

Equality Analysis for Housing Benefit: Uprating Local Housing Allowance by 1 per cent and the Targeted Affordability Funding

Limiting the annual uprating of Local Housing Allowance rates to 1 per cent in 2014-15 and 2015-16

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Equality Analysis for restricting increases in Local Housing Allowance to 1 per cent in 2014-15 and 2015-16

Introduction

1. This document records the analysis undertaken by the Department to enable Ministers to fulfill the requirements placed on them by the Public Sector Equality Duty (PSED) as set out in section 149 of the Equality Act 2010. The PSED requires the Minister to pay due regard to the need to:
 - Eliminate unlawful discrimination, harassment and victimization and other conduct prohibited by the Act;
 - Advance equality of opportunity between people who share a protected characteristic and those who do not; and
 - Foster good relations between people who share a protected characteristic and those who do not.
2. In undertaking the analysis that underpins this document, where applicable, the Department has also taken into account the United Nations Convention on the Rights of Persons with Disabilities and in particular, the three parts of Article 19 which recognise the equal rights of all disabled people to live in the community with choices equal to others and that the Department should take effective and appropriate measures to facilitate full enjoyment by disabled people of this right and their full inclusion and participation in the community.

Brief outline of the policy or service

3. In the June 2010 Budget, the Chancellor of the Exchequer announced that from April 2013, increases in Local Housing Allowance (LHA) rates - used to calculate Housing Benefit for claimants in the private rented sector - would be restricted to increases in the Consumer Price Index (CPI).
4. The measure was part of a wider package of changes to Housing Benefit designed to address affordability, unfairness and poor work incentives in the existing system. The measure built on changes which were introduced in April 2011 to restrict LHA rates to the 30th percentile of local rents in each Broad Rental Market Area, as well as the introduction of weekly maximum caps up to a

maximum of four bedrooms. From January 2012, the Shared Accommodation Rate was extended to include single people up to the age of 35 rather than 25.

5. In April 2013, increases in LHA rates were limited using the Consumer Price Index (CPI) of September 2012. Rates have been increased either by CPI inflation or to the 30th percentile of market rents, whichever is the lower.
6. In the Autumn Statement 2012, the Government announced that in 2014/15 and 2015/16, LHA rates would be uprated by 1 per cent rather than by CPI. In addition, the Government announced that 30% of the savings realised from this measure (based on Autumn Statement 2012 forecasts) would be used to increase LHA rates by more than 1 per cent in areas where accommodation was at risk of becoming unaffordable. This funding is referred to as the Targeted Affordability Fund. There is a total of £140 million available over the two years; £45 million in 2014/15, increasing to £95 million in 2015/16.
7. Between 2000 and 2010, expenditure on Housing Benefit had almost doubled in cash terms, reaching £21 billion. If left unreformed, by 2014/15 Housing Benefit would cost over £26 billion (cash terms).
8. Policy objectives for this change are to build on the measures that were introduced to LHA from 2011 to control the cost of Housing Benefit and to continue to exert a downward pressure on rents. The intended effects of the policy are to restrain the growth in LHA rates.
9. The measure will potentially affect claimants in receipt of Housing Benefit paid under LHA rules, where the rates are no longer set at the 30th percentile of local rents. We estimate that when this measure is introduced in 2014, there will be over 1.4 million Housing Benefit recipients assessed under the LHA arrangements.
10. The detailed rules for this policy change will be set out in secondary legislation through amendments to the Rent Officers (Housing Benefit Functions) Order 1997, the Rent Officers (Housing Benefit Functions) (Scotland) Order 1997 and the Rent Officers (Universal Credit Functions) Order 2013. The new 1 per cent limit will apply for 2 years from 2014/15, after which the Government will take a view as to how LHA will be uprated in the future. The Targeted Affordability Funding covers the two years that the 1 per cent uprating policy applies, but the areas benefiting from the funding will be subject to change each year.
11. This Equality Analysis is to look at the impact of the policy to limit the uprating of LHA rates by 1 per cent in 2014/15 and 2015/16. It also considers the mitigating effects of the Targeted Affordability Funding, which is being used to increase some LHA rates by more than 1% where rental growth is reducing the affordability of housing.
12. These changes form part of a much wider and significant programme of Welfare Reform, in particular the introduction of the Removal of the Spare Room Subsidy in the social rented sector from April 2013, the implementation of the Benefit Cap to all local authorities by September 2013 and the abolition of Council Tax Benefit from April 2013, to be replaced by local schemes within local authority areas.

