

ANNEX 1

Name of Policy/Strategy/Service/Function Proposal

The Council Tax Reduction Scheme for 2017-18

The Aims, Objectives and Expected Outcomes:

Since 1st April 2013, the Council has maintained a local Council Tax Reduction scheme. This replaced the national Council Tax Benefit scheme, which ended on 31st March 2013. Council Tax Reduction helps provide support to council taxpayers who have a low income. It supports the taxpayers by providing a reduction in the actual amount in Council Tax payable.

The Council has the ability to determine the level of support given to working age applicants only. The scheme for pension age applicants is determined by Central Government and therefore the ability of the Council to vary that part of the scheme is limited and can only enhance the national scheme in any event.

When Council Tax Reduction was first introduced, Central Government provided a specified level of grant, which was approximately 10% lower than the amounts previously given (pre 1st April 2013). This has now been replaced by a general duty to provide a scheme and funding is not separately identified within the grants given to the Council.

After the original consultation, the Council decided to introduce a Council Tax Reduction scheme that differed from the original Council Tax Benefit in that instead of granting a maximum level of support of 100% it would limit the maximum support to 94.5%.

Changes since 2013

Since the introduction of Council Tax Reduction, the overall scheme adopted by the Council has remained broadly the same, with only applicable amounts and non-dependant charges being uprated as well as minor changes being made to mirror changes to the Housing Benefit scheme. Central Government has also continued to uprate changes to applicable amounts for pension age applicants, again to mirror the changes in Housing Benefit.

The Proposed Scheme for 2017-18

A full review has been undertaken of the effectiveness of the current Council Tax Reduction scheme and a public consultation has been undertaken to gather views as to whether the current scheme should be changed. A summary of the results of the consultation are provided together with this Equality Impact Assessment. The Council is minded to make changes to the working age scheme to meet the following:

- The more accurate targeting of support to those working age applicants who most need it;
- The need to change the scheme, not only to align with proposed changes to Housing Benefit, but also to align the scheme with the approach taken by the Department for Work and Pensions in the creation, introduction and roll out of Universal Credit; and

- To address potential shortfalls in funding due to the continued reduction in Central Government grants.

It should be noted that the changes, if made, would only apply to the working age scheme although the consultation will be open to all Council Taxpayers.

The main proposals of the scheme are as follows. Any changes if adopted will be effective from 1st April 2017:

Option 1 – Reducing the maximum level of support for working age applicants from 94.5% to 90%

Option 2 – Reducing the maximum level of support for working age applicants from 94.5% to 85%

Option 3 – Using a set income for self-employed earners after 1 year's self-employment

Option 4 - Reduce the capital limit from the existing £16,000 to £6,000

Option 5 - To introduce a standard level of non dependant deduction of £10 for all claimants who have non dependants resident with them

Option 6 - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge

Option 7 - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band C charge

Option 8 - Removing the Family Premium for all new working age applicants

Option 9 - Reducing Backdating to 1 month

Option 10 - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to 4 weeks

Option 11 - To remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants

Option 12 - To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two

Option 13 – To introduce a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship

Option 14 - To take any Child Benefit or Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction

The Council also consulted on whether they should maintain the current scheme for working age applicants or whether it should consider the following alternatives:

Increase the Council Tax; or find the additional income by cutting other services; or use reserves to provide the income

Scope of the Equality Impact Assessment

The following identifies the potential impact on claimants and particularly groups of claimants. It should be noted that Pensioners will continue to be protected under the rules prescribed by Central Government. These broadly replicate council tax benefit scheme, which existed prior to 1st April 2013.

Central Government has not been prescriptive in how it does this but points to the Council's existing responsibilities including the Child Poverty Act 2010, the Disabled Person Act 1986 and the Housing Act 1996 as well as the public sector equality duty in section 149 of the Equality Act 2010.

Decision-makers are reminded of the requirement under the Public Sector Equality Duty (s149 of the Equality Act 2010) to have due regard to (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people from different groups, and (iii) foster good relations between people from different groups.

