

Equality Analysis for maintaining Local Housing Allowance rates from April 2023

Date: November 2022

Equality Analysis Maintaining LHA rates at current levels

Policy Summary

The Proposed Policy

This proposal is that for the year 2023/24 we maintain Local Housing Allowance (LHA) rates at their current levels, previously set at each area's 30th percentile of rents in April 2020.

LHA rates determine the maximum amount of housing support available to claimants in the private rented sector. It was introduced in 2008 and applies to claims of both the housing element of Universal Credit (UC) and Housing Benefit (HB).

Each of the 192 broad rental market areas (BRMAs) in Great Britain has 5 LHA rates - for 4+, 3, 2, 1 bedroom(s) and shared accommodation respectively. The LHA rates policy therefore ensures that taxpayers do not subsidise benefit claimants to live in expensive rental accommodation, and similarly helps manage the overall HB/UC housing support bill.

As a response to the Covid-19 pandemic, 2020/21 LHA rates were set at the 30th percentile of local rents for each size category in each BRMA, subject to national caps which were also increased to the highest outer London LHA rates plus an extra 20%.

The 2020/21 levels of Local Housing Allowance rates have been maintained in April 2021 and April 2022.

High Level EA

The policy being considered here is maintaining LHA rates at their current levels, which is being compared to a policy of lifting them to the 30th percentile of rents.

This will affect all claimants in the private rented sector (PRS) who under the comparator policy of lifting rates to the 30th percentile would see their Universal Credit Housing Costs Element (UCHE) or HB amount increase. These are claimants who reside in BRMAs where the 30th percentile of rates would increase above current LHA rates and who would otherwise experience a shortfall. Those whose rents continue to be within the LHA rate will not be affected, as their housing entitlement will fully cover their rent throughout.

Administrative data is produced from two sources, the Single House Benefit Extract (SHBE) containing data on HB from Local Authorities and the UCHE data containing data collected by the department for Universal Credit. Only gender and age information are consistently available on these datasets. Where this information is available it is broadly consistent with the Family Resources Survey (FRS) results and has been included in the designated tables below.

Where administrative data is not available, data has been taken from FRS, years 2016/17 through to 2019/20. These data relate specifically to HB only, and it is assumed that they are representative of housing support as a whole. In the FRS we use those whose rent is higher than their HB to estimate those that would be affected by a change in LHA rate.

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LHA policy applies to all LHA claimants equally and so will not directly affect those with protected characteristics more than others. However, those with certain characteristics are more likely to be subject to LHA. Relative to the population as a whole, characteristics over-represented in claimants who would see their benefits rise (either calculated directly or inferred from those who have rent greater than HB) as a result of setting LHA rates at the 30th percentile are listed below. These are therefore more likely to be affected by maintaining LHA rates include:

- Single Females;
- Lone Parents;
- People with Disabilities;
- Those who are working age;
- People from Black, Asian, or minority ethnic groups; and
- Those identifying as Muslim.

Protected Characteristic – Gender

Maintaining LHA rates at current rates will apply to all LHA claimants regardless of gender. Therefore, it will not directly affect any gender group differently from another.

Table 1 shows the breakdown of LHA claimants by gender groups. The data is taken from May 2022 UCHE and SHBE datasets. The data shows that the proportions of Single Males, Single Females, and Couples that would see their HB/UCHE increase in the case of the comparator policy are similar to all LHA claimants. Therefore, a freeze in LHA rates would not indirectly disproportionately adversely affect any gender group of LHA claimants. Most claimants (individual or part of couple) affected are female, as most LHA claimants are female. The proportion of affected claimants who are female is higher than that of the whole population, as well as the proportion of lone parents.

Table 1: Breakdown of the LHA caseload by gender and any dependent children, UCHE & SHBE, August 2022

	LHA claimants who would see their HB/UCHE rise under comparator policy			All LHA claimants			All households (FRS)		
	Single Male	Single Female	Couple	Single Male	Single Female	Couple	Single Male	Single Female	Couple
No dependent children	47%	39%	14%	51%	38%	11%	31%	31%	38%
At least one dependent child	6%	59%	35%	6%	58%	36%	2%	21%	77%
All	26%	49%	25%	28%	48%	23%	25%	28%	47%

Note: totals may not sum to 100% due to rounding

Protected Characteristic – Age

Maintaining LHA rates at current rates will apply to all claimants regardless of age. Therefore, it will not directly affect any age group differently from another.

