fund and Garage charges		
Report Title	Housing Revenue Account (HRA) – Rent, Service Charge and Garage Rent Setting	
Contributors	Director Resident Engagement and Housing Service/Executive Director for Corporate Resources	
Class	Part 1	Date: October 2024

1 Purpose of the Report

- 1.1 To set out and explain the proposed rent increase of 2.7% for Lewisham Council Dwellings in 2025/26. This reflects the Government’s Rent Policy and the Regulatory Rent Standard, which allows registered providers to increase rents by the annually reported CPI + 1%.
- 1.2. To set out and explain the proposed service charge increase based on full cost recovery requiring an increase of £10.98 or 39.9% for 2025/26 to Lewisham Council tenants.
- 1.3. To confirm that the Tenants Fund contribution will remain at 15 pence per week.
- 1.3. To summarise the proposed 2.7% increase to garage rents.
- 1.3. TRA Chairs are asked to note, comment, and provide feedback on these proposals. Feedback will be reported to the Housing Select Committee at its meeting on 21 November 2024 and to the Mayor and Cabinet in February 2025. The proposed Rent Increase will become effective from 6 May 2025.

4 Context

Dwelling rents

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- a. Lewisham Council is a Registered Provider (RP) of social housing and is required to comply with the Government's Rent Policy. The Rent Policy stipulates the maximum increase which may be applied each financial year.
- b. The current Rent Policy permits RPs to increase rents by a maximum of CPI (Consumer Price Index) + 1%. The CPI figure is taken from the nationally published CPI figure each September for the year preceding the rent increase.
- c. The CPI figure for September 2024 was 1.7%. This means that the Council can increase rents for 2025-26 by 2.7% (1.7% +1%).
- d. For 2023-24 financial year the Government ruled that rent increases to be applied that year should be capped at 7%, even though the CPI figure was 10.1%, during a year of exceptionally high inflation. The aim of the cap was to reduce the burden on households. The effect of this though was to move the burden to RPs, who were still impacted by high inflation in funding their service delivery.
- e. The Government did not cap the increase for 2024/25 and has not currently capped the increase for 2025/26. The Council recognises the fact that tenants still face high living costs, however the Council will need to apply the maximum allowable increase of 2.7% for 2025/26, to be able to afford to continue to deliver services to residents, maintain and invest in the housing stock and make sure that the Housing Revenue Account is sustainable in the medium and long term.
- f. Due to an admin error related to the increase in rents to be applied for financial year 2023/24, rents were not increased until 1 May 2023, as opposed to 3 April 2023. This resulted in a loss of £0.4m of rental income. Due to constraints applied to annual increases rents have not yet moved back to an increase in April each year. The proposed rent increase for 2025/26 will therefore become effective from 6 May 2025, resulting in £0.6m of lost rental income when compared to an April increase.

Service Charges

- g. Service charges are payments made by residents for services received in connection with the occupation of their homes. Examples include the management and upkeep of communal areas, health and safety functions and repairs to/investment in the fabric of flat blocks. It also includes a range of services to estates. This may include caretaking, communal heating and lighting and grounds maintenance.
- h. Some of these services are required to be delivered for tenants as part of the tenancy agreement and/or the landlord's legal obligations. Where this is the case, the costs will be included as part of the weekly rent charge. Some additional services are 'de-pooled' from dwelling rents, which means they are payable on top of the rent charge. Leaseholders are required to contribute to the costs as set out in their individual Lease Agreement.
- i. The Council is legally required only to pass on charges which are reasonably incurred. To make a reasonable assessment of what the charges should be, the

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Council calculates estimated service charges for the following year by looking at the actual charges which were incurred during the full previous year for which they have audited accounts and adding on an inflationary amount. This is to ensure that full cost recovery is maintained for services supplied.

- j. A review of costs incurred by the authority and passed onto tenants via a service charge has been undertaken and has found that full cost recovery has not always been maintained for some of the services supplied. These mainly relate to utility charges but also includes a review of Caretaking, Grounds Maintenance, Heating and Communal Lighting and Lifts.
- k. The review has shown that there is a shortfall in recovery of these charges which needs to be addressed by the authority and increased charges to tenants for 2025/26 onwards. The Council recognises the fact that tenants still face high living costs, however the Council will need to recover the shortfall in recovery which has an impact on the ability of the HRA to maintain services.
- l. For 2025/26, it is proposed to set charges at full cost recovery based on audited accounts for 2023/24, plus an increase of 2.7%. Actual charges can only be fully determined at the end of the year once the services have been delivered. Once the actual charges are determined, Leaseholders will either receive a credit to their accounts for any overpaid monies or will receive a bill to make up the difference, where the estimated charges were less than the actual costs. For tenants, the costs will be reflected in the following years charges.
- m. The Regulator of Social Housing does not govern service charge increases in the same way as it governs rent increases. However, its guidance within the Rent Standard is that registered providers should endeavour to limit service charge increases for tenants, whilst maintaining full cost recovery.
- n. Where the service charges include repairs and maintenance costs for leaseholders, the Council has used an average of the past three years' costs, to help eliminate any unusual fluctuations in costs. The inflationary uplift is added to this. For services such as asbestos surveys, fire risk assessments and pest control, these costs will be charged in line with the contract values, as charged at the time.

Tenants' fund contribution

- o. The Tenants' Fund was set up more than 20 years ago to provide financial support for residents' associations and other activities. The Fund is administered by an independent Tenants' Group which has registered as a business with Companies House. All tenants contribute 15p per week to the fund, from their rent payment. No proposals have been received to vary the current levy for the Tenants' Fund contribution. The detail is covered in a separate report.

Garage Rents

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- p. Garage rents are set by the Council's Estates Team. Garage rent increases are not included in the Regulator's Rent Standard nor the Government's Rent Policy as they are not dwellings.
- q. It is proposed that garage rents are increased by 2.7%. This represents an average increase of £0.55 per week. The proposed increase will raise an additional £56k after blue badge discounts have been considered.
- r. The income goes into the Council's General Fund and not the Housing Revenue Account. The proposed increase to garage rents is covered in a separate report.

4 Policy Context

4.1 The contents of this report are consistent with the Council's policy framework. It supports the achievements of the following corporate strategy objective:

- Tackling the housing crisis – Everyone has a decent home that is secure and affordable.

4.2 The contents of this report also support the objectives of the Housing Strategy 2020-26 and ensuring a properly funded HRA.

- Delivering the homes that Lewisham needs
- Improving the quality, standard and safety of housing
- Supporting our residents to live safe, independent, and active lives
- Strengthening communities and embracing diversity.

4.3 In order to deliver on its Housing Strategy, the Council must produce a balanced HRA Business Plan, which by law is not permitted to go into deficit. As outlined above, it should be noted that the HRA cost base for management and maintenance, materials and capital investment will be increased due to inflationary pressures. Supply chain and labour costs remain challenging due to the difficult economic climate and the ongoing impact of Brexit and the geo-political situation in the world. There are also additional cost pressures associated with delivering on the zero-carbon agenda and the increased regulatory burden arising from the Social Housing Regulation Act 2023 and other legislative changes such as the Building Safety Act 2022. In addition, debt interest charges will also increase based on the need to borrow for HRA investment needs and the increase in interest rates.

5 Proposal for rent increases

5.1 In line with the formula rent calculation policy, rents for 2025/26 will rise by 2.7% based on CPI of 1.7% (as of September 2024) + 1%, as allowable under the Government's Rent Policy. London Affordable Rents, which is set by the Mayor of London will also increase by the formula of CPI + 1%.

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- 5.2 A 2.7% increase in average rents for HRA dwelling stock 2025/26 equates to an average increase of £3.26pw over a 52-week period. This will increase the full year average dwelling rent for the London Borough of Lewisham from £120.63pw to £123.89pw. The proposed increase will result in additional income of £1.8m for the HRA.
- 5.3 The rent increase for 2025/26 financial year will become effective from 6 May 2025.
- 5.4 The following table provides details of the 2.7% average rent rise by bedroom numbers for housing stock in the HRA as of 1 April 2024.

