



Leicester
City Council

**SPECIAL MEETING OF THE NEIGHBOURHOOD SERVICES AND
COMMUNITY INVOLVEMENT SCRUTINY COMMISSION**

DATE: WEDNESDAY, 16 NOVEMBER 2016
TIME: 5:30 pm
**PLACE: THE OAK ROOM - GROUND FLOOR, TOWN HALL, TOWN HALL
SQUARE, LEICESTER**

Please note the venue for this meeting.

Members of the Commission

Councillor Cutkelvin (Chair)
Councillor Gugnani (Vice-Chair)

Councillors Aldred, Dr Chowdhury, Fonseca, Halford and Hunter
(1 unallocated non-grouped place)

Members of the Commission are invited to attend the above Special Meeting to consider the item of business listed overleaf.

Elaine Baker

For Monitoring Officer

Officer contacts:

Alex Sargeson (Scrutiny Policy Officer)

Elaine Baker (Democratic Support Officer),

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Further information

If you have any queries about any of the above or the business to be discussed, please contact:

Elaine Baker, Democratic Support Officer on 0116 454 6355

Alternatively, email elaine.baker@leicester.gov.uk, or call in at City Hall.

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PUBLIC SESSION

AGENDA

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1. APOLOGIES FOR ABSENCE

2. DECLARATIONS OF INTEREST

Members are asked to declare any interests they may have in the business to be discussed.

3. COUNCIL TAX REDUCTION SCHEME 2017/18

[Appendix A](#)

The Director of Finance submits a report setting out a request that is to be made to the full Council meeting of 24 November 2016 that a Council Tax Reduction Scheme be adopted for 2017/18. The Commission is recommended to make observations as it sees fit, which will be reported to the Council meeting on 24 November.

4. ANY OTHER URGENT BUSINESS

Appendix A



Council Tax Reduction Scheme 2017/18

For consideration by: The Neighbourhood Services and
Community Involvement Scrutiny Commission

Date: 16th November 2016

Lead director: Alison Greenhill

Useful information

■ Ward(s) affected: All

■ Report author: Alison Greenhill

■ Author contact details:

Email: Alison.Greenhill@leicester.gov.uk

Telephone: 0116 454 4001

1. Summary

- 1.1 Since 2013/14, each Local Authority has been required to adopt its own Council Tax Reduction Scheme (CTRS). The Council's scheme was approved in January 2013 and Council now needs to renew the scheme or adopt a new one.
- 1.2 In light of financial pressures exerted on the Council by cuts in Government Funding; options to change the CTRS have been considered. In order to make any material changes to the approved scheme, legislation requires that a full public consultation must be conducted. This took place between 4th August and 28th September 2016.
- 1.3 Attached at Appendix 1 is a draft of the report which will be considered by the Council on 24th November.
- 1.4 The results of the public consultation are attached at Appendix 1A to the Council report. A comparison of local and national CTR schemes is attached at Appendix 1B and a full Equality Impact Assessment is attached at Appendix 1C.
- 1.5 Full Council will be asked to approve a 2017/18 CTRS on 24 November 2016, and will receive a recommendation from the Executive.

2. Recommendations

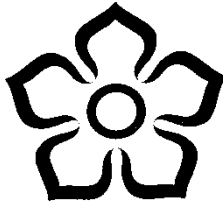
- 2.1 The Neighbourhood Services and Community Involvement Scrutiny Commission is recommended to make any observations as it sees fit.

3. Main report and implications:

See attached council report

4. Summary of appendices:

Appendix 1 – Draft Report to Council



Leicester
City Council

WARDS AFFECTED: ALL WARDS

COUNCIL

24 November 2016

COUNCIL TAX REDUCTION SCHEME

REPORT OF THE DIRECTOR OF FINANCE

1. Purpose of Report

- 1.1 The purpose of this report is to ask the Council to adopt a council tax reduction scheme (CTRS) for 2017/18.
- 1.2 The Council may decide to leave the current scheme unchanged, or adopt an alternative scheme. Two alternative options are described in this report, which would be less generous than the current scheme. These options have been the subject of public consultation.
- 1.3 Alternatively, the Council may wish to leave the current scheme unchanged, and agree to consult on options again next year (after Government cuts have bitten further).

2. Summary

- 2.1 The CTRS is a scheme of discounts for council taxpayers on low incomes. The cost of these (estimated to be £21m in 2017/18, if the current scheme remains unchanged) is met from the Council's General Fund budget. Around 35,000 taxpayers receive such a discount.
- 2.2 Since 2013/14, each local authority has been required to adopt its own CTRS (a national scheme of council tax benefit applied before that year). The Council's scheme was approved in January 2013. In order to make any material changes to the approved scheme, legislation requires that a full public consultation must be conducted.
- 2.3 The council has faced, and continues to face, unprecedented cuts to its grant funding. When the budget for 2016/17 was approved, there was a forecast gap between current spending plans and estimated income in 2019/20, amounting to £55m per year. The Council is systematically reviewing its spending (the "spending review programme") with a view to achieving

savings. A less generous CTRS would contribute to the savings the council has to make.

2.4 Changes to the CTRS are not the only ways in which we can increase council tax income. Since April 2013, we have used the flexibility given by the Government to charge more tax on empty dwellings. These measures included removal of the discount on second homes (previously 10%) and the exemption on vacant dwellings subject to major repair works or structural alterations. In addition, the exemption on vacant and substantially unfurnished properties was reduced from six months to one month and a premium of 50% is charged on properties that are empty (and unfurnished) for two years or more. This has helped raise additional revenue to manage financial pressures and supported the council's empty homes strategy, to potentially increase housing supply.

2.5 The council must approve a council tax reduction scheme by 31 January 2017 for implementation in 2017/18.

3 Recommendations

3.1 The Executive is asked to recommend a scheme to the Council.

3.2 The Executive is asked to include in its recommendation to the Council an appropriate amount for discretionary relief, being:

If Option One is recommended	£500,000
If Option Two is recommended	£625,000
If Option Three is recommended	£750,000

3.3 Dependent on the decision of the Council, the Executive is asked to include the appropriate amount for discretionary relief in the proposed 2017/18 budget in due course.

3.4 The Council is asked to consider the recommendation of the Executive, and to adopt a scheme.

3.5 The Council is asked to state that it is minded to approve the appropriate level of funding for discretionary relief when it considers the budget.

4 Background

4.1 The Welfare Reform Act 2012 imposed a duty on billing authorities to design and introduce CTRS schemes for working age households.

4.2 At the same time as local authorities were placed under a duty to design schemes, the Government cut the available funding.

- 4.3 The legislation requires the Council to adequately protect vulnerable groups. The Council has a discretionary relief fund of £500,000 per annum, operating in tandem with the pre-existing Discretionary Housing Payment scheme.
- 4.4 Following public consultation, the Council chose to adopt a scheme in 2013/14 with the following features:
- A maximum award of 80% of the full tax, meaning that all working-age tax payers need to pay a minimum of 20% of their bill;
 - No second adult rebate for working-age customers;
 - Capped awards for claimants with properties in tax band C or above, at the amounts which would be awarded if the property had been in band B;
 - A de minimis award, with no CTRS being awarded if entitlement is below this level (currently £3.70 per week);
 - No awards to those with capital (savings) in excess of £6,000.
- 4.5 This scheme was considerably less generous than the previous national scheme, under which claimants could receive 100% of the full tax in benefit.
- 4.6 Those of pension age were protected from the changes by law, retaining the same assessment and 100% maximum award as before. In 2015/16, 38% of our caseload was pension age.