A review of the impact of the current CTR Scheme in April 2016 is based on a 5% reduction of the original council tax benefit. Data has been analysed for those protected characteristics where we hold data: disability, carers, sex and age. The review has found that:

- 39% of claimants have a disability.
- 5% of claimants have a carer in the household.
- 62% of claimants are female and 38% are male.
- 8% of claimants are aged 18-24, 23% are aged 25-34, 24% are aged 35-44, 26% are aged 45-54 and 18% are aged 55-64.

Pension age claimants have not been included in the analysis as they are protected.

Disability and Carer Characteristics

- All claimants (including those with protected characteristics) have received a reduction in their benefit amount.
- People with disabilities now receive more per week, on average, than people without disabilities.
- Claimants with a carer in the household continue to receive more per week, on average, than claimants without a carer in the household.

These factors are probably as a result of our scheme treating people with disabilities and carers more favourably by disregarding some incomes, resulting in a higher council tax reduction.

Sex and Age Characteristics

- Eligibility for council tax support is not based on a person's sex or age. Any differences between the average weekly amounts received by these claimant groups are likely to be as a result of other factors.
- Males continue to receive more per week, on average, than females.
- The difference in average weekly amounts received across age groups appears to have reduced.
- Those aged 45-54 receive the highest weekly amount, on average.
- Those aged 18-24 receive the lowest weekly amount, on average.

We do not collect information about the following characteristics from claimants as it is not relevant to the calculation of council tax reductions:

- Religion or belief
- Sexual orientation
- Gender reassignment
- Marital or civil partnership status
- Pregnancy or maternity

Actions to mitigate any identified impacts

The possible introduction of an Exceptional Hardship Scheme has been included as an option for consideration by the Council. The design of the Exceptional Hardship Scheme is that it will allow any claimant to apply for additional support. It will examine their overall circumstances; examine both income and expenditure with a view to determining whether exceptional hardship exists. Under the scheme, claimants will potentially be able to receive additional support up to the full level of their Council Tax.

The individual mitigations for each option are below:

Option 1 – Reducing the maximum level of support for working age applicants from 95% to 90%

This option will apply to all working age claimants regardless of their protected characteristics. The primary mitigating factor will be the introduction of an exceptional hardship fund (Option 13) which would be available to provide assistance for those adversely affected by the reduction to 90%.

Option 2 – Reducing the maximum level of support for working age applicants from 95% to 85%

This option will apply to all working age claimants regardless of their protected characteristics. The primary mitigating factor will be the introduction of an exceptional hardship fund (Option 13) which would be available to provide assistance for those adversely affected by the reduction to 85%.

Option 3 – Using a set income for self-employed earners after 1 year's self-employment

This option will only apply to working age claimants who have been self-employed for more than a year. The concern that this option has the potential to stifle entrepreneurialism is mitigated by the fact that claimants will still have a year in which to determine whether or not their self-employment is viable and will be able to generate sufficient income for their needs.

Claimants with protected characteristics will benefit from the two-tiered income floor; one for part-time, one for full-time. This will mitigate against any potential impact on any claimants (including those with protected characteristics) that are deemed to be suitable for part-time self-employment due to disability, childcare, caring responsibilities etc. and would therefore be subject to the lower income floor than those who work full-time.

In addition to this the introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 4 - Reduce the capital limit from the existing £16,000 to £6,000

This option will only apply to working age claimants who exceed the capital limit of £6,000 regardless of their protected characteristics. It is not expected to affect many claimants and those that would be affected are unlikely to suffer financial hardship.

The mitigating factor is that claimants with over £6,000 in capital will have the finances available to pay their council tax. At such point that any claimant affected has capital below £6,000 they would then be eligible to apply for CTS (providing that there is no evidence of intentional deprivation of capital).

In addition to this the introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 5 - To introduce a standard level of non dependant deduction of £10 for all claimants who have non dependants resident with them

This option will only apply to working age claimants who have a non dependant living in the household. It will apply to these working age claimants regardless of their protected characteristics. The mitigating factor is that most non-dependants will have some form of income, from benefits or employment. It is reasonable to expect them to contribute some of this income to the household which would go some way towards lessening the financial impact on the claimant.

There is concern that this option is more likely to affect claimants with larger families. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 6 - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge

This option will only apply to working age claimants who live in band E-H properties. It will apply to these working age claimants regardless of their protected characteristics.