Bed size	Average Rent 2024/24	Average Rent 2025/26	£ Change	% Change
Bedsit	£90.62	£93.07	£2.45	2.7%
1	£106.14	£109.00	£2.87	2.7%
2	£119.40	£122.63	£3.22	2.7%
3	£138.97	£142.72	£3.75	2.7%
4	£156.17	£160.39	£4.22	2.7%
5	£178.97	£183.81	£4.83	2.7%
6	£183.75	£188.71	£4.96	2.7%
7	£189.27	£194.38	£5.11	2.7%
Average Total	£120.63	£123.89	£3.26	2.7%

6 Proposal for Tenants Service Charge increases.

- 6.1 As stated in previous reports to tenants, the council has embarked on an assessment of full cost recovery for service charges. The results of this exercise has shown that there is significant under recovery taking place particularly around energy charges. This is shown in the table below when comparing current charges for each service together with its actual cost. The Council is therefore proposing to increase services charges to ensure full cost recovery is achieved and maintained.

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- 6.2 The exception to this will be for heating charges which, based on full cost recovery would increase by over £18 per week for 2025/26. The Council recognises the fact that tenants still face high living costs and that it would be unfair to implement this increase in full in one year. Instead, the proposal is to increase heating charges by an average of £6 per week for 2025/26. This is in an attempt to strike a balance between being fair to tenants and being able to afford to continue to deliver services to residents, maintain and invest in the housing stock and ensure that the Housing Revenue Account is sustainable in the medium and long term.
- 6.2 The table below sets out the actual audited service charges and unit cost for 2023/24. These are shown in the green highlighted cells, both as an actual cost and as a cost per unit. The current average charge applied to tenants for 2024/25 is shown in the blue highlighted cells. The estimated cost and proposed charges for 2025/26 is shown in the yellow highlighted cells. This shows that there is a significant under recovery of costs. As stated above, heating costs will be limited to an overall average increase of £6 per week.

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	2023/24 Actual			2025/26 Estimates/Increases			
Existing Service	£ Actual Cost 2023/24	£ Unit Cost Based on 2023/24 Actual	£ Current Average Weekly Charge 2024/25	£ Estimated Cost 2025/26	£ Proposed Average 2025/26 Weekly Charge	£ Increase from 2024/25	% Increase from 2024/25
Bulk waste removal & disposal	789,672.75	0.84	0.73	810,993.91	0.86	0.13	17.90 %
Caretaking	3,353,295.21	6.95	7.84	3,443,834.18	7.14	-0.70	-8.99 %
Grounds maintenance	1,415,596.52	2.85	2.68	1,453,817.63	2.93	0.25	9.40 %
Pest control	229,481.11	3.08	1.88	235,677.10	3.16	1.28	68.23 %
Window cleaning	38,161.76	0.12	0.12	39,192.13	0.12	0.00	2.71 %
Total excluding Energy Charges	5,826,207.36	13.84	13.25	5,983,514.95	14.21	0.96	7.27 %
* Heating	1,987,107.40	29.97	12.62	2,040,759.30	18.62	6.00	47.54 %
Communal Lighting	2,481,723.25	5.47	1.61	2,548,729.78	5.62	4.01	249.16 %
Total Energy Charges	4,468,830.65	35.44	14.23	4,589,489.08	24.24	10.01	70.36 %
Grand Total	10,295,038.00	49.28	27.48	10,573,004.03	38.46	10.98	39.94 %

*Heating Charges cover estates/blocks with Communal Heating Systems only. Approximately 1,275 tenants receive this charge.

Green Cells = 2023/24 data

Blue Cells = Current 2024/25 Charge

Yellow Cells = 2025/26 Estimates/Increases

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7 Efficiencies & Savings Proposals for 2025/26

- 7.1 The Council is playing its part on giving tenants and leaseholders value for money, whilst ensuring that resources are available to meet costs and investment needs for 2025/26 and future years.
- 7.2 There are ongoing discussions regarding appropriate savings. Any savings and efficiencies that are delivered against the current financial budget will be reinvested back into the HRA.
- 7.3 An update of the HRA Strategy and proposed rent and service charge increases will be reported to Mayor and Cabinet as part of the HRA Rents and budget strategy report in February 2025.

8 Recommendation

- 8.3 Residents are invited to comment on the proposals. Residents' comments from the meeting held on 28 October 2024 will be included in the Housing Select Committee (HSC) Report, which will be presented at the meeting on 21 November 2024. Where additional comments are received after the cut-off date for the preparation of the HSC report, the comments will be fed back through the Mayor and Cabinet budget report. The cut-off date for the Mayor and Cabinet Report is the end of December 2024. Mayor and Cabinet will be requested to approve the increase of 2.7% and 2.7% for both dwelling rents and service charges for tenants and leaseholders.

If you require any more information about this report, please contact Carol Hinvest via email: Carol.Hinvest@lewisham.gov.uk

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APPENDIX X4 - Garage Rent Increase 2025/26

INCLUSIVE REGENERATION		
Estates Team Report		
Report Title	Rental Increases for Garages from April 2025 – Lewisham Council and Regenter RB3	
Key Decision	Yes	Item No.
Contributors	Directorate of Place	
Class		Date: October 2024

1. Purpose and Summary of the report

The purpose of this report is to advise the TRA and Leaseholder Forum of the proposed increase in the rent paid by tenants for domestic garages owned by the Council for the next financial year. For the past few years, the garage rents have been increased in line with the Retail Prices Index, which currently stands at 2.7%.

2. Recommendation

It is recommended that the Council approves, in principle, an increase in rent for the garage portfolio of 2.7%, to be effective from April 2025.

Blue Badge holders will continue to receive a 50% reduction in the weekly rent.

3. Policy Context

The contents of this report are consistent with the Council’s policy framework and supports the corporate strategy objectives.

4. Background

For the forthcoming financial year from April 2024, it is intended that the increase applied is 2.7%, which is in line with the Retail Prices Index.

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There are approximately 134 Council garage sites in the borough, comprising 182 garage blocks. There are 2,379 garages in total, which are split 2,011 to Lewisham Council, 311 Brockley Regenter and 57 TMO's. The split between social tenants/ leaseholders and non-residential tenants is approximately 70%/30%

The current waiting list for Lewisham Council garages is approximately 4,596 applicants.

A Council housing tenant or a leaseholder pays the basic price for a garage (subject to any specific discounts agreed) and a private individual pays the basic price with the addition of 20% VAT. Blue Badge holders receive a 50% reduction in the weekly rent. The application of a discount is a discretionary decision on behalf of the Council, as garages are not a core social dwelling provision.

The highest rent charged is £35.80 per week and the lowest is £19.28 per week. However, some garages are charged at less than the lowest rate per week. These are discounted rates (50% of the full charge) for tenants with blue badges.

The authority continually reviews rental values across the garage stock to ensure they remain on a sound commercial footing and reflect market rents. Any additional changes are likely to be consulted on and implemented for financial year 2025/26 onwards.

5. Financial Implications

The current annual rent roll for the garage portfolio is £2.05M based on a basic average standard charge of £20.40 per week per garage (i.e., before discounts are applied).

If the rents are increased by 2.7%, as proposed, in April 2025, the revised annual rent roll will increase to approximately £2.1M, or from £20.40 per week to £20.95 per week per garage, an uplift of £0.55p per week on average, and a total increase of approximately £55,575 on the annual rent roll, or £43,000 after blue badge holder discounts have been applied.

6. Legal Implications

The Council's duties in relation to the consultation of tenants on matters of housing management, as set out in Section 105 of the Housing Act 1985, do not apply to rent levels, nor to charges for services or facilities provided by the authority. There is therefore no requirement to consult with secure tenants regarding the proposed increase in charges. The Council still needs to act reasonably, and the decision maker should therefore

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be satisfied that the increase is reasonable and justified. The general principle is that the Council should be seeking best value.

7. Crime and Disorder Implications

There are no specific crime and disorder implications in this report. However, levels of voids could increase in the future if there is a lack of investment. Poorly maintained garages with high vacancy rates can in turn lead to increased levels of crime and anti-social behaviour.