13. In addition the Welfare Benefits Up-rating Act 2013 has introduced time-limited 1% up-rating for a number of working age benefits and tax credits, to ensure that the welfare system remains sustainable over the longer term whilst continuing to provide support for those who are on a low income.

Consultation and involvement

14. This policy change has been discussed with Rent Officers and with stakeholder groups whom DWP meets with on a regular basis. At the quarterly Welfare Rights meetings which DWP holds with stakeholders, concerns have been expressed about rents rising faster than the limits placed on rates and the impact this may have on claimants if it meant they were unable to meet a growing shortfall between their rent and the Housing Benefit. The Local Authority Association Steering Group has been kept informed of developments with the policy.

15. Whilst the amendments to the Rent Officers Orders to support this policy change are exempt from formal referral to the Social Security Advisory Committee we have also kept them informed of developments and provided them with an opportunity to comment on these proposals.

16. DWP held a Call for Evidence in July 2013 to provide stakeholders with an opportunity to provide their views on the use of the Targeted Affordability Fund. It also enabled us to gain further insight into the diversity of the experiences faced by Housing Benefit claimants looking for affordable accommodation in the private rented sector.

17. A summary of the responses to the Call for Evidence is due to be published week commencing 2 December 2013.

Impact of the measure to restrict increases in Local Housing Allowance rates to 1 per cent

18. Restricting the up-rating of Housing Benefit to 1 per cent will affect many private rented sector Housing Benefit claimants whose claims are assessed according to the LHA rules. Whilst the rules will be applied in the same way to all LHA claimants, the impact of the changes on individuals will depend on their personal circumstances and how they and landlords respond.

19. The direct impact of slower growth in LHA rates depends on whether private landlords will restrict rent increases in line with LHA rates. If they increase rents by more than this, claimants who are currently renting at the LHA rate or higher could face notional losses as increases in their LHA during 2014/15 and 2015/16 fail to keep pace with their contractual rent.

20. In general terms, the level of impact depends on the extent that a claimant's rental liability continues to increase beyond the level of their Housing Benefit award and how they are able to manage to meet any shortfall between their Housing Benefit and their rent. People in receipt of Housing Benefit, whether in

work, out of work or retired, will in view of its entitlement conditions as a means-tested benefit, often be on a very tight budget. In some circumstances, people may not be able to afford the increases in their rent and would need to find cheaper accommodation either near to the area they live or possibly further afield depending on affordability and availability. There is a possibility that they may move to smaller accommodation if their income is squeezed which may mean there is a risk of over-crowding, depending on the size of the property in relation to the size of the household.

21. The private rented sector is complex and varied with many distinct local sub-markets, so the impact of any change to LHA rates may have very different effects across the country depending on local factors. The impact may also differ for different household sizes, as markets adapt to demographic changes and shifts in demand. For example the Removal of the Spare Room Subsidy, which was implemented across the social rented sector from April 2013, may increase the demand for one and two bedroom properties within the private rented sector overall, where social tenants are looking to downsize to a smaller property which may not be available within the social sector. Conversely, there may be larger social sector properties which may be freed up for families in the private rented sector to move into.
22. Claimants whose rent is below the applicable LHA rate or who rent in areas where the LHA rates are still set at the 30th percentile of local rents, may not be affected by this measure. In line with the distribution of market rents, we make the assumption that around one quarter of Housing Benefit recipients in the private rented sector are in this situation. This proportion may decrease over time, though this is dependent on actual movement in rents.
23. It is not possible at this stage to ascertain the size of any notional losses; this will depend on a number of factors including growth in market rents in 2014/15 and 2015/16. For example, if local rents increase by less than 1%, then claimants in those particular areas are unlikely to be affected by this measure. However, our best estimate is that by 2015/16, average weekly LHA rates could be around £3 lower than they otherwise might have been under CPI uprating, before considering the impact of the Targeted Affordability Fund.
24. The following sections examine how the impacts may differ for people with protected characteristics under the Equality Act 2010. The tables provided typically give figures for so-called 'benefit units' which are defined as 'a single adult or couple living as married and any dependent children'. The term applies irrespective of whether the individual or individuals are in receipt of any state support. For shorthand, these are henceforth referred to as 'households'.