Table 2 shows the breakdown of LHA claimants by age groups. The data is taken from May 2021 UCHE and SHBE datasets. The data shows that the proportions of under 35s, 35 to 64 year olds and 65 and overs that would see their HB/UCHE increase in the case of the comparator policy are similar to all LHA claimants. Most of those affected are aged 35-64, as most of those in receipt of the LHA are aged 35-64. The proportion of LHA claimants who are of working age is more than that for the whole population.

Table 2: Breakdown of the LHA caseload by age, UCHE & SHBE August 2022

	LHA claimants who would see their HB/UCHE rise under comparator policy	All LHA Claimants	All households (FRS data)
Under 35	35%	32%	30%
35 to 64	54%	59%	45%
65 and over	11%	10%	25%

Protected Characteristic – Disability

Maintaining LHA rates at current rates will apply to all claimants regardless of disability. Therefore, it will not directly affect any disability status differently from another.

Table 3 shows the breakdown of PRS HB claimants by whether any disability is declared. The data is taken from the FRS. The data shows the disability status of those with rent greater than HB and that of all PRS HB claimants. The former group has a slightly lower proportion of households where a disability is declared for at least one member. As such, those who are disabled are marginally less likely to be affected by the freeze directly. A freeze may however have a greater impact on claimants who are disabled or have disabled children because it may be more difficult to secure suitable alternative accommodation. This could be due to specific needs for adapted properties, for example ground floor accommodation with wheelchair access. Around half of households affected contain at least one disabled person, as most households in receipt of the LHA contain at least one disabled person. The proportion of affected households that contain at least one disabled person is higher than that of the whole population.

Table 3: Breakdown of the housing support caseload by disability, FRS four-year averages (FRS 2016/17 - FRS 2019/20)

	PRS claimants with rent greater than HB	All PRS HB claimants	All households
At least one person in the household with Equality Act 2010 disability (core definition)	51%	56%	34%
No people in household with Equality Act 2010 disability (core definition)	49%	44%	66%

Protected Characteristic – Ethnicity

Maintaining LHA rates at current rates will apply to all claimants regardless of ethnicity. Therefore, it will not directly affect any ethnic group differently from another.

Table 4 shows the breakdown of PRS HB claimants by declared ethnic group. The data is taken from the FRS. The data shows that the ethnicity characteristics of those with rent greater than HB are similar to those of all PRS HB claimants, so little if any disproportionate adverse indirect impact. Most claimants affected are white, as most of those in receipt of the LHA are white. The proportion of affected claimants who are from Black, Asian or Minority Ethnic groups is higher than that for the whole population.

Table 4: Breakdown of the housing support caseload by ethnicity, FRS four-year averages (FRS 2016/17 - FRS 2019/20)

	PRS claimants with rent greater than HB	All PRS HB claimants	All households
White	79%	82%	87%
Mixed/ Multiple ethnic groups	<1%	2%	1%
Asian/ Asian British	13%	10%	7%
Black/ African/ Caribbean/ Black British	4%	5%	3%
Other ethnic group	4%	2%	1%

Protected Characteristic – Gender Reassignment

The Department does not collect information on whether a claimant’s gender identity is the same as their gender assigned at birth, this follows a Cabinet Office consultation with the Government Equalities Office which deemed it is not best practice to do so.

A size criteria determines how many bedrooms a claimant’s household needs. It allocates bedrooms on the basis that two children of the same sex can share a room until one of them reaches 16, and two children of different sexes until one of them reaches 10. It does not take separate account of the children’s gender identity. Therefore, maintaining LHA rates at their current levels rather than setting at the 30th percentile may mean that claimants have fewer affordable options if they wish to rent a larger property to provide an additional bedroom for a child due to their gender identity.

Protected Characteristic – Sexual Orientation

Maintaining LHA rates at current rates will apply to all claimants regardless of sexual orientation. Therefore, it will not directly affect any sexual orientation differently from another.

Table 5 below shows the breakdown of PRS HB claimants by declared sexual orientation. The data is taken from the FRS. The data shows that the sexual orientation characteristics of those with rent greater than HB are similar to those of all PRS HB claimants, so little if any disproportionate adverse indirect impact. Most of those affected are heterosexual/straight, as most of those in receipt of the LHA are heterosexual/straight. The proportion of LHA claimants who are heterosexual/straight is similar to that of the whole population.