5 Options

- 5.1 In partnership with Leicestershire County Council and the district councils, an exercise was carried out to consult the public on possible changes to the CTRS scheme. The options we consulted on were as follows:

Option 1: No change to the current scheme. The scheme adopted would continue to have the features described above.

Option 2: Working age charge payers will receive a maximum award of 75% of their council tax liability. All other features of the current system would remain unchanged (and pensioners would not be affected). This option will save an estimated £0.7m per year compared to the current scheme, assuming the Council tax increases in 2017/18 in line with the budget strategy.

Option 3: Working age charge payers will receive a maximum award of 70% of their council tax liability. All other features of the current system would remain unchanged (and pensioners would not be affected). This option will save an estimated £1.5m compared to the current scheme.

- 5.2 Respondents were also asked to provide their opinion on other ways the Council could achieve savings.
- 5.3 The district councils posed the same questions, with additional questions particular to each.

6 Consultation outcomes

- 6.1 Consultation took place from 4th August to 28th September, a period of eight weeks. Questionnaires were available for completion online, at libraries, at customer service centres and at a number of participating local community and advice agencies. Council staff attended numerous awareness events across the city to explain and encourage participation. There was a press release, and information was included in council tax reminders and notifications issued during the consultation period (directly reaching approximately 37,000 households).
- 6.2 In total, there were 570 responses to the consultation. This is relatively strong in comparison with other participating councils – which ranged from 21 for North West Leicestershire to 436 for Blaby. However, it amounts to only 0.4% of households in the city.
- 6.3 Of the 570 responses received:
- 532 were from city residents;
 - 23 were from local voluntary and community organisations;
 - 11 were from local businesses;
 - 4 were from non-city residents.
- 6.4 Of the 532 city resident responses:
- 516 provided a home postcode in Leicester;
 - 253 also provided a work postcode in Leicester;
 - 145 (25% of respondents) stated they were members of households currently receiving a CTRS award – representing just 0.4% of all claimants
 - 304 (55% of respondents) stated they were members of households currently paying the full council tax charge.
- 6.5 In summary, from a low response rate, 50% of local residents supported option one (no change). The other 50% were split more or less evenly between option 2 and option 3. Perhaps unsurprisingly, there was a significant difference of opinion between households receiving CTRS, and those who did not. 71% of those responding from the former group supported option one; this fell to 42% in the second group. 50% of local businesses and organisations also supported option one. A fuller analysis is provided at Appendix 1A.
- 6.6 It is not known at this point which option(s) other districts will adopt.
- 6.7 Appendix 1B provides more information about authorities requiring a minimum contribution of more than 20%, which may assist the Executive in considering options 2 and 3.
- 6.8 An Equality Impact Assessment (EIA) has been completed and can be found at Appendix 1C. This assesses the impact in conjunction with other changes arising from the Government's welfare reform agenda. The EIA identifies these households most likely to suffer hardship as predominantly lone parents, the disabled, and those on welfare benefits.

- 6.9 In 2013/14, the council introduced a discretionary relief fund of £0.5m to support vulnerable households contributing to their council tax for the first time, and who would struggle to pay their council tax. If options 2 or 3 are adopted, the Executive may wish to increase the sum available.
- 6.10 If the Council decides to adopt option one, we may wish to adopt this as a temporary (holding) position, and review in 12 months' time. The budget for 2017/18 will be balanced (although any saving made in 17/18 will be held in reserves and used to reduce the cuts burden in a later year). Government funding is, however, being progressively reduced, and the outlook beyond 2017/18 is increasingly severe. This course of action would require a further public consultation, and we are unable to decide on the likely shape of any new scheme prior to this.

7. Details of Scrutiny

- 7.1 The recommendation by the Executive will be presented to the Neighbourhood Service and Community Involvement Scrutiny Commission on 16 November 2016. The Commission's comments will be represented at Full Council on the 24 November 2016 alongside the report.

8. CTRS Equality implications (Irene Kszyk)

- 8.1 An Equality Impact Assessment (EIA) has been completed and can be found at Appendix 1C. This assesses the impact in conjunction with other changes affecting household finances. In summary, the main impact will fall on those who are (and will continue to be) most reliant on state welfare support. These households will see their finances squeezed through a combination of the increase in council tax payable, anticipated inflation for basic household items (particularly food), and the continuing impact of the Government's welfare reforms.
- 8.2 There are two main factors for consideration when considering equalities: the deprivation experienced in the city (Leicester is ranked 21st in England in terms of indices of multiple deprivation); and diversity in terms of protected characteristics – age, disability, sex, race, religion or belief, pregnancy or maternity, sexual orientation, and gender reassignment (as well as responsibilities of carers which need to be taken into consideration).
- 8.3 Of the city's 134,000 households, 35,000 receive CTRS support on the basis of their assessed need. Around one third of these are pensioner households who are eligible for 100% support; and two thirds are of working age, who must contribute at least 20% of their council tax bill.
- 8.4 These working age households will be either in low paid work or out of work, and will also be reliant upon social security benefits which in turn are subject to various welfare reforms introduced by the Government resulting in reduced household discretionary income over time.

- 8.5 Sheffield Hallam University in their March 2016 study on welfare reform has estimated that these reforms will, by 2020-21, result in an average compound loss of £490 per annum for each working age adult in Leicester. Their study indicates that different types of households will experience disproportionate impacts: those worst affected are likely to be couples with 2 or more children (with a total loss of £1,450 per annum by 2020-21), couples with 1 child (with a loss of £900 per annum), lone parents with children (with a loss of between £1,750-£1,400 per annum), and single persons of working age (£250 per annum). Therefore, over the next 4 years, there will be increased pressure on low income household incomes in the city as a result of the Government's welfare reforms. Disabled people reliant on benefits have had their incomes substantially reduced as a result of welfare reforms already introduced, and will continue to be affected by the next tranche of reforms.
- 8.6 While the economic climate has been relatively stable with virtually no inflation over the past year, the EU referendum decision in June has created some economic uncertainty in the country. Inflation has risen to 1.0% (CPI September 2016) following the fall in value of the pound, and is anticipated to increase to around 3% over the next year, adding further pressures to household incomes and their ability to purchase essential household utilities and items such as food.
- 8.7 As social security benefits get further squeezed and households with low incomes become more vulnerable to short-term financial crises, the importance of the local welfare safety net provided by local authorities in the form of discretionary support payments becomes more critical as the Government has in effect devolved this function to them.
- 8.8 The January 2016 House of Commons Works and Pensions Committee report on 'The local welfare safety net' is critical of the Government's approach and calls for a more robust and co-ordinated approach to sufficiently protect services, including crisis welfare in deprived areas, that can cope with future economic downturns. Therefore, locally it is important to consider the value of the council's available discretionary funds (Discretionary Housing Payments, Council Tax Discretionary Relief and the Community Support Grant) as a key mitigating action to help households experiencing financial crises (used together holistically as a safety net with a supportive advice, personal budgeting support and signposting provision for claimants).
- 8.9 Our Public Sector Equality Duty requires us to consider the impact of our proposals and their effect on different protected characteristics.
- 8.10 In regard to those who receive CTRS support, pensioners (protected characteristic of age) eligible for support are not required to make the minimum contribution of 20% as set out by Government guidelines. Therefore working age claimants are disproportionately affected by any changes.
- 8.11 There is a disproportionate take up of CTRS by white people (60%) compared to the city's population (51%), indicating that race is another equalities consideration.