There is concern that this option is more likely to affect claimants with larger families. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 7 - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band C charge

This option will only apply to working age claimants who live in band D-H properties. It will apply to these working age claimants regardless of their protected characteristics.

There is concern that this option is more likely to affect claimants with larger families to a greater extent than Option 6. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 8 - Removing the Family Premium for all new working age applicants

This option will only apply to new working age claimants who would have previously received the Family Premium. It will not affect existing working age claimants. It will apply to new working age claimants regardless of their protected characteristics. Single females and couples are more likely to be affected, as over 95% of those currently eligible for the Family Premium are in those groups.

The mitigating factor is that it will only affect new claimants who will not suffer financial hardship as a result of this. The reason for this is that they will not have received the Family Premium for it to be taken away. The only way that this will affect existing claimants is if they have a break in their claim and then reclaim. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 9 - Reducing Backdating to 1 month

This option will only apply to new working age claimants that apply for backdating or existing claimants that have a break in their claim and need to reclaim with backdating (the latter is an unlikely scenario due to existing claimants already being familiar with the process). It will apply to these working age claimants regardless of their protected characteristics.

Aligning the backdating period from six months to one month means the potential entitlement period changes, but there is no actual reduction in support to the claimant. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 10 - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to 4 weeks

This option will apply to all working age claimants who are temporarily absent from Great Britain for more than 4 weeks. A mitigating factor is that exemptions will apply in certain circumstances such as bereavements and for certain professions such as the armed forces.

It will apply to all working age claimants regardless of their protected characteristics however Government analysis has suggested that certain ethnicities such as Black/ British Black and Asian may be more likely to be affected by this option. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 11 - To remove the element of a Work Related Activity Component in the calculation of the current scheme for new Employment and Support Allowance applicants

This option will only apply to working age claimants who are in receipt of ESA and receive the Work Related Activity Component. Households that include someone with a protected characteristic will be affected this policy if they receive this component. Overall, those groups who are more likely to be in receipt of affected benefits are more likely to see notional impacts from this option.

On an individual basis an equal number of men and women are likely to be affected. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 12 - To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two

This option will only apply to new working age claimants who have more than two children or existing claimants only if they have a break in their claim and have to reclaim. Households that include someone with a protected characteristic will be affected by this policy if this applies to them.

Analysis undertaken by the Government suggests that of those households currently in receipt of any welfare benefit those which contain someone with a disability are less likely to have children, relative to those households which do not. Therefore of households in receipt of welfare those containing someone with a disability are less likely to be affected.

Ethnic minority households may be more likely to be impacted by these changes. This is because they are, on average, more likely to have larger families. The introduction of an exceptional hardship fund (Option 13) would be available to provide assistance for those adversely affected by this option.

Option 13 – To introduce a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship

This option is the primary mitigating factor for all of the options that could have a financial impact on claimants to such an extent that one or more of the options causes exceptional hardship.

Option 14 - To take any Child Benefit or Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction

This option will only apply to working age claimants who receive Child Benefit and/ or Child Maintenance. Households that include someone with a protected characteristic will be affected by this policy if this applies to them.

Analysis undertaken by the Government suggests that of those households currently in receipt of any welfare benefit those which contain someone with a disability are less likely to have children, relative to those households which do not. Therefore of households in receipt of welfare those containing someone with a disability are less likely to be affected.

Ethnic minority households may be more likely to be impacted by these changes. This is because they are, on average, more likely to have larger families. The introduction of an exceptional hardship fund (Option 13) will be there to provide assistance for those adversely affected by this option.

Appendix A – Full Analysis of the effects of proposed changes

The following tables provide details of the expected effects of the changes (where available) on the working age claimants within the Council’s area.