8. Equalities Implications

The proposed 2.7% increase will be applied across the portfolio to residents and non-residents. Blue badge holders will continue to receive a 50% discount on the weekly rent as existing.

9. Environmental Implications

There are no specific environmental implications in this report.

10. Conclusion

The proposed rental increase is considered to reflect market rent and be sustainable and will raise additional revenue from the portfolio of approximately £55,575, or £43,000 net after blue badge discounts have been applied.

11. Further Information

If there are any queries on this report, please contact Kplom Lotsu
Kplom.Lotsu@lewisham.gov.uk

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APPENDIX X5 – Housing Revenue Account (HRA) Arrears Write Offs

X5a - Former Tenant Arrears Write Offs related to HRA Stock

Former Tenant Arrears Write Offs

The Income Team initially pursue collection of debts from former council tenants.

Where the Income Teams efforts are unsuccessful, the debt is passed to a Debt Collection Agency (DCA) to attempt recovery on the council's behalf. The DCA receives a proportion of any debts they recover.

Some debts are not passed to the DCA for example, where a tenant is deceased with no estate, or where the debt is Statute Barred and cannot be legally pursued.

The Director of Resident Engagement & Services and the Head of Service Finance recommend the write off 21 debts totalling £393,462.64 (GF and HRA). For GF cases, please see Appendix Y10a.

A summary of the 5 cases totalling £66,752.22 proposed for write off is set out below:

- 4 debts totalling £55,641.32 are from the HRA stock, and
- 1 debt totalling £11,110.90 is from the Brockley PFI Stock.

In each case all information that might be identifiable to a certain individual or property has been removed.

HRA stock cases

Case Ref	Balance Including Court Costs	Tenancy End Date	Case Summary
1	£15,886.72	26/10/2022	<p>The tenant did not engage well throughout her tenancy and had last made contact on 14 May 2021. Court action was delayed due to concerns about her mental health but on 25 February 2022 Social Services confirmed the tenant had proven she had capacity.</p> <p>Despite making contact via telephone, home visits, letters, and emails and attempted contact via family members, there was minimal engagement and the arrears continued to increase so a decision was made to proceed with eviction. We were awarded an Outright Possession at Court on the 26 April 2022 when the arrears were £12,623.29 and the eviction was on 26 October 2022.</p> <p>The case was passed to the DCA to obtain payment, but they were unable to collect.</p>
2	£15,418.86	07/11/2022	<p>A Notice to Quit was served by the Tenancy Audit Team on the 12 May 2021 after discovering the tenant</p>

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			<p>had passed away. After the NTQ expired, the Tenancy Audit Team carried out a home visit on the 13 June 2021 and found the tenants son in occupation. We instructed our Solicitors to proceed with legal action as the tenant's son failed to vacate the property as instructed. We were awarded an Outright Possession at court on 1 April 2022 when the arrears were £11,953.54 and the eviction was carried out on the 27 June 2022.</p> <p>The tenant's son was allowed entry to take his belonging but then refused to leave the property. A second eviction order was obtained and carried out 7 November 2022.</p> <p>The case was passed to DCA to obtain payment, but they were unable to collect.</p>
3	£12,610.87	04/12/2022	<p>The Tenant had a very poor payment history and her account remained consistently in arrears. The tenant generally engaged when contacted but did not maintain agreement to clear her debt via instalments. Her Housing Benefit claim stopped on 12 February 2018, because of her immigration status. The Homeless Prevention team confirmed they were unable to assist the tenant due to her immigration status, but suggested the tenancy could be assigned to her son, who had access to public funds.</p> <p>The case was referred to the Housing Management team to help the tenant assign her tenancy to her son. The Housing Officer, confirmed on 21 January 2020 the tenant did not provide the supporting documents requested numerous times between August 2019 and December 2019 and failed to complete the required forms. The Housing Management team closed the request for an assignment of tenancy in September 2020 because the tenant failed to provide the requested information.</p> <p>Following closure of the assignment request the Income team applied to the court for an eviction. The tenant was evicted on 4 December 2022.</p> <p>The case was passed to DCA to obtain payment, but they were unable to collect.</p>
4	£11,724.87	31/08/2022	<p>On 10 January 2022 we were granted Outright Possession at court; the arrears were £7,258.20. Soon after we obtained our court order it was brought to our attention that the tenant was in prison and would be out in March 2022, so we held off eviction action. We tried to locate the tenants prison number</p>

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			<p>so we could write to her about the arrears, but the tenant did not give consent for us to write to her.</p> <p>At the end of March 2022, she came out of prison, and we tried to get her probation officer to help with reinstating her benefits and the Homeless Prevention team tried to make contact to offer assistance, but she did not engage. The tenant was in full breach of the Outright Possession Order obtained in January 2022, so we proceeded with an application for eviction. The eviction was carried out on the 31 August 2022.</p> <p>The case was passed to the DCA to obtain payment, but they were unable to collect.</p>
5	£11,110.90	14/07/2024	<p>The original occupant of the property passed away in July 2022, and his son applied for succession. His application was rejected due to insufficient evidence.</p> <p>He appealed the decision but was still not able to provide the appropriate documentation therefore, we submitted the case to court to regain possession of the property. In total we attended court 3 times spread out over a number of months.</p> <p>Due to a discrepancy in Lewisham’s Succession Policy and procedure which contradicted the original decision, Lewisham agreed to give the UNO a property within the borough to prevent further hearings and more costs occurring for RB3. Pinnacle have incurred approximately £15k on legal costs for this case. The UNO was offered a specific property by Lewisham at the final hearing (14 March 2024) and agreement was made in terms of him moving out of the UNO property.</p>

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APPENDIX X5b – Summary of Aerial Debt Write Offs

Debt Type:	Debtor Reference:	Amount:	Explanation:
Aerial Debt	8357826	225,000.00	Debts raised to tele communications companies for aerial sites across the borough. Some companies have more than one debtor reference, however per company have debts of over £50k. These debts are being investigated thoroughly but it is expected they will need to be written off as in many cases the service ceased several years ago. The Council will continue to bill in all cases when the service is still being delivered.
Aerial Debt	8246444	94,383.00	
Aerial Debt	8247794	31,374.10	
Aerial Debt	8250841	26,700.42	
Aerial Debt	8205930	144,607.31	
Aerial Debt	8248638	128,226.68	
Aerial Debt	8253935	72,126.35	
Aerial Debt	8248781	32,196.96	
Aerial Debt	8253301	37,973.26	
Aerial Debt	8205942	21,546.46	
Aerial Debt	8254148	29,078.28	
Aerial Debt	8205962	41,230.61	
Aerial Debt	8206015	39,966.09	
Aerial Debt	8252325	22,464.43	
Aerial Debt	8249720	15,776.17	
Aerial Debt	8206024	10,673.24	
Total Housing Aerial Debt:		973,323.36	

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APPENDIX X6: Other Associated Housing Charges for 2025/26

Garage Rents

1. The detail of these charges and the changes are as set out in appendix 4. The proposals is for a 2.7% increase in charges which equates to an average increase of £0.55 per week.

Tenants Levy

2. As part of the budget and rent setting proposals for 2005/6, a sum of £0.13 per week was 'un-pooled' from rent as a tenants service charge in respect of the Lewisham Tenants Fund. The current charge is £0.15pw.

3. No proposals have been put forward by Lewisham Tenants Fund (LTF) to vary this levy for 2024/25. Therefore the charge will remain at £0.15pw for 2025/26.

Hostel Charges

4. Hostel accommodation charges are set based on current the Governments formula rent calculation and will increase by 2.70% (1.07 per week).

5. Hostel service charges are set to achieve full cost recovery, following the implementation of self-financing. For 2025/26, the charge for Caretaking/management and Grounds Maintenance will increase by 2.0%. This will increase the average charge from £83.48 to £85.15 per unit per week.

6. In addition, the charge for Heat, Light & Power will be increased by 10.0% and move the average charge from £7.88pw to £8.68pw. Water charges will increase by 2.7% and will move the average charge from £0.21pw to £0.23pw. The charge for Council Tax will be based on the total recharged received from Council Tax section. All charges will be based on the total number of hostel units and is forecast to increase by 1.0% overall for 2025/26.

