

Appendix 6

Diversity Impact Assessment

TITLE: Name / description of the issue being assessed	HRA Budget Setting 2025/2026
DATE: Date the DIA is completed	January 2025
COMPLETED BY:	Katherine Bishop/Aisling Sims – Customer Insight and Data Manager (HRA)

1. Summary description of the proposed change

- What is the change to policy / service / new project that is being proposed?
- How does it compare with the current situation?

In setting its budget, the Council is exercising a public function and must therefore comply with the duties in section 149 of the Equality Act 2010.

The Budget report for 2025/2026 presents the Housing Revenue Account (HRA) revenue and capital budget for 2025/2026 and details and updates:

- On the proposed rent and service charges levels for 2025/2026;
- The HRA Business Plan which is an integral part of the strategic planning and setting of priorities for the HRA Service.

Only the parts of the report that will have a direct financial impact on existing tenants are included for comment in this DIA. The main budgetary changes that will impact on tenants over the coming year and which the budget report and DIA will consider are:

- The ongoing roll out of Universal Credit in Medway (introduced by The Welfare Reform Act 2013)
- Dwelling rent increase of CPI plus 1.7%
- Garage rent increase by 2.7%
- Service Charge increase (internal decision)

Government implementations and changes to the budget that will directly impact on residents.

Universal Credit (UC) in Medway

Universal Credit is a single payment for people who are looking for work on a low income and replaces a number of existing welfare payments. Universal Credit is a government initiative that commenced full roll out in Medway on 30 May 2018. Tenants on Universal Credit who previously had Housing Benefit paid directly to Housing Services are now responsible for managing their Universal Credit payment (that may include a housing element towards their rent) and ensuring their rent is paid in full and on time.

Dwelling rent increase

In October 2017, the Government announced in the Housing White Paper 'Fixing our Broken Housing Market', that social housing landlords are permitted to increase social and affordable rent by Consumer Price Index (CPI) plus 1% each year from April 2020 for a

period of 5 years. This makes a return to the rent setting approach, which was to apply for 10 years from 2015, before it was replaced with rent reduction from April 2016 for 4 years in 'Welfare Reform and Work Act 2016'.

It is proposed to increase social rents by 2.7% of 2025/26 base rent of current tenants (CPI of 1.7 plus 1%) All new tenancies issued during 2025/26 will be set at either the formula rent or rent cap for social rent dwellings, whichever is lower.

The proposal for affordable rent increase is lower than LHA or 2.7% (CPI of 1.7 plus 1%). All new tenancies for 2025/26 must be set either 80% of the market value or the LHA rate for affordable rent dwellings, whichever is lower.

Garage rents

In 2018 it was agreed that garage rents would be aligned in a cascade approach. In April 2020 all garage rents were set at the same level regardless of tenure type.

For the 2025/26 year it is proposed to increase the garage rent by 2.7% to make a standard rent of £13.91 per week or £723.32 per annum. Non council tenants will also be required to pay VAT at the standard rate.

It is estimated that this will generate an additional income of approximately £3,102 based on current letting rates.

Service Charges

Overall, the average weekly service charge decreases for 2025/26 (excluding housing related support eligible charge) In line with previous years, it is proposed to continue the process of rounding service charges to the nearest 5p or 10p for 2025/26 to ensure efficiency.

Appendix C details the average percentage increase/decrease required against each type of projected weekly service charge in comparison to 2024/25.

Member's preference has been not to increase average service charges by more than 15% in any given year, even if a larger increase is needed to fully recover costs.

There will be no new additional service charges implemented in 2025/26 that would affect existing tenants.

2. Summary of evidence used to support this assessment

- Eg: Feedback from consultation, performance information, service user records etc.
- Eg: Comparison of service user profile with Medway Community Profile

Consultation

The proposed budgets will be presented to the Tenants Panel at a meeting in December 2024.

In addition, the Housing Act 1985 requires the issue of written notification to each tenant a minimum of four weeks in advance of the date that rent changes become operational. For 2025/26 the latest date for posting the notices is Friday 28 February 2025.

Universal Credit (UC) in Medway

UC has been 'live' in Medway since May 2018, and it currently affects new claimants and existing benefit claimants who have submitted a change in circumstances. Currently the HRA receives approximately 26.78% of rental income via Housing Benefit. As at October 2024 HB accounts for roughly £90,420 of our weekly rental income.

