

READING BOROUGH COUNCIL
REPORT BY DIRECTOR OF ENVIRONMENT & NEIGHBOURHOOD SERVICES
AND HEAD OF FINANCE

TO:	COUNCIL		
DATE:	28 TH JUNE 2016	AGENDA ITEM:	7
TITLE:	HOUSING REVENUE ACCOUNT - RENT SETTING 2016/17		
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1 PURPOSE AND SUMMARY OF REPORT

- 1.1 This report sets out the proposal to change Council housing rents and service charges for 2016/17 in the context of recently passed legislation mandating rent reductions for four years for most tenants.
- 1.2 The report explains that there are exemptions from this reduction - for all years for property that is subject to a PFI scheme and for one year for supported housing (which includes sheltered housing and extra care housing) and temporary housing for homeless households is also excluded.
- 1.3 A decision on how the Council will adjust rent levels during 2016/17 is required in order to implement the legal requirement to reduce some rents in-year.
- 1.4 Appendices attached:
 - i. APPENDIX A - PFI Area Rent Setting Options
 - ii. APPENDIX B - Housing Revenue Account: 2015/16 Outturn and 2016/17 Budget Summary
 - iii. APPENDIX C - Equality Impact Assessment: rent in supported housing.

2 RECOMMENDED ACTION

- 2.1 That the Committee make the following recommendations to Council on rental levels for 2016/17:

- a) That all rents for general needs accommodation are reduced by 1.98% from Monday 3rd October (thus equating to a full year effect of a decrease of 1% in 2016/17) and that a full year effect increase in service charge is implemented from 3rd October.
 - b) That rents for supported and temporary accommodation are increased by 0.9% (CPI in September 2015 of -0.1% +1%) from 3rd October, in line with the Council's adopted rent policy, and that service charges are also adjusted from 3rd October in line with agreed policy.
- 2.2 That officers be asked to further report to Committee on the impact of Government legislation on the viability of the HRA to inform decisions for future rent setting policy.

3 BACKGROUND

The Housing Revenue Account

- 3.1 The Housing Revenue Account (HRA) deals with all the finances associated with the housing stock in the ownership of the Council. The HRA is "ring-fenced" from other activity. The main income is housing rent, and all expenditure related to council housing (such as dealing with lettings; managing, maintaining and repairing the stock; collecting rent) is charged to this account.
- 3.2 In April 2012 council housing finance moved to a 'self-financing' regime nationally. Councils took on full responsibility for the long-term financial management of council housing. This means that councils keep their rental income and use it to manage and maintain their housing stock. At the point of self-financing councils whose debt was lower than the assessed value of their stock borrowed to pay the difference to the government.
- 3.3 Self-financing requires the Council to take a much longer-term planning approach - to ensure that practically all of the Council's housing stock continues to meet the 'decent homes standard', to repay the debt and to ensure the continued viability of the Housing Revenue Account. The Council prepares and keeps up to date a financial plan for the Housing operation over a 30 year period. The financial model shows the estimates of rent and other income, the day to day management and repair costs as well as the long term major investment needs to maintain the stock and the cost of servicing the debt over 30 years.
- 3.6 An external review of the HRA business plan was reported to Policy Committee on 22nd September 2014. The review found that the assumptions underpinning the plan were prudent and largely in line with other social housing providers. The review reported that based on a range of assumptions, including the then national guidelines for rent setting are followed, and therefore rents are increased annually by CPI plus 1%, there

were sufficient resources to manage, maintain and invest in the Council's existing housing stock over the next 30 years.

- 3.7 Local housing authorities are now able to use rental income to support investment in housing in terms of both existing homes *and* building new council housing. This investment can either be financed directly from rent income or from borrowing that will be repaid from rent income in the future. The Government introduced a limitation on HRA borrowing (usually referred to as a 'debt cap') for each local authority at the point of self-financing. The Council's debt cap is £208.5m. This means that the Council currently has some 'headroom' for borrowing beneath the cap. At 1 April 2016 the Council's HRA debt was £193.4m.

