

## Equality and Safety Impact Assessment

The **Public Sector Equality Duty** (Section 149 of the Equality Act) requires public bodies to have due regard to the need to eliminate discrimination, advance equality of opportunity, and foster good relations between different people carrying out their activities.

The Equality Duty supports good decision making – it encourages public bodies to be more efficient and effective by understanding how different people will be affected by their activities, so that their policies and services are appropriate and accessible to all and meet different people’s needs. The Council’s Equality and Safety Impact Assessment (ESIA) includes an assessment of the community safety impact assessment to comply with Section 17 of the Crime and Disorder Act and will enable the Council to better understand the potential impact of proposals and consider mitigating action.

<b>Name or Brief Description of Proposal</b>	Fair Collection and Debt Recovery Policy and linked council tax and business rates recovery policy
<b>Brief Service Profile (including number of customers)</b>	
<p>These policies set out the principles and standards in relation to customer contact, recovery processes, repayments, and benefit, money and debt advice. It also sets out how the council will manage and collect arrears and debts from residents and businesses experiencing difficulties in paying, who have multiple debts to the council, and vulnerable people who have debt with the council.</p> <p>The purpose of the policies is to ensure a consistent and coordinated approach to the management of debts across the council, maximising debt recovery and income collection. Whilst some parts of income recovery must adhere to relevant regulations e.g. Council Tax, Business Rates, parking and rents for council housing, the overall principle is that billing, collection and recovery of all sums due are managed in a fair, proportionate, cost-effective, consistent and sensitive manner.</p> <p>The fair collection and debt recovery policy applies to all debts and income due to the council including but not limited to:</p> <ul style="list-style-type: none"> <li>• Council Tax and Business Rates (additional information on these two debts is included in the Council Tax and Business Rates recovery policy)</li> <li>• Housing Benefit overpayments</li> <li>• Rent for council housing</li> <li>• Rent for other council properties including garages and commercial property</li> <li>• General Income – the fees and charges made for a wide range of Council Services such as adult social care. General income also includes loan repayments and salary overpayments</li> <li>• Commercial Property Rent and Service Charges</li> <li>• Leaseholder payments</li> </ul>	

- Commercial and Garden Waste Collection
- Other sundry debts owed to the council which include but are not limited to invoices for trade refuse collection services, building control fees, statutory notices and annual licencing fees
- Car parking enforcement debts
- Recovery of enforcement costs following works in default
- Charging for discretionary services or any money due to the council under terms of an agreement to pay for goods, services or property.

### Summary of Impact and Issues

The impact of the national cost of living crisis means that increasingly residents and businesses are in financial hardship, so it is important that the council considers its approach to debt recovery to make sure the process is fair and transparent.

Data from the Office for National Statistics [Expenditure - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk):- illustrates the impact

In the period 8 February to 1 May 2023, this data showed:

- renters (4.7 higher odds) and mortgage holders (2.0 higher odds) had higher odds of experiencing financial vulnerability compared with those who own their home outright
- the difference between renters' and mortgage holders' likelihood of experiencing some form of financial vulnerability may reflect that, on average, renters report spending a higher proportion of their disposable income on rent (21%), than mortgage holders on their mortgage (16%), according to the latest data from the Living Cost and Food Survey (UK, financial year ending 2022)
- adults aged 25 years and over were more likely to experience some form of financial vulnerability when compared with those aged 75 years and over. Adults aged 25 to 34 years had the highest odds [of financial vulnerability](odds ratio equals 2.2), followed by those aged 45 to 54 years and 35 to 44 years (odds ratio equals 1.9).
- around a third (35%) of adults reported it was difficult (very or somewhat) to afford their rent or mortgage payments, this proportion appeared higher among groups including; those receiving support from charities (57%), living in a household with one adult and at least one child (47%), receiving some form of benefits or financial support (45%), Asian or Asian British adults (53%), Black, African, Caribbean or Black British adults (47%), renters (43%) and disabled adults (41%)
- adults with a personal annual income of up to £10,000, who had higher odds of experiencing financial vulnerability (3.8 higher odds), compared with adults earning £50,000 or more per year