Table 5: Breakdown of the housing support caseload by declared sexual orientation

	PRS claimants with rent greater than HB	All PRS HB claimants	All households
Bisexual	0.4%	0.7%	0.8%
Gay/Lesbian	<0.1%	1.4%	1.6%
Heterosexual/Straight	99.1%	97.4%	96.9%
Other	0.5%	0.6%	0.7%

Protected Characteristic – Religion or Belief

Maintaining LHA rates at current rates will apply to all claimants regardless of religion or belief. Therefore, it will not directly affect any religion or belief differently from another.

Table 6 below shows the breakdown of PRS HB claimants by declared religion or belief. The data is taken from the FRS. The data shows that the religion or belief characteristics of those with rent greater than HB are similar to those of all PRS HB claimants, so little if any disproportionate adverse indirect impact. The largest group affected is Christians, as the largest group in receipt of the LHA is Christians. The proportion of affected claimants who are Christians is similar to that of the whole population however the proportion of affected claimants who are Muslim is higher than that of the whole population.

Table 6: Breakdown of the housing support caseload by declared religion or belief

	PRS claimants with rent greater than HB	All PRS HB claimants	All households
Buddhist	0.6%	0.5%	0.5%
Christian	49.1%	45.7%	51.0%
Hindu	2.6%	1.7%	1.6%
Jewish	0.3%	0.3%	0.4%
Muslim	12.3%	10.1%	4.7%
No Religion	32.4%	37.0%	36.3%
Other	0.7%	2.4%	1.2%
Sikh	1.2%	0.8%	1.2%

Protected Characteristic – Pregnancy and Maternity

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 and Support Allowance. It cannot be used therefore, to accurately

assess the equality impacts. We do not envisage an adverse impact on these grounds.

Mitigation

Discretionary Housing Payments

The Government recognises that housing support claimants paid according to the LHA rules may still face a shortfall between their housing support and rent. The Discretionary Housing Payment (DHP) scheme is administered by local authorities and is designed to support vulnerable claimants most affected by affordability pressures.

Since 2011 the Government has provided over £1.5 billion in DHP funding to local authorities to support households who require further financial support with their housing costs.

In particular, DHPs can be used by local authorities to help those households remain in their home where the type and level of disability places restrictions on the amount of suitable alternative accommodation available. It can also be used to help people with removal costs, rent in advance and deposits so they are able to move to more appropriately sized/affordable accommodation.

Payments are entirely at the discretion of the local authority; they decide when an award should be made and the amount and duration of each award. These payments are subject to an overall annual cash limit, but in addition to the Government contribution, local authorities in England and Wales can top up their funding up to a maximum of two and a half times this figure using their own funds. (there is no cap in Scotland).

Other options for mitigation

For claimants who are facing a shortfall between their LHA award and contractual rent there are other options they can consider if they haven't been able to claim a DHP award.

Some tenants may be able to re-negotiate with their landlord if the rent increases beyond their means to pay it. Some landlords may prefer to continue letting to a reliable tenant rather than risk letting to someone new or having the property empty if they can't find someone else.

Some claimants may consider looking for cheaper accommodation either in the same area or further afield, either of the same size or smaller depending on their household size.

Single claimants could consider sharing accommodation, such as entering into a house-share arrangement to cut down on rental costs.

For those of working age who are able to, entering employment or working more hours of work will increase their income and help pay any shortfall in rent.

Lone parents may find it more difficult to move into work or increase their hours of work when they have a child under school-age because of the cost of childcare. To

help with this, 30 hours a week free childcare is available for working parents of 3 and 4 year olds. UC claimants can continue to get help with UC childcare costs additional to receiving free childcare hours.

Cost of Living support

The Chancellor announced at Autumn Statement 17 November 2022 a package of support from April 2023 to support the most vulnerable:

- Maintaining the Triple Lock policy and uprating State Pensions by CPI in 2023/24.
- In April 2023, working age and disability benefits, and the Pension Credit Standard Minimum Guarantee, will also be uprated by CPI.
- To ensure that households will see an increase in their benefits following uprating - the benefit cap will also be increased in line with CPI from April 2023. All currently capped households (around 130,000 as of May 2022) will see an increase in benefit uprating in April 2023 following an increase in the benefit cap levels, with around 30,000 households being taken out of the cap entirely.
- More than 8 million UK households on means tested benefits will receive an additional Cost of Living Payment of £900 in 2023-24.
- Extending the Household Support Fund, providing an additional £1bn to help with the cost of household essentials, for the 2023-24 financial year, on top of what we have already provided since October 2021, bringing total funding for this support to £2.5 billion.