

Equality Analysis of 2013/14 Council budget

Housing equality impact assessment HRA Rent increases & Welfare Reforms

January 2013

Notes

The Cabinet's "budget principles" demonstrate a commitment to transparency in assessing the effects on any specific group/s of any cut or reduction in service provision, with consultation to explore alternative service provision. In line with this we conduct equalities' impact assessments for budget proposals.

The Council has a responsibility to demonstrate that at each step of the budget report process it has had due regard to equalities and considered impacts and any mitigation to be put in place.

The equality analysis in the budget report will contain a high-level summary of the equality impacts of proposed changes to funding commitments and of any funding being lost.

This template outlines the information that should be collated by each department and follows the requirements in the Council's new approach to equality. Guidance is also issued by the Council on equality analysis of the budget process and guidance produced by the Equality and Human Rights Commission on assessing the impacts of financial decisions¹.

Council Assembly make a decision on the overall budget, not on any specific proposed cuts but changes to services are likely to form the rationale for the budget proposals.

Completed returns to Corporate Strategy Division.

¹ "Using the equality duties to make fair and financial decision" – Equality and Human Rights Commission.

Equality Analysis of 2013/14 Council budget – Housing Services Department	
1. Departmental information and audit trail	
Council department	Housing Services Department
Lead officer	Gerri Scott
Author	Antoinette Stasaitis
Date	12 December 2012
Consultation with other officers / departments	Community Housing services Area Management Finance & Resources

2. Vision / aims and objectives	
Departmental vision statement	<p>Vision – Making Southwark homes great places to live where good quality services are delivered right first time.</p> <p>Mission – Improve Housing Services by working with residents to deliver consistently high quality services, doing more for less and supporting the most vulnerable residents.</p> <p>Objectives</p> <p>Objective 1: Implement a programme to ensure that Southwark’s council housing stock is warm, dry and safe</p> <p>Objective 2: Deliver an improved housing repairs service, verified by residents</p> <p>Objective 3: Improve customer service and increase on-line services</p> <p>Objective 4: Ensure that charges for homeowners are fair</p> <p>Objective 5 Provide improved value for money and deliver savings</p> <p>Objective 6: Increase the supply of housing, use our stock effectively, and minimise the number of people in temporary accommodation</p> <p>Objective 7 Involve tenants and homeowners in the improvement of service delivery.</p>

	<p>Public Sector Equality Duty (PSED)</p> <p>The council works in accordance with the single public sector equality duty (PSED) contained within section 149 of the Equality Act 2010. This means Southwark council must have due regard to the need to: eliminate unlawful discrimination, harassment and victimisation; advance equality of opportunity between different groups; and foster good relations between different groups. A scoping exercise established that there is no differential effect on residential rents or associated charges for any community or protected group. In addition, it is recognised that increases in rents and charges may present particular difficulties for people on low incomes. However, rents and tenant service charges remain eligible for housing benefit, as noted in the main report: <i>“For those eligible, Housing Benefit will continue to meet the costs for tenants who cannot afford to pay”</i> (Government Minister).</p> <p>Community Impact Statement</p> <p>The assessment considers the anticipated effects of the transitional provisions altering HRA subsidy to the new self-financing settlement payments in the light of the Localism Act 2011 and the draft determinations issued by Department for Communities and Local Government in accordance with the provisions of Section 173 of the above act.</p>
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<p>3. 2013/14 budget proposals</p>	
<p>Budget “headlines”</p>	<p>4.85% rent increase</p> <p>The ring-fenced HRA is not immune from the effects of the national Spending Review and a three-year savings package, in line with that required for the rest of the council, has been identified. Savings must have regard to maintaining prudent levels of reserves and supporting capital investment from revenue funding. Further, nominal self-financing is constrained by central government’s HRA debt settlement figure. In addition, the council has a statutory responsibility to provide a balanced HRA, with all expenditure income matched.</p> <p>To forgo rental income increases now is to risk future cuts in services and a simple to deferment of efficiency savings until 2013/14. Loss of income now would inevitably lead to above guideline rent increases in future years, in order to restore parity, which would be detrimental to tenants’ financial interests.</p> <p>The local Housing Commission report considers matters from April 2015 onwards, prior to which the council has assumed the general parameters of the early years of self-financing to apply, and the financial assumptions underpinning the report of the commission then flow from this.</p> <p>The extensive consultation previously undertaken for overall savings included proposals from 2011/12 to 2014/15. As a consequence, savings for this year have already been identified and are available for implementation or will be</p>

replaced by compensatory savings. Agreed HRA savings for 2011/12 and 2012/13 totalled £15.6m and a further £6.0m, making £21.6m over three years, is identified in the indicative HRA budget. A detailed 2013/14 list reflecting the new structure of housing and community services will be provided as part of the final HRA budget and rent setting report in January 2013.