Data from the [Southampton Data Observatory](#)

Southampton total population 248,824

As of **March 2023**, **4.2%** of the working age population were **claiming out of work benefits**. This is yet to return to the pre-pandemic baseline (less than 3.5% in early 2020) and appears to have slowly increased in recent months; possibly related to recent economic uncertainty. Discretionary income is the income remaining to spend, save or invest after paying essential bills, mortgage/rent, groceries, utilities and any other necessary expenses

- Based on the government's £2,500 cap, +120% increase in the energy bills from April

2021 to October 2022, we estimate the discretionary income of approximately 16% of households in Southampton to fall below £0 per month

- Expanding this, we estimate almost 50% of households would have a discretionary income below £125 per month, with these households potentially in a precarious financial situation if there were unforeseen circumstances e.g. car break down
- Half (50%) of households estimated to have their discretionary income fall below £0 a month are among the 20% most deprived nationally;
- This rises to over 80% when expanded to the 40% most deprived households
- Although, some of these households will likely receive additional government support beyond the £66 per month from October 2022 – additional support for the most vulnerable households is not accounted for within the forecast
- Whilst those living in the 40% most deprived neighbourhoods are estimated to be most impacted in Southampton. It is important to emphasise the impact of rising energy prices and cost of living will be felt across all households in Southampton

### **Rise in cost of living:-**

Based on the government's £2,500 cap, +120% increase in the energy bills from April 2021 to October 2022, we estimate the discretionary income of approximately 16% of households in Southampton to fall below £0 per month (Discretionary income is the income remaining to spend, save or invest after paying essential bills, mortgage/rent, groceries, utilities and any other necessary expenses)

### **Council Tax and Business Rates Arrears:-**

Data from [Gov.UK](https://www.gov.uk) indicates in England 2022 to 2023:-

- At 31 March 2023, the total amount of council tax still outstanding amounted to £5.5 billion. This is a cumulative figure and includes arrears that may stretch back a number of years. This is an increase of £510 million over the figure at the end of 2021-22.
- At 31 March 2023, local authorities reported the total amount of non-domestic rates still outstanding amounted to £2.5 billion. This is a cumulative figure and includes arrears that may stretch many years. This is a decrease of £99 million on the 2021-22 figure.

Following a recent [revaluation of non-domestic properties](#) many small businesses have seen an increase in the value of their property which can result in an increase in the amount of Business Rates they need to pay. However, for those businesses already receiving Business Rates Relief (100% discount if their business has a rateable value of below £12,000) they may be entitled to transitional relief which staggers the increase in bills over three years.

[Citizens Advice](#) is helping almost 40,000 people every month with debt issues. Energy debts and council tax arrears are now the most commonly encountered problem debt - with 50% of the people helped by Citizens Advice reporting one or both of these debts.

### **Tracking the impact of the high cost of living on UK households:-**

A report from [Money Advice Trust](#), June 2023:-

- Two in five (41%) callers to National Debtline and over half (56%) of Business Debtline callers have a 'negative budget'.
- 3.7 million more people are behind on household bills, compared to March 2022.

- Since 2018, the average amount owed on council tax, energy, rent and other 'priority' debts has increased by 54% amongst callers to National Debtline – to a total of £4,080.

### **Potential Positive Impacts**

The policies will benefit all customers facing financial hardship as it:

- sets out the way that they can expect to be treated in their dealings with the council
- recognises cases of genuine hardship
- will encourage customers to self-help and signposts them as to free, independent advice from local and national debt advice providers.

The policies will also benefit the wider taxpayers of Southampton in that it confirms that the council will seek to maximise income collection and minimise the number and size of bad debts owed to the council.