7. Hostel residents were consulted on these proposals via individual letters. Officers also invited hostel residents to meet them to discuss the changes and how these may affect them. However, no comments or representations were received.

Linkline Charges

8. The delivery of the service to a 'full visiting service' to better reflect service need was implemented in 2018/19. The current annual charge to the HRA for 2024/25 is £456k.

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Current indications are that an inflationary increase of 2.5% will be applied for 2025/26, increasing the HRA charge by £11k (to £467k for 2024/25). The current Linkline charge to HRA residents is £6.60 per week and does not fully recover the full charge applied to the HRA.

9. Consultation with HRA residents/current users of the service is due to be undertaken sometime in the New Year. The results of any consultation will be reported to Mayor and Cabinet. There are no proposals to increase the maintenance charge, which will remain at £0.94 per week.

Private Sector Leasing (PSL & PMA)

10. Rent income for properties used in the Private Sector Leasing (PSL) and Privately Managed Accommodation (PMA) scheme are General Fund resources. From April 2021, rents for homes let under these schemes will be charged at the applicable Local Housing Allowance (LHA) for private rented sector (PRA) properties. This will support the schemes to remain viable in the longer-term and reduce the General Fund subsidy that is presently required to keep them in operation.

Heating & Hot Water Charges

11. As stated in previous reports to tenants, the council has embarked on an assessment of full cost recovery for service charges. The results of this exercise has shown that there is significant under recovery taking place around energy charges. The Council is therefore implementing a phased increase in Heating & Hot Water services charges to ensure full cost recovery is achieved and thereafter maintained.

12. Heating charges if based on full cost recovery would increase by over £18 per week for 2025/26. The Council recognises the fact that tenants still face high living costs and that it would be unfair to implement this increase in full in one year. Instead, the proposal is to increase heating charges by a maximum of £6 per week for 2025/26. This is in an attempt to strike a balance between being fair to tenants and being able to afford to continue to deliver services to residents, maintain and invest in the housing stock and ensure that the Housing Revenue Account is sustainable in the medium and long term.

13. The existing corporate contract for the supply of electricity is let by the property services team with Crown Commercial Services; an Executive Agency of the Cabinet Office. The contract frameworks have been designed to comply with the findings of the Pan Government Energy Project, which recommends that all public sector organisations adopt aggregated, flexible and risk-managed energy procurement with public sector buying organisations.

14. The proposal for 2025/26 therefore is for a maximum average increase of £6.00pw. This will move the current charge from £12.62pw to £18.62pw.

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15. The proposal for communal lighting is for a maximum increase of £6.00 per week. This will move the current average charge from £1.57pw to £3.31pw. The increase is due to updated unit rates and consumption rates.

16. Officers will review the costs, actual energy usage and new contact prices in both 2024/25 and 2025/26 as part of the monitoring regime. Once the new long-term energy supply contracts are in place, recommendations for changes to charges will be brought forward as part of the 2026/27 budget process.

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APPENDIX X7: Housing Revenue Account (HRA) Business Plan

1. Summary

- 1.1. The HRA Business Plan is a strategic plan that sits alongside the council's medium term financial plan. It details the income and expenditure that applies to the council's housing stock and is an important strategic document in the management and oversight of the HRA.

2. Recommendations

- 2.1. Mayor and Cabinet are asked to approve the Housing Revenue Account (HRA) Business Plan 2025-2056.

3. Policy Context

- 3.1. This report aligns with Lewisham's Corporate Priorities, as set out in the Council's [Corporate Strategy \(2022-2026\)](#):

- Cleaner and Greener
- A Strong Local Economy
- Quality Housing
- Children and Young People
- Safer Communities
- Open Lewisham
- Health and Wellbeing

In particular, this report is closely aligned to priority Quality Homes because the housing revenue account is the ring-fenced budget for maintenance and investment in council homes and services to tenants.

4. Background

- 4.1. The HRA is a ring-fenced account that covers the income collected through rents and service charges that council tenants pay and the expenditure on council homes and services to tenants. There is also borrowing against the account in order to fund investment in the housing stock.
- 4.2. Revenue expenditure is used to manage, repair and maintain the housing. Also to pay debt costs (interest and repayments).
- 4.3. The HRA is also used for stock investment, planned programmes and to part fund new build works, through the HRA capital programme.

5. Purpose and Content of the Plan

- 5.1. The HRA Business Plan provides a long-term financial plan for managing and

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overseeing the sustainability of the HRA.

- 5.2. A number of assumptions have been made in the financial modelling. For example, it has been assumed that rents will rise by CPI+1% up to financial year 2026/27 and CPI+0.5% thereafter, with income projected to be of the order of £106.9m pa from rents and service charges.
 - 5.3. The council's housing stock was previously managed by the arms length management organisation (ALMO) Lewisham Homes. Lewisham Homes received HRA funding from the council to deliver all aspects of housing management, repairs, maintenance and stock investment. This arrangement came to an end when the ALMO transitioned back into the council on 1st October 2023. Therefore the stock is now directly managed by the council.
 - 5.4. It is important to have in place a HRA Business Plan to ensure that the demands on the account are balanced against the income available and that there is effective prioritisation of these demands.
 - 5.5. Local Authorities generally are facing pressures on their HRAs as regulatory requirements have increased and the need to improve standards has been in the spotlight. The powers of the Regulator of Social Housing and the Housing Ombudsman have increased and there has rightly been a focus on the quality and safety of social housing across the country. It is imperative that we maintain oversight of the HRA in order to balance the competing demands on the account and to ensure its sustainability in the short and long term.
 - 5.6. Stock investment and safety are our highest priorities. We know we need to improve the decency of our homes and have profiled a capital programme for investment totalling £307.3m over 5 years which runs 2025-29. The HRA capital contribution to the new build programme (Building for Lewisham) is profiled over the same period and totals £19.9m over that period.
- Reviewing the Plan
- 5.7. The Plan is a dynamic document that will be subject to change, particularly once the results of the current stock condition survey is complete and taken into account to inform our future investment plans.
 - 5.8. The Plan will be reviewed annually with the financial modelling forming part of the council's annual budget reports to Mayor and Cabinet and then Council.
 - 5.9. We will also develop an Asset Management Strategy in 2024/25 that sets out more detail on our plans for stock investment and improvement.
 - 5.10 A Summary of key assumptions in the HRA Business Plan are shown below;
 - 5.10.1 The HRA business plan provides long-term financial forecasts resulting from the implications of the Council's spending, investment and rent-setting decisions, based

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on the authority's current income, expenditure and investment expectations. The data is combined with key assumptions on how costs and income might change in the future to illustrate what the authority can reasonably expect to happen, using the best available information.

5.10.2 Regular review of assumptions is important in order to help the Council make early decisions that help keep the HRA in balance, whilst also delivering substantial levels of investment in Council housing.

5.10.3 A summary of the key assumptions that underpin the 30 Year Business Plan are presented below:

Description	Effect on Business Plan	Assumptions used within the Business plan
HRA Stock Movements	Projections for rental income is based on stock numbers	Baseline stock numbers in the current year are adjusted for projected RTB sales and new affordable housing supply
Inflation on supplies and services	Income and expenditure is adjusted for inflation to reflect general cost increases. CPI forecast is based on rate in September of previous year.	Rental income uses CPI. Garages increased by RPI. CPI September 2024 1.7%. Forecast to increase to 2% in year 2, and remaining at 2% from year 3 onwards. RPI 2.5 in year 2, reducing to 2% thereafter.
Minimum Working Balance	Target level of minimum reserve for any overspends	Working balance requirements assumed at 10% of income giving circa £9.0m
Rental Income	Tenant rent projections are driven by stock numbers and average rent. Tenant rent is the largest source of income for the HRA	Average rent is currently set at £120.63 per week for 2024/29. Rent is adjusted as per government policy. Assumed CPI+1% for 2025/26 will raise rents by 2.7% to £123.89 per week. Assumed CPI+1% for 2026/27 and CPI+0.5% thereafter
Supervision and Management Costs	Rental income is allocated to management costs of providing a landlord service	Cost assumed to increase by CPI each year
Repairs and Maintenance Costs	Rental income is allocated to repairs budgets	Expenditure is adjusted in line with CPI and stock movements
Tenants and Leasehold Service Charges	Cost of specific services are charged back to tenants and leaseholders	Service charge uplift is in line with anticipated actual cost increases
Voids	Level of void properties has an impact on rental income achieved	Rent loss though voids are estimated at 1.5% of rent