Gender

25. As Housing Benefit is assessed on overall household income, rather than distinguishing between male and female recipients of these benefits, the classification at the household level has been made as 'couples', 'male' and

'female', the latter two describing those without a partner. This breakdown by gender is shown in Table 1.

26. As this policy measure could potentially affect everyone on Housing Benefit in the private rented sector, in essence it does not directly affect one gender group differently than another. However, because there is a higher proportion of single females in the Housing Benefit caseload, this change is likely to have a greater impact on this group.

27. Looking at the first column, we can see that the proportion of single females (46 %) on Housing Benefit in the private rented sector is higher than single males (25 %) or for couples (29%). These proportions are similar to the make-up of Housing Benefit as a whole which are 50%, 26% and 24% respectively.

Table 1: Breakdown of the Housing Benefit caseload by gender

	All HB private rented sector renters	All HB renters (private rented sector and social sector)	Whole population
Couple	29%	24%	47%
Female	46%	50%	28%
Male	25%	26%	24%
All	100%	100%	100%

Source: Averages derived from the Family Resources Survey 09/10, 10/11 and 11/12. Figures may not sum owing to rounding

28. Table 2 shows the percentage of single males, single females and couples who either have no dependant children or at least one dependant child. We can see from these figures that 62% of females on HB in the private rented sector and 67% of couples have at least one dependant child.

29. Families with school age children experiencing difficulties meeting a shortfall in rent because of restrictions to LHA, may find it difficult to relocate to a cheaper property as they are potentially less mobile. Some children may be required to change schools if a family moves a significant distance away.

30. Lone parents with children under school age may find it more difficult to find work because of childcare responsibilities and the cost of childcare may be prohibitive in some cases.

Table 2: Breakdown of the HB caseload by gender and number of dependant children

	All HB Private Sector Renter		All HB renters (private rented sector and social rented sector)		Whole Population	
	No dependant child	At least one dependant child	No dependant child	At least one dependant child	No dependant child	At least one dependant child
Male	91%	9%	94%	6%	98%	2%
Female	38%	62%	58%	42%	81%	19%
Couple	33%	67%	49%	51%	62%	38%
All	50%	50%	65%	35%	76%	24%

Source: Averages derived from the Family Resources Survey 09/10, 10/11 and 11/12. Figures may not sum owing to rounding

Conclusion

- 31. The measure *potentially* affects all claimants in the private rented sector paid within the LHA scheme. Overall the proportional gender breakdown affected by the change in the private rented sector is broadly equivalent to the proportion of all Housing Benefit renters. There is no evidence that there is an adverse impact on gender equality as a result of this policy change, however, due to there being a higher proportion of single females amongst Housing Benefit claimants, there will be a greater impact on this group than on single males or couples.
- 32. As 62% of these single females have at least one dependant child, it also means that their children may be affected by the change, particularly if there is a need to relocate and move schools or move to smaller accommodation. Single parents may also find it more difficult to move into work when they have a child under school-age because of caring responsibilities and the cost of childcare which would have to be factored in when considering any employment opportunity.

Disability

33. Table 3 below shows the proportion of the Housing Benefit caseload who describe themselves as disabled and the proportion who report that they are not disabled. Whilst the proportion of disabled adults claiming Housing Benefit in the private rented sector is higher (51%) than the proportion of disabled adults across the whole population (41%), it is lower than the proportion of disabled recipients of Housing Benefit as a whole (65 %). There is greater representation of disabled people on Housing Benefit in the social sector, (which is not subject to these restrictions) because of the need in some of these cases for specially adapted properties which are more widely available than in the private sector. Also, the allocation policies for the social rented sector mean that priority is more likely to be given to households which include someone disabled.

Table 3: Breakdown of the Housing Benefit caseload by disability

	All HB private sector renters	All HB renters (private rented sector and social sector)	Whole population
No adults with DDA defined disability	49%	35%	59%
At least one adult with DDA defined disability	51%	65%	41%
All	100%	100%	100%

Source: Averages derived from the Family Resources Survey 09/10, 10/11 and 11/12.
 Figures may not sum owing to rounding.