- 8.12 Disabled residents have their disability benefits disregarded as a source of income when calculating DHP and CTDR support, which therefore lowers their actual income threshold and potential requirement for contribution.
- 8.13 Single person households are disproportionately represented in their take up of CTR. Moving into work/increasing their working hours would mitigate the increased demand on their incomes with the introduction of Option 2 or 3.
- 8.14 Low income families and lone parents are less able to make up any household income shortfalls arising from the introduction of Options 2 or 3 because of the increased costs they have to bear for raising children and the decreased flexibility they have, particularly mothers, in moving into work/increasing their working hours, and would be disadvantaged by reductions in their household incomes by the introduction of these two options.
- 8.15 As mentioned above, discretionary funding (DHP, CTDR and CSG) mitigates some economic hardship experienced by residents – which is the only welfare safety net available to them. Disabled residents; carers and lone parents; those affected by the bedroom tax, local housing allowance levels, and benefit cap, have all been supported through the discretionary funding which is available to the council.

9. Financial Implications (Mark Noble)

- 9.1 Council tax is a major source of income to the Council, for which £94m was budgeted in 2016/17. This is broadly calculated as follows:

	£m
Dwellings – full charge	134
Exemptions – mainly students	(9)
Single Persons' Discounts	(10)
Council Tax Reduction Scheme	(21)
TOTAL	94

- 9.2 Prior to 2013/14, council tax benefits were payable to low income householders, and could amount to 100% of the tax due. In effect, council tax was paid on their behalf by the DWP.
- 9.3 In 2013/14, local council tax reduction schemes replaced council tax benefit. The way in which awards are reflected in the tax charge also changed – instead of making a full charge which is paid by the DWP, council tax charges are now discounted. Thus, the council receives less council tax income than it used to do. In 2017/18, assuming the Council increases tax by 4% as indicated in the budget strategy, council tax discounts will reduce tax income by an estimated £21m if the current scheme remains unchanged. Similarly, the police and fire authorities receive less income.
- 9.4 Money was included in the council's finance settlement for 2013/14 to reflect the loss of income, but the amount provided was £3m less than would have been required to maintain the former scheme. Since that time, funding for

discounts has been an integral part of the council's revenue support grant, which has itself been subject to substantial reductions. It is no longer meaningful to seek to identify a level of support from the Government for council tax reduction schemes: schemes are best perceived as simply one of the council's obligations for which we receive (ever reducing) general government support.

- 9.5 The current scheme requires all taxpayers to pay at least 20% of their charge. This offsets the overall loss of council tax income.
- 9.6 At the time the budget was approved in February 2016, it was estimated that the Council would need to save £55m per year, by 2019/20, to balance the budget in that year. This figure has been reduced by spending review savings achieved since February, 2016, and at the time of writing the budget for 2017/18 is being prepared. It is too soon to provide an updated estimate, but it is inevitable that a significant gap between current levels of spending and estimated resources in 2019/20 will continue to exist by the time the Council sets the budget for 2017/18. On current estimates, even if we make the maximum savings expected from the spending review programme and from a review of employees' terms and conditions, it is believed that there will still be a deficit of £10m to £20m per year to close by 2019/20.
- 9.7 A decision to change the scheme will need to balance the inevitable difficulties which would be caused by requiring the city's poorest taxpayers to pay more, with the need for additional savings to balance the council's budget.
- 9.8 It is difficult to estimate how much the Council would save by adopting options two or three, because this depends on how many people are entitled to support at any one time. Over the last few years, the cost of the CTRS has been falling. Future demand will depend on the strength of the economy and any changes to individual eligibility arising from the Government's welfare reforms. The financial impact will also depend on the level of our council tax at any one time. However, based on a snapshot of the caseload at the beginning of November, and assuming this remains constant, the saving in 2017/18 is estimated to be as follows (also assuming council tax increases by 4% in line with the budget strategy):
- (a) Option 2: £0.7m;
 - (b) Option 3: £1.5m.
- 9.9 Savings will also be achieved by the police and fire authorities, but at much lower amounts.
- 9.10 The Council sets aside £0.5m in the budget each year for discretionary relief. Should a decision be made to increase this amount, it will offset the additional income in the table above.
- 9.11 In setting its budgets, the Council assumes that a certain amount of council tax will not get collected, and will eventually be written off. In 2016/17, 2.25% was set aside for this: the allowance applies to all debt, including that which has been reduced by CTRS awards. The figures above implicitly assume that

2.25% of any extra debt raised as a consequence of changing the CTRS scheme will not be collectable. Whilst common sense suggests that a higher percentage is more likely, experience of CTRS to date does not provide evidence for this. In practice, debt reduced by awards is more likely to be in arrears, but continues to be collected (albeit it at a slower pace). Council tax arrears can be collected for many years after the year to which they relate, and the CTRS scheme is too new to assess where we will eventually end up in terms of collection. There is also a relationship between arrears and discretionary relief. Nonetheless, it would be sensible to assume that some of the additional income from options 2 and 3 will in due course be written off (over and above the assumed 2.25%).

10. Legal Implications (Kamal Adatia)

- 10.1 The actual making or revising of the Council Tax Reduction Scheme is a matter for Full Council, in accordance with the Local Government Finance Act 1992 (as revised by the 2012 Act). The Scheme in Leicester needs to be re-made before 31 January 2017.
- 10.2 The Council has a duty under the Equality Act 2010 to have “due regard” to the need to eliminate unlawful discrimination of people sharing protected characteristics which are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, or sexual orientation. There is also a duty to promote equality of opportunity and foster good relations between those sharing a relevant protected characteristic and those who do not do so. This is commonly referred to as the “Public Sector Equality Duty” (PSED). Members must therefore bear in mind this duty to have “due regard” when deciding upon which option to pursue, and will be guided by the attached Equality Impact Assessment in this task. It is important to bear in mind that compliance with the PSED does not of itself entail an obligation to avoid or eliminate any negative impacts of any of the proposals. Negative impacts may (or may not) be inevitable, if, for example, the proposals to decrease the maximum award are endorsed. Some consideration of available mitigating measures would assist in demonstrating both a “regard” for the relevant impacts, and a conscientious grappling with the impacts that a less generous scheme entails.
- 10.3 If Option 1 is pursued with an express promise to reconsider the scheme for 2018/19 then this will create a binding duty to re-consult and re-make a Scheme by 31 January 2018.

11. Environmental Implications (Mark Jeffcote)

- 11.1 A reduction in the disposable income of low income households in the city could result in an increase in fuel poverty. An increase in fuel poverty can result in households using less fuel but it also reduces the ability of households to invest in energy conservation measures.
- 11.2 The Home Energy Team can advise and support vulnerable households through initiatives such as Health Through Warmth.

11.3 Food poverty is met through the Council's Community Support Grant scheme. The Council's Food Bank, as part of this scheme, diverts food being sent to landfill.