Rent Policy and Legislative Change

- 3.8 Last year the Council agreed a rent policy in line with the then national guidance - CPI + 1% increase p.a. This would normally be applied in April. However, subsequently the 2015 autumn Spending Review announced that Government would require social housing rents to be reduced by 1% p.a. for each of the next 4 years. The legal power to require this appeared shortly thereafter in the draft Welfare Reform & Work Bill.
- 3.9 Normally the Council agrees Council housing rents at the January Council meeting and implements the changes in mid-late February, as the authority is required to provide tenants with 4 weeks' notice of rent changes and also has to implement system changes. In addition, as well as setting rents in April, the Council reviews service charges (landlord lighting, building cleaning (which is in transition, increasing at £1 p.a. up to the level of estimated cost by block), and in some cases landlord heating), as well as garage rents.
- 3.10 Officers did not present a report this year because the impending legislation had not yet been passed by the Government, and the final requirements were unclear. The legislative timetable did not allow for the practicalities of formally implementing a rent change and therefore individual Councils needed to decide what to do in respect of rent levels for 2016/17. Through the passage of a Bill there can be numerous changes. Effectively the Council deferred rent setting pending final legislation being passed by Government.
- 3.11 The legislation requires a reduction of social rents of 1% over the relevant year (which commenced on 1 April 2016). However, this did not mandate rent changes at particular times and there was no requirement for rents to be reduced in April. Therefore, a greater reduction needs to be made later in the year in order to comply with the "over the year" legislative requirement.
- 3.12 The legislation has a requirement for a further 1% decrease in 2017/18, and therefore in simple terms by making a c.2% decrease at the middle of the year the Council can simultaneously meet its obligations for both the 2016/17 and 2017/18 financial years.

Exemptions

- 3.13 Secondary legislation has exempted some accommodation from this reduction in recognition of the special factors that apply. The Council needs to decide what to do in cases where an exemption applies. The default position would be to apply the agreed policy.

Supported Housing

- 3.14 Supported housing including temporary accommodation, sheltered and extra care housing are exempt from the 1% reduction in 2016/17 whilst the Government is considering the longer term position for supported housing - this presents a number of risks to the viability of supported housing across providers longer term. Rents for these types of accommodation are able to be increased in line with the former national (and the Council's adopted) rent policy - CPI + 1%, which for 2016/17 would equate to a rise of 0.9%.
- 3.14 The Council has over 400 sheltered/extra care homes and around 85% of these tenants have at least part of their rent rebated by Housing Benefit (and would therefore not be impacted (net) by any increase in rent). The Council also has circa 86 temporary accommodation units and the majority of tenants are also on Housing Benefit.

PFI Schemes

- 3.15 The Government has also introduced some exemptions that apply to all years, and amongst these is an exemption for housing within a PFI scheme.
- 3.16 1,289 of the Council's homes in North Whitley are managed under a PFI scheme contract by Affinity (Reading) Ltd - a company owned by Southern Housing and Radian Housing. The contract was signed in 2004 and lasts for 30 years.
- 3.17 The Council's North Whitley PFI scheme is therefore exempt from the requirement to reduce rents and the Council will need to determine rents in that area.
- 3.18 Under the North Whitley PFI contract Affinity in effect has the responsibility to manage and maintain the properties in the PFI area to a defined standard. The Council retains ownership of the properties and therefore receives rental income collected by Affinity. Tenants within the PFI area have all of the rights and responsibilities of Council tenants. Whilst Affinity manages these homes, control over some specified matters are reserved for the authority, including rent and service charge setting policies.
- 3.19 The cost to the authority under contract is inflation linked. Affinity is paid a daily rate for the properties they manage. Given the long term contractual nature of PFI, the Council is not in a position to enforce contract savings i.e. costs are governed by the contract and rise annually in line with RPI inflation (typically circa CPI +1%).

- 3.20 Members have asked about tenant expectations and any undertakings given to PFI tenants in respect of rent setting. The Affinity tenants' welcome pack states: *The Council review your rent each year and can introduce new charges after consultation.* The North Whitley Private Finance Initiative (PFI) 2010 Tenant Compact (an agreement between Affinity Housing, RBC and Tenants) is silent on rent policy but states that *Reading Borough Council continue to have a legal duty to consult customers.*
- 3.21 In short, no written undertakings were made to PFI tenants in respect of rent increases. It may be fair to say that PFI tenants could have expected rents to change in line with those of Council managed stock as they have to date, at a time when the Council was fully in control of rent setting, which we are not now.