As of November 2024, there were a total of 1342 tenants (44% of tenants) receiving UC (this is an increase of 13.44%) compared to the same time last year) It is well known that nationally the introduction of UC is leading to increased rent arrears, and this is likely to continue as more claims move to the system.

Dwelling rent increase

From April 2025 the proposed rental increase will raise the average weekly social rent to £103.68 based on 52 weekly payments. The proposed rental increase for affordable rented properties will raise the average weekly rent to £172.33

The effect of the dwelling rent increase will have the most impact on those tenants who are not on full housing benefit. As of October 2024, around 22.18% tenants are on full housing benefit, which is paid directly to the service, with the other 77.82% receiving either partial or no housing benefit.

The proposed average increase for social rented is £7.21 per week and £6.25 for affordable rent, depending on the type and size of property.

It is estimated that over the next year the rent increase could generate an additional £851,787 budgeted rental income from dwellings against 2024/25 yearly rental income. This includes budgeted rental income of £275,061 from 120 affordable rent properties.

Service Charges

All service charges are covered for those in receipt of housing benefit, except for cookers, fridges, heating (non-communal) and water rates (non-communal) charges.

Residents receiving supporting people elements have their charges covered by Housing Related Support funding. If this fund were discontinued, the charges would be payable by the tenants. As of 28 October 2024, this would affect around 303 tenants.

Garage Rents

As of October 2024, there were 390 garages let.

In April 2025, it is proposed to uplift garage rents by 2.7% to £13.91 per week or £723.32 per annum. Non-council tenants will also pay VAT at the standard rate.

There are a couple of tenants that have more than one garage linked to their tenancy so they would be liable for the increase for each garage rented.

3. What is the likely impact of the proposed change?

Is it likely to :

- Adversely impact on one or more of the protected characteristic groups?
- Advance equality of opportunity for one or more of the protected characteristic groups?
- Foster good relations between people who share a protected characteristic and those who don't?

Protected characteristic groups (Equality Act 2010)	Adverse impact	Advance equality	Foster good relations
Age	✓		
Disability			
Gender reassignment			
Marriage/civil partnership			
Pregnancy/maternity			
Race			
Religion/belief			
Sex			
Sexual orientation			
Other (e.g. low income groups)	✓		

4. Summary of the likely impacts

- Who will be affected?
- How will they be affected?

Universal Credit in Medway

Medway Council is already starting to see the impact of Universal Credit on tenant arrears, largely due to delays in payments. At the end of quarter 3 (December 2024), a total of 1,342 households on Universal Credit which is 44% of all council households. Working age tenants are more likely to be impacted by Universal Credit and in turn more likely to be at risk of rent arrears etc. Resources and support need to be targeted to this age group to ensure they are not adversely affected.

Universal Credit will have to be claimed online. This may mean that some of our residents with barriers to internet access will struggle to make UC claims.

Dwelling rent increase

The dwelling rent increase will be applied to all tenants equally.

The effect of the dwelling rent increase could have the greatest impact on those tenants who are not on full housing benefit and these households will be monitored particularly and if necessary, preventative actions undertaken to avoid financial hardship.

As of 5/12/24 around 22.18% tenants are on full housing benefit, which is paid directly to the service, with the other 77.82% receiving either partial or no housing benefit. The proposed average increase is £7.21 for social rent and £6.25 for affordable rent per week depending on the type and size of property.

Rent charges are based on the property type and size, so the dwelling rent increase could also have more impact on larger households (perhaps families with children) who typically will reside in the larger properties.

Garage rent increase

Garage rents are now aligned, so that council and non-council tenants were charged the same rent. The 2.7% uplift proposed for 2024/25 will be applied to all garage tenants equally. Private tenants will be subject to VAT.

Service Charges

Service charges will be applied to all applicable residents regardless of their protected characteristics. Whilst some of the service charges are optional for tenants the majority of charges are for a necessary service that would be charged for regardless of the characteristics of the household or the type of housing provider.

Some service charges are funded through a Housing Related Support fund via a Service Level Agreement (SLA). If this fund were discontinued, the charges would be payable by the tenants.

Any tenants identified as having an above average increase will be monitored to ensure these are paid and supported should any financial issues arise.

Summary of impacts

The majority of changes that will be brought into effect in the 2024/25 Budget Report will not impact on our tenants in terms of the protected characteristics. Changes to charges and service delivery will be applied to all relevant tenants, not on an individual basis.

Where dwelling rent charges, service charges and garage rents have been increased there may be some negative impact on lower income groups. The HRA Housing Service will continue to monitor and provide support to those in terms of income and welfare.