12. Other Implications

12.1 None

13. Appendices

Appendix 1A – CTRS Consultation Response (Summary)

Appendix 1B – Current national and local data on CTR schemes

Appendix 1C – CTRS and wider welfare reform Impact Assessment

14. Report Author: Alison Greenhill

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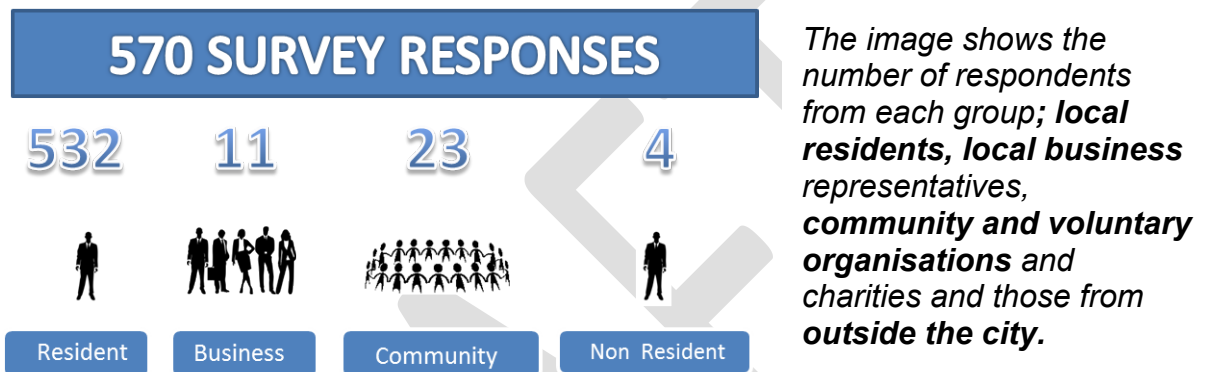
Appendix 1A:
CTRS consultation analysis (summary)

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Leicester's Council Reduction Scheme (LCTRS) Consultation results 16/17

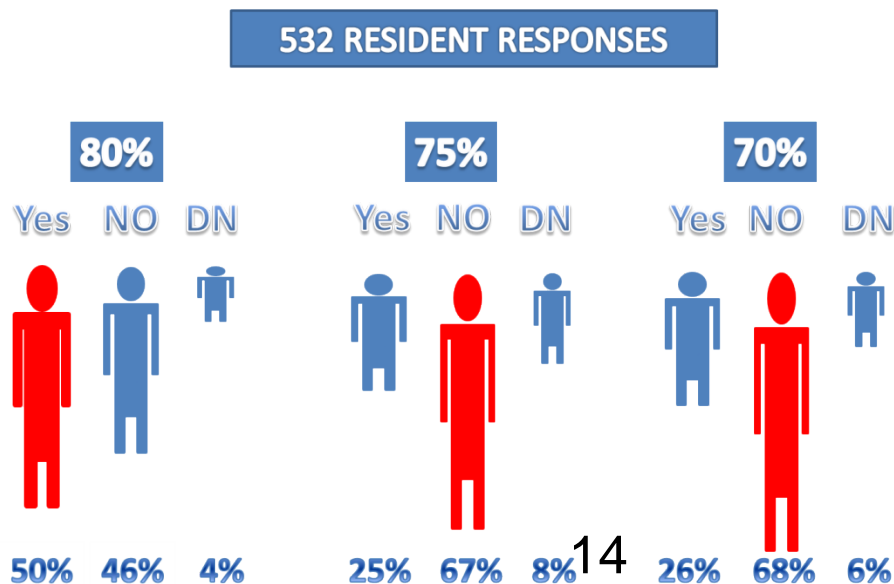
Leicester's most recent LCTRS consultation took place in 2012, and the current scheme has been in place since April 2013. Due to financial constraints, the Executive are now reviewing the scheme's operation and expenditure. Three options are being considered for 2017/18: **Option 1**, to retain the current scheme requiring residents to contribute at least **20%** of their council tax bill; **Option 2**, to increase this contribution to **25%**; and **Option 3**, to increase it to **30%**. Residents were also asked for alternative suggestions to amend the scheme or to make savings.

The consultation lasted for eight weeks from **4 August to 28 September 2016**. The survey could be accessed online, in paper from libraries and community centres, or at thirteen outreach locations at which regular public engagement events were held.



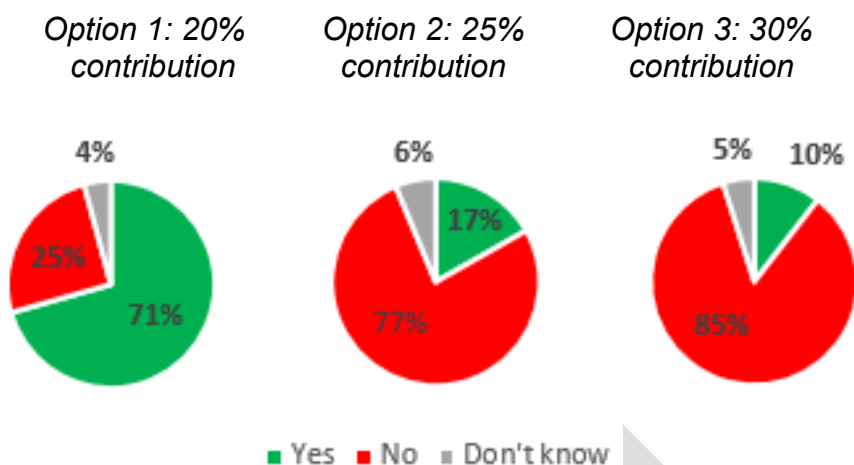
Of local residents responding to the consultation:

- The average **age** of a respondent was **44** – under-25s were underrepresented (4% compared to 19% of the working-age population)
- For **ethnicity**, white British respondents overrepresented (61% to 45% of the population);
- **Religion, sexual orientation, gender and disability** were evenly represented;
- **Household composition** was fairly representative overall – bias in favour of the working-age population (90%) is likely a result of the proposed changes not affecting pensioners;
- **516** provided a home postcode in Leicester – postcodes **LE2 to LE5** were evenly represented, with less participants resident in the city centre (**LE1**);
- **253** also provided a work postcode in Leicester – more than half worked in the city centre (**LE1**), with smaller numbers employed at postcodes **LE2 to LE5**.



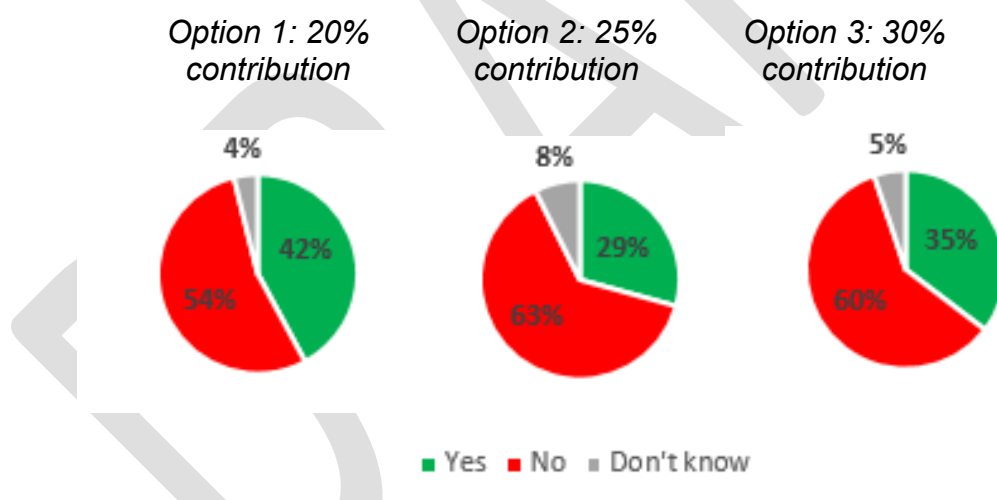
The image shows the preferences of the 532 Leicester residents that responded to the survey (DN- Don't Know).

For respondent households receiving CTR:



145 respondents stated that they were members of households currently receiving discounts under the CTRS – they were much more likely to support retaining the current scheme.

For respondent households paying full Council Tax:



304 respondents stated that they were members of households paying full Council Tax – they were more likely to support changing the scheme and adopting either a 25% or a 30% minimum payment.