Higher Value Housing and Tenants with Higher Incomes

- 3.22 In addition, under the Housing and Planning Act, the Government is in the process of implementing a raft of changes which will impact on Local Authorities and in particular on the HRA Business Plans of stock holding authorities. This includes requiring Councils to pay a levy that is intended to fund Right to Buy discounts for Housing Associations. The amount of the levy will be linked to, and may necessitate the disposal of, 'higher value' Council homes which become vacant. Further detail will need to come back before Parliament before the scheme is finalised.
- 3.23 'Pay to Stay' will also require the Council to charge higher rents to households with an income over £31,000 outside of London, and to pay the additional rental income to the Government.
- 3.24 The financial impact of both of these changes and the Council's approach have yet to be finalised. This presents an as yet unquantifiable risk to the viability of councils' HRA business plans.

4. THE PROPOSAL - RENT SETTING APPROACH

For General Needs Tenants where Exemptions do not apply

- 4.1 The Government has mandated a 1% rent reduction over the full year. To achieve this, taking account of there being 49 weeks in which rent is charged (there are free weeks at Easter, the end of summer and Christmas), by the week beginning 3rd October 24 weeks rent will have been charged with 25 remaining chargeable weeks. A 1.98% decrease at this stage in the year equates to a full year effect decrease of 1%. No further reduction would then be required next April 2017.

Service Charges

- 4.2 Service charges would normally be adjusted in April with rents, but to minimise the possibility of confusion for tenants and reduce administration

costs for both Housing Rents and Housing Benefits services, this has also been postponed.

- 4.3 It is proposed that changes to service charges are implemented in October for General Needs housing on the same basis applying existing policies. In simple terms the change would be double the change (ensuring a full year income on service charges). These charges would be reviewed in April 2017 and may need to be adjusted up or down as service charges reflect actual costs - in practice there should be little change.
- 4.4 In practice, for most tenants (of flats, where there is a service charge) a 2% rent reduction and a full year effect increase in service charge in October will more or less net off - with the overall rent/service charge remaining at a similar level to the current total cost to many tenants.

Rent Restructuring

- 4.5 Councillors will be aware that we have been restructuring the pattern of our rents over a number of years to ensure a fairer and more consistent pattern of rents across the Council's housing stock. The legislation works at the individual property level, so we will need to postpone making further progress with restructuring over the next 4 years. In connection with this, it is worth noting that sheltered housing rents have generally been increasing above average but have yet to reach their "target rent" level.

Supported Housing (Sheltered, Extra Care and Temporary):

- 4.6 Central Government is reviewing supported housing, and in that context agreed not to apply the 1% reduction to this stock as the review has not yet concluded. Officers advise that the one year Government exemption for supported housing should be applied and that sheltered housing, extra care housing and temporary accommodation rents are increased by CPI +1% (0.9%) from 3rd October only. This proposal is in line with the Council's rent policy, agreed last year, as well as the national position. Service charges would also be changed from 3rd October only (not applying to the first half of the year). Over the lifetime of the HRA Business Plan, it is estimated that the additional income from this increase is worth £1.5m, but less than £50,000 in the first year.

Rents in the PFI Area

- 4.7 There are essentially three options open to the Council for 2016/17:
- (i) As the Council has always treated PFI tenants in the same way as other tenants, notwithstanding that it is not obliged to, the same rent reduction could be applied as to other tenants.
 - (ii) Rents could be fixed at their existing levels.
 - (iii) The Council could apply the adopted rent policy and increase the rents by 0.9%.

- 4.8 The Council will need to consider these options each financial year in the context of HRA viability. The decision required at this time is in relation to the current year only.
- 4.9 The HRA budget for 2016/17 was set assuming (i) applied, as the exemption had not been announced at that time. Fixing rents at the current levels in line with (ii) through 2016/17 would increase income by around £60,000 in year. Applying the rent policy in line with (iii) would increase income in 2016/17 by around £100,000. Over the 30 year life of the business plan the additional benefit to the HRA would be £30.7m, and over 4 years this would generate an additional £1.8m income - assuming an increase of CPI+1% for each of the 4 years vs. an annual 1% decrease over that period. After the 4 year period, assuming the Council were in full control of the rent policy the Council would be able to realign rents between PFI and non PFI areas. Appendix A sets out a comparison of the average rent over 4 years for the RBC managed stock and the impact on PFI tenants' rent levels under each of these options.
- 4.10 Policy Committee recommended reducing the rents in the PFI area in line with RBC directly managed stock for the current year, to enable a full appraisal of the impact of legislative changes on the HRA Business Plan and to consult with tenants (or their representatives) in the PFI area.