Census 2011

Population data - Working Age (Census 2011)	Female	Male	20-24	25-34	35-44	45-54	55-64
Number	37,900	35,400	7,400	14,100	16,200	17,800	17,700
Proportion (of working age)	52%	48%	10%	19%	22%	24%	24%

2015/16 CTS caseload overview

Working Age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number of claimants	9636	3797	5839	500	9136	5993	3643	804	2241	2297	2539	1755
Proportion of claimants		39%	61%	5%	95%	62%	38%	8%	23%	24%	26%	18%
Average benefit paid (per week)	£16.03	£17.06	£15.41	£19.16	£15.86	£15.97	£16.14	£14.62	£15.60	£16.16	£16.51	£16.37
Differences between groups		£1.65		£3.30		£0.17						

Option 1 – Reducing the maximum level of support for working age applicants from 94.5% to 90%

Any increase would apply equally to all working age recipients, in line with the current scheme

Option 2 – Reducing the maximum level of support for working age applicants from 94.5% to 85%

Any increase would apply equally to all working age recipients, in line with the current scheme

Option 3 – Using a set income for self-employed earners after 1 year's self-employment

Working Age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number of claims with self-employed income	653	59	594	45	608	378	275	17	173	221	169	73
Proportion of claimants		9%	91%	7%	93%	58%	42%	3%	26%	34%	26%	11%
Average benefit paid (per week)	£16.55	£18.93	£16.32	£18.98	£16.37	£16.36	£16.82	£16.03	£16.73	£16.96	£16.30	£15.60
Differences between groups		£4.86		£2.61		£0.46						

Option 4 - Reduce the capital limit from the existing £16,000 to £6,000

Working Age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number of claimants	86	25	61	3	83	47	39	1	5	9	33	38
Proportion of claimants		29%	71%	3%	97%	55%	45%	1%	6%	10%	38%	44%
Average benefit paid (per week)	£14.16	£17.05	£13.52	£16.89	£14.06	£13.39	£15.13	£14.60	£12.62	£13.17	£14.81	£14.02
Differences between groups		£3.53		£2.83		£1.74						

Option 5 - To introduce a standard level of non dependant deduction of £10 for all claimants who have non dependants resident with them

Working Age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number of claims with Non-Dep Deduction	354	83	271	37	317	256	98	2	10	105	169	68
Proportion of claimants		23%	77%	10%	90%	72%	28%	1%	3%	30%	48%	19%
Average benefit paid (per week)	£16.52	£18.11	£16.09	£18.39	£16.30	£16.32	£17.03	£11.94	£14.67	£15.68	£17.15	£16.63
Differences between groups				£2.09		£0.71						

Option 6 - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band D charge

Working Age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number of claimants (above band D)	111	28	83	15	96	66	45	2	7	27	42	33
Proportion of claimants		25%	75%	14%	86%	59%	41%	2%	6%	24%	38%	30%
Average benefit paid (per week)	£26.15	£30.26	£25.25	£32.05	£25.23	£24.83	£28.09	£17.36	£22.15	£22.68	£27.44	£28.75
Average difference between actual CT liability and notional Band D liability (per week)	£4.15	£8.26	£3.25	£10.05	£3.23	£2.83	£6.09	£-4.64	£0.15	£0.68	£5.44	£6.75
Differences between groups		£5.01		£6.82		£3.26						

Option 7 - To restrict the maximum level of Council Tax Reduction payable to the equivalent of a Band C charge

Working Age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number of claimants (above band C)	384	97	287	37	347	245	139	8	42	111	132	91
Proportion of claimants		25%	75%	10%	90%	64%	36%	2%	11%	29%	34%	24%
Average benefit paid (per week)	£23.20	£25.42	£22.57	£27.76	£22.72	£22.44	£24.54	£14.11	£21.47	£21.85	£24.15	£25.07
Average difference between actual CT liability and notional Band C liability (per week)	£4.64	£6.86	£4.01	£9.20	£4.16	£3.88	£5.98	£-4.45	£2.91	£3.29	£5.59	£6.51
Differences between groups		£2.85		£5.04		£2.10						

Option 8 - Removing the Family Premium for all new working age applicants

The table below shows the total number of claimants with the Family Premium but this option applies to new claimants only so would not affect this many people.

Working Age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number of claimants	2462	203	2259	189	2273	1814	648	186	936	846	424	70
Proportion of claimants		8%	92%	8%	92%	74%	26%	8%	38%	34%	17%	3%
Average benefit paid (per week)	£14.44	£18.52	£14.07	£17.89	£14.15	£13.60	£16.78	£12.22	£14.04	£14.90	£15.12	£15.85
Differences between groups		£4.45		£3.74		£3.18						

With this in mind a more accurate number of claimants likely to be affected by this option is 27% of new working age claims. The number of new working age claims for 2015/16 was 2,420. Therefore an estimated 653 new working age claimants will not receive the £17.45pw Family Premium that existing claimants continue to receive as part of their entitlement. This should not be considered as a loss to the claimants as they have not received this for it to be taken away, but it can be considered as a saving.