In the light of the above, the following is recommended:

- 4.85% rent increase, equivalent to an average of £4.46 per week (including estate voids and hostels) from 1 April 2013;
- No increase to tenant fixed service from 1 April 2013;
- No increase to the standard charge for garages;
- No increase to heating and hot water charges.

Above and beyond the ongoing increases in rent there are wider issues impacting many Southwark residents in terms of impending Welfare Reform, also coming into force on 1 April 2013, which is also considered here as some of the effects will affect local people in combination with the rent rises required.

4. Welfare Reforms

Welfare Reform measures, introduced from 1 April 2013 and thereafter, will adversely impact on the income of many local households and will include the following: measures targetting underoccupation; the introduction of a benefits cap; the introduction of Universal Credit; Housing Benefit changes reducing income whereby non dependent deductions will be increased and private sector rates will be reduced using the Local Housing Allowance calculator; the introduction of Personal Independence Payments replacing to replace Disability Living Allowance for working age claimants; Work Capability Assessments focusing claimants' abilities rather than inabilities; the localisation of the Council Tax scheme accompanied by a 10% funding cut overall, older people exempted and a 15% cut for all working age claimants; and a reduction in the budget for a newly localised crisis loan Social Fund.

From 1 April 2013, there will be no transitional protection, pensioners excepted, and the DWP's 'bedroom standard' will allow one bedroom for: every adult couple (married or unmarried); any other adult aged 16 or over; any two children of the same sex aged under 16; any two children aged under 10; any other child (other than a foster child or child whose main home is elsewhere); and a carer (or team of carers) who do not live with a claimant but provide the claimant or their partner with overnight care.

Underoccupation: Those social housing tenants who are underoccupying by one bedroom will lose 14% of their Housing Benefit and those tenants underoccupying by two bedrooms or more will lose 25% of their Housing Benefit.

Fig 1. Scale of the impact of underoccupation changes

Underoccupying by:	No of LBS tenants	Average weekly/annual loss
1 bedroom	2401	£14.85 / £771.99
2 bedroom	819	£28.66 / £1,490.57
3 bedroom	139	
4 bedroom	15	
5 bedroom	2	
Total	3376	£3,306,846

From the Housing Commission report: *Southwark estimates that 3,060 households with working-age populations (19% of the total of 16,103) and in receipt of housing benefit will be affected by cuts owing to the under occupation provisions coming into force in 2013: some 2,387 are estimated to under occupy by one bed and 673 to under occupy by two or more beds. The impacts of under-occupation on longer term social rental housing development could be considerable, and include households with registered disabilities. It is estimated that nationally around two-thirds of under-occupied dwellings are occupied by registered disabled people, which would equate to 2,400 disabled residents in Southwark. The council is concerned that this may result in people moving out of homes that have been adapted to their needs.*

Benefits Cap: From 15 April 2013 benefits will be capped at the following levels: £350 per week for a single person; £500 per week for families, with exemptions for households where someone is in receipt of pension credit or working tax credit or a member of the household is claiming DLA, attendance allowance, industrial injuries benefits or the support element of employment support allowance.