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Bad Debts	Level of Rent and service charge arrears that are not collected or written-off results in loss of income	Assumed on average 4% of rent and service charges
Right to Buy Sales	Stock reductions reduce rental income, with retained receipts reinvested in new affordable housing	Projected 45 sales per annum. Legislation has been introduced to reduce RTB discounts to a maximum of £16k. This became effective from 22 nd November 2025. Additionally, there is ongoing consultation on the future of RTB legislation which may result in a further reduction in sales.
Interest rate on borrowing	Rental income is allocated to financing debt	Debt charge is assumed at interest rate of 4.5%
Depreciation	Rental income is allocated to Depreciation, which reflects the decline in the value of an asset over time due to wear and tear. A corresponding credit is made to the Major Repairs Reserve to fund capital spend on the existing stock	Depreciation within the business plan is approximately £27m and forecast to rise by 2% annually on average.
Capital Programme - Major Works	Investment to maintain housing stock at decent homes etc.	Profile for investment of £320m for 5-year period from 2024/25
HRA Debt Balance	The HRA debt balance as at 31st of March 2024 was £141.8m.	Accumulated reserve balances will determine capacity for debt repayments
Efficiency Savings	Savings contribute towards offsetting budget pressures	10% saving requirement for 2024/25 and 2025/26 across revenue costs for management and repairs.

6. Legal implications

- 6.1. In accordance with the Local Government and Housing Act 1989 (as amended) local authorities are obliged to keep their HRA separate to other accounts and to ensure there is no cross-subsidy to or from the council's General Fund resources.

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APPENDICES V1 to Z6 (2025/26 BUDGET REPORT)

London Borough of Lewisham

Housing Revenue Account Business Plan

1. Introduction

- 1.1. Lewisham is an inner London borough that, along with the rest of London, is facing an unprecedented housing crisis. This business plan explains how the Council's housing service will contribute towards mitigating that crisis through appropriate and targeted use of the Housing Revenue Account.
- 1.2. A Business Plan has two main elements:
 - A narrative explaining the nature of the business, the environment it operates in, and its business strategy and objectives.
 - A thirty-year financial model that shows the resources that the business will have and how it will use them, demonstrates that the business is viable and considers the potential financial implications of risks.
- 1.3. It is important to have a business plan because:
 - Having a well thought out strategy is better than just carrying on doing what has always been done.
 - A business needs to plan its finances in the long-term rather than just on an annual basis especially where decisions need to be taken with long-term financial implications.
 - A business needs to consider risks that may affect its financial viability and how to manage them.

2. Strategic Vision and Objectives

- 2.1. The Council's strategic vision and objectives for housing can be found in its corporate plan, climate emergency action plan, housing strategy and local plan.
- 2.2. The Council has a strong social purpose and is committed to improving housing, building new homes through the Building for Lewisham programme and engaging with residents.

3. External, Policy and Legislative Changes

- 3.1. The housing market in Lewisham is changing with more private sector rented housing, housing becoming less affordable, a shortage of social and affordable housing and an increasing number of people affected by homelessness.
- 3.2. The Greater London Authority has published the London Plan and a London Housing Strategy. The Regulator for Social Housing sets consumer standards that the Council must deliver. The Consumer Standards have been strengthened and expanded and the new standards introduced in April 2024.
- 3.3. The United Kingdom government has set house building targets. It also published a white paper that proposed to empower tenants and to supply more social homes and that led to the Social Housing (Regulation) 2023. The United Kingdom government also exercises significant control over the finances of local authority housing through

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the self-financing settlement of 2012, welfare reform policies and controls over rent increases.

- 3.4. In 2020, a global Coronavirus pandemic started that has had a major impact on many aspects of life including local authority housing services. Some of these impacts are temporary whereas others will be permanent. Britain left the European Union in 2021. This has already had an impact on local authority housing services, particularly in terms of access to the supply chain and in terms of the labour market.
- 3.5. Council housing rents are set in accordance with the government's policies on social housing rents. Rents increases are limited by government and the current policy is to limit them to the increase in consumer prices index (CPI) plus 1% each year (based on CPI from the previous September). The exception to this was the increase for 2023/24 which was capped at 7.7%, whereas CPI + 1% was 11.1%. This resulted in rents increasing by less than inflation causing financial pressure in the housing revenue account. This is a long-term issue as councils are not able to increase rents by more than CPI plus 1% in any year. Rent income is £87.9million in 2024/25 so a 1% variation is £0.9m a year. The increase for April 2025 will be 2.7%, following CPI at 1.7% plus 1%. The business plan assumes rent increase at CPI + 1% to 2026/27 and CPI + 0.5% thereafter.
- 3.6. Government is currently consulting on the Future of social housing rent policy which proposes a 5-to-10-year policy of rent increases based on the current formula of CPI + 1%. Lewisham responded to the consultation stating that it was imperative that the Government recognise the financial pressures on Councils and provide additional funding. Significant financial pressures are already bearing down on local authority HRAs. Primarily these pressures have been driven by the previous policy to reduce social housing rents by 1% for four years from 2016/17 but have also been compounded by the impacts of the COVID-19 pandemic, rising inflation impacting on the HRA cost-base and increasing demands on funding as noted above whilst continuing to achieve a balanced HRA. This could include a small programme of disposals of long-term voids and garage sites with the capital receipt being invested into the HRA capital programme.

4. Governance and Risk Management

- 4.1. The London Borough of Lewisham is governed by a directly elected Mayor and a Council of 54 members. There is a Housing Select Committee.
- 4.2. The Council regularly reviews its Strategic Risk Register. The identified risks relevant to housing including failure to deliver the Building for Lewisham programme, failure to comply with consumer standards, Catford and Lewisham Regeneration and Development, estate rationalisation, welfare reform and building costs. The Council has prepared a risk register regarding the development programme.
- 4.3. Risks and issues that are specific to the housing revenue account include:
 - Complying with the Decent Homes Standard and other Consumer Standards
 - Delivering the Building for Lewisham Programme
 - Delivering the Catford & Lewisham Regeneration Projects
 - The Cost of Living Crisis, Welfare Reform & Affordability
 - Refurbishment of Tower Blocks & Replacement of Lifts

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- Expiry of the of Brockley PFI scheme
- Investing in betterment, the environment, the common realm and to address social stigma.
- Meeting obligations for building safety, fire precautions and electrical safety.
- Improvements to sheltered housing and installation of aids and adaptations.
- Environmental Sustainability, SAP ratings & Zero Carbon targets.
- Disrepair, Damp and Mould

4.4. Following a review of performance in autumn 2023 the council self-referred to the Regulator of Social Housing (RSH) based on the potential breaches of the Home Standard, specifically covering non-decent homes, poor repairs service performance and overdue fire safety actions. The council is working to improve performance in these areas and has engaged fully with the RSH to achieve this.

5. Functions of the Housing Service

5.1. Until October 2023, most of the council's housing stock was managed by Lewisham Homes, an arms' length management organisation.

5.2. The Council reviewed the delivery of housing services including considering whether to continue with the arms' length management arrangements and whether there was any scope to make efficiency gains in management budgets. A decision was taken to bring all housing and asset management functions back in-house, meaning that over 500 staff were transferred in to the council under TUPE.

5.3. A new Housing Directorate was established from 1st October 2023, comprising the following three divisions: Housing Strategy, Resident Engagement and Services, and Quality and Investment.

6. Asset Management Strategy

6.1. There were 14,159 tenanted dwellings in the stock on 1st April 2024, along with about 5,800 leasehold properties. Most are in medium-rise blocks and most were built between 1961 and 1980. 12,603 were in the core stock, 320 were in hostels and 1,236 were in the Brockley PFI scheme. Stock numbers are forecast to decline by about sixty units a year mainly because of 'right to buy'.