34. We have also looked at the proportion of households in receipt of Housing Benefit where at least one dependant is disabled. Table 4 shows that households in the private rented sector (and in receipt of Housing Benefit) are twice as likely as the population as a whole to include at least one dependant (50% compared to 24% respectively). Where there is at least one dependent, at least one is disabled in 18% of households in the private rented sector (and in receipt of Housing Benefit). This is slightly higher than for all households with dependants (14%)

Table 4: Breakdown of the Housing Benefit caseload by dependant children/with a disability

	All HB Private Sector Renters	All HB renters (private rented sector and social rented sector)	Whole population
No dependant children	50%	65%	76%
At least one dependant child	50%	35%	24%
<i>Of which:</i>			
<i>No dependant children with DDA defined disability</i>	82%	79%	86%
<i>At least one dependant child with DDA defined disability</i>	18%	21%	14%

Conclusion

35. The measure potentially affects everyone in the private rented sector on Housing Benefit whether they are disabled or not and is not specifically targeted at either those claimants with or without a disability. However, this policy may impact

some disabled claimants or claimants with disabled children more than those who are not disabled, because of the difficulties they may face securing an alternative tenancy in the private rented sector. This could be due to specific needs for a suitable, adapted property, with ground floor accommodation, wheelchair access etc. They may also be less able to increase their income either by working or increasing their hours or to try and improve their circumstances compared to someone who is not disabled.

36. Some of our mitigation measures described below are specifically designed to help claimants in these circumstances who may find themselves at a greater disadvantage than other claimants. In addition, disabled children who cannot share a room and disabled people who have a non-resident overnight carer are subject to exceptions in Housing Benefit which entitles them under the size criteria to an additional room and often a higher rate of benefit.

Age

37. There are no age restrictions for adults claiming Housing Benefit in the private rented sector, although different rules and amounts apply for those who are single without dependants or non-dependants and under 35 years of age.
38. Whilst this policy change can potentially affect all those claiming Housing Benefit in the private rented sector, there is nothing in the policy design which treats one age group differently to another. However, the impact of the policy may be greater on some individuals than others, depending on their own personal circumstances such as age.
39. Table 5 shows the proportion of each age group claiming Housing Benefit in the private rented sector and then on Housing Benefit as a whole. The age group with the highest proportion of claimants in the private rented sector is the under 25s at 15%, but this is in line with the overall population. The groups that are over represented are those aged 25 to 29 (14%) and 30 to 34 (14%). So there are more likely to be people in these age groups affected by the policy (in terms of numbers) than other age groups.

Table 5: Breakdown of the Housing Benefit caseload by age

	All HB private rented sector renters	All HB renters (private rented and social sector)	Whole population
Under 25	15%	9%	15%
25 to 29	14%	9%	8%
30 to 34	14%	8%	7%
35 to 39	11%	9%	8%
40 to 44	11%	10%	9%
45 to 49	9%	9%	9%
50 to 54	6%	7%	8%
55 to 59	4%	6%	7%
60 to 64	4%	7%	7%
65 plus	12%	27%	23%
All	100%	100%	100%

Averages derived from the Family Resources Survey 09/10, 10/11 and 11/12.
 Figures may not sum owing to rounding

40. Overall, the highest proportion of Housing Benefit claimants in the private rented sector are in the 25 to 34 age group. For those claimants in this age group who are single and have no dependent children or non-dependant adults, they will be subject to the shared accommodation rate rules which were introduced from January 2012. It is possible, therefore, that they may be more impacted by this policy change if they are already experiencing difficulties meeting any existing shortfall between their rent and their current Housing Benefit award, although notional monetary losses are likely to be smaller. However, compared with other groups, in general terms, younger single claimants, are more likely to be geographically mobile and may have more capacity to find alternative accommodation or increase their income through finding a job or increasing their hours of work.

41. In contrast, the highest proportion on Housing Benefit as a whole (both sectors) is the 65 plus age group (27%). This difference arises from Housing Benefit claimants in this age group being more likely to rent properties in the social sector rather than the private sector, which may in part be due to more sheltered housing and adapted properties being available in that sector, as well as general shifts in housing tenure over time.

42. However, the 65 plus age group renting in the private sector may be disproportionately disadvantaged than others of working age as they are more likely to be disabled or have a health condition and are far less likely to be able to increase their household income, either through working or increasing hours of work. Moving may be more of a challenge for claimants in this group that rely on local community support systems or have specific accommodation needs (eg. If they need to be in a ground floor property).