The most popular comments made were;

- **Staffing and salaries** should be reduced further across the Council (particularly for those in the most senior roles)
- There are **too many redevelopments** in the City, including roadworks, buildings, monumental projects and aesthetic features.
- Take a more stringent approach **to Housing Benefit fraud**.
- Those that would be affected by any change **stated** that they would have to **compromise essential items** such as **food, heating and items for children** in order to meet the costs. There was also an emphasis on the significant impact that existing welfare reforms had on low income households.
- **Collecting an increase** in Council Tax from low income households could be **difficult** as the money becomes increasingly difficult to find. Some respondents even stated they would **refuse to pay** the increase.



Leicester
City Council

Appendix 1B:
***The current national and local
Council Tax Reduction schemes***

1. National overview

1.1 From April 2016, only 41 councils nationally (out of 326) are continuing to provide the levels of support available under the former Council Tax Benefit system for working age households, down from 58 in April 2013.

1.2 The most common change councils have made from the former CTB system has been to introduce a “minimum payment” which requires everyone to pay at least some council tax regardless of income. From April 2016, 259 (80% of authorities) schemes include a minimum payment, up from 250 in April 2015, 245 in April 2014 and 229 in April 2013.

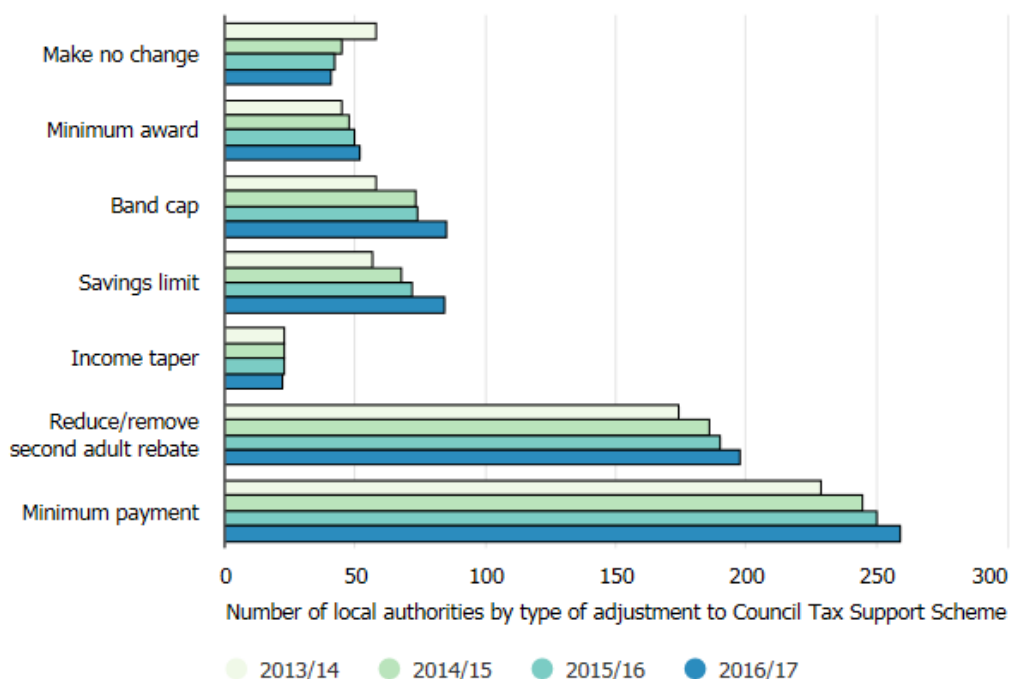
1.3 The average minimum payment levied has increased from 14.7% of council tax liability in 2013 to 17.7% in 2016. 20% (67) of authorities already require a minimum payment of over 20%. The highest of these is Kettering, requiring 45% minimum payment. These include local authorities with pockets of high deprivation, such as Stoke-on-Trent and Barnsley. From the available data, there is only a weak correlation between minimum payment levels and collection rates indicative of increased enforcement action.

1.4 The table below shows the 67 councils requiring minimum payments which exceed 20%. These schemes are as at April 2016.

Local authority	Minimum payment	Local authority	Minimum payment
Kettering	45.00%	Leeds	25.00%
Medway	35.00%	Luton	25.00%
Barnsley	30.00%	North Devon	25.00%
Castle Point	30.00%	North East Lincolnshire	25.00%
Harrow	30.00%	North Hertfordshire	25.00%
Peterborough	30.00%	Rutland	25.00%
South Tyneside	30.00%	South Holland	25.00%
Stoke-on-Trent	30.00%	Southampton	25.00%
Surrey Heath	30.00%	Southend-on-Sea	25.00%
Wakefield	30.00%	Spelthorne	25.00%
Wandsworth	30.00%	Tameside	25.00%
Northampton	29.00%	Tamworth	25.00%
Rochford	28.00%	Thurrock	25.00%
Blackpool	27.10%	Torbay	25.00%
Hyndburn	27.00%	Torridge	25.00%
Barking and Dagenham	25.00%	Walsall	25.00%
Basildon	25.00%	Welwyn Hatfield	25.00%

Boston	25.00%	West Berkshire	25.00%
Bradford	25.00%	Worthing	25.00%
Bromley	25.00%	North Somerset	24.50%
Central Bedfordshire	25.00%	Braintree	24.00%
Cheshire East	25.00%	Harlow	24.00%
Cheshire West and Chester	25.00%	Waltham Forest	24.00%
Cornwall	25.00%	Chelmsford	23.00%
Dacorum	25.00%	Sheffield	23.00%
Ealing	25.00%	Fylde	22.70%
East Lindsey	25.00%	York	22.50%
East Riding of Yorkshire	25.00%	Bath and North East Somerset	22.00%
East Staffordshire	25.00%	Mid Sussex	22.00%
Enfield	25.00%	West Lancashire	22.00%
Epping Forest	25.00%	Wirral	22.00%
Hillingdon	25.00%	Wolverhampton	22.00%
King's Lynn & West Norfolk	25.00%	Halton	21.60%
		Telford and Wrekin	21.00%

1.5 Along with a minimum payment, councils can also introduce other restrictions. The graph below shows the number of councils that have introduced a particular change. Elements already introduced in Leicester and increasing in takeup nationally are a minimum award, band cap, savings limit and the removal of second adult rebates.



1.6 Some authorities are in the process of considering changes to their schemes to make them less generous, and we have information from some. Proposals include increasing minimum payments (Derby), restricting disregards (Wakefield), restrictions on protected vulnerable groups, and requiring engagement with jobseeking support (Leeds).

2. Local Picture

2.1 Our consultation ran in partnership with the County & District councils, consulting on the same core options across the county.