Working Age	Yearly impact
Estimated loss to existing claimant regardless of whether or not they currently receive the Family Premium	£0.00
Estimated loss to new claimant if they would have received the Family Premium based on their circumstances	£181.48

Option 9 - Reducing Backdating to 1 month

Taking an assumed average period of backdating for 2015/16 as 8 weeks and an average weekly CTS entitlement of £15.97, a claimant would currently receive backdating totalling £127.76. By reducing the period of backdating to 1 month that claimant would now receive £69.20 resulting in a loss of £58.56. In 2015/16 there were 207 backdated claims meaning that based on these assumptions there could be a saving of just over £12,000.00 by reducing the period of backdating to 1 month.

Working Age	Yearly impact
Estimated loss to existing claimant that doesn't have a break and doesn't have to claim backdating in future	£0.00
Estimated loss to new claimant that applies for backdating or existing claimant that has a break and has to reclaim in future	£58.56

Option 10 - Reducing the period for which a person can be absent from Great Britain and still receive Council Tax Reduction to 4 weeks

Taking an assumed average absence of 10 weeks, a claimant would currently continue to receive a total of £159.70 in CTS whilst being absent from Great Britain. Under the reduced period of 4 weeks a claimant would instead receive £63.88 which would result in a loss of £95.82. There were an estimated 48 claims for which CTS was paid for a temporary absence (0.5% of claims) meaning that based on these assumptions there could be a saving of around £4,600 for reducing temporary absence to 4 weeks.

Working Age	Yearly impact
Estimated loss to existing claimant that doesn't have a temporary absence from Great Britain of more than 4 weeks	£0.00
Estimated loss to all claimants that have one period of temporary absence from Great Britain of more than 4 weeks	£95.82

Option 11 - To remove the element of a Work Related Activity Component in the calculation of the current scheme for new ESA applicants

Working Age	Yearly impact
Estimated loss to existing claimant that doesn't receive ESA or receives ESA but doesn't receive this component	£0.00
Estimated loss to new claimant that receives ESA and would have received this component	£0.00

Option 12 - To limit the number of dependant children within the calculation for Council Tax Reduction to a maximum of two

Taking an assumed average weekly CTS entitlement of £14.05 based on a family of five with one adult working and three dependants they would currently receive annual CTS of £730.60. However if this family made a new claim and only two of the three dependants were included in the calculation then they would not be entitled to any CTS.

Working Age	Yearly impact
Estimated loss to existing claimant with or without dependant children, irrespective of the number of dependant children	£0.00
Estimated loss to new claimant with more than two dependant children or existing claimant with more than two dependant children, only if there is a break in the claim and they have to reclaim in future	£730.60

Option 13 – To introduce a scheme, in addition to Council Tax Reduction, to help applicants suffering exceptional hardship

Available to all recipients of council tax reduction subject to a successful application

Option 14 - To take any Child Benefit or Child Maintenance paid to a claimant or partner into account in full in the calculation of Council Tax Reduction

Child Benefit

Working Age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number of claims with Child Benefit	2062	157	1905	139	1923	1755	307	164	790	718	345	45
Proportion of claimants		8%	92%	7%	93%	85%	15%	8%	38%	35%	17%	2%
Average benefit paid (per week)	£13.96	£17.82	£13.64	£17.49	£13.70	£13.57	£16.20	£11.70	£13.84	£14.47	£14.28	£14.74
Differences between groups		£4.18		£3.79		£2.63						

Child Maintenance

Working Age	All Claimants	Disability	No Disability	Carer	Non Carer	Female	Male	18-24	25-34	35-44	45-54	55-64
Number of claims with Child Maintenance	211	13	198	10	201	211	0	12	76	75	42	6
Proportion of claimants		6%	94%	5%	95%	100%	0%	6%	36%	36%	20%	3%
Average benefit paid (per week)	£12.76	£18.34	£12.40	£21.23	£12.34	£12.76	N/A	£8.62	£12.23	£14.23	£12.51	£11.29
Differences between groups		£5.94		£8.89		N/A						