6.2. There is a current consultation on the future of the RTB scheme and changes to qualifying periods and levels of discount. Government have already confirmed the change to the discount available in London, which has reduced from a maximum of £136.5k to £16.0k. This change became effective from 21st November 2024, with applications prior to this date qualifying for the maximum discount. The changes generated over 600 applications which are currently being worked through. This is likely to result in a large number of sales, above the current assumptions within the business plan. The authority will reassess the implications of these additional sales once they become clear and the plan updated.

6.3. The council has 137 housing blocks of which 58 are high rise blocks. The high rise blocks are subject to enhance building safety scrutiny and gateway processes which add complexity as well as reassurance when carrying out improvements.

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- 6.4. While the Council is committed to increasing the supply of social and affordable housing in the borough, it considers that its first duty as a housing landlord is to meet its statutory obligations and to provide good quality homes and services to its existing tenants.
- 6.5. Prior to the transfer, Lewisham Homes published an Asset Management Strategy for 2021 to 2026. This was based on a Stock Condition Survey that was carried out during 2019 and 2020 and was reported in early 2021. This demonstrated that the stock was not in a good condition with a number of homes failing the decent homes standard, and a requirement to invest £637.5million over thirty years. Lewisham Homes estimated that a further £297.4million was required for items not included in the stock condition survey, bringing the total to £934.9million. A new stock condition survey has been commissioned and has currently surveyed approximately 83% of homes. The initial analysis of data shows that currently 24% of homes are being classified as non-decent.
- 6.6. However, even this was found to be an under-estimate mainly because of the need to:
- Refurbish high-rise flats including Milford Towers in Catford.
 - Potentially regenerate sites with large panel systems buildings.
 - Replace lifts in tower blocks.
 - Invest in neighbourhoods.
 - Carry out works identified in property MOTs.
 - Invest in Energy Performance and Sustainability.
 - Meet obligations for building safety, fire precautions and electrical safety.
 - Tackle issues of disrepair and damp and mould.
 - Improvements to hostels and sheltered housing and installation of aids and adaptations.
- 6.7. The Council therefore is reviewing the capital stock investment programme to establish the cost of these works. A new stock condition survey has been commissioned which is likely to lead to a requirement for additional resources and an update to the Asset Management Strategy to establish the cost of these works and to ensure that they are budgeted for in the housing revenue account.
- 6.8. The Council must upgrade its stock so that all dwellings have a SAP rating of A or B. However, there are 851 properties where achieving a grade above C would not be possible and there is no budgetary provision for this policy on the grounds that the upgrades may be funded by government grants. The Council is therefore carrying out a review of the 851 properties where achieving a grade above C would not be possible and is assessing the potential costs of the zero carbon policy with a view to establishing an appropriate contingency in the business plan. In September 2022 there were 65 homes that failed the decent homes standard because of lack of thermal comfort. Whilst the current stock condition survey is not yet complete, some initial outputs show that 88% of the councils stock achieve Energy Performance Certificate C or better. The council is progressing grant opportunities to bring the remainder of the stock up to EPC C or better by 2030. The grants require match funding which can compete with other priorities.
- 6.9. The council plans to allocate resources for the Brockley PFI scheme upon its completion at £2.3million for 2027/28 and £5.6million thereafter.
- 6.10. The Council's long-term assets include £1.4billion of council dwellings. The council

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housing stock is therefore a significant resource for the borough and there is a need to maximise the opportunities to gain value from the council's assets. Matters to note include:

- Project Management – The Council has a record of underspending on its capital programme. The Council is therefore reviewing its project management and asset management arrangements.
- Borrowing – The Council plans to make extensive use of its borrowing powers in the Housing Revenue Account. This will have implications for the revenue budget especially in view of recent and anticipated increases in interest rates.
- Reserves – The Council has used a significant proportion of its reserves to fund the capital programme, with reserves now below the assed 10% requirement. A strategy to build up the reserves to the 10% level is currently included in the financial model.
- Capital Receipts – The Council is reviewing its capacity to generate capital receipts in the future. This may include additional selective disposals of garage sites and void properties for investment in the programme.
- Sustainability –The Housing Revenue Account capital programme is planned to increase with much of it devoted to new build.

7. Disrepair & Damp and Mould

- 7.1. The Council responds to individual reports of disrepair and damp and mould, makes regular inspections to identify cases of damp and mould and collects data to gain better insights into the extent of damp and mould.
- 7.2. The current stock condition survey has identified a number of homes that had defects with the potential to result in severe or moderate damp (approximately 20%). The council is addressing these issues and plans to rollout smart technology to identify when mould growth is likely to occur in a property by remotely logging humidity levels and heating use. The council has over 3,500 Damp and Mould cases and 100 disrepair cases. The service continues to improve its core service especially the repairs service and impact of the capital investment programme to reduce instances of Damp and Mould and disrepair claims occurring. The council continue to take action on existing cases and speed up the successful closure of cases.

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8. Financial Strategy and Planning - Revenue

8.1. The Business Plan financial projections cover the years to 2061/62. The first fifteen years, from 2025/26, are summarised below:

HRA Income & Expenditure Estimates - 15 year Forecast	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Rents	87.9	90.3	93.3	98.8	102.5	106.1	108.7	111.0	115.0	117.4	119.8	122.2	124.7	127.2	129.8	132.4
Tenants service charges	6.7	8.2	8.3	8.4	8.5	8.6	8.8	8.9	9.0	9.2	9.3	9.4	9.6	9.7	9.9	10.0
Leasehold service charges	6.6	6.8	6.9	7.1	7.2	7.4	7.5	7.7	7.8	8.0	8.1	8.3	8.5	8.6	8.8	9.0
Hostel charges and grants	1.5	1.6	1.6	1.6	1.7	1.7	1.7	1.8	1.8	1.8	1.9	1.9	1.9	2.0	2.0	2.1
Major Works recoveries	4.4	6.4	6.5	6.7	6.8	6.9	7.1	7.2	7.4	7.5	7.7	7.8	8.0	8.1	8.3	8.5
Other income	4.9	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.6	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Operating Income	112.0	115.9	119.2	125.2	129.3	133.3	136.4	139.2	143.6	146.6	149.5	152.3	155.4	158.3	161.5	164.7
Less:																
Management costs	-43.3	-44.1	-45.0	-47.3	-49.6	-50.7	-51.9	-53.0	-54.1	-55.2	-56.3	-57.5	-58.7	-59.9	-61.2	-62.4
Repairs & maintenance	-28.2	-25.5	-25.5	-24.2	-26.4	-26.8	-27.2	-27.6	-28.1	-28.5	-28.9	-29.4	-29.8	-30.3	-30.7	-31.2
PFI Costs	-6.8	-6.8	-6.9	-1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	-78.3	-76.4	-77.4	-73.1	-76.0	-77.5	-79.1	-80.6	-82.2	-83.7	-85.2	-86.9	-88.5	-90.2	-91.9	-93.6
Interest & other finance costs	-7.2	-9.7	-12.9	-15.7	-17.5	-18.9	-20.3	-21.6	-22.5	-22.4	-22.2	-21.9	-21.7	-22.0	-21.7	-21.4
Depreciation	-26.8	-27.4	-27.9	-28.4	-28.9	-29.5	-30.1	-30.7	-31.4	-32.0	-32.7	-33.3	-34.0	-34.7	-35.4	-36.1
Operating surplus/(deficit) after financing	-0.3	2.4	1.0	8.0	6.9	7.4	6.9	6.3	7.5	8.5	9.4	10.2	11.2	11.4	12.5	13.6
RCCO	0.0	0.0	0.0	-5.8	-6.8	-7.3	-6.9	-6.2	-5.1	-4.9	-4.7	-4.7	-6.8	-6.2	-6.4	-6.5
Debt Repayment	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-2.5	-3.7	-4.7	-5.6	-4.4	-5.4	-6.2	-7.1
Interest on balances	0.3	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.4	0.4
Surplus/(deficit) after appropriations	0.0	2.6	1.3	2.5	0.4	0.4	0.3	0.4	0.2	0.2	0.3	0.2	0.3	0.1	0.3	0.4
Opening reserves	4.7	4.7	7.2	8.4	10.8	11.2	11.6	11.9	12.1	12.5	12.8	13.0	13.3	13.5	13.8	14.1
Other Reserve Contributions	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
HRA Reserves	4.7	7.3	8.5	10.9	11.2	11.6	11.9	12.3	12.3	12.7	13.1	13.2	13.6	13.6	14.1	14.5

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8.2. The Business Plan operates at a small surplus in all years apart from 2024/25. However, reserves are currently lower than the 10% threshold the authority sees as a reasonable level of requirement. Plans are in place to increase the reserves over the next few years with reserves increasing from £4.7million in 2024/25 to £14.5million in 2039/40 and £124.3million in 2057/58. Revenue contributions to capital outlay are made from 2027/28 onwards.

