

# Grahame Park District Heating System Heating Charging Equality Analysis November 2011

## 1) Background

There are 649 tenanted properties that are actively let or leased (or void but able to be let) on the Grahame Park district heating system. This excludes properties that are boarded up awaiting demolition that cannot be relet and also excludes all leasehold properties where some of the owners have disconnected from the system.

It has been highlighted that the current district heating charging system of £10.92 for one bed properties, £13.22 for two bed properties and £13.27 for three bed properties may be putting certain groups at a significant financial disadvantage.

This analysis looks at the effect of the current charging system on different groups of tenants and makes recommendation to how a fairer charging system could operate.

## 2) Analysis

**Table 1: Net income per person in household each week<sup>1</sup>**

	household	basis	average heating charge	% total income spent on heating & hot water	net income after rent & council tax	net income per person in household
<b>1 bed</b>	single person u25	full benefits	£10.92	7%	£35.90	<b>£35.90</b>
	single person 25+	full benefits	£10.92	7%	£49.50	<b>£49.50</b>
	single person 18-20	minimum wage	£10.92	6%	£60.30	<b>£60.30</b>
	single person 25+	minimum wage	£10.92	5%	£123.60	<b>£123.60</b>
	couple u18	full benefits	£10.92	5%	£86.80	<b>£43.40</b>
	couple 18+	full benefits	£10.92	5%	£86.80	<b>£43.40</b>
<b>2 bed</b>	single person u18 + 1	full benefits	£13.22	6%	£107.95	<b>£53.98</b>
	single person u18 + 1	minimum wage	£13.22	4%	£187.03	<b>£93.52</b>
	single person 18-20 + 1	full benefits	£13.22	5%	£121.55	<b>£60.78</b>
	single person 18-20 + 1	minimum wage	£13.22	4%	£207.00	<b>£103.50</b>
	single person 25+ +1	minimum wage	£13.22	4%	£219.18	<b>£109.59</b>
	couple u18 +1	full benefits	£13.22	5%	£158.85	<b>£52.95</b>
	couple 18+ +1	full benefits	£13.22	5%	£158.85	<b>£52.95</b>
<b>3 bed</b>	single person u18 + 3	full benefits	£13.27	4%	£223.16	<b>£55.79</b>
	single person u18 + 3	minimum wage	£13.27	3%	£300.23	<b>£75.06</b>
	single person 18+ + 3	full benefits	£13.27	4%	£236.76	<b>£59.19</b>
	single person 18-20 + 3	minimum wage	£13.27	3%	£339.36	<b>£84.84</b>
	single person 25+ +3	minimum wage	£13.27	3%	£345.93	<b>£86.48</b>
	couple u18 + 3	full benefits	£13.27	3%	£274.06	<b>£54.81</b>
	couple 18+ + 3	full benefits	£13.27	3%	£274.06	<b>£54.81</b>

<sup>1</sup> For full details of net income analysis please see appendix  
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The net income (final column) in table 1 shows what the tenant has left per person in their household after rent, heating charge, services charge and water rates are paid. This is what that household has left to spend per person each week on food, clothes, travel, phone, television and any other costs.

The table shows that single people or couples living in 1 bedroom properties on Grahame Park, who are on full benefits, are living on around or less than £7 a day each (highlighted in red).

**Table 2: Distribution of properties by number of bedrooms**

Number of Bedrooms	Number of Properties	% Properties
1	216	33%
2	377	58%
3	56	9%
<b>Total</b>	<b>649</b>	<b>100%</b>

There are 216 tenants in one bedroom properties on the district heating system. 69% of these tenants receive housing benefit therefore many of them will be living on less than £7 a day as shown above.

**Table 3: Profile and average arrears<sup>2</sup> of tenants by gender and bedroom size<sup>3</sup>**

Sex	No. Bedrooms			Total	Sex	No. Bedrooms			Total
	1	2	3			1	2	3	
Female	37%	73%	75%	62%	Female	£232	£380	£389	£362
Male	63%	27%	25%	38%	Male	£348	£292	£186	£315
<b>Total</b>	100%	100%	100%	100%	<b>Total</b>	£312	£359	£352	£346

Table 3 shows that the majority of tenants in one bedroom properties are male. On average male tenants in one bedroom properties have arrears that are 50% higher than females tenants in one bed properties.

<sup>2</sup> Average arrears (for tenants in arrears) as at 28<sup>th</sup> October 2011

<sup>3</sup> Based on 614 tenants data

**Table 4: Profile and average arrears of tenants by ethnicity and bedroom size<sup>4</sup>**

Ethnicity	No. Bedrooms			Total	Ethnicity	No. Bedrooms			Total
	1	2	3			1	2	3	
Asian	11%	9%	10%	10%	Asian	£222	£215	£282	£227
Black	26%	35%	50%	34%	Black	£479	£320	£415	£361
Mixed	3%	3%	6%	3%	Mixed	£345	£370	£219	£345
Other	23%	23%	17%	22%	Other	£217	£351	£205	£304
White	37%	30%	17%	31%	White	£184	£424	£326	£349
<b>Total</b>	100%	100%	100%	100%	<b>Total</b>	£280	£350	£349	£333

Our successful tenancy research has shown us that tenants from black communities are more likely to be in rent arrears. Table 4 shows that 26% of tenants in one beds are black (higher than the overall Barnet Homes profile of 18%) and that these tenants have an average arrears of £479, 160% higher than white tenants in the same size properties.

**Table 5: Age of tenants by bedroom size**

Age	No. Bedrooms			Total	Age	No. Bedrooms			Total
	1	2	3			1	2	3	
18-20	4%	1%	0%	2%	18-20	£366	£231	-	£308
21-24	9%	7%	0%	7%	21-24	£344	£322	-	£332
25+	87%	92%	100%	92%	25+	£306	£361	£352	£347
<b>Total</b>	100%	100%	100%	100%	<b>Total</b>	£315	£356	£352	£345

The majority of our tenants are over 25, therefore the worst case scenario of a person on full benefits under 25 living off £35.90 a week (shown in table 1) affects only a small proportion of tenants.

### 3) Summary

Occupants of one bedroom on full benefits at Graham Park are living on around £7 a day. There are 216 one bedroom properties on the Graham Park district heating system and these are made up of:

- 63% male tenants
- 63% from BME communities with 26% from black backgrounds
- 96% are over 25 years old

→ The majority of one bedroom properties are occupied by male tenants from BME (in particular black) communities. Research carried out by the Consumer Credit Counselling Service reveals that men are more likely to be in significant debt than women. From our successful tenancies work we know that tenants from our black communities are more likely to be in high arrears and this is particularly the case for those men in one bedroom properties as table 3 above shows. This analysis suggests that these groups are further disadvantaged by the current heating charging system as

<sup>4</sup> Based on 498 tenants data (261 in arrears)

have significantly less net income than tenants in 2 and 3 bedroom properties in the same situation (i.e. on benefits).

#### **4) Recommendations**

Based on the above evidence, it is recommended that the heating charges are distributed more fairly across the different sizes of properties so tenants of one bedroom properties are not at such a financial disadvantage.

Next steps:

- We are due to receive information on how much fuel each property is estimated to consume, this will then be used alongside finance calculations as to how we can rework the charges more equitably
- Analysis to be circulated to the Equality Group for feedback
- Director of Operations, Derek Rust, to produce a paper for the Council integrating this equality analysis to propose the changes to the charging system
- If agreed this will form part of the rent setting paper for the Council and will be implemented in April 2012