Children

- 43. While considering the impact of this policy change with regard to the age of a claimant, we have also considered the impact on the children of claimants, as they are impacted as a member of the claimant’s household.
- 44. Table 6 shows the breakdown of households with either no dependent children or at least one dependant child. We can see that 50% of all claimants in the private rented sector have at least one dependant child, but also 50% do not have any dependant children. There is a higher proportion of claimants with at least one dependant child in the private sector (50%) compared with Housing Benefit claimants in both sectors (35%) and the whole population (24%). This suggests children are more likely to be affected by this change.

Table 6: Breakdown of the Housing Benefit caseload by dependant children

	All HB Private Sector Renters	All HB renters (private rented sector and social rented sector)	Whole population
No dependant children	50%	65%	76%
At least one dependant child	50%	35%	24%

Source: Averages derived from the Family Resources Survey 09/10, 10/11 and 11/12. Figures may not sum owing to rounding

Conclusion

- 45. This policy change affects all age groups of Housing Benefit claimants in the private rented sector and is not specifically targeted at any one age group, nor does it exclude any age group.
- 46. Although there is a lower proportion of pension-age Housing Benefit claimants in the private rented sector, they may face greater impacts, as finding alternative accommodation and moving house may be more disruptive and stressful than for someone younger. Also, this group generally does not have the same capacity to increase their income as working age claimants.
- 47. There are more likely to be people in the age groups 25 to 29 and 30 to 34 affected by the policy (in terms of numbers) than other age groups as they are over-represented, but conversely they may have more capacity to find alternative accommodation, find work or increase their hours of work than older claimants.
- 48. There is a higher proportion of children in households renting in the private sector, and are therefore more likely to be affected by this change.

Ethnicity

- 49. Table 5 shows the breakdown by ethnicity of the private rental sector Housing Benefit and all of the Housing Benefit caseload. As the measure potentially

affects everyone in the private rented sector on Housing Benefit, it does not directly affect any ethnic group differently from another. We also note that the breakdown by ethnicity of those on private renters in Housing Benefit is similar to those on Housing Benefit as a whole.

50. There are five separate LHA rates based on property sizes. Each of these property sizes is, in effect, a sub-market. We do not know how gender, age and ethnicity split across these sub-markets as ethnicity data is not collected on the Housing Benefit data collection systems.
51. In areas where ethnic minority populations are geographically concentrated, they could be more or less impacted than other groups. As some ethnic groups tend to have larger families (although there is a lot of variation between specific ethnic minorities) and subsequently occupy larger properties, it may be more difficult to find suitable alternative accommodation. Also, they may want to stay in a specific area due to cultural links they may have with a community, places of worship etc.
52. The ethnicity of those Housing Benefit claimants in the private rented sector is predominantly White (86%) and, similarly, on Housing Benefit as a whole (88%). In terms of the absolute *numbers* affected by the policy, this group dominates.

Table 7: Breakdown of the Housing Benefit caseload by tenure and ethnicity

	All HB private rented sector renters	All HB renters (private rented sector and social sector)	Whole population
White	86%	88%	90%
Mixed	2%	2%	2%
Asian or Asian British	6%	4%	5%
Black or Black British	4%	4%	2%
Other (including Chinese)	2%	2%	1%
All	100%	100%	100%

Averages derived from the Family Resources Survey 09/10, 10/11 and 11/12.
 Percentages are calculated from responses where ethnicity is recorded.
 Figures may not sum owing to rounding

Conclusion

53. Whilst the changes in policy apply to all Housing Benefit claimants in the private rented sector, it is possible that some larger families from ethnic minorities may be more impacted. This policy change will affect different areas of Great Britain differently, depending on rent levels and the availability of accommodation in those areas.
54. The TAF will help to mitigate some of the impacts from this policy as it will be targeted on areas where the level of LHA rates has diverged from the cost of rents in the area thus making less affordable accommodation available for claimants. The funding will not be used however to increase rates in the most

expensive areas where LHA rates are already subject to overall caps introduced in 2011.

Gender reassignment

55. The Department does not collect information on transgender following Cabinet Office consultation with the Government Equalities Office, as it is not deemed best practice to do so. We do not envisage an adverse impact on these grounds.

Sexual orientation

56. The Department does not hold information on sexual orientation of claimants and it is not likely that this will be available in the future. We do not envisage an adverse impact on these grounds.

Religion or belief

57. The Department does not hold information specifically on the religion or beliefs of claimants and it is not likely that this will be available in the future. We do not envisage an adverse impact on these grounds.