Rent and Service Charges - The Proposal in Summary:

General Needs Housing	October double (national) rent decrease and double service charge increase (but no change is then needed in April 2017 for Council-managed stock)
Housing in the PFI Area	As above; but to be reviewed for 2017/18 as per paragraph 4.10.
Supported Housing	October rent increase CPI +1% and (standard) service charge increase (6 months only).

The approach is intended to avoid unnecessary cost, multiple changes and potential confusion for tenants.

HRA Business Plan position and risks

- 4.11 Since the Chancellor's announcement, the Council's HRA Business plan has been updated to reflect the proposed 1% p.a. reduction (with the consequence that much of the previously planned new build Council housing programme is unaffordable) and the HRA budget prepared accordingly. The current HRA business plan remains viable and currently predicts an outstanding debt of £16m at the end of the 30 year plan period, based on delivery of a reduced new build housing programme which will replace some of the homes being lost through the Right to Buy. To contextualise, this

outstanding debt of £16m would relate to the Council's new build housing programme only and all previous debt would have been repaid.

- 4.12 Although the current assumptions within the Business Plan lead to a level of outstanding debt, over the next few years the Council should try to identify reasonable actions that will reduce this debt at the 30 year point to return the business plan to a situation where debt is repaid within that timescale. Being able to pay off the debt over the life of the plan confirms the plan's affordability and the continued sustainability of the HRA.
- 4.13 The level of outstanding debt currently proposed by the plan is considered to be sustainable and officers believe the Business Plan remains robust. However, changes implemented under the Housing and Planning Act could result in a further pressure on the HRA as detailed above.

Impact on Tenants

- 4.14 In setting rent levels consideration should also be given to the impact on tenants. A decrease of c.2% for general needs tenants equates to an average rent decrease of £2.16 per week. Service charges will increase by up to £2 per week, almost netting off the rents decrease.
- 4.15 An increase of 0.9% for PFI tenants would equate to an average rent increase of £1.03 per week (from £114.15). Service charges would also increase by up to £2 per week. Currently circa 60% of PFI tenants are in receipt of Housing Benefit, slightly lower than the c. 65% in Council managed stock, reflecting a slightly different mix of housing. Please refer to Appendix A for impact over 4 years of the options detailed above.
- 4.16 An increase of 0.9% for tenants in supported housing equates to an average increase of 85p per week. Any rent increase will be fully covered for those in receipt of Housing Benefit (HB) - circa 85% of those in sheltered housing and circa 90% in temporary accommodation. Cleaning Service charges will also increase by up to £2 per week. Lighting charges are likely to fall.
- 4.17 In effect the Council's rents policy, agreed with tenants, was to increase rents annually by CPI+1%. The Government has since mandated a decrease for most tenants - in contravention of the former national rents policy and the assumptions made at the time of the HRA self-financing settlement (reflected in HRA business plans). The Council could continue to apply the adopted policy where it is possible to do so in order to continue to maintain our stock and to invest in greatly needed new homes. Those tenants facing an increase will be no worse off than they would otherwise have been - albeit that others are benefitting from a decrease.

Impact on Tenants - Benefit Cap

- 4.18 It has been recently confirmed that a new benefit cap of £20,000 will apply outside of London. Work is underway to assess the number and type of households which will be affected.

5. COMMUNITY ENGAGEMENT

- 5.1 The Council normally holds consultation meeting with a group of tenant representatives to seek views on potential changes before making recommendations on setting rent levels. In the past, tenants have been concerned to ensure that capacity to deliver priorities was not reduced. They felt that it was helpful to have a clearly stated rent policy as this provided a good indication of what the rent increase would be each year.
- 5.2 Consultation has taken place with the Tenant Joint Consultative Committee on 1st June. Tenant representatives were concerned about the wider context and potential impact of Government policies including 'Pay to Stay' and welfare reform on both Council tenants and on the level of Housing services in the future. Rent setting should therefore take these considerations into account. Tenants were also concerned that the changes to rents and service charges should be clearly communicated to tenants as they are more complex than usual.