2.2 Most participating County authorities also elected to consult on aligning their scheme with Housing Benefit, and introducing band caps, minimum payments and reduced capital allowances as Leicester has already done. Melton also elected to consult on enforcing jobseeking requirements. Current schemes in the county are as follows:

Local authority	Maximum award	Working-age 2nd Adult Rebate?	Maximum award capped at?	Minimum award?	Capital limit?
Leicester City Council	80%	Removed	Band B	£3.70	£6,000
Blaby District Council	85%	Removed	No cap	No minimum	£16,000
Charnwood Borough Council	85%	Removed	No cap	No minimum	£16,000
Harborough District Council	85%	Removed	No cap	No minimum award	£16,000
Hinckley and Bosworth Borough Council	88%	Removed	No cap	No minimum award	£16,000
North West Leicestershire District Council	85%	Removed	No cap	No minimum award	£16,000
Melton Borough Council	88%	Removed	No cap	No minimum award	£16,000
Oadby & Wigston Borough Council	85%	Removed	No cap	No minimum award	£16,000



Appendix 1C:
The Council Tax Reduction Scheme
2017/18 and wider welfare reform
Impact Assessment

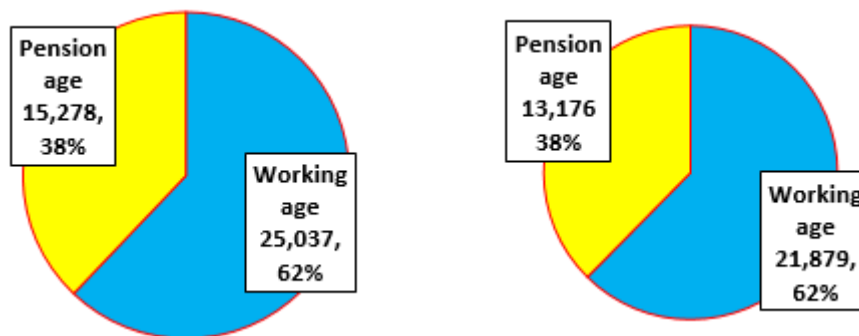
1. Overview

On 1 April 2013, the Government abolished Council Tax Benefit and councils were

required to design local Council Tax Reduction Schemes. At the same time funding was cut, and rolled into general support to local authorities (which has subsequently been cut severely, and continues to be cut).

This has led to schemes being less generous than council tax benefit. However, the Government protected pensioners from any changes.

There are 134,120 (01/10/2016) chargeable properties in the City. The number of customers in receipt of CTRS is 35,055 (01/10/2016). Of these, working age customers number 21,879; pension age customers number 13,176. The chart below shows the caseload, which has fallen since 2013/14:



2013/14 caseload*

2016/17 caseload*

**figures based on a snapshot on 1 April 2013 and 1 April 2016 respectively.*

The key features of the government reforms to council tax support were that:

- The level of council tax reduction for pensioners was protected, as regulations require all local schemes to include a national prescribed framework of rules and eligibility for pensioners which replicate the previous council tax benefit scheme.
- In relation to working age people there are a few prescribed requirements dealing with procedural and administrative matters; but other than that, local authorities were given freedom to set their own criteria for council tax reduction.

2. Current arrangements in Leicester

Council tax reduction under our current scheme is limited to 80% of council tax liability, meaning working age people are charged at least 20% of their full council tax.

3. Consultation on 2017/18 CTRS Options

Due to reduced government funding, the Council is looking for ways to save money. (Financial cuts facing the Council are discussed in the main report). An amended

CTRS could contribute to the overall savings required, and therefore three options were consulted on:

1. Keep the Council Tax Reduction Scheme the same as it is now (choosing to make savings elsewhere);
2. Limit the Council Tax Reduction to 75% of council tax liability;
3. Limit the Council Tax Reduction to 70% of council tax liability.

The purpose of this assessment is to assess, three years on, the impact that the Council's Local Council Tax Reduction Scheme (CTRS) and wider Welfare Reforms have had since 2013 (and will have) on different groups who are protected under the Equality Act and to ensure that the Council has met its public sector equality duty in the design of its 2017/18 Scheme.

4. Summary of the Council's Current Scheme

The Council's scheme contains the following elements:

1. a maximum eligible reduction of 80% of the total tax due; and
2. the application of a maximum amount of Council Tax fixed at Band B of the Council's Council Tax charges.

In addition to the above primary delivery elements of the model, the Council's scheme also contain the following features:

3. the amount of capital held by the claimant may not exceed £6,000;
4. the previous scheme for Second Adult Rebate was discontinued for working age households;
5. the minimum amount of benefit which will be payable was set at £3.60 per week.
6. The disability premiums held within Council Tax Benefit legislation were retained to financially support disabled households.
7. childcare income disregards were retained to support working households remain in work.
8. income from war widows' pensions continued to be disregarded to support this vulnerable group.

The only changes made subsequently have been:

- an annual increase in the minimum amount of Benefit which will be payable (£3.75 in 2017/18); and,
- amendments required in line with changes to Housing Benefit and Universal Credit legislation.

5. Who is affected by the proposal and how?

All working age households are required to contribute towards their council tax bill. The impact of options 2 and 3 will be an increase in minimum weekly payments as follows (based on 16/17 tax):

	75% Option 2 (75%)	70% Option 3 (70%)
Band A	£0.85	£1.71
Band A	£1.03	£2.05
Band B and all higher bands	£1.20	£2.39

Because awards are capped at the band B rate, increases in minimum payments at higher bands will be the same as those in band B.

In terms of the effect on individual claimants:

- (a) For claimants on the maximum possible discount (76% of total caseload), options 2 and 3 would cost them precisely the amounts shown in the tables above;
- (b) For almost all other claimants, the loss will be less than this, with the amount each loses being proportionate to their current award; and, under option 3 being twice the amount they would lose under option 2;
- (c) For a very small number of households (around 77 under option 2 and a further 50 under option 3), losses would be greater. This is because their current entitlement is so low that a reduction would push them under the de minimis level (and hence they would get nothing). The maximum losses incurred would be £3.94 per week (option 2) or £4.23 (option 3).

Note that the above calculations show the effect options 2 and 3 would have had, had they been applicable in 2016/17. The actual outcomes will be based on the tax set for 2017/18 (including the police and fire precepts), and the 2017/18 de minimis level.

6. Risks on household incomes over the coming year

Changes to council tax support can be considered in combination with other changes affecting household income. The main risks to household incomes over the coming year are inflation, and the impact on low income households dependent on social security benefits of continuing Government welfare reforms. One such reform is the freezing of benefit (against inflationary increases) until 2020. Another significant initiative will be the lowering of the household benefit cap from £26,000 per year to £20,000 for couples/lone parents with children, and from £18,200 to £13,400 for single persons.

The August 2016 forecast by the Bank of England anticipates a CPI inflation rate of 2.4% in the third quarter of 2018, arising from the drop in value of the pound. Some industry sources expect an increase of up to 5% in food prices over the next year. Because food takes up a larger proportion of low income household expenditure, and their income levels have been squeezed by the Government's welfare reforms (ASDA tracker, June 2016), increases in food prices will have the most significant impact on these households.

Another area of cost increase could be fuel and oil, as a result of the decision by OPEC to reduce its supplies to the energy markets. Costs rose by 6% in September 2016 as result of this decision alone. It is likely we will see increases in fuel and energy costs over time as a result of this OPEC decision.