Pregnancy and maternity

58. The Department only holds information on pregnancy and maternity in very specific circumstances, for example where it is the primary reason for incapacity on Employment Support Allowance. It cannot be used therefore, to accurately assess the equality impacts, however, we do not envisage an adverse impact on these grounds.

Mitigation

59. There are two major mitigations that the Government has put in place to help people affected by limiting the increases to LHA rates to 1%.

Discretionary Housing Payments

60. The Government recognises that many Housing Benefit private rented sector claimants paid according to Local Housing Allowance rules may be affected by the changes to limit increases of LHA. There are discretionary measures in place to support those claimants who need it most. An additional £130 million was made available in the 2010 Spending Review, over and above the usual Government contribution for Discretionary Housing Payments (DHPs), specifically for local authorities to help support those claimants most affected by the changes to LHA. The total figure includes a £40 million additional contribution for 2014/15; this is in addition to £20 million baseline funding. It is also worth noting that local authorities do have an upper spending limit for DHPs which means that they can use their own funds to add up to 150% of the Government contribution.

61. Local authorities have broad discretion in administering DHPs, helped by guidance provided by the Department. In particular, DHPs can be considered by

local authorities to help those households most affected by the reforms such as where the type and level of disability places restrictions on the amount of suitable alternative accommodation available. In those circumstances, a DHP award can be used to help a disabled person who has made adaptations to their accommodation to remain in their home. Local authorities can also help people with removal costs and deposits to move to more affordable accommodation.

62. As this is a discretionary scheme, there is no right of appeal against any decisions by the local authority. However, claimants who have been refused an award can ask for a review of the decision. These payments are entirely at local authority discretion and are subject to an annual overall cash limit. It is for each local authority to decide what should be awarded in any particular case and how long any award should last.

Targeted Affordability Funding

63. As part of the overall policy to restrict increases to LHA rates by 1 per cent, the Government is setting aside a Targeted Affordability Fund of £140 million. The primary objective of this funding is to help prevent more areas becoming unaffordable for Housing Benefit claimants when the 1% uprating limit is applied in 2014/15 and 2015/16. This funding will be used to increase some LHA rates by more than 1 per cent in those areas facing a shortage in affordable accommodation subject to an overall cap.

64. We held a 'call for evidence' exercise in the summer to gather views and evidence from stakeholders on how we should target the funding. There was stronger support to use a rules-based targeted approach to distribute the funding, rather than a discretionary scheme. These findings helped inform our options analysis, together with analysis of the latest rental data.

65. Based on the findings from the options analysis, Ministers agreed to an option which targeted the funding at those LHA rates which had diverged from market rents the most and increase them by 4 per cent rather than 1 per cent. The basis for the 4 per cent increase is the need to balance the objective of supporting the areas where rents are rising fastest with the limited funding available. It also represents the average forecast private rented sector rental growth.

66. By applying an increase of 4%, we are able to increase 126 LHA rates – if we used a higher percentage increase, the number of rates would be lower. Conversely if we used a lower rate to increase the rates such as CPI (The September 2013 CPI rate was 2.7%), the number of rates increased would be higher but the amount of the increase lower. Selecting an increase of 4% strikes a balance and concentrates the funding on areas where rents and LHA rates have diverged significantly. This is in line with the Department's medium-term planning assumption of private rental increases and is broadly in line with the increases in social and affordable rents in 2014/15 (3.7%).

67. The funding will be targeted at the LHA rates that have diverged the most from the level of market rents. We will do this by comparing the proposed April 2014

rates (limited by the 1% increase) with the 30th percentile of local rents. The LHA rates with the greatest percentage gap will be increased by 4% instead of 1%, up to the limit of the total funding available (Funding for 2014/15 is £45 million).

