

Housing Revenue Account Equality Impact Assessment (EqIA)

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This is an initial Equality Impact Assessment of the Housing Revenue Account. Under equality legislation, the Council has a legal duty to pay '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.

The duty to pay 'due regard' is required to be demonstrated in the decision-making and the implementation process. Assessing the potential equality impact of proposed projects that are part of the programme is the means by which we show 'due regard'.

The decision

- That the draft Housing Revenue Account Revenue Budget 2016/17 be recommended to Council.
- That the Housing Revenue Account Dwelling Rent 2016/17, a reduction of 1%, be recommended to Council.
- That the proposed Housing Revenue Account fees and charges for 2016/17, which are exceptions to the Income and Collection Policy be noted.

Methodology

This assessment will review the decision. It will look at how each part advances equality of opportunity, could adversely-impact different people

or be used to foster good community relations.

Issues

The Council has an aim that housing costs in Milton Keynes are affordable and reasonable, but housing costs have become challenging since 1997.

The Housing Revenue Account (HRA) is a ring-fenced account, which is used for income and expenditure relating to the provision of housing by the council to tenants and leaseholders. It is funded by rents rather than from Council Tax (which supports other services).

There was a major change to the financing of the HRA from April 2012, due to the implementation of the “Self-Financing” regime. This change means the Council has taken on £170m of debt in exchange for no longer paying negative Housing Subsidy. The subsequent income and expenditure of the HRA could therefore be based on local rather than national decisions, and reflect investment needs informed by Asset Management Plans, e.g the Council’s regeneration programme.

Equality

Social housing rents were set according to the Government’s rent policy. Rents set based on a formula are known as "social rent" (also known as “formula rent” or “target rent”), which was updated annually at a rate of RPI + 0.5%. The policy includes a limit on annual rent increases of RPI + 0.5% + £2 where rents were below formula rent. In 2011, the Government introduced a new form of social housing, Affordable Rent, whose rent can be set at up to 80% of market rate, inclusive of service charges, and which was subject to rent policy and the limit on annual rent increases.

A new rent policy was published in May 2014 (with effect from April 2015) limiting annual rent increases to CPI + 1% for the next ten years. The underlying social or 'formula' rents are also updated annually at a rate of CPI + 1%. The Government's intent was to reduce rents in social housing in England by 1% a year for 4 years from April 2016. The national welfare reform changes are currently a risk to some of the income in the HRA, this will mean income which was previously guaranteed to the HRA may now not be collected. In addition, the general reduction in benefits through welfare reform reduces the income available to some tenants, which increases the risk of non-payment.

The Government argued, that these reductions would reset the levels of rents in the social housing sector, which over recent years have become out of kilter with private rents. At the same time, the aim to protect the public accounts from the rising costs of subsidising rents through housing benefit, and protect tenants from rising housing costs. The hope is to reduce average rents for households in the social housing sector by around 12% by 2020 compared to current forecasts.

It is difficult to isolate the impact on equality; the main effect is on the Council's income, affecting its ability to build council houses and regenerate existing ones, both of which have far-reaching equality consequences. In general, those benefitting from the reduction of rent will find a small advancement in their equality of opportunity.