6. BUDGET DEVELOPMENT

- 6.1 The budget for 2016/17 was set at Council in February. Appendix B shows the agreed budget for the year with the proposed rent decrease as well as final draft actual figures for 2015/16. The budget was built to allow a work programme that will ensure that decent homes standards are maintained, together with some works within selected blocks to respond to communal safety and fire protection needs, as well as investing in improvements to the external environment and to continue to tackle fuel poverty through improving energy efficiency. The detailed work programme has been made available to all councillors.

7. FINANCIAL IMPLICATIONS

- 7.1 In the self-financing regime, it is essential that the HRA business plan is kept up to date so that when the budget is set or reviewed the Council can demonstrate a continuing ability to sustain the account, and its wider HRA business plan, over the long run (30 year) period (including the planned development of new council housing). In the event that circumstances arose where this did not appear to be the likely outcome then the Council, as a responsible landlord, must plan reasonable actions to address the problem. The Council's HRA business plan incorporates:
- Service developments
 - Financial plans in the short, medium and long term
 - Progress monitoring (i.e. if actual spend and income reflected that planned; if not the implications that has for future plans)
 - Risk and Opportunity Management (examining the impact of outcomes being worse or better than those assumed in the model e.g. repair costs higher, or life of major components shorter)

- And provision for a modest new build housing programme

Financial Advice in Connection with Rent Setting

7.2 As indicated above the general reduction in rent levels is a legal requirement; save in those circumstances where there is an exemption there is no option but to reduce rents as required. Reducing rents by more than is required would further weaken the business plan.

Financial Impact of other Government Changes

7.3 The Housing & Planning Act has recently passed into legislation. Under this Act the Government will be requiring the Council to pay sums of money yet to be determined or consulted upon including

- Pay to stay - additional income from "better paid" tenants
- Higher Value Properties - the Government will require the Council to pay a formula based levy linked to higher value void properties being assumed to be sold (though there will not be an obligation to sell any particular property). This could be a significant recurring annual sum.

8. EQUALITY IMPACT ASSESSMENT

8.1 *Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—*

- *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- *foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

8.2 National policy has mandated the annual social rent reductions over 4 years and has determined exemptions. The Government has produced an Equality Impact Assessment in respect of the legislation:

<http://www.parliament.uk/documents/impact-assessments/IA15-006F.pdf>

8.2 An equality impact assessment has been undertaken in respect of the proposed increase in rent in supported housing in line with the Councils' existing rent policy. This is attached as Appendix C to this report.

9. LEGAL IMPLICATIONS

9.1 The Housing Acts 1985 and 1996 set out the Council's responsibilities to keep in good repair tenants' homes and to consult on the level of service provided and the annual setting of rent to pay for them.

- a. The Localism Act introduced HRA self financing. Whilst there are powers to review the settlement, Government indicated that it only intended to use those powers in exceptional circumstances.
- b. The Welfare Reform and Work Act has mandated a 1% p.a. reduction in rents from the July 2015 levels over each of the next 4 years at individual property level. There are some exceptions this year as set out in the report.

10. SUSTAINABILITY IMPLICATIONS

- 10.1 Bringing empty homes into use quickly, looking after the appearance of housing estates, keeping homes wind and watertight and providing efficient and reliable heating sources all contribute to sustaining the environment, the community and individual householders within it.

11 BACKGROUND PAPERS

- 11.1 Budget working papers
- 11.2 HRA Business Plan Summary

In all cases, save confidential/protected items.

APPENDIX A - PFI AREA RENT SETTING OPTIONS

The table shows average rents for houses and flats.

		Yr 1	Yr 2	Yr 3	Yr 4
Non-PFI (Council managed) Reduced by 1% pa	Flat	91.97	91.97	91.05	90.14
	House	116.73	116.73	115.56	114.41
OPTION 1 - increase PFI (CPI+1%)					
Average Rent PFI	Flat	92.21	94.52	96.88	99.30
	House	117.94	120.89	123.91	127.01
Additional income to HRA over 4 years vs. Option 3: £1.8m Over 30 years vs Option 3: £30.6m					
OPTION 2 - freeze PFI					
Average Rent PFI	Flat	91.39	91.39	91.39	91.39
	House	116.89	116.89	116.89	116.89
Additional income to HRA over 4 years vs Option 3: £1m Over 30 years vs. Option 3: £9.6m					
OPTION 3 - reduce PFI					
Average Rent PFI	Flat	89.58	89.58	88.68	87.80
	House	114.58	114.58	113.43	112.30