Incomes of households reliant on social security benefits continue to be squeezed with the Government's continued implementation of the welfare reform programme. The chart below gives an indication of anticipated decreases in household incomes by 2020/21, as a consequence of post 2015 welfare reforms:-

Couple – one dependent child	£900 pa
Couple – two or more dependent children	£1,450 pa
Lone parent – one dependent child	£1,400 pa
Lone parent – two or more dependent children	£1,750 pa
Single person working age household	£250 pa

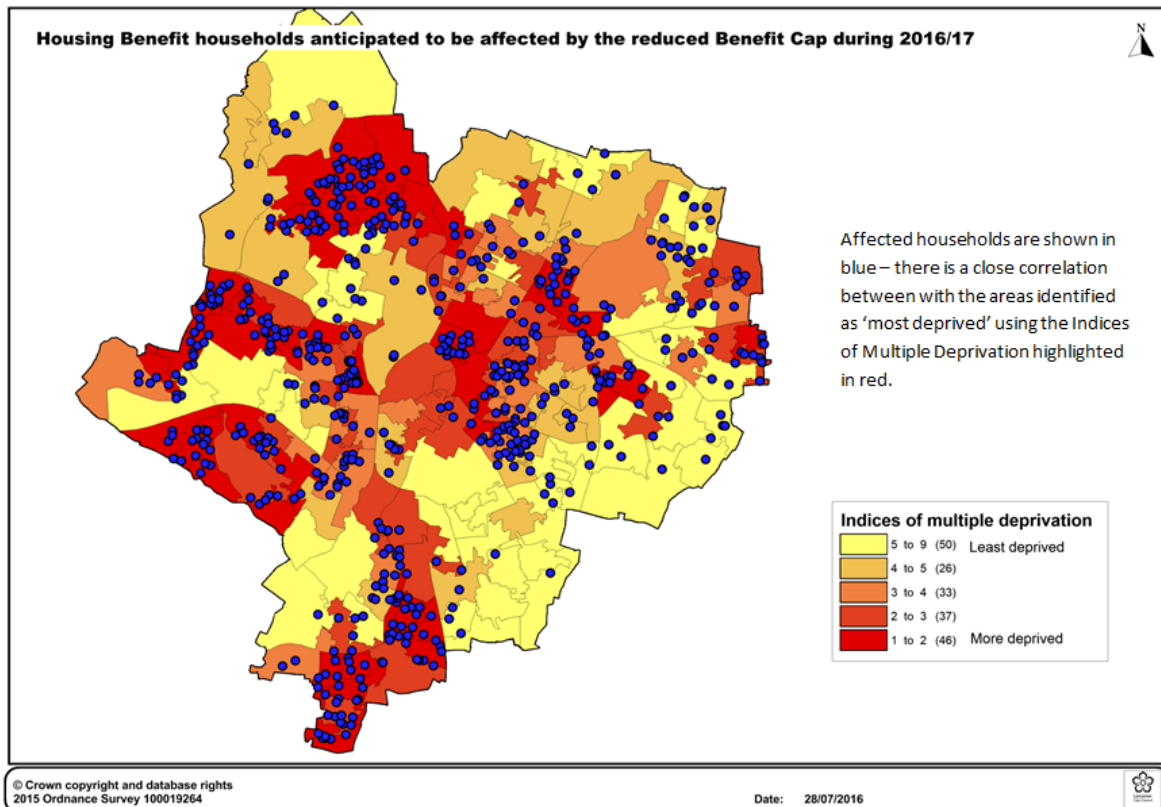
Source: Centre for Regional Economic and Social Research/Sheffield Hallam University report: "The uneven impact of welfare reform – the financial losses to places and people" (March 2016).

Local DWP data has indicated that 810 households claiming Housing Benefit will be affected by the reduced benefit cap, each losing an average of almost £4,000 per year, or over £75 per week. Those vulnerable groups most likely to be affected have the following protected characteristics:

- Nearly three quarters of the potentially affected households will be lone parents – 40% are lone parents with five or more children;
- 82% of the projected affected claimants are female;

- 41.3% of the total caseload are BME (Black and Minority Ethnic), with a disproportionate impact on black households;
- 14% are already subject to the current, higher cap and will see household income further reduced.

The location of these households across the city as a whole is indicated in the map below:



7. Risks offset by current trends

The above risks are offset by the improved employment rates in the city and the recent boost given to low income earners through the introduction of the National Living Wage.

NOMIS figures for the city’s working age population (June 2016) indicated that there are 159,000 economically active residents in the city, of whom 6.6% are unemployed. As of February 2016, there were 32,000 working age benefit claimants (14.0% of the city’s working age population of 229,000), with 25,000 of these in receipt of out of work benefits. The working age population is inclusive of all protected characteristics.

There has been a continuing decrease in the percentage of the working age population unemployed in Leicester (NOMIS), down from June 2015, 7.7%; June 2014, 11.8%; and June 2013, 13.9%.

The ONS has reported (October 2016) an increase in low wages as a result of introduction of National Living Wage. The lowest earning 5% of full time workers were paid 6.2% more in 2016 than 2015. The median weekly pay for part-time staff, generally those working 30 hours per week or less, increased by 6.6%.

8. Overall impacts

Some household incomes will be hit hard as a result of the cumulative impact of various potential welfare reforms, alongside the anticipated inflationary increases on basic household necessities such as food and fuel. Other lower income households may be able to weather inflationary increases if their wage levels keep above inflation.

9. Mitigating actions

For residents likely to experience short term financial crises as a result of the cumulative impacts of the above risks, the Council has a range of mitigating actions in place. These include: funding through Council Tax Discretionary Relief, Discretionary Housing Payments; the council's work with voluntary and community sector organisations to provide food to local people where it is required – through the council's or partners' food banks; and through schemes which support people getting into work (and include cost reducing initiatives that address high transport costs such as providing recycled bicycles). The recommendations to this report suggest more money should be set aside for hardship if options 2 or 3 are adopted.

It should be noted that CTDR is funded from the general fund and is directly focussed on mitigating the financial impact of the losses experienced by some households. The council has undertaken awareness campaigns to promote CTDR both to the general caseload and protected groups particularly where recovery against council liability is sought. The Council works in partnership with the Social Welfare Advice sector in the City who have assisted the council to re-designed the applicant route and eased the evidence requirement to support claims.

Analysis of the characteristics of CTDR recipients compared to the overall HB/CTR caseload demonstrates that it has been targeted successfully to assist vulnerable households who have experienced hardship as a result of welfare reforms, which have to date disproportionately penalised childless single people reliant on welfare benefits:

- 98% of households receiving CTDR were working age;
- CTDR households were four times more likely to be reliant on Jobseekers' Allowance, twice as likely to be reliant on Employment & Support Allowance and 50% more likely to be reliant on Income Support than the overall HB/CTR caseload;
- CTDR households were 50% more likely to have at least one income indicative of disability than the overall HB/CTR caseload;

- CTDR households were more likely to be single, and less likely to have children than the overall HB/CTR caseload;
- Gender and ethnicity were broadly proportionate to the overall caseload.

10. What protected characteristics are affected?

The chart below, describes how each protected characteristic is likely to be affected by options 2 or 3. The chart sets out known trends, anticipated impacts and risks; along with mitigating actions available to reduce negative impacts.

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Protected characteristics	Impact of proposal:	Risk of negative impact:	Mitigating actions:
<p>Age</p>	<p>Changes to the Council Tax Reduction Scheme will only affect the working age population.</p> <p>Those residents reaching state pension age on 1 April 2017 will be treated under a nationally prescribed scheme, and will be eligible for a reduction of up to 100% of tax.</p> <p>Age demographics of claimants are broadly similar. The majority of those affected would be between 25-44 years old if either Option 2 or Option 3 were chosen.</p>	<p>The cumulative impact of additional CTRS costs to be met by an individual household alongside any other financial limitations they may be experiencing could result in increased financial hardship for the household.</p>	<p>Providing a safety net in the form of discretionary relief for those experiencing financial hardships are a main mitigating action. (This is used holistically as a safety net together with supportive advice, personal budgeting support and signposting provision for claimants).</p> <p>Ensuring that face-to-face support, home visits, paper forms and appropriate support continues to be available to support the primary online receipt route for discretionary awards. Ensuring that vulnerable customers are able to access the service is key.</p> <p>Promoting applications for Council Tax Discretionary Relief and other discretionary schemes through advice agencies and organisations.</p> <p>Ensuring that Social Welfare Advice, support with jobs and skills; and, personal budgeting support is available to empower customers to improve their circumstances.</p>