68. However, those LHA rates which are currently capped in the most expensive areas will only increase by 1% as all LHA rates will still be subject to maximum limits as they have done since the LHA reforms were introduced in April 2011. The purpose of this is to continue to meet the policy intention that Housing Benefit should not support people to live in accommodation that would be out of reach to most people in work and not claiming benefits. The purpose of the Targeted Affordability Funding is to mitigate some of the impacts of the introduction of the 1% uprating limit, to help prevent **more** areas becoming unaffordable. Although this may not prevent some people in those areas being adversely affected if their actual rents are much higher than their LHA rate.
69. We have considered whether there are specific groups of people with protected characteristics living in the areas where the LHA caps apply, who may be disproportionately impacted as a result of the uprating policy and who won't benefit from the Targeted Affordability Funding. To this end, we have used survey data to compare the population in Inner London and the rest of the country.
70. Table 8 below shows the breakdown of different ethnic groups and what proportion of Housing Benefit recipients in the private rented sector are based in Inner London, Outer London or Outside London in comparison with (i) all Housing Benefit renters in Inner London and (ii) the whole population in Inner London. Certain minority ethnic groups are disproportionately represented in the Inner London private rented population receiving housing benefit, although this mainly reflects the demographics of London and the higher proportion of ethnic minorities who live in London. These populations may not see an increase to the LHA rate commensurate with an increase to their rent. Other parts of London may see an increase in the LHA rate of 4%. Table 8 shows that some ethnic minority groups represent a higher proportion of the population in Outer London than in Inner London, but that in all cases they represent a much lower proportion of the population outside London.

Table 8 – Breakdown of ethnic groups within Inner and Outer London

	HB Private Rented Sector			All HB Renters	Whole Population
	Inner London	Outer London	Outside London	Inner London	Inner London
White	59%	47%	93%	53%	65%
Mixed	5%	7%	1%	4%	4%
Asian or Asian British	13%	20%	4%	18%	13%
Black or Black British	16%	19%	1%	19%	14%
Other incl Chinese	7%	7%	1%	7%	5%
All	100%	100%	100%	100%	100%

Averages derived from the Family Resources Survey 09/10, 10/11 and 11/12
 Percentages are calculated from responses where ethnicity is recorded
 Percentages may not sum due to rounding.

71. Whilst with the funding available it will not be possible to apply the greater increase to all LHA rates that have moved below the 30th percentile, there is further funding available in 2015/16 and we intend to continue to monitor the market evidence to decide how this will be allocated.

Other ways of mitigating the impacts

72. For those claimants who are facing a shortfall between their LHA award and their rent who are finding it difficult to make the payments, there are a number of other options available to them if they don't qualify either for a DHP award or if their area/rate either hasn't been increased using the TAF or is not in an area which has been targeted.

73. Some tenants may be able to re-negotiate their rent with their landlord, particularly where the shortfall between their LHA and their rent is small. Landlords may prefer to continue letting to a good tenant rather than risk letting to someone new or not having a tenant in the property.

74. Some claimants may consider looking for cheaper accommodation. In most areas outside of inner London, around 30 per cent of the private rented sector market is affordable to LHA claimants.

Monitoring and evaluation

75. DWP is committed to monitoring the impacts of its policies and we will use evidence from a number of sources on the experiences and outcomes of the protected groups.

- We will monitor the 30th percentile of market rents sampled by rent officers by Broad Rental Market Area.
- We will use administrative datasets to monitor trends in the benefit caseloads for some of the protected groups and in the level and distribution of benefit entitlements. The administrative data will provide robust material for age and gender although not, as a rule, for the other protected groups. We will also monitor changes in the distribution of caseload by area.
- We will continue to monitor the impacts of other reforms to housing support, including the removal of the spare room subsidy and the benefit cap to assess any potential impact on claimants in the private rented sector.
- We will use feedback from stakeholder groups to assess whether there are unintended consequences for the protected groups, and whether the policy itself results in adverse consequences for particular groups.

76. The material in this Equality Analysis covers the protected groups currently covered by the equality legislation. For the age and gender strands we have good quality information from both the administrative and survey data, while for ethnicity and disability we have reasonable information from the survey data. Sexual orientation, gender reassignment, religion and pregnancy/maternity are also covered by the equality legislation. With the exception of maternity, these groups will not be captured in the Departmental administrative information. As part of our actions in the context of the data requirements under the Equality Act, we are looking across DWP activities to identify and address further gaps in data provision wherever reasonable.

77. We are committed to transparent monitoring of any divergences between the LHA rents and market rents by publishing an annual comparison of the 30th percentile of market rents and LHA rates. The first publication of these by Rent Officers was in November 2012 and will be repeated in January 2014. This monitoring will help inform how we allocate the Targeted Affordability Funding next year.

Next steps

78. Amendments will be made to legislation and the new LHA rates for April 2014 will be published in January 2014. The Rent Officers will also publish the 30th percentiles of market rents to allow for transparent monitoring of the LHA uprating policy.

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