8.3. The Business Plan forecasts the following changes in stock numbers. The core stock reduces by sixty units in 2024/25 and subsequent years because of estimated right to buy sales. However, this will be revised in the light of the changes to the RTB discounts available, and the number of sales revised in 2024/25 and 2025/26 based on the large number of applications prior to 21st November 2024. Other elements of the stock remain unchanged:

	2024/25	2025/26	2026/27	2027/28	2028/29
Core	12,603	12,543	12,483	12,423	12,363
Hostels	320	320	320	320	320
PFI	1,236	1,236	1,236	1,236	1,236
Total	14,159	14,099	14,039	13,979	13,919

8.4. This table does not take account of new builds as they come forward through the direct delivery programme.

8.5. The consumer prices index increased by 6.7% during the twelve months ended in September 2023 and by 1.7% during the twelve months ended in September 2024. The government forecasts that the rate of increase in the consumer prices index will be around 2% by the end of 2025. The business plan assumes that the consumer prices index will increase by 1.7% for 2025/26 rents and costs and 2% a year thereafter. The Council will closely monitor the impact of inflation on the business plan.

8.6. Under government rents policy, social rents usually increase by the level of the increase in the consumer prices index in the previous September plus 1%. The increase for April 2025 will be 2.7% based on CPI @ 1.7% + 1%. The model prudently assumes a rent increase based on the increase in the consumer prices index plus 0.5% a year from 2027/28 onwards.

8.7. The repairs and maintenance budget is calculated as follows:

	2024/25	2025/26	2026/27	2027/28*	2028/29
	£,000	£,000	£,000	£,000	£,000

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Avg. units	12,546	12,472	12,412	12,971	13,464
R&M / unit	1,525	1,838	1,876	1,913	1,951
Allocation	19,138	22,935	23,281	24,073	26,275
Once Off	0	2,459	2,111		0
New Build	102	104	106	108	110
Total	19,455	25,498	25,498	24,181	26,385

*Return of stock associated with the Housing PFI scheme

- 8.8. In 2024/25 an overspend of £9.5m is currently being reported in the R&M accounts, which is being covered by once-off provisions, additional income and underspends elsewhere. The Quality and Investment management team have calculated that long-term R&M allocations should be in the region of £23.0m + Inflation. However, a requirement of £28m is needed for 2025/26, £25.5m for 2026/27 and a core budget of £23.0m is required from 2027/28 onwards. There is a gap in the 2025/26 allocations of £2.5m which the council is seeking to reduce by efficiencies and/or additional income. The Council has provided for the capitalisation of £5million of revenue repairs in the capital programme for 2024/25 and further capitalisations are likely to be required and made in future years.
- 8.9. Repairs & Maintenance expenditure in 2024/25 is currently forecast to overspend by £9.5m and should be noted that the budget was overspent by £10.4m in 2023/24. Overspends generally would need to be covered by reduced expenditure elsewhere or additional income. The exact level of spend will not be certain until further into the financial year when a full analysis of the costs within the repairs & maintenance account has been undertaken.
- 8.10. Capital financing costs are calculated based on the assumption that interest rates will increase from a base of 4.40% to over 5% by the end of the current plan. The business plan calculates capital financing costs increasing from £7.2million in 2024/25 to £18.9million in 2029/30 and £22.1million in 2034/35 (because of increased debt and increased interest rates). The Bank of England base rate was maintained at a low level between 2008 and 2022 but has now been increased to 5.0% (June 2023). In June 2023, local authorities could borrow at between 5.2% and 6.2% at fixed interest rates and between 5.4% and 6.0% at variable interest rates. Further increases in interest rates are forecast. If PWLB rates reached 6% that would increase capital financing costs by 50% in the long-term. The Council will therefore monitor its capital financing costs closely.

9. Sensitivity Analysis and Stress Testing

- 9.1. The financial projections contained in a business plan represent the planned outcome based on a series of assumptions. These assumptions are based on what is considered to be the most likely environment in which the service will operate, including assumptions about government policy, economic variables, social circumstances and technological developments.
- 9.2. The business plan financial model has been used to carry out some sensitivity analysis around variables in the revenue budget and capital programme. In the base model the

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surplus / deficit and reserves are as follows:

	2024/25	2025/26	2026/27	2027/28	2028/29
	£M's	£M's	£M's	£M's	£M's
Surplus/(deficit) after appropriations	0.0	2.6	1.3	2.5	0.4
Opening reserves	4.7	4.7	7.3	8.3	10.8
HRA Reserves	4.7	7.3	8.6	10.8	11.2

- 9.3. If rents are assumed to increase at the same rate as inflation rather than by 0.5% more, the forecast surplus / deficit and reserves would be as follows. There is obviously a negative effect:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£M's	£M's	£M's	£M's	£M's
Surplus/(deficit) after appropriations	0.0	2.1	0.3	-0.3	-1.0
Opening reserves	4.7	4.7	6.8	7.1	6.8
HRA Reserves	4.7	6.8	7.1	6.8	5.8

- 9.4. If cost inflation is assumed to be 1% higher than the general level of inflation, the forecast surplus / deficit and reserves would be as follows. There is obviously a negative effect:

	2024/25	2025/26	2026/27	2027/28	2028/29
	£M's	£M's	£M's	£M's	£M's
Surplus/(deficit) after appropriations	0.0	1.9	1.0	0.0	-0.7
Opening reserves	4.7	4.7	4.7	5.7	5.7
HRA Reserves	4.7	7.6	5.7	5.7	5.0

- 9.5. Interest rates are currently increasing. If interest rates are assumed to be 1% higher than in the base model, the forecast surplus / deficit and reserves would be as follows. There is obviously a negative effect:

	2024/25	2025/26	2026/27	2027/28	2028/29
	£M's	£M's	£M's	£M's	£M's
Surplus/(deficit) after appropriations	0.0	2.0	0.5	1.0	-1.0
Opening reserves	4.7	4.7	7.0	7.5	8.5
HRA Reserves	4.7	6.0	7.5	8.5	7.5

- 9.6. If the Council were to face a 'perfect storm' of rent increases limited to inflation, costs of management and repairs & maintenance increasing by 1% more than general inflation and a 1% increase in interest rates, the forecast surplus / deficit and reserves would be as follows. There is obviously a negative effect:

	2023/24	2024/25	2025/26	2026/27	2027/28
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	£M's	£M's	£M's	£M's	£M's
Surplus/(deficit) after appropriations	0.0	0.8	-0.7	-4.3	-6.1
Opening reserves	4.7	4.7	5.5	4.8	0.5
HRA Reserves	4.7	5.5	4.8	0.5	-5.6

9.7. The Office for National Statistics publishes construction output price indices quarterly. The latest statistics cover the period up to September 2024. They show the following price increases for housing repair and maintenance and for new work for housing that compares as follows with the consumer prices index. It is expected that construction prices will continue to increase more rapidly than the consumer prices index:

	Consumer Prices Index	Repair & Maintenance	New Work Housing
September 2017	2.8%	1.8%	5.0%
September 2018	2.2%	1.6%	2.4%
September 2019	1.7%	1.3%	3.7%
September 2020	0.7%	0.8%	0.4%
September 2021	2.9%	4.0%	7.5%
September 2022	10.1%	5.2%	10.5%
September 2023	6.7%	2.0%	6.3%
September 2024	1.7%	0.8%	2.4%
Average increase	3.6%	2.2%	4.8%

9.8. Construction costs are currently increasing at an annual rate above the general level of inflation and have increased at an average annual rate of 1.2% more than the consumer prices index over the last six years.