Fig. 2 Scale of the impact of the Benefit Cap

Tenure	Numbers affected	Average annual loss
LBS Tenants	187	£2,800 pa
PRS Tenants	178	£4,988
RSL Tenants	124	£3,274

From the Housing Commission report: *The benefit cap particularly affects lone*

	<p><i>parents and couples with larger numbers of children and larger properties. The effect is expected to be disproportionately worse for those in the private rented sector, although Southwark is warning that the benefit cap will affect council tenants who have four children or more and are living in three-bedroom properties or larger. A couple with four children renting a three-bedroom property from Southwark council are estimated to have a likely weekly shortfall of £42. This rises to £129 for five children in a four-bedroom property. While modelling by the Consortium of Associations in the South East (CASE) suggests that the social rent model can work within the £26,000 cap (£500/week), the government's Affordable Rent model does not appear to work for larger homes. CASE suggests this will lead to housing associations ceasing to build four-bedroom properties in the future as well as a general reduction in their ability to house larger families. This will place extra pressure on the waiting list for council homes. Unless the cap is indexed to inflation, CASE suggests that rent levels on smaller properties "will also become increasingly unworkable".</i></p> <p>Universal Credit: The Government's main benefit reform is the introduction of Universal Credit from October (UC) 2013 designed to simplify the benefits system and encourage work. The changes will affect the following groups: anyone between 16 and 61 years; people working; people not working. UC will replace most of the current benefits, including: employment and support allowance; income support; job seekers allowance; housing benefit; working tax credit; and child tax credit. Between October 2013 and April 2014 only new benefit claimants and current claimants who have a significant change of circumstance will be affected, before wider changes are introduced later.</p> <p>From the Housing Commission report – direct payments: <i>The introduction of direct payments of housing benefit to tenants (from 2013) has the potential to increase rental arrears for Southwark. Some 70% of Southwark's housing income is from rent and 95% of this is paid directly to the council. CASE has highlighted that a pilot Tenant Direct project run by the housing association L&Q found that arrears increased substantially as direct payments were introduced. Arrears are socially undesirable, put an increased focus on "risky" tenants and increase administrative and borrowing costs for housing providers. According to a survey by HouseMark "poor rental income performance could become a barrier to accessing funding for development programmes, both in terms of public and private funding".</i></p>
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<p>5. Service users</p>	
	<p>Our service users include tenants, home owners and applicants for social housing. The full range of protected characteristics is represented amongst our residents. Vulnerable people and those on low incomes also have significant representation amongst our residents, with some wards in Southwark among the most deprived in the UK. We undertake specific equality impact assessment work as part of ongoing considerations around the implementation of the budget.</p>

6. Process	
Outline of process followed	<p>Presenting financial information to cabinet in December 2012 will enable consultation processes to commence prior to the Christmas break, rather than the New Year 2013. All figures in this report are flagged “indicative”. Further work will be undertaken by officers, both in tandem with the consultation process and independently of it, in order to generate a final report for cabinet on 29 January 2013.</p> <p>Following the adoption of the overarching budget principles in line with ‘A Fairer Future for All’ Southwark Council invites any further comment on likely budget options regarding the general fund budget for 2013/14 and beyond during January 2013, and the HRA proposals follow a similar process.</p> <p>Tenant council will meet in early January 2013 to both discuss this provisional report, and to refer it on to area housing fora. The meeting will reconvene on 28 January 2013 to consider any recommendations arising from the area fora consultation, and wider HRA budget consultation outcomes, where available; making recommendations to cabinet, to be reported within the appendices of the final report of 29 January 2013.</p> <p>Homeowner council is unable to make recommendations regarding tenant rents and service charges, but may do so for proposals regarding non-dwellings rents and other charges and in terms of the rest of the HRA Budget. Consequently, this report will be referred to the Homeowner council meeting of 16 January 2013, and any comments made reported to cabinet on 29 January 2013 meeting.</p> <p>Following last year’s formal consultation with the TMO liaison committee regarding the indicative HRA budget report a subsequent meeting is scheduled for 23 January 2013.</p> <p>Subsequent to the approval of the final report on 29 January 2013, either as set out or as amended by Cabinet, Southwark Council will issue a statutory and contractual Notice of Variation in rents and other charges to all tenants, not less than 28 days prior to commencement.</p>