Legislation brought in by Government around Universal Credit may have a negative impact on working age residents and lower income households. Whilst these changes

are however outside our jurisdiction it will be up to the Council to implement the necessary mitigating actions to reduce this impact.

5. What actions can be taken to mitigate likely adverse impacts, improve equality of opportunity or foster good relations?

- What alternative ways can the Council provide the service?
- Are there alternative providers?
- Can demand for services be managed differently?

The majority of the changes being implemented are Government directed, and out of Medway Councils control. Housing Services will follow Government process in order to ensure that compliance is met and implement the following mitigating action to ensure that any negative impacts are kept to a minimum.

Consultation

To ensure tenants are informed of the change's tenants will be consulted on any changes to their rents and service changes. A meeting was scheduled for December 2024 to present the proposed changes to customers.

Additionally, each tenant will receive a written notification a minimum of four weeks in advance of the date any rent charge adjustments become operative.

Universal Credit (UC)

Where Universal Credit or financial problems impact on our tenants Housing Services will signpost them to the HRA Welfare Reform Team who will provide them with help and advice. This team also sign post tenants to other debt advice agencies. The HRA has a communications strategy via the internet, leaflets, newsletters, social media and tenants handbook for advertising the impact of benefit changes. The HRA Housing Team is a prominent member of the Corporate Welfare Reform Steering Group where partnership working has been developed with the Department of Works and Pensions and work streams agreed around communication, identifying vulnerable customers and development of digital inclusion initiatives.

Where residents struggle to claim UC through barriers to internet access Housing Services will signpost to appropriate training agencies, in addition to signposting to free internet access sites like libraries. Housing Services will also work with providers to get resident help and guidance to get back into employment.

Housing Services can request direct payment of UC for the Housing element if it is identified that the tenant would struggle to pay their rent directly to the Council. This will help prevent vulnerable tenants from getting into rent arrears and face the possibility of eviction.

Rent and Service Charges

Housing Services will need to proactively monitor the rent accounts of those households that will see an increase in their overall rent and/or service charges in 2025/26 and support offered to the tenants where necessary.

The rent arrears policy sets out the process that will be taken by Housing Services should a rent account fall into arrears, and this is available on the internet.

Any household struggling with rent payments or requiring debt advice will be signposted to our Welfare Reform Team. Housing Services also produce publications, such as the tenants' handbook and Housing Newsletter that promote debt advice helplines. We also have our own website and Facebook page that tenants can access for help and advice.

The service can assist with property moves including mutual exchanges to ensure that residents live in a property that best meets their household's needs and size.

Tenants and Leaseholders who pay services charges will be written to inform them of the exact changes to their contributions.

Leaseholders can apply to Housing Services for a mandatory or discretionary loan to help them manage the payback of their service charges.

Garage rent increase

Garage rent arrears are monitored on a weekly basis, should a tenant (council or private) fall into arrears then the Housing Management Team will make contact within 1 week. If an account is still in debt after 4 weeks, then the repossession process will start. The deposit can be retained if the tenancy is terminated with arrears on the account.

6. Action plan

- Actions to mitigate adverse impact, improve equality of opportunity or foster good relations and/or obtain new evidence

Action	Lead	Deadline or review date
Consult tenants on the budget	Resident Engagement Officer	January 2025
If changes agreed, update the Rent Setting Policy to reflect everything highlighted in HRA Budget Report and publish online.	Customer Insight and Data Manager	February 2025
Continue to identify, support and prevent financial hardship	Income Manager/	Ongoing
Monitor all arrears associated with Rent, service charges and garages	Head of Tenant Services/Income Manager	Ongoing
Monitor the number of households on Universal Credit and the impact on rent arrears	Head of Tenant Services/Income Manager	Ongoing

7. Recommendation

The recommendation by the lead officer should be stated below. This may be:

- to proceed with the change, implementing the Action Plan if appropriate
- consider alternatives
- gather further evidence

If the recommendation is to proceed with the change and there are no actions that can be taken to mitigate likely adverse impact, it is important to state why.

The recommendation is to proceed with implementing the proposed budget and Action plan and mitigating actions in this DIA.

8. Authorisation

The authorising officer is consenting that:

- the recommendation can be implemented
- sufficient evidence has been obtained, and appropriate mitigation is planned
- the Action Plan will be incorporated into the relevant Service Plan and monitored

Assistant Director Mark Breathwick

Date **January 2025**