APPENDIX B: HOUSING REVENUE ACCOUNT

	2015-16 Estimate Budget	2015-16 Draft Actual	2016-17 Estimate Budget
Expenditure			
	£'000	£'000	£'000
Responsive & Planned Repairs	5,235	4,918	5,518
Major Repairs	6,970	6,763	7,843
Major Repairs - Hexham Road	1,400	1,178	1,400
Major Repairs - Solar Panels	1,000	1,266	0
Major Repairs c/fwd	-140	-559	
Major Repairs - Hexham Road c/fwd	-1,400	-1,186	-1,200
Major Repairs - Solar Panels c/fwd	-1,000	-1,442	
Emergency Provision	200	0	200
Total Repairs	12,265	10,938	13,761
Managing Tenancies	1,854	1,845	2,004
Management, Policy & Support	4,308	4,001	4,305
PFI	6,856	6,327	6,943
Rent Collection	866	803	986
Building Cleaning, Warden, Concierge & Energy Costs	2,099	2,008	2,118
Rents, rates and other	282	356	283
Total Supervision & Management	16,265	15,340	16,639
Capital Financing costs	10,600	10,203	10,602
TOTAL HRA EXPENDITURE	39,130	36,481	41,002
Income			
Dwelling Rents	34,940	36,222	34,595
Garages	450	407	450
Heating Charges	200	182	200
Shop Rents	190	205	190
Total Rents	35,780	37,016	35,435
PFI Allowance	3,997	3,997	3,997
Interest on Revenue Balance	110	113	110
Service Charges	450	856	450
Other Income	36	176	168
Total Other Income	4,593	5,142	4,725
TOTAL HRA INCOME	40,373	42,158	40,160

- (1) The underlying trend on day to day, planned and major repairs remains the same.
- (2) There has been a change in the spend profile for some of the major repairs projects. For example £1.2m previously agreed expenditure is being carried forward into 16/17.
- (3) The scope for additional voluntary debt repayment will be reviewed.
- (4) The dwelling rent estimate includes the impact of the proposed decrease following the Chancellor's Spending Review announcement.

Equality Impact Assessment Toolkit

What is an Equality Impact Assessment (EqIA)?

The Equality Act 2010 places an 'Equality Duty' on public bodies, to understand the effect of their policies and practices on equality. This involves looking at evidence, engaging with people, staff, service users and others and considering the effect of what they do on the whole community.

An Equality Impact Assessment is a tool which helps you to identify how your plans to introduce new, or change existing, policies, procedures or services will affect groups protected under equality legislation (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.)

It **MUST** be completed before the policy, project or service has been set up or changes implemented so that you can make changes if your assessment identifies groups that could be adversely affected by your proposals.

The assessment covers impacts on employees, existing and potential service users, the wider community and contracted out services.

EqIAs aim to

- stop direct and indirect discrimination from happening now and in the future
- highlight diversity as a strength and an integral part of our work, not just an add-on that you feel you must do
- recognise the fact that we don't all have an equal chance in life, and find ways to address this through your work
- ensure that our services are accessible to everyone in the community. The process is not the most important thing - it's the outcomes that matter.

What should an EqIA include?

An Equality Impact Assessment **MUST**:

- contain sufficient information to show the Council has paid "due regard" to equality duties in our decision-making
- identify methods for mitigating or avoiding any adverse impacts identified.

Assessments do not necessarily have to take the form of one document called an Equality Impact Assessment (EqIA) but it is recommended and helps you make sure you cover everything and sets out your rationale and evidence in one place.

What is the Equality Duty?

Under the Equality Act 2010, Section 149, a public authority must, in the exercise of its functions, have due regard to the need to—

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

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

The relevant protected characteristics are—

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

The Equality Duty explicitly recognises that disabled people's needs may be different from those of non-disabled people. Public bodies should therefore take account of

disabled people's impairments when making decisions about policies or services. This might mean making reasonable adjustments or treating disabled people better than non-disabled people in order to meet their needs.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

- (a) Tackle prejudice, and
- (b) Promote understanding.

Compliance with the Equality Duty may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under the Act.

When should I carry out an Equality Impact Assessment?

You **MUST** carry out an assessment as part of your planning process when you are putting together your proposals for new (or changes to existing) policies, procedures and service (including financial changes) before the decision is made **UNLESS** you have good reason to show that it is not relevant.