The aims of the policies are for the council to:

- Be easy to talk to, so customers will be more likely to make contact with us when they first face difficulties.
- Balance maximising income for Southampton City Council, while making sure we consider our customers other debts and liabilities when making arrangements for recovering the money they owe.
- Take positive action to prevent debt occurring e.g. by making early contact to prevent arrears increasing, offering a range of payment methods etc.
- Help identify and recognise customers who may try to abuse the policies, such as customers who refuse to pay or who delay payment without a real reason.
- Ensure effective debt collection including enforcement action against deliberate non- payers.
- Encourage customers to make early contact with us to prevent arrears increasing and being fair, firm and consistent in our approach.
- In customers' interests, with consent and in line with data protection legislation, share information across the council to assist both customers and debt collection.
- Promote access to advice and support.
- Maximise use of benefit take-up and discretionary funds where appropriate to help reduce the burden of debt for customers on low incomes.

<b>Responsible Service Manager</b>	Vanessa Shahani, Head Income & Expenditure
<b>Date</b>	14/11/23
<b>Approved by Senior Manager</b>	James Marshall, Director, Customer Experience
<b>Date</b>	22/11/2023

## Potential Impact

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
<p><b>Age</b></p>	<p>The cost of living forecasts on the <a href="#">Data Observatory in Southampton</a> - shows households that are most vulnerable to rising energy bills. This data has showed us that 64% of households in Southampton can be categorised to be in groups that are vulnerable to rising household bills and could be at risk of falling into arrears.</p> <p>The data showed that low-income families, older people living alone with limited income, and those in social rented housing are more likely to fall into arrears with essential bills as a result of increased prices.</p> <p>Data shows:</p> <ul style="list-style-type: none"> <li>• Individuals that are 66+ years old, with a household income of lower than £15,000, often live in fuel poverty. Therefore, this group is more likely to experience debt if faced with rising costs. Consequently, the policy will be of more relevance to them.</li> </ul> <p>A report from Independent Age 'A constant struggle' - The Impact of high household costs on older people facing financial hardship Sept 2023 states:- 40% of respondents aged 65+ on a low household income said they had struggled to keep up with their Council Tax bills over the past six months. The full report can be found <a href="#">here</a></p>	<p>The purpose of the Fair Collection and Debt Recovery Policy and the Council Tax and Business Rates Recovery Policy is to ensure a consistent but tailored approach to the collection of debt from all individuals and organisations who owe money to the council. The diversity of the debtors is acknowledged within the policies so action is, wherever, possible designed for a particular debtor to minimise hardship and maximise recovery.</p> <p>There are a number of Council Tax discounts and exemptions which might apply to some older people e.g. Single Person Discount if they live alone or if they have reached pensionable age. A full list of these can be found on the <a href="#">SCC website</a>.</p>
<p><b>Disability</b></p>	<p>A recent ONS <a href="#">cost of living survey</a> outlines how disabled adults are comparatively more likely to be</p>	<p>The disabled band reduction scheme aims to reduce Council Tax for disabled people who have</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
	<p>falling behind on household bills. 36% of disabled adults were finding it difficult to afford their rent/mortgage payments and 4% were behind on payments, compared to 27% and 2% for non-disabled adults respectively.</p>	<p>to live in a larger property to meet the needs of their disability. Eligibility can be checked on the <a href="#">SCC website</a></p> <p>The severely mentally impaired discount or exemption may apply to an individual or a member of their household if an individual is mentally disabled and not counted for Council Tax purposes. Eligibility can be checked on the <a href="#">SCC website</a></p>
<b>Gender Reassignment</b>	None	<p>The purpose of the Fair Collection and Debt Recovery Policy and the Council Tax and Business Rates Recovery Policy is to ensure a consistent but tailored approach to the collection of debt from all individuals and organisations who owe money to the council. The diversity of the debtors is acknowledged within both policies so action is, wherever possible, designed for debtors to minimise their hardship and maximise recovery.</p>
<b>Marriage and Civil Partnership</b>	None	As above
<b>Pregnancy and Maternity</b>	None	As above
<b>Race</b>	None	As above
<b>Religion or Belief</b>	None	As above
<b>Sex</b>	None	As above
<b>Sexual Orientation</b>	None	As above
<b>Community Safety</b>	None	As above
<b>Poverty</b>	<p>The cost of living forecasts on the <a href="#">Data Observatory in Southampton</a> - shows households that are most vulnerable to rising energy bills. This data has showed us that 64%</p>	<p>Alternative Payment Arrangements are put in place when a tenant is struggling. This means an element of the rent money is paid direct to the</p>