9.9. If construction costs in the capital programme were to increase by 1% a year more than is assumed in the base model the forecast surplus / deficit and reserves would be as follows. There is obviously a negative effect:

	2023/24	2024/25	2025/26	2026/27	2027/28
	£M's	£M's	£M's	£M's	£M's
Surplus/(deficit) after appropriations	1.7	-0.3	-0.2	-0.6	-1.0
Opening reserves	7.9	9.6	9.3	9.0	8.4
HRA Reserves	9.6	9.3	9.0	8.4	7.4

9.10. This sensitivity analysis illustrates the vulnerability of the business plan financial model to risk. The Council is in the process of developing a risk management strategy that will identify and quantify risks and provide for their mitigation, monitoring and management.

10. Financial Strategy and Planning - Capital

10.1. The Capital Programme for the first five years 2025 – 2029 of the business plan is as follows:

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	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	£M's	£M's	£M's	£M's	£M's	£M's
HRA Capital programme (Including Decent Homes)	73.9	77.9	50.8	49.4	53.4	54.5
Housing Management System – HRA	0.5	0.4	0.3	0.0	0.0	0.0
HRA Allowances PFI & Buybacks	0.7	2.1	2.4	2.3	5.6	5.7
Aids & Adaptations	0.5	0.5	0.5	0.5	0.5	0.5
New Build construction	12.2	56.8	87.4	61.8	26.1	19.8
Capital Cost	87.9	137.7	141.4	114.0	85.6	80.5
Funded By:						
MRR Opening Balance	0.0	0.0	0.0	0.0	0.0	0.0
RCCO	0.0	0.0	0.0	-5.8	-6.8	-7.3
Depreciation	-26.8	-27.4	-27.9	-28.4	-28.9	-29.5
Grants & RTB 1-4-1	-19.7	-50.8	-33.0	-40.4	-10.9	-20.0
Borrowing	-41.4	-59.5	-80.5	-39.4	-39.0	-23.7
Capital shortfall	0.0	0.0	0.0	0.0	0.0	0.0

10.2. The capital programme for 2024/25 and 2025/26 includes the following types of schemes:

- Decent Homes
- Building Safety
- Hostel Refurbishments
- Hostel Refurbishments Sheltered schemes
- Lift Programme
- Domestic Central Heating
- Commercial Heating
- Door Entry / Warden Call
- Laundries
- M&E Compliance Works
- Sustainability
- Fire related works
- Capitalised repairs and voids
- Capitalised salaries
- Fees & Charges

11. The New Build Programme

11.1. In January 2020, the Mayor and Cabinet approved recommendations to advance and expand the Council's 'Building for Lewisham' programme to meet the corporate objectives set for delivery of new homes. This includes a target of building 1,000 social homes through direct delivery and the partnership programme. It has been decided to approve schemes up to a negative net present value of £20million.

11.2. The business plan model contains the following for the new build:

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Expenditure heading	2024/25 £M's	2025/26 £M's	2026/27 £M's	2027/28 £M's	2028/29 £M's	2029/30 £M's
Build Costs	-12.2	-56.8	-87.4	-61.8	-26.1	-19.8
GLA Grant	1.6	37.9	16.8	7.9	0.9	6.6
One-4-One Funding	1.3	10.5	15.6	11.0	7.1	6.1
Other Subsidy	1.7	1.4	0.0	0.0	0.0	0.0
Sale Receipts	15.0	1.0	0.6	21.4	2.9	8.3
Net Build Costs	7.4	-6.0	-54.4	-21.5	-15.2	1.2

11.3. The forecast of One-4-One Funding shown in the above table will be impacted by the recent change in RTB discounts available and the longer term forecast of sales receipts. Whilst initial receipts may be in excess of the funding shown in the table due to the high volume of applications, the longer term receipts will likely fall. Any shortfall in receipts will need to be replaced by additional funding, government grant or a reduction in the development proposals.

11.4. The Council's new build schemes fall into four categories as follows:

- On site/complete – these are schemes where the Council has entered into the construction contract and therefore are committed to the Total Scheme Costs and NPV that are set out.
- Planning – these are schemes at an advanced stage of design and planning with consultant teams appointed to take the scheme to planning submission and to procure a contractor. There will have been public commitment made about delivery and active consultation on these sites. The Total Scheme Costs and NPV are a forecast. No contract is in place for the construction of the scheme although the procurement process may be underway.
- Approved pipeline - these are schemes at an earlier stage of design and planning with consultant teams appointed to take the scheme to planning submission and to procure a contractor. There will have been public commitment made about delivery and active consultation on these sites. The Total Scheme Costs and NPV are a forecast. No contract is in place for the construction of the scheme although the procurement process may be underway.
- Unapproved pipeline – these are schemes at an early capacity study / feasibility stage. No commitment has been made to deliver these schemes. These are the potential pipeline of future schemes.

11.5. It is considered that only the first three categories of scheme should be provided for in the housing revenue account business plan.

11.6. The financial model shows the new build programme making a net contribution to the housing revenue account. It calculates interest based on assumed levels of borrowing and rates of interest (see above) and assume that the net cost of new build that is charged to the capital programme will be funded by borrowing.

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11.7. Revenue income and expenditure is considered when carrying out appraisals of new schemes before their inclusion in the programme as part of the calculation of net present value. The Council will continue to monitor the effect of the new build programme on the housing revenue account.

12. Issues and Risks

12.1. Issues and Risks can be summarised as follows:

Number	Issue	Importance
1.1	Refurbishment of Tower Blocks & Replacement of Lifts	Statutory Requirement
1.2	Meet obligations for building safety, fire precautions and electrical safety.	Statutory Requirement
1.3	Environmental Sustainability, SAP ratings & Zero Carbon targets (statutory targets)	Statutory Requirement
2.1	Complying with Consumer Standards	Regulatory Requirement
3.1	Delivering Catford & Lewisham Regeneration Projects	Contractual Obligations
4.1	Delivering the Building for Lewisham Programme	Mayor's Priority
4.2	Investing in betterment, the environment, the common realm and to address social stigma.	Mayor's Priority
4.3	Improvements to sheltered housing and installation of aids and adaptations.	Mayor's Priority
4.4	Environmental Sustainability, SAP ratings & Zero Carbon targets (local targets)	Mayor's Priority
5.1	Cost of Living Crisis, Welfare Reform & Affordability	Protecting tenants and maintaining income
6.1	Risk that carbon reduction works suffer due to the other pressures for works for building safety and basic upkeep of the stock.	Risk

13. The Voluntary Code

13.1. The Chartered Institute of Public Finance & Accountancy and Chartered Institute of Housing have published a 'Voluntary Code for the Self-Financed Housing Revenue Account'. The Council has compared practice at London Borough of Lewisham with the principles and provisions of the code and have concluded that there may be some areas where performance could be improved.

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13.2. The Council has therefore decided to:

- Ensure that they have a full understanding of the need to invest in major repairs, repairs and maintenance of the existing stock in the short, medium and long-term and that the business plan financial model and budget contain adequate provision to meet these needs.
- Regularly update the stock condition survey and asset management plan to ensure that all necessary works are identified and provision made to carry them out; thus ensuring that the stock condition survey, asset management plan and business plan are fully integrated.
- Ensure that they have a full understanding of the capital and revenue costs of development schemes and are confident that they are affordable before they are approved.
- Consult with tenants and other stakeholders about the business plan, including the asset management standards, and makes arrangements to report regularly to tenants on compliance with the plan.
- Carry out sensitivity analysis and stress testing to test the robustness of the business plan financial projections.
- Develop a risk management system specifically for the housing revenue account.
- Consider alternative delivery vehicles for new social and affordable housing including housing companies.

14. Options that are available to the Council

14.1. The Council is reviewing development options as resources in the housing revenue account are constrained and a considerable amount of new housing is needed. Options to be considered include the creation of a Local Housing Company.

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