Making sure your EqIAs are in place in could save you problems, time and even money in the long run. See the example below where not completing an EqIA properly has caused problems.

Example: Southall Black Sisters judgement

The judgement by Lord Justice Moses in the case of Southall Black Sisters and London of Ealing was published on 29 July 2008.

Southall Black Sisters (SBS) successfully challenged Ealing Council's decision to end funding their services to Asian and Afro-Caribbean women experiencing domestic violence.

Lord Justice Moses' ruling stresses the need to carry out an equality impact assessment **BEFORE** formulating policies.

Southall Black Sisters won the case and Ealing Council was charged with failing to carry out a proper EqIA and misinterpreting the race equality legislation, subsequently Ealing carried out a full EqIA, including consultation, and had to pay £100,000 because of the case.

Who needs to see my Equality Impact Assessment?

The public equality duty means that equality issues must **consciously** influence the decisions reached by public bodies. Equality Impact Assessments **MUST** be provided for all Committee Reports to enable members to have 'due regard' to the equality duty when making decisions. In the Committee Report you **MUST** state whether the duty is relevant to the decision. If it is not relevant you **MUST** state why. If it is, attach the completed EqlA template as an appendix, and summarise its conclusions.

So what do I have to do?

Save this document and follow through the steps on the following pages. You can fill in the details as you go or come back to it as necessary.

For further advice you can contact Clare Muir on 72119 or email clare.muir@reading.gov.uk. You can also get further guidance on Equality and Human Rights Commission Website - www.equalityhumanrights.com.



Provide basic details

Name of proposal/activity/policy to be assessed: Exempting supported housing (including sheltered and temporary accommodation) in accordance with central government guidance.

Directorate: DENS

Service: Housing

Name and job title of person doing the assessment

Name: Sarah Gee

Job Title: Head of Housing and Neighbourhoods

Date of assessment: 2/6/16

Scope your proposal

What is the aim of your policy or new service/what changes are you proposing?

The Welfare Reform and Work Act has dictated a 1% rent reduction for all social housing for 4 years, starting in April 2016. However, within this policy the Government has stated that there are a number of exemptions from this policy where rents can be set each year in line with the landlords previously agreed rent setting policy. One of these exemptions, for just one year, is supported housing. For Reading Borough Council this exemption applies to Sheltered Housing, Extra Care Housing and Temporary Accommodation. This assessment applies to the decision to implement Government policy as set out in the Act and associated regulations.

The Council proposes to continue to apply its existing agreed rents policy for these types of accommodation in line with Government exemptions.

Because the impending legislation had not yet been passed by the Government in time to implement rent changes at the start of the financial year as usual, the Council will implement from the half year (3rd October). For those tenants whose rent is proposed to increase, that increase will ONLY be applied from October. Where a reduction is mandated this will be for a full year.

The differential is justified by Government on the basis that supported housing benefit levels are under review currently and the costs of providing services to

those in supported housing is higher and thus a reduction in rents would be more impactful than in general needs.

Who will benefit from this proposal and how?

Implementation of the Government guidance will have a different impact on different tenants. Tenants in general needs accommodation will see a rent reduction of 1%. Those in supported housing would experience an increase in rent in line with the previously agreed rent policy - an increase of 0.9% (CPI + 1%).

What outcomes does the change aim to achieve and for whom?

There is no change in LA policy - this is simply being applied as intended. The discrepancy in rent increases arises due to Government legislation mandating the change. The Government have published an EIA to support this.

Who are the main stakeholders and what do they want?

Older people. Families in temporary accommodation.

Assess whether an EqIA is Relevant

How does your proposal relate to eliminating discrimination; promoting equality of opportunity; promoting good community relations?

Do you have evidence or reason to believe that some (racial, disability, gender, sexuality, age and religious belief) groups may be affected differently than others? (Think about your monitoring information, research, national data/reports etc.)

Yes *(delete as appropriate)*

Is there already public concern about potentially discriminatory practices/impact or could there be? Think about your complaints, consultation, and feedback.

No *(delete as appropriate)*

If the answer is Yes to any of the above you need to do an Equality Impact Assessment.