<p>Disability</p>	<p>Maximum award recipients (those currently receiving 80% awards) are more likely to be receiving Employment Support Allowance (disabled or too sick to work) or have another indicator of household disability – 51% as opposed to 48% of the overall caseload.</p> <p>The proportion of those with disabilities who would lose their award altogether is far lower than the average caseload, however – only 18% of those affected under Option 2, or 19% of those affected under Option 3.</p>	<p>Maximum award recipient who are receiving ESA are also significantly less likely to be in employment or self-employment.</p> <p>The cumulative impact of additional CTRS costs to be met by an individual household alongside any other financial limitations they may be experiencing could result in increased financial hardship for the household.</p>	<p>We have carefully considered the impact of the governments cuts and have make provision in our CTDR scheme to provide elements of protection for certain groups of people. The council recognises the barriers disabled people face and seeks to assist them by disregarding Disability Living Allowance, Attendance Allowance, Personal Independence Allowance and all armed forces compensation income from the Veterans and Members of the Armed Forces.</p> <p>We will continue to apply all disabled premiums within the calculation of the Applicable Amount.</p> <p>Applications for an additional exceptional hardship payment will be considered in line with our responsibilities under section 13a (1)(c) of the Local Government Finance Act 1992 for those severely disabled people who cannot afford to pay the proposed 20, 25 or 30% element of their council tax charge before council tax reduction is calculated.</p> <p>We consider a claimant is also</p>
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			<p>regarded as financially vulnerable for CTDR if the claimant is a disabled adult living in supported living accommodation who has carers and is unable to work due to their health.</p> <p>We will promote the CTDR scheme through communications activity, advice agencies and organisations.</p> <p>For the purpose of assessing CTDR and DHPs, DLA and PIP is not taken into account as income following the case of Hardy v Sandwell (2015)</p> <p>We consider that Council Tax Discretionary Relief will be available to any vulnerable applicant based on personal and financial circumstances.</p> <p>Our CTDR scheme regards as financially vulnerable the claimant or partner when they are in receipt of Employment Support Allowance (ESA), and get the support component.</p>
Gender Reassignment	No disproportionate impact identified from existing data/national trends.		
Marriage and Civil Partnership	No disproportionate impact identified from existing data/national trends.		

Pregnancy and Maternity	May be facing reduced income due to maternity leave/statutory maternity pay.	The cumulative impact of additional CTRS costs to be met by an individual household alongside any other financial limitations they may be experiencing could result in increased financial hardship for the household.	<p>Promote pregnant and nursing women being aware of and accessing Council Tax Discretionary Relief scheme through advice agencies, GP surgeries and maternity wards.</p> <p>The Council's recovery and enforcement policies provide for door-step collection from pregnant women, including actions to be taken to not place women under any additional stress.</p>
Race	Whilst information on the ethnicity of claimants has only been recorded on 56% of claimants, the majority group is white.	<p>The cumulative impact of additional CTRS costs to be met by an individual household alongside any other financial limitations they may be experiencing could result in increased financial hardship for the household.</p> <p>Risk of indirect discrimination, potentially as a result of language difficulties or lack of awareness of the schemes involved within their communities.</p> <p>The issues in relation to enforcement of unpaid tax for households in which there is limited understanding of English.</p>	<p>Increased engagement with advice agencies who offer direct language translation.</p> <p>Improved engagement with community support groups will expand awareness of the Council Tax Discretionary Relief Scheme among the city's different BME communities.</p> <p>Employment of the Council's Recovery and Enforcement policies and procedures.</p>

Religion or Belief	No disproportionate impact identified from existing data/national trends.		
Sex	The caseload demonstrates that women will account for a larger proportion of the affected groups. They will account for 55% of those affected if the scheme were to change to Option 3 and 57% if the scheme were to change to Option 2.	<p>National research indicates the financial vulnerability of women in relation to economic and welfare reform impacts, particularly female lone parent households.</p> <p>The cumulative impact of additional CTRS costs to be met by an individual household alongside any other financial limitations they may be experiencing could result in increased financial hardship for the household.</p>	<p>The Council's Recovery and Enforcement policies and procedures describe actions which are and are not acceptable for collection of tax from single women. The procedures include processes for identifying and managing recovery from vulnerable women or women who may be at risk of violence in the event of collection of tax due.</p> <p>Council Tax Discretionary Relief Scheme notes that financially vulnerable groups include households where the claimant or a household member has suffered domestic violence, and is being supported by accredited local schemes to remain in permanent accommodation or move into permanent accommodation (inclusive of forced marriages).</p>
Sexual Orientation	No disproportionate impact identified from existing data/national trends.		

Additional mitigating action: for all of the above, where the sum calculated cannot be paid, the completion of an income and expenditure form will be required. Both current expenditure and debts will be taken into account when calculating repayments. The income and expenditure form has been devised by the Fair Debt Task Group.

1. Equality implications/obligations	
Which aims of the Public Sector Equality Duty (PSED) are likely be relevant to the proposal? In this question, consider both the current service and the proposed changes.	
	Is this a relevant consideration? What issues could arise?
<p>Eliminate unlawful discrimination, harassment and victimisation How does the service ensure that there is no barrier to access for anyone with a particular protected characteristic (as set out in our PSED) with needs that could be addressed by that service?</p>	<p>The exclusion of pensioners from the CTRS (protected characteristic of age) has been imposed by the Government as a feature of the scheme. Application for CTRS support is open to all city residents and is based on their individual circumstances, irrespective of their protected characteristic. The criteria for assessment have been assessed from an equalities perspective to ensure they are not discriminatory or unreasonable.</p>
<p>Advance equality of opportunity between different groups How does the proposal/service ensure that its intended outcomes promote equality of opportunity for users? Identify inequalities faced by those with specific protected characteristic(s).</p>	<p>The availability of the CTRS provides financial support to those households who would otherwise not be able to manage payment of the total tax, and the net charge makes a contribution to the overall budget (which meets the costs of council services aimed at meeting priority and statutory local need). The provision of council services, in turn, promotes equality of opportunity between different groups as evidenced by service outcomes that improve people’s quality of life; and, for many, being able to achieve their life chances/opportunities.</p> <p>A specialist welfare benefits advice service helps meet access needs for those with literacy, numeracy, language and disability needs who may struggle with applications forms. Direct help</p>

	<p>and support with access to crisis funding can be made at point of contact with our Social Welfare Advice provider. The online CTRS/DHP/CTDR forms enable remote access which support workers and agencies can assist with. This, together with additional face to face and free access support, promotes equality of opportunity of those in need of financial support. They are consequently more able to report their personal circumstances as evidence of need, and improve the likelihood of receiving discretionary support based on that need. A holistic approach is considered with every discretionary support application in order to minimise the overall impacts of welfare reform.</p>
<p>Foster good relations between different groups Does the service contribute to good relations or to broader community cohesion objectives? How does it achieve this aim?</p>	<p>The aim of fair and accessible discretionary (hardship) schemes aids in fostering good relations between different groups, challenging potential perceptions of bias or exclusion of those who have not been successful in the past. Commitment to direct face-to-face contact, promotion and explanation of the scheme to customers and improved information campaign targeting stakeholders (including support agencies and community groups) aids customer support. The discretionary scheme 'safety net' is promoted both internally and externally to social welfare advice partners and citizens. Close working relationships with the DWP have enabled the training of work coaches in the jobcentre to understand the discretionary funds available to help customers affected.</p>