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	<p>of households in Southampton can be categorised to be in groups that are vulnerable to rising household bills and could be at risk of falling into arrears.</p> <p>The data showed that low-income families, older people living alone with limited income, and those in social rented housing are more likely to fall into arrears with essential bills as a result of increased prices.</p> <p>Data shows:</p> <ul style="list-style-type: none"> <li>• Low income families are predominantly 26-35/36-45 years old. 31.5% have 2 children, most of which are 5-11yrs old. They have low discretionary income.</li> <li>• Individuals in social rented housing are mainly 46-55/56-65 years old. They are often single and on low household income. 84% do not have children.</li> </ul>	<p>council. Direct debits and standing orders are also promoted as payment methods, as well as signposting customers to sources of help and advice if they are in financial difficulty e.g. Citizens Advice, the Council's Welfare Rights and Money Advice Unit, other money and advice agencies or support in kind e.g. food banks. Support to apply for Discretionary Housing Payments to help with arrears is also available. Affordable payment arrangements are negotiated with customers (individuals and businesses).</p> <p>If individuals have a low income or are in receipt of benefits you may be entitled to <a href="#">Council Tax Reduction</a>.</p> <p><a href="#">The Debt Respite Scheme (Breathing Space Moratorium and Mental Health Crisis Moratorium) (England and Wales) Regulations 2020</a></p> <p>There are two types of breathing space: a standard breathing space and a mental health crisis breathing space.</p> <p>A standard breathing space is available to anyone with problem debt. It gives the customer legal protections from creditor action for up to 60 days.</p> <p>A mental health crisis breathing space is only available to a customer who is receiving mental health crisis treatment. It lasts as long as the customer's mental health crisis treatment, plus 30 days (no matter how long the crisis treatment lasts).</p>

Impact Assessment	Details of Impact	Possible Solutions & Mitigating Actions
<b>Health &amp; Wellbeing</b>	<p><a href="#">The Mental Health Foundation's</a> representative survey of UK adults in November 2022 found that 10% had felt hopeless because of financial worries during the previous month, while 34% felt anxious and 29% felt stressed. When thinking about the next few months, UK adults are concerned about not being able to maintain their standard of living (71%), heat their home (66%) or pay general monthly household bills (61%). Significantly, half (50%) of UK adults were at least a little worried about being able to afford food over the next few months, rising to 67% of younger adults aged 18 to 34.</p>	<p>The Fair Collection and Debt Recovery Policy's purpose is to ensure a consistent but tailored approach to the collection of debt from all individuals and organisations who owe money to the council.</p> <p>The diversity of the debtors is acknowledged within the policy so action is, wherever, possible designed for a particular debtor to minimise hardship and maximise recovery</p> <p>Breathing Space, above, might also apply in this category.</p>
<b>Other Significant Impacts</b>	<p>There is Statutory Legislation in place for the collection of Council Tax and Business Rates so, whilst we endeavour to support individuals and businesses that are struggling to make payments we are bound by this legislation in order to collect the funds.</p>	<p>Whilst the collection of Council Tax and Business Rates are governed by Statutory Legislation there are a number of discounts and exemptions in respect of both Council Tax and Business Rates, details can be found on the SCC website:-</p> <p><a href="#">Council Tax Discounts &amp; Exemptions</a>  <a href="#">Business Rates Discounts, Exemption &amp; Reliefs</a></p>