Service area	Budget proposals	Equality impact for protected characteristic/s	Evidence gathered	Mitigation/further action
Community Housing Services				
	<p>Rent increase: Provisional universal housing rental charge increase of 4.85% from 1 April 2013 – in compliance with central government’s rent guidance and balancing the HRA budget. The 4.85% rental increase is from 1 April 2013 (ave. per property of £4.46 pw) and includes estate voids and hostels (detailed below).</p>	<p>This increase is across the board and therefore does not adversely impact upon on any one equalities’ strand/protected characteristics in particular, or a combination thereof. Average budgeted dwelling rent for tenanted stock in 2013/14 will be £96.40 per week.</p> <p>Elderly: those in receipt of state pensions which are index linked to UK inflation are less likely to be adversely affected by the financial consequences of the Welfare Reform Act. As their income is effectively protected to a degree they will be more able to manage the rental increase and are also more likely to be in receipt of adequate Housing Benefit cover.</p>	<p>In line with the scoping exercise carried out under the responsibilities of the Public Sector Equality Duty and, as the effects are universal across the board. No data calculations have been made, beyond the calculation of the average rental charge increase in Southwark, as detailed in the main report.</p>	<p>Future rises are limited by the guidelines controlling excessive increases, in line with the government’s rent restructuring framework. In addition, future rent rises will be based upon inflation in the Retail Price Index (RPI) from the previous year, combined with the convergence factor reflecting the number of years to rental convergence (across the social housing sector).</p>
	<p>Rent increase – 4.85% rent increase from 1 April 2013 for estate voids</p>	<p>This increase is across the board for new lets and consequently does not adversely impact upon on any one of the equalities’ strands / protected characteristics in particular, or a combination thereof.</p>		<p>Tenant Council will meet in early January 2013 to both discuss this provisional report, and to refer it on to area housing fora and reconvene on 28 January 2013 to consider any issues, with recommendations to cabinet for the final report of 29.01.13.</p>

	<p>Rent increase – 4.85% rent increase from 1 April 2013 for hostels</p> <p>The general effects of the 2012 Welfare Reform Act, intended to 'make work pay', will be felt in with regard to the non-affordability of the private rented sector for many households and vulnerable households occupying temporary accommodation.</p>	<p>Increases in charges may indirectly and disproportionately affect those on lower incomes. However, for those eligible, Housing Benefit will continue to meet the costs for those who cannot afford to pay. Vulnerable households occupying temporary hostel accommodation will continue to be eligible for Housing Benefit but demand pressure will increase as private sector leasing (PSL) becomes non-affordable. <i>(PSL will no longer be an affordable option - currently effectively self-financing at present but which will become a net cost to the general fund under the new arrangements – for households requiring temporary accommodation. This will have an adverse effect upon those households who would normally be housed in this way. It is likely that this will be another pressure point on accommodation for the most vulnerable households as private sector landlords reactively respond to the effects of the Welfare Reform Act changes on their individual business models – see 'Benefits Cap' below).</i></p> <p>The measure does not adversely impact upon on any individual or particular equalities' group as it is universal across the board.</p>	<p>The future intended and knowable impacts of the reforms have been widely disseminated nationally. The impacts of the 2012 Welfare Reform Act, intended to 'make work pay', will be felt in 2013, especially in Southwark with regard to the non-affordability of the private rented sector in Southwark for many households, including vulnerable households occupying hostel and other temporary accommodation).</p>	<p>The council utilises seven guiding principles in decision making on the budget, enshrined in the "A Fairer Future for All" policy statement. In line with the scoping exercise referred to under the PSED activities, and since the changes are universal, there are no specific adversely impacting specific equalities' groups or across the specific equalities' strands.</p>
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	<p>Tenant Service Charges – Frozen in 2012/13. Increases are normally capped nationally at September RPI @ 2.6% + 0.5%, which would equate to an overall increase of 3.1% for 2013/14.</p>	<p>There will be no charge increases for the tenant service charge and garages and no charge increase for heating and hot water charges. The main report seeks to deliver a balanced HRA budget, determined through previously conducted wide-ranging consultation exercise.</p> <p>No adverse impact on individual equalities' strands' / groups or protected categories.</p>	<p>In the case of estate cleaning, grounds maintenance and communal lighting, contract-based savings will offset this underlying increase and so the charges are not proposed to increase in 2013/14.</p>	<p>Homeowner council is unable to make recommendations regarding tenant rents and service charges, but may do so for proposals regarding non-dwellings rents and other charges and in terms of the rest of the HRA Budget. Consequently, this report will be referred to the Home Owner council meeting of 16 January 2013, and any comments made reported to cabinet on 29 January 2013 meeting.</p>
	<p>Closure of Walworth Grove office (376)</p>	<p>The closure of one office in an area already well-served by other facilities will have no adverse impacts on individual equalities' strands' / groups or protected categories.</p>	<p>Rationalisation of offices has enabled a more focussed geographic distribution of offices to better meet local need.</p>	<p>The office has been replaced by an accessible office at Abbeyfield Road housing services office as the first point of contact for housing related queries for those living in Bermondsey and Rotherhithe, giving a more focused localised service for that area, with the Walworth one stop shop at 151 Walworth Road being a suitable alternative for local contact in Walworth.</p>