If No you **MUST** complete this statement

An Equality Impact Assessment is not relevant because:

Signed (completing officer

Date

Signed (Lead Officer)

Date

Assess the Impact of the Proposal

Your assessment must include:

- **Consultation**
- **Collection and Assessment of Data**
- **Judgement about whether the impact is negative or positive**

Think about who does and doesn't use the service? Is the take up representative of the community? What do different minority groups think? (You might think your policy, project or service is accessible and addressing the needs of these groups, but asking them might give you a totally different view). Does it really meet their varied needs? Are some groups less likely to get a good service?

How do your proposals relate to other services - will your proposals have knock on effects on other services elsewhere? Are there proposals being made for other services that relate to yours and could lead to a cumulative impact?

Example: A local authority takes separate decisions to limit the eligibility criteria for community care services; increase charges for respite services; scale back its accessible housing programme; and cut concessionary travel.

Each separate decision may have a significant effect on the lives of disabled residents, and the cumulative impact of these decisions may be considerable.

This combined impact would not be apparent if decisions are considered in isolation.

Consultation

How have you consulted with or do you plan to consult with relevant groups and experts. If you haven't already completed a Consultation form do it now. The checklist helps you make sure you follow good consultation practice.

[My Home > Info Pods > Community Involvement Pod - Inside Reading Borough Council](#)

Relevant groups/experts	How were/will the views of these groups be obtained	Date when contacted
Council tenants including those in supported housing	Through the Council's tenant participation Joint Consultative Committee.	Council's rent policy agreed last year (2015). Discussion in respect of 16/17 held 1 st June.

Refer to the report to Committee.

Collect and Assess your Data

Using information from Census, residents survey data, service monitoring data, satisfaction or complaints, feedback, consultation, research, your knowledge and the knowledge of people in your team, staff groups etc. describe how the proposal could impact on each group. Include both positive and negative impacts.

(Please delete relevant ticks)

Describe how this proposal could impact on Racial groups

Is there a negative impact? No

Describe how this proposal could impact on Gender/transgender (cover pregnancy and maternity, marriage)

Is there a negative impact? No

Describe how this proposal could impact on Disability

Is there a negative impact?

Yes - insofar as sheltered housing and ECH accommodates older people in need of additional support. A higher proportion have limited mobility or disabilities than compared to the wider tenant body.

Describe how this proposal could impact on Sexual orientation (cover civil partnership)

Is there a negative impact? No

Describe how this proposal could impact on Age

Is there a negative impact? Yes

Tenants within Sheltered and EC Housing are required to be above the age of 60 (c. 440 tenants). Therefore the exemption set out by government to exclude these properties from the rent reduction will mean that the impact will only be felt by older tenants.

Describe how this proposal could impact on Religious belief?

Is there a negative impact? No

Make a Decision

If the impact is negative then you must consider whether you can legally justify it. If not you must set out how you will reduce or eliminate the impact. If you are not sure what the impact will be you MUST assume that there could be a negative impact. You may have to do further consultation or test out your proposal and monitor the impact before full implementation.

Tick which applies (Please delete relevant ticks)

1. **No negative impact identified** N/A
2. **Negative impact identified but there is a justifiable reason**

You must give due regard or weight but this does not necessarily mean that the equality duty overrides other clearly conflicting statutory duties that you must comply with.

Reason

The Government has exempted these units from the rent reduction whilst they assess the impact the reduction would have on services. Due to the higher levels of housing management and support delivered at these units, a rent reduction would have a more significant impact on the viability of these schemes and a landlord's ability to continue to deliver the required services. Not increasing rents for sheltered housing, Cedar Court and temporary accommodation in 16/17 would mean foregoing a total of £1.5m over 30 years.

An increase of 0.9% for tenants in supported housing equates to an average increase of 85p per week. Around 85% of Sheltered and ECH tenants, and 90% of tenants in Temporary Accommodation, have at least part of their rent rebated by Housing Benefit (and would therefore not be impacted by any increase in rent).

Those tenants facing an increase will be no worse off than they would otherwise have been as the Council is only implementing its agreed policy - albeit that others are benefitting from a decrease.

Therefore the negative impact of the policy on tenants will be limited to those with income levels which mean that they do not qualify for benefits, and will only result in an increase of 85p per week in rent (changes to service charges will apply to ALL tenants).

The policy can be justified due to the significant impact on the service should the exemption not be applied. The Government is due to release further guidance in the near future regarding the rent cut exemption for supported housing after 2016/17.

How will you monitor for adverse impact in the future?

N/A.

Signed (completing officer)

Date

Signed (Lead Officer)

Date