	<p>Welfare Reform – Universal Credit</p> <p>Underoccupation</p> <p>Direct Payments</p> <p>Benefits Cap</p>	<p>Universal Credit replacing Jobseeker's allowance, tax credits, income support, employment and support allowance – formerly known as incapacity benefit – and housing benefits with a single payment may have further impacts in future, which, combined with the abolition of the severe disability premium, may particularly affect new claimants.</p> <p>Vulnerable individuals – Single people on benefits may also be at significant risk under the changes as the introduction of housing benefit caps and social size criteria affecting those tenants currently under occupying (the new 'bedroom standard') means they will lose a proportion of their existing benefit entitlement (something potentially affecting 14% of Southwark tenants).</p> <p>Later proposed changes initiating direct payments to claimants, instead of direct to landlords, compound the risks to those on low incomes unable to budget effectively and a predictable and significant effect will be increasing levels of financial mismanagement and rent arrears, particularly for vulnerable individuals with limited financial and social skills.</p> <p>The cap is universal and will therefore not disproportionately affect any person within any given Equalities' strand or exhibiting any particular protected characteristics.</p>	<p>Under Section 24 of the Housing Act 1985, local housing authorities have the power to "make such reasonable charges as they may determine for the tenancy or occupation of their houses; Southwark Council is currently just outside the top quartile on rental charges, and by that measure affordability, in London, where the figures are known. In addition private sector rents are now more than three times more costly than local council rents.</p> <p>Hostel accommodation is used as initial temporary accommodation due to the pressure of demand and</p>	<p>See following action plan.</p> <p>The introduction of the Benefits Cap from April 15 2013 of £500 pw per household will effectively</p>
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			<p>because these rents are sustainable within the HRA.</p> <p>Where a rehousing duty is accepted, and again due to demand pressure, self-contained temporary accommodation is provided, either in short-life estate properties within regeneration projects (again within the HRA) or privately sourced PSL properties with non HRA rents.</p>	<p>limit accessibility to the private sector to 2-bed need households. Implicitly 3-bed households not in employment are likely to find this unaffordable. Households without work who are living on benefits are being advised accordingly, including on the option of moving out of London to areas of the country where rents are more affordable and will be covered under the rate set by the Benefits Cap.</p> <p>Estate properties tend to be more suitable for working applicants due to their ability to meet the costs, with PSL used for those in receipt of benefits. However, the impact of the Welfare Reform measures means that the PSL solution will be not be available for larger families.</p>
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Action Plan:

Risk area	Action	Responsible officer (tbc)	Target	Measurement
1. HRA Rent increase Risk of increased levels of rent arrears	1.1 – Identify vulnerable households at risk and provide targeted support, advice and information	Area Management	Apr-13	Tag, monitor & report via iWorld
	1.2 – Reinforce responsibility to pay rent via area offices/resident service officers and information campaign	Area Management & Communications	Apr-13	Communications 'returns' – sampling
	1.3 – Institute rigorous monitoring to detect, highlight and interpret any general overall trend in non-payment	BIU & Area Management	Apr-13	Rent arrears reporting
	1.4 – Institute rigorous monitoring to detect, highlight and interpret specific trends in non-payment by individual tenants	Area Management & BIU	Apr-13	iWorld (Novaview) reports
	1.5 – Provide information and advice on debt advice and debt referral to appropriate officers, agencies and advice networks	Area Management	Apr-13	iWorld recording reports
	1.6 – Consider incentives for direct debit arrangements generally	Corporate Housing Policy / BIU	Apr-13	Policy – DD take-up rates via iWorld
2. (Welfare Reform) Reduced benefits for underoccupation	2.1 – Advice and support in moving to a home which matches actual housing need via Homesearch or mutual exchange	Area Management	Apr-13	M/X returns
	2.2 – Information, advice and support in moving to a more suitable property in the private sector	Area Management	Apr-13	M/X returns
	2.3 – Information and advice for tenant's requesting non-dependants make a financial contribution to household costs	BIU - Area Management	Apr-13	Rent arrears reporting
	2.4 – Information, advice and support on taking in paying lodgers	BIU - Area Management	Apr-13	Rent arrears reporting
	2.5 – Scope the feasibility and organisation of a local lodging scheme	Corporate Housing Policy / BIU / Area Management	Apr-13	Policy impact
	2.6 – Provide information, advice and support on applying for a Discretionary Housing Payment (DHP)	Area Management	Apr-13	Monitor returns
	2.7 – Use DHP to cover rent for limited period while awaiting transfer e.g. those with disabilities needing adapted homes	Area Management	Apr-13	Monitor returns
	2.8 – Conduct a street campaign to target those likely to be affected to offer advice on budgets and transfer applications	Area Management	Apr-13	Transfer records & rent arrears reporting
	2.9 – Facilitate mutual exchanges between underoccupied and overcrowded households	Area Management	Apr-13	M/X returns
	2.10 – Offer financial incentives to move and rent-free periods	BIU & Area Management	Apr-13	Take up / M/X returns
	2.11 – Design scheme to offer more help with removal costs	BIU & Area Management	Apr-13	Take up / M/X returns

3. (Welfare Reform) Benefits' cap	3.1 – Advice and information on exemptions – where tenants undertake enough hours of work to receive working tax credits	BIU & Area Management	Apr-13	Rent arrears reporting
	3.2 – Advice and support on increasing hours of work	Area Management	Apr-13	Rent arrears reporting
	3.3 – Advice and support on taking up an offer of employment	Area Management	Apr-13	iWorld trend reports
	3.4 – Scope partnership working with external agencies on information and advice to manage the impact of Welfare Reforms	BIU / Corporate Housing Policy	Apr-13	Policy – Referral rates via iWorld
	3.5 – Information and advice campaign via Southwark Housing News and Southwark Life on Welfare Reforms	Communications	Apr-13	Communications feedback – sampling
	3.6 – Support, advice and information to encourage tenants to set up direct debiting (DD) arrangements	BIU / Communications	Apr-13	iWorld reports on DD take-up
	3.7 – Employment and training support, advice and information	Area Management	Apr-13	iWorld records
4. (Welfare Reform) Direct payments				
	4.1- Disseminate learning from Direct Payments pilot	Corporate Housing Policy & BIU	Apr-13	Internal to AM
	4.2 – Financial, debt information and advice (e.g. SLAN Money / Savvy project)	Area Management & BIU	Apr-13	iWorld records
	4.3 – Help set up bank accounts – working with credit unions on 'jam jar' accounts.	Area Management & BIU	Apr-13	iWorld records
	4.4 – Identify vulnerable households at risk and provide targeted information, advice and support	Area Management	Apr-13	iWorld records
	4.5 – Reinforce responsibility to pay rent via area offices/resident service officers	Area Management	Apr-13	Rent arrears reporting
	4.6 – Institute rigorous monitoring to detect any general overall trend in non-payment	Area Management	Apr-13	Rent arrears reporting
	4.7 – Institute rigorous monitoring to detect specific trends in non-payment by individuals	Area Management	Apr-13	iWorld (Novaview) reports
	4.8 – Provide debt advice and debt referral	Area Management	Apr-13	iWorld reports
	4.9 – Scope partnership working with external agencies on information and advice	Area Management	Apr-13	Policy – DD take-up rates via iWorld
	4.10 – Information and advice campaign via Southwark Housing News and Southwark Life	Communications	Apr-13	Communications 'returns' – sampling
	4.11 – Support and encourage tenants to set up direct debiting arrangements	Area Management	Apr-13	iWorld reports on DD take-up
	4.12 – Consider incentives for direct debit arrangements	BIU	Apr-13	Policy impact (iW)
<i>Monitoring and evaluation will be necessary for all of the above and should be completed and reported back to SMT quarterly</i>				